



FLYING MONEY Ltd

FLYING MONEY LTD

Join the Global
Tokenization of Financial
Assets

WHITE PAPER

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1. INTRODUCTION

Over 1,000 years ago in China, Emperor Tang issued the world's first paper money. It was a promissory note to replace gold and silver. It was called Flying Money. In this digital age the world needs a digital currency that has trust and certainty.



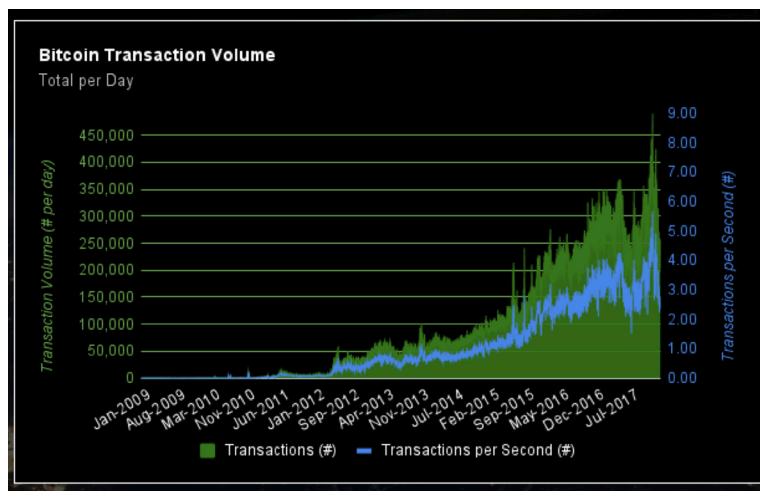
This whitepaper summarizes Flying Money Ltd.'s plan to conduct a token sale to implement its business model to tokenize currencies and assets and implement its proprietary cryptocurrencies to fiat payment gateway.

Contributors will be able to purchase Flying Money Tokens ("FML Tokens") in the proposed token sale. These FML Tokens are our operating company tokens used to pay transaction costs when buying Currency Tokens and transacting on our payment gateway.

Since the start of 2017 there has been exponential growth in transactions and investments utilizing cryptocurrencies. They are becoming a legitimate part of an investment portfolio. The growing acceptance of cryptocurrencies payments mirrors the growth in their market capitalization. At 30th December 2017 the total market capitalization of cryptocurrency was in excess of US\$600 billion.



Source: Coinmarketcap.com



(Period Dec15 to Dec 17)

Source: <https://cryptovoices.com/transaction-volume>

1.1 CURRENCY TOKENS

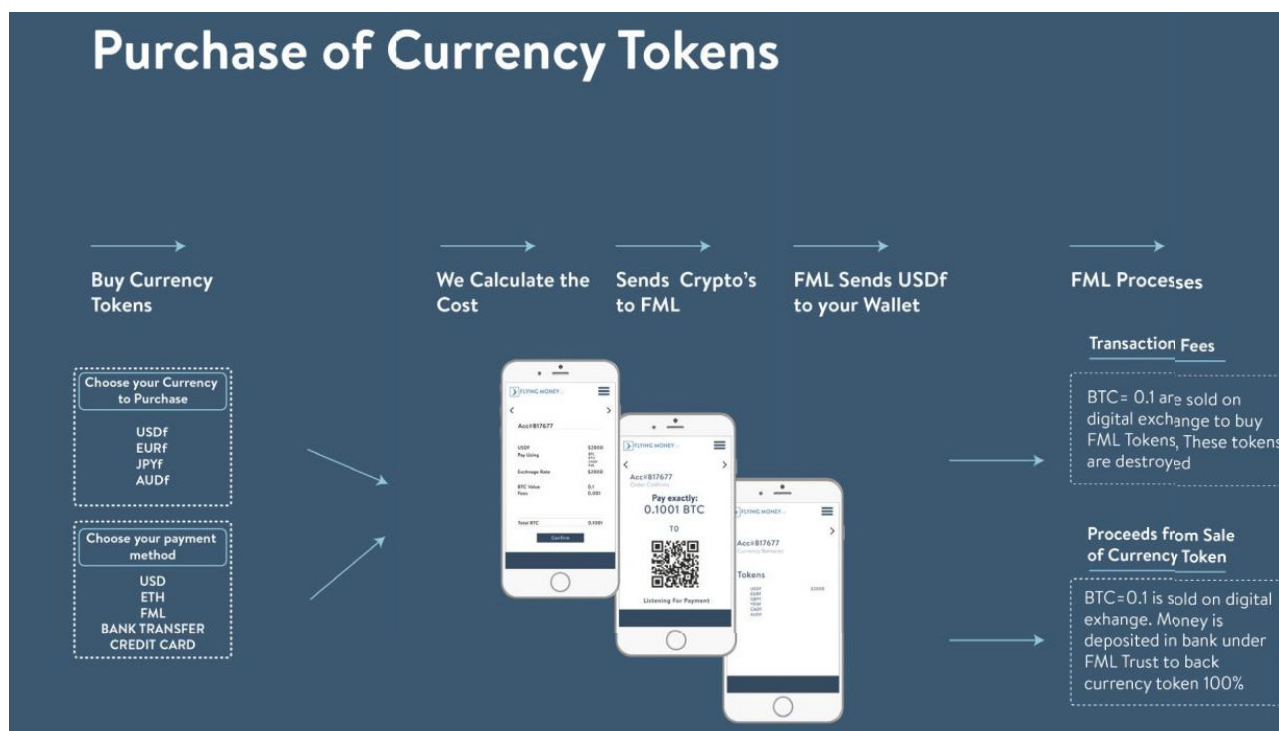
Blockchain technology will bring disruption across all sectors of the financial industry. The currency exchange and remittance industry will undergo massive change as Blockchain allows transactions in seconds with the security and certainty customers require.

Flying Money is developing a Blockchain-based solution for creating and trading digital fiat-backed tokens. Flying Money currency tokens will be traded on major digital exchanges in order to settle trades, transfer funds and diversify cryptocurrency portfolios.

The major problem with investing in cryptocurrencies has been their volatility. Flying Money tokens can reduce volatility by anchoring a digital currency to an equivalent bank deposit.

