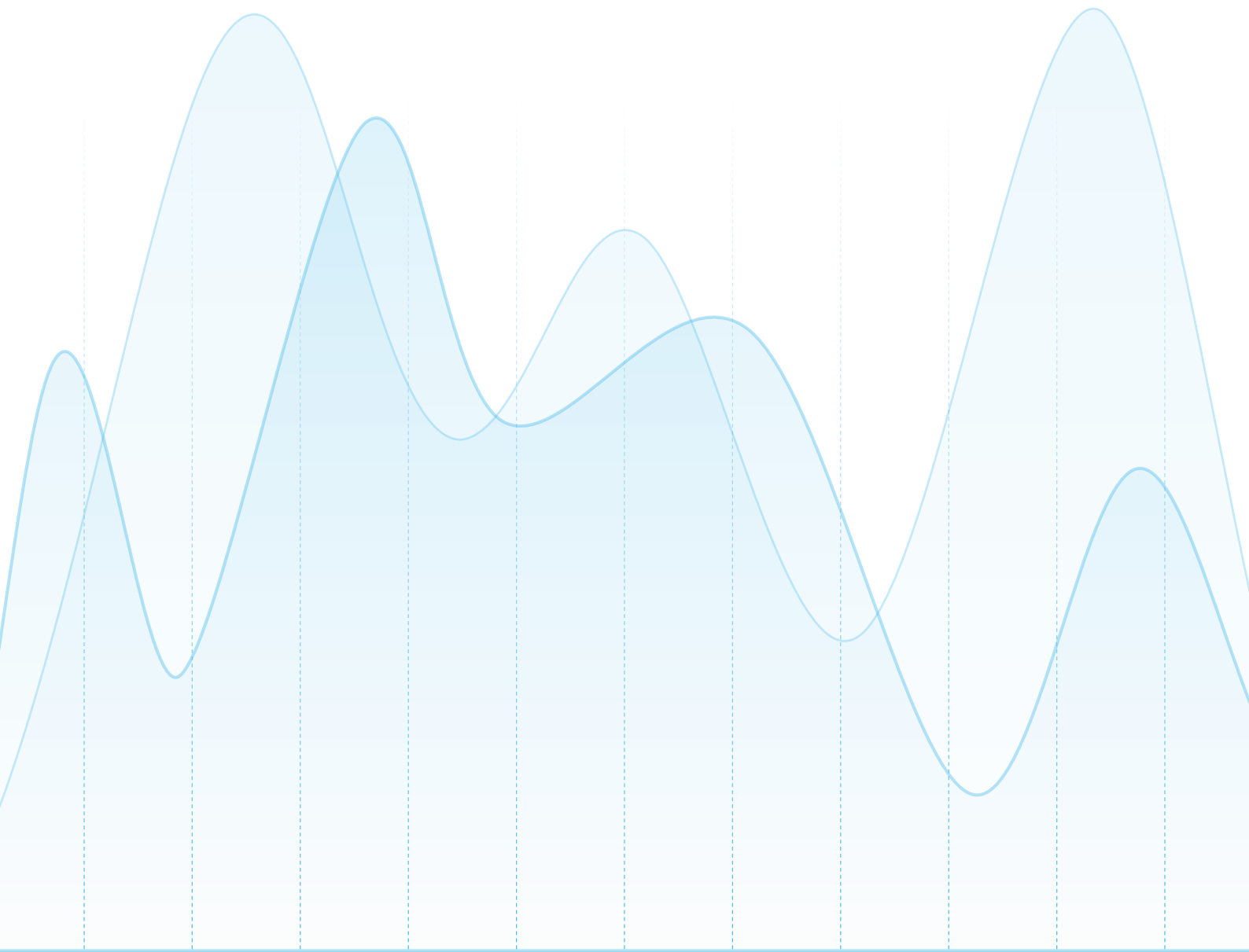




CDXchange

Blockchain Derivatives

***Creating liquidity in non-transferable
bank deposits***



What are non-negotiable bank deposits?

