



**CEYBIT**  
CYBT



**Definitive Platforms to Foster the Growth of Cryptocurrency**  
For and By a New Token Economy

**WHITE PAPER**

# The Market is Just Starting

Cryptocurrency has taken the global financial economy by a storm. One of the by-products of this phenomena is the growth of high volume, highly successful trading exchanges.

Exchanges are rapidly growing around the world facilitating the sudden global demand and popularity of cryptocurrency. Exchanges such as Bittrex, Coinbase have been reported to have added more than 100,000 accounts per day. It is predicted by economists that exchanges will play a major role and be at the forefront of the internet of value.

A recent study conducted by Dr Garrick Hileman and Michel Rauchs at Cambridge University purported that the number of individuals using Bitcoin and other **cryptocurrency will grow exponentially to reach a staggering amount of 200 million by 2024.**

The sudden increase and demand in cryptocurrency has overhauled the existing exchanges, forcing many to stop new user registrations and others to upgrade their existing infrastructure. Currently the number of active bitcoin wallets are sitting between 2.9 to 5.8 million indicating there is a long way to go in the next six years.

During this period of popularity we have seen the rise of exchanges such as BitStamp based in Slovenia that has gained a reputation for being a professionally run exchange with continuous audits and maintaining good regulatory compliance.

User-friendly, complaint, secure exchanges are the future of modern finance. With society becoming more educated about the benefits of the blockchain technology and cryptocurrency coupled with the growth of the ICO markets, there is a clear global demand for exchanges. The current supply is limited, especially when you factor in the regulatory requirement. We recognize that quality exchanges are scarce but the need is enormous and that is the issue we are aiming to resolve.

According to Paul Domjan, global head of research and data at Exotic (leading investment banks of the developing countries) **cryptocurrency is predicted to make the biggest impact on the middle income and developing countries.** Issues such as inflation, currency volatility, high transaction costs, limited access to secure banking, capital controls, taxes and government instability has lead the people in developing nations turning towards cryptocurrency as a safe asset.

Countries such as Nigeria [1,2], Venezuela, Argentina, India and Mexico have been quick to accept and utilize Bitcoin and other cryptocurrency. The blockchain is allowing these countries to skip a few steps ahead, limit financial fraud and get access to safe and modern banking solutions.

Currently fiat exchanges are acting as the gatekeepers to mass cryptocurrency adoption. However it is asserted by many experts in the field that exchanges based exclusively on cryptocurrency will be more likely to grow in the distant future. This is due to the forecasting of mass cryptocurrency adoption [3] globally coupled with a shortage of legally compliant exchanges in both developed and developing countries.

One particular developing country that has yet to participate is Sri Lanka. There is a rapid interest and demand to acquire cryptocurrency and utilize the blockchain in the country. However, **currently there are no cryptocurrency exchanges in Sri Lanka.**

# Where Do We Come In

Introducing Ceybit, Sri Lanka's first cryptocurrency exchange working on providing the tools to 'leapfrog' Sri Lanka into the modern financial economy whilst utilizing first mover advantages to fuel its token and platforms.

With your help, Ceybit will be **Sri Lanka's first cryptocurrency exchange**, aiming to introduce its population of 21.2 million people to cryptocurrency and the blockchain. Ceybit will be expanding to other nations as we aim to be a leading exchange for developing countries. The expansion will start with **Malaysia** and then move on to **Philippines** and finish up with **Indonesia**.

In addition, Ceybit intends to become a gateway that provides its network of users three distinctive solutions which will be released in approximately three stages. The solutions are as follows:

**Our Core solution;** This will be the Ceybit Exchange. The exchange will be at the center of our services. It will be user-friendly using latest technologies with a mobile app and focused on regulatory compliance. This exchange will support the Sri Lankan Rupee (LKR) to a number of cryptocurrency trading pairs. The exchange will be initially the primary focus of Ceybit's operations.

*Upon successful deployment of the exchange we will roll out:*

**Our Mobile solution;** This will be the Ceybit Mobile Wallet. The wallet will be equipped with the latest technology and a unique map providing users with location information of the merchants using Ceybit (CYBT) tokens.

**Our Merchant Solution;** This will be the Ceybit Merchant Gateway. The gateway solution will aim to partner with merchants in accepting Ceybit token as a payment option in order to simplify and improve the existing payment processor framework.

These platforms will fuel the Ceybit Tokens (CYBT) and its economy. Our goal is to drive the value of Ceybits overtime by providing it with a number of functions and utility. The token will be essential to all three solutions, allowing it and our technologies to grow and increase in value together simultaneously.

*Our research focuses around the Sri Lankan economy and cryptocurrency market. Most developing countries share very similar underlying characteristics with subtle differences in governance. Our whitepaper will proxy Sri Lanka to other developing nations as this research to a certain degree can be extended to similar economies.*



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There is a large economic gap between developed and developing countries. Key factors such as **hyperinflation, financial exclusion and lack of transparency** have contributed to this disparity. Residents in countries experiencing hyperinflation tend to have limited stable saving options. Developing countries face financial exclusion due to lack of safe and secure banks, where vast areas would have 'banking deserts'.

"We as a country need to look at this very seriously, and for that we have to create an enabling environment to bring cryptocurrencies into the system".

- Central Bank of Sri Lanka

Blockchain and cryptocurrencies have the ability to bring developing countries to the modern economy by providing large number of unbanked people access to safe and secure banking. Unlike private banks cryptocurrency exchanges do not need to spend money on infrastructure or complex middlemen. This allows cryptocurrency solutions to reach anyone who has access to data.

Blockchain is also a transparent ledger, making it a viable tool in limiting financial corruptions as there is a digital footprint for all transactions.

Due to this, cryptocurrency and the blockchain have been embraced by developing countries. This is evident by the rapid interest and mass adoption of cryptocurrencies in countries such as Kenya, Nigeria, South Africa Indonesia, Malaysia and India.

Sri Lanka, being a middle income developing country has experienced similar challenges and the residents have started to show eagerness to learn and utilise cryptocurrency. The central bank of Sri Lanka had responded positively to the advancement of blockchain and fintech in the country stating that "we as a country need to look at this very seriously, and for that we have to create an enabling environment to bring cryptocurrencies into the system".

## Why Start with Sri Lanka? Inefficient and Troubled Market

Sri Lanka has a limited savings culture. This is partially due to the inadequate supply of financial institutions throughout the country. With the tourism industry booming over the last decade, the locals have more disposable cash.

The retail sector in Sri Lanka has experienced formidable growth in the last few years. A recent survey conducted by Takas (one of the largest local retail organizations in Sri Lanka) predicted the overall increase by 5% annually till 2020 and that e-commerce will outpace traditional retail corporations with a dramatic expansion of 71% to reach 4 billion in net worth by 2020.

A study conducted by Oxford Business Group have determined that the retail industry including e-commerce has experienced growth in Sri Lanka [5]. This is most likely due to the booming tourist industry, bringing new business and cash flow into the Island.

Sri Lankans are mimicking the West where the consumers are trending towards lifestyle and luxury goods. This is a contrast to other middle income countries such as Thailand and Malaysia who are have a more saving culture. Sri Lankans constrained saving culture can be explained by the limited supply of banks and financial education. There are areas in the country where there are banking deserts. This has heavily impacted the locals ability to save their earnings.

The majority of ATMS are only available in the main capital city of Colombo. However the places where there had been an influx of tourist and therefore an influx of cash still have very limited banking options. To be precise, the banking sector simply has not been able to keep up with Sri Lanka's economic boost.

Despite the retail and e-commerce boom merchants have stated that they have experienced a number of challenges in conducting business in Sri Lanka due to the reserved, outdated and costly payment gateway processors [6]. Although, progress has been made by banks and third parties the solutions often lack the user experience (UX), flexibility and features and support that merchants require.

The complexity of obtaining a payment gateway process coupled with the costly middleman fees have been a significant obstacle faced by the local merchants.

The local fintech industry has not evolved with its global counterparts and there has been **no significant improvement in terms of technology or usability**. Much of this is due to the poor attitude of the banks themselves and their influence on regulations to protect their interests.

## Fees, Fees...And More Fees

Preliminary research into gateways available have identified the numerous costs and fees associated with the set-up process:

- **Initial setup fee:** Providers charge a fixed sum to get businesses connected to the gateway.
- **Gateway maintenance fee:** recurring annual fees for using the gateway passed on to businesses.
- **Security deposit:** In order to maintain a payment gateway a security deposit is mandatory.
- **Commissions:** These are the transaction costs charged as a percentage of each transaction.

These cost structures are quite prohibitive to SME's (Small to Medium Enterprises) and startups. In some instances the amount of security deposit required by some banks exceed the daily revenue earned by SME's on average. This results in overhead costs that most businesses simply cannot afford. The existing structure favours large corporate businesses.

Third party gateways have attempted to reduce some of these cost burdens on businesses. However, this has resulted in placing additional requirements and restrictions on startups such as follows:

Many businesses in Sri Lanka are unregistered family owned grocery stores and retailers. Prevalent pattern in many developing countries

- **Eligibility checks** - registered business only (Many businesses are unregistered sole traders)
- **Risk & credit assessment checks**
- **Business plans**
- **Restrictions placed to use only certain banking partners**
- **Restrictions on merchant onboarding due to lack of capacity to scale**

Many businesses in Sri Lanka are unregistered family owned grocery stores and retailers. They are unable to obtain accounting services to draft business plans, profit and loss statements and cash flow statements for risk assessments due to the high costs associated with such services. A high proportion of these small businesses are also unbanked in the more remote parts of the island.

Some common problems faced both by banks and third parties include:

- **Long settlement times**
- **Slow setup time**
- **Lack of 24/7 support services**





# Lets Look at Some Economic Factors

Hurdles around cost structures, requirements and restrictions are creating barriers to entry, diminishing gross margins and making it extremely difficult for SME's to not only integrate but operate an online retail solution. It leaves many of them incapable of participating and contributing to the retail and e-commerce boom taking place.

## Financial Culture and Economic Policy

Empirical observations suggests the meager supply of banks have contributed heavily to the limited savings culture in Sri Lanka.

Inflation is not yet a great concern for the economy as some other nations in the world, but recent trends in government spending suggest the **nation might be heading towards a potential debt crisis as debt-to-GDP levels are sitting at a staggering 95%** implying all government revenue is heading towards debt repayment [7,8,9]. More money spent paying debt means less money left for education, infrastructure and maintenance of public services. As the **burden of paying debt increases these costs are passed to the population** by way of higher prices & taxes which usually from an economic perspective is the **starting point of inflation** [10]. With studies and high profile economists suggesting that the country is heading to a public debt driven recession there is an urgency to find alternative methods to combat inflation or avoid it entirely.



*Sri Lanka inflation rate according to world bank*

## Cash is Still...The King

The population in rural areas of the country is still largely cash oriented [11]. Conversely, due to greater access to banking people in urban areas are better equipped with banking facilities. Credit card adoption as a result in urban areas are also seeing strong growth rates [12].



## Everyone's Got a Smart Phone...Right?

Sri Lanka's telecommunications market is **small but relatively developed and mature** compared to its neighboring countries of Pakistan and Bangladesh. The telecommunications infrastructure has been growing steadily with almost **70% coverage Island wide** on 3G networks [13]. The mobile market has experienced very strong growth over the last five years from 96% in 2012 to 126% in 2017.

This has been the result of offering efficient and effective alternatives to the fixed-line networks which is forecasted to slowly decline as the mobile segment becomes an essential service and continues to expand [14]. The market is moving from 4G towards 5G mobile services. Current forecast suggest moderate growth in the mobile market over the next five years to 2023.

**Mobile broadband connections has doubled each year** since their introduction in the year 2009, registering an average growth of nearly 96% during the past 8 years. **Internet penetration has reached 30%** with total active internet users adding up to 6.1 million [15]. These figures will continue to grow strongly over the next five years.

In terms of **smartphone usage it is one of the fastest growing markets in South Asia**. According to Henry Liu, country head of Huawei Sri Lanka, the company reported an increase of 300% in sales growth for the first half of 2015 [16]. Around **40% of the country's 14 million mobile subscribers are in possession of a smartphone** [17]. Smartphone sales have been on the rise for the country's leading consumer durable retailers recently. One particular retailer, Singer (Sri Lanka) PLC had noted that its smartphone sales turnover had increased 54% year on year in 2016.

## These Days Everybody has Heard About Crypto

Cryptocurrencies are **yet to reach mass adoption in Sri Lanka**. However in the last few years cryptocurrency had started influencing the country. One example of this was a local hotel in Kandy (a popular tourist town) was for sale and Bitcoins as tender was accepted by the owner. Sri Lanka in a slow but steady pace have started taking cryptocurrency seriously.

2017 was deemed by many blockchain enthusiast as the year 'Cryptocurrency went mainstream'. We are now starting to see a general increase in awareness globally and Sri Lanka is also being brushed by its growing popularity.

There are numerous websites in Sri Lanka aiming to introduce cryptocurrency to the population by providing links to international exchanges and other educational resources. Momentum is starting to develop in the country and the **country as a whole is getting more curious**.

**Buying cryptocurrencies remains a long, time consuming, difficult and costly process**. At present there are **no cryptocurrency exchanges in the country**. The only possible avenue to obtain cryptocurrencies is through local bitcoins (a global website connecting buyers and sellers meet prior to exchange or on a pure trust basis exchange).

We have noticed a few websites providing services via direct bank deposits. This is slow and heavily dependent on trust with high risk for delivery of coins. There are no guarantees. Our research also suggest the volume of transactions taking place in these mediums are quite low.

