



WhitePaper

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## Abstract

*This paper explains the structure of the Rhea platform, its multidimensional value to users and the means by which it will be built. The ERC-20 compliant Rhea token's function within the platform will be presented, along with the fine points of the Initial Coin Offering.*

## 1. Introduction

Rhea presents a revolutionary way of trading crypto-options and gaining exposure to the rapidly growing world of cryptocurrencies. Our main mission is to create a clear synergy between the worlds of finance and cryptocurrencies. These are the three indispensable pillars on which the Rhea project will stand:

- ® ***Synergy** – Rhea will demonstrate and maintain a clear crypto-equity synergy. We will achieve this by adopting the best features of both worlds. From financial markets we will take long-term value adding instruments, multiple ways of participation and dividends. From cryptocurrencies – bypassing burdensome regulations, fast and simple execution, as well as the opportunity to invest in exotic assets.*
- ® ***Transparency** – the Rhea platform will be open-handed – nothing hidden or confusing. We address the obscurities and irregularities these markets are associated with and remove them by providing transparency, unmatched by any other financial institution. All financial companies that deal with investors' funds are obliged to provide annual performance results. Although in the cryptocurrency world such regulations still do not exist, we still choose to integrate them in the core of our company by providing token holders multiple ways of tracking our performance through our accountability systems, which are explained later.*
- ® ***Versatility** – providing users with multiple ways of achieving returns will be key to Rhea. The end product will provide a unique array of tools, suitable for people with different investment objectives and constraints.*

## 2. Token

### 2.1. Description

The Rhea token is ERC-20 compliant and is built on the Ethereum blockchain. It is the means by which options trading will be executed on the platform, Cryptofund investments will be made and the dividend will be paid out. The maximum supply of Rhea will be determined by the success of the ICO ([Section 6](#)), but there will never be more than 50 million tokens. Its price will be pegged at 0.001 ETH, with discounts available in different time periods ([Section 6](#)).

### 2.2. Why hold Rhea?

The benefits to holding Rhea tokens can be separated in 2 categories:

- 2.2.1. ***General benefits to holding cryptocurrencies** – it can be a reliable store of value, a hedge against macroeconomic developments, part of an exotic portfolio, the path to a miner/validator reward and/or an escape from regulations.*
- 2.2.2. ***Specific benefits to holding Rhea** – in addition to the general benefits, Rhea adds the following: a tool for options trading on a cryptocurrency index, a dividend*

paying asset and access to a cryptocurrency-focused hedge fund. We will now quickly go over these 3 features:

- ® [Options trading](#) – the Rhea platform will construct a cryptocurrency index and will offer options on it. The specifics will be explained later in [Section 3](#) and [Section 4](#).
- ® [Dividend payment](#) – the Rhea platform’s profits will come from transaction [fees](#) on options. Depending on the Tier reached on the [Dividend Incentive Scheme](#), a pre-set percentage of the collected fees will be distributed once every 3 months to Rhea holders proportional to the amount of Rhea they hold. As the platform develops, the dividend will become a higher source of income for long-term token holders.
- ® [Cryptofund investing](#) – if ICO is successful, the Rhea platform will feature a cryptocurrency hedge fund called the Rhea Cryptofund. [Section 5](#) explains in more detail.

### 3. The Rhea Crypto20 Index

#### 3.1. Structure

The Rhea Crypto20 will be a capitalization-weighted index of the top 20 cryptocurrencies. The higher the market capitalization of a cryptocurrency, the higher its weight in the index. The price of the index at a given point in time will be obtained by summing the current market caps of the constituents. Here is an example of how this will work:

**Example 1:**

Suppose there exists an index of 3 cryptocurrencies. Currency A’s price is \$5 with 10 million in circulating supply, equal to a market capitalization is \$50 million, Currency B’s - \$30 million (\$6 price and 5 million supply) and Currency C’s – \$20 million (\$1 price and 20 million supply). Their weights can be obtained by dividing their respective market capitalizations by the sum of the three. Therefore, the weights are, respectively, 50%, 30% and 20%.

Next, we have to determine the starting point i.e. the price at which the index starts. For simplicity, we will take the sum of the market capitalizations (\$100 million) and divide them by 1 million, thereby obtaining \$100. This will be our first price.

