Borderless Fiduciary

Project Mandate | Version 0.1.0

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Contents

CHAPTER 1

Release Notes and Notices

This section provides information about what is new or changed, including urgent issues and documentation updates.

1.1 This Release (Version 0.0.9-RTW)

- **2022-Mar-10** - *First Draft - Determining Document Styling*

1.2 Older Versions

To view releasenotes of versions older than the one above, visit the DATRO Consortiums Wayback Archive.

Table1: Older Versions of this Document

Archive Date	Version	Notes	Download Link
06/03/2022	0.0.9	Initial Approach	2022-03-06_v0-0-9.pdf

1.3 Known and Corrected Issues

Below is a table of pending issues which have been reported to our team. These issues will be cleared from this list as and when they are remedied. The data's split into two tables since 1 table causes blank pages in Latex PDF.

Table2: Known Issues

Date	Version	Subject	Description
10/03/2022	0.1.0	Lease-to-Buy	Lease-to-Licence (and not the origional but a duplicate)
10/03/2022	0.1.0	Intellectual Property	IP law prohibits multiple corporate entities
10/03/2022	0.1.0	Agent Membership	Subset to stay exclusive to the original platform

Table3: Known Issues (extended)

Date	Version	Subject	Description
10/03/2022	0.1.0	The Client	Client considered itself the sole owner of membership for buyers and corresponding revenue. It will permit duplicate functionality between web 2 and web 3 but must retain all revenue
10/03/2022	0.1.0	Interest	APR of 0.125% to be returned as dividend to DAO original investors on total pool of mortgages
10/03/2022	0.1.0	Remuneration	For access crawling unnecessary providing Client has sustainable profit model (aka 0.125% interest rate accepted)
10/03/2022	0.1.0	The Client	Crawling tech is to remain a Trade-Secret/ closed-source. Crawled listings sharable only
10/03/2022	0.1.0	Stratergy	CTO and DATRO agree there's 3 levels of association with the Clients platform: (1)Franchisee (2)Lease-to-Licence and (3)Acquisition e.g. $50k and $8M. Since Lease-2-Licence is in the middle it can retain its $2M pricetag without being a Lease-to-Buy as was previously intended

To view a basic guide and introduction to this PRINCE2 Project Mandate document, please visit the Project Mandate Guide.

CHAPTER 2

Terminology

The table below is a list of terms and their meanings, to assit your understanding of the content of this publication.

Table1: Terminology Index

Term	Meaning
The Client	The ghostwriter and consulting firm associated with this document have a policy to safeguard their client's identity. Henceforth their client will be identified as The Client.
"Chain" and / or "On Chain"	A shortened term for the word "blockchain" and / or "on the blockchain". A growing list of records called blocks which are linked together using cryptography.
HELOC	A Home Equity Line of Credit (HELOC) is a line of credit that uses the equity you have in your home as collateral. The amount of credit available to you is dependent on the equity in your home and credit score and debt-to-income ratio. Because HELOCs are secured by an asset they tend to have higher credit limits and much better interest rates than credit cards or personal loans.
OnRamp	The process of onboarding a new customer typically by having a web service operate independently of a core web service. Through user engagement with the first level (usually a free service) a shortlist and more concentrated user base will be generated. From this pool the core web service can be cross or upsold.
Fintech	A portmanteau of «financial technology» is the application of new technological advancements to products and services in the financial industry.
Cliff Vesting	Cliff Vesting is the process by which contributors of the work are remunerated with equity in the project deliverable(s) (not solely currency).
Web 2.0	Refers to websites that emphasize user-generated content and ease of use - participatory culture and interoperability (i.e. compatibility with other products and systems and devices) for end users. Examples include collaborative consumption platforms such as Facebook and YouTube.
Web3	A new iteration of the Web-based on blockchain technology. Incorporates decentralization and token-based economics. Includes decentralized web-apps (DApps) and finance (or DeFi).
DAO	A Decentralized Autonomous Organization (DAO) is an organization represented by rules encoded as a computer program that is transparent and controlled by the organization members and not influenced by a central government - in other words they are member-owned communities without centralized leadership.

CHAPTER 3

Purpose

3.1 Role in Project Lifecycle

The purpose of this document, entitled a 'Project Mandate,' is used for starting-up and putting in motion a project. It serves as a foundation for the Project Brief (the post mandate / pre-plan document). It is a document to reflect upon a project idea and to coherently rethink the initial idea in more depth so as to determine the feasibility of investing further time, energy and / or resources.