A certificate of deposit (CD) is a savings account that holds a fixed amount of money for a specified time, such as six months or five years, and in exchange, the issuing bank pays interest.

In addition:



FDIC/NCUA banking institutions can only issue insured CDs.



A bank account must be opened to purchase a CD.



The physical CD is kept in the banks' vault while the depositor receives a safe-keeping receipt (trade confirmation).



CDs are non-negotiable and may not be terminated before maturity without an Early Withdrawal Penalty (EWP), often assessed on all accrued interest and or a percentage of the principal deposit.

Let's talk numbers.



The US banking system reported more than **\$1.75 trillion** in deposits in non-negotiable certificates of deposits (CDs) and another **\$5 trillion** in Money Market Accounts (MMAs) as of **December 2020**.

But CD's are clumsy...



Transfer restrictions put in place since the inception of the CD have reduced its usability in a dynamic investment portfolio, limiting its usefulness to "protecting and preserving" cash through FDIC insurance.



Also locked away are the hundreds of billions in asset appreciation due to interest rate fluctuations.



These assets have no independent mechanism that can audit the actual owner of the deposit at any moment in time, except for the bank that holds the deposit.

The CD was designed as a one-dimensional 'safe' investment that paid higher interest rates than its other deposit family members and Treasury bonds. The CD has served depositors' needs for decades, albeit poorly.

Current CD Market products

There are two categories of CD's marketed by banks

Direct Deposit CDs (DD)

DD's are ubiquitous and are opened on the branch level. Every bank relies on these deposits to fund mortgages, car loans, credit card accounts, and capital requirements.

Cons:

- Cannot take advantage of interest rate fluctuations & asset appreciation.
- CDs generally cannot be terminated before maturity. If termination is possible, a significant EWP will be assessed.

Depository Trust Company (DTC)

DTC CDs are custodial, securitized "master certificates" purchased by brokers/dealers as a block, for instance, 30mm, and sold as fractionalized CDs to investors.

Cons:

- Expensive underwriting fees for the Issuer
- Secondary market limited to a handful of brokers/dealers. Virtually no efficient marketplace.
- Selling concession fees cannibalize investors' coupons

The CD Market is unremarkable for investors. But what if there was a solution that...



Turned CDs into tremendous financial assets that dynamically supercharge returns.



Allows Issuers to underwrite efficiently and at lower costs, requiring virtually no operations staff to service CDs.



Allows investors to earn higher yields with greater asset product flexibility.

It would revolutionize the CD space, wouldn't it?

Say hello to CDXchange.

CDXchange™ is designed as an 'issuance and trading exchange' for institutional and retail participants in the \$6 trillion CD and MMA bank deposit market.



CDXchange was developed to enable depositors and banks to monetize static, non-negotiable asset and liability banking products, such as CDs and MMAs.



We harness the power of Blockchain, Tokens, & Smart Contracts enabling institutional and retail investors to hedge, leverage, and invest with these deposit products through derivatives.



Banks can also underwrite new issue negotiable Blockchain FDIC/NCUA insured deposits on CDXchange, driving down the costs of obtaining funds.

Monetizing assets like CD's & MMA's will unleash hundreds of billions in greater wealth returns annually for retail and institutional depositors and will incentivize depositors to maintain higher balances in deposit accounts.

CDX Services

CDXchange leverages the power of Blockchain, Tokens, and Smart Contracts to provide a complete patent-pending solution for creating liquidity in non-transferable CDs.

- **CREATE DERIVATIVES** – The DerivaMaker™ tool helps analyze your CD portfolio for the best money making strategies.
- **SELL CD LIABILITIES** - Dump those high-interest CD deposit liabilities and restructure your debt load.
- **STAKE CDXCOIN** - Users can earn income as they stake CDXCoin on the Blockchain.
- **ISSUE NEW CDS** - Issue new CDs directly to the Blockchain where CDXCoin and Smart Contracts initiate account setup, funds transfer, and audit capabilities.
- **PURCHASE CDXCOIN** - CDXchange utilizes the CDXCoin for all fees and payments. You can purchase directly from CDXchange. We anticipate CDXCoin to trade on the exchanges.



