



Angel Investor and Liquidity provider proposal for NightTrader DEX and BitBay

Methods of profit to be discussed:

- * Can easily take Tether and Dai market share because peg runs without risky collateral
- * Profit passively from BAY dynamic peg trades on NightTrader DEX
- * Profit from the fees of NightTrader DEX simply because you make it liquid (Defi)
- * Unlike Ethereum DEX this exchange runs on Bitcoin! Grab an unfilled marketshare.
- * Unlike stablecoins, the investor can make from 2 to 20 times profit when their peg reserve coins become liquid because they convert to liquid on a supply increase.
- * Additional profits are made by investor on exchange fees driving demand for Bitbay

This is the only project of its kind in the world. So why do we need investors? Because the developer was too busy coding since the beginning of Bitcoin and simply didn't focus enough on liquidity or adoption and never tried to get funded. As hard working idealists usually care more about the world than themselves. Yet this is ironically what usually prevents them from hitting the market. We are now changing that. The tech is coded, all that is missing is the liquidity/angels.



Project introduction:

BitBay is the world's only crypto-currency with a **variable supply**. By dropping supply forcefully this protects the price (see the above diagram for proof). It has outperformed every coin since its update this year. NightTrader is the world's most secure exchange prototype. This is because users hold joint accounts with the exchange making it almost impossible to hack. The exchange can also decentralize it's backend nodes with threshold signatures and secret sharing. The motto of NightTrader for the users is "your keys, your crypto". If NightTrader is the first to market with a Bitcoin decentralized exchange then it will be the holy grail of exchanges and at the same time protect your investment! With BitBay we can control the supply and price, but not the demand. Traders like liquidity and that is the only thing that both the exchange and the coin are lacking. The project has simply suffered from a lack of funding and despite that worked nonstop since 2014. In today's economy it pays to have a currency that is truly stable which is deflationary and suffers from zero inflation and no black swans. David the main developer has single handedly created contracts that can't be broken, markets that are censorship free and a currency that harmonizes supply to demand. And he was the first in history to code those things even predating Ethereum! All of this done in a quest to free the people from middlemen. However that meant building first and hitting the market with a real product before seeking funding unlike the avaricious vaporware that flooded the market in 2017. Imagine what his

team could do if they were actually properly funded. We have always believed hard work never goes unpunished and this has been in development for 7 years. More details will be linked and described but first, the bottom line.

How an investor can make money on this:

First off, the investor makes the market liquid and makes a small investment on the side buying reserve BAY at a heavy discount. They get equity, percent of NightTraders profits, additional profits when reserve becomes liquid, and profits from ping pong trades almost the exact same way Tether profits. Tether has become one of the biggest crypto projects in the world with it's volume surpassing Bitcoin so it's a very good business model to focus on offloading risk away from Bitcoin in economically stable coins. Tether's flaw is regulatory risk due to collateral and centralized exit risks and that is why BitBay is the golden project. Because the exact same thing can be accomplished without the banking relationship using decentralized finance, "Defi". BAY doesn't have any liabilities here because it's decentralized, the stakers are the ones who decide the supply through voting and therefore adjust the supply to match the demand. It works even without liquidity and it's almost exponentially more powerful with liquidity.

There are multiple very low risk methods of profit...

PROFIT STREAM #1 (Buy at 19 cents, sell at 21 cents, peg stops all price crashes)

The investor buys using a buy wall for BitBay at 15-19 cents and sells with a sell wall at 21-25 cents. BitBay's supply is dropped to their demand level eliminating any risk even if the price of Bitcoin or BitBay drops. So the entire supply of the economy is heavily overleveraged. So if they choose to put up 5 million in liquidity, stakers make sure that the wall will consume all the liquid coins on the market perhaps two times over making it literally impossible to sell into completely. The advantage of a dynamic supply is that it adjusts with demand. This will succeed because traders already buy stable coins and the demand will continue to increase. However BitBay's mechanics is superior because it can change supply to protect from market crisis or loss of a liquidity provider AND it can increase in price like a traditional investment as demand increases. So this also means the investor can see the BAY they hold increase in value gradually and therefore increase the price of the walls. BAY also has an advantage over DAI because DAI is tied to Ethereum so DAI will fail if Ethereum drops in price and therefore they run a major liquidation risk. In fact, this already happened during an Ethereum flash crash. Also DAI has fees crushing the profits. BAY has no fees and is not tied to another coin so it survives because of its

code regardless of market conditions. So BAY has every reason to take some of the market share.

