SERENITY FINANCIAL

THE FIRST ARBITRATION PLATFORM

First arbitration platform for traders and brokers

serenity-financial.io

Contents

1. Introduction

For the past 20 years, the development of Internet-based technologies has made it possible to involve millions of private investors in trading on financial markets around the world. A huge demand for currency trading and large profits have triggered a rapid growth of transaction clearing centers and brokerage companies. However, the growth of the industry and of the amount of funds raised notwithstanding, classical regulation has not yet created laws or rules which could protect the interests of traders and companies, and which could have been standardized, transparent and easily applicable to all market participants regardless of jurisdiction. At the present moment about 90% of brokerage companies have no regulation. All of the above creates conditions for the appearance of scammers, for the manipulation of the client's money and also creates substantial difficulties for the entry of new companies into the market.

An independent depository with segregated accounts and arbitration of transactions utilizing a blockchain is designed to become a single standardized system for monitoring and resolving disputes between the trader and the broker and also to exclude the possibility of misuse of client funds. Transparency and guarantees of lack of affiliation are achieved due to the use of the blockchain technology. Through the system, all trading and non-trading operations and transactions between the broker and the trader will be posted and recorded which will eliminate the possibility of retroactive counterfeiting and will allow to have a decisive word in resolving disputed situations.

2. Problem description

At the present moment in time, about 6,000 brokers provide Internet trading services through the MetaTrader 4 and MetaTrader 5 platforms. According to average estimates, about 4,000,000 traders have trading accounts in those brokerage companies. But only 10% of brokers from this number have a license to provide intermediary services on the financial markets. Most of the new brokers do not become licensed which is due to a complicated procedure, stringent requirements and high costs of about $ 200,000 - $ 400,000 which small companies cannot afford at the initial stage.

Over the years of the industry's existence, and against the backdrop of weak regulation and lack of clear standards, the industry has acquired an ambiguous reputation. New companies face difficulties in attracting customers while customers risk losing their deposits due to improper or ill-advised actions of the broker. For the past several decades, the arrangements of working with the account and of the processing of trading operations on the accounts of traders have not undergone any significant changes. The system remains closed and non-transparent. Brokers continue to have the technical ability to influence information regarding trading accounts, to freeze funds, to recalculate profits, to deny payment orders and to use client funds for non-intended purposes. In this regard, the non-transparency of the system creates difficulties for serious market participants or actors and favorable conditions for fraud. And it also provides ample opportunities for unfair competition among companies, for manipulating the reputation of competitors with the help of anti-PR tools.

At the same time, speculative trade on the difference in exchange rates remains one of the most profitable and continues to attract millions of people. An important aspect is the wide range of investments that exist, especially with respect to innovative investments: trade in crypto-currencies (brokers and stock exchanges with margin trading), trade in binary options. These areas are even less protected from the point of view of a private investor. For this reason the financial industry badly needs new technologies of regulation.
To change the situation, you have to radically change the approach. What is needed here is a single transparent regulatory system created on the basis of modern technologies.

3. Project description

3.1 The project mission is to create a safe transparent standardized environment for the monitoring of trading and non-trading transactions between brokers and traders and also a stabilization fund to insure risks.

3.2 Market actors for whom SERENITY FINANCIAL is created

Brokers: all companies providing online trading on the currency and crypto-exchange exchanges.

Two categories of brokers will participate in the system:

- ○ Category A Broker - providing repayment guarantees for the full amount of funds invested by the client, taking into account the profits / losses under completed transactions. These guarantees will be implemented by hedging trading risks through an open source and / or through the provided liquidity of the system.
- ○ Category B Broker - guaranteeing the return of own deposited funds of the client, taking into account the losses on trading operations.

Traders – private investors, participants of speculative trading on the currency markets who place particular importance on the accuracy of trade execution, speed of transaction processing and an honest and quick withdrawal of funds.

IB – partners of brokerage companies who place importance on the reliability of interaction with the broker, on the accuracy and timeliness of settlements.

3.3 The Operating Principle of Serenity Financial (Tasks That Will Be Solved)

SERENITY FINANCIAL is a system for control of, and storage of data on, trading and non-trading transactions between brokers and traders and also an independent depository with a system of segregated accounts. All statements are recorded in blockchain and are stored for the required amount of time. A cryptographic signature was created in the blockchain which ensures that it is impossible to change them retroactively. Statements can be stored simultaneously with a broker, in the depositary of SERENITY FINANCIAL and with a trader. As there will be a signature of these data in the blockchain, any of the three can always prove that their copy is real and not fake.