The initial Currency Token to be issued will be USD called “USDf” followed by EURf, JPYf, AUDf, GBPf and CADf. All currency tokens will be backed 100% by an equivalent amount of fiat currency held in a bank account. Users will be able to buy and sell Flying Money Currency Tokens on digital markets globally, or create, or redeem tokens on our payment gateway.

The only real competitor currently operating in this token currency market is Tether. It has a market capitalization of approximately US\$2.1 billion dollars and turns over in excess of US\$1.9 billion dollars daily.



1.2 PAYMENT GATEWAY

Flying Money's Payment Gateway will allow users and businesses to accept cryptocurrencies as payments for goods and services in over 42 million online and store locations.

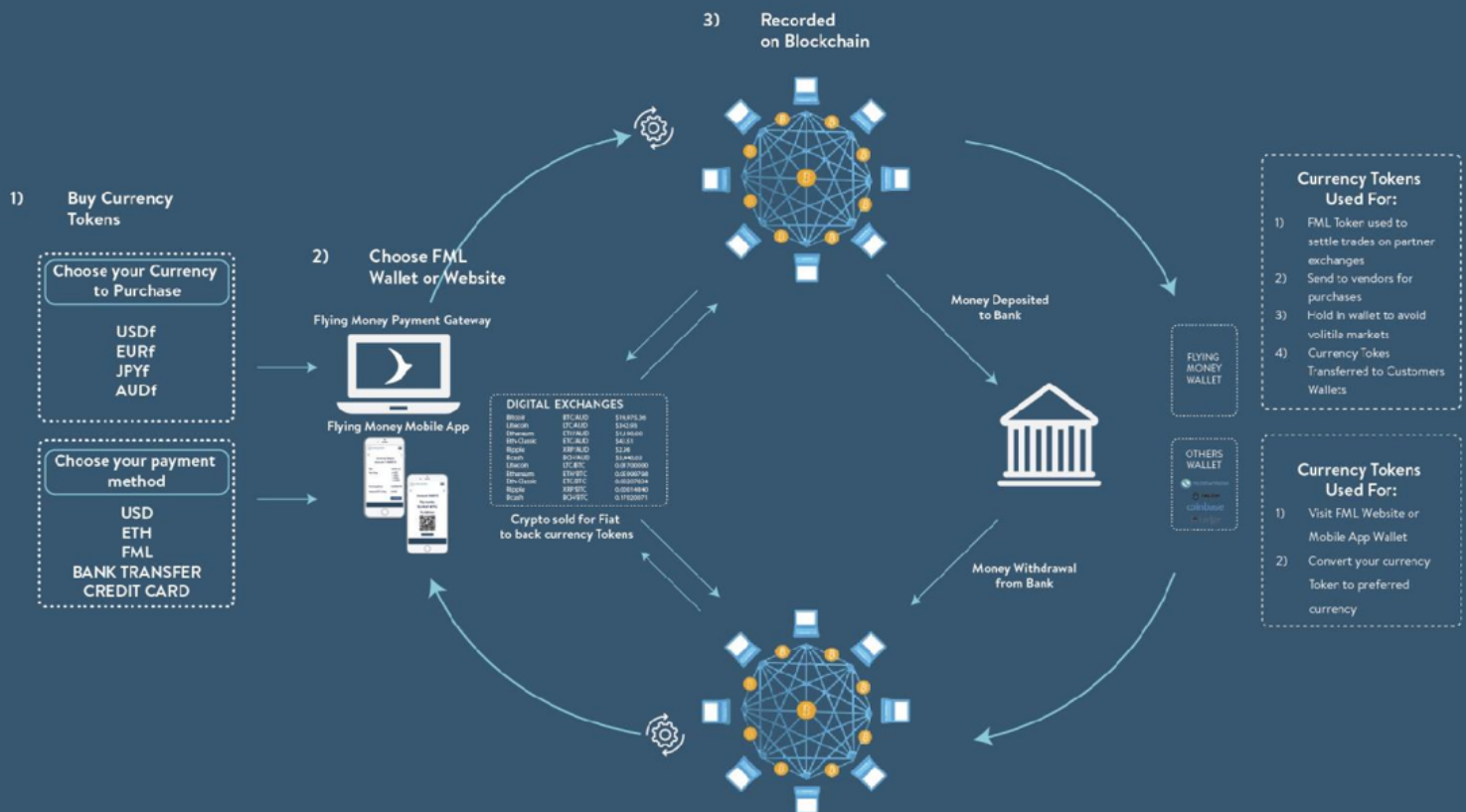
The Flying Money management team have selected key financial industry sectors that are suitable for rationalization and disruption such as remittances, FX exchange and payments.

The Flying Money wallet will allow payments to be made globally and with the convenience of a mobile phone app. Flying Money customers can also exchange between currency tokens directly on their mobile wallet app bypassing costly banking exchange rates.

The payment gateway can be partitioned to offer white label point of sale functionality for a vendor to accept payments under their own branded payment gateway or portal.

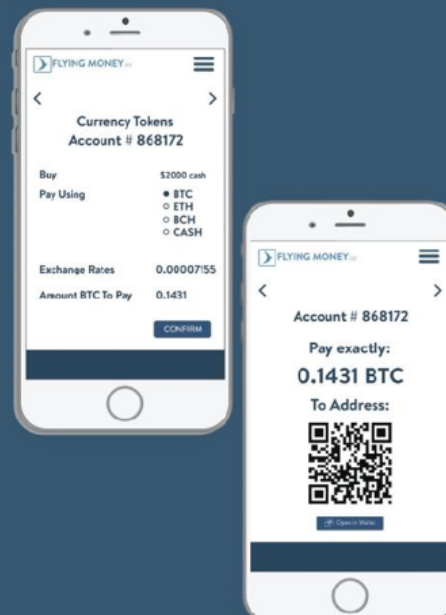
Flying Money Ltd - Payment Gateway

Buying / Selling Currency Tokens



FLYING MONEY- WALLET

- 1) Downloadable Wallet
- 2) Buy + Sell your FML Currencies
- 3) Choose Your Currency to Sell
- 4) Store Currency Token on Wallet
- 5) Avoid Expensive FX Fees
- 6) Transparent on the Blockchain



1.3 TOKENIZATION OF ASSETS

Major savings and fast transaction processing can result from equities, commodities and real estate ownership residing on the Blockchain. Transactions can be done without the need for expensive third-party intermediary charges and in a trust less environment.