Now suppose Currency A’s price increases by 5% to \$5.25, Currency B’s drops by 2.5% to \$5.85 and Currency C’s drops by 7.5% to \$0.925. Consequently, the total market capitalization will now be \$100.25 million. To calculate the new price of the index, we use the following formula:

$$\frac{\text{Current total market capitalization}}{\text{Base total market capitalization}} * \text{Base index value}$$

Thus, our new index value is  $\frac{100.25}{100} * 100 = \$100.25$

We are going to rely on several pricing feeds for the calculations, so that in case one source is unavailable, we can instantly switch to a different one. In addition, the rebalancing of weights will occur at least daily, depending on the Tier reached on the [Milestone Map](#). By offering a capitalization-weighted index with daily or even hourly rebalancing, investors will gain access to the most accurate tool for tracking cryptocurrencies. If a new cryptocurrency penetrates the top 20, it will be included in the index as soon as the next rebalancing is scheduled to take place.

Frequent rebalancing is by no means an easy task. To see why, picture Example 1 from above but with 20 instead of 3 products. The calculation methodology will be the same, only more difficult due to 3 problems:

- ® *Index assembly* – having 20 constituents complicates the procedure of constructing the index. Smaller cryptocurrencies are generally less liquid, which leads to two issues: firstly, using one single price feed will be less reliable and secondly, it will be more expensive to obtain a feed.
- ® *Which price is the right one* – there is a price discrepancy between exchanges. In contrast to equities, cryptocurrency markets are inefficient, which means that arbitrage opportunities exist. The Rhea platform will mainly rely on one price feed, but will have connections to several others. If the main source is not available, Rhea will use the product of the weighted average of price fluctuations (in percentage terms) from all other price feeds and the last known price from the main source. This will ensure that even if the price feed is down, the index will still evolve with high accuracy, as its price will be adjusted by the formula we just described. In essence, Rhea is sacrificing simplicity for quality of service.
- ® *Big data* – as the Rhea platform becomes fully operational, we will quickly accumulate a lot of data, which will become progressively more difficult to store, analyze and interpret. Maintaining records for the index, the options and all trades is costly, but it is ultimately to the benefit of Rhea users. Full transparency is one of our three pillars and we will allocate as much capital as it is required to achieve it.

Depending on the milestone reached with the Rhea token, users will have tools at their disposal such as graphs and statistics of the index and all of its constituents, historical data on all constituents and backward reaching of the index ever since prices for at least 20 cryptocurrencies became available.

### 3.2. The Crypto20 as a problem-solver

What are the problems with the cryptocurrency market nowadays? In contrast to equity markets, the world of cryptocurrencies has two major flaws, which still remained unresolved:

- ® *Fragmentation* - traditional markets are well structured and are covered by many indices, which give investors a clear view of where the market came from and an idea of where it is going. On the other hand, there is no universally accepted representation of cryptocurrencies. Even though several crypto-indices exist, they are yet to be accepted as the portrayal of the whole market.
- ® *Specific knowledge* - most investors do not fully understand cryptocurrencies. It is very time consuming for anyone who is not familiar with the underlying concepts to be able to distinguish between the 800+ cryptocurrencies that exist today. As a result of the knowledge pre-requisite, investors are prone to making one of these two mistakes: **not investing in cryptocurrencies or investing without possessing the knowledge to make an informed decision.**

We want to remove these two barriers by introducing a transparent platform, with an easily tradable index via options for investors of all backgrounds. A frequently rebalanced top-20 index, with reliable live and historical data will solve the problem of **fragmentation** by

creating a cryptocurrency standard – a measuring tool for the market’s performance and a means for performance comparison. The opportunity of options trading on the Crypto20 will eliminate the **specific knowledge** pre-requisite, as investors will speculate on the market’s overall direction, not one single cryptocurrency. **The index-options tandem that Rhea offers will encourage people to invest in the potential that cryptocurrencies possess without spending precious time on individual specifics.**

### 3.3. Vision

We envision the Rhea Crypto20 as an integral part of the cryptocurrency market, covered and quoted by all major data providers from the finance world. As the cryptocurrency market evolves, the Rhea Crypto20 will become the comparison tool, just as stocks are compared to equity indices to which they belong. By gaining popularity, the Rhea Crypto20 index will give retail investors or non-experts in cryptocurrencies the possibility to invest in the market.