**Mining major cryptocurrencies are near impossible**. There are two main factors contributing towards the inability to mine cryptocurrency, the complexity of mining cryptocurrencies like Bitcoin and Ethereum is difficult for a lay person. Secondly the hardware required to mine Bitcoin and other cryptocurrency are rather scarce in Sri Lanka.



## Perhaps not the Right Kind of Reaching Out

We have noticed some notable blockchain projects such as **Hyperledger attempting to create awareness** through local meetups [18], which had generated a good turnover of participants (19). Although, these efforts are valuable in increasing awareness to the public around blockchain technology the permissioned nature of this project meant its focus was around expanding the industry use and aspect of blockchains as opposed to the public permission-less use of blockchains.

Similar efforts were made by R3 who approached the Central Bank of Sri Lanka (CBSL) with an invitation to join its consortium. Although the CBSL had turned down the proposal, it had created awareness into the current trends in fintech and blockchain technology taking place around the globe. These efforts still has not amounted to much in terms of advancing local knowledge and understanding of the technology.

There is a gap and need for the introduction of blockchain to the society and this is what we aim to address.

## All Systems are a Go

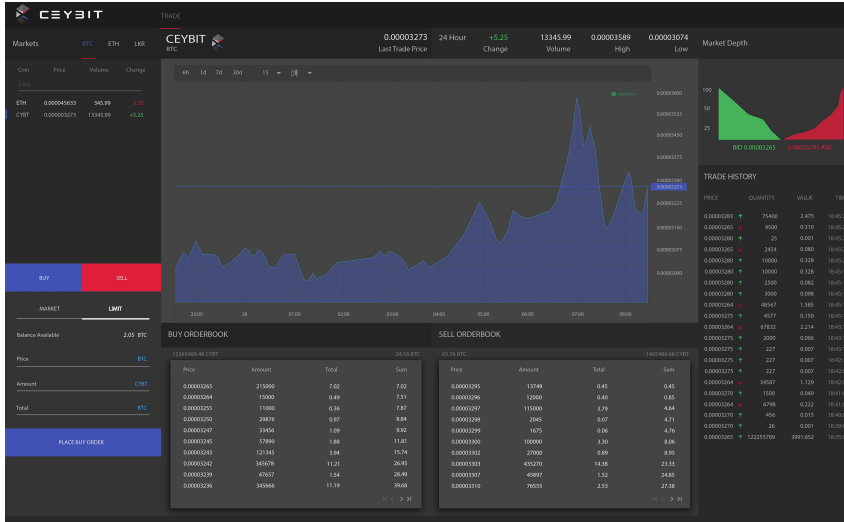
A recent interview of the payment and settlement director at CBSL hinted **the nation is ready to face the next generation of fintech advancements and welcomes innovation in all forms**. He specified **The Monetary Law Act and the Payment and Settlement Systems Act adequately address the regulatory coverage for technological developments** which encompass present and future technological advancements.

According to the director two research committees have been appointed to studying the potential effects of Fintech and Blockchain and their applications.

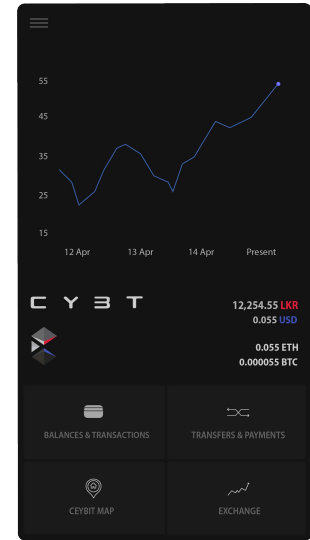
After our extensive research and analysis of the environment and challenges present in Sri Lanka we have carefully considered and chosen a set of blockchain related products that would best fit existing and future structures with an optimal solution for some of the key challenges that the Island faces.



## PRESENTING CEYBIT



Exchange Landing Page



Mobile Wallet Dashboard

Ceybit is a collection of **three** interconnected platforms:

- Ceybit Exchange
- Ceybit Mobile Wallet
- Ceybit Merchant Gateway

Our platforms are essential tools needed to help our initial target users acquire, adopt and understand cryptocurrencies and other blockchain technologies.

Each of these solutions are designed to address key unique areas. The exchange addresses trading and investing. The mobile wallet address peer-to-peer payments. The gateway addresses e-commerce adoption. Together they aim to maintain Ceybit's position as the leading provider of cryptocurrency solutions to the general public.

Ceybit software aims be Sri Lanka's first cryptocurrency solutions provider. Our vision is to equip anyone who has access to a smartphone, tablet or a desktop computer with the tools to buy and sell cryptocurrencies securely and easily.

Ceybit's platforms are **not restricted only to Sri Lankans**, our Vision is to be a global providers whose services will be accessible to everyone. Our Mission will begin from Sri Lanka,

However, Ceybit Software will initially focus on introducing the masses in Sri Lanka to the blockchain and cryptocurrency. Once the market is saturated we aim to expand and market globally.

*\*The above depictions are very close visual representations, but not the final version of the product.*

# Phase One: The Ceybit Exchange

There are fundamentally two types of exchanges:

- Fiat-Cryptocurrency Exchanges
- Exclusively Cryptocurrency Exchanges

Fiat-cryptocurrency exchanges play an important role by facilitating the purchase of cryptocurrency using cash. In developing countries these types of exchanges dominate since they simplify the acquisition process.

Exclusive cryptocurrency exchanges on the contrary requires users to own tokens to be able to trade on them. These exchanges do not generally fit well within developing countries as many of its people do not own tokens. However, these exchanges provide exposure to promising projects assisting with financial inclusivity. We believe these types of exchanges will dominate the future of cryptocurrency.

Taking into account these factors we are designing Ceybit as a Hybrid Exchange, which will be a combination of the two with a focus on the former.

## Exchanges are Taking Over... Which Means Higher Standards

Exchanges are positioning themselves to be the future of financial services. This mean exchanges are required to maintain a high standard in the quality of products and services offered by them.

Ceybit exchange has been designed factoring technical, user-friendly, regulatory and compliance standards. We will focus in the following key areas:

**Architecture:** The exchange system is engineered from the ground up using some of the latest and progressive technologies. It is not a 'duck tape' or a 'quick fix' solution. Careful consideration has been placed on security, scalability, speed and efficiency.

**Security:** Many notable exchanges have been victim to hacking. We are building Ceybit to high standards, using latest encrypting technologies to keep the exchange as secure as possible. Security of our exchange is paramount and therefore we will engage in continuous code audits and penetration testing to ensure we maintain some of the highest standards in the industry. Security of the exchange will be in the center of our project.

**Reporting:** Our aim is to provide extensive reports to users through dashboards. These are designed to assist with trade analysis, profit and loss summaries, prospective investments and legal reporting. We believe communication and transparency is cornerstone to a successful exchange.

**UI/UX:** User experience and feel is critical to be able to attract both technical and novice users. We will constantly be working to ensure a best fit is attained for both types of users.

**Customer Service:** As the first cryptocurrency exchange in Sri Lanka we anticipate a large volume of support requests. Using our own experiences with some prominent exchanges we have understood the importance to swiftly respond to support requests no matter how trivial or strenuous. When seconds on an exchange can cost thousands of dollars it becomes crucial to have a prompt and efficient customer support team available 24/7.

**Language support:** Ceybit will support English, Sinhalese and Tamil initially. We will broaden support for other countries as we begin expansions to global markets.



# The Exchange - A Closer Look

## How Much Load, Can it Handle

The matching engine of an exchange is crucial to its success. The number of orders the engine can handle without becoming overwhelmed is a key factor between a strong and a weak exchange.

Making Ceybit one of the fastest exchanges in the market with a matching engine capable of handle a multitude of orders will be imperative. We will continually make improvements to our engine to stay competitive and grow. The exchange is being designed to handle over a million orders per second.

## The Pairs

Ceybit exchange plans to support trading pairs in the following coins:

- Bitcoin (BTC)
- Ethereum (ETH)
- Sri Lankan Rupee (LKR)

These will be the first set of pairs rolled out. In time, we will add support for more coins which will depend upon its credibility, liquidity and adoption.

## Maximum Coverage

Given the market we are aiming to penetrate, we will provide cross-platform trading clients for:

- Web-based client
- OS native client
- Android native client
- Windows native client
- PWA (Progressive Web App) format
- REST/JSON API



## What's the...Cut

Exchange revenue will come from the following areas :

Transaction Fees	A transaction fee of 2.50% will be charged per trade for all rupee (LKR) markets except for the CYBT/LKR pair, which will be subject to higher seller fees. All other markets will be subject to a 0.95% fee except for CYBT pairs, which will be subject to higher seller fees. Other variations will be introduced including maker-taker, volume based tiering and 0% fee promotions.
Withdrawal Fees	Withdrawals will be subject to a fee no more than 2 USD in token value.
Listing Fee	Initially we will not charge listing fees. Although, as our exchange grows to include promising projects we will charge a listing fee.

Initially, higher fees will be charged in the Sri Lankan Rupee (LKR) market. This is due to the fact that Ceybit will be the country's first digital asset exchange and therefore we will be taking advantage of being the first to strengthen the value of the Ceybit Token (CYBT). In addition a commission of 2.5% will be taken across all LKR pairs for a period of 6 months, this is again to ensure that CYBT will retain the best possible value.

After this period, the fee structure will be re-evaluated and adjusted to competitive market rates.

Upon launch, the cryptocurrency pairs will also be subjected to a fee of 0.95% for a period of 6 months. This fee will be reduced to 0.5% to remain competitive.

## Revisiting...Security

The security of user funds, and performance of the exchange will be guarded using:

**SSL certification and HTTPS connections:** used to encrypt the data being sent from a users browser to our web-servers.

**DDoS (Denial of Service) attack protection:** to mitigate risk and enable our users to access the exchange in the event of such cyber attacks.

**Offline wallets (cold wallets):** the exchange's wallet will be stored in a secure facility with trusted personnel having access to its data and location.

**Daily backups:** will be made to protect our users funds and records.

**Bytecode level encryption:** will be implemented to secure our databases even further, where the attacker will require our private keys to unencrypt traffic and information. These private keys will dynamically change every 30 minutes to make our systems bulletproof.

**Hardware Security Module (HSM):** is a physical computing device that safeguards and manages digital keys for strong authentication and provides cryptoprocessing. Ceybit will employ HSM's in the management and protection of keys. This is equivalent to bank grade security and is considered one of the most safest practices in the finance industry.

# The Exchange - Where Will the Demand Come From

## User Profiles

The exchange is likely to appeal to all users of the Ceybit token economy as all parties will mostly likely interact with the exchange at some point in time. However, its mains users can be classified into:

## Businesses With New Models

Financial business users are likely to grow as cryptocurrency becomes accepted and regulation is stipulated. **With many cryptocurrency Hedge Funds emerging around all parts of the world, a similar patterns is likely to materialize in Sri Lanka as well.** These financial businesses are likely to focus on trading, speculating and investing activities around blockchain assets. These new types of organizations emerging locally is likely to come in many forms such as small startups, established investment arms of large corporations or even sole traders. Regardless of their structure they require the best tools available to engage on the exchange. Ceybit will be paying close attention to these trends in order to provide the best platform for such entities since they have a high possibility of occurring.

Other types of business users interacting on the exchange might include groceries, online shops and retailers. The activity of these users on the exchange will occur through the Ceybit Merchant Gateway, which will be introduced within its section briefly.

## The Individual Trader


Cryptocurrency markets are dominated by individual traders, speculators and investors. Many of these individuals joined with the curiosity to learn about markets, and a majority of them are likely to take up trading as a hobby or professionally. This global trend of individuals becoming full time traders is growing everyday. Much of this pattern is due to the fact traditionally access or trading on capital markets were conducted by brokers. Exchanges are removing these middlemen and equipping individuals with the ability to conduct their own trades which at the same time is also creating new jobs.

In the light of such circumstances, it has become evident this pattern is likely to continue to all parts of the planet. Ceybit predicts a similar outcome to occur within Sri Lanka as its population gains access to new classes of assets and markets. **The number of individuals trading on a day to day basis is projected to grow as they become comfortable with the mechanics around trading.**

One specific group of trader might be international users wishing to invest, speculate or engage in the Sri Lankan economy via Ceybits (CYBT). Although the level of transaction of these users will be relatively low, Ceybit recognizes such users wanting to speculate, diversify or travel the country might trade on the exchange to purchase CYBT.

With respect to international traders, as Ceybit begins its expansion to overseas markets, exchange fees will be reduced significantly to compete with other exchanges globally. Ceybit will also work towards listing successful and promising projects and initial coin offerings.

Overall, Ceybit anticipates this influx of new types of users being created in the Sri Lankan economy around cryptocurrency and is positioning the exchange to meet this demand. The volatility and return in cryptocurrency markets are likely to keep engaging these users on the exchange. In time, to achieve our vision of making the exchange a top 10 in the world , Ceybit, will adjust its fees and strategies accordingly.



Individuals are becoming full time cryptocurrency traders since access to traditional financial markets are largely restricted to financial organizations.



# Phase Two – The Ceybit Mobile Wallet

The Ceybit Mobile Wallet will be our **peer-to-peer payment solution**. The main objective of the wallet is to increase awareness of Ceybits (CYBT) and promote its token economy.

The wallet will act as a tool to acquire new users and help them understand the use of CYBT and cryptocurrencies in general by providing the necessary infrastructure.

The user acquisition will be done by distributing CYBT held in our User Growth Pool (UGP) through airdrops, signup bonuses and other promotional methods. The purpose of the CYBT distributed would be to promote the use of cryptocurrency and incentivize purchases through our partner e-commerce businesses and Ceybit Merchants.

