



Cryptocurrency Exchange 2.0

WHITE PAPER

Version 1.0



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Preface and Legal Disclaimer

This document is not an offer of securities or a collective investment scheme. Contributors are advised to read this document carefully in full and perform due diligence on their own. Please read terms and conditions before making any purchase decision.

The rise of Bitcoin and other cryptocurrencies, despite seasonal market volatility in the long and medium term is set to revolutionize financial transactions, creating new ways to pay and remit online without going through pre-existing credit- and point-based payment systems. Depending on how they further develop, cryptocurrencies have the potential to create a truly open and borderless world of finance.

CoinDeal is growing a business that provides existing and prospective customers with access to an innovative cryptocurrency exchange that, due to a combination of innovative business technical and compliance features and benefits is in a unique position to provide access, liquidity and convenience of onboarding and use to cryptocurrencies, markets and users across a variety of jurisdictions.

The purpose of this whitepaper is to describe the offering of the CoinDeal Utility Token (CDL). It is designed to act as the medium for executing our main services and provide significant benefits to the token holders that include steep discounts on a variety of CoinDeal fees, access to unique CoinDeal features and much more!



1. Abstract

Baron Rothschild, an 18th century British nobleman and member of the Rothschild banking family, is credited with saying that „the time to buy is when there's blood in the streets.” He should know. Rothschild made a fortune buying in the panic that followed the Battle of Waterloo against Napoleon. Recent Forbes publication uses this quote in the context of viability of cryptocurrency market [link](#)

Harvard Invests in Cryptocurrency, Report Says [link](#)

“The reports of my death are greatly exaggerated”

Mark Twain

CoinDeal is focused on building a cryptocurrency exchange 2.0.

1.1 Investing in Crypto Exchanges and Assets in a Bear Market

Quoting a recent Forbes article "Reports Of Bitcoin's Demise Have Been „Greatly Exaggerated" [link](#)

"Bitcoin and the wider cryptocurrency market have had a terrible end to a trying year, with the bitcoin price sinking almost 50% since early November and sparking a wave of obituaries for the ailing bitcoin and crypto sector.

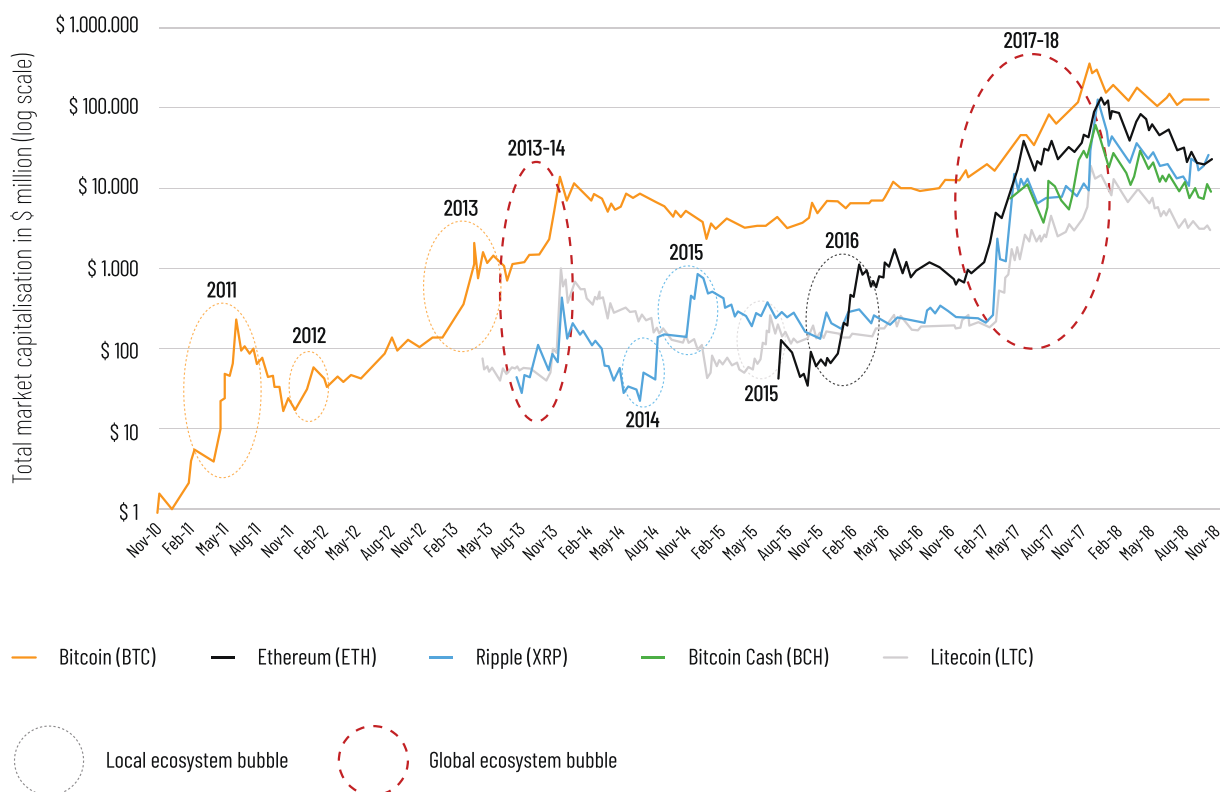
The current bitcoin bear market, labeled crypto winter for its debilitating effect on the broader market and industry, has seen more than \$700 billion wiped from the total value of all cryptocurrencies so far this year, some 80% of its value since its all-time high.

