

# D1 COIN

## DIAMOND-BACKED TOKEN

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PRESENTED BY  
**HOGI HYUN**

# A BRIEF HISTORY OF DIAMONDS



# ASSET BACKED TOKENS



# D1 COIN



# A BRIEF HISTORY OF DIAMONDS



## A BRIEF HISTORY OF DIAMONDS

# DIAMONDS: RARE & MYTHICAL

### RARE

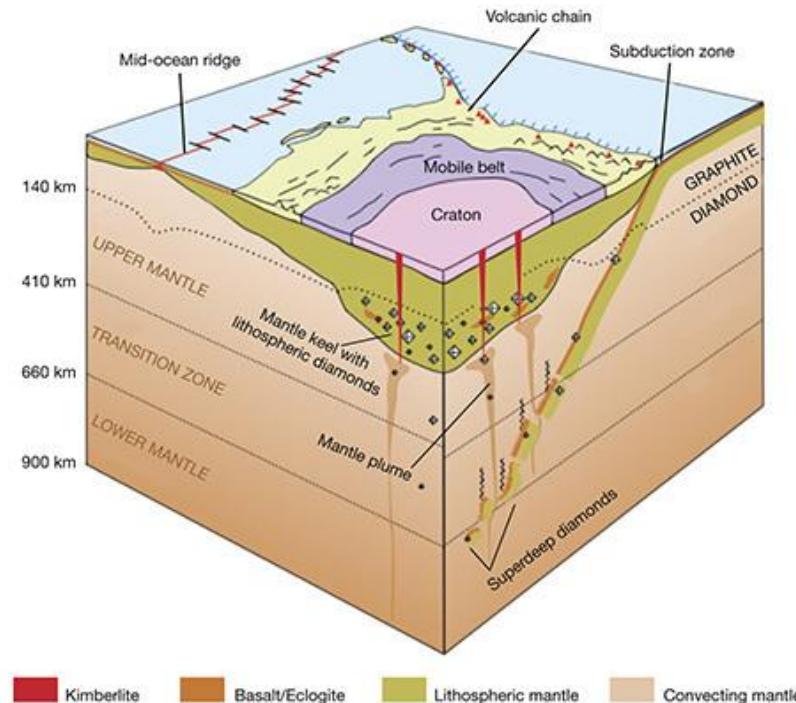
Natural diamonds take **1 to 3 billion<sup>1</sup>** years to form in the Earth's mantle<sup>2</sup>. Extreme heat and pressure is applied to carbon and brought to the surface through volcanic eruptions

### PRECIOUS

The average yield in diamond mining is 1 part diamond to 1 million parts host-rocks<sup>3</sup>. Only 1 new mine is discovered every generation

### DURABLE

Diamonds are the **hardest natural substance** on Earth, scoring a full 10 on the Mohs scale of hardness



1. [leibish.com/how-long-does-a-diamond-take-to-form-article-1447](http://leibish.com/how-long-does-a-diamond-take-to-form-article-1447)  
2. [geology.com/articles/diamonds-from-coal/](http://geology.com/articles/diamonds-from-coal/)

### DIAMOND MYTHS<sup>4</sup>

#### “TEARS OF GOD”

Ancient Roman and Greek myths divinized diamonds as tears of Gods or splinters of stars

#### “JUDGE OF INNOCENCE”

Jewish high priests of old believed diamonds reflected the innocence of people by shining darker or brighter

#### “HEALING STONE”

Diamonds were once believed to cure stomach pains, infections and nightmares, and many other illnesses

3. [thediamondloupe.com/fun-facts/2015-04-05/average-yield-diamond-mining](http://thediamondloupe.com/fun-facts/2015-04-05/average-yield-diamond-mining)  
4. [heartsonfire.com/history-of-diamonds/diamond-myths-legends-and-folklore](http://heartsonfire.com/history-of-diamonds/diamond-myths-legends-and-folklore)

## A BRIEF HISTORY OF DIAMONDS

# INDIA WHERE IT ALL BEGAN

The first mention of diamonds was rumored to be **5,000 years ago** in a Sanskrit text

The first diamond mines date back to **400 B.C.** in India's Golkonda region

For over **2,000 years** India was the **only source of diamonds**

Indian kings and rulers of old owned diamonds as part of royal jewelries



A BRIEF HISTORY OF DIAMONDS

# EUROPE GEMS OF ROYALTY

13th century:  
Diamonds arrived in Europe.  
King Saint Louis of France  
established a sumptuary law  
which **reserved diamonds for  
kings**

15th century:  
The **first ever diamond  
engagement ring** was given to  
Mary of Burgundy by Archduke  
Maximilian of Austria



King Saint Louis of France



Mary of Burgundy



The first diamond engagement ring

# THE PINNACLE OF POWER

The **Koh-I-Noor**, one of the largest cut diamonds in the world, once adorned the 16<sup>th</sup> Century **Mughal Empire's Peacock Throne**, and was once the **Jewel of India**

It was taken from India in 1849 during the British Conquest and gifted to **Queen Victoria**

The diamond was embedded in the crowns of many British monarchs: Queen Victoria, Queen Alexandra, Queen Mary and Queen Elizabeth, symbolizing the diamond as the **pinnacle of power and prestige**



*The Koh-I-Noor in Queen Mary's Crown*

A BRIEF HISTORY OF DIAMONDS

# S. AFRICA DIAMOND RUSH

In 1867, 15-year old Erasmus Jacobs came across the **first South African diamond: the Eureka Diamond**

This discovery sparked the **Kimberley Diamond Rush**

South Africa became the **largest producer of rough diamonds** in the world



# DE BEERS

GROUP OF COMPANIES



A BRIEF HISTORY OF DIAMONDS

## THE DE BEERS CENTURY

In the 20<sup>th</sup> century, De Beers had **monopolistic control** over the diamond market

De Beers sales subsidiary, then known as **Central Selling Organization (CSO)**, controlled when, where, how much and how many diamonds were sold

De Beers controlled who could become a **Sightholder**, a membership needed to buy diamonds from De Beers, and all offers were **take-it-or-leave-it**



