

# Reactionoon White Paper

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**Abstract** – The development of Blockchain technology has highlighted an alternative paradigm for financial and non-financial iteration among individuals and organizations. The so-called smart contracts provides a basis for the development of new economic relations in an efficient and safe way. In this white paper we present the Reactionoon, a non-possession crypto-asset management platform, which uses artificial intelligence for trading and forecasting. Reactionoon aims to become the largest decentralized crypto-assets management network, relying on the symbiosis between in-humans trust and artificial intelligence capacities.

**Keywords** – Cripto-assets; Trading; Forecasting; Artificial Intelligence.

## 1 Our Vision

The financial and non-financial utilities that can be structured over blockchain networks are diverse and the quick development of new projects, organizations and contracts based on this technology has created several tokens and altcoins that are currently traded in different exchanges around the world. Most of these projects share the structural basis of the blockchain initiatives: decentralization and security for their users.

Currently however, the purpose of blockchain technology is partially distorted by centralization mechanisms such as crypto custody enterprises and centralized exchanges. We at Reactionoon believe that this scenario is just a transient step towards total decentralization in crypto environment.

We understand that crypto-currencies and assets traded through smart contracts represent the future of trading in a global economy, we believe that in near future crypto-currencies and contracts will partially replace national cash and government-based contracts around the World.

Our belief is guided by the Theory of Value and by some historical virtual currencies experiences around the world. Notably some real applications such as WeChat-Pay in China and M-Pesa in Africa reinforce the theory that the market is ready to use virtual crypto-assets making its expansion into all layers of the population a matter of time and trust.

As part of our contribution to the crypto world we present in this paper a decentralized non-possession crypto-asset management platform aimed to give users the possibility to hold their crypto-assets safe while making profits via limited-access management system, especially by using built-in AI trading system.

## 2 Problem Statement

People who own crypto-assets usually do so because they believe in the project behind each token or coin, and have attributed a value to it. The price is the result of different in-market interactions and translates people's expectations about some good, in this case about crypto-assets.

Because there exist differences in perspective and knowledge about a certain project or coin, the market price of an asset may fluctuate considerably, causing some risk of capital loss as well as some opportunities for short-term gains. The result is that if one does not properly manage its crypto-portfolio carefully, it may lead to some capital losses and eventually loss of confidence in the crypto asset itself.

Some centralized custody platforms have come up to fill this gap, they typically offer an alternative opportunity for investors to keep their money safe while making profits from third-party strategies. The most part of these platforms guarantee a fixed return on an initial investment using Bitcoin, Ethereum, or Dollars. The argued method used by them to justify the origin of these returns are usually operations involving trading, arbitrage or buy-and-hold strategies. Unfortunately though, the most part of these platforms are Ponzi schemes aimed to collect money and eventually disappear.

That is the exactly scenario where Reaction network take place, we deliver to the crypto community a reliable network platform to handle asset management services with no direct possession, meaning that managers can directly arrange someone's portfolio without necessarily keeping the assets.

## 3 The proposed solution

In traditional financial market, clients have the option of entrusting custody of their assets to experts managers in stock funds, real estate funds and even trading funds. In this context, the managers have the decision-making power of resource allocation and they seek good investments opportunities aligned with the client suitability level. In this context, fund managers who achieve the greatest success are those who achieve confidence and good historical performance.

While in traditional market this is the model by which clients are used to have their assets managed, in the crypto-asset market the idea of third-party management of crypto-coins and tokens funds is still recent. Inspired by existing capital management models, we at Reaction propose a model adapted to the crypto-asset market, based on security, trust and decentralization.

We at Reaction rely on the following basis for building our crypto-asset management ecosystem:

- 1 Management without active crypto possession.
- 2 The use of artificial intelligence to perform trade.
- 3 Transparency in the relationship between human managers and clients.
- 4 Enhance human cognitive abilities using AI.

To carry out the Reaction asset custody network following the basis presented above, we at Reaction have designed an infrastructure based on the use of trade API tokens issued by exchanges for financial operation. In such way the item 1 of the list above is satisfied, ensuring that Reaction users have full control of their crypto-assets and are responsible for choosing the

organization that holds of their crypto-asset. This is guaranteed since the tokens do not allow any withdraw or external transactions using user funds.