Bitcoin has seen similar price percentage declines before, however, and has managed to recover from them. Now, researchers from the University of Cambridge Judge Business School have found the bitcoin industry will „likely“ bounce back again.

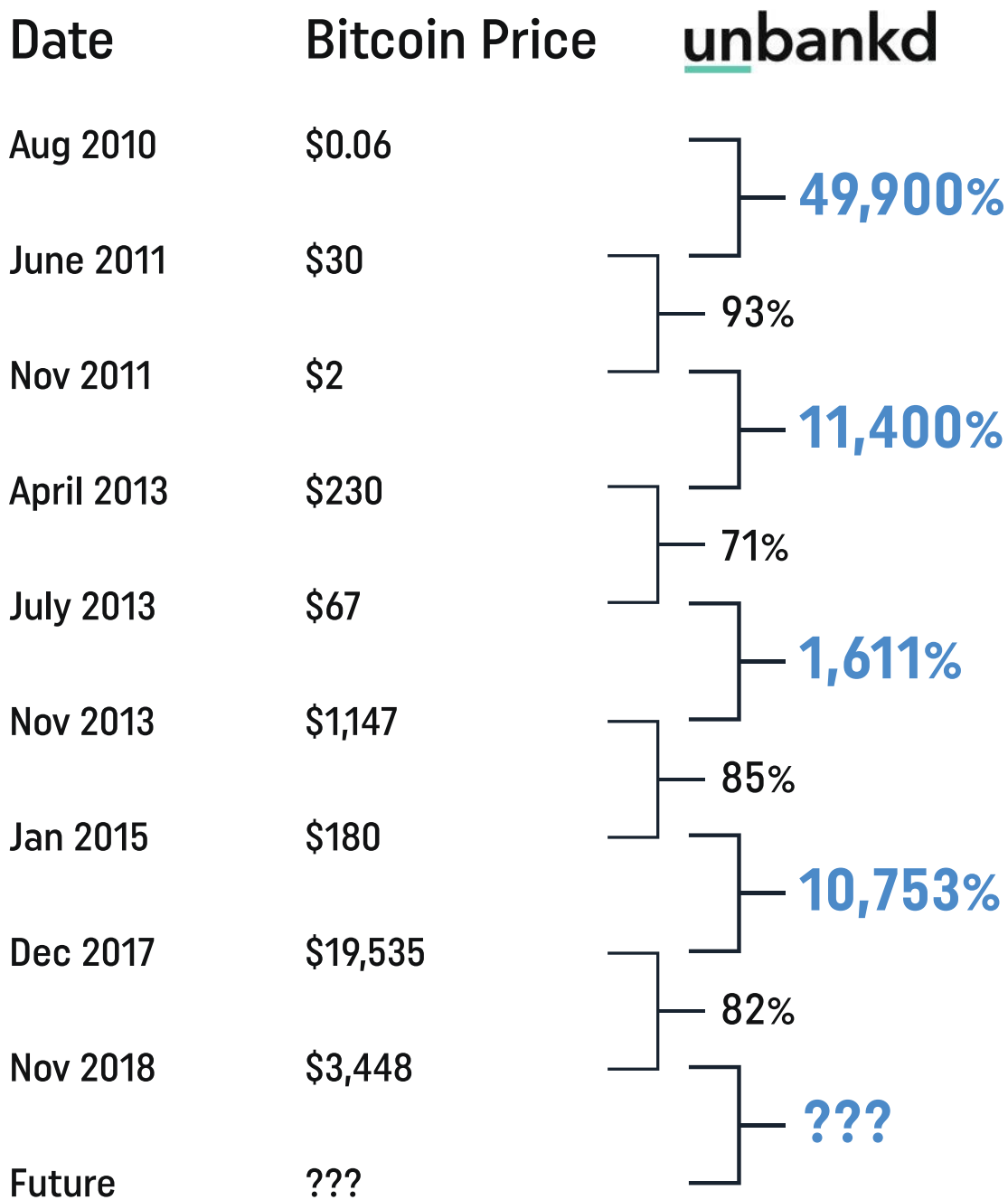
„Statements proclaiming the death of the crypto-asset industry have been made after every global ecosystem bubble,” researchers wrote in the second Global Cryptoasset Benchmarking Study. „While it is true that the 2017 bubble was the largest in bitcoin’s history, the market capitalization of both bitcoin and the crypto-asset ecosystem still exceeds its January 2017 levels–prior to the start of the bubble.