The major impediment to broad implementation of asset tokenization is government regulation in major OECD countries. However, given the exponential adoption of the ownership of cryptocurrencies, and the favourable operating environments in Blockchain friendly states, there is an opportunity to migrate equities, commodities and real estate assets from traditional exchanges to the more secure, efficient and transparent Blockchain environment.

Flying Money Ltd.'s longer-term goal will be to seek a banking license enabling total independence in serving both customers and digital exchanges within the crypto financial eco system utilizing Blockchain to better serve at lower cost and in faster time.

1.4 FLYING MONEY MANAGEMENT

Flying Money's senior management team has a successful track record in creating, operating and selling IT & financial businesses with balance sheets in excess of \$2.0 Billion dollars. The team has real leadership experience in Blockchain, banking, payments, and IT. Flying Money will be a cash flow positive generating business from its first day of operations.

Collectively the team created numerous successful start-ups with core strengths in establishing and operating technology businesses. Importantly our team has taken a number of start-ups from concept to eventual trade sale and stock exchange listing.

Flying Money has appointed Ernst & Young as its auditors to undertake monthly audits on proof of reserves. Flying Money's records will be reviewed to ensure the tokens in circulation as evidenced by the Blockchain explorer, match the total amount as a bank deposit. This ensures each currency token will be backed 100% by a matching fiat bank deposit.

1.5 THE VALUE OF FLYING MONEY TOKENS - UTILITY

To implement the business plan, Flying Money aims to utilize smart contracts using Blockchain technology on the Ethereum open public platform.

The distributed ledger platform of the Blockchain reduces the cost and time of transactions because there is no need for middlemen. It also provides the certainty of transfer and legal ownership, as every transaction on the Blockchain is verifiable and maintained on a public ledger that cannot be altered. It allows customers to control and manage transactions, set financial contracts and remove the low value, high cost banking bureaucracy.

In summary the benefits of FML Tokens are:

LIMITED CIRCULATION

The ICO will issue a maximum of 65 million tokens.

Our Payment Gateway charges transaction fees when customers buy or redeem currency tokens. The transaction fees can be paid in FML, BTC, ETH or Cash.

The proceeds from these transaction fees are used to buy back and destroy FML Tokens thereby reducing supply.

FML TOKENS HAVE AN INCREASING DEMAND

The increasing volume of currency tokens means increasing transaction fees. This translates to increasing demand for FML Tokens to be purchased and destroyed.

90% DISCOUNT WHEN USING FML TOKENS TO PAY TRANSACTION FEES

Buying Flying Money Currency Tokens using FML Tokens allows users to enjoy a 90% discount on transaction fees.

The FML Tokens used to buy the FML Digital Currency Tokens are sold on market through digital exchanges to back the liquidity of the Flying Money Currency Tokens.

FML TOKENS WILL BE LISTED ON GLOBAL EXCHANGES

After completion of the ICO the FML Tokens will be listed on global digital currency exchanges.

WORLDS FIRST ERC 20 TOKENS

ERC 20 Tokens will be a world first for JPY, GBP, AUD & CAD.

1.6 INDUSTRY DIFFERENTIATORS

1. Audited monthly by world's largest accounting firm – Ernst & Young
2. Independent trust to legally protect customers
3. 100% cash backed – held by leading bank
4. Legal and regulatory compliance overseen by King & Wood Mallesons.
5. Proven Start Up Management - IT, Blockchain, Banking, Payments, Telecoms
6. B2C and B2B (digital exchanges) Payment Application

2. DESCRIPTION OF TOKENS

2.1 FML TOKENS AND CURRENCY TOKENS

There are 2 distinct types of tokens explained in this White Paper:

1. FML Tokens, which are offered for purchase in the token sale ("Token Sale").
2. Currency Tokens, fiat currency-backed tokens, which are proposed to be issued in the future by Flying Money and traded on exchanges in multiple jurisdictions. These "Currency Tokens" are intended to be backed 100% by a corresponding bank deposit.

The following chart illustrates some of the key intended features and examples of these different tokens:

FLYING MONEY TOKENS

1. Token Code FML
2. Sold under this Token Sale
3. Used as part of the Flying Money operating business
4. Used to buy Flying Money Currency Tokens and pay transaction fees.

FLYING MONEY TOKENS

USD – USDf
 EUR – EURf
 GBP – GBPf
 JPY – JPYf
 CAD – CADf
 AUD – AUDf

Tokens will be issued on Flying Money's platform and listed separately on exchanges under their own codes.

2.2 ISSUE OF FML TOKENS

Flying Money seeks to initially issue 50 million FML Tokens.

FML Tokens can be used to pay for the transaction costs on purchasing Currency Tokens on the Flying Money's payment gateway.

Flying Money reserves the right to publicly issue a further 15 million FML Tokens if it considers there is demand. If these FML Tokens are not issued during the Token Sale they will be destroyed upon the completion of the Token Sale.

2.3 FEATURES OF THE CURRENCY TOKENS

The first fiat-backed Currency Tokens are proposed to be called the USDf Token, subject to further legal advice and relevant technical considerations. Each USDf Token is proposed to be 100% backed by a corresponding and equivalent amount of United States dollar bank deposits.

Subsequent tokens may include, Great British Pound (GBPf), Japanese Yen (JPYf), Canadian Dollar (CADf), Euro (EURf), Australian Dollar (AUDf).

FML Tokens may be valuable for three reasons:

- a) Limited Initial Circulation.** It is intended that there will only be 50 million FML Tokens in circulation (subject to issuing further 15 million FML Tokens as set out in paragraph 2.2).
- b) Used for Transaction Costs.** Flying Money aims to provide a 90% discount on the transaction costs if users pay their transaction fees in FML Tokens.
- c) Reducing Circulation.** Unlike other tokens that have a steady or growing supply, the intention is for FML Tokens is to reduce them in number over time. FML Tokens will be destroyed when customers use these tokens for the purchase and redemption of USDf Tokens and other Currency Tokens.

3. FLYING MONEY CURRENCY TOKENS

3.1 PURPOSE, USE AND VALUE

The proposed purpose, utility and value of Currency Tokens are described below, using USDf Tokens as an example;

USDf Tokens aim to be separately tradable tokens representing the underlying USD.