A DIAMOND IS FOREVER



A BRIEF HISTORY OF DIAMONDS

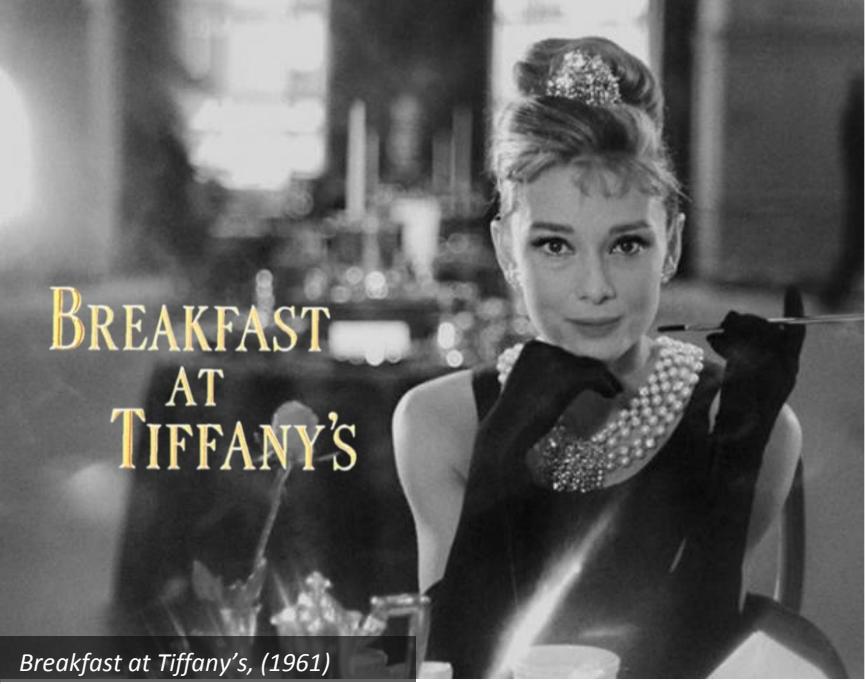
# DIAMONDS GO TO MADISON AVE

De Beers hires advertising company N.W. Ayer & Son who created the iconic slogan

**A Diamond is Forever**, introducing diamonds to the American **mass market**

Brides that received diamond rings rose from **10% to 80%** in U.S. (1939-90) and **6% to 77%** in Japan (1966-90)<sup>1</sup>

## BREAKFAST AT TIFFANY'S



*Breakfast at Tiffany's, (1961)*

Elizabeth Taylor,  
42<sup>nd</sup> Annual Academy Awards



Marylin Monroe's Diamonds  
are a girl's Best Friend



*007 Diamond are Forever (1971), starring Sean Connery*

## A BRIEF HISTORY OF DIAMONDS

# DIAMONDS GO TO HOLLYWOOD

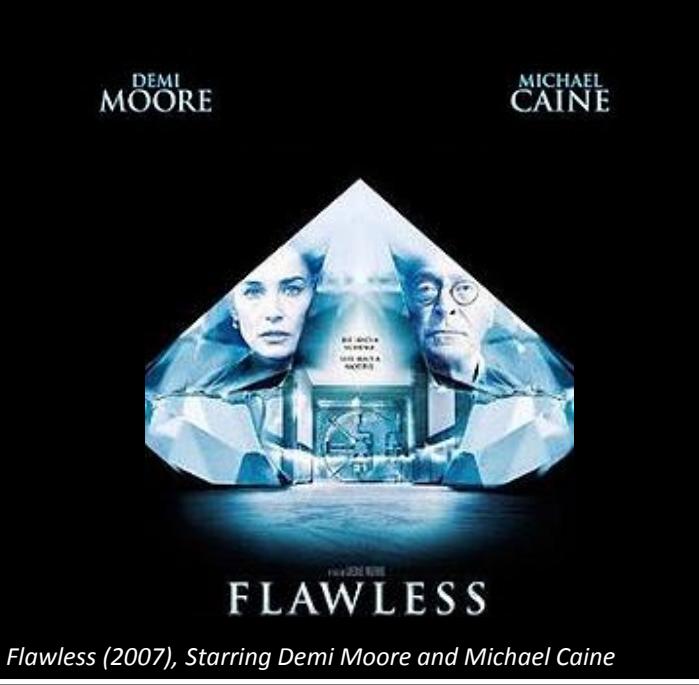
Diamonds were featured in films as symbols of wealth and power. At the same time, many famous diamonds were auctioned

Richard Burton bought the **Krupp diamond** in 1968 for USD 307 thousand (equivalent to USD 2.2 million today) and the **Taylor-Burton diamond** in 1969 for USD 1 million (USD 7.2 million today) for Elizabeth Taylor

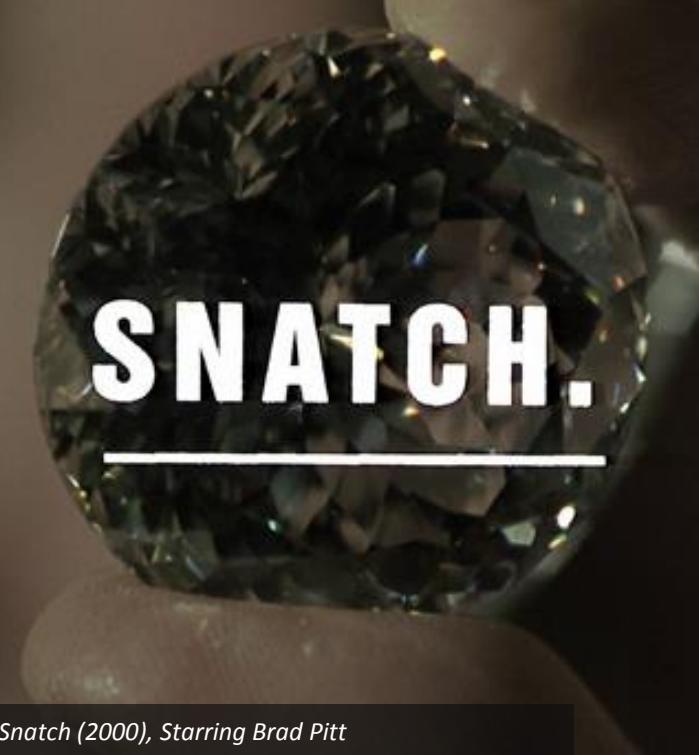
The **Hancock Red**, a rare red 0.95-carat diamond, sold for USD 880 thousand in 1987 (USD 2 million today)



Titanic (1997), Starring Leonardo DiCaprio and Kate Winslet



Flawless (2007), Starring Demi Moore and Michael Caine



Snatch (2000), Starring Brad Pitt

## A BRIEF HISTORY OF DIAMONDS

# DIAMONDS GO TO HOLLYWOOD

Diamonds were featured in films as symbols of wealth and power

The 12-carat **Blue Moon diamond** was sold in 2015 at USD 48.5 million

The 14-carat **Oppenheimer Blue** was sold in 2016 for USD 57.5 million

The 59-carat **Pink Star** was sold in 2017 for USD 71 million, the most expensive diamond ever sold at auction

# HISTORY'S PEDIGREE DIAMONDS<sup>1</sup>

Some of history's most famous and expensive diamonds

## PEDIGREE DIAMOND PERFORMANCE

**Value / Carat:** USD 1.3 million  
**ROI<sup>2</sup>:** 18,400%  
**IRR<sup>2</sup>:** 5.5%



### BLUE MOON

Carat: 12.0 carats  
Value in 2014: USD 25.6 million  
Value in 2015: USD 48.5 million

Value / Carat: USD 4 million  
ROI: 89%  
IRR: 44%



### TAYLOR-BURTON

Carat: 27.6 carats  
Value in 1969: USD 1.1 million  
Value in 1978: USD 5 million

Value / Carat: USD 0.2 million  
ROI: 376%  
IRR: 21%



### KRUPP DIAMOND

Carat: 33.2 carats  
Value in 1968: USD 0.3 million  
Value in 2011: USD 8.8 million

Value / Carat: USD 0.3 million  
ROI: 2,766%  
IRR: 8%



### HOPE DIAMOND

Carat: 45.5 carats  
Value in 1911: USD 0.3 million  
Value in 2009: USD 250 million

Value / Carat: USD 5.5 million  
ROI: 83,233%  
IRR: 7%



### KOH-I-NOOR<sup>3</sup>

Carat: 105.6 carats  
Value in 1965: USD 200 million  
Value in 2015: USD 1 billion