„The speculation of the death of the market and ecosystem has been greatly exaggerated, and so it seems likely that the future expansion plans of industry participants will, at most, be delayed.”

EVOLUTION OF THE CRYPTOASSET MARKET CAPITALISATION



Note: data sourced from CoinMarketCap and Coin Dance.



Quoting: [link](#)

"A recently conducted survey has found that despite the prolonged bear market that saw most cryptocurrencies lose between 80% and 90% of their value, nearly 40% of respondents would still invest in cryptocurrencies if they had spare funds.

According to 8BTC, the survey was conducted by local news outlet PANews, and it found that 82.8% of the polled individuals would consider buying crypto a "trendy investment," while 40% claim they would like to invest.

1.2 CoinDeal Highlights

CoinDeal takes into account lessons learned from the previous mishaps and inefficiencies that have plagued the market since its inception. We are set on creating an exchange for all of traders and investors, with the unique benefits supported by:



- Extended number of useful product features
- Well-thought legal setup (seeing and promptly achieving regulatory approval on as many potential markets as possible)
- Powerful combination of efficient marketing and pro-active community-building and engagement

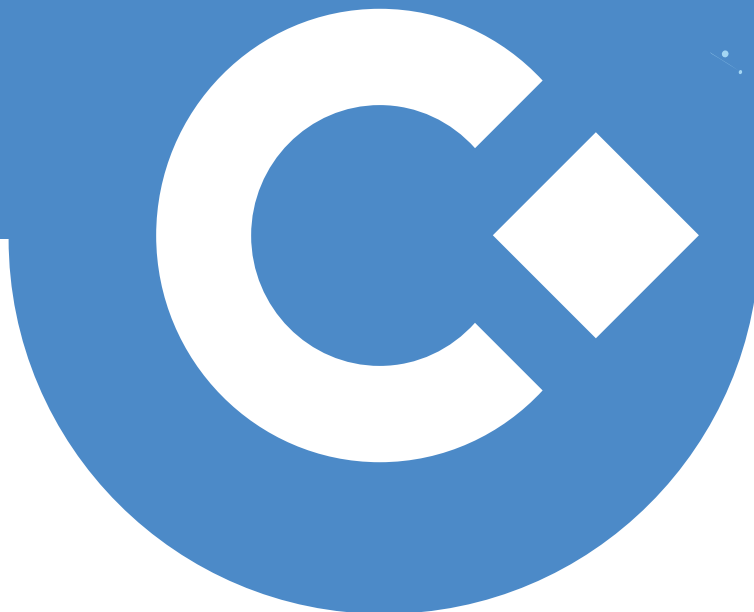
A lack of Fiat availability and Fiat pairings is another task that CoinDeal is set on correcting within the crypto market, bridging the existing world of finance with the new possibilities of cryptocurrencies and blockchain based assets.