3.2 Reason for Existence

The document functions as a point of reference between The Client's overall business strategy and any projects which derive from this document. It details a specific business solution, or set of solutions and business requirements which The Client is seeking to manifest.

3.2.1 Motivations

New Sources of Income

"Generate new sources of income for The Client's company, resulting in returns for shareholders and increases remuneration for employees:"

xxx """"""

Enrich Service Offering

Enrich the service offering to end-users;

Expand into new markets

e.g. mortgages, retirement funds / pensions etc.

- Stay concurrent with latest online trends e.g. Blockchain, Tokenization, Smart Contracts, NFT's, Decentral Autonomous Organization (DAO)'s etc. : - Accept cryptocurrency; - Integrate with / utilize the existence of other blockchain-based platforms internationally.

Reduce the inefficiencies and subsequently operating costs.

Increased security and vigilance against cyber threats.

Since 2022 The Client's business strategy has been to introduce borderless fiduciary capabilities into their existing property listing website, by way of this proposed project:

1. This borderless fiduciary solution should not require The Client to obtain mortgage broker / financial services accreditations etc. The Client will instead allow other accredited lenders to operate their services through their platform;

   The paradox to overcome, as detailed below, is that the lending market is shifting to disintermediated systems, and The Client's path to new revenue channels, other than gaining a market share of gas fees, is as an intermediary. One type of legal and lawful and also unlicensed / unaccredited property related, Intermediary financial service (which would also pick up gas fees for The Client if they participate in the node / validating process) would be feudal (bespoke deal) smart contracts e.g. rent-book, amortization agreement, deferred lease option agreement, gifted deposit etc. Effectively The Client would develop / have developed their own unaccredited property finance-related platform and facilities for this. There may still be some life left in intermediary services for this particular Client, since their solution crawls hundreds of thousands of property listings each month, which may be the added value required for widespread acceptance of an intermediary service in a disintermediated era.

   The Client is fully aware of the ambition of the project. Subsequently their requirements have been broken down into objectives, which each serve as dependencies for the next, both financially and technologically. The objectives also serve as compartmentalized and measurable milestones for calculable exposure to risk, both quantitatively and qualitatively subject to prior performance, for safer and maximized Return on Investment (ROI).

   Since Decentralized Finance (DeFi) is likely to play a key role in this new vertical, The Client is also open to decentralizing and democratizing their existing online service where necessary e.g. InterPlanetary File System (IPFS).

3.3 Initial Challenges & Opportunities

Blockchain technology has two valuable aspects that lends itself well to disintermediating much of the intermediation with

- The ability to displace trust with truth, so you have certainty of transaction;
- The ability to bilaterally transact without any intermediation, counterparty risk and / or settlement risk.

By bringing these two together, you create marketplaces where you become completely agnostic to whom the counterparty is to that marketplace because you're not requiring trust into the counterparty.

The broader ecosystem is $13 Trillion USD of lending production, whereby an enormous amount of cost and inefficiency is tied up in intermediation processes, to the tune of hundreds of basis points.

As an alternative to intermediaries which dominate this vertical e.g. Visa, Mastercard and Paypal, the Blockchain provides a vehicle / path to disintermediate these actors out. For example, cutting across public and private exchanges alone far exceeds a $1 Trillion market cap in the United States.

A viable path forward is no longer just a theoretical construct. It now exists. And towards the end of 2021 this opportunity was de-risked a lot (explained further below).

This viable path takes trillions of market caps out of these traditional intermediate incumbents, which inherently benefits or accrues into the blockchain ecosystem and broader ecosystem in the form of gas fees (in lieu of what you've been paying to intermediates in previous transactions).

A. As far back as 2018 three primary headwinds were navigated through:

   1. Everything within the blockchain, especially within the DeFi construct, was traditionally an Ethereum or an Ethereum derivative. Obviously Proof-of-Work (PoW) Ethereum is relatively expensive and a slow way to transact and that lends itself to some problems in the blockchain construct.

   2. There's been no real way to represent fiat on chain, outside of the traditional stable coins USDT / USDC and that ecosystem. There isn't enough stable coin within the blockchains to support even crypto activity, let alone moving mortgages, payments, exchanges entirely onto chain. So a way needed to be found to get banks to lean in and provide fiat representation on the chain. What was done originally was what Circle and Tether did e.g. you wire money to fund your digital wallet, and transact bilaterally without counterparty risk. But due to some risks, this approach was pulled from the equation. In late 2021 two different verticals were crossed.