The use of Artificial Intelligence (AI) for trading, as stated in item 2, is a service provided by Reactionon network that allows users to make profits by taking advantage of the volatility of a given cryptocurrency pair. By using market forecasting, a preprogrammed artificial intelligence algorithm performs automatic trade into users exchanges accounts and even provide signals for hand-operated trading. In order to access the trading services customers have to using Reactionon (RTN) currency, issued during the project ICO.

As part of our strategy of decentralization and transparency (item 3), the user of Reactionon network can choose which Exchanges to trust their coins custody, ensuring that each user is free to choose which institution to trust the security of their coins. The Reactionon development team is working every day to increase the number of supported Exchange, our goal is to include decentralized Exchange as a way to strengthen the project's decentralization philosophy. More details about the supported Exchanges can be found in the Roadmap section.

In addition to the use of robots for trading management, we at Reactionon propose in our platform a model in which users with the status of Managers will be able to create their own investment funds for managing funds of investing users. In this case, investing users can choose in which fund / manager to invest based on trust and historical data performance. In our design the fund manager receives the payment for his services through the Reactionon token (RTN) that can be further resold on the market.

We at Reactionon see a great potential in human-management crypto-asset funds, we understand that in the medium-term many of the securities currently traded on the stock market will be traded through smart contracts, making the Reactionon environment a possible structure where these trades will take place.

In this context, we plan to provide data to support human managers through technical and fundamental analysis using artificial intelligence technology. The data may include portfolio recommendations and probabilistic analyzes based on asset characteristics, historical analysis and economic context. By helping managers in decision making, we follow the global trend for increasing human cognitive performance aided by AI technology as stated in item 4.

Figure 1 presents a simplified diagram of the Reactionon Network. The network is composed by two different types of nodes, AI-based nodes and Human-based nodes. Nodes are structures containing strategic decision algorithms and are the interface by which clients can consign their asset management to a third-party entity (AI or human-manager).

A Client who prefers to trust his assets to an AI manager (Client X) may provide his API token issued by the Exchange in which he keeps the funds. In this case, to contract an AI trading strategy service client X must choose some settings such as risk level currency pair, etc, before start the trade contract. Finally, in order to run the AI-trading management contract, client X has to pay a fixed amount of Reactionon token (RTN) for a delimited period of time (i.e 30 days). While the contract is running, the clients funds at Exchange X will be traded directly by the node algorithm. The node owner will receive the respective amount of RTN token paid by client X for each day of trading service provided.

On the same way, a client who prefers to trust his assets to a Human manager (Client Y) may provide his API token issued by the Exchange in which he keeps the funds. Once client Y has chosen the fund manager and the type of portfolio (high, medium or low risk) he must pay a certain amount of RTN token start the management contract. The human manager will manually send the purchase and sale orders of a given asset directly to the exchange of client Y. The manager will receive the RTN tokens as his strategy is being periodically applied.