USP's



24/7 DAYS A WEEK – CDXchange platform is available round the clock & is always monetizing.



CDXCOIN AND EARN UP TO 6% - Continue to earn income while Staking with the CDXCoin.



MONETIZE NON-TRANSFERABLE CDS - Our patent-pending technology leverages CD portfolios to supercharge fixed-income returns.

Building blocks of CDXchange

Blockchain:

Digital ledgers of data typically managed by a peer-to-peer network for use as a publicly distributed ledger, where nodes collectively adhere to a protocol to communicate and validate new blocks securely through cryptography. CDXchange will utilize the **Algorand, Ethereum 2.0, or Cardano Blockchain ecosystem.**

Tokens:

Tokenization converts the value stored in some object – a physical object, like a painting, or something intangible, like a carbon credit – into a Token that can be manipulated along with a Blockchain system. CDXchange will use the CDXCoin as the currency accepted for all fees and transactions.

Smart Contracts:

A Smart Contract is a computer protocol intended to digitally facilitate, verify, or enforce the negotiation or performance of an agreement.

Smart Contracts allow the execution of verifiable transactions without intermediaries.

Oracles:

A type of Smart Contract. Oracles take data from the outside world and put it into the Blockchain for other Smart Contracts to act on. Chain Link is on a shortlist of vendors to provide Oracle services.

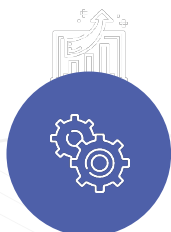
Custodian Account:

A financial account is set up for the benefit of CDXchange users and administered by multiple FDIC/NCUA insured institutions and used for retail accounts that open a trading account directly with CDXchange. We have two existing relationships with FDIC custodians. We plan to use Avanti, or similar, as a CDXCoin custodian.

Proof-of-stake (PoS)



The foundation of CDXchange is built upon PoS & permissioned co-chain Blockchains, where a committee of verifiers agrees and signs every new block of transactions. These blocks are validated, propagated, and stored by all users in the network. CDXchange will utilize the Algorand, Ethereum 2.0, or Cardano Blockchain ecosystem.



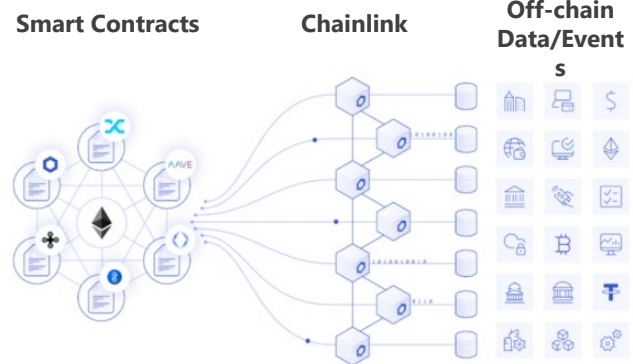
For instance, Algorand's consensus mechanism is a permissioned co-chain and ensures full participation, protection, and speed within a truly decentralized network. With blocks finalized in seconds, Algorand's transaction throughput is on par with large payment and financial networks. Also, Algorand is the first Blockchain to provide immediate transaction finality.

Smart Contracts

Smart Contracts (ASC1) are a trusted, seamless solution that are faster, scalable, and cost-effective, enabling sophisticated and complex applications. Smart Contracts embed contractual clauses in the hardware and software in such a way as to make a breach of the contract impossible, while efficiently acting on system orders and the attributes of those trades.