The wallet will be capable of providing the following functions:

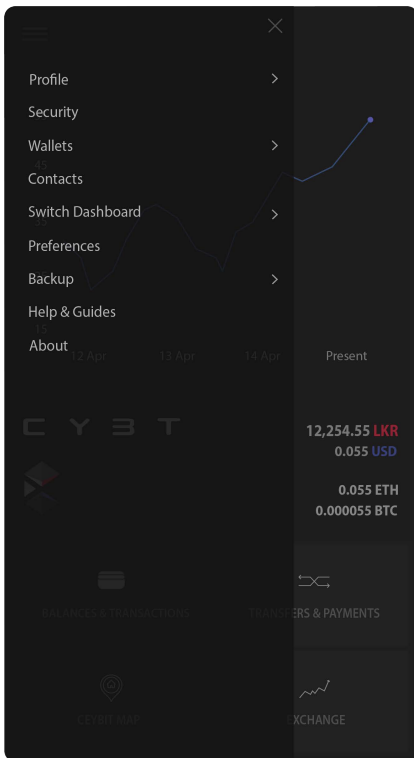
**Storage:** The ability to store CYBT locally or on the exchange. The wallet by default will store cryptocurrency on the mobile device (In-App wallet) with an option to transfer CYBT to a secured offline wallet maintained by the Ceybit Exchange. The wallet will also provide an option to backup data on a secured offline database maintained by the exchange. Ceybit is taking measures to secure user funds by providing extra storage and backup options which the user may choose to use.



## Taking Essential Steps to Backup and Protect User Funds

This function is preventative measures against possible:

- **Human error:** by improperly recording or misplacing/damaging the physically written backup phrase.
- **Phone Damage:** may occur due to mishandling or exposure to certain environments.
- **Data Corruption:** might take place during system upgrades or other unforeseen software bugs.



The In-App wallet will be a standard light wallet with encrypted private keys created and stored on the device. The private key is never shared with any central servers/databases (unless the user opts-in for added backup in an offline database). It will use a 12-word seed phrase in a specific order to recover the wallet. For increased security, a PIN is requested to access the wallet with fingerprint verification for supported devices. Ceybit will actively consider other wallet architectures such as Hyper Deterministic Light Clients closer to release with the most suitable structure being implemented.

# The Mobile Wallet - Paving the Road to Decentralization

## Pay Anyone. From Anywhere

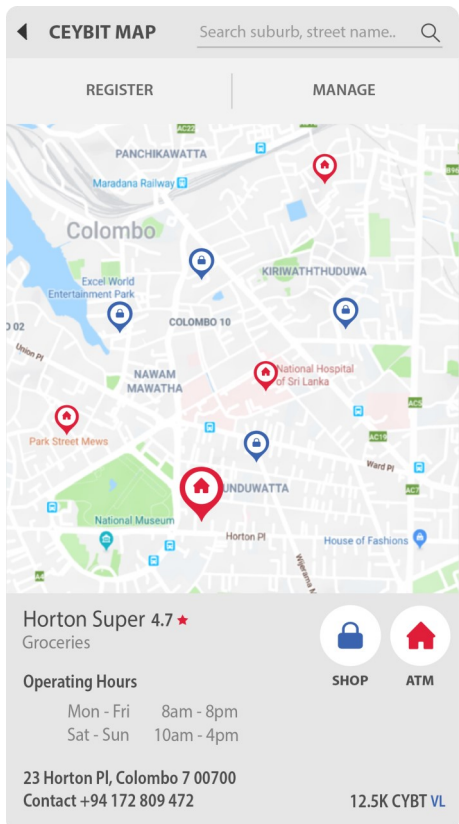
**Payment & Remittance:** Ability to transfer, pay and/or accept CYBT as a form of payment. The wallet will enable its users to transfer CYBT in a peer-to-peer decentralized manner through the Ethereum blockchain. This might include transferring CYBT among friends, buying a coffee at a local shop or receiving CYBT from a family member or friend from overseas. In time, the wallet will grow to support other currencies such as Bitcoin, but initially it will support CYBT transfers only. Additionally, users will be able to make purchases from online shops and e-commerce websites through the wallet.

## Accept Payments...Hassle Free

The ability to receive CYBT means merchants are now able to easily accept CYBT as a form of payment. Using a special dashboard custom designed for merchants; they can begin accepting payments quickly. Merchants can choose to use the standard wallet to accept payments as well; the difference lies in the optimized merchant dashboard designed to accept payments on a separate user account (private/public key).

Payments for all users will support QR code functionality; to swiftly determine the amount and address of the counterparty to a transaction. In the case of purchases, it will exchange additional information to push notifications to obtain approval prior to confirming a transaction.

There will be a lifetime or maximum limit a user can transact in CYBT; this limit is set to 155,000 LKR (approx. USD 1,000) by default. Upon reaching this limit, AML/KYC checks will be required to lift this restriction. It is a system designed to attract users, helping them transact and subsequently performing the required AML/KYC checks before allowing them to continue operating as normal.



## Locate, Spend and Trade for Cash

**Location Services:** The wallet will feature a map that provides detailed location information of Ceybit merchants near the user or around a specific location. The ability to quickly discover partner merchants will provide avenues for users to spend CYBT in stores, shops and businesses for goods and services. In addition, the user will be able to filter authorized teller merchants to trade (buy and sell) CYBT using cash (not all merchants appearing on the map will be authorized to trade until AML/KYC checks have been approved, and CYBT collateral requirements have been met).

The ability to trade CYBT using cash enables anyone to access CYBT and interact with the Ethereum blockchain. We see this as a huge contribution to the Ethereum network.

With the growth in the number of teller merchants the wallet will be the fastest and easiest way to locate and access CYBT for people all around the island. Ultimately, if Ceybit reaches its penetration rates; a vast amount of people who do not have access to the advantages of banking could instead benefit from access to the blockchain.

Anyone with a smartphone will be able to buy and sell CYBT using cash and spend it at stores appearing on the Ceybit Map.

Ceybit Wallet Map

# The Mobile Wallet - A Deeper Look

## Market, Attract and Grow

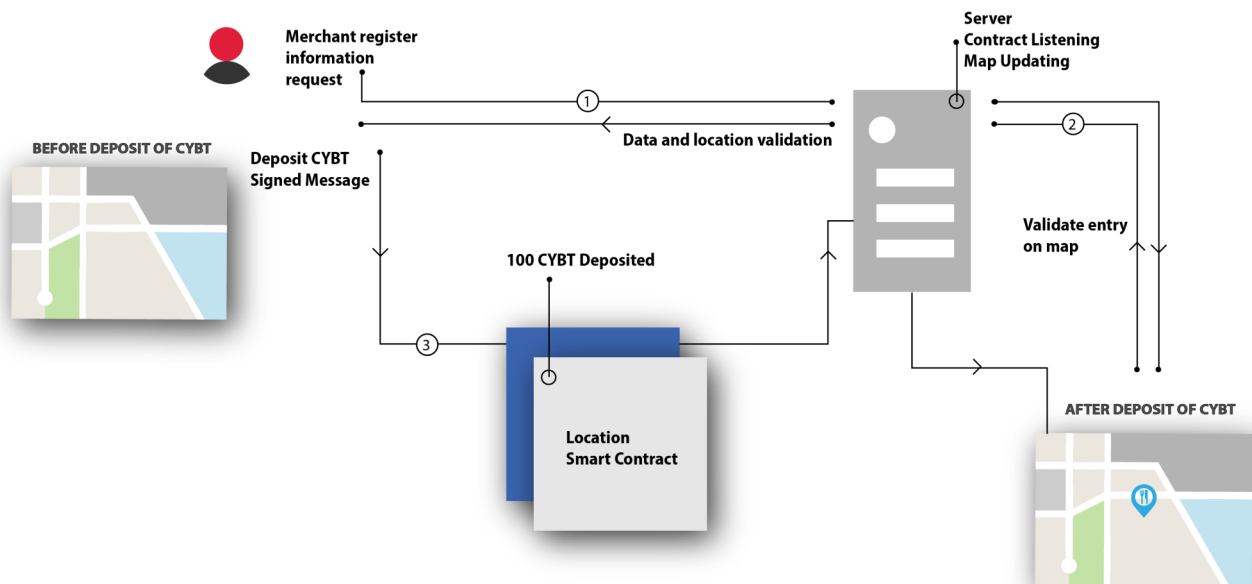
For merchants; location services provides **additional exposure to their business attracting a new type of consumer**. The Ceybit Map will enable business branding by allowing merchants to advertise the nature of their business (type of business - grocery store, retailer, pharmacy, car wash and so on) by having custom pins on the map. Additional information such as operating hours, and contact information will also be displayed for added level of convenience for users. Furthermore, authorized teller merchants (ATM's) will indicate the volume (range) per cash transaction supported.

As cryptocurrency usage increases, merchants are able to attract this new progressive user. Being at the forefront of technological adoption creates attraction and enthusiasm which will benefit early adopters greatly.

## Collateral, Cash Trades and the Reputation System

To appear on the Ceybit Map merchants are required to place CYBT on collateral (deposit) via a smart contract called by their wallet. Withdrawing CYBT from the smart contract will remove their listing from the Ceybit Map. The *amount* of CYBT placed on deposit to gain visibility will be fixed. The Ceybit Foundation will ensure that every merchant will have equal opportunity to list themselves; the foundation will maintain a pool of tokens for this purpose from the User Growth Pool (UGP).

For ATM's additional deposit requirements will exist since they deal with cash transactions on top of their commercial (industry) transactions. ATM's will be subject to volume based collateral requirements for cash transactions. The higher the volume a merchant wishes to deal in cash transactions the higher the *value* of CYBT needs to be placed on deposit. These deposits placed will be held in the smart contract for a minimum of one week before a refund function can be called on the smart contract.



The value of CYBT in the deposit smart contract determines the daily volume limit in Rupees (LKR) an ATM can trade. This is a dynamic allowance, which will be dependent on the *price* of CYBT at any given point in time. An ATM can trade 2 times the *value* of CYBT on deposit up to a maximum of 5,000 LKR (approx. USD 30) daily.

# The Mobile Wallet - Buy and Sell Ceybits (CYBT) for Cash

If an ATM wishes to increase these limits, it can be done up to the maximum permissioned limit once every week.

These requirements are designed to prevent bad actors from conducting illegal transactions. By limiting its value and placing time constraints it becomes a costly and a long process to use the Ceybit wallet to engage in fraudulent activity. These restrictions are necessary to adhere to AML regulations of the country. It is mandatory to complete AML/KYC requirement before becoming an ATM.

TRANSFERS - MERCHANT		
SEND	REQUEST	CASH TRADE
CYBT ON COLLATERAL (VALUE)	750.00 LKR	MANAGE
LIMIT		
Daily Available	1150.00 LKR	
Used	350.00 LKR	
SCAN REQUEST		
CURRENCY	LKR	
AMOUNT	750.00	
COIN	0.46 CYBT	
BALANCE AVAILABLE	125,000.00	
COMMISSION	4.75%	
TOTAL	1552.98 CYBT	
CONFIRM		

## Get On Board and Make a Commission

In order to create incentive to become an ATM, merchants are allowed to charge their own fee based on:

- A percentage of the transaction; **up to a maximum of 10.0%**

As the number of ATM's grow and competition increases buyers are likely to have cheaper choices. The ultimate goal is to provide people access to CYBT without burdening them with transaction costs while maintaining a reasonable margin for ATM's for their diligence and service provided.

This facility creates a new income stream for ATM's in addition to their existing business model. Ceybit believes it to be an attractive proposition to drive adoption.

With continuous developments the wallet will grow to support live exchange rates + margin spreads as an alternative to a percentage of the transaction.

Users are limited to an all time & daily maximum of 1,000 LKR (approx. USD 7) worth of cash trades by default. Users can remove these restriction and increase daily limits upon completion of KYC requirements. These are required steps to follow AML/KYC regulations.

## Sometimes Reputation is Everything

Authorized teller merchants (ATM's) and users who engage in cash transactions will be exposed to a reputation system based on feedback from counterparties upon successful completion of a transaction. The rating is designed to assist counterparties determine the quality of service delivery and easiness to transact. It is also a system designed to promote good behavior on the network.

The ratings will particularly assist buyers in choosing tellers in their decision making process among others displayed on the Ceybit Map. As noted earlier ATM's will have a range based volume indicator; this is a liquidity metric design to assist high volume cash buyers chose the appropriate teller.

As Ceybit's platforms and teams grow more sophisticated reputation systems will be developed and released via firmware upgrades, which will take into account additional factors such as number of transactions completed, total volume of trades conducted, total time in operation and relations to any fraudulent users accounts and/or transactions.

# The Mobile Wallet - Moderation and Arbitration

## Not Exactly Big Brother More Like the UN

The Ceybit Foundation will assume an overseeing role into ensuring all activity is conducted within the rules stipulated by the relevant financial body or authority in our countries of operation such as the Central Bank of Sri Lanka (CBSL). The main objective of the foundation is to formalize governance frameworks and compliance policies and protocols. This internal auditing role is designed to mitigate any legal risks which could detrimentally affect Ceybit and its users.

It is possible for users and merchants to engage in illegal activity and/or bad behavior compromising the legitimacy of the network. For example; we understand that unauthorized merchants could deal in cash transactions with users. Even though we have limits in place to combat such behavior they alone will not be enough to prevent damage. Our in house security division will be monitoring for any suspicious activity and will retain the right to report any malicious activity to the local financial authorities. This is likely to prevent bad actors in the network. Any evidence collected of unauthorized cash dealing will result in denying access to Ceybit's services. The protocols to be followed in such circumstances will be determined by the Ceybit Foundation.