Employees of a US Company sold $8M USD of their company stock, in a limited order book as a secondary market. The stock was entirely digital. 200 companies have since used the chain as a cap table in this way. The employees were able to log on, and put their stock up for offer. Then two institutional investors were able to bid for that stock and transact with those employees.

a. This was a milestone transaction on two fronts. It was the first time in a securities transaction where the securities were in custody 'on chain' and settled through a marketplace. That said it was done through broker deals and with Alternative Trading Systems (ATSs) exemption from the U.S. Securities and Exchange Commission (SEC). More interestingly on that transaction buyers bought a digital fiat market directly from a bank, so they didn't intermediate. The bank created an insured deposit behind that marker coin, effectively funded by buyers who in turn, transacted with sellers. And sellers were able to go to the bank to redeem or withhold the marker.

This is the beginning of a marker coin consortium happening between major banks which sets standards, bylaws and structure for a reciprocal coin to facilitate transactions on chain. This basically provides a conduit for unlimited fiat on blockchain.

I. There are no longer constraints or limitations of what goes on subject to the amount of credit risk you want to take with a traditional stable coin issuer. You're going to have an enormous amount of fiat available that banks can deliver any time it's needed. That obviously opens up the marketplace applications for blockchain, but it also creates a whole level of second order benefit e.g. payment and payment settlement; so being able to move marker coins between any two counterparties, completely disintermediates out Interchange / ACH / wire / Cross Border Swift etc. You now have a mechanism to move value real-time across a set of participating banks and reciprocate that token.

You can build a whole set of apps around programmable money e.g. payable receivable marketplaces and sub-client marketplaces, where you can manage invoice incomberments such that when the marker coin goes to relieve the invoice it goes to the appropriate holder of the right encumbrance invoice.

The fiat piece was solved in 2021 and now it's taking off rapidly. Many banks are leaning into this marker coin consortium. The founders of the aforementioned chain are not a part of the consortium since you have to be a bank, so banks really are the center stage of all this.

- Central Bank Digital Currency (CBDC)[3] is also gaining traction.

Thirdly the banks liked blockchain back in 2019, 20, 21 but no banks wanted to be first movers on it. Saying it was cool, but having a wait and see attitude. This was realized early on and so a series of operating businesses were built on-chain. Getting the first order benefit of the fact they're early movers, they're going to get some economic bread for that but ultimately what they're really doing is de-risking crowding / adoption. What the founders of this own in the underlying utility token of the chain, will be worth more than any of the operating businesses that are ever going to be built on a standalone basis.

The founders own 70% of the chain, which is nascent in terms of where it's going to go.

Care has been taken with hash, whereby the foundation behind the chain hasn't done the same type of validator awards and incentive structures as traditional chains. This created challenges with traditional venture communities because they look at it bigger. They looked at the founders as a lending business. Which it has, but isn't.

So they tried saying they're a payments business, which the pioneers of it facilitate but they aren't. Or they'll say they're a marketplace business. Which they are too, derisking with use cases etc. What the pioneers really are at the end of the day is a holder of the utility token of the chain they believe is ultimately going to win DeFi. Which is ultimately the whole point.

The founders of the aforementioned chain started in the lending business and so they could easily do a transaction with a loan (mortgage) company. Since it was going to take them years to build up to where the mortgage company was in terms of production and the organizational infrastructure they have. Two drivers for a merger existed:

> i. Firstly pioneers believed they could go into a mortgage company and turn it into a fintech. Outside of the context of blockchain, it's really around technology, leveraging deep analytical contextual outreach and cross sell to drive super high lifetime value off of low acquisition cost and customer channels. ii.Secondly was the architecture they had for seeing the lending system ecosystem, where mortgages are the dominant asset class e.g. $11 Trillion USD of the $13 Trillion USD. So they had to be able to address that ecosystem. So they built out an infrastructure from PoS, loan origination, to customer administration, the servicing, the marketplace etc., to support any type of lending product. With a goal of driving a consortium effort in that lending ecosystem.

The chain's founders were purely a software / technology provider trying to get mortgage companies to line up and participate, which wasn't going to happen. Hence the acquisition of a mortgage originator, a top 15% originator and the economic benefit and let anyone wanting to do it with them.

