



tokenbox

Business Overview



The Platform's Tokens and Economic Model

1. The Purpose of Tokenization

The experience that our team has accrued through the development of The Token Fund, opens up opportunities to enhance and streamline the business processes for crypto funds and related investment activities.

We invite partners and investors to join the Tokenbox ecosystem by participating in the Token Generation Event (hereinafter - TGE).

Tokens can substitute domestic currencies, shares, bonuses or provide access to certain services of other block projects.

The usage of tokens (ticker - TBX) inside the Tokenbox ecosystem, allows the platform to develop seamlessly, and investors can clearly understand the goals for which they are purchasing TBX tokens.

Investors can rely on the fact that tokens are traded in the markets and therefore maintain liquidity.

2. The functionality and properties of TBX tokens

TBX tokens are utilised on the platform, thereby providing funds and traders with access to the Tokenbox operations as described below.

This methodology for utilising a TBX token can best be attributed to several "rules":

1. A fund or trader who wishes to operate their own fund on the platform and take advantage of all the facilities provided, acquires TBX tokens and deposits them on the platform. These funds in the TBX format, are placed in the portfolio managed by the fund or trader and are valued in the portfolio like any other assets;
2. Any fund using the platform is required to maintain 5% of all assets in its portfolio in TBX. For example, a fund or trader plans to invest \$1 million of assets through the Tokenbox platform. In this case, the fund must deposit and include at least \$ 50,000 in the TBX portfolio, which represents 5% of the entire portfolio value;
3. The value of all assets of the fund (including TBX) for compliance with this ratio is calculated in US dollars;
4. The value of assets in the fund's portfolio fluctuates over time as the value of market assets also fluctuates, according to the transaction volume of incoming and outgoing funds from other investors. At the same time, TBX tokens should be constantly present at all times in the portfolio of any fund on the platform, representing at least 5% of the fund's portfolio valuation. This principle

ensures that all operational assets of the platform can be used. In the event that TBX share in a portfolio drops below 5%, the fund will reject investments until the TBX share again equals or exceeds its 5% threshold;

5. Funds can acquire TBX tokens on stock exchanges in order to meet the TBX 5% threshold. It is also possible to reduce the TBX share to 5% if the price of TBX increases, raising its value in the total portfolio of the fund.

This model for utilising platform tokens has several useful aspects:

1. Funds and traders can accurately determine how many TBX tokens they should purchase in order to access the Tokenbox infrastructure;
2. TBX token demand reflects the level of platform development, as well as the dynamics of the number actual ecosystem token users;
3. TBX token manipulations are complex. On the one hand, managers and traders are interested in lower TBX price, which allows them to take advantage of the platform's functionality at a lower price. On the other hand, undervaluation is counterproductive, because a lower valuation limits the amount of assets available for management.

TBX token is a utility-token that provides access to the platform's operation. TBX liquidity can also be supported by the Platform's Reserve Fund. In order to understand this source, kindly refer to the distribution plan for funds that are attracted during TGE (**see Section 6.5**).

3. The economic model of using TBX tokens

In order to estimate the quantity of TBX tokens that can be effectively used on the Tokenbox platform, we have created a "predictive economic model" based on the overall volume of the investment on cryptomarket.

In order to achieve this, we have assessed the crypto-currency market capitalisation. The optimum level achieved in September 2017 has been adopted as the "base indicative level", and we believe that this value (=±\$ 172 billion) may well be exceeded even in 2017.

The cryptomarket's growth rate according to our first year forecast is thus calculated according to the dynamics of 3 previous periods with similar trends, and this indicates an average growth rate of 342% per annum. We have furthermore reduced our annual market capitalisation growth rate by 50%. We believe that this assumption is justifiable, because when any market sector "matures" one should not expect historic growth rates to prevail.

We have developed an approach to test this hypothesis based on the comparative analysis of the crypto market and the Bitcoin price in 2020.

Many predictions have been made regarding this, and our approach has been based upon statistical information. If the growth trend of the bitcoin price, which has been prevalent for seven

years, continues, this leading crypto currency will have revalued up to \approx \$250,000 by 2020 and the Bitcoin market capitalisation will exceed 4 trillion dollars. Thus, even when we reduce the forecast growth rate of bitcoin by 50% or more, we believe that our conclusions are following a logical trend.