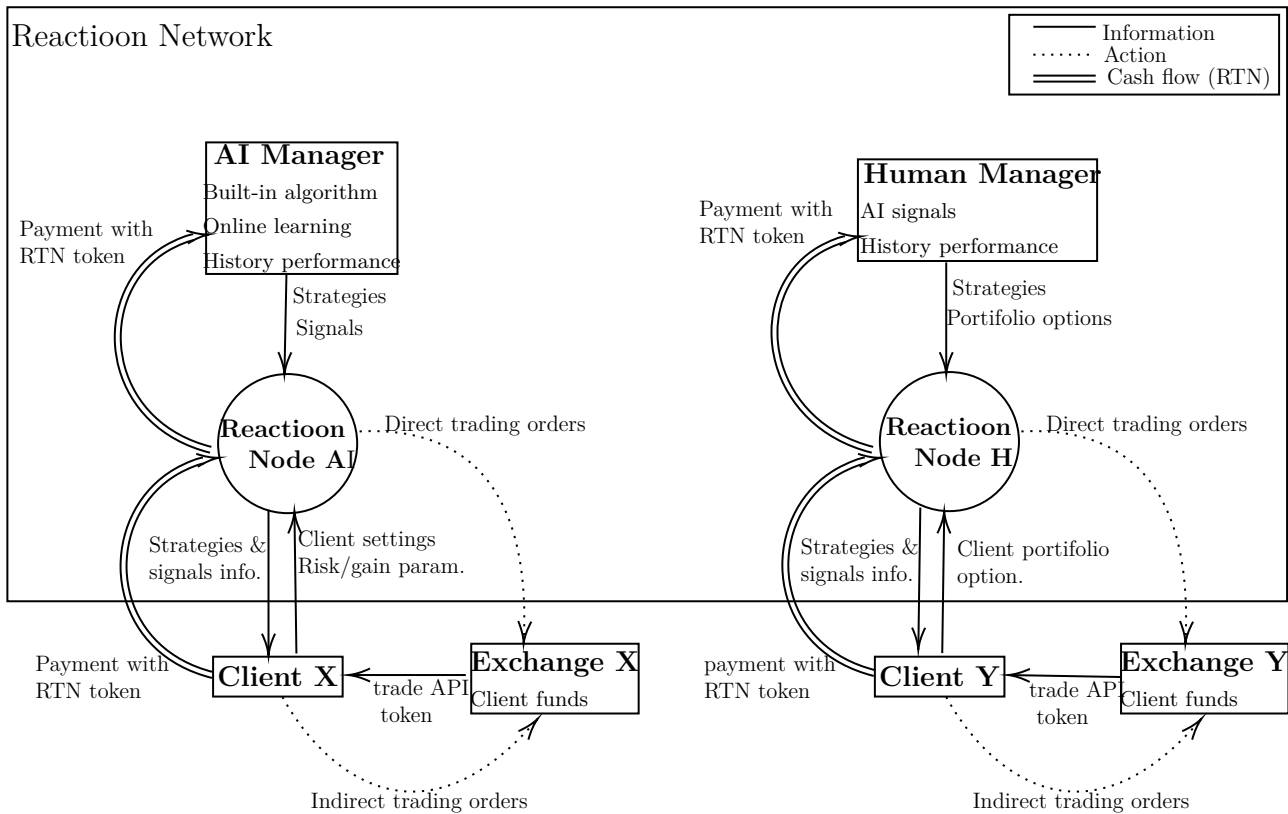


Figure 1 – Reactionon network diagram

In both forms of management contract the client can choose not to provide the API key of his exchange, in this case however the client have to perform the trades by hand based on the real-time trading signals provided by the Reactionon nodes. This option is not recommended for AI trading strategies and short-term strategies managed by humans.

## 4 Roadmap

### 4.1 Development steps

This section presents the Roadmap of Reactionon project, describing each development step and our main goals. Figure 2 depict all planned steps.

STEP 0 is the project Initial Coin Offer (ICO). During this step RTN tokens will be issued to investors who are aligned with our ideas interested in our project. We see 3 different types of investor:

- Level-0 refers to investor looking for gains with buy and hold strategy using RTN tokens.
- Level-1 refers to investors aiming to use platform as clients of our management services.
- Level 3 refers to investors planning to buy and run their own nodes in near future.

STEP 1 is the project Proof of concept. This step is planned to run in parallel with the project ICO as a way to endorse the project trust and reputation. During this step a list of Exchanges are planned to be included in the project trade API system.