PROFIT STREAM #2 (BAYR becomes BAY when demand rises with huge profits)

The investor receives BAYR(reserve) in exchange for bringing the liquidity. Currently BAYR trades for a fraction of BAY(liquid) price and is highly volatile. This is because only the liquid BAY price can be controlled. **The largest profits are absolutely in the BAYR markets** and because you are funding our project you stand to make anywhere from 2-10 times on each BAYR coin you sell depending on how much you intend to acquire. For example, if you get BAYR at 5 cents per coin, and BAY is pegged at 20 cents per coin then once one of your BAYR coins converts to BAY because supply is forcefully increased you sell and make 4x profit once you sell it. And because supply only goes up when demand pushes supply over the peg price, it is very easy to sell what gets unlocked.

Also the investor will have large amounts of reserve BAY/BAYR bought at a discount so when the supply increases and that reserve becomes liquid they can not only profit immensely but also be able to punish aggressive pumping allowing for increase of their buy wall size and increase of the supply itself gradually. Please note that BAYR is only released under these conditions. However because users will value the stability of the economy, once they see that it is liquid they will trade it and some of the BAYR will inevitably get released.

PROFIT STREAM #3 (ALSO profit off of the worlds most secure Bitcoin exchange)

The next avenue is profits from the exchange itself. The exchange is open source and the users control their keys and the exchange has a threshold key which is held by multiple servers making it decentralized as no single server fully knows it. First of all and most importantly, this means the liquidity partner can not possibly be hacked! That's because the funds are safely held in this way. They are just an anonymous silent partner. We set up exchange profits to pay a certain percentage to the investor and developers. This could be thousands to even hundreds of thousands of net profit per day for an exchange depending on volume. **Considering central exchanges can get millions of dollars of volume per day imagine what an exchange that can't be hacked could get?** Also the exchange can pay users who hold BAY from the exchange profits which drives demand for the pegged asset which also makes them want to buy into your sell walls (which you make net on the spread). This also can cause BAY to pump up naturally when

the exchange becomes popular. This also avoids the typical regulatory risk of projects that pay dividends. Because users who put liquidity on the exchange in chosen assets can be randomly selected to get part of the exchanges net. The exchange is letting the users take part in a profit share without them actually purchasing a share in the exchange. They would only need to put up buy walls in BTC, ETH or BAY. This also gives users a very strong incentive to trade on this platform because of the airdrop style of profit share.

PROFIT STREAM #4 (Plan on selling control of threshold keys, DEFI)

The DEFI craze took the market by storm causing a billion dollar project to spring up from nowhere. This project was called "Compound". How did they do it? They simply told users to make their exchange liquid. In exchange those people got free Compound coins. This means they raised money without the regulatory risk of an ICO. And the users didn't even pay them directly. The users simply got incentivized because the exchange offered coins for both liquidity and making/taking loans on a smart contract. So therefore, the exchange can attract users by asking them to place up orders and get exchange tokens to do it. There could be both a traditional order book and perhaps even an order book like Uniswap where there is no bid/ask and prices are settled by a contract. The exchange can also offer a threshold key for confirming orders. This is similar to the model of the REN project however it's even better because the users hold a 2nd key for making trades protecting their funds from the exchange itself. The threshold key can be used to get additional profits from the exchange by giving users a say in it's governance and eventually be used to sign on the backend of the exchange decentralizing it fully. This also means users will trade on the exchange they control and profit from. You, as an anonymous investor can profit from the sale of your coins that signify your shares of the exchange and this is done without any ICO! The exchange can simply reward users similar to the way mining and staking is done by distributing exchange profits randomly to qualified traders. The more coins a user deposits on order books, the more they can potentially profit. In this way distributions can be controlled by which coins yield a bigger reward. In the initial creation of the exchange all threshold keys will be held by multiple servers on the exchanges back end and then based on user feedback the exchange strategizes from there. Also this structure allows the exchange to potentially give portions of threshold keys out to entice bigger partners like Coinbase or Binance in the attempt to cobrand and convince users of the added security or to garner further capital.

Why are we building an exchange?

Major exchanges can not be trusted and have stolen billions from consumers in exit scams. We want to PROTECT YOU and to protect consumers and we want to return the golden days of Bitcoin liquidity. Because we can not possibly ask people for liquidity for BAY if we didn't have a secure partner exchange to put it on. Protecting users and investors is our first priority. Our solution is to use joint accounts. The trader signs half of a transaction authorizing a trade and then once a week the exchange clears these transactions. This means it's a low cost IOU system which is more secure than a central exchange and faster and cheaper than other decentralized ones. The joint accounts can have extra threshold keys for added security to prevent collusion attacks and make the backend decentralized.