The point of that is that if you don't want to step in, bearing in mind there's $30 Billion USD going through in the next 12 months, so if you step in you'll get what their ecosystem gets. Obviously huge for gas fees on chain but it's also huge for setting guideposts for what lending will look like on chain.

This aforementioned chain has done $5 / $6 / $7 Billion USD of lending already. It was the first to do mortgages on chains, a warehouse and now runs a deep marketplace for primary and secondary participation, taking the entire operation to an entirely different level in terms of scale. This is expected to claw in a lot of actors, as it's a compelling economic reason to leverage the tech for upwards of 100 basis points.

Going deeper on the lending side the pioneers of this chain focused on community banks, which is an area that is shrinking. Of the 8,300 in the year 2000 there's only 4,500 of them today. And the number applying are shrinking even more e.g. only 27 filed in the last 10 years.How they came up with that as a strategy was to do with the challenge around the money center banks whereby the "big four" (JPMorgan Chase, Bank of America, Wells Fargo, and Citibank) want their own blockchain technology and coin.

But they're not thinking about it in an open architecture and open loop ecosystem. They're thinking of it in terms of a closed loop. Closed loop makes relatively no sense since a database would be a much easier life. Blockchain is specific to open loop, when you need the certainty of an asset and bilateral ability.

The aforementioned bank in the marker coin consortium, hadn't invested in tech in 30 years and with the marker coin consortium they jumped to being one of the most pioneering.

The chain's founders now offer whatever tech the aforementioned US banks want, e.g. loan origination on chain e.g. POS, LOS infrastructure to do that. If you want to do marker coin on chain, they'll integrate a fire server / ledger system to do that. Basically a whole series of technology that the pioneers think is best in class and stronger than what is in the money center banks. The pioneers are now transitioning this into regional banks, who were viewed as technology backwards but now have better technologies than the big four. They'll eventually come in and leverage this tech, which the chain's founders believe will become ubiquitous.

There's a huge audience in regional banks and huge shifts in terms of generational changes in management. The marker coin consortium between the banks is a good example where the big fours own coin is basically the death of their business model.

So if they don't get out in front of this digital market in terms of cross-regionals, the role of these banks with their own coins becomes unclear. There may be disagreement with that but the fact is this is now all live, in production and benefits are being seen. Banks that haven't had great tech now have cutting edge tech and can originate a Home Equity Line of Credit (HELOC) in 5 minutes vs the average of 45 days. A great example of real utility.

3.4 New Opportunities

The aforementioned solution is confined to American citizens and lenders and land / property in US jurisdiction. It is not a bord

- It doesn't cater for citizens of other countries / jurisdictions (with exceptions of perhaps overseas territories and forces overseas);
- It doesn't cater for properties outside of the United States;
- It doesn't cater for lenders in other countries / jurisdictions.

With this in mind it's not unforeseeable that other countries and jurisdictions have or grow their own equivalent to this solution.

Other jurisdictions mortgage markets are equally as large:

- In the UK in 2022 it's expected to be £281 Billion GBP;
- The mortgage brokers industry revenue is anticipated to increase by 8.8% in 2021-22 to £1.8 Billion GBP;
- bricktrade.co.uk is one such example.

The pioneers are now forming alliances and bringing in other entities in their industry, because they all realize the benefit to them all is now in the ecosystem's adoption. So access to technology and thought leadership opens up to drive the ecosystem, making it ubiquitous and driving a win. Since this is all regulated with a broker deal, it means it's open to anyone's marketplace and the reduction in cost is as much as 80% on order books vs traditional methods. Anyone who wants to build on their chain can do so. The pioneers also provide a turn-key and SaaS tech to build on that, including source code which can be repurposed.

3.5 Client's Ambitions

The goal of this proposed project is to further empower The Client's end-users with secure access to borderless HELOC, without leaving the platform. In order to be eligible for HELOC the company speculates that rental agreements, payments and feudal agreements may first need to run via the platform, in order to exercise best Know Your Customer (KYC) practices and diligently assess HELOC applicants based on factual and historical data. This new vertical would make The Client a truly international one-stop-shop for all dealings of land and property. In addition to The Client's current offering, end-users can already advertise, view and / or enquire / respond to land and property listings. Successful delivery of this project will enable end-users to begin leasing / renting and selling / buying land and properties which are indexed on the platform. The Client expects the aforementioned solution to be delivered by as soon as 2023.

3.6 Direction Forward

The direction forward begins with an advertising management solution, in order to first and foremost advertise these new bank consortiums, chains and verticals around the globe, underneath the properties indexed on The Client's website.