The Rhea Crypto20 is only the start – we intend to create a whole range of indices - covering all sections of the market is one of our main objectives. Offering more products will enable investors to gain tailor-made exposure, concentrated on a very specific market tranche. All of this relies greatly on the success of the ICO and the platform’s liquidity.

The two following sections will introduce the concepts of options and the Cryptofund on the Rhea platform, in which people will be able to invest.

## 4. Options

Shortly after the index is up and running, we will introduce options trading on the Rhea platform. If you are unfamiliar with options as a financial derivative, please read Options 101 from the Documentation tab on our [website](#) before continuing.

### 4.1. Trading options on the Rhea Crypto20

This section presents all aspects of options trading on the Rhea platform.

#### 4.1.1. Why trade options on the Rhea Crypto20?

There are two key reasons why investors would trade options on the Rhea Crypto20.

- ® *Speculate* – investors can take positions on the Rhea Crypto20 index via our options trading platform, which will reflect their view of the market’s development over a fixed time period.
- ® *Hedge* – investors, which already have one or several positions in some cryptocurrencies can, buy/sell options on the Rhea Crypto20 index to diversify their portfolio.

#### 4.1.2. Platform features

We will now go over some specifics that the Rhea platform will have. Some of them may appear restraining, but they are crucial in assuring a sustainable start of options trading.

Table 1: Platform features

<b>Feature</b>	<b>Description</b>
<i>European options only</i>	By starting with the simplest option style there is, we will make sure that the Rhea platform is fully operational, liquid, fair and arbitrage-free. When the market becomes liquid enough to sustain itself, we will introduce other options styles. At that point in time, we may entirely replace European with American options.
<i>Cash-settled options</i>	There will be no transfer of ownership; users will speculate on the index's price action and find counterparties with opposing views. As soon as a trade is made, the platform checks if the two parties have enough Rhea in their accounts and then blocks the given amount for the duration of the trade. The "winner" from the trade will receive his Rhea tokens immediately.
<i>Pre-set maturities and strike prices</i>	The different options available on the Rhea Crypto20 index will have a wide range of maturities and strike prices available, pre-set by us. There are two reasons we are doing this: firstly, the market will be very illiquid in the beginning if we let participants fully customize the options they want to buy/sell. Secondly, this will ensure the market is set up fairly and is arbitrage-free.
<i>Semi-customizable amount</i>	Users will be able to select the amount they would like to invest in pre-set ranges. If there is full freedom, it would be harder to find a counterparty. Note that the amount will be in Rhea; however, depending on the tier reached on the milestone map, the platform will have instant conversion features, which will allow users to enter the sum in a fiat currency, while investing with Rhea (or also in BTC/ETH). This will eliminate annoying calculations and make the process more transparent.
<i>Order expiration</i>	All submitted orders will be quoted on the Rhea platform for 15 days. If no counterparty has been found, the order expires. Immediately after this, users are free to submit new orders.
<i>Market-making by us</i>	The intent of Rhea is to create a marketplace, where participants directly trade with each other. For this reason, we will take positions only if there is low liquidity in the market. The first months after options trading is available on the Rhea platform, there is a high chance that some market participants will not be able to find a counterparty, which is where we come in. The 10% liquidity reserve that we mentioned in the ICO section will be kept specifically to take positions with other platform users in case they are not executed. As more participants join Rhea, our intervention will be required less often.
<i>Market-making rules</i>	There are two rules, which will govern when we become a counterparty to an order: <ol style="list-style-type: none"> <li>1. 80% to order expiration – if an order has not found a counterparty for 12 days (<math>80\% * 15 \text{ days}</math>), the order will become eligible for our liquidity provision system.</li> <li>2. Maximum order size – our total liquidity provision reserve will vary depending on the success of the ICO. The latter will define the maximum order size that we can become counterparty to.</li> </ol>
<i>3 forms of fee rebates</i>	Users will be able to obtain fee rebates and reduce the transaction costs they pay. There are three ways to obtain a rebate – explained in more detail in <a href="#">Section 4.1.4</a> .
<i>Live P&amp;L</i>	We will use several pricing feeds, thus making sure that prices are always available. Users will be able to see their P&L live, along with various statistics, graphs etc., depending on the milestone.
<i>3D transparency</i>	The Rhea platform will provide full transparency on three activities. The first one is the full transaction history for all platform users. The database will record all transaction for every anonymous account and will be available on the platform. The second one is transaction history for the Rhea team with regard to liquidity provision. Users will be able to see which trades we have executed. The third one is transaction fees – our source of revenue will be updated live, so that users can estimate the next dividend.