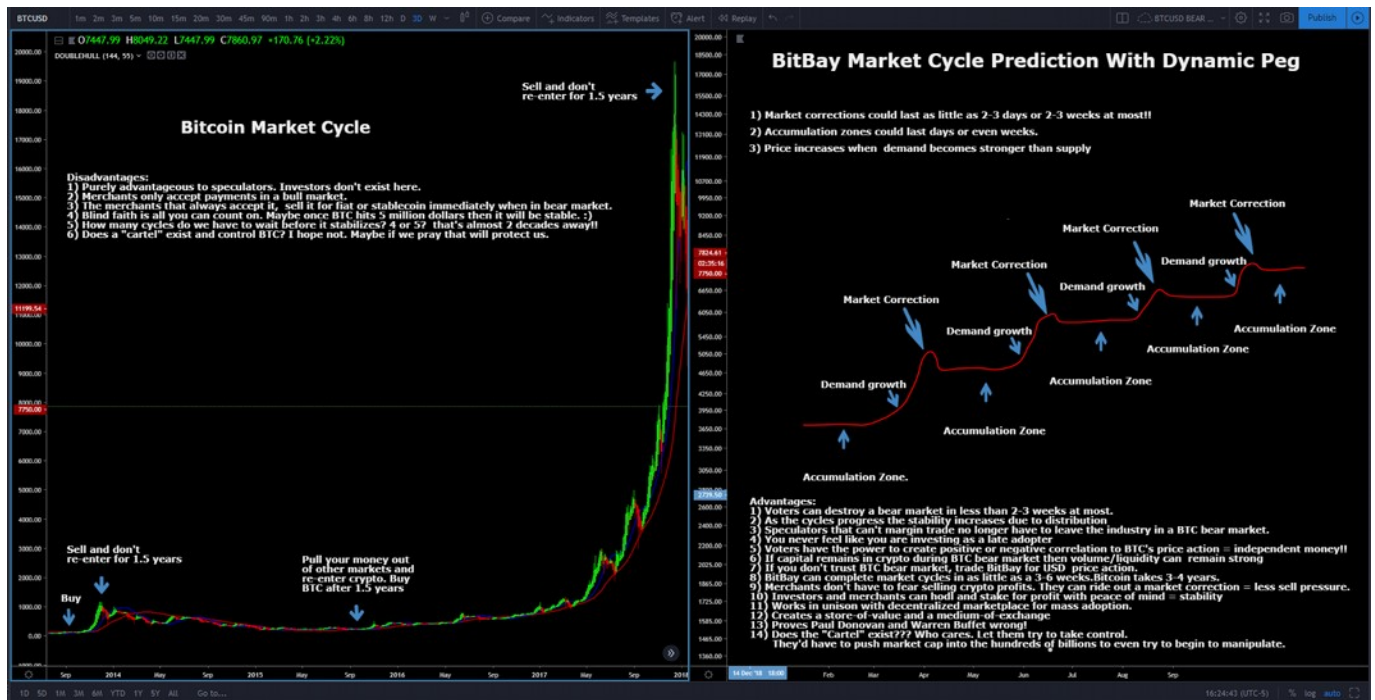
A **threshold key** is basically a key that can be held by many parties at once without the full key being known. Also this key can be used to sign a transaction and looks just like a regular public key which reduces it's cost on the blockchain. Think of it like a multisignature account with lower transaction cost.

Previous decentralized exchange models proposed atomic trading and although it is the absolute best method of exchange, users don't use this method because of the costs incurred by the blockchain. That method is also slow and means each trade has to be cleared which means it will cause too much traffic on the blockchain. This is why a payment routing system using joint accounts is better. And if it becomes popular we can use this to popularize atomic trading further expanding the platform and it's security. Our proposed system is currently superior to the "lightning network" because the lightning network is limited to counter-party capital in the user channels and is overengineered and not available in all coins.