Value / Carat: USD 9.5 million  
ROI: 400%  
IRR: 3%



### REGENT<sup>4</sup>

Carat: 28.1 carats  
Value in 1701: USD 0.1 million  
Value in 2015: USD 63.6 million

Value / Carat: USD 0.5 million  
ROI: 63,500%  
IRR: 2%

1. Worthy.com, Naturally Colored  
2. Weighted Average IRR and ROI  
3. Estimated valuations

4. Estimated valuations

## A BRIEF HISTORY OF DIAMONDS

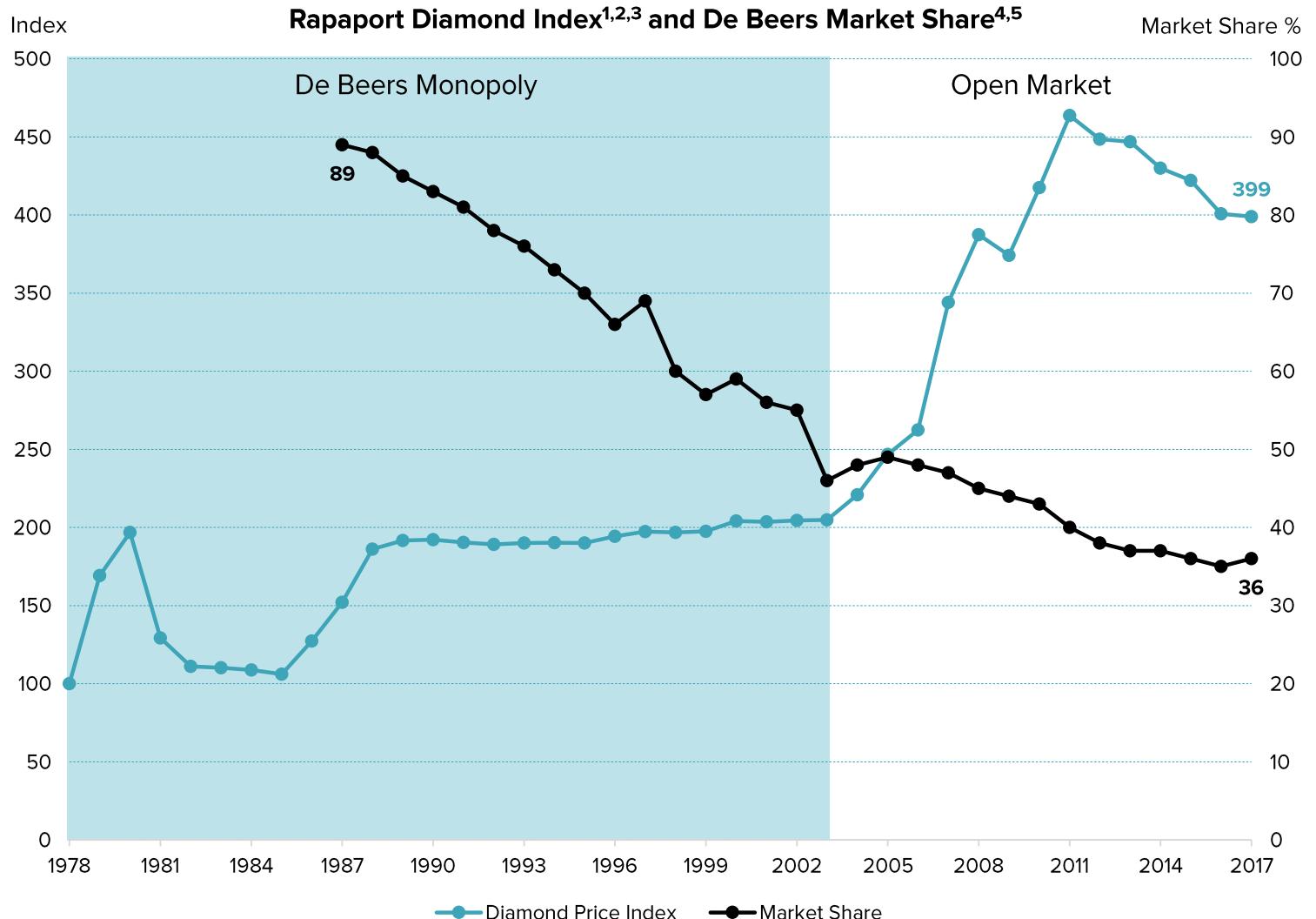
# DE BEERS MONOPOLY FALLS

De Beer's diamond monopoly declined from a peak **close to 90%** in the late 1980s

In 2003 De Beers's market share finally fell **below 50%**

Today, De Beers **mines about 1/3** of the world's rough diamonds

**1978-2003:** 2.9%  
**Post-monopoly CAGR:** 5.0%



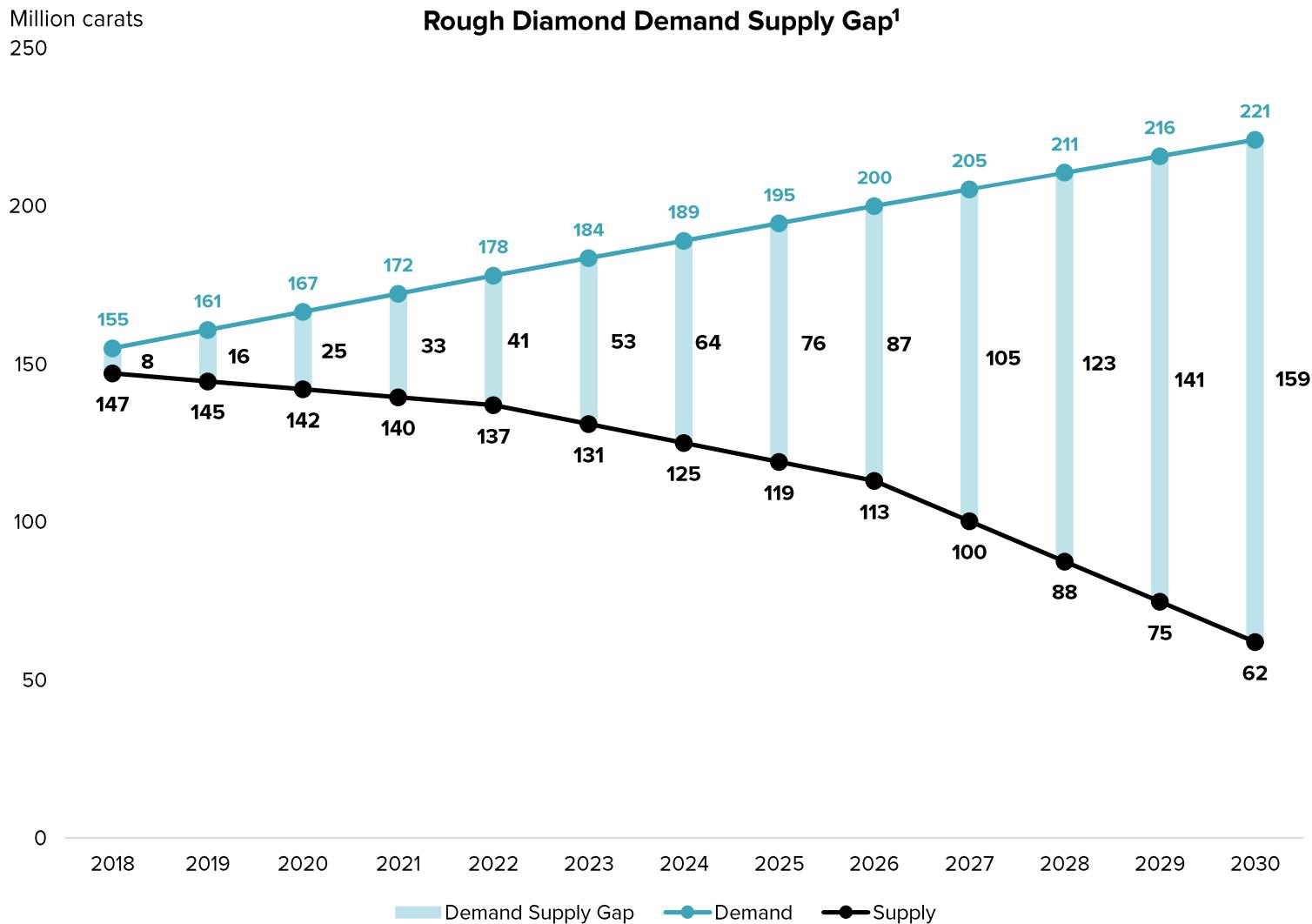
1. Rapaport Diamond Price Statistics Annual Report 2017  
2. Index value set at 100 in 1978  
3. Average round diamonds index