Additional protection for customers will be implemented through the creation of a digital signature, by means of which the customers will connect to their trading accounts and which will be added to each of their transactions which they make independently from their terminal. To make settlements between the trader and the broker, internal tokens denominated in any currency will be used.

3.4 Operating arrangements of SERENITY FINANCIAL (broker and trader interaction arrangements using the platform)

- A customer buys from SERENITY FINANCIAL tokens denominated in one of the currencies represented in the platform.
- With tokens, the customer can then open a trading account with any broker that is connected to the platform.
- Using a smart contract, tokens are reserved on a special escrow account in SERENITY FINANCIAL in such a way that the payment of such tokens to the broker or the customer is possible only with the consent of at least two of the three parties (customer, broker and independent arbitrator - SERENITY FINANCIAL)
- As a result, on the one hand, the broker sees that the customer's tokens are reserved for him, on the other hand, he does not have direct access to them. The broker provides the customer with a deposit equivalent to the amount of tokens on the trading account.
- The system accesses data from MT4, MT5 or another brokerage trading platform about the customer's trading results. And in so doing the customer will be protected with an additional digital signature system that will allow to identify the actions of the trader himself at his trading terminal and to exclude any unfair actions by the broker on the accounts of customers.
- If both the customer and the broker have no objections, within 24 hours after closing a transaction, the transaction is considered final and cannot be appealed.
- If there are objections, the broker or the customer may file a complaint with SERENITY FINANCIAL. The complainant makes a public application. A decision on the application will be published within 24 hours. For the initial examination of applications, an automatic transaction monitoring system will be used. Within 24 hours after a decision is made by the automatic system, the decision can be appealed by one of the parties. In this case, the application is submitted for a manual review by an independent arbitration commission (the pool of independent arbiters already exists - the International Finance Commission); if necessary, additional documents will be requested from the broker and / or the customer. Any decision of the arbitration commission is not subject to appeal. To pay for the services of the arbitrators and to prevent abuse of the services of the arbitration commission, a fee is charged for the submission of an application to the arbitration commission.
- If the customer loses money as a result of a transaction, after 48 hours the tokens become fully owned by the broker.
- If the customer makes money, the broker is obliged within 24 hours to transfer the tokens to the customer.

- Tokens that are not in reserve for current trading with a broker can be sent at any time for trading to another broker, can be sold back to us and can likewise be withdrawn from the system to deposit in own personal wallets.

4. investments

4.1 Investment attractiveness of the project

SERENITY FINANCIAL will generate income in several ways.

- o Commission fees for the issue of internal tokens in the system (or smart-contracts linked to Ethereum)
- o Subscription fees from category A brokers for a package of services, including technologies and liquidity.
- o Commission fees for manual arbitration

The target audience of the project are brokers providing Internet trading services through the MetaTrader 4 and MetaTrader 5 platforms. The total number of such brokers is about 6,000. Of these, only 10% have regulation. That means that we have a mutual interest with 90% of the brokers. At the same time, for the remaining 10%, participation in the system is also beneficial for image purposes. Across all of these brokers there are about 4,000,000 traders. Average monthly deposits and withdrawals vary in the range of 400,000 - 600,000 USD in total for each broker.

Provided that there are at least 1000 brokers in the system and 10% of deposits pass through the system, the average monthly turnover of cash will be about $50 million.

The payment for the creation of one contract and its movement within the network is 1%. This corresponds to the average commission level of payment systems for accepting crypto currency, while in our system brokers will receive all of the services of the system for the same price. Earnings from this type of activity will be about 500,000 USD / month.

Some brokers will obtain Category A status and additional earnings will be generated on the subscription fee and the sale of technology and liquidity. Taking into account the average monthly turnover of $ 2 billion per broker and the market margin for the sale of liquidity of $ 2 for $ 1 million turnover, provided that 10% of our customers become category A brokers, that is 100 brokers, the sale of liquidity will make it possible to generate an additional $ 400,000 per month. In addition, with a standard subscription fee of $ 2000 / month, this activity will bring in another $ 200,000. In all, $600,000 in total per month from this activity.

