exchange union

EXCHANGE UNION

CONNECTING DIGITAL ASSET EXCHANGES

WHITEPAPER

v1.0.7

CONTENT

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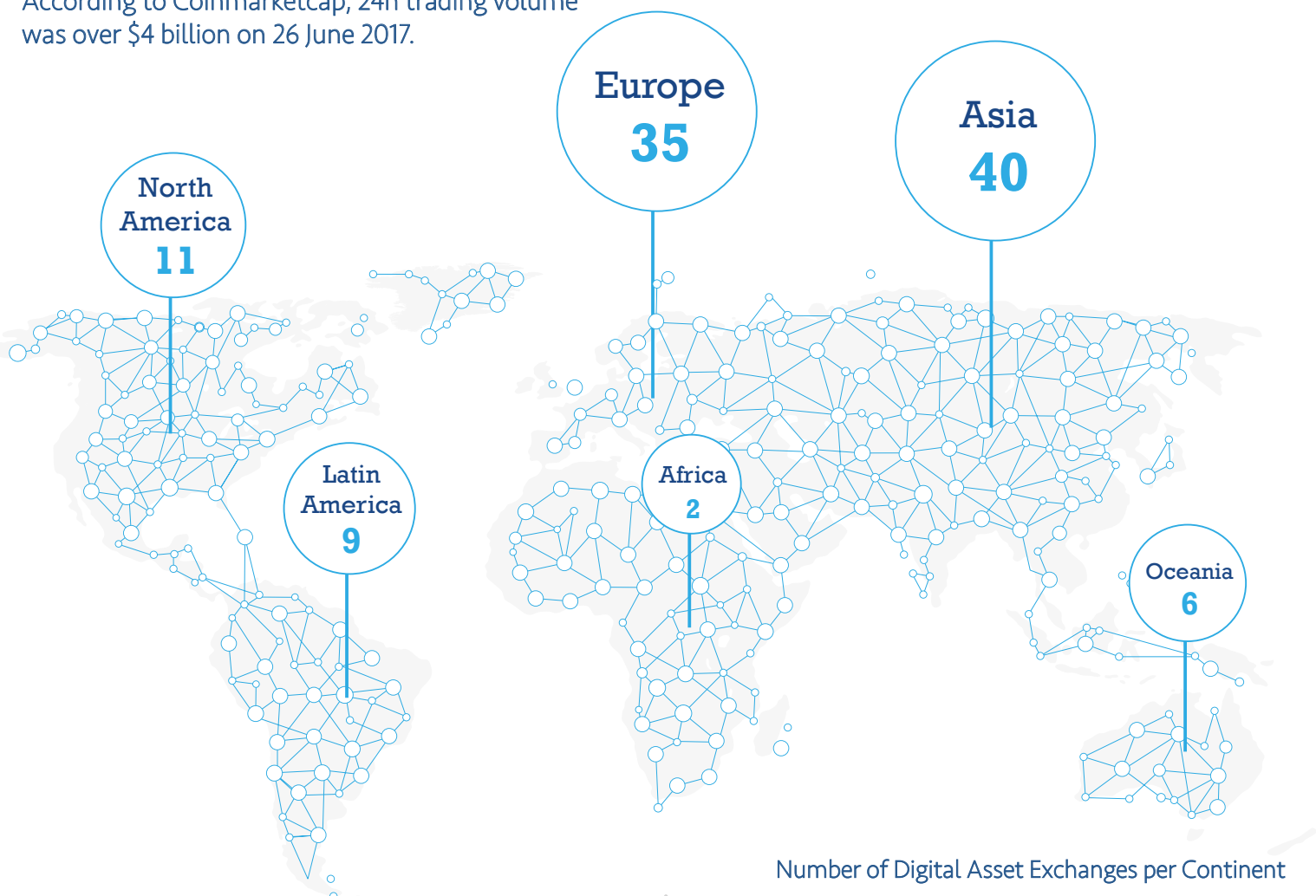# 1. Ecosystem of digital asset exchanges

1.1 Overview of digital assets and exchanges

By 26 June 2017, 941 kinds of digital assets were recorded on Coinmarketcap and the total market capitalization exceeded $100 billion, which is 50 times larger than 5 years ago. Since 2017, growth rates of market capitalization and volume traded for the top 20 cryptocurrencies has been 383% and 985% respectively.