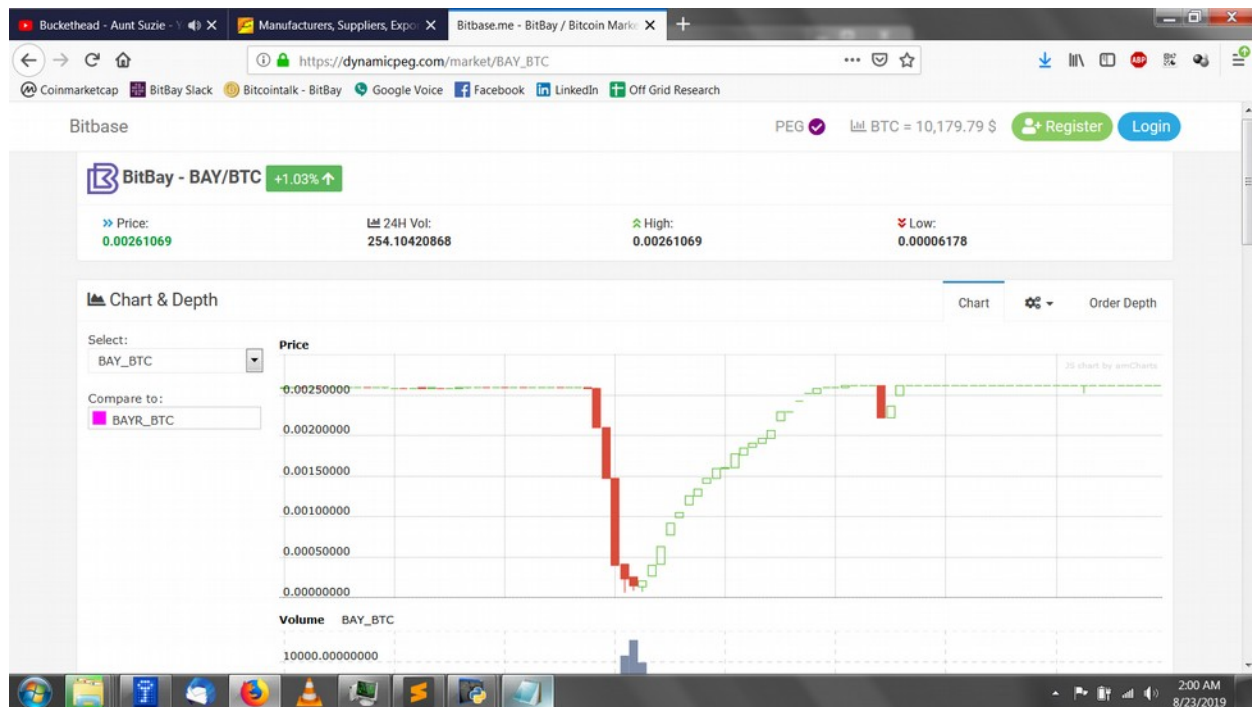
By being the world's most secure exchange we can get volume as long as we have liquidity and the funds to simply market it. It's an easy sell with funding and we have always honored our development goals.

By being the world's only decentralized stablecoin ALL we need at this point is liquidity. Also by paying holders of BAY exchange profits it drives demand for it. This also avoids it being considered a security because the payment from the exchange is not a dividend but a donation to the project for supplying liquidity to increase traffic and also so users can offload risk. The exchange and coin are completely unrelated from a regulatory perspective. It is akin to the exchange paying Bitcoin holders. It's similar to an airdrop.

BitBay has been inversely correlated to Bitcoin to provide a stable hedge and this allowed the project to reappear on the scene and beat the market above all other coins on Coinmarketcap. This is due to the dynamic peg which allows it to defend against typical trading patterns. And this was done with low volume to prove the concept.



A screenshot from our demo exchange. Proof a price crash is quickly recovered.



What would an example proposal be? How much funding is BAY looking for?

Let's say an investor comes in with 5 million, funds can be allocated like this:

4 million liquidity, held in BTC/ETH/DAI and potentially fiat with ratios to be discussed.

You control/own the liquidity, however it should be held on the exchange through a timelock account to give the project time to actually flourish. These special accounts show on the blockchain so there is no risk in holding it this way. The contract can be changed through mutual consent as well.

1 million is purchased in BAYR and BAY. This is also equity, so we get no "free lunch"

The team will then be able to use the funds in this way:

200k will be needed for completion and polishing of the partner exchange and the remaining funds will be used for marketing, further partnerships and exchange listings. This proposal is not set in stone and counter-offers are allowed. We want to raise much more than 5 million so proposals of 20 to 50 million are also possible from individual investors. We feel the larger investment actually protects the investor since it lets us take more of Tethers and Dais market share!