USDf Tokens, and Currency Tokens generally, are proposed to be separately traded in multiple jurisdictions on digital exchanges. FML Tokens and Currency Tokens will be distinct, separate tokens that have unrelated functions.

USDf Tokens are 100% backed by the matching denominated asset held by the Flying Money Trust Limited ("Trustee"). It is intended that there will always be an equivalent amount of currency denominated assets held to match the USDf Tokens. Customers can redeem USDf Tokens directly for USD on the Flying Money platform and the USD proceeds will be paid into a customer's nominated bank account.

The reasons to purchase USDf Tokens may include:

- 1. Invoice payment to another party*
- 2. Place funds in a stable token to avoid market volatility*
- 3. Avoid interbank transfer fees*
- 4. Need for immediate payment*
- 5. Avoid excessive exchange rate fees*
- 6. Eliminate excessive bank administration fees*
- 7. The USD is the most traded currency globally*
- 8. There is deep liquidity in the USD Currency Market*
- 9. Asset diversification*
- 10. Reduction of counterparty risk*

Currently, most cryptocurrencies have no backing asset value except the discounted cash flow of future earnings. The market value of cryptocurrencies is reported to be in excess of US\$600 billion. With such a high market capitalization Flying Money projects the demand for a stable asset backed token will increase over time.

The USDf Tokens could be used to settle transactions for customers. As described above, the key feature of the USDf Token is that it may be exchanged for an equivalent amount of USD. This means USDf Tokens may be used to settle transactions when no banking facilities are available between a digital exchange, and a retail customer. Customers receiving USDf Tokens as settlement are likely to be comforted that USDf Tokens are backed by a fixed, known amount of fiat currency, and that USDf Tokens may be able to be converted to USD on the Flying Money platform.

USDf Tokens represent a diversification opportunity for current holders of digital currencies. It can also help create a more stable portfolio in a turbulent market.

4. THE VOLATILITY PROBLEM

4.1 BACKGROUND

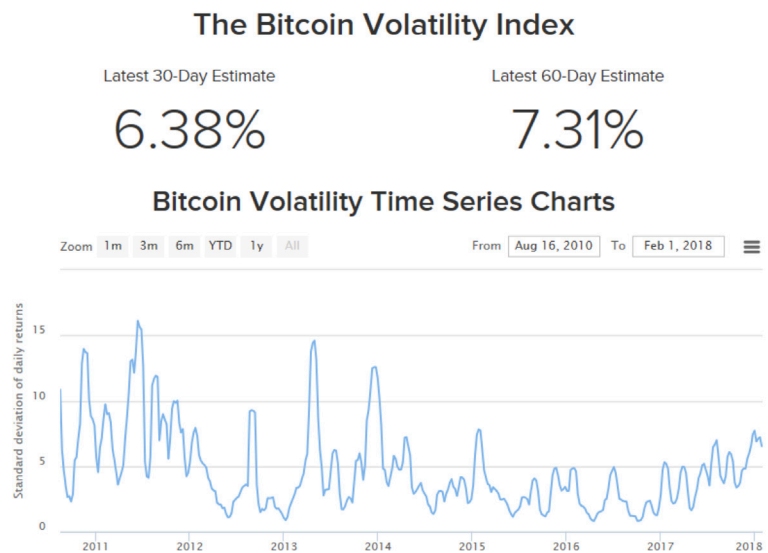
Cryptocurrencies are increasingly being used for trade payments and general consumer spending. However, given the volatility in the markets where values can rise and fall +/- 20% in a single day they cannot be used as a reliable method of payment for everyday items or payment transfers.

One of the major problems with holding cryptocurrencies is volatility. The major digital currency, BTC, volatility is demonstrated in the following chart.

This is a limiting factor in the broader acceptance of digital currencies. If a holder wants to hedge volatility in a highly volatile asset then given its price changes any counterparty will seek a higher cost over a less volatile asset. These costs add to the overall expenses of holding cryptocurrencies.

An entity receiving a BTC, or ETH, has no certainty of the value remaining stable over any 24-hour period. When a real financial currency, or asset, is tokenized, greater stability can be expected as it is linked to an underlying asset or currency.

Until the volatility can be significantly reduced from cryptocurrencies, they cannot be reliably used as a legitimate and acceptable form of trade payments. Although software developers may accept being paid in BTC, or other cryptocurrencies, the average business, or producer, cannot accept such payments given price volatility that characterize the current market for cryptocurrencies.



Source: <https://www.buybitcoinworldwide.com/volatility-index/>

4.2 GENERAL REASONS FOR CRYPTOCURRENCIES

There are many factors that affect the price of cryptocurrencies. Despite complex market forces, some general reasons for cryptocurrencies volatility (using BTC as an example) include:

1. **News and the Media influence price dramatically.** In a nascent asset class with a lack of sophisticated investors, news items can set off market turmoil. Will BTC fork? What will the effects of SegWit be? How will BIP 148 change the market price of BTC?
2. **Government Policies.** Taxation treatment and laws can affect a person's ability to purchase or trade a digital currency.
3. **Press and Corruption.** A scandal like Mt Gox, or a multi-million-dollar theft from a token sale can scare investors out of trading in a risky asset class. Security breaches, or limited transaction ability, can change the price dramatically. Statements that BTC will hit US\$20,000 or US\$100,000, or that ETH will be the primary Blockchain-based platform often sends investors scrambling to buy.
4. **Lack of Governance.** Unlike national governments, which often seek to promote or depress their fiat currencies, there is no spokesperson or central authority to promote or depress the value of BTC. Many people have an opinion on the value of a cryptocurrency.
5. **Limited Market Capitalization.** The small market capitalization of cryptocurrencies means holders of significant positions often have to accept a market price on entry and exit. There are also limited means to sell short in cryptocurrencies. This can exacerbate price falls.
6. **Selling pressure of a successful token sale.** The issuer of a successful token sale has often received BTC or ETH, and may need to convert this into a fiat currency to pay promoters, advisers, staff, expenses and investors.

4.3 USD VOLATILITY

USD volatility is typically substantially less than cryptocurrencies.

USDf Tokens are ERC20 compliant tokens recorded on the Ethereum Blockchain and compatible with most popular Ethereum wallets. They can be bought or sold near-instantly and seamlessly.