In sum, the estimated total revenue will be $ 1.1 million monthly.

This number of brokers will be attracted to the system due to the fact that this is the only opportunity for most unlicensed brokers to declare themselves and their intentions, to receive in advance a credit of trust from potential investors. This will also reduce

reputational risks and associated costs. And this will further restore investor confidence in the industry

SERENITY FINANCIAL will also be attractive to partners of brokerage companies – rebate services and similar. Because it is extremely important for such types of businesses that mutual settlements should take place very transparently and quickly. The project incorporates an arrangement for the instant payment of partner compensation. Payments will be made immediately to the partner wallet inside the system, from which some part will be sent to the customer's wallet, if necessary.

4.2 Performance targets of the fundraising

Technical development and launch of the project will take a year. Another year will be needed to involve the participants of the system and to end-up with self-sufficiency. Costs for marketing and development of the system will be about $200 000 per month, that is $5 million for 2 years. This is the *minimum-optimal* level for the project.

If the marketing costs will be reduced, then development can be completed for amount of $2 million. This amount is more risky, and is the *minimum goal* of the ICO. If a smaller amount of funds is collected, then the investment will be returned to the participants of the ICO, excluding the costs spent for the conducting of ICO itself.

With a level of fundraising of $14 million, these funds can be used to develop additional services that will provide additional value of the project for brokers. For example, developing your own bridge in MT4, a system for conduction of KYC which will allow working with us, including brokers licensed in traditional jurisdictions. This is the *optimal level* of fundraising.

To increase the attractiveness of the system for traders, it is planned to create a reserve stabilization fund, which will be used to settlement of obligations of brokers to customers in case of their bankruptcy. 10% of the company's profit will be transferred to this fund, as well as surplus funds in excess of $14 million received at the ICO stage. Taking into account the fact that 1000 brokers are planned to be involved to the system, the average balance of customers on accounts of brokers will be $2 million, to give the customers a confidence in the system, it seems reasonable to distribute up to $20 million in the reserve fund. Thus, the *maximum limit* of fundraising is $34 million.

If we take in account the fact, that at least 100 brokers of "A" category will be connected to the platform, and the average amount of deposits to maintain a hedged margin of counterparties for each of such brokers will be about $500 000, then the necessary amount of funds collected for the ICO will be in the range of $50 million.

Scheme of financial targets of the project:

1) <2 million - ICO is considered unsuccessful, money is returned
2) 2 million - minimum level - implementation of the main functionality of the system:
   a) Wallet - setting up the process of issuing and settlement of payment tokens.
   b) Settlement system - a system for reserving funds between a broker and a client using smart contracts.
   c) Arbitration system - connection of third-party arbitration services, integration of these services with the system.
   d) The remaining funds is used for sales/marketing
3) 5 million - implementation of the KYC-system:
   a) Addressing of the legal issues for the collection of clients' data, who is working with our wallet.
   b) Organization of the collection and verification of data.
   c) Addressing of the legal issues for the joint use of this data with brokers.
4) 10 million - realization of supply of liquidity:
   a) Development of a bridge for trading platforms, integrated with our payment solution
   b) Connecting of external suppliers of liquidity
   c) Obtaining the necessary broker licenses for working with prime brokers
5) 14 million - implementation of the system of recording transactions of customers
   a) Development of our own blockchain, intended to store transaction data
   b) Development of integration of trading platforms with this blockchain
   c) Development of server and client plug-ins for MT to sign all MT transactions
6) >14 million - organization of the fund necessary to maintain the hedging of customer positions among market makers for brokers of "A" category.
7) >64 million - organization of a reserve fund necessary for the development of the platform in various jurisdictions (opening of legal entities, authorized capital, execution of regulatory requirements to capital from state regulators)

Costs for marketing and sales will increase in proportion to the expansion of functionality.

5. System tokens issued under the framework of ICO

Revenues obtained from the sale of tokens will be used to further develop the platform, creating of a client protection fund, involving of participants in the system and marketing of products.

After launching the system and achieving self-sufficiency, 50% of the company's revenues will be used to buyback of tokens.

Company's operating expenses after the launch of the system will amount to approximately $100 000 per month, so $500 000 per month will be directed at the buyback procedure with the target revenue level of $1.1 million.

Buyback will take place at a price not lower than the nominal price of tokens at the time of placement in terms of US dollars or at market value, if price will be higher at the moment of buyback.