Also depending on the allocation of funds if the value of the basket increases for example on a Bitcoin bull run then the investor will make their money back very quickly anyways. They can manage their risk by deciding how much of it should be allocated to stablecoins.

What else?

BitBay is not vaporware. The crypto bubble happened because of vaporware projects. Investors paid people who were not developers for nonsense projects and those simply became exit scams which killed the volume in turn. However, BitBay has existed since 2014. It was based on BitHalo which was the world's first smart contracts. Also both BitBay and BitHalo had the world's first decentralized markets. This was before projects like Ethereum and OpenBazaar and has only not taken the limelight due to the developer coding instead of talking. While other projects were rubbing shoulders, we were just coding and crafting a superior product. Unfortunately, this also meant we didn't make time for traditional funding. The dev working on it has always published strong projects that have been fully decentralized, open source without middle men and free from hacks. That can change quickly with a good marketing budget.

It's important to mention BitBay and BitHalo are the **only full peer to peer contracting software in the world** for Bitcoin and altcoins. These contracts are "unbreakable" real world agreements using joint accounts.



Double deposit escrow

When two parties make an agreement in a 2 party escrow contract, they both put a deposit into the account. Since it's a joint account they are unable to lie or steal from one another as there is no middle man or arbiter and the deposits protect the deal. This is because the deposit combined with the payment advanced to escrow exceeds the volume or item/service value.

Thus the parties to the contract either lose together or win together. It's an understatement

to say how many businesses in the world can benefit from this **perfect escrow**. As it is able to make trustless wires, shipping and logistics, outsourcing and other contracts without any risk of default. It can replace things like insurance or escrow if made popular enough. However that feature is just a bonus of BitBay and is outside the scope of this proposal. It is important to consider that this can be used for decentralized wires and cash deals potentially giving the exchange another way to attract users without the KYC risk by giving users the peer to peer funding methods and undercutting the competition. If the exchange launches a decentralized OTC desk with this, it allows the sellers to privately offload coins without crashing the BTC or ETH price. Currently neither BitHalo or BitBay takes commission on these deals meaning two users can transfer millions of dollars using cash for coins for free. This all takes place on BitBay's decentralized markets **which require no servers and are free from censorship**. Users can also contract using this system over email or Bitmessage privately. Double deposit can be used in the software for barter, sales of goods, services, cash for coins, customized contracts, and customized programmable templates. There is even a web version of the markets that has been prototyped.

With the upcoming economic uncertainty it paints a very bright future not only for cryptocurrency but for stable alternatives to Bitcoin such as BitBay and exchanges such as NightTrader. The industry is desperately lacking a secure central exchange. With our open source front end proving to users their funds are safe, we feel we can eat up a lot of market share with aggressive marketing. We may also choose open source the back end and pay for audits solidifying our position as a market leader. The software license we issue can also be sold to other exchanges after a strategic move like this. Our technology is unlike anything else in the world. You can check other coins and projects and most of them won't even have a product let alone a fraction of the features we are bringing to the table and have worked on the past 7 years straight! We don't think it's much to ask to give us our chance to shine considering we are armed with technology that can disrupt international finance.

The amount of information on this project is immense. So for the sake of brevity, I will link documents about this and if you want to set up a more formal meeting we can do so.

The mechanics of the awesome dynamic peg in BitBay:

<https://www.docdroid.net/d5wcK4D/dynamic-peg-visual-technical-reference-20190528.pdf>

BitBays website:

<https://bitbay.market>

BitBay also has web based decentralized markets in beta:

<https://beta.bitbay.market>

BitBays extremely intuitive web wallet(also available on Android):

<https://wallet.bitbay.market>

BitHalo was the worlds first smart contracts by the same developer:

<https://www.coindesk.com/bithalo-smart-contracts-without-block-chain-bloat>

David Zimbeck interview:

<https://www.youtube.com/watch?v=IfzXqrDd590>

A book was even written about BitBays history:

https://www.amazon.com/BitBay-Decentralised-Marketplace-Concise-History/dp/1717162274/ref=sr_1_1?dchild=1&keywords=bitbay+history&qid=1584941019&s=mobile-apps&sr=8-1

David Zimbeck at a conference with Vitalik Buterin and Dan Larimer before they were famous:

<https://www.youtube.com/watch?v=XuFXsql-czQ>

BitBay even has a partner who distributes physical coins which are holographic and tamper proof for collectors and promoters.

<https://holoco.github.io/i.htm>