USDf Tokens can give consumers and financial institutions a platform to convert major digital currencies such as BTC and ETH directly into a stable fiat USD currency.

USDf Tokens can help reduce costly transaction fees as customers trade these tokens on exchanges. A simple click and a currency holder can sell on accepting exchanges without the need for costly exchange fees.

4.4 USDF TOKEN REDUCES VOLATILITY

The attraction of the USDF Token is that positions can be easily entered into, and exited from, any traded digital currency exchange.

USD is the most traded currency globally in the daily US\$5.3 trillion-dollar foreign exchange market according to the Bank for International Settlements (BIS).

The chart below represents the most traded currency pairs globally according BIS' website.

Position Globally	Currency Pair	Market
1	EUR/USD	23.1%
2	USD/JPY	17.8%
3	GBP/USD	9.3%
4	AUD/USD	5.2%
Reference: BIS 2017		

5. COMPETITOR ANALYSIS

5.1 TETHER.IO: BACKGROUND

Tether is listed on major digital currency exchanges. The token is called the US dollar Tether. Its ticker is 'USDT'.

Tether has issued USDT that are currently traded globally on many digital currency exchanges including Poloniex, Kraken and Bitfinex. The USDT uses the Bitcoin Blockchain, with the consensus system being the Omni Layer Protocol.

Proof of the asset reserves backing USDT is demonstrated by the total number of USDT in circulation matching the published USD bank deposits held by Tether.

In the event of insolvency, Tether makes no guarantees in relation to the ability for customers to convert back to USD their 100% backed USDT by USD.

Market capitalization of Tether has risen from USD \$300,000 in February 2015 to US\$1.3 billion as at 30 December 2017, and 24-hour turnover exceeding \$1billion.

Tether's gross turnover on exchanges has been in excess of US \$70 Billion since inception of the USDT coin.

5.2 COMPARISON TO CURRENCY TOKENS

Unlike Tether, which does not separate the funds from the trading entity, the proposed Flying Money Trustee is an independently operated trustee, which proposes to hold the funds backing the Currency Tokens, and the relevant bank account will be in the name of the Trustee. The Trustee is proposed to be commercially and legally independent with a separate board from Flying Money.

The funds maintained by the Trustee are intended to be held in bank accounts subject to applicable laws and regulatory requirements.

Unlike Tether, a holder of Flying Money Currency Tokens is intended to have a right to claim and redeem their Currency Token for fiat currency held by the Trustee. In the case of Tether, the terms of service state there is no contractual right or legal claim against Tether to redeem or exchange USDT for money. The precise arrangements will be confirmed as the Flying Money platform unfolds.

Flying Money will publish a copy of its bank statement as proof of the asset reserves to match the Etherscan / Explorer proven Currency Tokens in circulation.

One of world's leading Chartered Accounting organizations will provide monthly audits of funds on deposit. These audited accounts will prove that the Trustee has the matching bank deposits for the relevant Currency Tokens in circulation.

In the event of insolvency of Flying Money users have added protection. They are likely to have recourse to the funds independently held with the Trustee, subject to applicable law.

6. BUSINESS PLAN

6.1 ISSUING OF CURRENCY TOKENS

Currency Tokens are intended to be offered to Flying Money users in various currencies. Initially Flying Money aims to offer the USDf Token. This token will have a par value of USD1.00.

Flying Money envisages the following benefits to customers purchasing Currency Tokens:

1. Diversification among asset classes
2. New investment opportunity
3. Quick disposal of asset positions
4. Significant reduction in transaction costs relative to existing financial institutions
5. Reduction of counterparty risk
6. Incorporation into smart contracts

The balance of the asset reserves is proposed to be published daily on the Flying Money platform from data sourced directly from the Trustee's bank account. The bank account holding the bank deposits backing the USDf Tokens is planned to be under the control of the Trustee.

The Trustee is proposed to be managed separately from Flying Money Limited.

6.2 DIRECT DIGITAL EXCHANGE LINK

It is proposed that customers will be able to purchase USDf Tokens using either fiat currencies or cryptocurrencies.

Flying Money aims that all major national fiat currencies will be accepted for payment. Exchange rates will be made available on conversion.

Flying Money aims that all major cryptocurrencies such as BTC and ETH will be accepted. Exchange rates for these major digital currencies will also be published and calculated prior to any order execution.

Flying Money aims to sell these cryptocurrencies it accepts in return for USDf Tokens (or other denominations as and when they become available – GBPf, EURf, JPYf, CADf, to name a few) on exchanges to realize the funds to place in a matching USD or equivalent denomination currency deposit.

6.3 EXCHANGING TOKENS AND PURCHASE PROCESS

Currency Tokens are proposed to be tradable on digital exchanges in multiple jurisdictions, providing depth and liquidity.

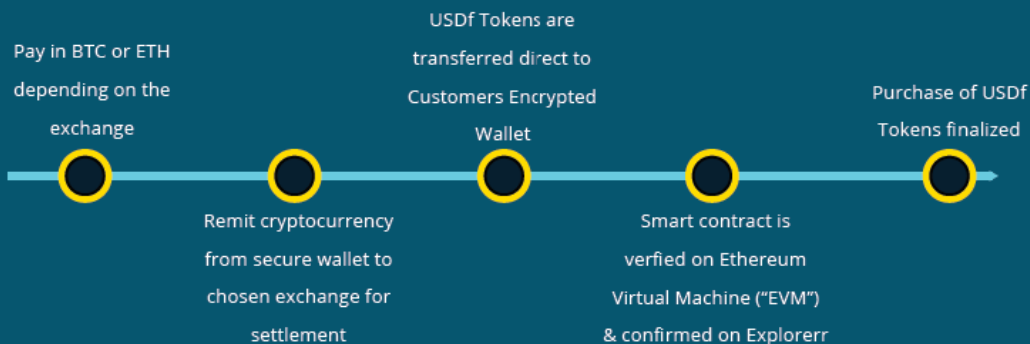
It is believed that the reduction in exchange and bank charges by trading or sending a USDf Token will be significant given exchange rate penalties banks charge, and the associated fees for the money transfers.

It is proposed that any owner of a USDf Token can exchange it directly on the Flying Money platform. The Flying Money model allows for customers who own a USDf Token to redeem it at USD1.00. This provides the security and confidence needed in the USDf Token.