#### 4.1.3. Fees

The structure is very simple: **0.95%** transaction fee per trade **on the cash flows** at contract initiation and expiration. As previously mentioned, Rhea will share these fees with token holders on a quarterly basis, which will be equivalent to an interim dividend for equity shares. The example below shows how the fees will be calculated on a regular call option that is at-the-money at contract initiation and is in-the-money at expiration:

##### **Example 2:**

Person A buys a 6-month 100-strike Rhea call option from person B at a price of 11.25 Rhea. Upon execution, both parties are charged 0.95%, equal to 0.62 Rhea in total transaction costs, or 0.11246 for A and 0.11246 for B. Both A and B get 100 Rhea blocked in their account, until the option expires. The option is held until maturity by both parties and, 6 months later, it is in-the-money – underlying is at 120 and A receives 20 Rhea, B gets 0. Both are subject to a 0.95% transaction fee and the cash-flows look like this (figures are in Rhea):

Person A	Initiation	Expiration	Totals	Person B	Initiation	Expiration	Totals
Premium	-11.2463 R	-	-11.2463 R	Premium	11.2463 R	-	11.2463 R
Transaction fee	-0.1068 R	-0.19 R	-0.2968 R	Transaction fee	-0.1068 R	-0.19 R	-0.2968 R
P&L	-	20 R	20 R	P&L	-	-20 R	-20 R
Totals	-11.3531 R	19.81 R	8.4375 R	Totals	-11.1395 R	-20.19 R	-9.0505 R

At contract initiation, the transaction fee is taken from the call option price; at expiration on the P&L. If, contrary to the example, an option is not exercised, there will be no cash-flows at expiration, hence no transaction fee.

The fee will be split between the Rhea team and token holders (depending on the tier reached on the [Milestone Map](#)). Therefore, a more successful ICO will result in even lower effective commissions, as transaction costs will be returned to investors once per quarter in the form of a dividend. For comparison, in tier II the **dividend-adjusted** fee will be 0.76% ( $0.95\% * (100\% - 20\%)$ ), whereas in tier VII – 0.57% ( $0.95\% * (100\% - 40\%)$ ). In essence, there is a negative correlation between fees and tier reached, as well as between fees and traded volume. The more liquid the Rhea platform becomes, the higher the nominal return for Rhea token holders.

#### 4.1.4. Fee rebates

- ® **Maker-taker rebates** – Rhea's vision is for platform users to trade between themselves, however, it is expected that when trading begins, there will be insufficient activity at first. As previously mentioned, the Rhea team will use part of the proceeds for liquidity provision, which should facilitate trading. In addition, users who become counterparties to long quoted orders (usually deep in-the-money or out-of-the-money options) will receive a transaction fee rebate equal to 50%. By long quoted we mean a trade that has not found a counterparty for several days. To better understand the implications, here is a quick example:



**Example 3:**

Person A thinks the Crypto20 will almost double in 6 months, so he quotes to buy for 1.41 R a 6-month 180 R-strike call option, given that the Crypto20 is at 120 R right now (the option is out-of-the-money). Person B calculates a very low probability of the Crypto20 surpassing 180 R, so he decides to become the counterparty. B takes on the risk of a short call, but earns the premium and pays 50% less transaction fees.

Example 3 above showed how Rhea users can increase their profits by becoming the counterparty of an out-of-the-money option. Similarly, deep in-the-money options will also tend to be illiquid because they expire in favor of the buyer with a very high probability. The Rhea team will serve as counterparty to as many options as possible, however we will not be able to cover all quotes. Market makers will be rewarded for complementing our liquidity provision. The specific conditions, which define when a trade qualifies for maker-taker rebates will be announced prior to the platform launch. The quotes eligible for rebates will be conveniently visible to users as they browse through the platform.