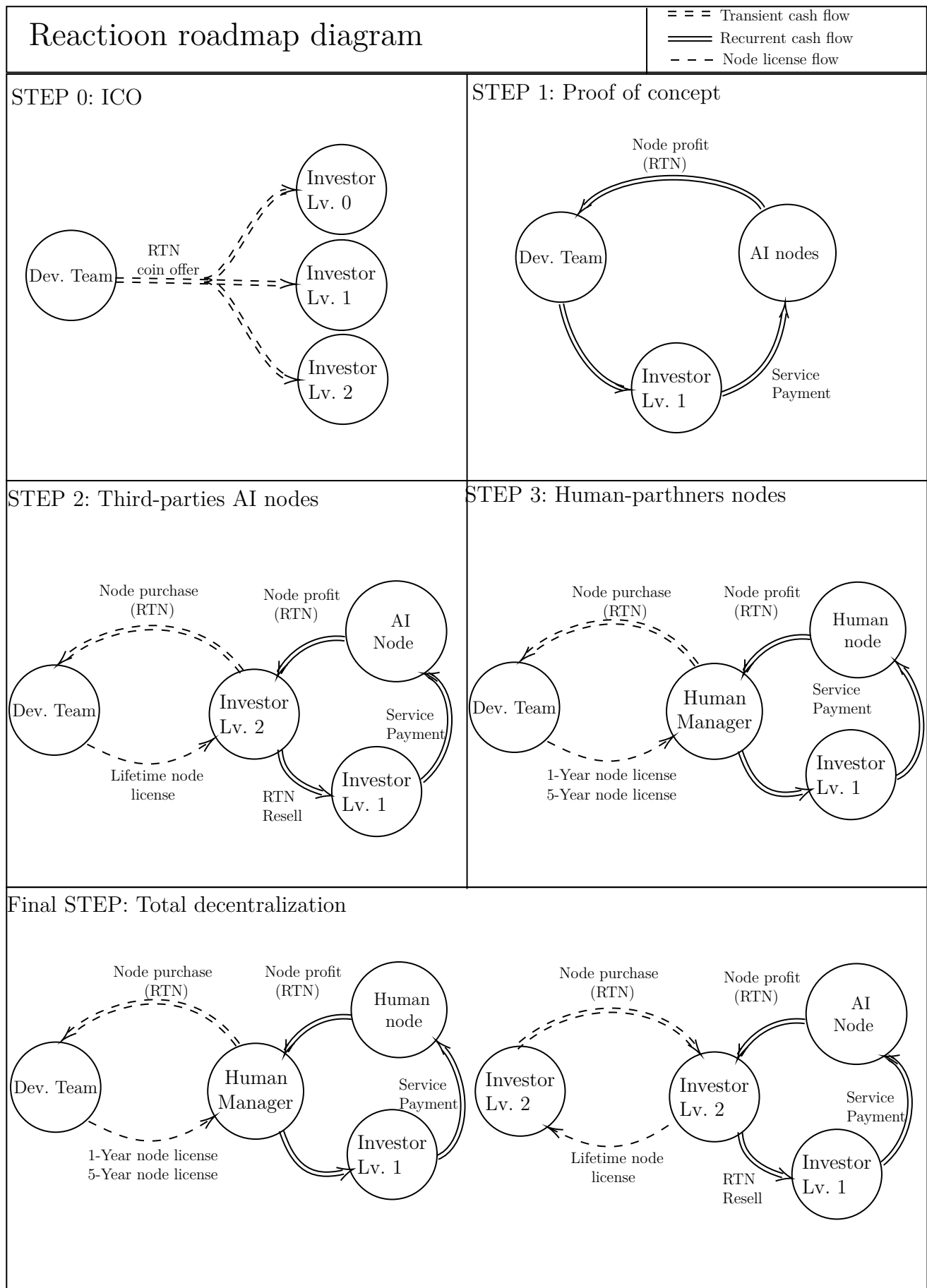


Figure 2 – Roadmap diagram

STEP 2 is the inclusion of third-parties AI nodes at Reaction network. This will be the first step towards total decentralization. During this step some AI nodes will be distributed to investors aiming to run their own AI-based trading node. To run a service node, investors must have a valid licence token issued by the Reaction Development Team through a RTN payment or auction. The license tokens are used to limit the number of online nodes in order to increase the RTN value and to avoid that large-volume trading operation induce a direct change on crypto-market natural trend that could lead to decline in profits.

STEP 3 is the inclusion of third-parties human nodes at Reaction network. Because human-nodes works differently from AI-nodes, they present no risk for inducing a change in natural market trend, consequently there will be an unlimited number of human-nodes nodes licenses available. On the other hand, the fund manager may limit the volume of assets that he will have in his portfolio. To run a human service node, investors must have a valid licence token issued by the Reaction Development Team through a RTN payment.

FINAL STEP will be the end of our roadmap and means the realization of our first-order goals. After issuing all AI-licenses, the Dev team will still issuing Human Licenses through a direct payment and use this recurrent revenue to keep developing new strategies and improving the Reaction ecosystem. After the final step, a user interested in buying an AI-license will have to directly negotiate with its owner. Users running human-nodes will be able to resell their licenses after finishing all active investors contracts in the market or directly to the Dev Team.