CoinDeal and tokenholders' benefits in a nutshell:

- a. First exchange of it's kind (in terms of number of fiat currencies) to offer own token
- b. One stop shop exchange with various cryptos, a multitude of fiats, learning materials, gamification, and more.
- c. Despite already fast reaction times of existing support team, the token itself will allow for a customer support fast track (even faster service)

Other CoinDeal highlights include

- quick support 24/7
- transparent platform's funds
- the highest security
- voting system for new cryptocurrencies
- affiliate program
- cryptocurrencies: BTC, BCH, ETH, LTC, DASH, QTUM and more!
- fiat available: EUR, USD, GBP, PLN, RUB, KRW



2. Introduction

The total capitalization of the cryptocurrency markets at its peak reached a staggering 826 Billion USD towards the end of 2017.

While 2018 has been a rough year with volatile price movements, in the long run a significant share of investors and market leaders are still optimistic and predict the growth of this market to resume and continue, reaching a few trillion USD in the next 5-7 years.

The pure crypto-to-crypto exchange model has proven to be inefficient, as well as, lacking long-term vision. Many exchanges are not designed to become major players in a world where inevitable choice boils down to either becoming fully compliant to applicable regulation or disappearing.

CoinDeal is determined to be in the vanguard of efficient innovators and disruptors and becoming the first to set the new course for cryptocurrency exchanges that are globally licensed, compliant, and offer the highest possible number of legitimate pairs of crypto-to-crypto, as well as, crypto to Fiat.

2.1 Background

2.1.1 Regulatory Landscape

After the bull market of 2017 - regulation is seen as a necessity in the current market. Many exchanges are reluctant to change, are not KYC/AML compliant, and shy away from regulators.

Going along with not being willing to become regulated, exchanges are therefore not in a position to grow and serve their customers in the best possible way.

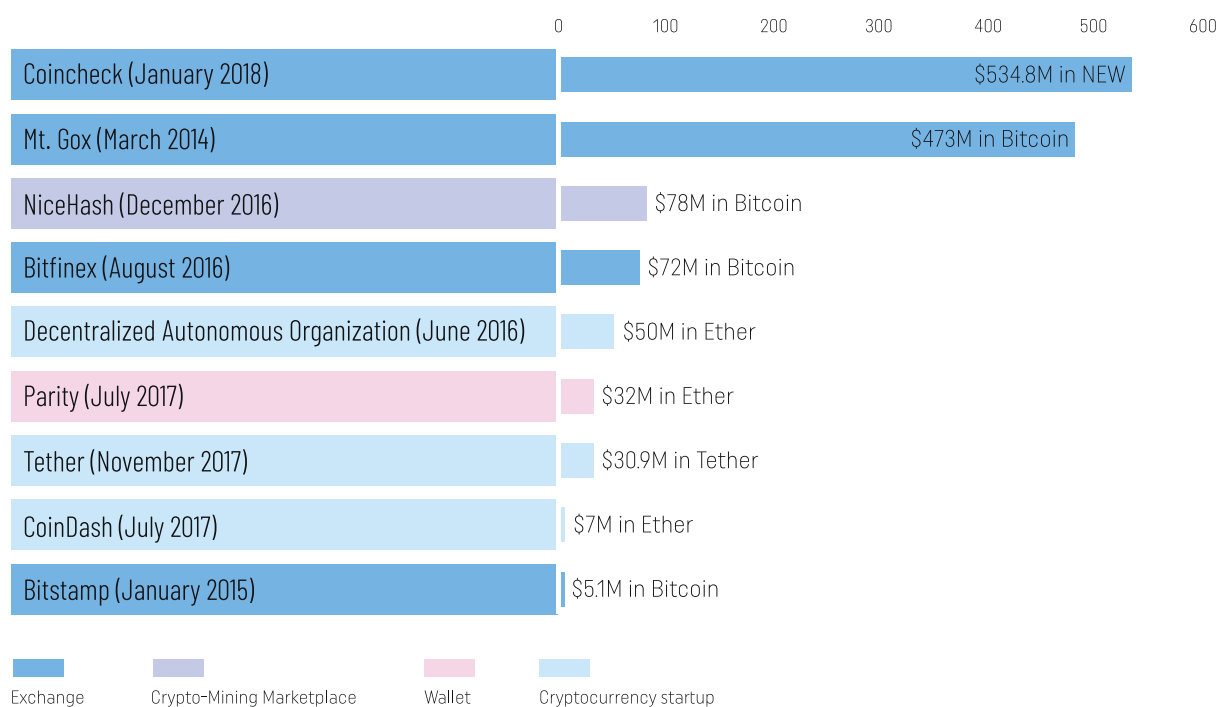
CoinDeal's focus is to become a key player that is able to maintain the current vision of cryptocurrencies while bridging the established world of banking.