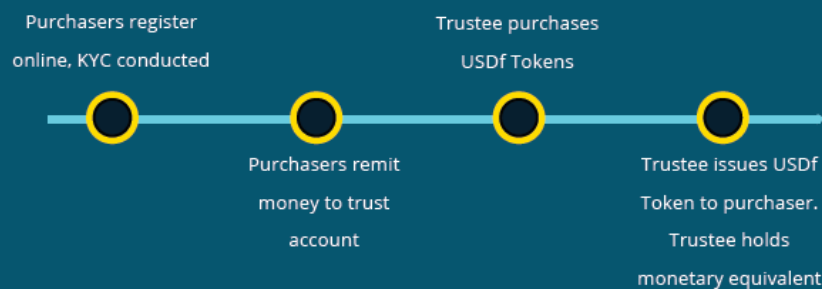
We illustrate the above utility of USDf Token by way of example:

A person who purchases one USDf Token has one equivalent USD1 backing their USDf token. The funds received are deposited in a bank matching the token's value. The proof of asset reserves is reported on the Flying Money platform, and the bank account is overseen by the Trustee. The person can redeem using the Flying Money platform their one USDf Token for one US\$1.00 at any time.

HOW TO PURCHASE USDF TOKENS ON ANY DIGITAL CURRENCY EXCHANGE:



HOW TO PURCHASE USDF TOKENS ON THE FLYING MONEY PLATFORM:



6.4 ANTI MONEY LAUNDERING; COUNTER TERRORIST FINANCING AND PRIVACY PRACTICE

Flying Money takes its compliance and legal obligations seriously. The Flying Money platform will operate in accordance with its anti-money laundering / counter terrorism financing ("AML/CTF") and privacy obligations, amongst others. In the context of any USDF Token and operations in Hong Kong.

Anti-Money Laundering; Counter-Terrorist Financing and Privacy Practice:

1. *Organized and Serious Crimes Ordinance (Cap. 455)* ;
2. *Drug Trafficking (Recovery of Proceeds) Ordinance (Cap. 405)*;
3. *United Nations (Anti-Terrorism Measures) Ordinance (Cap. 575)*;
4. *United Nations Sanctions Ordinance (Cap. 537)*; and
5. *Weapons of Mass Destruction (Control of Provision of Services) Ordinance (Cap. 526)*, together

Amongst other things, these requirements seek to restrict or prohibit payments, transactions, services and dealings with assets having a proscribed connection with certain countries, individuals, groups or entities subject to international sanctions or associated with terrorism, money laundering, weapons of mass destruction or other criminal activities.

Additionally, Flying Money must report relevant knowledge or suspicion to the Joint Financial Intelligence Unit before dealing with that person/entity and must avoid prejudicing any potential investigation by “tipping off”.

Flying Money, as a data user, is required to comply with the Personal Data (Privacy) Ordinance (Cap. 486) when collecting, holding, processing, using, transferring or otherwise handling personal data collected generally.

A number of financial regulatory requirements are likely to apply to Flying Money and/or the Currency Tokens, with which Flying Money will comply.

6.5 PAYMENT GATEWAY

The payment gateway operates a peer-to-peer network on the Ethereum platform. It allows users to pay for goods and services in cryptocurrencies or cash utilizing either their computer or mobile app wallet.

The payment gateway compliments our Flying Money currency token operations by allowing customers to send fiat backed digital currencies to suppliers without the risk to either party of exchange rate volatility.

The User Interface allows customers to review cash & cryptocurrency balances in real time and to send payments or Flying Money foreign exchange tokens globally in seconds.

Features of the Flying Money Payment Gateway:

1. *Instant payments with settlement in Cash, BTC or ETH*
2. *Peer to Peer secure transactions on the Ethereum*

Targeted Financial Services Sectors

To fully capitalize on the payment gateway assets of the business the Directors and management have identified specific financial services sectors that are suitable for disruption utilizing Blockchain technology underpinned by the cryptocurrency payment gateway. The directors of Flying Money have detailed industry knowledge of the targeted fin tech sector as well as widespread industry associates.



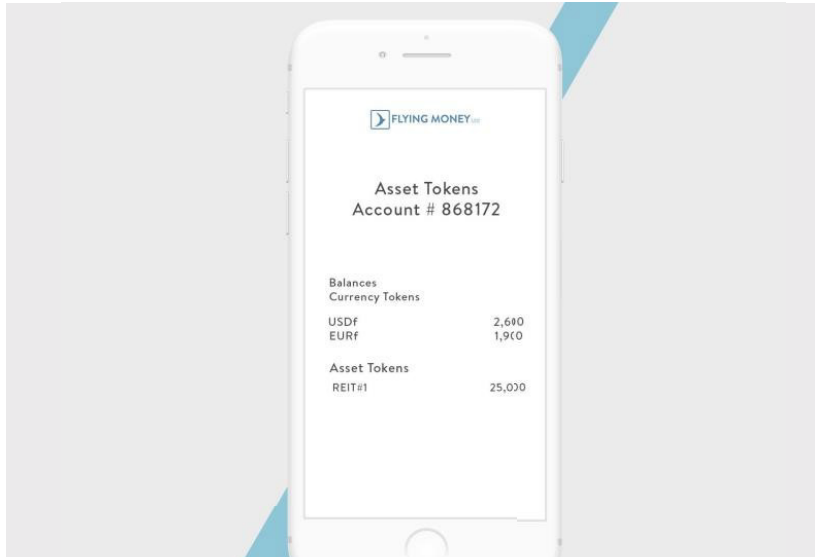
6.6 TOKENIZATION OF ASSETS

Tokenization of assets describes an asset that is linked to a digital token that is secured on the Blockchain. It can be a fungible asset that is easily replaced (such as wheat or gold) or it can be a unique asset such of real estate that cannot be replicated exactly.

Fraud through duplicating assets cost the financial services industry \$7 billion annually in 2016 and is projected to be \$31 Billion in 2020. The Blockchain and its distributed ledger platform can provide a solution to this duplication of ownership problem.

One of the Blockchain's many features is that it can assign ownership to a particular token representing ownership of an underlying asset. It is secured by the network by Proof of Work.

The Blockchain ensures ownership of a token cannot be transferred without the private keys to secure the transfer.



The total stock of tokens in circulation can be confirmed on the Blockchain explorer and creation of additional tokens is impossible without the confirmation of the network.