Oracles

Chain Link connects Smart Contracts with external data using its decentralized Oracle network. Chainlink API requests are handled 1:1 by an Oracle. You can aggregate data from many Oracles for a more robust and trustworthy answer. With on-chain aggregation, data is aggregated from a decentralized network of independent Oracle nodes.



Tokenization - CDXCoin

Instead of relying exclusively on outside capital to grow CDXchange, a more advantageous approach is to create a debt-free native crypto-asset (token) specifically for the network. This native Token can then be used to fund the network's growth by making it a required component of its usage and security. The CDXCoin will be the native network Token accepted by the CDXchange platform creating value in the open market and the following benefits to all parties in the value chain:

As the demand side rises via paying users, the subsidy can gradually be reduced until, eventually, the network becomes self-sustainable entirely from the aggregation of user fees. The remaining subsidies can then be redirected towards other network initiatives to generate more adoption, such as expanding services or growing network security.

The development team can raise funds in a debt-free manner to support the network's development by allocating an initial portion of the token's supply to be sold to users (including VCs) in a token sale (e.g., Initial Coin Offering).

The nodes securing the network receive the highest rewards possible without value extraction by non-value-producing investors.

The users receive the lowest cost for network services through built-in subsidies.

Network operators over time as a subsidy/block reward for securing the network.

There are two product categories that can be issued and purchased on CDXchange



Native Insured CDs:

- Created and issued on Blockchain, these are transferable and mark-to-market. Marketed as 'CDXCDS'.
- Can be issued by an insured bank or credit union and are FDIC/NCUA insured to \$250K per account
- Derivatives can be created on CDXchange from CDXCDS after Settle Date.



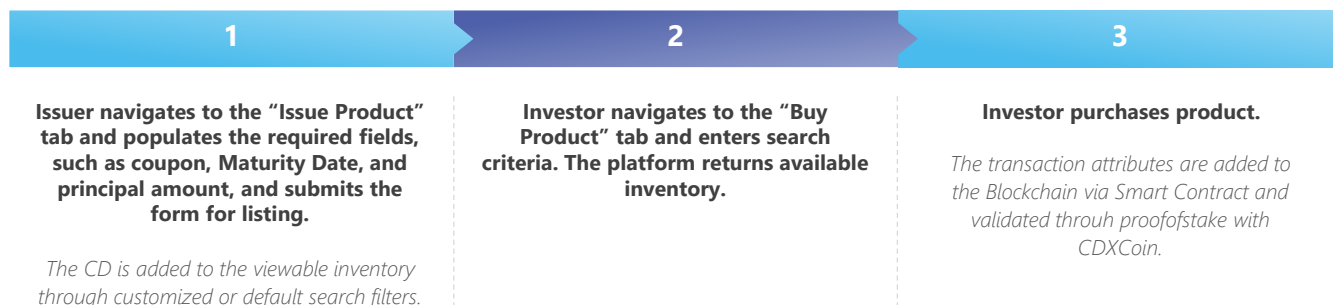
Legacy Deposits:

- CDs and MMAs that are seasoned and are currently held at individual banks and credit unions. These deposits must be custodialized before they can be registered on CDXchange.
- Deposit owner/account holder executes custodial account agreement. A CDXchange custodian will initiate the transfer of title and update interest and principal payment account information with the issuing bank.

CDXchange products - CDXCDS

CDXCDS

Banks and credit unions can issue and purchase the first ever CDs on Blockchain, called CDXCDS, through the CDXchange platform by following these simple steps:

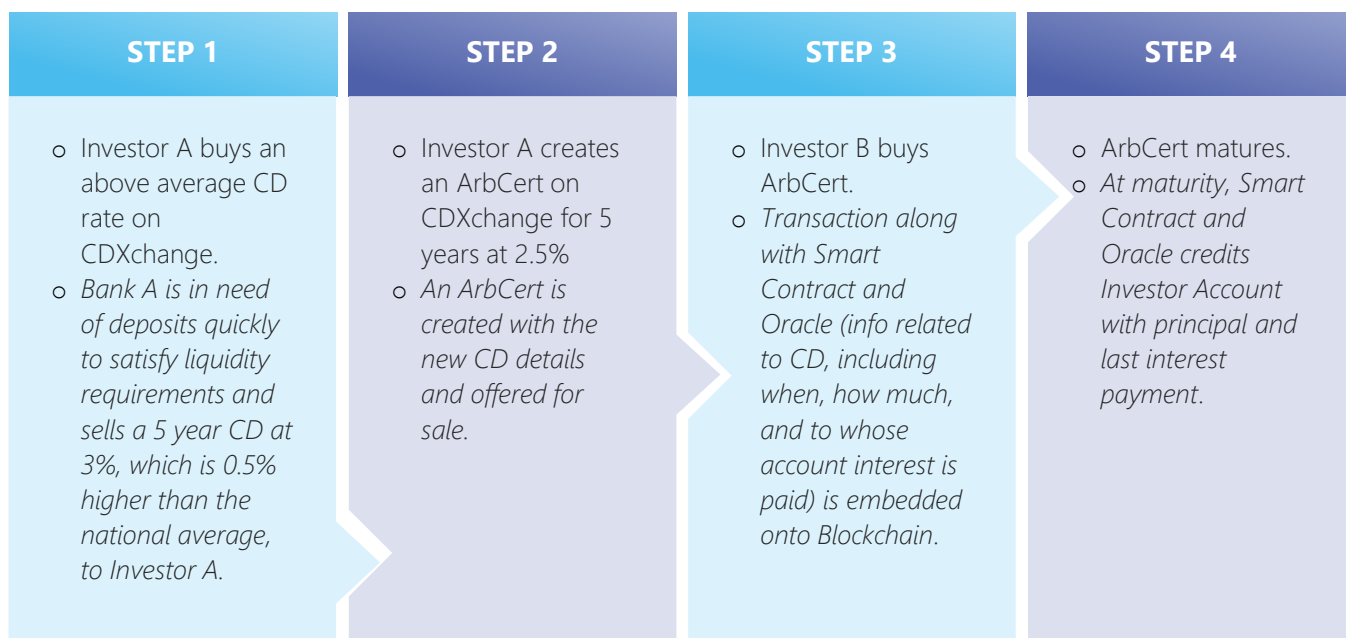


This product combines the best features of DD CDs (higher coupon, interest payment flexibility) and DTC CDs (syndication, transferability, and quick settlement). CDXCDS are issued directly from the CDXchange platform, and the Smart Contract and Oracles handle all interest payments, CD attributes, maturities, and transfers.