4. Paul Zimnisky Analysis, 1987-2017  
5. Estimated market share by global diamond production

# DEMAND SUPPLY GAP

With **finite supply** and **growing demand**, the scarcity of diamonds is expected to increase over time

Demand for diamonds is expected to be driven by emerging markets like **India** and **China**



The New Dawn in Cryptocurrencies

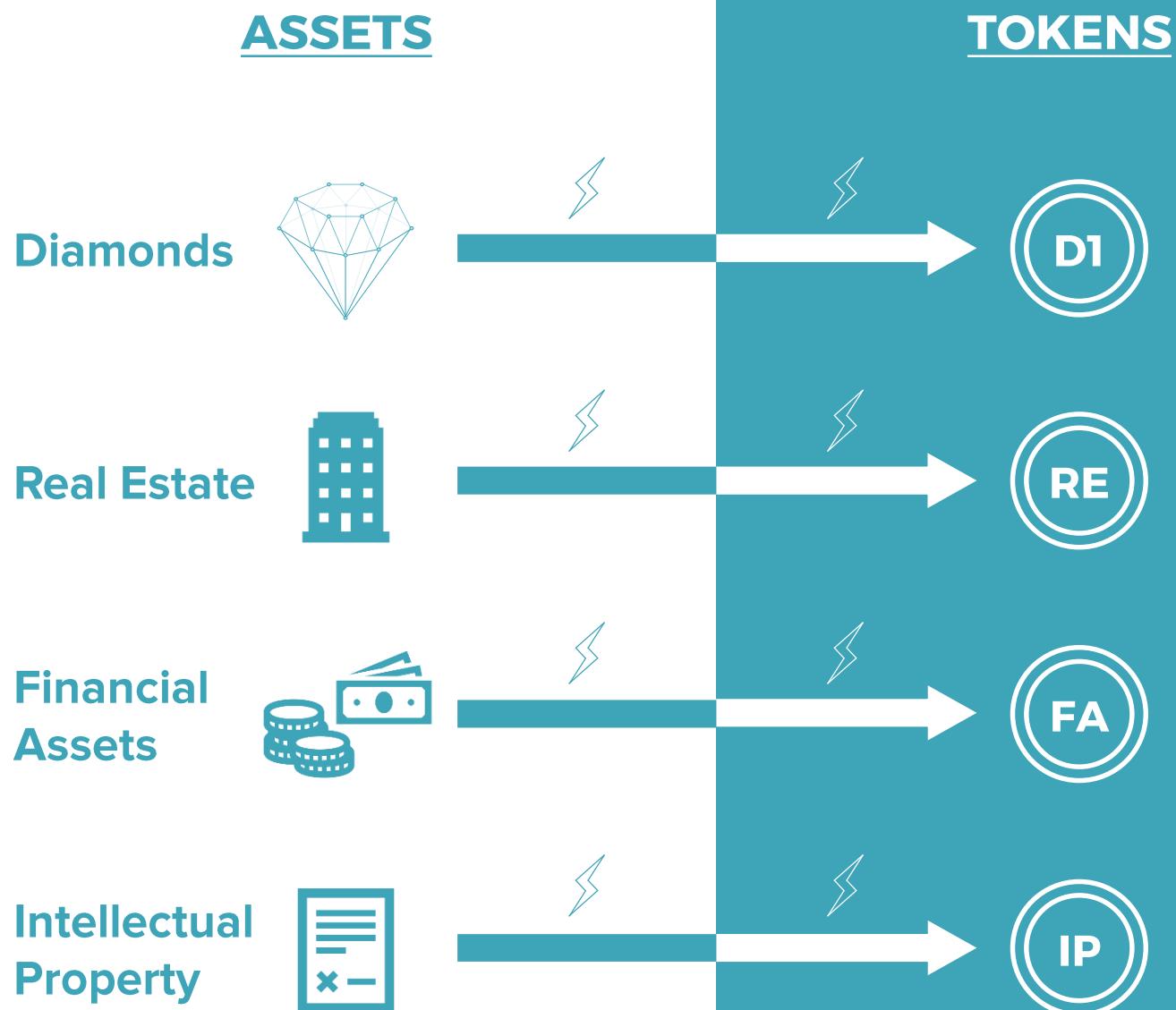
# Asset Backed Tokens

## ASSET BACKED TOKENS

### Introduction

# WHAT ARE THEY

Blockchain based tokens that are pegged to an underlying tangible or intangible asset, providing a wide variety of benefits to the user