The year 2018 has proven that there is a need for regulated and compliant exchanges, offering not only crypto-to-crypto trading, but also a wide variety of Fiat pairings.

2.2 Case Studies

Throughout the last few years of the cryptocurrency market, there have been numerous examples that highlighted the obstacles and shortcomings of cryptocurrency exchanges. These obstacles and shortcomings have stemmed from lack of proper security, mismanagement, or simple fraud that have cost users millions of dollars and tarnishing the reputation of exchanges that wish to conduct business in a transparent and honest manner.

BIGGEST CRYPTOCURRENCY HACKS AND THEFTS



Sources: 99bitcoins.com, benzinga.com

2.2.1 Mt. Gox - 2014

Mt. Gox has quickly become one of the prime examples of how a lack of regulation and transparency can affect the market. The company said it had lost almost 750,000 of its customers' bitcoins and around 100,000 of its own bitcoins, totaling around 7% of all bitcoins. Mt. Gox released a statement stating that, „the company believes there is a high possibility that the bitcoins were stolen,” blamed hackers, and began a search for the missing bitcoins. Chief Executive Karpelès said technical issues left an opening for fraudulent withdrawals. After he was interrogated, Japanese prosecutors accused him of misappropriating ¥315m (\$2.6m) in bitcoins deposited into trading accounts by investors at Mt. Gox and moving it into an account he controlled approximately six months before Mt. Gox failed in early 2014.

This case is only one of the most well documented, and there have been numerous other situations where crypto assets deposited at exchanges were lost or stolen. A significant risk still exists today, and it is widely agreed that due to complacency and a lack of better alternatives all major exchanges currently lack the proper security to adequately protect customers' deposits.

At its height, the Mt. Gox exchange handled roughly 70% of all bitcoin volume¹. The value of Bitcoins stolen was 473 million USD².

2.2.2 Bitfinex - 2016

In August of 2016, the cryptocurrency exchange Bitfinex was the target of a hack that resulted in the loss of 119,756 Bitcoin from user's accounts³. At the time, it was the second largest loss of user's funds after the Mt. Gox hack. It was reported that the hack happened due to the way that Bitfinex architected their multi-signature accounts⁴, an oversight that cost Bitfinex users 70 million USD.

¹ <https://blockonomi.com/mt-gox-hack>

² <https://cointelegraph.com/news/the-mess-that-was-mt-gox-four-years-on>

³ <https://www.coindesk.com/bitfinex-bitcoin-hack-know-dont-know>

⁴ <https://www.coindesk.com/bitfinex-bitcoin-hack-know-dont-know>

2.2.3 Bitgrail - 2017

A relatively new case study, but one that shows that the market has not progressed substantially in the years following the hacks and downfalls seen with Mt. Gox and Bitfinex exchanges. Bitgrail was one of the few exchanges that offered the cryptocurrency RaiBlocks (now rebranded "Nano") during the height of the assets popularity in late 2017. Over 170 million USD has been reported stolen from user's accounts and the exchange had to file for bankruptcy⁵. The legal proceedings are still on-going and there is no information whether users will get any of their funds back.

2.2.4 Coinbase - 2017

Upon the introduction of Bitcoin Cash in Q4 of 2017, questions of insider trading started to arise. Prior to the listing being announced, there was a spike in the price of the asset. The result was a lawsuit of insider trading, claiming that the spike was due to employees at Coinbase, that were aware the listing was about to take place and placed buy orders on the asset. Despite an internal investigation concluded no wrong-doing, Coinbase is still facing a class action lawsuit claiming "Coinbase was negligent, and violated consumer protection laws due to insider trading⁶, resulting in lost customer profits."⁷

2.3 Problems of Current Cryptocurrency Exchanges

The current model of cryptocurrency exchanges has proven to be inefficient and even dangerous to their customers. The industry is rampant with fraud, inadequate customer support, and subpar security systems. Hacks and loss of funds have become a norm, questions of liquidity arise every other week, and customer support is inefficient or sometimes not existent.

2.3.1 Security Concerns

The data input on to the public Blockchain is immutable and thus more susceptible to mistakes, theft and loss of assets through a host of malicious

⁵ <https://coingape.com/bitgrail-saga-italian-authorities-seize-funds>

⁶ <https://www.coindesk.com/coinbase-hit-lawsuit-alleged-insider-trading>

⁷ <https://blockonomi.com/coinbase-bch-insider-trading>

attacks and fraudulent activities (e.g., malware, phishing, hacking and outright theft of assets) or simply incorrect data input. In addition, no legal recourse exists for stolen or lost cryptocurrency assets. Cryptocurrency technology does not allow the recovery or freezing of such assets without forking to reject the transactions in question.

