

White Paper

Version 1.0, July 2018



We want to discard the tradition exchange mode and build a new type of digital asset exchange that is safe, convenient, transparent and orderly – HiBTC, and we invite all the investors to share all the rights and revenues of HiBTC.

Project Background

Digital currency was not only an application of blockchain technology, but also experience the rapid growth in the last decade and had significant influence on the global economy and finance. From the perspective of development course of digital currencies, it is the digital asset exchanges that laid the foundation for value discovery and circulation of digital assets and widely link the digital currencies with human.

In 2009, bitcoin, the world's first digital currency, came into being. In May 2010, a man called Laszlo Hanyecz from Florida bought two pizzas for 10,000 bitcoins (equivalent to USD 41, with one bitcoin equivalent to about USD 0.0041), which was the first deal made using digital currency in the world. In July 2010, Jed McCaleb, who created eDonkey, founded MT.gox, the first large digital currency exchange, after which, other digital currency exchanges emerged one after another in the world, making the digital currency transactions increasingly active. As of early 2018, there have been more than 500 digital currency exchanges and more than 1,500 types of digital currencies, totaling a market value of near USD 400 billion.

However, behind the miraculous development of the digital currency market, there are many problems, such as counterfeiting of transaction data, security vulnerabilities, high exchange listing price, backroom deals and low efficiency, which not only cause losses to the investors, but also hinder the healthy development of the digital currency market. Therefore, we want to disrupted the traditional exchange model by creating a new type of digital asset exchange that is safe, convenient, transparent and orderly – HiBTC, and we invite all the investors to share all the rights and revenues of HiBTC.

Brand Meaning of HiBTC

The logo for HiBTC is displayed in white on a blue rectangular background. The text "HiBTC" is written in a bold, italicized sans-serif font. To the right of the letters "i", "B", and "T", there are three horizontal dashed lines of varying lengths, suggesting motion or a digital interface.

Bitcoin (BTC) is the first child who breeds by block chain technology, the entrance to which most people know about blockchain, and also represents mind of the block chain technology, that is, to establish a transparent and fair credit society.

Our exchange named HiBTC is the hope that on the HiBTC platform, every new friend can say "Hi~" to the block chain world and embrace her. At the same time, it also remind each participant, including ourselves, be faithful to the original aspiration and continue marching forward.

Organizational Form

As soon as we founded HiBTC, we have decided to apply community based model instead of the traditional centralized business model as its organizational form, because we believe that with the rapid development of the Internet and blockchain technology nowadays, the organizational form of community will be more effective, which also represents the future. Thus, as the economy grow, community start to want their voice listened.

Adam Smith was renowned as the father of modern economics who wrote what is considered the “bible of western economics”, The Wealth of Nations. The core points of view of this book include that division of labor and market exchange can lead to economic prosperity; that in a “perfectly competitive market”, individuals only consider their self-interest in the economic life and are led by “an invisible hand”, which means the society will be affluent through division of labor and market exchange. The basic characteristics of a perfectly competitive market include private ownership, every man for himself, full knowledge of the market information, free competition and no need of governmental intervention in the economic activities.

According to Adam Smith’s theory, if everyone directly and freely participates in the market as an individual, the most “perfect” market will be formed, the efficiency of which should be the highest. But that is not what happened. As the world economy has developed so far, “firms” have become the main participators of the market economy, while individuals usually participate in the market in an indirect and not fully free manner by participating in firms, which is an “overstaffed, hierarchical and bureaucratic organization”. Does this prove Adam Smith and western economics wrong? No, because selecting which organizational form to participate in the market is also affected by “cost”. British economist R. H. Coase introduced the concept of “transaction costs” in his article The Nature of the Firm, which won him the Nobel Prize in Economics. The transaction costs theory explains why “firms” instead of “individuals” have become the most extensive direct participators in the market. According to Coase, transaction costs include the expense required to obtain accurate market information and the expenses of bargaining and recurring contract. In other words, transaction costs comprise information search costs, bargaining costs, contract costs, policing and enforcement costs, and potential costs for dealing with breaches. It is these

recurring costs that prevent “individuals” from directly and freely participating in the market. In order to reduce the transaction costs of each individual, they have to indirectly participate in the market by establishing an indefinite and semi-permanent hierarchical relation, i.e. by gathering resources to form an organization, like a firm. Therefore, in the last 100 years, the organizational form of “firm” was the “optimal solution” to market participation.