CDXchange products - ArbCert

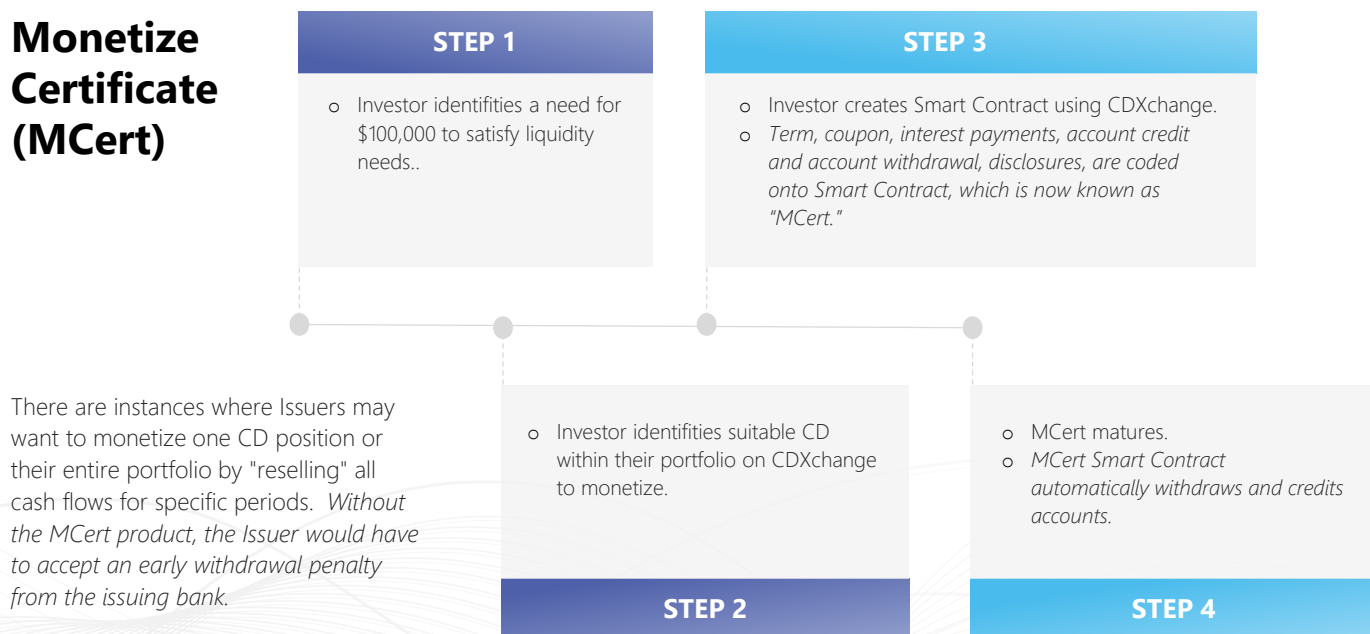
Arbitrage can be used whenever any asset may be purchased in one market at a given price and simultaneously sold in another market at a higher price. The situation creates an opportunity for a risk-free profit for the speculator. Arbitrage provides a mechanism to ensure that prices do not deviate substantially from fair value for long periods.

Arbitrage Certificate (ArbCert)



CDXchange products - MCert

Monetize Certificate (MCert)



CDXchange products- FaCs

Forward Certificates (FaCs)