- ® **High activity rebate** – more active users will be rewarded with an additional rebate. This will be dependent on transaction volume, i.e. if their turnover with respect to total turnover on the platform passes a certain threshold, as shown in the formula below:

$$\text{Threshold} < \frac{(\text{Turnover } X)}{(\text{Total turnover})}$$
, where Turnover X is the total amount of Rhea that user X has traded in a 3-month period (measured in the sum of cash-flows) and Total Turnover is the total amount of Rhea traded in the same period.

If the ratio is above the Threshold, an investor would benefit from the high activity rebate, equivalent to a higher dividend yield. The threshold will be determined post-ICO as the rebate is sensitive to the former's success.

Platform users will have at their disposal a full account history and statistics on their trades. The total turnover for a 3-month period will be displayed, as well as how close the account is to receiving a high activity rebate.

- ® **1-year 0% fee for ICO contributions above 2,500 ETH** – large individual contributions will be rewarded with no transaction fees for the first year after the platform becomes operational. The wallet address of any contributions above 2,500 ETH will be recorded and use as a basis for 0% fee identification once the platform is operational.

## 4.2. Vision

As trading on the platform reaches a critical mass, we will serve as counterparty less often. Once this happens, our team will be ready to introduce additional features. Here is a short list in chronological order of what we are going to focus on, once the platform is fully operational:

- ® Switch to American options – will occur once we have made sure that the platform is balanced and fully functional. As American options are always at least as attractive as European ones, this substitution will be beneficial to all users.
- ® Give users a lot more freedom with option features – as liquidity on the platform increases, finding a counterparty will be easier, so more choice on strike prices and maturities will become available.

- ® Create other indices – the Rhea Crypto20 is only the start; we will work towards the development of specialized indices focused on other aspects of the market such as volatility, small-cap, mid-cap, new tokens etc. The calculation methodologies would not necessarily be capitalization-weighted.
- ® Introduce more complex option styles – Bermuda, Asian and Barrier options are three of the styles that we aim to bring out.

The next section will introduce the third element of the Rhea platform.

## 5. Rhea Cryptofund

The Cryptofund is a hedge fund focused on investing in cryptocurrencies with a long-term perspective. The Cryptofund is a natural expansion of the Rhea concept, which will give our token another use. As the founding team is most proficient in trading and portfolio management, the Cryptofund will have a definitive edge over other funds.

The launch of the fund is greatly dependent on the success of the ICO (check the milestone map). If we raise 100%, it will launch shortly after the Rhea platform. Anything below tier VII would delay the launch. Due to the uncertainty around the timeline, we have prioritized other aspects of Rhea, so we will provide only the rough outline.

### 5.1. Description

The following table contains a description of the Cryptofund's characteristics. All of the details will be available post-ICO once we are able to pinpoint a launch date.

*Table 2: Cryptofund characteristics*

<i>Characteristic</i>	<i>Description</i>
<i>Investment horizon</i>	The fund will be long-term oriented, as we firmly believe it is more beneficial than short-term trading. Identifying and taking advantage of opportunities backed by sound fundamental evidence will be the focus of the Cryptofund.
<i>Return objectives</i>	The Cryptofund will have a relative return objective – to outperform the Rhea Crypto20 Index.
<i>Weights</i>	Although we would like to provide exact weights in the WhitePaper, it would be irresponsible of us to do so. When the Cryptofund is close to opening, the market's structure, sentiment and status quo could be very different. Shortly before the launch, the Rhea team will publish a detailed prospectus of the fund.
<i>Fees</i>	A 1.5 and 10 structure: 1.5% management fee and a 10% incentive fee. The former will be charged on assets under management. The latter will be calculated on gains net of management fees and will feature a soft hurdle rate, which will be based on the Crypto20 Index.
<i>Dividend payment</i>	A significant portion of profits will be distributed to investors in the form of a dividend. The exact numbers will be provided in the prospectus.
<i>Minimum investment</i>	We do not want to make our fund exclusively for accredited investors. The minimum investment will be a small amount and it will be dependent on the Rhea token's price prior to the fund's launch.
<i>Lock-up period</i>	Again, we want to distinguish ourselves from typical hedge funds, so the lock-up period will be 3 months.
<i>Accountability</i>	As Rhea is committed to full transparency, we will publish short weekly updates and 3-month full reports. In addition, all of our positions will be updated on our website for investors to see. Non-investors would have access to the fund's historical performance, comparisons, graphs, statistics etc.