However, the rapid development of the Internet technology and blockchain technology is significantly reducing the “transaction costs” for individuals to participate in the market. With the big data and world wide web, the information search has become easy and efficient; and with the application of blockchain-based smart contract, bargaining and contracting can be finished by one click. The “optimal solution” to participate in the market is changing, and a “perfect market” in which individuals can directly participate is becoming possible.

In the HiBTC community, there is neither a “board of directors” nor a “management”, and the founding team is just technicians serving the platform who enjoy the same platform privileges and incomes as any other participator. There is no “company” or “customer” here, just community members. Each community member can use its platform certificate HiBTC Token (HIBT) to make decisions on all the significant matters of the community through smart contract voting and share the platform income in proportion to the HIBT it holds.

HiBTC - Shared Digital Asset Trading Platform

First of all, using the new design concept and leading technology, HiBTC will provide a safe, efficient and convenient digital asset trading platform for all participants. In HiBTC, regardless of the size of the transaction, each participant can effectively achieve the investment objectives without worrying about personal privacy protection or the security of digital assets. In addition, the professional financial unit will provide investors with rich risk hedging instruments and investment target choices.

Second, HiBTC is committed to creating a completely transparent, fair and shared investment environment. HiBTC Token (HIBT) is the only token issued by the HiBTC platform, not only as a digital asset, but also representing all rights and interests of the HiBTC platform. HiBTC promises to regularly allocate the platform revenues to all HIBT holders; at the same time, the “transaction + token holding” mining model (“proof of mining hours + proof of equity” mechanism) is adopted, and 50% of the HIBT issued is rewarded to users through transaction processing fee mining.

Not only that, HiBTC will also introduce a “Dividend Bonus Program”. Users can voluntarily join the program with part or all of the HIBT it holds, which will enjoy different proportions of dividend bonus in addition to the basic dividends.

In summary, when a user makes any transaction on the platform, in addition to obtaining the target assets, it can also obtain [mining generated HIBT + basic dividends + dividend bonus]. All of the above mining and dividend data will be made public in real time and are truly transparent and accessible.

Except the equity attribute, the asset attribute of HIBT is also important. The stability of HIBT price has a direct effect on the users' enthusiasm for participating in the transactions on the HiBTC platform. In order to guarantee a sustainable and robust development of HiBTC, we will make the "Holder Shared Fund Account" public to all users right after the platform is put into use. The HIBT unlocked in the account will be 100% locked in the fund account until the mining is finished and won't flow into the secondary market. The dividends these HIBT enjoys will be first used to pay for the dividend bonus generated in the Dividend Bonus Program; and the rest will be used to buy back the HIBT in the secondary market, which will be locked in the fund account, too. When the mining is finished, all assets in the Holder Shared Fund Account, (including HIBT and dividends), will completely belong to all the HIBT holders, and the specific disposal plan will be made public in time after the mining is finished.

Finally, HiBTC hopes to break the barriers to information asymmetry between shareholders and management, and between companies and users under the traditional "firm" model, and to build a co-governed and shared organizational structure so that each HIBT holder has the right to participate in making the platform business decisions. HiBTC introduces the world's first exchange "1+1" currency listing dual-channel mode, which abandons the traditional fee-based currency listing mode and opens the HIBT holder recommendation channel.