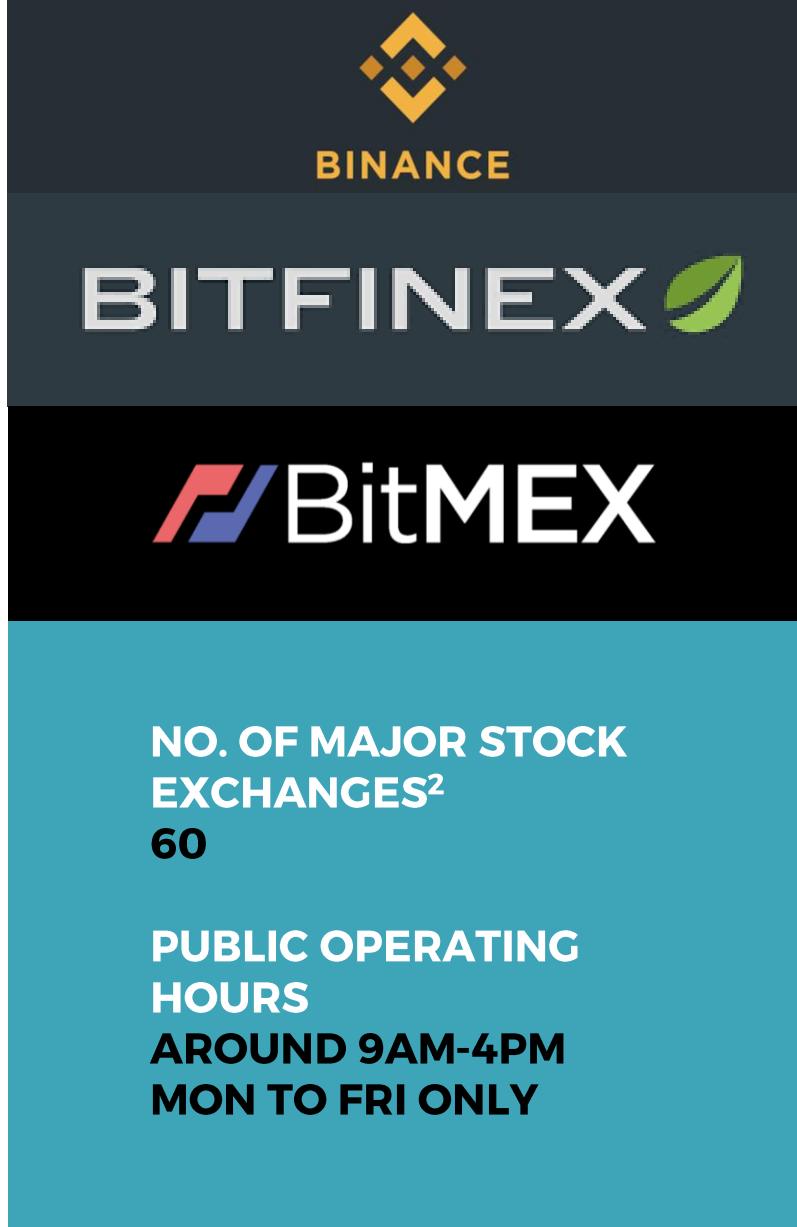


ASSET BACKED TOKENS  
Benefits of Asset Backed Tokens

# WHY TOKENIZE ASSETS

1. LIQUIDITY
2. DIVISIBILITY
3. STABILITY

Crypto exchanges operate around the clock while stock exchanges are restricted to working hours



NO. OF  
CRYPTOCURRENCY  
EXCHANGES<sup>1</sup>

210

PUBLIC OPERATING  
HOURS  
24 HOURS  
7 DAYS



London  
Stock Exchange

## ASSET BACKED TOKENS

Benefits of Asset Backed Tokens

# WHY TOKENIZE ASSETS

1. LIQUIDITY
2. DIVISIBILITY
3. STABILITY

## AVERAGE VELOCITY SUMMARY<sup>1,2</sup>

FAANGs: 0.6%

Top 3 cryptocurrency by market cap: 3.3%

Top 3 Asset Backed Token by market cap: 88%

## STOCKS VELOCITY



Facebook  
0.6%



Apple  
0.6%



Amazon  
0.8%



Netflix  
1.3%



Google  
0.2%



S&P500  
6.7%

## CRYPTOCURRENCIES VELOCITY

Top 3 cryptocurrencies



Bitcoin  
3.7%



Ether  
3.3%



Ripple  
1.3%

Top 3 Asset Backed Tokens



Tether  
90%



LAToken  
21%



True USD  
12%

## OTHERS



M1 MONEY  
6.2%



DIAMONDS  
0.003%



T-BILLS  
0.1%



GOLD  
0.01%

1. Bloomberg, Coinmarketcap, as of 21 June 2018

2. Calculation: 30-Day average daily trading volume / Market Cap; Average is weighted by market cap

## ASSET BACKED TOKENS

### Benefits of Asset Backed Tokens

# WHY TOKENIZE ASSETS

1. LIQUIDITY
2. DIVISIBILITY
3. STABILITY

Indivisible assets can be represented as fractions through tokenization

This reduces cost barriers to investment and allows fractional ownership of indivisible assets



## ASSET BACKED TOKENS

### Benefits of Asset Backed Tokens

# WHY TOKENIZE ASSETS

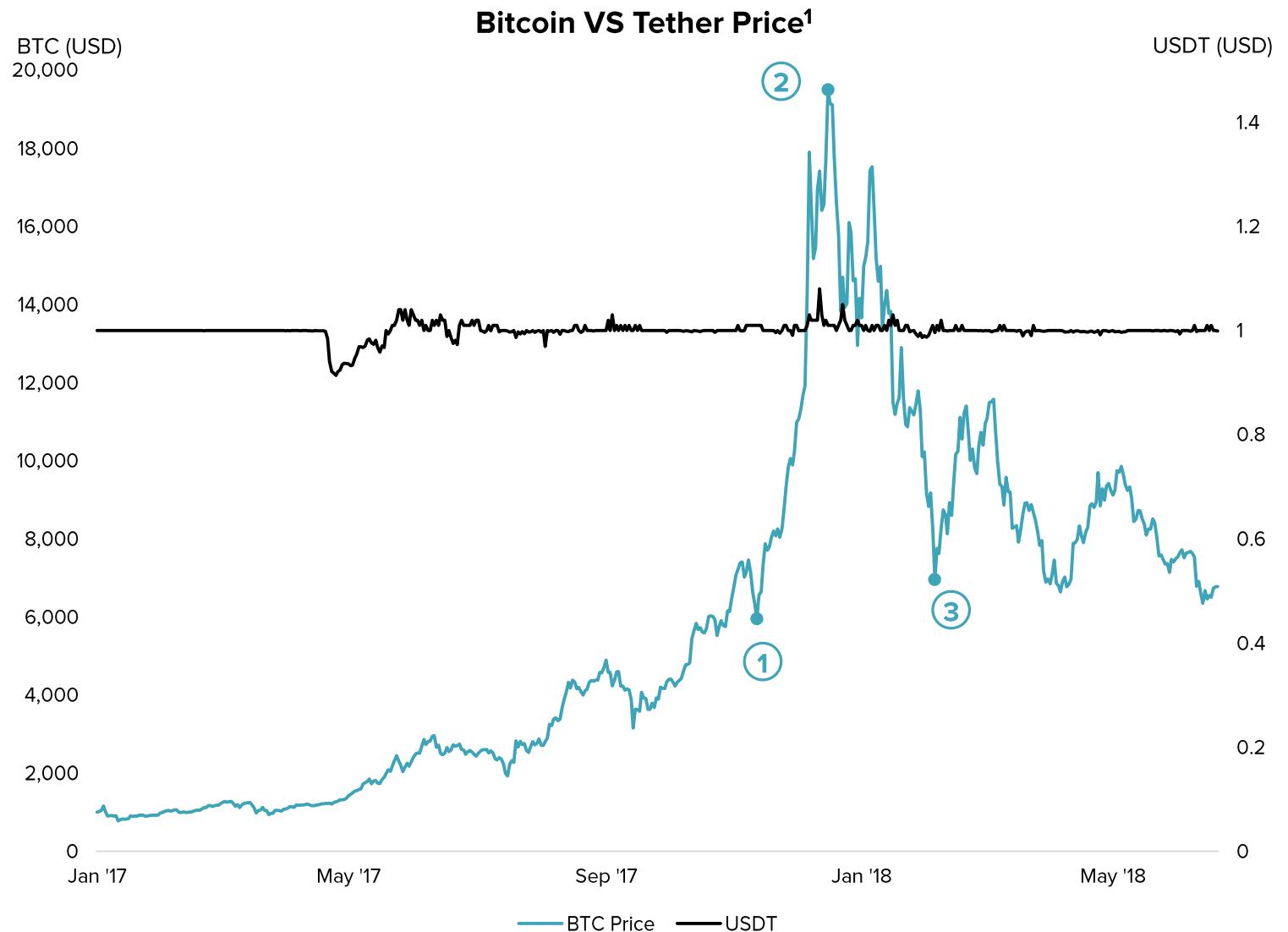
1. LIQUIDITY
2. DIVISIBILITY
3. STABILITY