There is also the possibility of disputes occurring between merchants and consumers. Reasons could include; poor quality of goods or services, incorrect pricing, refund disputes, late delivery and so on. Our inhouse team will initially act as arbitrators to resolve any disputes. As blockchains develop to handle dispute resolution Ceybit will partner with such teams to provide a decentralized arbitration solution.



# The Mobile Wallet - There's More

## Packing in a Bit More Power

The wallet will be equipped with the following features:

**Balances and transaction history:** This will provide detailed balances and transaction histories.

**Directory:** This is a hub of peers, merchants and businesses to whom payments have been made.

**Charts:** This will contain the information of the currencies which are traded on the Ceybit Exchange with latest prices, which will be used by merchants and users to engage in transactions.

**Trading:** For users who have accounts registered on the Ceybit Exchange trading can be conducted within the app.

The wallet will come in two formats; Native App format and Progressive Web App format, for mobile clients.

Native apps requires authorization from a centralized body (app store) to get a listing on the store prior to reaching the user. With Apple recently placing higher requirements on Apps dealing with payments and cryptocurrencies it is not a viable option for wallet developers to rely on approvals by a central party to have their apps reach the end user.

This exposure to censorship or prohibition is why Ceybit will be creating a Progressive Web App (PWA) alongside the native app. PWA is a new (and therefore limited) format created on web technologies; without packing or signing, and can be installed on the operating system where it will look and act like any other app. This enables users to install the app on their mobile device without passing through the app store. It allows the user to experience close to native performance, while relying on a web browser.

## Supported Currencies

The wallet will initially support Ethereum (ETH) and Ceybits (CYBT). We are taking this approach to increase the use and adoption of The Ceybit Token (CYBT) and Ethereum (ETH). Our Mission is to help grow the Ethereum ecosystem and blockchains in general. Our Vision is to ultimately support a variety of different coins and blockchains on our mobile app as they become feasible.

Once we have reached our penetration targets, the wallet will begin supporting the following currencies:

- BTC
- Other ERC-20 Tokens
- Currencies supported on the Ceybit Exchange



# The Mobile Wallet – To Power a New Token Economy

## User Profiles

The wallets main users will be:

## The Merchant

### A Brief background into a typical merchant (non e-commerce);

In Sri Lanka there are many small grocery stores which are family owned and operated and are lacking a formal structure. These groceries are located usually in front of their owners homes. It resembles the level of poverty and standard of living prevalent in the country. These merchants do not have the capital to invest in Point-of-Sale (POS) devices. However, they are usually equipped with smart phones and broadband internet connections.

#### Appeal;

Our mobile wallet can act as an POS device, which will be capable of accepting CYBT. This removes the hassle and costs associated with POS devices such as setup fees, maintenance fees, deposits, slow settlement times and support services. The wallet will be our biggest competitive advantage for merchant acquisition.

These merchants are then able to create an account on the Ceybit Exchange to liquidate or trade their CYBT for LKR or other cryptocurrencies. ATM's will also be exposed to a new stream of income generated through cash trades.

Another added advantage is the exposure for these merchants on the Ceybit map, which can act as powerful marketing tool. Currently, many of these types of merchants do not appear on Google Maps. Ceybit Maps aims to provide the exposure they need.

## The Individual

Individual users can be classified into:

**Local users:** Users are typically going to be using the wallet for transferring funds to peers, purchasing items or even **simply for investment purposes**. There are quite a few number of individuals who **do not have access to banking** due to the limited supply of banks; with the Ceybit wallet no bank account is needed. Our wallets are only restricted by a smartphone and a broadband connection.

**Appeal;** Users will be able to transfer CYBT between each other quickly, make purchases in person at local Ceybit Merchants or online through e-commerce websites using CYBT. This will be achieved in wallet without the need for a bank account or a credit/debit card. As our list of merchants grow, users will have access to products and services at various partner merchants near them adding to their convenience. And finally, users will be able to easily access CYBT through authorized teller merchants who are willing to trade CYBT for cash.

**Overseas users:** Users are typically travelers and expatriates working abroad. Both these parties are able to interact with the Sri Lankan economy as Ceybit's mobile platform grows. A particular market we are aiming to target is the overseas remittance market where money is sent back by expatriates living in various countries around the world.

**Appeal;** the wallet together with the Ceybit Exchange allows Sri Lankan expatriates living overseas to easily send money directly to their families living in Sri Lanka, who can then spend CYBT at our accepting merchants. The same applies to travelers and tourist who explore the country.

# Phase Three - The Ceybit Merchant Gateway

Leveraging the Ceybit Exchange we will create a merchant gateway solution by providing powerful API's and dashboards to e-commerce platforms. The Ceybit Merchant Gateway is essentially extending the services of the Ceybit Exchange to online businesses wanting to accept cryptocurrency as a means of payment. This will grow to other small businesses throughout the Island and globally.

Ceybit Merchants Dashboard | Corner Stone Beauty

**CURRENT BALANCES**

126,575.00 CYBT	58,876.56 LKR	379.25 USD
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**CONTACT DETAILS**

Corner Stone Beauty  
Email: contact@cornerstore.com  
Address: 14 Wijerama Mawatha, Colombo 00700  
Contact: +94 112 879 132

**Recent Transaction** | 0.465 LKR 0.003 USD

Date	Amount	Currency	Value (LKR)	Order ID
Thu Mar 22, 2018 17:25	7500.00	CYBT	3,487.50	R000172821
Thu Mar 22, 2018 16:55	1047.30	CYBT	487.52	R000172820
Wed Mar 21, 2018 15:55	5057.93	CYBT	2,387.77	R000172719

**CYBT COLLATERAL**

35,496.26 LKR  
Monthly Transaction Volume

CYBT WITHHELD ON DEPOSIT

33,334.00 CYBT + 763.35 CYBT  
Minimum Balance + 1% Premium

**Preferences**

Automatically Convert Payments to LKR: 44.43%

**WALLET ADDRESS**

9a2e88C7aC87b8413b765C1D7839EA7C3D0D29bde

Refund | Convert | Withdraw

Merchant Dashboard

## Giving Online Businesses an Edge with Payments

Exchanges have the capacity to act as banks by providing access to its markets for settlement. The cryptocurrencies accepted by our merchants can either be held, traded or liquidated for LKR.

The gateway is the tool used by merchants to communicate with our markets, similar to that of trading bots or automated algorithmic orders. In addition to the gateway API, we will provide dashboards with various reporting capabilities and functionality, which will be introduced shortly.

The Ceybit Merchant Gateway will be designed taking into consideration the needs of local e-commerce platforms. Its main aim is to provide a reliable, cost efficient and easy to setup 'off-the-shelf' solution.

\*Merchant dashboard depicted is the not the final representation; it is designed to act as a proxy to the finished product.



# The Merchant Gateway – Competitive Advantages

## Not False Promises, Real Benefits with Blockchain Technology

Our goal is to increase adoption of our merchant solution by enabling existing businesses, inclusive of but not limited to small to medium enterprises and startups to participate in the prevailing e-commerce boom by accepting Ceybits (CYBT) as a form of payment. The Ceybit Merchant Gateway will have the following benefits to offer over existing providers:

**Initial setup fees;** will not be charged unlike existing providers.

**Security deposits;** will not be required.

**Gateway maintenance fees;** will not be incurred annually.

**Commission;** will only be charged at the time of trade or exchange in accordance to exchange fee schedules.

**Settlement times;** will be quick, limited only by bank transfer times.

**Setup times;** will be restricted to a day or few hours.

**Support services;** will be available around the clock.

Our solution will maximize revenue for businesses whilst introducing new avenues for accepting payment.

The highlighted **cost benefits will be central in making the Ceybit Merchant Gateway a highly competitive, unique and attractive product in the market.**

## Connecting Businesses to the Blockchain

The gateway will be maintained by the Ceybit Exchange, which means all the payments that are received and subsequent storage of those funds will be carried out by the exchange using its own ledger. A separate team of staff will be appointed to carry out initial merchant set-up, and any developer support required by our e-commerce merchants. At any point, a merchant could chose to cash out funds to their own wallets, either manually or automatically. Merchants will also have advanced options to liquidate funds to other cryptocurrencies or Sri Lanka Rupees (LKR) automatically upon receipt.

## Assuring the Ceybit Network

In return for services provided in set-up, reporting and ongoing technical support, Ceybit will require e-commerce merchants to hold a minimum balance of CYBT on the exchange plus a premium. The premium is a dynamic figure which will depend on the value of transactions averaging per month. The higher the total transaction value; the higher the value of CYBT required to be held. This structure is designed to promote the use of CYBT and strengthen its token economy with assurance by participation.



# The Merchant Gateway - Removing Complexity

## Simple, Intuitive and Essential Features

The following features will be provided to e-commerce merchants:

**Payment portal:** The interface which is used to request payment from customers with an expiration period. For the user it is a matter of scanning a QR code, which will then prompt a payment confirmation screen on their mobile device to make payment; or manually (inputting the address) transferring funds via a web-based client or other wallet application (such as MyEtherWallet or Mist).

For the merchant It involves providing signals; for payments received and confirmed, to their e-commerce backends for order confirmations.

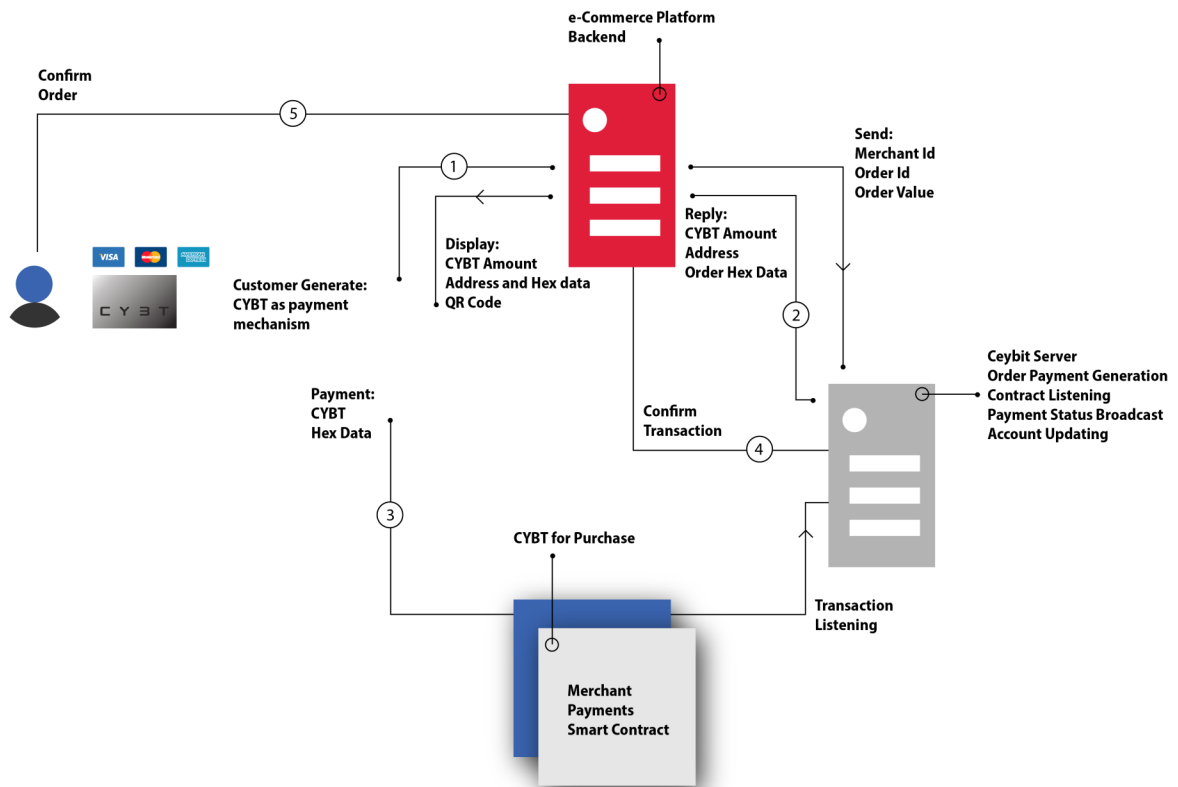
**Dashboard:** This will contain information about the value of cryptocurrency holdings, contact information, location information, live support, withdrawal options and transaction histories.

**Reporting:** This feature is designed to give updated periodic taking (sales) of a merchant with transaction details. Reporting will be available to our merchants on a real-time basis.

**Refunds:** We provide the option for reimbursement when needed or discounts upon returns.

**Deposits:** Will be available for layby's (part-payments to secure an item) or booking accommodation or securing other reservations.

**Charting:** The CYBT market will be featured for additional information.



# The Merchant Gateway - Taking Blockchains One Step Further

## It's All About Ceybits (CYBT) for the Moment

The primary focus will be on promoting CYBT as the cryptocurrency of choice, in order to create utility for CYBT. CYBT will be used to onboard many of our merchants who have yet to discover the benefits cryptocurrencies and blockchain technologies.

To further ensure CYBT as the preferred currency we will adjust our fees at the time of conversion by maintaining higher liquidating (selling) fees for CYBT pairs on our exchange compared to other currencies. The gateway will support acceptance in the following currencies:

- CYBT
- ETH

## Essential Coverage

As the exchange expands and develops we aim to add more cryptocurrencies. This will depend on the reliability and reputation of the cryptocurrency being added.