Advantages of HiBTC



SAFE



EFFICIENT



RISK CONTROL

**TRANSACTION
MINING**

**REVENUE
SHARING**

**WORLD'S FIRST
"HOLDER SHARED
FUND"**

**INNOVATIVE
"1+1" CURRENCY
LISTING MODE**



RIGHT SHARING



**TRANSPARENT AND
ORDERLY**



Safe

Safety of the users' digital assets is our top priority. HiBTC collaborates with top security companies, examining the platform codes and setting up multi-layer firewalls before the platform is put into use, and after its launch, using multi-signature and cold/hot wallet separation to place over 90% assets in the cold wallet as so to maximize the security of user assets.

Efficient

HiBTC provides users with a financial-grade transaction framework, which uses an advanced memory coupling algorithm to handle 2 million transactions per second; meanwhile, the securities-level API interface supports professional trading instructions such as high-frequency, GTT, GTC, FOK and ICO, providing extensive technical support for professional investors.

Risk control

The risk of single digital currency spot transaction is uncontrollable, and the professional investors are unable to reduce the risk effectively. Based on the digital currency spot transaction, HiBTC will further introduce the financial derivatives with digital currency as target, including but not limited to forward contract, option contract, future contract and token financing, providing the professional investors with rich and effective risk hedging instruments.

Transaction mining



HiBTC adopts the “transaction + token holding” mining model, under which 50% of the HiBTC Token (HIBT) is rewarded to users through transaction processing fee mining. Every time a user participates in a transaction with HiBTC, a transaction processing fee is generated, and then based on the HIBT held by the user and the market price of the processing fee paid by the user and the HIBT market price, HiBTC calculates the number of rewarded HIBT the user should receive according to a proportion and settle and release the HIBT once per hour.

Number of HIBTs mined in one transaction by the user =

$$(Q_i \times P_i \div P_{\text{HIBT}}) \times \alpha\%$$

Wherein,

Q_i stands for the number of processing fee paid;

P_i stands for the unit price of the processing fee paid at the time it is paid;

P_{HIBT} stands for the unit price of the HIBT at the time the processing fee is paid; and

$\alpha\%$ stands for the proportion of the processing fee return the user enjoys at the time the processing fee is paid

To maintain a long-term and steady development of the platform, HiBTC will limit the hourly mining quantity by a single account.

Users can increase their miner grades by increasing the HIBT "money holding", and high grade miners will get a higher rate of fee return ($\alpha\%$) and the upper limit of mining per hour.

Revenue sharing

HiBTC promises to regularly allocate the platform revenues to all HIBT holders and the remaining part will be used for platform operation.

At the last second of each hour, HiBTC will snapshot the HIBT holding status of all users and calculate the dividend distribution scheme according to the platform revenues within that hour and the ratio of HIBT held by each user. The daily accumulated dividends will be released the next day.

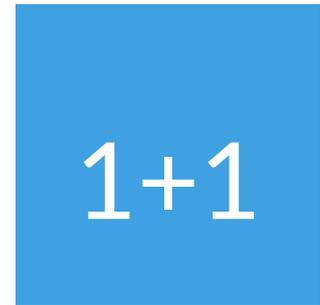
In order to encourage money holding users for long time, HiBTC will introduce a “Dividend Bonus Program”. Users can voluntarily join the program with part or all of the HIBT it holds. The HIBT joining the program will be locked as required, which will enjoy different proportions of dividend bonus. The longer the lock up period is, the higher the proportion of excess bonus is!

World's first "Holder Shared Fund"

1.8 Billion

Of the HIBT issued by HiBTC, 1 billion 800 million will be allocated to the "Money Holder sharing fund", (which is thawed according to the proportion of mining output). and the fund account will be made publicly to all users right after the platform is put into use. The HIBT unlocked in the account will be 100% locked in the fund account until the mining is finished and won't flow into the secondary market. This part of HIBT dividends will be used to repurchase secondary market HIBT. HIBT got by purchasing will be locked in the fund account, too. When the mining is finished, all assets in the Holder Shared Fund Account, including HIBT and dividends, will completely belong to all the HIBT holders, and the specific disposal plan will be published in time after the mining is finished.