Sale of Serenity-invest tokens within the ICO framework will be carried out in stages. Each stage will have its own discounts and amount of tokens for sale. In total, 3 500 000 SI tokens will be sold, with a nominal value of 0.1 ETH.

1. In the first stage, a discount of 50% for SI will be provided. It will take place during the first 20 days of carrying out of Pre-ICO. Number of tokens is limited to 150000 SI. After this stage, there will be a break for 30 days, to assess the attracted investments and establish the marketing development of the project at the ICO stage itself.

All participants who have submit the application for participation in the Pre-ICO, prior to its start, with indication the number of required tokens, will have the priority right of buyback at the start of sales.

In the event that at the ICO stage, it is not possible to collect the minimum target amount of funds, the participants of the pre-ICO do not receive a refund.

2. Second stage: 35 days of ICO. Discount will be provided depending on the implemented fundraising tasks:

Number of SI tokens	Discount
150000	50%
250000	40%
500000	35%

700000	30%
1100000	25%
2100000	20%
3500000	10%

3. All unsold tokens will be destroyed.

4. After the end of the ICO, tokens can be freely traded on the exchange.

5. Client protection fund will be replenished with the profit of the system, at the rate of 10% of net profit.

6. SC tokens

SC-client (hereinafter "SC") is the tokens for internal circulation of client funds, necessary for mutual settlements between the client, broker, partner and other participants of the system.

Each system participant will be able to choose the required SC-client token with a price equivalent in one of the proposed crypto currencies (ETH, BTC, LTC and others), in which he wants to keep his deposit for margin trading at the broker, herewith, it does not matter with which currency the client is log in to the system. Rate of client's token in system will be tightly pegged to the chosen coin.

A trader, when he comes to a broker should obtain the funds for trade through our system. In turn, we release tokens, which have the equivalent in one of the coins and transfer these tokens to the broker, who cannot use them outside the market of the same client (for the brokers of "A" category is possible to use positions for hedging with the help of liquidity providers connected to the system), until take place the final mutual settlement of the client and the broker on the completed transactions or withdrawal of the deposit of client.

7. Project implementation stages

By September, more than 20 people have been involved in the implementation of project. Legal documents are being developed, technical aspects of the platform are being worked out, and a marketing plan is being prepared. Project publication is planned for September.

September, 2017

- о Проведение Pre-sale токенов SI
- о Carrying out of pre-sale of SI tokens
- о Marketing and preparation of ICO Serenity Financial
- о Collection of feedback from market participants and potential investors

October, 2017

- о Carrying out of Pre-ICO of SI tokens
- о Participation in specialized exhibitions
- о Active marketing of the project

November - December, 2017

- о Carrying out of ICO

January, 2018 — August, 2018

- о Development of own blockchain on the basis of Ethereum for recording the client transactions at the brokers
- о Involving of independent arbitrators to analyze the claims of clients
- о Preparation of legal documents, for the further functioning of the platform
- о Development of a beta version of the depository platform for clients and brokers
- о Creating a personal client and broker cabinets
- о Creating a wallets system
- о Transfer of SI tokens to the crypto currency exchanges
- о Connection to the system at least 3 brokers
- о Carrying out at least 100 client transactions

September, 2018 — February, 2019

- о Development of the final version of the platform
- о Development of an automated arbitration system

- Development of a digital signature of client, to identify the user and his actions in the system and at the broker
- Active marketing of the platform for all market participants (with a fundraising level of $14 million)
- Active sales of platform for new brokers (with a fundraising level of $14 million).
- Connection of more than 20 brokers
- Carrying out more than 1 000 client transactions
- Establishment of a compensation fund for clients (with a fundraising level of more than $14 million)
- Developing of own liquidity aggregator and connecting it to the platform (with a fundraising level of more than $14 million)

March, 2019 – December, 2019

- Active promotion of the platform (marketing and sales)
- Connection of more than 200 brokers
- Carrying out more than 20 000 client transactions
- Expansion of the wallet line in the system
- Carrying out the buyback procedure of SI tokens
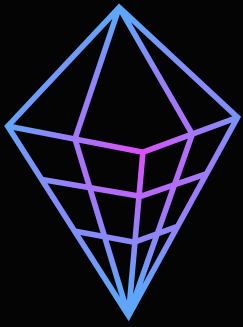
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