The features of the gateway will be accessible through the following clients:

- Web-based client
- iOS native client
- Android native client



# The Merchant Gateway - Target Market

## User Profiles

The gateway is likely to appeal to organizations wanting to expand their businesses online or adding cryptocurrency to existing payment mechanisms. The merchant gateway's main users can be classified into:

### Startups and Small to Medium Businesses

The e-commerce gateway aims to provide a quick and easy solution; in a matter of a day any business can incorporate a checkout portal supporting cryptocurrency. Lacking the need for any hardware (own servers) and setup charges, the gateway is designed to make it extremely easy and cost-efficient for any business wanting to expand to an online market quickly to reach a new audience. Startups and SME's are highly likely to experiment and accept a solution which **reduces complexity and cost**; these attributes Ceybit believes will act as key factors in attracting a large proportion of startups and SME's in the island especially given the high barrier to entry currently present in the market. Our solution will scale and appeal to many firms worldwide.

### Established Businesses

In the long run transaction costs, charges and fees add up. To date these charges account a significant proportions of revenue for businesses. Gateways and processors take a percentage on transaction value; the higher the value of a transaction the higher the cost associated. Established businesses are always looking to drive profitability, one obvious approach is to reduce expenses; the gateway solution offered by Ceybit leveraging Ethereum incurs very low transaction costs, which are dependent on gas limits of the Ethereum blockchain. The cost of a transaction is relatively very low compared to existing models and does not vary with its value; making the use of blockchains a highly attractive tool to reduce transaction costs and increase profitability margins. These long term benefits are likely to attract established e-commerce merchants from adding CYBT as a payment mechanism.

Furthermore, for established businesses it becomes critical to keep up with the latest payment mechanisms and reach a broader user base to remain competitive. As cryptocurrency becomes popular these businesses are likely to realize additional revenue by accepting cryptocurrencies.



# Token Model Summary

Ceybit is an ambitious project planning to introduce, educate, facilitate and promote the use of cryptocurrencies for and by its platforms. In order to achieve our visions it is essential to have **a token utility engine or model which creates and drives value constantly by directly contributing and interacting with our products**. Our approach is to tie our platforms to the token inherently in such a manner that the revenues (transactions) and requirements generated by the platforms are in turn driving the value of its native token.

Ceybit believes this to be a new model for a token economy. Just as traditional businesses generating value for its shareholders, Ceybit's model is attempting to extend it to tokens by driving CYBT value through and by its platforms directly.

This model creates an avenue to value CYBT as well; since at any point in time the price of CYBT should to a large extent reflect the value of transactions generated by its platforms. Token holders are then able to assess Ceybits performance by its price in the market.

## Token Value Proposition

CYBT will be a token of value in a new token economy beginning in Sri Lanka and expanding to other developing nations. **We aim to use the momentum generated by the demand for cryptocurrency by its population and by being the first exchange in the country to fuel Ceybit and the Ceybit Token (CYBT).**

The token will have functions ranging from being a medium of utility for exchange, transfer of value and/or investment or speculative purpose.

Our research forecasts a future entailing multiple token economies producing value for its participants. Our goal is to make CYBT the primary token of value in Sri Lanka before expanding to other economies.

The Ceybit platforms will form the fundamental structure to create utility for CYBT and therefore maintaining and increasing its value over time.

## Why is it important to have...a Token?

There are a few reasons raise funds through a token sale:

**Community:** The ultimate goal is to create and introduce a new token based economy. This requires acquiring large scale participants from different regions to create a diverse community. **The larger our community the higher the probability of success for our token model and token holders.**

We aim to educate the community in seeing the value in the technology that we are introducing.

We recognize that it will be beneficial for Ceybit to have a diverse group of token holders who will be participating in the ecosystem to create value.

An example: A token holder traveling to Sri Lanka and using the tokens to book accommodation or shop online. This will benefit the tourism industry, increase CYBT utility which then supports our token, platforms and its users.

**User growth pool:** This is a collection of token retained for platform growth purposes. The tokens will be released via promotions to acquire new users to our platforms in various stages.

An ICO enables us to create this pool of funds to grow our platform activity. Just as PayPal had given cash benefits to attract users, we intend to use Ceybits as a tool to introduce new members into our exchange and cryptocurrencies.

**Crowdfunding:** ICO's are highly successful tools to obtain the necessary funds to jumpstart projects and communities. Instead of taking private venture capital routes where a few individuals benefit most, we have opted to take the route of crowdsourced funds to even the benefits to our participants. The former does not allow us to create a community as effectively as the latter.

# Our Model Depends on Having a Token

**Affordability:** This applies specifically to the general Sri Lankan population. The average income of a Sri Lankan according to the World Bank is around \$4000 USD per annum.

This amount to roughly 0.51 Bitcoins (BTC) or 6.15 Ethers (ETH) per year, at the time of writing the price of BTC is \$7800 USD and ETH is \$650 USD. Taking into consideration living and other expenses obtaining BTC or ETH becomes rather difficult and out of reach.

An ordinary person in the country will not be able to afford a Bitcoin or Ethereum, making it just that much harder to enter the cryptocurrency market.

Therefore, CYBT being a low priced entry to the market will allow the masses the opportunity to enter, invest and grow their cryptocurrency portfolio.

## Why the Blockchain

**Open ledger and value transfer management:** The fundamental use of the blockchain is to maintain a transparent ledger or database, which seamlessly manages transactions and the state accounts (bookkeeping).

For a token economy to ensure its functions such as transfer of value, record keeping and accurate transaction measurements to run smoothly it requires the blockchain.

Blockchain provides this framework with the added benefits of decentralization.

## Token Technology

Ceybit (CYBT), a token based on Ethereum, is a crucial element of the Ceybit token economy. Ethereum is a blockchain-based distributed computing platform with a focus geared towards smart contracts.

Ethereum's functions extend beyond a mere value transfer protocol; it expands the capacity of blockchains further by enabling rules to be placed upon it. These rules are referred to as 'Smart Contracts'; which are essentially code or instructions that are executed automatically when stated conditions are met. In essence smart contracts are stateful applications.

This ability to manage value over the blockchain allows to create Distributed Applications (Dapps) that govern itself autonomously, executing instructions as they are designed, without any possibility of censorship, downtime, fraud or third party interference.

Ethereum empowers society by allowing the creation of trustless decentralized autonomous organizations, which democratically engage participants in its governance and management. It enables the creation of digital entities, societies, groups, businesses or organizations whose value can be transferred over the blockchain. Many large firms have invested in Ethereum, with Deloitte, IBM, Microsoft, Luxembourg Stock Exchange, JP Morgan and the Santander being some early adopters of the technology.

Ceybit will endeavor in the creation of a new digital economy with the provision of essential tools; the Ceybit Exchange, Ceybit Mobile Wallet and Ceybit Merchant Gateway, which will drive value for its digital economy, leveraging the power of the Ethereum blockchain.

The utility of CYBT is best described by its role and application in our platforms:

## An Exchange to Drive a Token Economy

**Buy back mechanism:** CYBT will be the world's first token whose value is directly related to the number of transactions in the Ceybit Exchange.

We are implementing a real-time buy back mechanism for CYBT.

Every time a transaction takes place on the Ceybit Exchange, a proportion of the fees collected will be used to place a limit buy order and a market order in the corresponding CYBT market in which the fees were collected. This implementation will make CYBT one of a kind, in terms of utility and value.

**Liquidity:** Every transaction completed on the Ceybit Exchange generates a simultaneous buy order and market order in the corresponding CYBT pair the fees are collected in. This will ensure that there will be no issues with CYBT liquidity. As our users and transactions grow, so does the value of CYBT.

The community will not merely be users of the Ceybit ecosystem but also a direct contributor to its success. It is predicted that the value of the token will rise as more users embrace Ceybit.

**Token value independence:** Our unique buy back mechanism combats current market fluctuations, which are heavily dependent on the volatility of Bitcoin. **It fights for an independent valuation irrespective of Bitcoins movements.** We seek to promote continuous growth in the value of CYBT consistently overtime.

If you believe our mechanism to be unique, and will offer both you and our community value, you can help us make this a vision a reality by participating in the ICO.

**Commission structure:** In addition to our buy back mechanism we will implement higher selling fees, and lower buying fees for CYBT pairs with maker-taker variations.

This creates added pressure on the market to hold or spend CYBT as opposed to selling CYBT driving up the value of the coin organically.

## Tokens Bought Back for Redistribution

The tokens bought back from transaction fees will be used for the following purposes:

**Rebates (25%):** Every month the Ceybit Exchange will reward users for their participation on the exchange, this will add value to the CYBT token economy. Users trading on the exchange will also be given rebates in CYBT allocated in accordance with their trading volume.

**Staking (25%):** Token holders on the exchange will also get CYBT as "interest" for showing their commitment and dedication to our token economy.

**Ceybit Foundation (25%):** These disbursements are used for reserves, and also added to the User Growth Pool (UGP) to attract new users into the ecosystem. A portion will also be used to help the foundation operate.

**Burning (25%):** Part of the tokens will also be burned.

# Token Value and Utility

## A Wallet Advancing the Use of Blockchains

**Token as a means of exchange:** The token might be used as a means of exchange for goods and services creating utility in spending.

A traveler visiting Sri Lanka could chose to spend CYBT with our merchants adding to the token utility and value.

**Location services:** Non e-commerce merchants will be required to have 100 CYBT on minimum balance to appear on the Ceybit Map.

Our UGP will facilitate this initially via smart contracts with deposit and withdraw functions called by its creator on the Ethereum blockchain. These reserves once again reduce the supply of CYBT in circulation naturally driving its value higher.

**Remittance markets:** As we commence our global marketing campaigns to attract further users we predict that Ceybit will attract Sri Lankan expatriates living overseas. Ceybit can be utilized to send remittance globally.

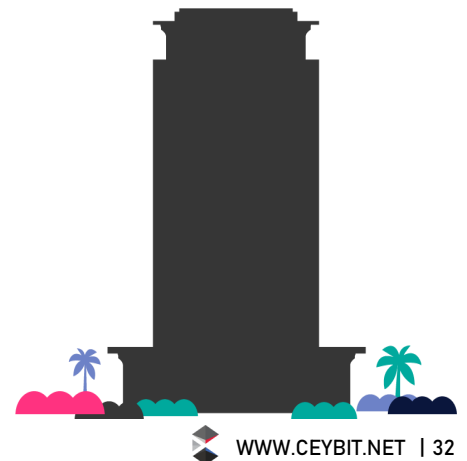
The convenience of quick transfers back to their families assist in avoiding banking delays, foreign exchange costs and transactions fees.

## An Enabling Gateway for Growth

**Minimum balance requirements:** One of the requirements placed on e-commerce merchants will be to hold at least LKR 15,500 (approx. USD 100) worth of CYBT plus a premium of 1% of average monthly transaction value worth of CYBT in reserves.

This is designed to promote holding (utility) CYBT and increase confidence in its ecosystems. As our e-commerce merchants grow, the supply of CYBT available in the market will reduce, driving CYBT to higher value.

These benefits will assist in introducing Ceybit as a global exchange and CYBT as a utility token for everyone.





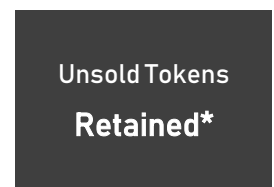
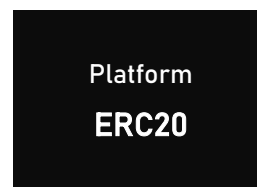
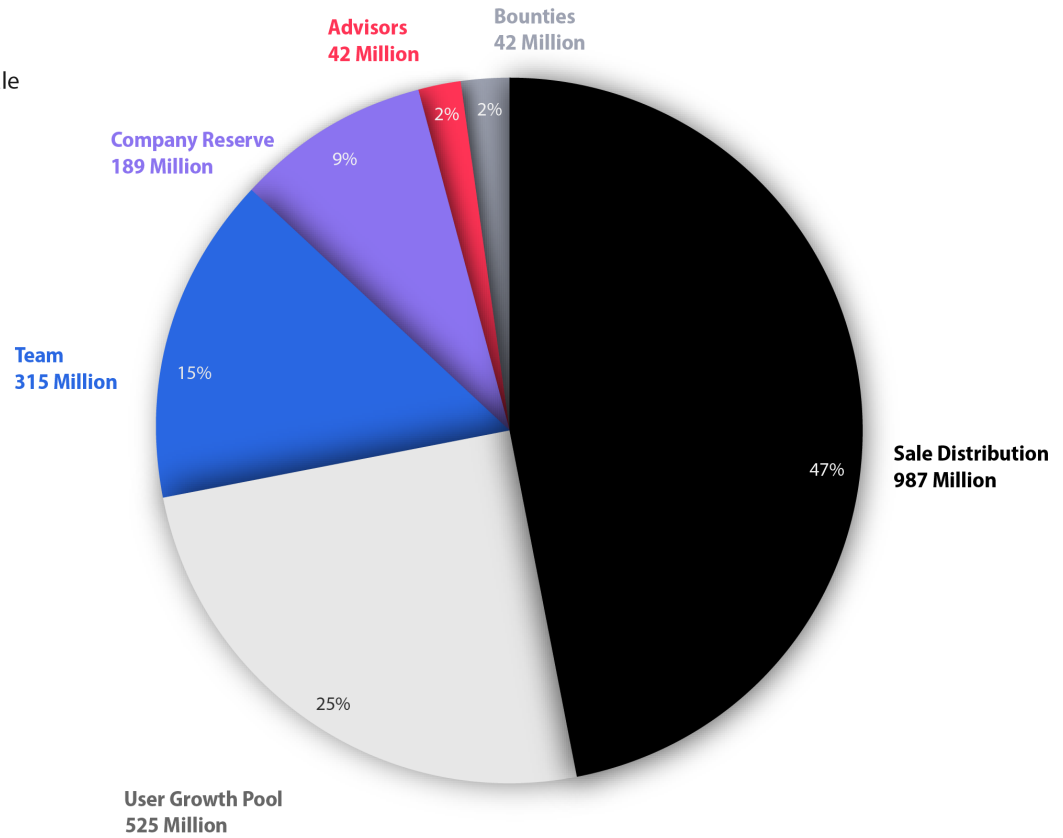
## Token Allocation

### CEYBIT (CYBT)

#### Supply

Total Supply  
2.1 Billion CYBT (Max)

Total available for Crowdsale  
987 Million



\*All unsold tokens will be retained (if crowdsale still active after 1.5 years) and used for platform development purposes, and user growth pools. They will be locked for a period of 12 months before becoming available for use, if necessary.