Innovative “1+1” currency listing mode



HiBTC introduces the world’s first “1+1” currency listing dual-channel mode, which completely abandons the traditional fee-based currency listing mode. The “1+1” currency listing dual-channel mode includes a platform selection channel and a HIBT holder recommendation channel.

The platform selection channel requires the applicant hold and lock on HiBTC a certain quantity or proportion of HIBT as the “investor protection fund” during the currency listing period, which is not unlockable during the listing period. In case of any counterfeiting or fraud by the lister during the listing period, which causes significant losses to the investors, the investor protection fund will be paid to related investors.

The other currency listing channel is that HIBT holders recommendate channel of listing. If HIBT exceeds a certain amount, users can initiate the recommendation of currencies. Once the recommended support rate reaches the platform’s requirements, the platform will issue an inviting currency to the project side.

We hope that “1+1” mode can break the plight of the users choosing from limited choices and remove the short-term interest binding so that the users can take the initiative to decide what they need.

Right sharing

HiBTC discards the traditional centralized structure of a “firm” and there is no board of directors or management, just the founding team responsible for providing technical support for the platform operation. the right to make decisions on major issues, income rights, the right to elect community representatives, etc.which will be fully returned to HIBT holders.

Transparent and orderly

HiBTC will publicize all data related to user interests on a real-time or regular basis, including but not limited to platform transaction data, income data, mining data, and voting data, which shall be queryable, traceable and verifiable. We are really practicing transparency, fairness and honesty.



HIBT (HiBTC Token)

HIBT is the only token issued by the HiBTC trading platform and certificate of interest of HiBTC. The total number of HIBT issued is 10 billion, and HiBTC promises this number will be constant and never increase.



What rights do HIBT holders enjoy?

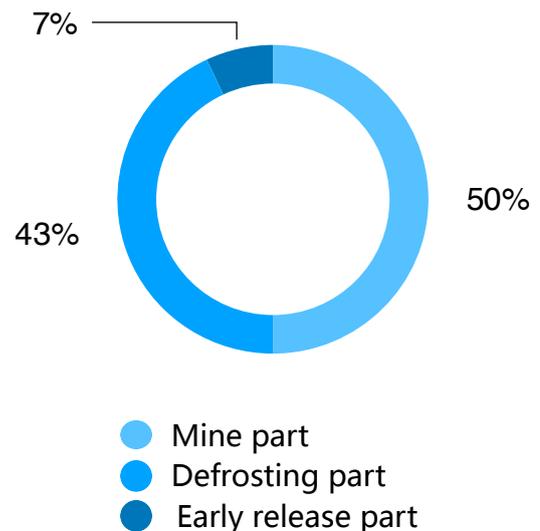
As the proof of negotiable encrypted digital equity, token will become an essential element in the coming digital economy era. Representing the rights of the HiBTC community, HIBT is the cornerstone of governance of the HiBTC community.

Right	Description
Right of revenue distribution	All revenue from the HiBTC platform will be distributed to the HIBT holders on a daily basis according to the bonus rules
Right of participation in decision making	With the smart contract voting function, the HiBTC community will provide the HIBT holders with opportunities of equally and openly participating in the decision making of the platform' s significant issues.
Right of election and supervision	All members of the HiBTC community committee will be elected by the HIBT holders and regularly replaced. The members will regularly report their work to all HIBT holders and receive the holders' supervision.
Right of listing recommendation	Users who hold HIBT exceed a certain quantity can make a listing recommendation.

How is HIBT generated?

HIBT is divided into three parts: "mining part", "thawing part" and "early putting part". Among them:

- Mining accounts for 50% of the total, all through the "transaction + coin holding to mine" mechanism award to users.
- The defrosting part is 43%, which is mainly allocated to the money holder to share the fund, the founding team and the strategic partners.
- The early release part is 7%, mainly to the cornerstone investors and the participants of the promoting activities.