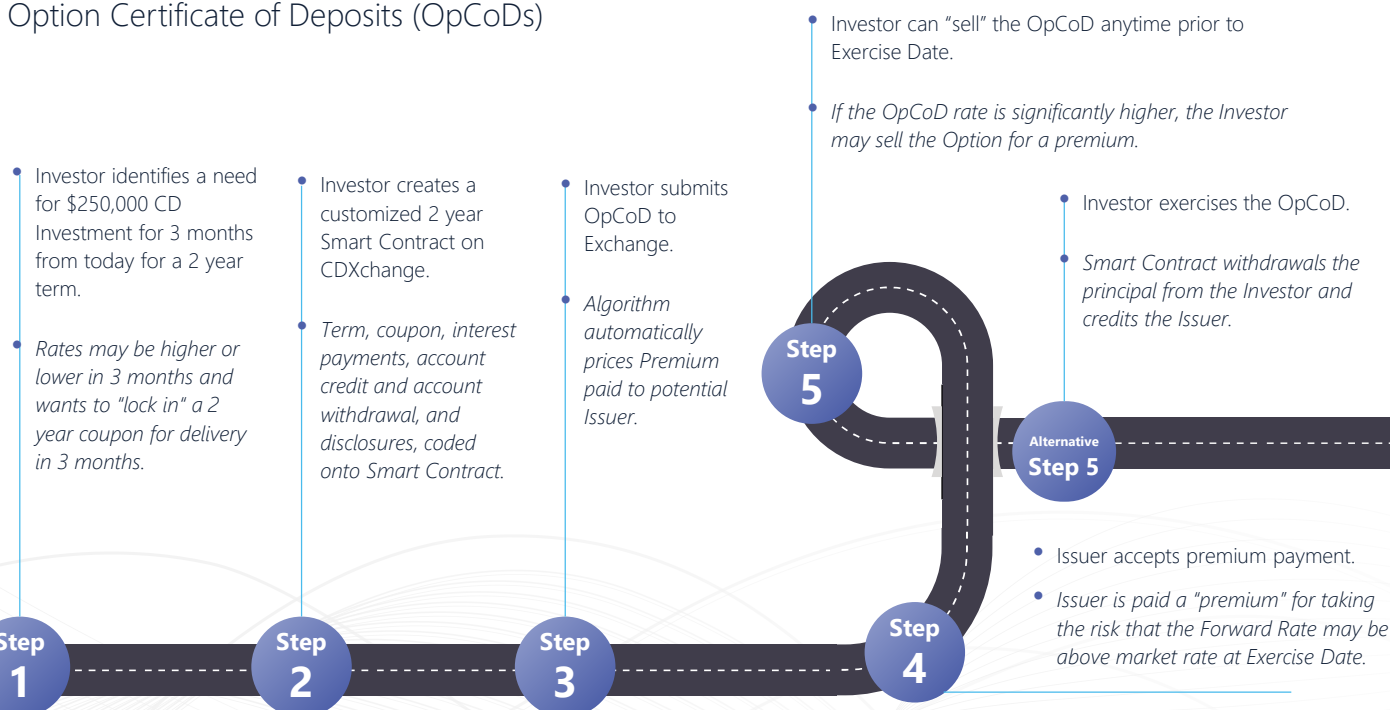


These products help Investors and Issuers plan for future events where funds will be required and have the following characteristics:

- FaCs can be standardized or customized.
- Contracts will carry a premium
- Contract must be between a minimum of two parties

CDXchange products - OpCoDs

Option Certificate of Deposits (OpCoDs)



Certificate of Holding Deposit Interest Shares (CHIPS):

Investors, who are long certificate of deposits, can take advantage of the following products through CDXchange:

CHIPS Strips:

- CHIPS are created when a CD's coupons are separated from the CD. The CD, minus its coupons, is then sold to an investor at a discount price. The difference between that price and the CD's face value at maturity is the Investor's profit.
- The coupons become separate investments that are sold separately. CHIPS are issued by banks and credit unions, who are insured by the full faith of the US government.
- CHIPS cannot be purchased directly from banks or credit unions. They can only be bought on CDXchange.

The popularity of CHIPS:

- CHIPS are a popular choice for fixed-income investors as they have higher returns than Treasury STRIPS and are FDIC/NCUA insured.
- Since CHIPS are sold at a discount, investors do not need a large stash of cash to purchase them. Assuming the CHIPS are held to maturity, the Investor knows the actual payouts they will receive.
- CHIPS also offer a range of maturity dates since they are based on the dates of the interest payments. If an investor wishes to sell CHIPS before maturity, the market has enough liquidity.