The secondary market has witnessed the growth in value of digital assets. There are more than 100 digital currency exchanges and tens of millions of active investors worldwide.

According to Coinmarketcap, 24h trading volume was over $4 billion on 26 June 2017.

Currently, East Asia, North America and Europe are the biggest markets of cryptocurrencies. The percentage of trading volume for the three markets is about 63%, 25% and 11% respectively. The price of coins differs among these markets. In East Asia, Bitcoin and Ethereum are often sold at a premium of 3-5%. Early in July, Ethereum in South Korea was nearly 10% more expensive than the global average. By contrast, the prices of Bitcoin and Ethereum in Europe and North America are lower than the global average.

Europe 35

Asia 40

North America 11

Latin America 9

Africa 2

Oceania 6

Number of Digital Asset Exchanges per Continent

1.2 Industry pain point: the isolation of exchanges

For regional reasons, fiat currency, language and the investment environment, digital asset exchanges tend to be localized and isolated. Not all digital assets are available to customers in every region and the prices vary quite substantially. In addition, services provided by exchanges differ and not all trading information can be found on the open market. This becomes an obstacle to cross-country or cross-region trading, transfers, deposits and withdrawals - a major inconvenience for investors.

Furthermore, this affects global digital asset liquidity, market-oriented distribution and best price discovery, limiting the nature and advantage of digital assets.

2. Overview of Exchange Union

2.1 Vision and mission

To connect digital asset exchanges around the world and realize investors' cross-exchange trading, cross-exchange transfers, deposits and withdrawals among different currencies and assets.
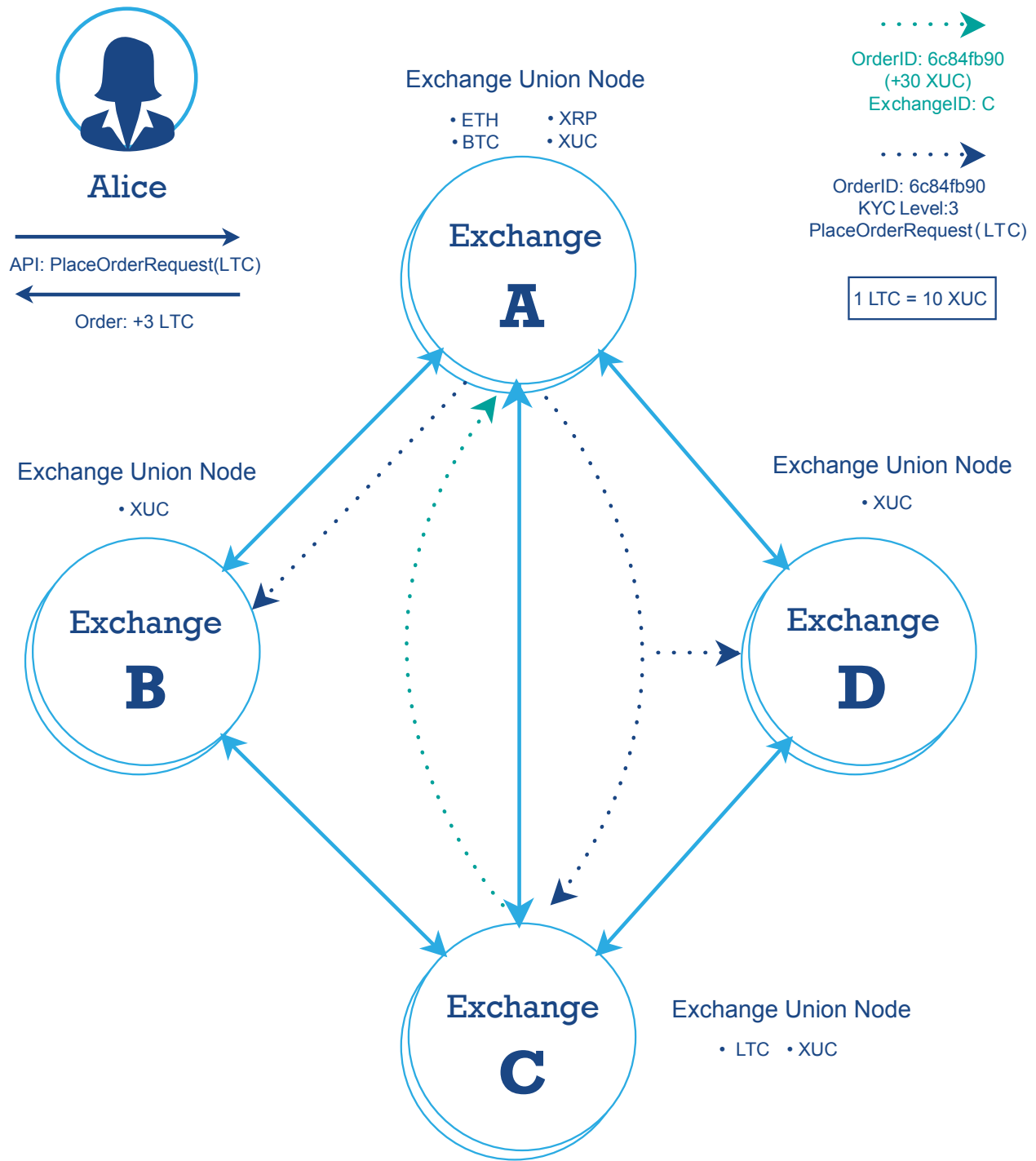
Improve trading efficiency and performance of exchanges and realize the market-oriented distribution of a digital assets' liquidity and enable best price offers.