### BITCOIN PRICES

- ① USD 5,950
- ② USD 19,497 (+228%)
- ③ USD 6,955 (-64%)

### JAN 2017 TO DATE ANNUALIZED VOLATILITY

Bitcoin: 96%  
Tether: 16%

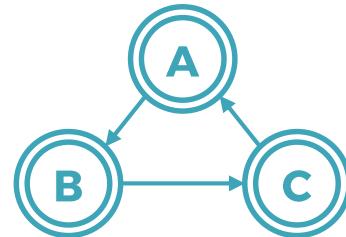


## ASSET BACKED TOKENS

### Value Propositions

# WHY WE SHOULD BUY

If structured well Asset Backed Tokens can benefit both existing and new **crypto traders** and various types of **asset investors**



## BENEFITS TO CRYPTO TRADERS

### DOWNSIDE PROTECTION

Users can swap from traditional cryptocurrencies to stable Asset Backed Tokens during times of high volatility

### BETTER MEDIUM OF EXCHANGE

With greater price stability, Asset Backed Tokens function as better units of payment

## BENEFITS TO ASSET INVESTORS

### FRACTIONAL OWNERSHIP

Investors of expensive or indivisible assets can purchase fractions of the assets at proportionally lower amounts

### TRADING LIQUIDITY

Tokenized assets trade faster and more easily than the underlying assets

## ASSET BACKED TOKENS

### Key Principles

# THE LITMUS TEST

To provide the highest level of transparency and security to investors, issuers should uphold the **4“Y”s**

## 1 TRANSPARENC“Y”

Asset Backed Tokens should include ledgers to record the **nature, amount and transactions of the underlying asset** in addition to **ownership of the tokens**



## 2 VERIT“Y”

**Independent audits** must be made on the asset inventory to attest that it exists and is valued correctly



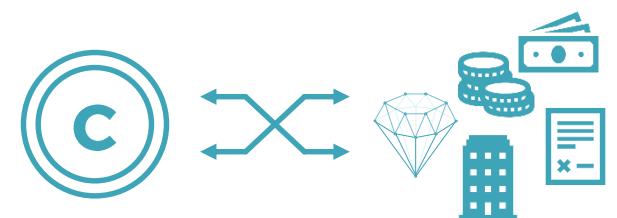
## 3 CUSTOD“Y”

Trusted **third-party custodians** should be employed to **secure and insure** the underlying asset inventory



## 4 CONVERTIBILIT“Y”

Asset Backed Tokens must be **easily and freely redeemable** into the corresponding underlying asset



A stable blockchain token

# D1 COIN

**“THE D1 COIN WAS CREATED TO ADDRESS TWO CRITICAL NEEDS THAT RESIDE AT THE CROSSROADS OF THE ONLINE AND THE OFFLINE WORLDS:**

**THE NEED IN THE CYBER REALM FOR A STABLE BLOCKCHAIN TOKEN TO ACT AS A RELIABLE STORE OF VALUE AND MEDIUM OF EXCHANGE**

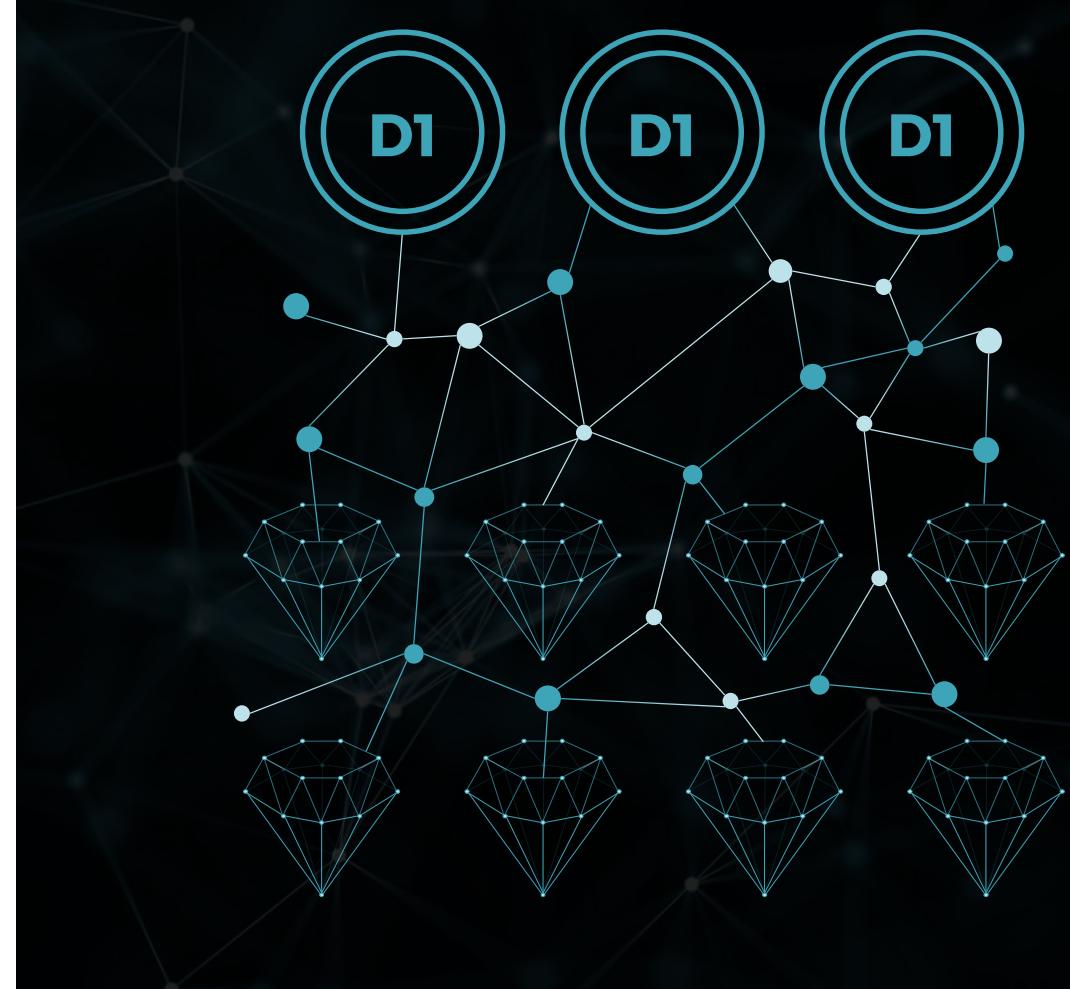
**AND THE NEED IN THE DIAMOND INDUSTRY FOR A MEANS TO OFFER ACCESS TO DIAMONDS AS A GENERIC ASSET CLASS.”**