Some of the largest exchanges currently in operation have a history marked with security breaches and stolen funds. The largest, of course, was the infamous MtGox hack, but many other exchanges have been compromised, having user data and funds stolen. Some eventually repaid the affected users, and some quietly closed up shop. Such amateur levels of security are unacceptable when dealing with user funds and personal data.

In light of the many hacks that have befallen cryptocurrency exchanges over the past few years, it's no surprise that security is a key concern for investors in this industry.

Blockchain security firm, CipherTrace reported that the amount of money lost through security breaches and hacks in 2018 has tripled from the previous year.

A lack of talent and resources, coupled with inadequate security infrastructures/models are to blame for a number of hacks that have taken place. In the case of Coincheck and Coinrail, two exchanges that have suffered from this year's most serious hacks, both admitted to not having allocated enough talent and therefore, not having the expertise to properly secure their platforms. To add to this, both exchanges had an inadequate security infrastructure and model in place, keeping large amounts of cryptocurrency online in their hot wallet, rather than offline - making the hack easy once the hackers penetrated their platforms. Other exchanges have succumbed to the hazards of growing too quickly and not having the funds available to invest in proper security systems and processes, or to scale their existing tools.

This last point is critical to security in the cryptocurrency space - with the very large increase in the number of cryptocurrency traders over the past two years, some exchanges are launching and simply expanding too quickly to ensure that security and investor funds protection are appropriately prioritized.

An investigation into two years' worth of data leaks from cryptocurrency exchanges reveals that hackers aren't exactly having a hard time hacking into cryptocurrency exchange services. A good example was the case in June of South Korea's Coinrail, which lost about £28 million / \$36 million to hackers. Crypto-fans might remember that the cyber-attack instantly sent the price of Bitcoin tumbling 10%.

Group-IB has found that, from 2016 to 2017, the number of cryptocurrency-related data leaks soared by 369%, while the first month of 2018 set a record.

"Due to growing interest in cryptocurrencies and the blockchain industry, in January the number of incidents jumped by 689% compared to the 2017 monthly average," researchers said.

The USA, Russia and China are the primary targets, and every third victim of the attack is an American. The US also hosts 56.1% of criminal C&C servers belonging to cryptocurrency hackers, followed by the Netherlands (21.5%), Ukraine (4.3%) and Russia (3.2%).

Attackers use techniques ranging from simple social engineering methods to more sophisticated trojan deployments, leveraging tools like AZORult and Pony Formgrabber, and Qbot. Cybercrooks are also repurposing tools previously used in bank attacks.

So, why are cryptocurrency exchanges such sitting ducks? The answer, according to researchers, is simpler than one might like to believe: "disregard for information security and underestimating the capabilities of cybercriminals. The first and main cause is that both users and exchanges omit to use two-factor authentication. The second cause is disregard for basic security rules such as the use of complex and unique passwords."

Analyzing 720 accounts, Group-IB found that one in five uses a password shorter than 8 characters – a dangerous practice, considering how successful brute force attacks can be against weak passwords.

Attack vectors identified by researchers included: errors in the source code of the software; phishing attacks; unauthorized access to the user database; vulnerabilities related to storage; and withdrawal of funds. "However, all of them

stem from the lack of attention to information security and protection of digital assets," researchers emphasized.

As far as crypto-exchanges are concerned, considering the kind of business they run and how a breach can affect their customers' lives, two-factor authentication should be the absolute minimum level of protection for customer accounts. Unfortunately, not all of them enforce this practice, the research revealed.

Assuming a new investor can navigate this arduous transaction process, they still face security issues. While cryptocurrency transactions remain unprecedentedly secure due to blockchain technology, holding cryptocurrencies in exchange wallets remains unsecure. These wallets are managed by the exchange and typically referred to as "hot wallets" as user currencies are accessible online. Hot wallets leave investors vulnerable to cyber-attacks on personally identifiable information, exchange account information, and the broad exchange database. Typically, users will opt to store their coins in a hardware wallet (commonly referred to as "cold storage"), but with a diverse portfolio, a user is required to maintain multiple wallets each with synchronizations, passwords, and private keys.