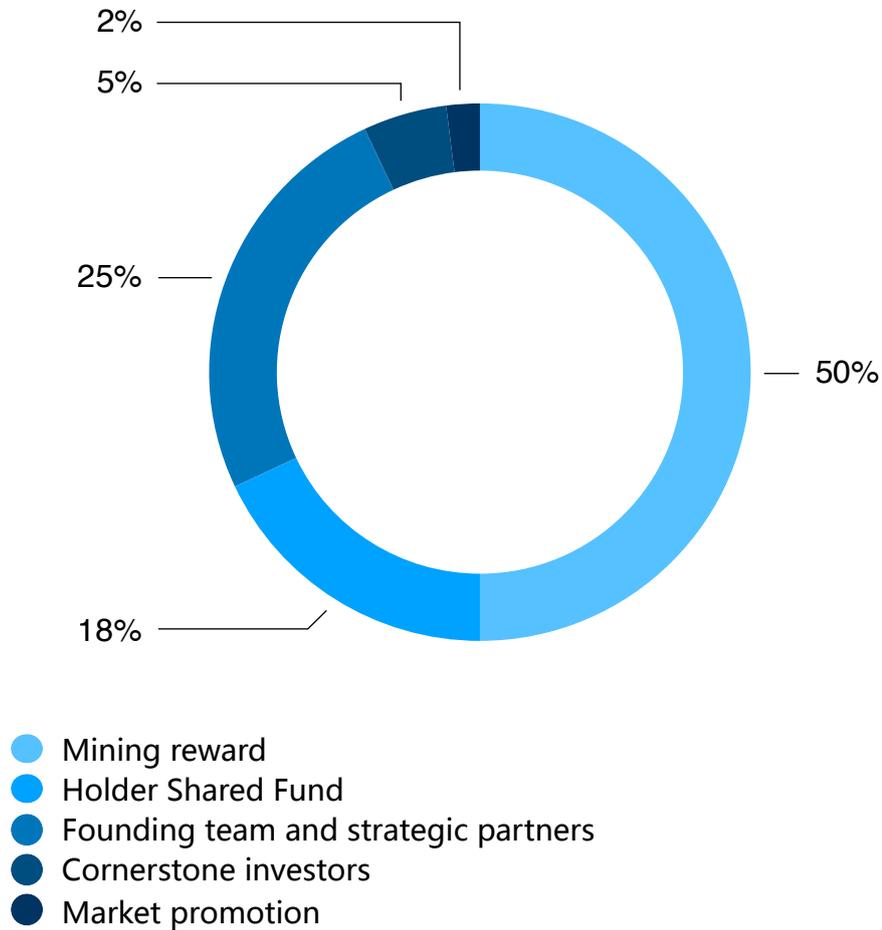
Mine part: the user participates in the transaction, produces the transaction fee, HiBTC according to each user's HIBT money holding situation and the fee of payment and the market price of HIBT, according to different proportions, the amount of the HIBT reward should be obtained, and each hour is settled. The specific mining rules are shown in the previous article.

To thaw part: in order to ensure fairness, the parts were frozen in advance, and then released according to the proportion of HIBT excavated from the excavated part.
 $\text{HiBTC released by thawing} = \text{HIBT of mining output} \times 43\% / 50\%$

Early release part: in order to ensure market stability, 5% of HIBT will be gradually put to the cornerstone investors after 6 months on the platform, and HIBT that don't put into market will be locked out as non tradable currency on the platform and not participating in the dividend; 2% is used for marketing, HIBT that don't give to the participants of the promotion activities, and is also locked as a non tradable currency on the platform, not participate in dividends.

How are HIBT allocated?

The initial allocation scheme of the 10 billion HIBT is as follows:



Part	Quantity	Proportion
Mining reward	5.0 billion	50%
Holder Shared Fund	1.8 billion	18%
Founding team and strategic partners	2.5 billion	25%
Cornerstone investors	500 million	5%
Market promotion	200 million	2%

Timeline

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- July 14**
HiBTC exchange open for registration
 - August 18**
Launch of HiBTC Exchange 1.0
 - September 18**
Functions of smart contract listing recommendation and voting made available
 - November 18**
Launch of mobile app
 - December 18**
Launch of financial derivatives