# WHAT IS D1

D1 Coin is a **diamond-backed blockchain token** built on the Ethereum Blockchain according to the ERC-20 protocol

D1 combines the various benefits of a digital currency with the **value and stability** of natural diamonds

Each D1 Coin is pegged to 1/1000<sup>th</sup> the value of an authentic, natural, 1-carat diamond, as determined by the proprietary pricing algorithm, D1 Matrix

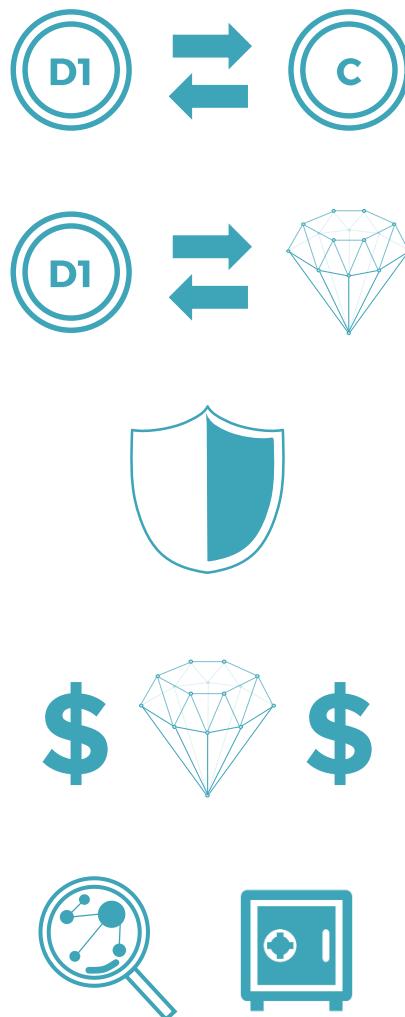


## D1 COIN

### Key Value Propositions

# KEY BENEFITS OF D1

D1 Coins offer users with all the benefits of Asset Backed Tokens and allows users to [invest in diamonds as an investible asset class](#)



## KEY BENEFITS OF D1 COIN

### TRADING LIQUIDITY

Asset Backed Tokens like D1 Coin trade much more frequently than diamonds and other cryptocurrencies, ensuring greater liquidity

### PHYSICAL LIQUIDITY

Users can redeem D1 Coins for diamonds easily and freely, ensuring a safe exit from the crypto market at all times

### DOWNSIDE PROTECTION & PRICE SUPPORT

Users can arbitrage through diamond redemption if the price of D1 Coins falls below the value of the underlying diamonds, setting a floor price on D1 Coins

### INVESTIBILITY OF DIAMONDS

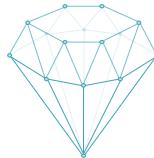
Diamonds are made more investible as an asset class through investment and trading of D1 Coins

### TRANSPARENCY AND SECURITY

D1 upholds its 4Ys to offer peace of mind for its investors

# WHY TOKENIZE DIAMONDS

Combining complementary strengths of diamonds and blockchain to overcome limitations of each asset class



## PROBLEMS

### DIAMONDS **HETEROGENEOUS**

Each diamond is unique; value can differ across appraisals

### **ILLIQUID**

Diamond sales are cumbersome and often results in a markdown in value

### **EXPENSIVE**

The high unit price of diamonds is a barrier to potential buyers



### TOKENS **VOLATILE**

Most cryptocurrencies are valued purely by market forces, resulting in high volatility

## SOLUTIONS

### TOKENS **FUNGIBLE**

Every token is identical



### **LIQUID**

Transfers are quick, with low transaction fees

### **ACCESSIBLE**

Large number of units can be minted at a low price



### DIAMONDS **STABLE**

Diamonds have displayed price stability and long term appreciation for thousands of years

# THE 4“Y”S OF D1 Coin

D1 upholds the **4“Y”s** to provide users with the highest level of transparency and security

## 1 TRANSPARENC“Y”

D1 employs a **multi-ledger blockchain system** that records the transaction details of owners' tokens and the **inventory of diamonds**, including **provenance**



## 2 VERIT“Y”

D1 employs trusted third-party accounting firms like **Baker Tilly** to perform **unbiased audits** on the underlying diamond inventory



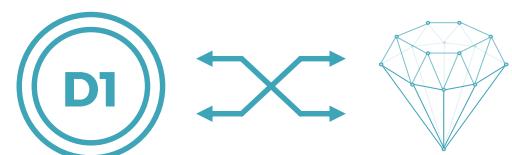
## 3 CUSTOD“Y”

Diamonds will be **stored in secured vaults** with **Brink's** and **Malca-Amit** in Singapore and Switzerland. Insured by **Llyod's**, the D1 Diamond Inventory is **fully secure**



## 4 CONVERTIBILIT“Y”

D1 Coin owners can redeem D1 Coins for diamonds **at any time and in any amount**. Users can choose to **pick up** the diamond in the vault or select **international delivery**



D1 COIN

Securing our underlying assets

# DIAMOND SUPPLY CHAIN PARTNERS

D1 has partners with leaders at **every level** of the diamond supply chain

D1's diamonds are of the **highest quality** in terms of Cut, Colour and Clarity, certified by the Gemological Institute of America



Carat: 0.3 – 6  
Cut: EX – VG  
Colour: D – F  
Clarity: IF – VS1



## SUPPLY CHAIN

### DIAMOND MINE & SUPPLIER

Alrosa supplies rough diamonds from mines in Siberia, Russia to Cutters & Polishers

### LOGISTICS & STORAGE PARTNER

Diamonds are transported by Malca-Amit & Brink's to diamond polishers, GIA, and to vaults for secure storage

### DIAMOND CUTTERS & POLISHERS

KGK, Alrosa and Kristall, cut and polish gem-quality diamonds

### DIAMOND GRADING & PACKAGING

Diamonds are sent to GIA USA for grading, laser-etching and tamper-proof packing by Malca-Amit & Brink's

### INDEPENDENT AUDITOR & INSURER

Baker Tilly performs independent audits while Lloyd's insures the diamond inventory

D1 COIN

D1 Coin supply management

# D1 COIN CREATION PROCESS

D1 Coins are only created when new diamonds are added to the D1 diamond reserve



## CREATION

### 1 DIAMOND PURCHASE

D1 purchases diamonds from partnered suppliers

### 2 CERTIFICATION

Diamonds are sent to GIA for certification, laser etching and tamper-proof packaging

### 3 STORAGE

Diamonds are delivered to secure storage vaults by logistics and storage partners

### 4 MINT

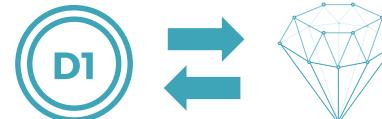
Diamonds are priced in terms of D1 Coins and the corresponding number of coins are issued

**D1 COIN**  
**D1 Coin supply management**

# **D1 COIN REDEMPTION PROCESS**

Buyers can easily purchase and redeem a diamond on the D1coin.io website by exchanging D1 Coins

[www.D1COIN.io](http://www.D1COIN.io) 



## **REDEMPTION**

### **1 BROWSE**

Buyers browse on D1coin.io the list of D1 Diamond Reserve

### **2 EXCHANGE**

Users exchange D1 Coins for diamonds and the D1 Coins are sent back to D1 Mint

### **3 COLLECT**

Users select preferred collection method. Diamonds are delivered to users by logistics partners