Connect exchanges in terms of trading, deposits, withdrawals and transfers through agreements among exchanges mechansim and asset rules of interconnection and inter-work. The Exchange Union Network realizes the full interconnection among digital currency exchanges through blockchain technology. Meanwhile, we will sustain the ecosystem and branding of Exchange Union. As the mandatory, we will support the Exchange Union Network; assets and team for the holders of XUC.

2.2 Technical mechanism
2.2.1 Architectural diagram

Alice

API: PlaceOrderRequest(LTC)

Order: +3 LTC

Exchange Union Node
- ETH
- XRP
- BTC
- XUC

Exchange A

OrderID: 6c84fb90
(+30 XUC)
ExchangeID: C

OrderID: 6c84fb90
KYC Level:3
PlaceOrderRequest(LTC)

1 LTC = 10 XUC

Exchange Union Node
- XUC

Exchange B

Exchange Union Node
- XUC

Exchange D

Exchange C

Exchange Union Node
- LTC
- XUC

Order

Alice +3 LTC
Bob -3 LTC

LTC
Wallet

LWdfXUxLBV9nCJ6yk5Ed2BNhV7kTaTQJ (Alice)
LMNxt1Nsq5rxvtvUttbsfLtteXEblt7KZ3 (Bob)

Exchange C System

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2.2.2 Use case

Alice

Portfolio	
BTC	...
LTC	1000
XRP	...

Alice is registered in Exchange A only, but wants to buy LTC.

1 Alice inputs order BUY 1000 LTC.

6 Alice's portfolio on Exchange A is updated.

7 Alice's portfolio shows all her transactions that happened in the Union.

Traded Currencies
XUC ETH
BTC ETC

Exchange A

2 System will find the best price through the Exchange Union.

3 Exchange A delivers the order to Exchange C via the Exchange Union Network.

Traded Currencies
XUC
BTC
ETH
XRP

Exchange B

5 Transaction information responses to Exchange A.

Traded Currencies
XUC
BTC
LTC
DASH

Exchange D

4 Transaction happens and is recorded on the wallet of Exchange C and on the Exchange Union Network.

Exchange C

Traded Currencies
XUC LTC
BTC ETC

2.2.3 Technical process

i. Invest in digital asset exchanges around the world

We will make strategic investments in digital asset exchanges in order to build a strong foundation for Exchange Union.

ii. Synergies will be developed amongst members of the Union.

- XUC will be traded on exchanges in the Union.

  Exchange Union connects digital asset exchanges by forming a decentralized exchange, which enables instant and trustless trades between exchanges. This is realized via a novel technology combining 'payment channels' and 'atomic swaps'.