Flying Money and its Directors and Management have identified specific financial sectors that are suitable for disruption. Flying Money will be at the centre of this new Fin Tech industry utilizing our experience and technology.

6.7 BUSINESS PLAN: KEY RISKS AND WEAKNESSES

The Flying Money platform aims to operate on the Ethereum Blockchain and as such will be reliant upon the integrity and weaknesses inherent in that system, and in the software that Flying Money operates to carry on its business.

Custodial assets owned by the Trustee are proposed to be subject to the laws and regulations of Hong Kong. Changes in laws corporate, or taxation laws, can affect the operational ability of the Trustee to carry out its tasks.

The Trustee and Flying Money's Directors and Management have no control over the financial solvency of the banking or other institutions that holds the funds used to pay for USDF Tokens. Therefore, there is a financial risk that should the banking institution become insolvent the funds deposited could be at risk affecting the ability of the Trustee to carry out its functions.

Once fully analysed, the legal and regulatory status of the Flying Money platform may require refinements to its intended operation. It is also likely to require certain steps to be taken and/or conditions or restrictions to be imposed on participation.

Additional risks arise in relation to The Token Sale and Currency Tokens.

6.8 DOCUMENTATION

Refer to the documentation available on Flying Money's website at www.flyingmoney.io.

7. THE TRUSTEE

7.1 THE TRUSTEE MAINTAINS MONEY DEPOSITS

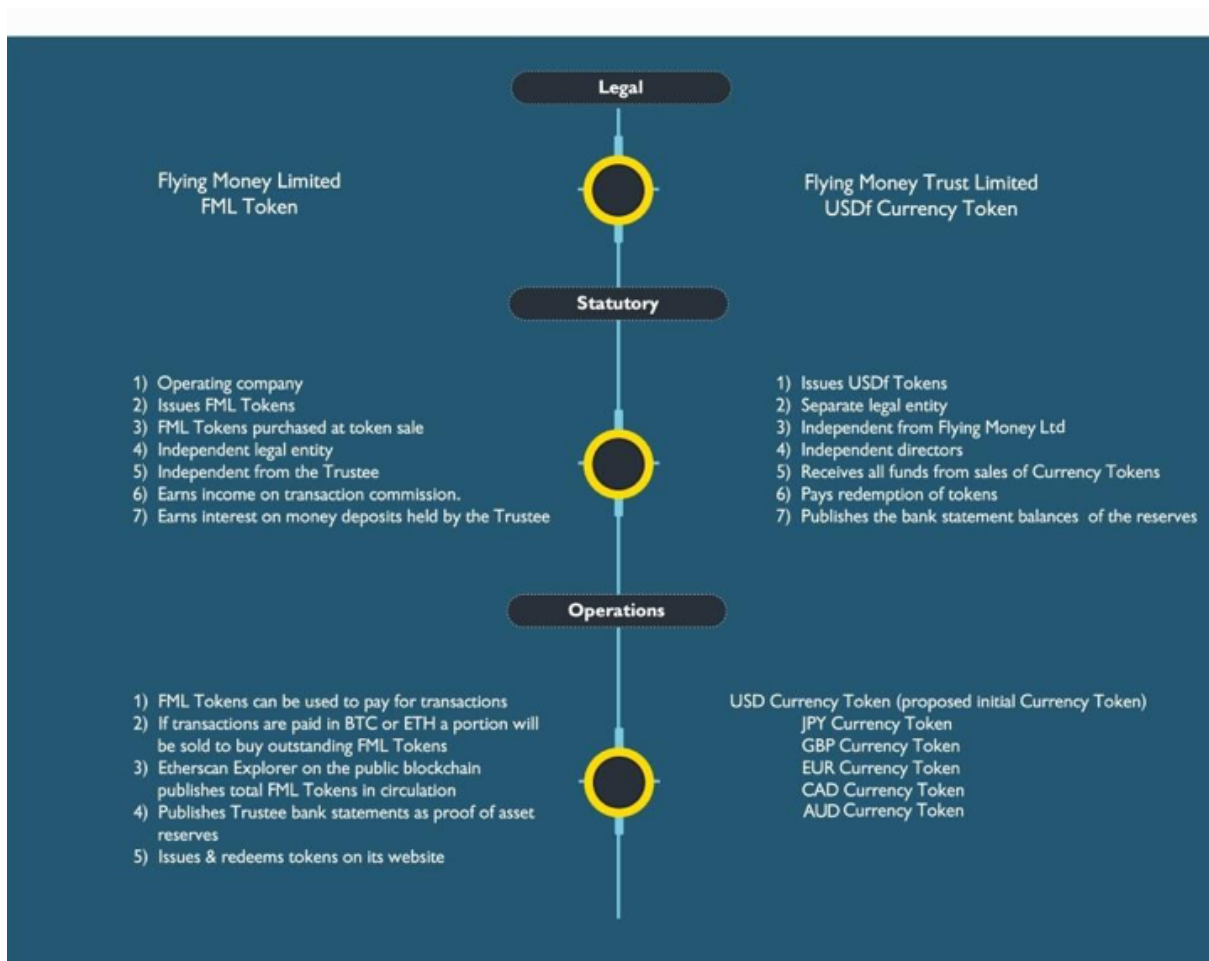
The funds backing USDf Token aim to be deposited with the Trustee. The Trustee will only be authorized to invest in cash assets that match the Currency Tokens asset denomination (for example, United States dollar assets). The investments will adhere to the regulatory laws of Hong Kong and its relevant government authorities, so are subject to change.

7.2

LEGAL TRADING STRUCTURES BACKING THE CURRENCY TOKEN

Illustration of two separate legal entities:

Flying Money and the Trustee



The Trustee plans to deposit funds received from creation of USDf Tokens into bank accounts. The Trustee intends to hold the funds, and to use the funds to redeem USDf Tokens as and when required.

USDf Tokens and other future digital Currency Tokens are held in the crypto wallets of a purchaser. Customers can use the Flying Money proprietary and website, or mobile wallet, or a compatible ERC 20 wallet chosen by customers. It is intended that Flying Money's USDf Tokens will be tradable on at least four international exchanges.

Only transaction costs on the sale of the token and interest income on deposits are payable to Flying Money.