### **4 BURN**

D1 Coins used to purchase the diamonds are burnt

D1 COIN

Receiving your diamonds

# D1 DIAMOND COLLECTION

Diamonds can be delivered or collected via several options:

- ① Courier delivery
- ② Airport collection
- ③ Collection from storage partners



## REDEMPTION

1

### COURIER DELIVERY

Delivery services are provided by leading couriers such as FedEx, UPS, Brink's and Malca-Amit

2

### AIRPORT COLLECTION

D1 will arrange for a representative to meet the buyer at the airport in Singapore or Switzerland

3

### COLLECTION FROM STORAGE PARTNERS

Buyers may redeem diamonds directly at the facilities of secured storage partners located at Singapore and Switzerland

D1 COIN

Revolutionizing diamond pricing

# D1 DIAMOND PRICING MATRIX

The D1 Matrix is a smart proprietary diamond pricing model that determines a neutral, unbiased and reliable value of D1's Diamond Reserve based on current market price data



RAPAPORT®

## SMART

Proprietary A.I. and machine learning pricing algorithm, built using methods such as Multiple Linear Regression, Random Forests, and Neural Networks

## ANALYTICAL

Analyzes relationship between the 4Cs (carat, color, clarity, cut) and 7 other characteristics with current and historical prices

## REAL-WORLD BASED

Processes data from sources such as Rapaport weekly diamond price lists, taking into consideration the liquidity and demand for a diamond

Experts in the diamond and technology field

# D1 TEAM



**HOGI HYUN**  
D1 FONDER DIRECTOR

Abacus Capital Founder & MD  
Singapore Asset Management Group



**BILL CLAXTON**  
D1 OPERATIONS DIRECTOR  
  
Ledgeris Blockchain Consulting Firm  
Founder & Operations Director



**JEFF WENTWORTH**  
D1 TECHNICAL DIRECTOR  
  
Goldman Sachs VP Block & Object  
Storage, EMC Tech Consultant



**WILLIAM METCALFE**  
D1 TECHNICAL DIRECTOR  
  
Glit Groupe Japan E-Com CTO



**SANDEEP KOTHARI**  
KGK Diamonds MD  
  
Est. 1905, Largest Mid-stream  
Diamond Manufacturer



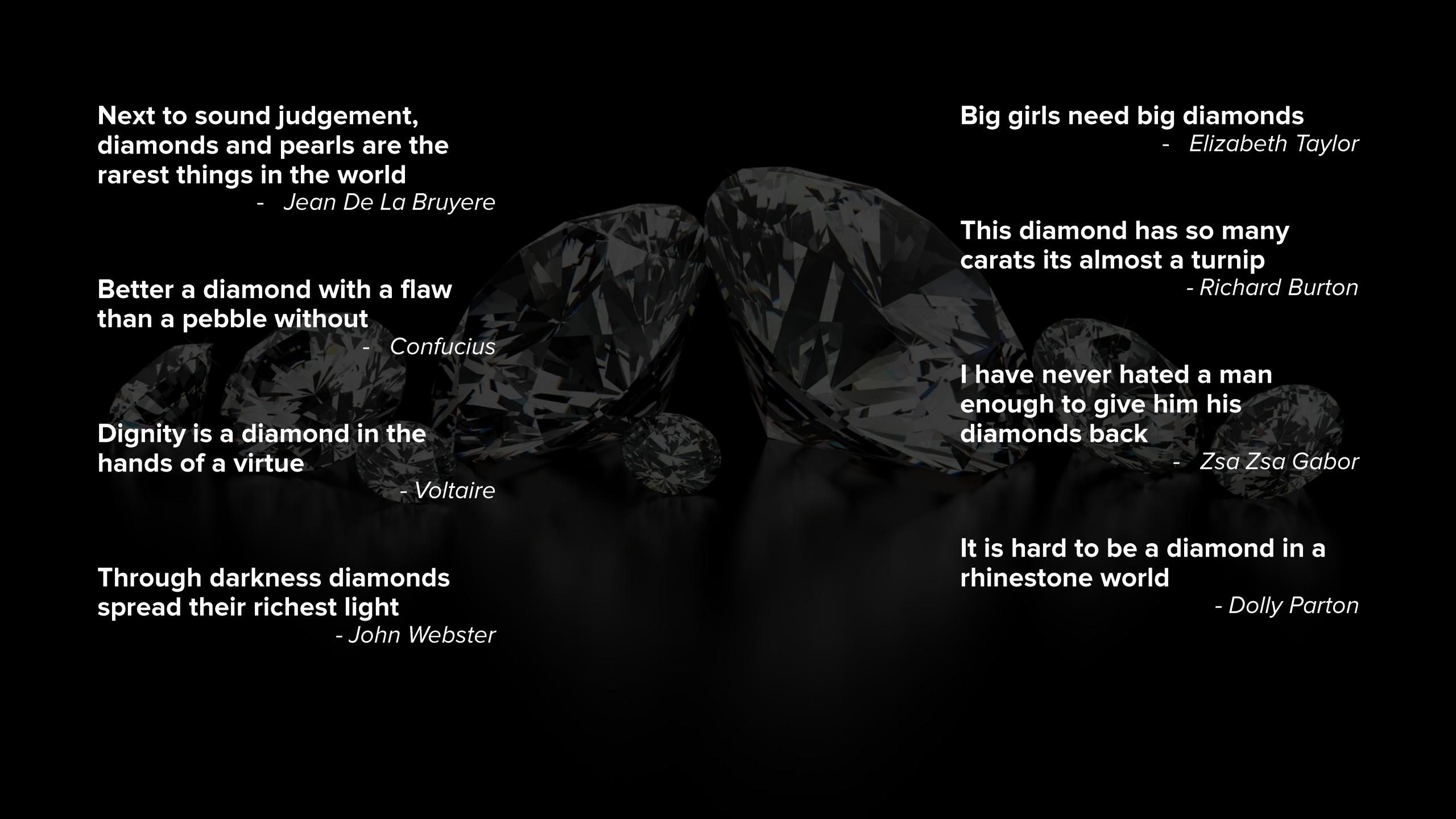
**ALEXEI CHEKUNKOV**  
Alrosa BOD, Far East Dev Fund CEO  
  
Fund Management and Mining  
Investment Expert



**THOMAS BORER**  
Former Swiss Ambassador to Germany  
  
Specialist in Banking Secrecy and  
Switzerland as a Financial Center



**BERNARD LUNN**  
Daily Fintech CEO  
  
Fintech Thought Leader and Advisor



**Next to sound judgement,  
diamonds and pearls are the  
rarest things in the world**

- Jean De La Bruyere

**Better a diamond with a flaw  
than a pebble without**

- Confucius

**Dignity is a diamond in the  
hands of a virtue**

- Voltaire

**Through darkness diamonds  
spread their richest light**

- John Webster

**Big girls need big diamonds**

- Elizabeth Taylor

**This diamond has so many  
carats its almost a turnip**

- Richard Burton

**I have never hated a man  
enough to give him his  
diamonds back**

- Zsa Zsa Gabor

**It is hard to be a diamond in a  
rhinestone world**

- Dolly Parton



**CONTACT**   **D1 Mint Limited**  
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