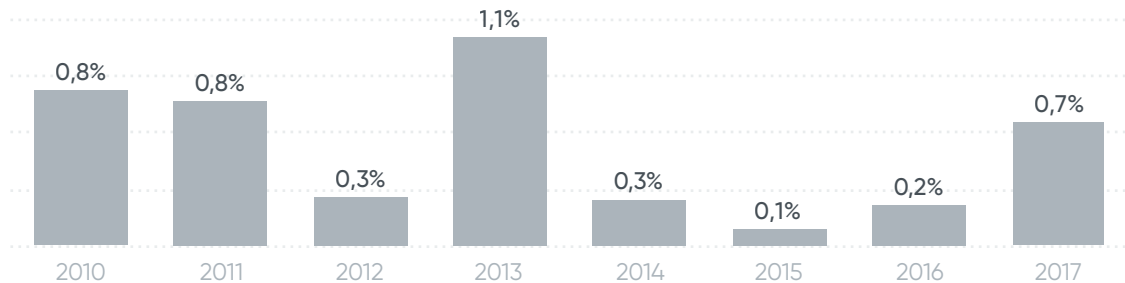


Fig. 1. Bitcoin average DAILY value change.

Market share of funds and professional traders is a critical aspect that also needs careful consideration in relation to the entire cryptomarket.

Conservative estimates suggest that in 2018 that their share will exceed 10% of the overall market¹.

Currently there is no crypto-platform available that can provide professional fund managers and traders a ready-made solution with which they can create their own tokenized cryptofund.

Tokenbox actually provides this solution.

The Tokenbox team possesses the necessary knowhow and experience after successfully launching and operating The Token Fund, and unlike most competitors, we are ready to offer technical solutions to the traditional investment market.

This positioning should ensure that Tokenbox platform will maintain a realistic market share of at least 1%.

The Tokenbox project started to evolve at the stage of market formation, and in our opinion, this competitive advantage justifies the growth rate that we forecast for the Tokenbox platform.

Key Market Indicators	2017F	2018F	2019F	2020F	2021F
Cryptocurrency market cap., MM USD	172 300	761 566	2 063 844	3 828 430	5 465 084
Growth rate of C-market, %, Y-to-Y		342%	171%	86%	43%

¹ <https://seekingalpha.com/article/4052276-cryptocurrency-funds-arrived-bringing-wall-street-money/>

Tokenbox Highlights

Share of tokens & cryptocurrencies under management of funds, %		10%	12%	15%	18%
Assets (crypto-currencies) under management of Funds (AUM), MM USD		76 157	247 661	574 265	983 715
Growth rate of AUM, %, Y-to-Y			225%	132%	71%
Tokenbox market share, %	0,00%	1%	3%	5%	8%
AUM on Tokenbox platform, MM USD		762	7 430	28 713	78 697
TBX share in portfolios		5%	5%	5%	5%

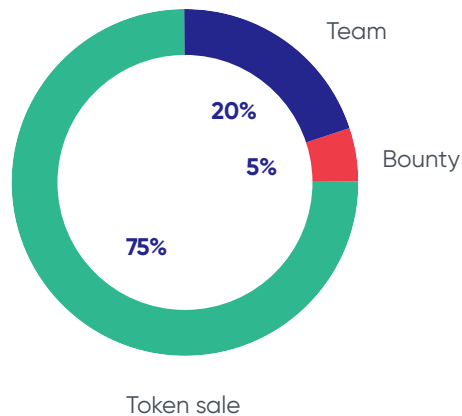
4. The Platform's Token Issue Process (Token Generation Event)

Token generation process (ticker – TBX) is organised using a smart contract on the Ethereum platform. Thus, TBX is a token of the ERC-20 standard and can be stored by investors using different wallets and services.

The TGE is planned on the basis of a limited release (Issue).

In total, no more than 31,000,000 TBX will be released. The total number of issued tokens is dependent on the amount invested. The total number of tokens after the TGE cannot be increased.

The cost of 1 TBX for investors at all stages of the TGE is 1 USD



The release of TBX tokens and their delivery to the wallets of the TGE participants is made within 10 days after the completion of the TGE. Representatives of The Token Fund and Zerion are monitoring the smart contract and the addresses, to which the collection of cryptocurrencies are made, using multi-signatures. It is also planned to attract escrow agents.

Token acquisition is possible using crypto-currency: BTC and ETH.

[Subscribe to the Tokenbox newsletter](#) and we can notify you about the TGE dates.

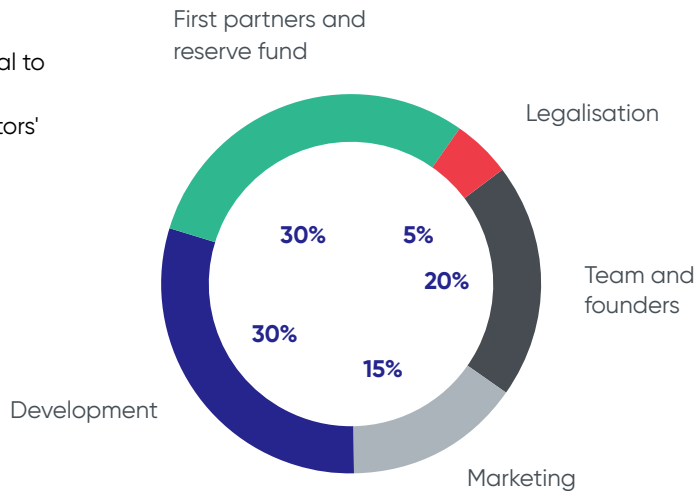
The Token TBX will be quoted on several cryptocurrency exchanges¹ and will have market pricing.