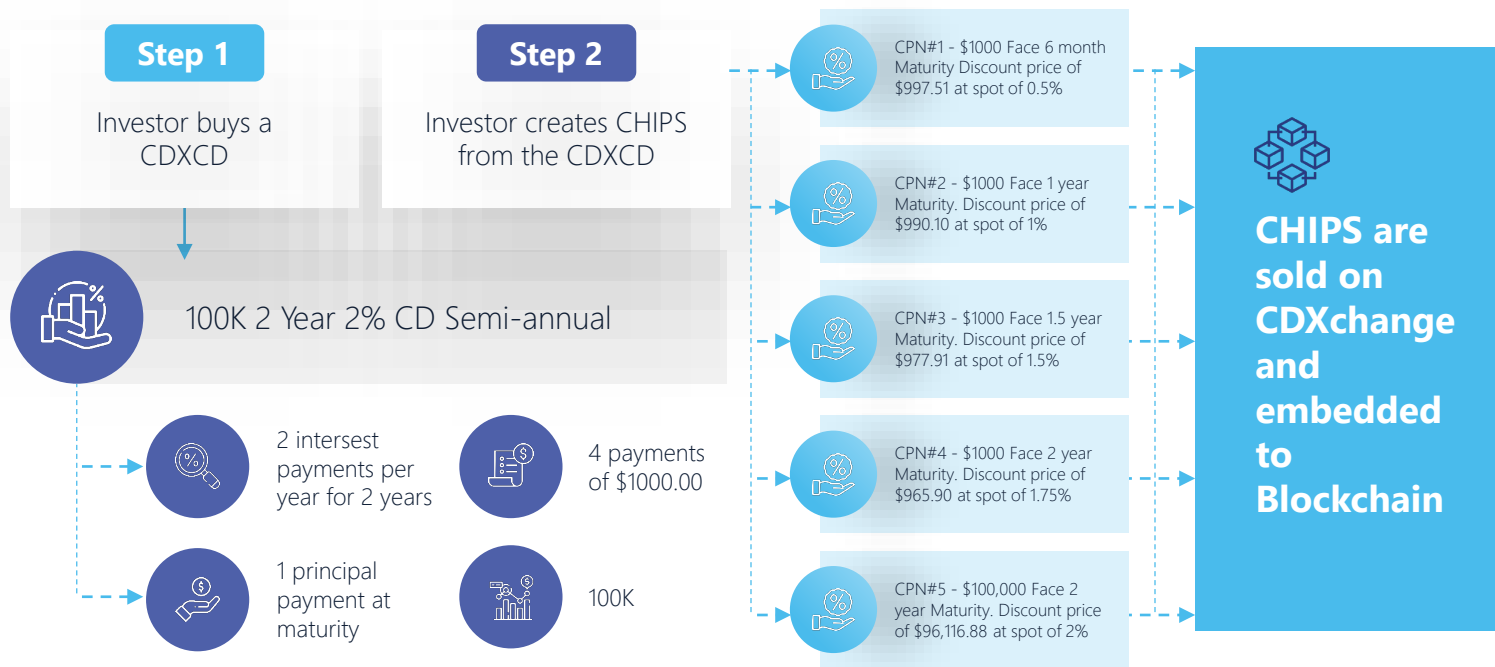
CHIPS Example:

The process of detaching the interest payments from the CD is called coupon stripping. The coupons become individual securities, with the principal payments due at maturity. No interim coupon payments are made along the way.

For instance, a 2-year CD with a \$100,000 face value and a 2% annual interest rate can be stripped. Assuming it initially pays coupons semi-annually, five zero-coupon bonds can be created, including the CD itself.

Each stripped coupon has a \$1000 face value, which is the amount of each coupon, and the last coupon is the principal face of the CD, in this instance, \$100,000. All five securities are distinct and are traded separately in the market with FDIC insurance.

Certificate of Holding Interest and Principle Shares (CHIPS)



Why CDXchange?

As a General-Purpose Technology, Blockchain will cheaply and securely monetize non-negotiable assets when deployed with Tokens, Smart Contract systems, and Oracles.

CDX INSURED DERIVATIVES



- Monetize your asset appreciation of non-transferable CDs while maintaining ownership.
- Create Forwards, CHIPS, Arbitrage, and Options from your CD portfolio.
- Based on fully insured FDIC/NCUA registered deposits.

BENEFITS



- Monetizing these assets will unleash hundreds of billions in greater wealth returns annually for retail and institutional depositors.
- The ability to monetize, leverage, and hedge deposit accounts will incentivize depositors to maintain higher balances in deposit accounts.

WHY NOW?



Any technology that can audit immutable information at any moment in time and can transfer monetary value instantly with little cost needs to be taken very seriously. CDXchange demonstrates that Blockchain, Token, Smart Contract, and Oracle technology have the very real potential of disrupting community banks and credit union deposit flows, revenues, and earnings.

Let's build something great. Contact us.



(866) 955-4483



www.cdxcoin.com



info@cdxcoin.com



Washington, D.C