## 4.2 Timetable

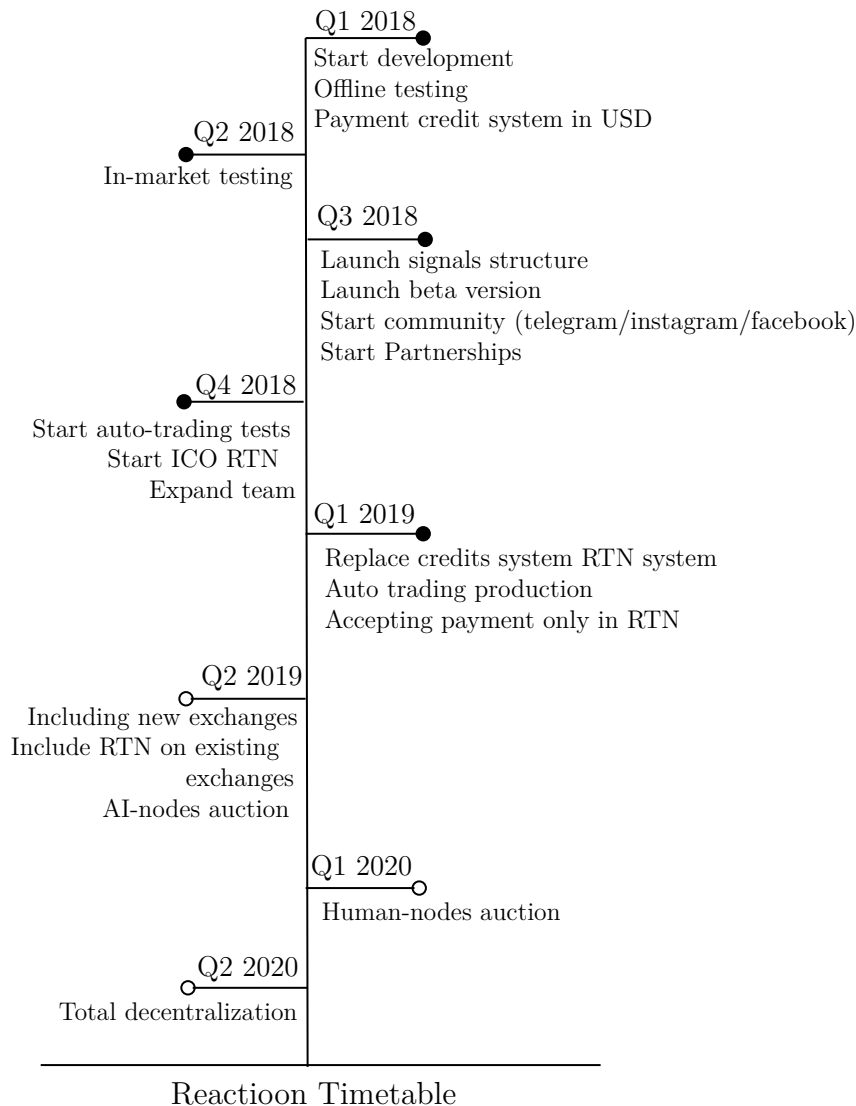


Figure 3 – Timetable diagram

## 5 RTN token

The RTN token may be used within the Reaction ecosystem and will be traded at the exchanges where it will be listed. We understand that the value of the token will be proportional to the profits that robots will return to the investors.

1 RTN corresponds to 1 credit available on the trading platform. Currently each credit allow users to use the robot for 1-day period. Subsequently it is intended to define operating volume ranges so that the credits charged are proportional to the profit volumes.

### 5.1 ICO

Our ICO will be released on 09-09-2018 and will last until the end of the available tokens. The prices of each token will be initially set at USD 1. However, the firsts adepts of our platform will get a progressive discount as described bellow:

From	To	ICO token price
0	100,000	USD 0.25
100,000	500,000	USD 0.50
500,000	1,000,000	USD 0.75
1,000,000	3,000,000	USD 1.00

## 5.2 Airdrops

RTN airdrops will be available during each new listing on a new exchange.

### 5.2.1 Token division

Founders: 3,000,000

ICO: 3,000,000

Cold Wallet: 15,000,000

Total supply: 21,000,0000

## 6 Conclusion

We at Reaction intend to change the way asset management is performed in the world. We understand that our model is comparable to that of an investment bank, but differently from them, we are totally transparent and our managers are a group of artificial intelligence machines and humans-aided by machines.

If you do share our philosophy and believe in the future of crypto-assets, we at Reaction invite you to our community and to share our business. We're just starting a big change! Join us.

Reaction: The future is now!

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