- Exchanges within the Union are running Exchange Union nodes, which build the decentralized backbone of the Exchange Union Network. All trades and fees settle securely and instantly.

  Transaction and other meta data is cryptographically kept confidential between the exchanges.

- The Exchange Union node opens payment channels on each chain an exchange wants to support. That means, if an exchange wants to enable its users to trade bitcoin and litecoin through Exchange Union with other exchanges, it has to open a payment channel on the bitcoin blockchain and on the litecoin blockchain.

iii. Why XUC ?

XUC will be used for incentivizing functionaries within the union.

This especially includes developers, exchanges and functionaries which provide services to other members of the union.

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Benefits of the Exchange Union Network

Faster

Real-time transaction finality
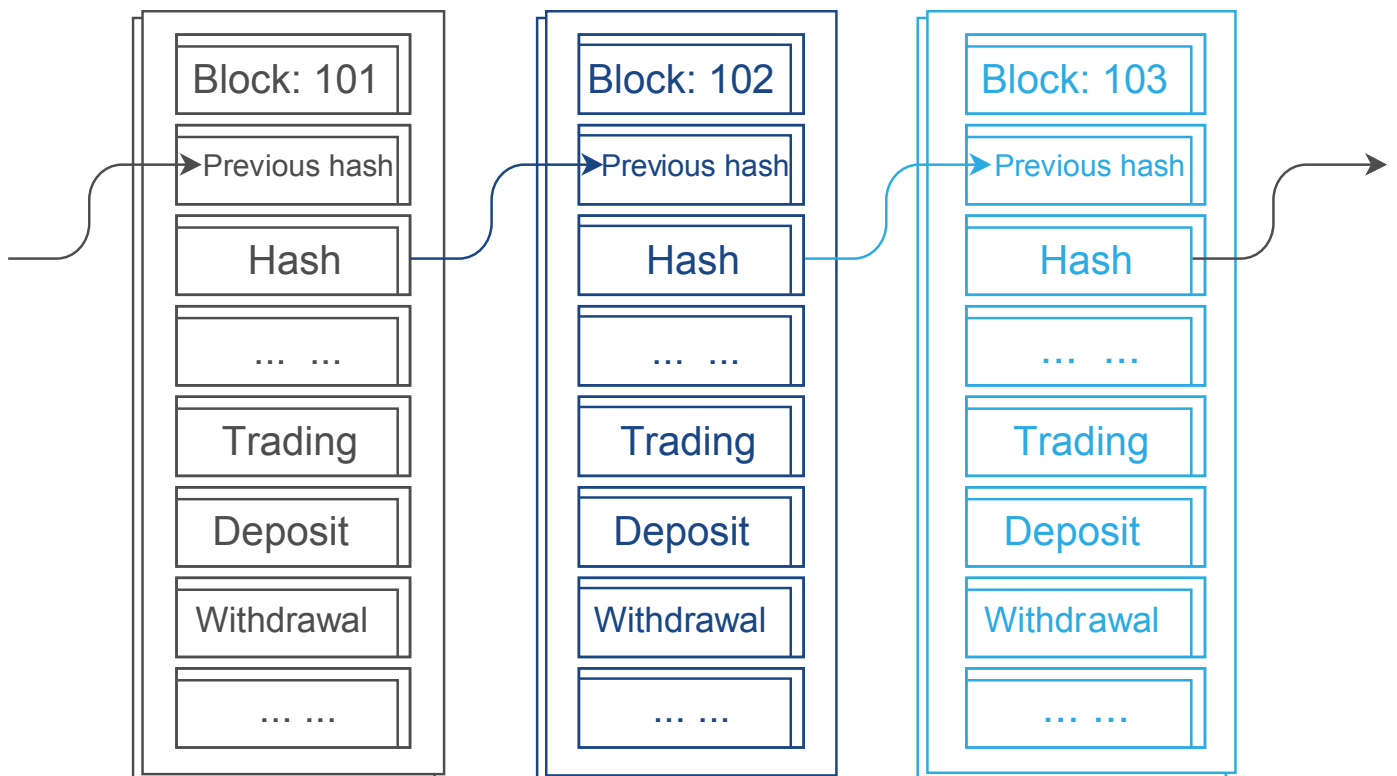on the Exchange Union Network.