## 5.2. Why invest?

Currently there are several cryptocurrency funds in the world, but are exclusively opened to accredited investors. While the concept of crypto-funds is still in its early days, we believe the market's 2 [flaws](#) discussed earlier are dragging down the capabilities of funds to consistently yield solid returns. The large amount of knowledge required to understand the mechanics of any given currency makes it very hard to construct a well-diversified portfolio without allocating a lot of time for research. For this reason, we intend to assemble a crypto-analytics team with a long-term, value-seeking orientation. In addition, not trading short-term noise will let us to focus on the real winners – the ones that are here to stay. Lastly, the structure presented in Table 2 holds many advantages – see Table 3 below.

*Table 3: Cryptofund benefits*

<i><b>Advantage</b></i>	<i><b>Description</b></i>
<i>Experience in trading</i>	We have extensive experience in equity and cryptocurrency trading – we consider this aspect one of our best skills. By spotting trends and taking advantage of temporary mispricing, we will do our best to outperform the Crypto20 Index.
<i>Market knowledge</i>	Active involvement in the market has helped us gain specific knowledge in cryptocurrency technicalities. We will create a fundamental ranking system for cryptocurrencies, which will be used for trading decisions.
<i>Low fees</i>	The fee structure described earlier is cheaper than the typical 2 and 20 for hedge funds.
<i>Non-binding lock-up period</i>	By having a short lock-up period, investors can quickly decide to get their Rhea out of the fund.
<i>Retail-friendly minimum investment</i>	We intend to make the minimum investment as low as possible, so that investors of all levels of accreditation can invest in the Cryptofund. Opening up to retail investors does not by any means decrease the quality of your investment in the fund.
<i>Tax purposes</i>	As of this moment, many countries do not have specific regulations for cryptocurrencies. Therefore, receiving a dividend from the Cryptofund will not be subject to income tax.
<i>Full accountability</i>	By constantly keeping investors and followers up to date with performance, past and future decisions, and advanced statistics, we will achieve full transparency.

## 5.3. Vision

As discussed earlier, the Cryptofund's future relies greatly on the success of the ICO. As a capital-intensive project, reaching Tier VII on the milestone map is crucial to cover the costs. Anything less than Tier VII means that, we have to postpone it further in time. If the ICO is filled at 100%, here is what we envision:

- ® Cryptofund prospectus is published in December 2018 shortly after more advanced features are introduced in the options trading platform.
- ® At least 6 months after its launch, we will start working on creating funds with different characteristics. The ultimate goal is to offer a range of specialized funds with the potential of giving investors access to very exotic portfolios, better suited to their investment needs.
- ® The launch of additional indices will come with automated replication strategies. These will permit investors to obtain a portfolio that tracks a given cryptocurrency index that we offer.

## 6. Initial Coin Offering

### 6.1. Capital Contribution Period

The Rhea Initial Coin Offering aims to facilitate the establishment and operations of the Rhea platform. Through the Rhea ICO we are raising capital for the creation of one-of-a-kind hybrid market-cap weighted index combined with an options trading platform. The sought after capital is 50,000 ETH. The launch of the Rhea Platform and the Rhea token creation process will be organized through smart contracts running on Ethereum. Thus we accept Ether contributions only, allowing us to peg the price of each Rhea to Ether at 0.001. Rhea tokens will be distributed to the sale participants within 30 days after the end of the ICO period.

As previously mentioned, the Rhea token supply will be at most 50 million tokens, 85% of which will be offered in the ICO round. The remaining 15% will be used for providing liquidity services within the platform and long term reserve. In order to ensure fair dealing, any tokens that remain uncommitted during the offering period will be burned before the Rhea token distribution period. This will reduce the total supply of Rhea tokens while not affecting the amount that contributors will receive after the dissemination period.

The investment window will span over 4 weeks running from 2<sup>nd</sup> October – 30<sup>th</sup> October. The month of October will be divided into 5 different stages, which offer a fixed percentage discount from the final price in stage V of 0.001 Ether for each Rhea. If the ICO has not attained 25% - the minimum amount of capital required to launch the platform, we reserve the right to issue a secondary ICO at a later stage in order to reach tier I.