Employee tokens will be locked for a period of 12 months after crowdsale.

User Growth Pool (UGP) will be released in stages; beginning 6 months after crowdsale. No more than 2% of total tokens supply will be released per year from UGP.

At launch, there will be 987 million tokens in the market or less depending on subscribed amounts. The tokens will be distributed immediately, and will be transferable 2 months after Pre-ICO commences.

## Crowdsale Details

Our goal is to raise a maximum of 25 million USD and a minimum of \$10 million USD. Some of the numbers may change with the ETH/USD exchange rates and volatility, but the following numbers are best effort estimates as of May 26, 2018.

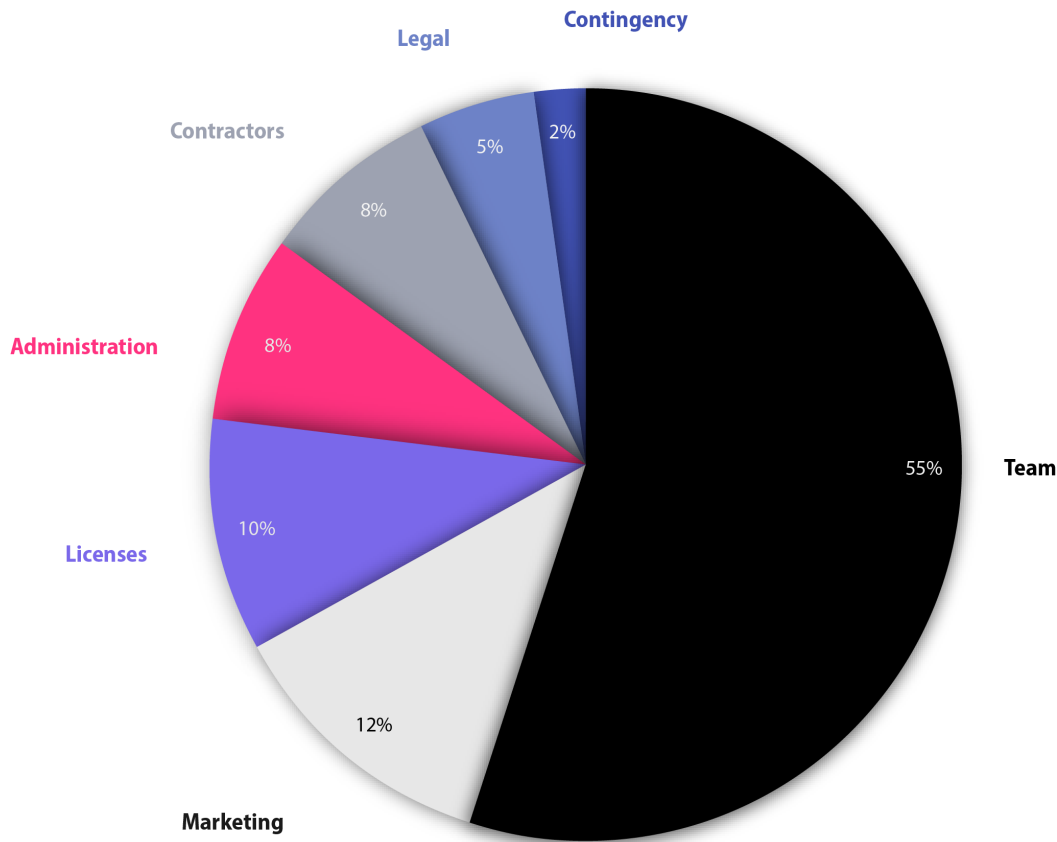
- **Maximum cap** on crowdsale: 39,680 ETH - this may change with exchange rates.
- **Minimum cap** on crowdsale: 15,875 ETH.
- **Exchange rate:** will vary at various stages of the crowdsale.
- **Token contract address:** available to registered and approved users through the crowdsale website.
- **Launch date and time:** TBA through websites and social media channels.
- **Token sale duration:** until tokens are sold.
- **Token sale completion:** Token launch will end when all Ceybits Tokens (CYBT) are sold.

Private Sale Tokens Available <b>148,050,000</b>	Pre-ICO Tokens Available <b>345,450,000</b>	ICO Stage 1 Tokens Available <b>246,750,000</b>	ICO Stage 2 Tokens Available <b>246,750,000</b>
Private Sale Rate* <b>1 ETH = 33,000 CYBT</b>	Pre-ICO Rate* <b>1 ETH = 29,000 CYBT</b>	ICO Stage 1 Rate* <b>1 ETH = 22,500 CYBT</b>	ICO Stage 2 Rate* <b>1 ETH = 20,000 CYBT</b>
Private Sale CYBT Bonus <b>65.0%</b>	Pre-ICO CYBT Bonus <b>45.0%</b>	ICO Stage 1 CYBT Bonus <b>12.5%</b>	ICO Stage 2 CYBT Bonus <b>0.0%</b>
Accepted Currency <b>Ether</b>	Softcap <b>\$10,000,000</b>	Hardcap <b>\$25,000,000</b>	

\* Approximated ETH exchange rates

# How we are going to use the Funds

## Funding Allocation



- **CYBT Team: 55% of budget** The team consists of 9 members. We plan to expand the team further with new hires as the platform expands to increase our services. This financing allows for the rollout of the complete CYBT solution.
- **Marketing: 12% of budget** Marketing will focus to create awareness and adoption of the exchange and wallet both locally and internationally, with a primary focus on the former. This also includes the growth and maintenance of the local and world-wide community for our solutions.
- **Licenses: 10% of budget** In order to secure financial licenses and international banking licenses to remain a compliant cryptocurrency exchange.
- **Administration: 8% of budget** Comprised of accounting, security, recruitment & HR, overheads and other associated administrative costs.
- **Contractors: 8% of budget** Funds are to be used to for third-party providers offering various services in engineering, marketing, PR, partnerships, affiliate programs and more.
- **Legal: 5% of budget** Legal costs are expected as we introduce the concept into the local environment to protect in the interest of our stakeholders.
- **Contingency: 2% of budget** Any unforeseen costs will be met with these set aside.

2017

August



**First Steps**

**Idea conception and development:**  
The idea to create an exchange during a time cryptocurrency was going mainstream.

**Business formation**

**Market research & feasibility study:**  
Preliminary research in the Sri Lankan cryptocurrency use, acceptance and adoption.

2018

Jan - Apr

**Working on an MVP**

**Development team recruitment:**  
MVP development begins.

**First round of Advisors appointed**

**Team expansion**



May - Jul

**Taking it Live**

**Website goes live:**  
Whitepaper, One Pager and Pitch Deck released to public.

**First media campaigns commence**



**Sale Registrations**

**Sale registrations and KYC checks:**  
Private sale commences.

**Expand Dev ops and Marketing team**

**Pre-ICO and Public Crowdsale:**  
Pre-ICO and Public ICO to have a 10 day gap in between.

Sale will be ongoing until fully subscribed.

Aug - Oct

**Prototype Appearance**

**MVP launch:**  
Public first appearance of the exchange, testing, and bounty programs.

**Second media campaigns commence**

**Token Transferability**

**Expand legal and accounting teams**

**Token transferability:**  
Token holders are able to move tokens to a decentralized exchange to trade.



Nov - Dec



**Go Live**

**Exchange launch:**  
User growth pool releases commence.  
  
**Mobile wallet development**

**Licenses & Support**

**Banking license application**  
  
**Exchange customer support:**  
Customer care and arbitration teams recruitment.  
  
**Local marketing and educational campaign:**  
Go-to-market strategies take effect.  
  
**Formation of the Ceybit Foundation**  
Initial members are appointed for governance.



Apr - Jun



**Going Global**

**Expansions to Malaysia:**  
Establishing offices and exchange for local market.

**Going Mobile**

**Mobile wallet launch:**  
Q2 wallet will be available for download.



# Business Landscape and User Forecast

## There's No One Out There But There Could Be

As mentioned earlier there are **no cryptocurrency exchanges in Sri Lanka**. However there are other competitors in different forms. There are two telecommunication providers that have implemented their version of peer-to-peer payments who might contend with the Ceybit Mobile Wallet:

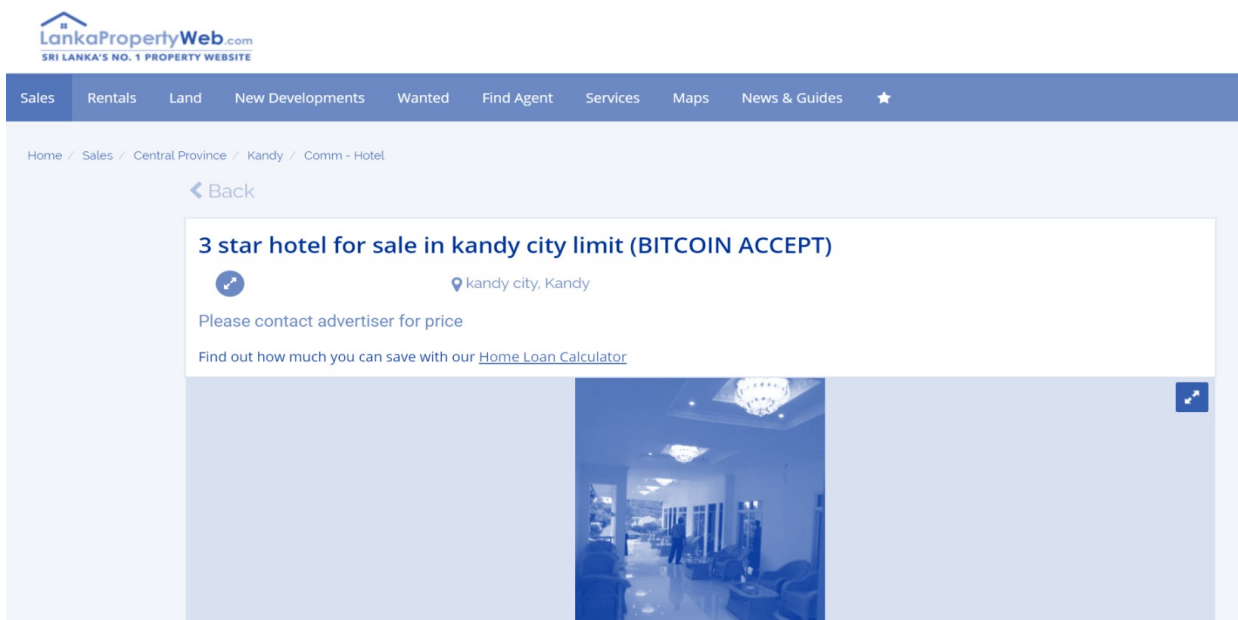
- **Dialog eZ Cash:** Dialog Axiata PLC is Sri Lanka's leading telecommunications provider who has implemented its own version of a 'Top-up' type cash balance account. A user would typically deposit money into a Dialog eZ cash account and use it to make transactions over a smart phone.
- **Mobitel mCash:** is another implementation similar to that of Dialog. The mCash system is operated by Sri Lanka's second biggest telecommunications provider Mobitel (Pvt) Ltd.

Both these providers are filling the gaps present in access to banking within the country. However **these systems are centralized and not a blockchain or cryptocurrency solution**. There are no facilities to transact between the two platforms leaving their network of participants divided. Furthermore, these platforms are limited only to transactions occurring within the country and not available for global level of transactions. Although these appear as competitors the solutions are vastly different to Ceybit's.

## The Hype is Very Real

There is a fast growing trend in the level of interest to acquire Bitcoins in Sri Lanka. A few noteworthy instances have depicted the willingness to acquire cryptocurrency:

The owner of a hotel in the popular tourist destination of Kandy accepts Bitcoins as tender for sale.