¹ Each quote will be announced by our analysts.



5. Distribution of Funds Collected During the TGE

The TGE is planned in total to attract no more than **20,000,000 USD** of investors' funds.



30%

Investments to connect the first fund managers and the formation of the Reserve Pool

Funding of up to 6,000,000 USD will be sent as initial investments to the funds selected by the Tokenbox team. These funds (traders) undergo due diligence. Funds are recruited based on the characteristics of the strategy employed and its associated risks.

It is planned to select up to 10 funds with optimally diversified strategies. These investments should also be considered as the marketing costs necessary to attract professional management partners to the Tokenbox platform.

Organisation and launch of the first funds on the platform contribute to the rapid growth and development of the user community.

Thus, the first partners Tokenbox (funds and traders) have the opportunity to receive significant management funds at the start of the platform (alpha version).

[Please contact us if you would like to become one of the first Tokenbox funds.](#)

30%

Development

Back-end, template smart contracts, web-interface for the platform, trading terminal, mobile and desktop applications.

15%

Marketing

Attraction of investors and funds to the site.

20%

Team and project's founders

Including the costs of research work.

5%

Legalisation

Company registration and appropriate licensing procedure.

Amount of funds managed by the selected funds is dependent on the initial funds raised and made available for investment out of the Reserve Pool as indicated above. The revenues and assets of these funds, if necessary, can be used to maintain the liquidity of TBX tokens, as well as to extend the functionality of the Tokenbox platform. The Reserve Pool will own tokens issued by the selected funds via the Tokenbox platform. Trading by the initially selected managers is anticipated to generate revenue for the "Reserve Pool" during the alpha version of the platform. Primary purpose of the Reserve Pool is the provision of commercial support for the creation of the Tokenbox ecosystem.

6. Tokenbox Operations

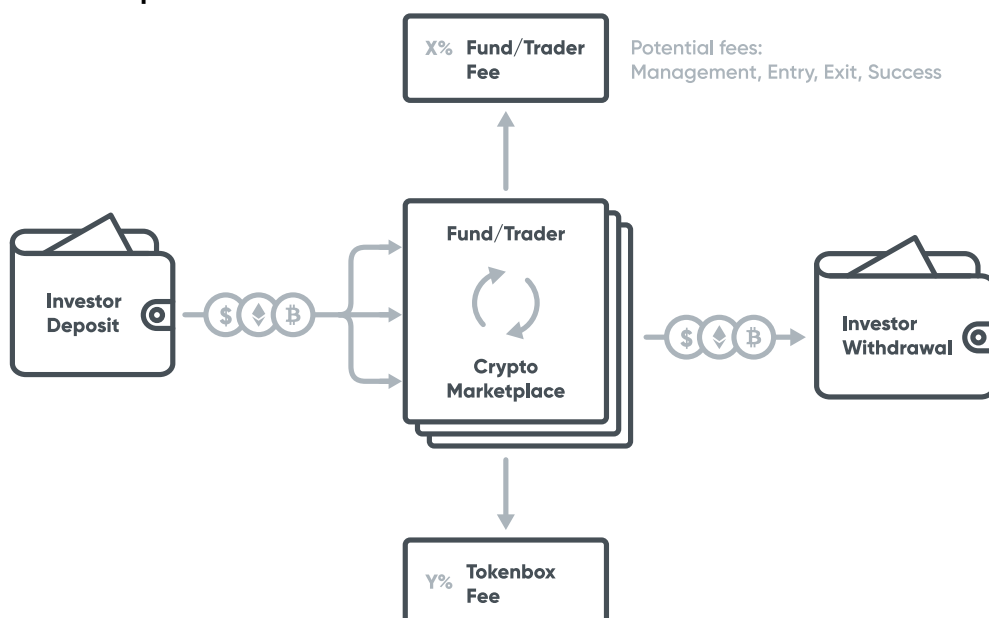


Fig. 2. Operating Model

Funds and traders in the Tokenbox ecosystem may charge certain commissions:

1. The fee for "entry" (for example, 2% of the invested funds is charged as a commission);
2. Payment for "withdrawal" (for example, 2% of funds withdrawn by the investor from the fund are charged as a commission);
3. Management fee (for example, 2% per annum on the net asset value of the fund's portfolio, collected in equal shares during the year);
4. Fee for successful management (for example, an annualised 20% of the profit received after a month or a quarter is deducted as a reward);
5. Combinations of options 1-4.