Each stage offers a 5% cumulative discount from the Stage V price, thus the accumulated discount from the final Rhea/ETH price during Stage I is 18.55% in cumulative terms. Table 4 below shows discount schedule and the Rhea exchange rate during each stage. The discount schedule aims to reward early adopters for their belief in the success of Rhea, while at the same time giving late discoverers the chance to participate if the ICO has not reached 100%.

*Table 4: ICO discount table*

<b>Stage</b>	<b>Date</b>	<b>Rhea/ETH</b>	<b>Discount</b>
I	2 Oct - 4 Oct	0.0008145063	20%
II	5 Oct - 8 Oct	0.0008573750	15%
III	9 Oct - 15 Oct	0.0009025000	10%
IV	16 Oct -22 Oct	0.0009500000	5%
V	23 Oct – 30 Oct	0.0010000000	0%

Rhea tokens will be distributed within 30 days after the end of the ICO period (after stage V). Each contributor's Rhea tokens to receive are given by the formula below:

$Rhea\ received = \frac{ETH\ contributed}{ETH/RHEA\ stage}$ , where ETH contributed is the amount an investor has sent in the form of Ether and RHEA/ETH stage is the price depending on the stage. Rounding will be up to 10 decimals.

## 6.2. The burn model

As explained above, failing to raise 100% of the required capital would result in the permanent reduction of the total supply of Rhea tokens. Having already defined the Rhea/ETH price per stage, the sought after capital and the maximum supply, it becomes easier to imagine how the burn model will function.

Simply put, contributors to the Rhea project will buy tokens at a pre-set price until total contributions reach 50,000 ETH, or the ICO ends – whichever happens first. If Tier VII were not reached, then the total supply would decline. The burn model will keep the distribution pro-rata to the individual contributions made. This way we avoid two issues: us having more than 15% of the total supply and giving contributors an abnormal amount of Rhea tokens.

## 6.3. The VII Tier System

The VII Tier System has the important task of linking the contributed Ether to our Milestone Map and the Dividend Incentive scheme. This system is the foundation by which we will build our platform and compensate token holders. The system will show two clear connections:

- ® *between contributed capital and platform operations*
- ® *between contributed capital and dividend incentive*

The Milestone Map, the Dividend Incentive scheme, and their relationship will be separated into different sections yet they are both branches of the VII Tier system.

### 6.3.1. Milestone Map

The Milestone Map breaks down our predetermined target of 50,000 contributed Ether in 7 different tiers. Each layer towards our final goal has a milestone associated to it in the form of platform operations and features.

Table 5 shows the milestone associated with each stage. The most important tiers are I, II and VII. We have established that, in order to be able to provide minimal platform operational efficiency, we would require to fill Tier I, which is 25% of our final target. The limitations of reaching only Tier I will be associated with limited option variety and duration, platform applications and most importantly liquidity, given that the supply of tokens will be diminished considerably after burning the uncommitted tokens. We have identified Tier II as the most critical one as it will meet our most essential need to provide smooth operational efficiency and consistent range of option contracts. Tier VII completion will result in 100% target fulfilment. At that point, alongside with additional platform application we will launch the Cryptofund on January 1<sup>st</sup> 2019.

*Table 5: Milestone Map*

<b>Tier</b>	<b>Completion</b>	<b>Milestone Description</b>
<i>I</i>	25%	Platform operational with limited liquidity, option varieties and durations.
<i>II</i>	50%	Platform fully operational with a consistent range of option contracts.
<i>III</i>	60%	Full historical index information and data download options.
<i>IV</i>	70%	Introducing option Greeks, much more frequent rebalancing of index.
<i>V</i>	80%	Enhanced portfolio functionality – more user friendly platform.
<i>VI</i>	90%	Complete backwards looking historical information on the Crypto20 constituents.
<i>VII</i>	100%	Cryptofund launched shortly after options platform.

### 6.3.2. Dividend Incentive Scheme

Each layer of the VII tier system is also linked to our Dividend Incentive scheme. Every tier is associated with a different level of quarterly dividend payout and it depends entirely on the contributed Ether during the campaign. This dividend will be based solely on transaction volume on the entire platform once it is operational. Token holders are expected to receive a quarterly dividend proportional to the completed Tier as shown in our structure in Table 6. The dividend payment methodology and payment details will be announced on our [website](#) before the launch of the platform. As explained earlier, full transparency is one of our three pillars, which is why the Rhea platform will share information on all collected transaction fees per period. Consequently, token holders can keep track of our revenue and the corresponding dividend. This will be achieved by giving platform users access to our online database. All parties will have access to the same data and it will be impossible to manipulate or mislead token holders about their future payout.