*A listing on a popular realty website in Sri Lanka*

# People Are Desperately Flocking to Social Media

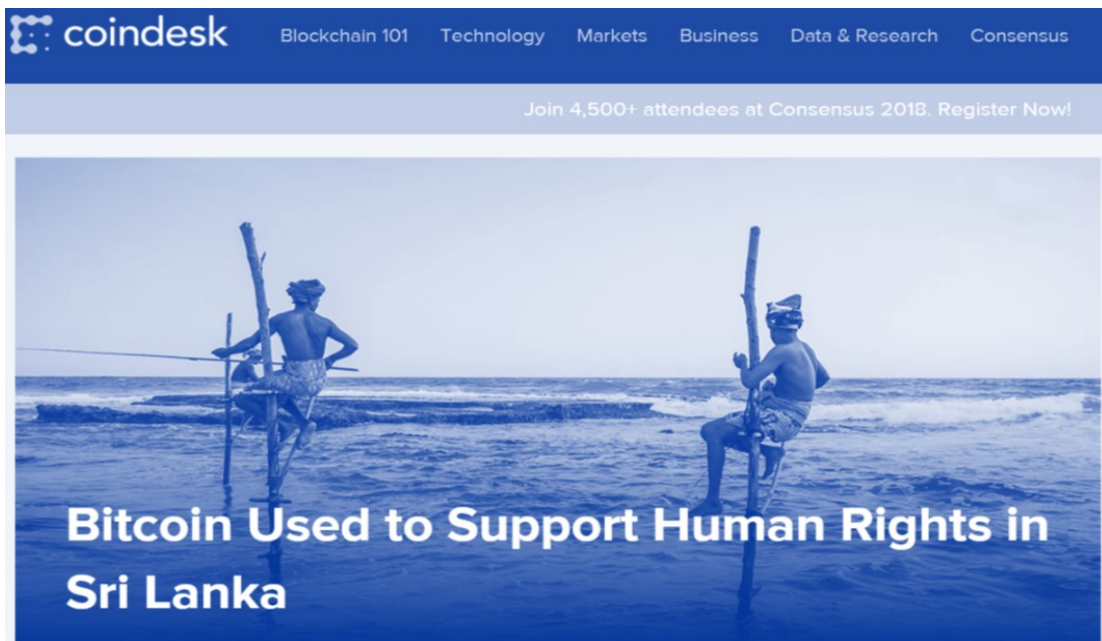
## Who Thought Facebook Could Replace Local Bitcoins

There has been growing popularity of Facebook pages facilitating the exchange of Bitcoin. These pages act similar to that of localbitcoins.com, but offers an added level of assurance in dealing with counterparties before trade.



*A Facebook page which facilitate trade with almost **2800 subscribers** in Sri Lanka*

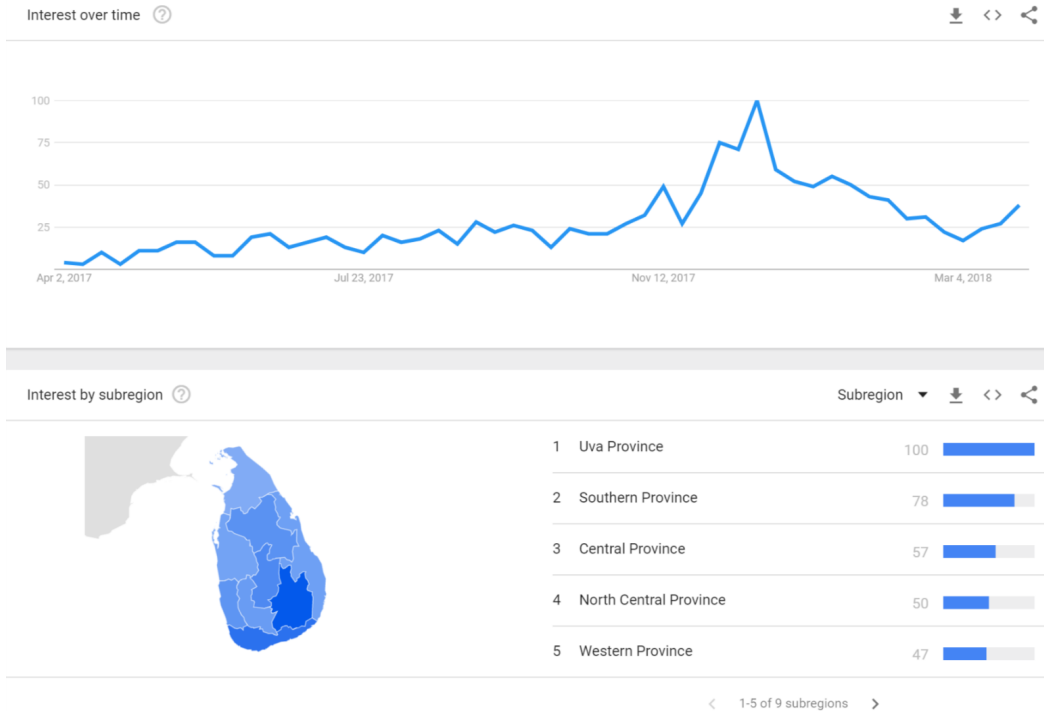
## Ultimately Crypto is for the Greater Good



*The number of bitcoin transaction are gradually increasing in the country with its use cases expanding to areas such as **anonymous contributions**.*

## Interest Levels are Rising and Projected to Grow

Overall, it is clear that Sri Lanka has high growth potential for the use and adoption of cryptocurrencies. With Ceybit aiming to be first exchange in the country, we anticipate our user base to grow to as high as 10,000+ users within the first few months of operation. Ceybit believes this is a highly conservative number in comparison to the growth rates of some of the worlds most successful exchanges, with new users joining at an average of 100,000 per day. As we roll out our mobile wallets and payment gateway we expect these numbers to climb even further.



*Interest in Bitcoins overtime*

## Timing Is Everything

**Ceybit is positioned very well to be the leading exchange in the country.** It is Ceybits aim to maintain a dominant position through continuous improvement to its platforms. Ceybit wishes to actively participate in educating the public about block-chains and cryptocurrencies helping to drive its adoption. We have conducted research into understanding the key adoption criteria affecting our potential users:

- Ease of operation
- Easy access
- High Speed Transactions
- Secure solution

Our products are being designed around these criteria and with the lack of other exchanges, wallets and gateways Ceybit is in an ample position to lead.



# Marketing and Growth Strategy

Ceybit will use numerous proven marketing strategies to drive growth. We understand the need to have a variety of approaches to best meet our target audience as one strategy will not fit all. We aim to have these strategies as a central focus in our business developments. Ceybit will divide strategies into long term, medium and short term aims, enabling us to tackle a diverse group of users both in Sri Lanka and in other parts of the world consistently over time.

Ceybit will use the following approaches:

## User Growth Pool (UGP)

The UGP is a highly successful method in attracting users and will play a vital role in achieving a high penetration rate in Sri Lanka and globally. Ceybit has identified it to be essential for growth (it is one reason to conduct an ICO among others) by utilizing the UGP heavily for 'airdrops', referrals, signup bonuses, trading volume rebates and various new methods to promote the brand and the exchange. Attracting users in developing countries whose income levels are low by incentivizing them with tokens to use our exchange is paramount. Our market research has indicated that utilizing the UGP to target the masses using such an approach is a proven method (Paypal's initial marketing strategy) and necessary to educate and promote use of cryptocurrency in emerging markets.

The UGP will also be used to incentivize merchants (small businesses) and startups. This will happen periodically in a number of phases. These approaches are planned for the medium term and will be implemented once the exchange has reached its early penetration targets and the Ceybit Mobile Wallet has been developed.

Airdrops, referrals and sign up bonuses will roll out to users who open an account with the Ceybit Exchange and Mobile Wallet. This will be a continuous activity overtime for sustained growth. Furthermore, at the early to mid stage we aim to provide CYBT to users who reach a certain threshold of monthly trading volume in the form of volume rebates paid out monthly to their accounts.

Finally in the long term we will assess how long an user has utilized our wallet and provide Ceybit bonuses accordingly. This will incentivize users to be an early adopter of the Ceybit Wallet and to continue using it. It is designed to reward user dedication to our platforms.

## Partnerships and Alliances

At Ceybit we recognize that right partnerships will add immense value to our platforms and token. We will continually look towards building strong relationships to collaborate to create synergies for mutual benefit. Forming advantageous partnerships will be one crucial avenue in increasing Ceybit's value and utility.

Ceybit will launch a campaign to target startups and small to medium businesses throughout the Island where we will inform them of the benefits of using Ceybit's solutions and token and how we address current market frustrations. Supplementing our marketing campaign with our UGP to incentivize these merchants we are confident that we can successfully partner with numerous businesses in all the main regions of the island.

Ceybit is currently working on building a partnership with the Central Bank of Sri Lanka in order to be updated with all the regulations to achieve our vision to be a fully compliant exchange. We believe that by providing our customers with a safe and secure exchange and token, and by establishing such trust we will progressively increase the value of Ceybit.

Ceybit will also be working on an application to join the Ethereum Enterprise Alliance to help grow the use of Ethereum and Dapps within Sri Lanka.

# A Physical Presence Could Make the Difference

## Go-to-Market (Establishing a Physical Presence)

One of the most effective ways to educate and grow is by providing hands on demonstrations to acquire experience and knowledge. Hence being physically present in our target market is a core part of our marketing strategy. We aim to organize multiple educational sessions throughout the Island (initially starting in Colombo and slowly expanding outward) about the blockchain and the benefits of cryptocurrency and its implication on the future of financial services. We aimed to target Colombo in the short term due to the fact that our market research indicated that there was a spike in interest in Bitcoins and cryptocurrencies in Colombo over the last couple of years, and it is the center for commerce.

We believe that having a physical presence and organizing multiple Bitcoin and Ceybit awareness events we will be taking a vital step towards meeting and introducing the product to our target audience.

In the short term Ceybit will be organizing meetups & events in collaboration Blockchain.lk to create a community around cryptocurrency and blockchain. In the medium to long term Ceybit aims to expand these events to the main cities throughout Sri Lanka and slowly overseas to our global target markets.

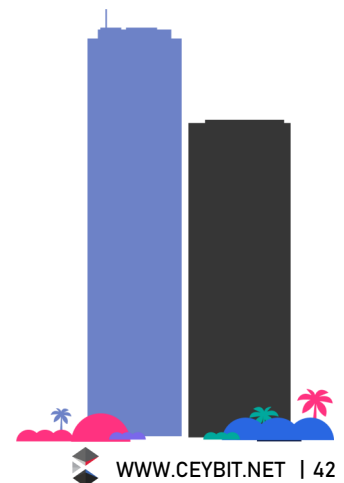
## Bandwagon Effect

This is a psychological phenomena in which people purchase things or participate in activities or trends because other people are doing it. If utilized correctly this effect is a phenomenal marketing strategy.

Ceybit Project predicts that in the merchant market the people will follow the Bandwagon Effect, whether consciously or unconsciously. This has been proven in the past where people tend to embrace a trend and/or business idea simply because other people were getting onboard. Ceybit will rely on this phenomena when marketing the exchange and the token throughout the Island.

## Going Global

Part of Ceybit's growth strategy includes the expansion of the exchange, mobile wallet and payment gateway solution to other developing countries. Upon successful deployment in Sri Lanka, Ceybit will expand to Malaysia; taking advantage of the Sri Lankan expats living there and the mirroring of similar financial issues. Philippines will be followed by Malaysia, where Ceybit will be focusing heavily on the remittance market. Finally, Ceybit will be establishing itself in Indonesia making it a true platform that fosters development and growth for the developing countries.



## Nice to Meet You, and Welcome to Ceybit!

We have a well informed, skilled and a dedicated team led by Andrew Holmes, with both traditional finance and cryptocurrency experience.



### Andrew Holmes

#### Founder and CEO

Andrew is a Finance and Accounting professional who is an early investor in Bitcoin, Ethereum and other cryptocurrencies. Having worked for large multinational organizations such as Crowe Horwath and Louis Dreyfus Commodities he is equipped with strong organizational, financial and accounting skills.

Andrew is a self-made and self-taught professional, passionate about programming and is currently working towards expanding his skills in UI/UX, JavaScript and Web Development.

Andrew has participated in countless ICOs and is well versed in selecting good quality blockchain projects. Some of his notable early investments are: Ethereum, Augur, Golem and Ant Shares (NEO). Andrew endeavours to continue his research and only add quality projects to the Ceybit Exchange.

He is a highly skilled trader and has been trading in the cryptocurrency space for over 6 years. Starting as a hobby he began to realize he had a natural talent for financial and cryptocurrency markets. He is now committed to creating a world class exchange, and is contributing heavily to the structure and user experience of the exchange. As a trader he under-

stands the need for swift exchange performance, and the differences one second could make in these markets.

Andrew is an avid advocate for blockchain technologies, he particularly supports the growth of permission-less architectures for public blockchain advancements. He believes in financial inclusivity, and is committed to creating a set of products for Ceybit which will bring value to all stakeholders.

Being extremely hands on with Ceybit he will be utilizing his knowledge in finance and accounting to contribute towards the exchange clearing, customer balances and global ledger systems architecture.

Andrew is an Australian, Sri Lankan, making him a perfect fit to take on the challenge of introducing cryptocurrencies in Sri Lanka. He is also a graduate from the University of Melbourne and can speak English and Sinhalese.



## Navaseelan Nadesan

### Lead Solutions Architect

Navaseelan is a highly experienced software applications Architect with over 15 years experience in software development. He has worked for branches of large multinational organizations as a technical lead in the development of highly scalable real-time applications. He is also well versed with the latest software advancements and has deployed solutions for many e-commerce platforms during his career. Previously he had worked on Sri Lanka's backbone for online payments infrastructure used in settlements and clearing, which is now a branch of the Central Bank of Sri Lanka. With his new found passion for blockchain technologies Navaseelan is helping Ceybit build a world class platform for cryptocurrency trading.



## Shiyanthan Muthiah

### Senior UI/UX Engineer

Shiyanthan has over 14 years of UI/UX and web developing experience. He likes designing creative and interactive applications and have worked on a number of notable projects. Prior to his work at Ceybit, Shiyanthan has worked for Peercore Information Technology and CAMMS assisting in various UI/UX projects. Our website ([www.ceybit.net](http://www.ceybit.net)) has been built from the ground up by Shiyanthan using pure HTML, JavaScript and Bootstrap. Shiyanthan will be working on Ceybit's platforms to create highly responsive and progressive user interfaces and experiences. He is also well versed in AngularJS.