8. ASSET RESERVES

The Ethereum Blockchain provides a record of every transaction performed on a specific token. Such records are documented on Blockchain Explorer and Etherscan.

When Flying Money sells a USDf Token, the US\$1.00 paid for the USDf Token is deposited with an internationally recognized bank. The principal is held by the Trustee, while any interest will be paid to Flying Money, net of any fees payable to the Trustee and applicable transaction costs.

When Flying Money sells a USDf Token, the US\$1.00 paid for the USDf Token is deposited with an internationally recognized bank. The principal is held by the Trustee, while any interest will be paid to Flying Money, net of any fees payable to the Trustee and applicable transaction costs.

Only the USDf Token holder has a right to claim against the amount of funds the USDf Token represents.

Settlement is in seconds when USDf Tokens are traded on exchanges, rather than days and there is no need to open bank accounts or pay administration fees direct to third party agents. Redemption of USDf Tokens is envisaged to be within one to four business days, but is highly dependent on the existence and transaction capabilities of relevant exchanges.

9. FUTURE CURRENCY TOKENS

Customers can choose to directly purchase currency tokens on the Flying Money platform or simply buy the token on a partner digital exchange using the accepted cryptocurrency. Potential benefits of secondary trading in these Currency Tokens may include:

1. ease of entry and exit
2. significant reduction in transaction costs.

Below are the indicative project timelines for release of Currency Tokens, which may be subject to change:

Phase 1 - July 2018 Initial fiat currency class	Phase 2 - August 2018 Subsequent fiat currency classes	Phase 3 - Q3 2018 Currency Tokens based on market demand
USD	EUR	Flying Money will respond to market demands and applicable foreign regulation, and offer products suitable to local markets.
	GBP	
	CAD	
	JPY	
	AUD	

10. TECHNICAL DESCRIPTION

The USDf and FML Token management has been designed as a smart contract platform built on top of the globally distributed computing network Ethereum. Each USDf Token issued into circulation will be ERC20 compliant (Ethereum token standard) and backed 100% by USD deposits.

The USDf and FML Tokens will be governed by different smart contracts on Ethereum.

10.1 WHY ETHEREUM?

The reasons for utilising Ethereum as the primary protocol for Flying Money are:

Of all Blockchain protocols, it has one of the largest, and it has the most active and growing developer community.

It supports smart contracts. The Turing complete programming languages helps with ease of building new features and security models that would be required for scalability, user convenience and security.

EVM, the virtual machine that executes smart contracts is independent of the Ethereum public Blockchain. All smart contract software that Flying Money develops is built using Solidity and EVM, which can be decoupled from Ethereum public network and plugged into any other consensus mechanism

10.2 USDF TOKENS TECHNOLOGY STACK

The technology stack consists of the following layers:

The first layer is the Ethereum Blockchain. All the token transactions are stored on the Ethereum Blockchain, enabling transparency, verifiability and security.

The second layer is the Ethereum smart contracts. Specific smart contracts have been coded to:

- 1) Generate (create tokens when users buy) and redeem (destroy tokens when users sell) USDf Tokens via exchanges.
- 2) Enable users to transact and store USD Tokens using ERC20 compliant wallets.
- 3) Track and report the circulation of USD Tokens using ERC20 compliant explorer.

The third layer is Flying Money, which is primarily responsible for:

- 1) Accepting fiat deposits and issuing the corresponding USDf Tokens.
- 2) Sending fiat withdrawals and revoking the corresponding USDf Tokens.
- 3) Custody of the fiat reserves that back all USDf Tokens in circulation, publicly reporting proof of reserves and other audit results.
- 4) Initiating and managing integrations with existing Ethereum/Blockchain wallets and exchanges.
- 5) Web-based wallet that allows users to buy, sell, send, receive and store USDf Tokens conveniently.

10.3 USDF TOKENS FLOW

The USDF Tokens are proposed to be governed by Ethereum smart contracts and the movement consists of following steps:

- 1) The user buys USDF Tokens using fiat currency on the Flying Money platform.
- 2) The USDF Tokens will be generated and sent to the user. The USDF Tokens enter circulation.
- 3) The user can transact using USDF Tokens – that is, transfer, store, and exchange using the wallet account.
- 4) The user redeems USDF Tokens for fiat currency on the Flying Money platform, the corresponding tokens are destroyed and removed from circulation.

11. KEY PERSONNEL

Refer to www.flyingmoney.io for full details.

12. FINANCIAL MODEL

12.1 FML TOKENS ARE PROPOSED TO BE USED TO PAY TRANSACTION COSTS

FML Tokens can be used to pay transaction costs, to buy and sell USDf Tokens, and other Currency Tokens. BTC or ETH can be used to pay the transaction costs.

When customers use BTC or ETH to pay for transaction costs, Flying Money can use these tokens to buy an equivalent amount of FML Tokens. Flying Money can destroy these newly purchased FML Tokens reducing the overall number in circulation.

Constant demand and destruction of FML Tokens is likely to increase the value of FML Tokens over time, but Flying Money does not encourage speculation of any kind – any purchase of FML Tokens should be for genuine utility purposes.

12.2 USDF AND OTHER CURRENCY TOKENS

There is no intended income or interest earned by USDf Token Holders. The USDf Token is simply equivalent to holding the equal value of fiat money. USDf Tokens are intended to be redeemable for the equivalent USD at any time on the Flying Money platform.

13. DISCLAIMER

Terms of ICO: Refer to flyingmoney.io for full terms and conditions of ICO.

No offer of securities: *the FML Token (as described in this Whitepaper) is not intended to constitute a security or any other regulated product in any jurisdiction. This Whitepaper does not constitute a prospectus nor offer document of any sort and is not intended to constitute an offer or solicitation of securities or any other investment or other product in any jurisdiction. Any offer or agreement in relation to any sale and purchase of FML Tokens is to be governed solely by a separate document setting out the terms and conditions of ("Ts&Cs") of such agreement. In the event of any inconsistencies between the Ts&Cs and this Whitepaper, the former prevails.*

No advice: *this Whitepaper does not constitute advice to purchase any FML Tokens nor should it be relied upon in connection with any contract or purchasing decision.*

Risk warning: *potential purchasers should assess the nature of, and their own appetite for, relevant risks independently and consult their advisors before making a decision to purchase any FML Tokens.*

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