Part of the commission charged by the funds is utilised as the operating income of the platform Tokenbox. Another source of Tokenbox's revenue will be¹ the provision of internal liquidity to funds and traders at a regressive rate (for example 0.25%), depending on the volume of the transaction. External liquidity (exchanges) is provided according to the retail commission size.

¹ Upon development of Tokenbox later stages, see Section 7



LIMITATION OF LIABILITY

IT IS RECOMMENDED THAT YOU REFER YOUR QUERIES TO YOUR OWN PROFESSIONAL LEGAL AND FINANCIAL ADVISERS.

The information set forth above does not imply any contractual relationship and may be incomplete. The information is subject to continual updates and we are not obliged to give you any notice of the fact or content of any changes.

While we make every effort to ensure that all data submitted in the White Paper is accurate and up to date at the point in time that this version has been disseminated, the proposed document is no alternative to consulting an independent 3rd party opinion.

Token Box LLC, its directors, officers, employees and associates do not warrant or assume any legal liability arising out of or related to the accuracy, reliability, or completeness of any material contained herein.

Persons who intend to purchase TBX should seek the advice of independent experts before committing to any action, set out in this White Paper.

You do not have the legal right to participate in Tokenbox digital asset public sale if you are a citizen, a resident of (tax or otherwise), or a green card holder of the United States of America (including Puerto Rico, US Virgin Islands, and any other protectorate of the United States), Singapore, People's Republic of China or other representatives of the United States, Singapore, or the People's Republic of China or any jurisdiction whether the issue of TBX would be illegal or subject to any requirement for registration, licensing or lock-up.

"A representative of the United States, Singapore, People's Republic of China" means – a naturalised person resident in any of those jurisdictions or any institution, organised or registered in accordance with the laws of any of those jurisdictions. US citizens living abroad may also be deemed "US representatives" under certain conditions. According to the laws of the United States citizens of the United States living abroad can also be considered as "US Representatives" under certain conditions.

The regulatory status of tokens and distributed ledger technology is unclear or unsettled in many jurisdictions. It is difficult to predict how or whether regulatory agencies may apply existing regulation with respect to such technology and its applications, including the Tokenbox platform and TBX. It is likewise difficult to predict how or whether legislatures or regulatory agencies may implement changes to law and regulation affecting distributed ledger technology and its applications, including the Tokenbox platform and TBX. Regulatory actions could negatively impact the Tokenbox platform and TBX in various ways, including, for purposes of illustration only, through a determination that the purchase, sale and delivery of TBX constitutes unlawful activity or that TBX is a regulated instrument that requires registration of TBX itself, or the licensing of some or all of the parties involved in the purchase, sale and delivery thereof. The Tokenbox platform may cease operations in a jurisdiction in the event that regulatory actions, or changes to law or regulation, make it illegal to operate in such jurisdiction, or commercially undesirable to obtain the necessary regulatory approval(s) to operate in such jurisdiction.

Because TBX and tokenization of all funds (Fund Tokens) is based on the Ethereum protocol, any malfunction, breakdown or abandonment of the Ethereum protocol may have a material adverse effect on TBX or Fund Tokens. Moreover, advances in cryptography, or technical advances such as the development of quantum computing, could present risks to TBX, Fund Tokens and the Tokenbox platform, including the utility of TBX or Fund Tokens, by rendering ineffective the cryptographic consensus mechanism that underpins the Ethereum protocol.

As with other decentralised cryptographic tokens based on the Ethereum protocol, TBX and Fund Tokens are susceptible to attacks by miners in the course of validating TBX or Fund Token transactions on the Ethereum blockchain, including, but not limited to, double-spend attacks, majority mining power attacks, and selfish-mining attacks. Any successful attacks present a risk to the Tokenbox platform, TBX and the Fund Tokens, including, but not limited to, accurate execution and recording of transactions involving TBX or Fund Tokens.

Hackers or other malicious groups or organisations may attempt to interfere with the Tokenbox platform, TBX or the Fund Tokens in a variety of ways, including, but not limited to, malware attacks, denial of service attacks, consensus-based attacks, Sybil attacks, smurfing and spoofing. Furthermore, because the Tokenbox platform is based on open-source software, there is a risk that a third party or a member of the Tokenbox team may intentionally or unintentionally introduce weaknesses into the core infrastructure of the Tokenbox platform, which could negatively affect the Tokenbox platform, TBX or the Fund Tokens.



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