## Sivatharan Arulanantham

### Senior Software Engineer

Siva is an experienced senior software engineer who have over 4 years of experience to bring to the team. He has worked for PickMe (Sri Lanka's equivalent to Uber), Virtusa and Atrial Edu Lab. Siva enjoys backend applications and finds the blockchain riveting. He loves a challenge and is focused on expanding his horizons and broadening his knowledge of new and innovative technologies. He is proficient in JavaScript and Node.js. Siva will be working on Ceybit's backend applications logic.



## Arik Donovan

### Ethereum Smart Contract Engineer

Arik is an Ethereum smart contract and front end developer with over 4 years of combined experience in AngularJS, ReactJS and Solidity. Arik had previously worked on gaming and betting applications and cryptocurrency forecasting algorithms. Arik also has a masters degree in Computational Mathematics and Cybernetics from the Lomonosov Moscow State University. Utilising his experience in Ethereum and cryptocurrency Arik will assist Ceybit with the development of the exchange, mobile and gateway applications.



## **Pav** Tissera

### Head of Legal and HR

Pav is the lead Legal and Marketing at Ceybit. She has over 5 years of experience in dispute resolution, arbitration, contract writing and advocating in the legal sector in Australia. Pav has been interested in fintech technology and have been a cryptocurrency investor since 2016. Pav is passionate about regulation and how the legal system fits in with the cutting edge technology such as Bitcoin and Ethereum.



## **Gemma** Teresa

### Paralegal

Gemma has over 3 years of experience in the legal sector in Australia as well as previous experience working in political community and grassroots campaigning. She has a particular interest in civil litigation as well as international law and how this is evolving with fintech technology such as Cryptocurrency in an increasingly globalized sphere.



## **Shane** Smith

### Marketing and Social Media Manager

Shane is a hands-on professional, with over 8 years of experience in marketing and sales mainly in the airlines and aviation industry. Prior to joining Ceybit, Shane managed campaigns at Qatar Airways' loyalty program Privilege Club and managed the UK market at Group Nordica for The Capstore UK. Shane will be responsible for moderating Ceybit's social media platforms and managing marketing campaigns.



## **Jerald** Fernando

### Business Development Manager

Jerald Fernando has over 14 years of business development and marketing experience in the IT and Financial sector. He started his career in the Banking and IT industry focusing on B2B and consumer sales. Jerald is currently heads the Business Development function at Ceybit. Prior to joining Ceybit, Jerald worked for a range of multinational giant including HSBC, Mashreq Bank, DFCC bank, I-Mate and Ritz Carlton where he developed and harnessed his sales and business development techniques. Jerald holds a Masters Degree in Business Administration specialized in Banking from Edinburgh Napier University, Scotland.

Our advisors have been picked carefully to attain a perfect fit for our requirements. They are determined and highly skilled individuals in their respective fields, and are working with us closely to bring Ceybit into fruition.



## Lesley Warnakulasooriya

### Regulations & Compliance

Lesley has a Masters Degree in Economics at the University of Madison, Wisconsin, USA. Lesley has worked as a Senior Assistant Director at the Central Bank of Sri Lanka for over 16 years. Lesley then went on to lecture and eventually be a Unit Leader in Mathematics and Economics at Monash College at Melbourne, Australia for over 18 years. Lesley is interested in forecasting economic trends and in his time in the Central Bank of Sri Lanka have worked in micro-financing and developing economic strategies and regulation. Lesley is interested in the new banking economy and how it impacts developing countries.



## Bimal Fernando

### Exchange Systems

Bimal is a Co-founder and VP-Engineering of Strata NEXTGEN PTY LTD a proptech company formed in Australia. He has extensive experience in IT platforms, solution Architecture and Database systems. In his previous careers, he has been involved developing Share Trading Systems and managing Share Registry related database systems.



## Daniel Hernandez

### UI/UX Systems Design

Daniel has +6 years of experience in technology consulting focus on improving the end-to-end user experience of clients running Big Data Software at BIG scale at Accenture. His expertise in the field and passion for innovation, blockchain and new technologies makes him a perfect advisor not only in UX but also in the solution architecture, strategy and delivery. Highly passionate about the platform he is bringing his innovative ideas and professional attitudes to the project.

# Legal Consideration, Risks and Disclaimer Summary

Ceybit aims to be a project that is compliant, safe and secure, however we do take the privacy of our users very seriously and is working hard to develop strategies to ensure that our platforms are legally compliant without compromising customer privacy.

Ceybit has identified the following legal risk factors. However with each risk stated below, Ceybit has attempted to design a solution to minimize or eliminate that risk. Please note our solutions are not definitive and are subject to continuous changes as both our products and regulations develop. Hence, we will reevaluate our strategies in minimizing the following risks periodically.

## Know Your Customer (KYC)

### *Risk*

The Know Your Customer (KYC) process has been identified as one of the legal risks associated with Ceybit's offerings. This is due to the fact that individuals trade cryptocurrency in a wide range of countries around the world with different legislations governing that said country in relation to the KYC process. With multiple legislations to tackle we have foreseen the KYC process as a potential risk. This risk is mainly due to the variant countries that will take part in our platforms and the different legal status of cryptocurrency in those countries.

### *Solution*

Ceybit resolved to have a short term and long term approach to the issue of KYC regulation.

In the short-term, users will have to go through a KYC process in order to have a verified account with Ceybit and to invest in our token sale. Ceybit will use a centralized KYC verification with a simple picture with ID being sufficient.

Ceybit will aim to transfer into a decentralized KYC system as soon as it becomes available in the market.

In the long term, ceybit aims to have a trusted decentralized third party validating the KYC process to make sure all regulations are adhered to. Once the user has created a Ceybit wallet, they will be able to share their identity information with merchants, buyers and stores with whom they will be exchanging with if they choose.

## Anti Money Laundering and Combating the Financing of Terrorism (AML- CFT)

### *Risk*

Money Laundering is another risk associated with Ceybit's Platforms. By providing the tools/ access to buy cryptocurrency with fiat, there is a risk that money used in said purchases could have resulted from illicit activities. Such as criminals using it as an avenue to launder money with cryptocurrency.

### *Solution*

Ceybit has a number of procedures to make sure that people do not use the platform for such illegal matters.

On the Peer-to-Peer level dealing with only cash transactions:

- Ceybit will limit user's transactions in terms of volume per day. A user will be limited to LKR 1,000 (USD 20) a day. We will make it technically impossible to trade more than LKR 1,000 (USD 20) a day with the same wallet. This will act as a major obstacle to those wanting to launder a significant sum of money through cryptocurrency.

At the Exchange and Gateway level:

- Here we will have a fully functioning KYC system operating to ensure we know who is utilizing the exchange.
- Ceybit will have power to track and blacklist all dangerous and or potentially dangerous accounts. We will be hiring a third party security company to track and red flag any dangerous or accounts that show any signs of illegal activity. Ceybit will work closely with regulatory compliance groups in the relevant country to implement the prescribed controls (frequent auditing and handing information to the government in a case of fraud or money laundering) to ensure that the exchange is utilized for valid and legal transactions. Ceybit will reserve the rights to track fraudulent activity and block user funds if we notice any red flags with the associated account. This framework will allow Ceybit to identify and deal with suspicious accounts and hinder any illegal activity from taking place on its platforms.
- Ceybit will aim to preserve and protect the privacy and rights of our users amid working closely with the regulators.

## Regulations in the Country

### *Risk*

Currently there is no roadblocks in terms of regulation for cryptocurrency in Sri Lanka. However there is a slight risk that new regulations could be developed, which might affect Ceybit and its platforms adversely.

### *Solution*

Ceybit will implement a number of strategies to ensure it remains the first successful cryptocurrency exchange in Sri Lanka:

- Our market research has suggested that the Central Bank of Sri Lanka has released a statement verifying that it will be looking positively towards cryptocurrency. Ceybit has formed a relationship with the director of the said department as is working continuously to build on that relationship to ensure that we can successfully introduce cryptocurrency and blockchain solutions in Sri Lanka.
- Ceybit token is classified as a “utility token” to be used for and by its platforms. Current Sri Lankan legislation does not cover the exchange and trade of utility tokens and cryptocurrencies.
- Sri Lanka has similar (not identical) peer-to-peer payment solutions maintained by centralized entities. These are not blockchain based but run on a private credit system enabling for the exchange of goods and services among its users (privately maintained ledgers as those of banks and clearing houses). The country has embraced such technologies; Ceybit remains confident that between the connections with the Central Bank of Sri Lanka and their positive responses and a similar approach already demonstrating its success that Ceybit will have a promising future in the country.
- In addition, Ceybit aims to become one of the most regulatory compliant exchanges in the world. We will be working closely with the relevant financial bodies to make sure that every aspect of operation is legally complaint, giving stakeholders more confidence in the Ceybit Exchange and the intentions of the cryptocurrency community as a whole.
- Finally the Ceybit Foundation; A team of experts dedicated to ensuring that the users of the exchange and our technologies and products and services adhere to regulatory guidelines to ensure that we remain a safe, secure and compliant exchange.



# Risks and Disclaimer Summary

**IMPORTANT NOTICE: PLEASE READ THE ENTIRETY OF THE “Legal Considerations, Risks and Disclaimer” SCHEDULE CAREFULLY. WE RECOMMEND YOU CONSULT A LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISOR(S) OR EXPERTS FOR FURTHER GUIDANCE** prior to participating at the sale of the CYBT Tokens to be issued by Ceybit Software (PRIVATE) Ltd (the “Company”).

Please note that this is a summary of the legal considerations, risks and disclaimers schedule that can be found in the following [<https://www.ceybit.net/disclaimer.html>], and which you must read in full before: (i) making use of this White Paper and any and all information available on the website(s) of the Company and/or (ii) participating in the Company’s token sale outlined in this White Paper and governing terms (the “Token Sale”).

This summary should not be relied on in place of reading the Disclaimer in full (which you will find in the above link). The Disclaimer applies to the Company’s Whitepaper and any and all information available on the Company’s website. The contents on the Disclaimer outlines the terms and conditions applicable to you in relation with (i) your use of the Whitepaper and of any and all information available on the website; and/or (ii) your participation in the Token Sale, in each case in addition to any other terms and conditions that we may publish from time to time relating to this Whitepaper, the website and the Token Sale. (such terms hereinafter referred to as the “Terms”).

The information set forth in the Disclaimer may not be that exhaustive and does not imply any elements of a contractual relationship. While we make every reasonable effort to ensure that all information: (i) in this White Paper; and (ii) available on the website (collectively referred to as the “Available Information”) is accurate and up to date, such material in no way constitutes professional advice.

The Company does not recommend purchasing Tokens for speculative investment purposes.

You acknowledge, understand and agree that holding CYBT Tokens is not a guarantee, representation or warranty that the holder will be able to use the Company, or receive any tokens utilized by the Company.

You acknowledge and agree that you are not purchasing CYBT Tokens for purposes of investment, speculation, as some type of arbitrage strategy, for immediate resale or other financial purposes. You acknowledge that all purchases of CYBT Tokens are non refundable, and the Company is not required to provide a refund for any reason and that you will not receive money or other compensation or any form of a refund, and you consent to no right of withdrawal from the ICO.

## Token Sale Risks

CYBT Tokens do not entitle you to any equity, corporate governance, dividends, voting or similar right or entitlement in the Company or in any of its listed companies. Tokens are sold as digital assets, similar to downloadable software, digital music and the like. The Company does not recommend that you purchase Tokens unless you have prior experience with cryptographic tokens, blockchain-based software and distributed ledger technology and unless you have taken independent professional advice.

Citizens, nationals, residents (tax or otherwise) and/or green card holders of each of:

(i) United States (ii) Australia (iii) any other jurisdiction which prohibits the possession, dissemination or communication of the Available Information and/or prohibits participation in the Token Sale or the purchase of Tokens or any such similar activity or any other Restricted Persons are not permitted to participate in the Token Sale.

In no event shall the Company or any current or former Company Representatives be liable for the Excluded Liability Matters. (Please read the full Disclaimer for more information on Excluded Liability Matters).

The Company does not make or purport to make, and hereby disclaims, any representation, warranty or undertaking in any form whatsoever to any entity or person, including any representation, warranty or undertaking in relation to the truth, accuracy and completeness of any of the information set out in the Available Information.

You should carefully consider and evaluate each of the risk factors and all other information contained in the Terms before deciding to participate in the Token Sale.

The following is a summary of the risk factors in relation to the CYBT Tokens sale and Company in general. This summary should not be relied on in place of reading the full risk factors section of the “Disclaimer” available here: <https://www.ceybit.net/disclaimer.html> in full.

- There is no prior market for Tokens and the Token Sale may not result in an active or liquid market for the Tokens.
- Future issuance and sales of the Tokens could materially and adversely affect the market price of the Tokens.
- Negative publicity or new regulation may affect the price of the Tokens.
- There is no assurance of any success of the Company’s business platform or any future Token functionality.
- The market price of the Tokens may fluctuate following the Token Sale.

## Company Related Risks

The Token’s value may depend on events unrelated to the market trend of cryptocurrencies such as:

- The CYBT Token utility may be scrutinized by Government organizations with issuance of new regulation or guidelines.
- There may be unpredicted risks arising from the ownership of CYBT Tokens.
- The Company may come under a malicious hacker attack, resulting in the theft of CYBT Tokens.
- Company may experience problems with their system and Platform, with unplanned interruptions and/or network failures which may adversely affect the value of the CYBT Tokens.
- The global economic, market and regulatory environment is ever changing, this may have an unforeseen adverse effect on the CYBT Token.

**Please read the full disclaimer available on our website before you act on the Available Information.**

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