This would give The Client a new source of revenue, since traffic can be sold to these 3rd parties as part of an advertising agreement with The Client.

In the background of this happening, The Client can begin developing, through a series of step-by-step objectives, their borderless fiduciary solution offering. The Client is well aware of the irony of making its platform an intermediary while this disintermediary revolution is happening. Also the constraints and complexities of potentially going head-on with solutions like the aforementioned ones, which are also licenced for mortgage brokering, would be a futile effort now that these chains are operating into the billions, with a few years head start. As they could just as easily step to move to become borderless. But this isn't to say the early opportunity doesn't exist.

The opportunity resides in interconnecting these newly emerging verticals, so as their features (such as HELOC's) become borderless.

For example, if a global bank joins the marker coin consortium in the United-States, as opposed to just the community banks it currently has, then technically speaking there should be no reason why their tokenized marker could not be held by another party in another country.

The party in the other country could then visit that same bank in their country, in order to redeem the marker (or they may hold onto it, or trade it with another party. Because there's certainty that the bank in their country will allow it to be redeemed). Lloyds exists in both the UK and US for example and could just as easily join the aforementioned consortium, in the same way the Bank of New York have.

The other opportunity which exists is to provide cryptocurrency smart contracts to replace the feudal land and property agreements between individuals e.g. gifted deposit scheme, subject to, lease option agreement etc. Both these options would be a smaller excursion of energy and resources for a possible maximum return on investment.

This borderless fiduciary solution could even be built on a more time and energy efficient blockchain than Ethereum and Proof-of-Work (PoW). This Web3 version of The Client's existing solution, with its new Borderless Fiduciary service offering, could be the first DApp of this kind built on a Proof-of-Burn (PoB) blockchain.

Once borderless lending instruments emerge between two chains and countries, the banner ads in the ad units could be replaced with functional metamask signin buttons, allowing these 5 minute mortgages to be applied for, from within the The Clients website. There is a great deal of divestment in this approach in that it's a numbers game.

(1) There is a big assumption being made that a few initiatives in a few countries around the world will replicate what the aforementioned US chain has achieved in the United States. And they will most likely be constrained to their respective jurisdictions too. So the real opportunity appears to be interconnecting them, which can begin to happen through an Integrator Alliance, similar to Dee Hock's approach with Visa, led by The Client.

1) While the role of the intermediary might now be reducing inside of jurisdictions (as a result of this revolution), it's not to say that an intermediary of sorts is not needed between each of these rival chains to make them borderless.

All the success happening inside of borders on these new verticals are enhanced by alliances, which drive benefits to the aforementioned intermediary with every instance of ecosystem adoption, making it ubiquitous on a higher fractal level e.g. cross-border as opposed to just cross-regional.

3.7 Motivation and Consistency

A driver of motivation and consistency over time for all stakeholders. There will be a myriad of work and purpose which will delineate from the effort in this space.

3.8 Derivation of Knowingness & Meaning

This democratization of mortgages is historic and power levels one of the biggest institutional-bias industries in the world. As a result of this project the little man will now be able to get a mortgage on a property anywhere in the world, indexed on The Client's platform, in a matter of minutes too. And for 80% cheaper in fees than the current methods. Furthermore, with the aforementioned smart-contract feudal agreements, the barrier to entry of a mortgage will be less dependent on credit scoring and perhaps the need to put capital forward. Amortization agreements may become as simple and straightforward as rental agreements.

3.9 Reassurance for Investors

Reassurance that coherent steps are being taken so that they can diligently assess the project and their own personal and professional interests for alignment and synergy. Needless to say from an investor's standpoint, the solution proposed in this proposed project is ambitious but does weave through a myriad of traditional barriers to entry, promising a lot of the upsides with a lot fewer downsides. For example, no licenses will be required by The Client to conduct financial or legal service activities since they won't be engaging in such. Furthermore, no huge technical complexities and / or bureaucracy with corresponding jurisdictions governance will be undertaken, as each country will have its own unicorns emerge in its space, which will serve as the legs which hold up this proposed solution. As more unicorns emerge in different jurisdictions and connect to The Client's solution, the solution becomes a sort of protocol between the various disintermediated verticals. Risk also reduces when the numbers of countries, verticals and instruments grow as the platform will be less dependent on one or two, instead the platform will only grow stronger as time moves forward.

CHAPTER 4

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