More secure

Built by leading digital currency
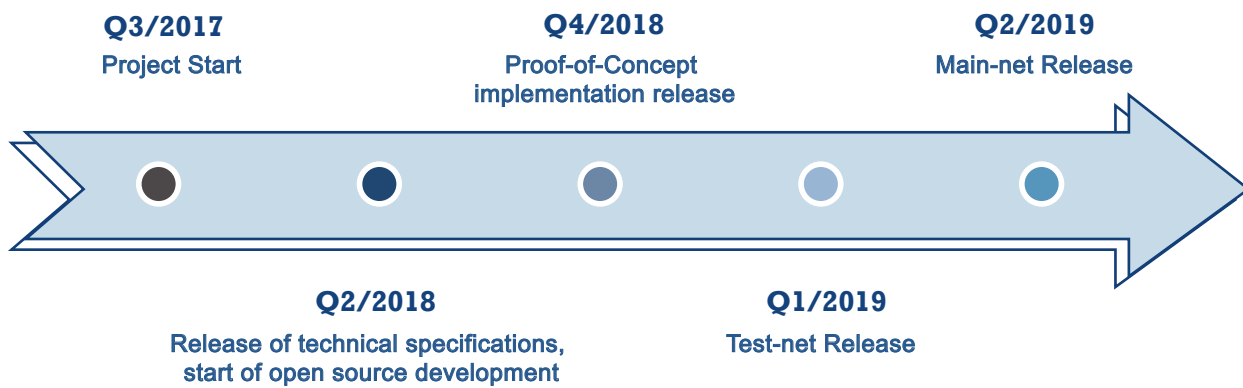exchanges, the Exchange Union Network
is trustless & secure.

Cheaper

Lower transaction fees on
the Exchange Union with XUC.

ii. Built on top of public blockchains, like Bitcoin, Exchange
Union inherits battle-tested security

Block: 101	Block: 102	Block: 103
Previous hash	Previous hash	Previous hash
Hash	Hash	Hash
… …	… …	… …
Trading	Trading	Trading
Deposit	Deposit	Deposit
Withdrawal	Withdrawal	Withdrawal
… …	… …	… …

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3. Roadmap of Exchange Union

Q3/2017
Project Start

Q4/2018
Proof-of-Concept
implementation release

Q2/2019
Main-net Release

Q2/2018
Release of technical specifications,
start of open source development

Q1/2019
Test-net Release

4. Overview of Exchange Union Coin

4.1 XUC supply

XUC: an ERC 20 token
XUC supply : 3,000,000,000

4.2 The value of XUC

Cheap & Secure transfers

Powers each trade within
the union

Incentivize functionaries in
the union

5. XUC Token Allocation

Usage	Lock-up Period	Max. Annual Release Amount	Percentage	XUC Amount
Presale & Private Placement	–	–	2%	60,000,000
Exchanges Rewards*	–	–	33%	990,000,000
R&D	–	45,000,000 (10 yrs)	15%	450,000,000
Team Members	–	60,000,000 (5 yrs)	10%	300,000,000
Promotion & Bug Bounties	2yrs	–	3%	90,000,000
Special Contributors	–	–	2%	60,000,000
Incentive Reserve	2yrs	–	5%	150,000,000
Excess supply to be burned*	–	–	30%	900,000,000
Total Supply				3,000,000,000

*63% of XUC tokens will be burned or reserved for Exchanges.

⬡ Current XUC circulation is 65,000,000. Where:

- 60,000,000 XUC for presale and private placement
- 3,000,000 XUC for initial R&D
- 2,000,000 XUC for initial promotion

⬡ Remaining 2,935,000,000 XUC are stored in the following 3 private addresses:

Address	XUC Amount	Percentage
0xA4314242453AA1E8FEEd49240D5Fe52B8319d52B	900,000,000	30%
0x7302d50dB53eBb11921320fa7c95De3c8719Db09	900,000,000	30%
0x13AC065131Bc2462a1Bf4a58994D1FdfcB08678D	1,135,000,000	37.83%

⬡ A month's notice will be given if any funds (5,000,000 XUC maximum limit) are to be released from the addresses above, stating the usage each.

⬡ ERC20 token, no ICO, not classified as security.