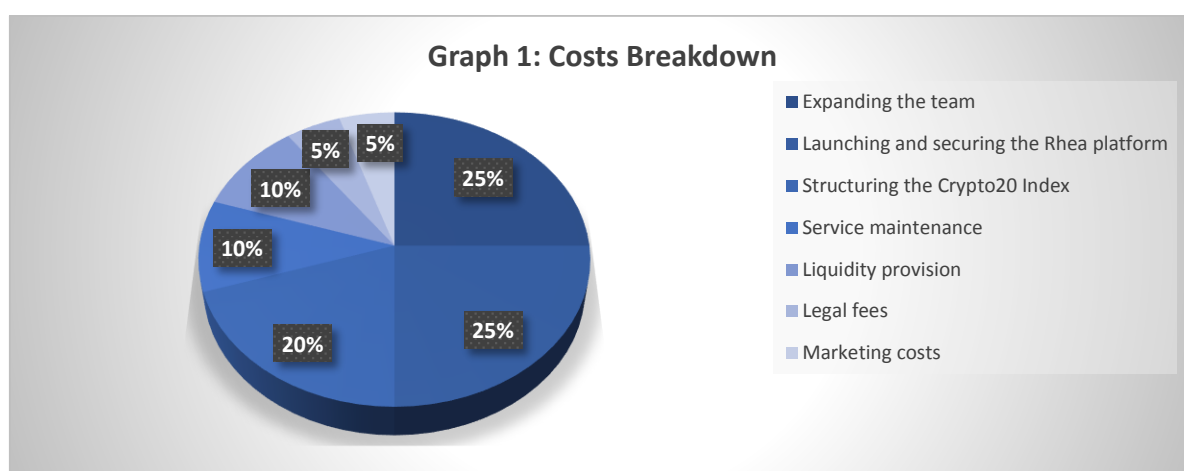
The relationship between contributed capital and dividend incentive is shown below as part of our VII Tier System. The most important tiers in this structure are Tier II and Tier VI. If we achieve Tier I it would be difficult to manage the platform's operational efficiency. Combining this with the expected lower transaction volume in Tier I and, given the burn model, would make it impossible to pay out dividends and maintain operations. However, once Tier II is reached the dividend payout starts at 20% of all transaction volume. At this point, we would be able to manage efficiently and at the same time be able to reward our token holders with a high dividend. After that, each new completed Tier provides an additional 5% dividend. The dividend incentive ratio is capped at 40% and is shared by tier VI and VII. The extra capital collected between the last 2 tiers will be fully allocated to the Cryptofund. At these layers, we would be able to sustain the workflow and, at the same time, reward our token holders with a substantial dividend.

Table 6: Dividend Incentive Scheme

Tier	Target Completion	Dividend Incentive
I	25%	0%
II	50%	20%
III	60%	25%
IV	70%	30%
V	80%	35%
VI	90%	40%
VII	100%	

#### 6.4. Post-ICO accountability

Immediately following the end of the ICO, we will start structuring the index and developing the platform. We have identified our main cost concerns over 2018 and how we would allocate the capital towards their completion. We firmly believe in accountability so we have provided a preliminary cost breakdown of the contributed capital. These costs can vary depending on the completed stages in the VII Tier System. The costs associated with the Cryptofund have not been included here, because they will vary between 10% and 25% depending on the ICO's success and the weights of the three highest expenses will go down. A full report of the allocated capital will be provided once they have been accurately appropriated.



## 7. Final thoughts

The Rhea project has several dimensions, which are all inter-connected: the index, options and fund will create a crypto-equity hybrid. This will firstly bring more transparency to the opaque cryptocurrency world and, secondly, introduce the element of familiarity.

Our aim is to create a versatile platform, where everyone interested in cryptocurrencies can find a product in which he can invest with the click of a button, and which he fully understands. We will work hard to complete our mission, but we will need all of your support to break the Meta of finance and crypto!