Because of this complex process and lack of security, the cryptocurrency investment ecosystem has primarily catered to select investors who understand the nuance of wallet security, currency price pairing, and the other intricacies of crypto.

The established exchanges, like Coinbase, Poloniex, Bittrex, and Kraken, all maintain these intrinsic disadvantages to new investors on their exchange platforms and cannot effectively fix these issues because of an already established infrastructure. CoinDeal wants to change that. For newer investors, our exchange will bring simplicity to a complex ecosystem and allow users to confidently participate in the booming crypto market. For experienced users who value speed, advanced trading capabilities, innovative features, and a customized user experience, our exchange provides market leading security and exclusive cutting-edge features.

2.3.2 Lack of Proper Customer Support

By far the biggest complaint users currently have with existing cryptocurrency exchanges is poor customer support. The issues are many and include long withdrawal times, login issues, unanswered support tickets, and nonexistent documentation. Horror stories abound with funds locked up for months due to something as simple as a 2 factor authentication reset with nobody there to help. When dealing with such large amounts of funds, users need a professional customer support experience.

This is both one of the major issues with existing exchanges are growing pains⁸ and an opportunity to create great value for customers. If a system or organization is not created with proper customer support in mind, the users will suffer. The end of last year was a prime example, when exchanges had an issue even adding new users, let alone answering their support tickets or helping out in claims of lost funds. In some cases, customer support is so lacking, customers were considering legal action against exchanges⁹.

2.3.3 Regulation and Lack of Compliancy

Banks and licensed brokers will continue to struggle with cryptocurrency adoption until more transparent regulation makes their handling explicit. At present, transparent regulatory frameworks are not available in most markets. Additionally, many national regulatory bodies have not come to agree on a common industry definition for "security tokens" versus "utility tokens." As a result, many major cryptocurrency exchanges in the world's leading economic capital markets are yet unregulated.

Two distinct systems can be outlined in terms of current cryptocurrency exchanges. The first model focuses on crypto-to-crypto transactions, often disregarding KYC / AML practices. This kind of cryptocurrency exchange will have a very difficult, if not impossible, time to become regulated and compliant.

⁸ <https://techcrunch.com/2017/12/20/cryptocurrencies-have-an-everything-problem/>

⁹ <https://cointelegraph.com/news/bitfinex-addresses-concerns-about-its-customer-support-issues>

The second type of exchange is one that offers crypto-to-crypto trading as well as crypto-to-fiat. This second kind of exchange is often regulated, but closed to the majority of potential customers, as it does not have enough resources to expand on to new markets. The result of such an exchange is one that is unavailable to many who could benefit from it.

2.3.4 High Barrier to Entry and Steep Learning Curve

“One of the biggest barriers preventing people from exploring a new digital asset was a lack of knowledge about that asset. Many of the people we surveyed expressed a strong desire to begin learning about new and different crypto assets beyond Bitcoin, but didn't know where to begin.” [link](#)

Newcomers to the cryptocurrency world face the most significant challenge as soon as they sign up to an exchange. The interfaces are difficult to use, and there is little help for getting started. It is challenging to get newcomers to operate on the platform if they can't figure out how to use an exchange, and fixing this problem would do a great deal in helping user adoption for cryptocurrency in general.

As, especially since early 2017, cryptocurrency prices have increased, so too has public intrigue and investment. However, despite these inflows of public capital, it is primarily cryptocurrency miners, venture capitalists, financial analysts, institutional investors and computer scientists that are reaping the lucrative rewards from the cryptocurrency explosion, while the lay investor gets lost in the complex intricacies of the blockchain.

2.3.5 Lack of Crypto Educational Resources

A new survey from eToro¹⁰ has found that nearly half of online investors state that a lack of educational resources is the main reason for not trading crypto.

The global investment platform commissioned Provoke Insights, an independent market research and strategy firm, to conduct the online survey among 1,000 online investors between the ages of 20 and 65. Notably, it found that education is a key barrier to investors from buying cryptocurrencies, with 44% indicating as such.

Even among Millennials a lack of education is felt, with 40% saying that the main reason they don't invest in cryptocurrencies is due to limited educational resources. However, despite the 2018 bear market, it hasn't done much to slow investors' interest in the industry. In fact, the survey found that 97% of both Millennial and Gen X crypto traders said they are interested in learning more about cryptocurrencies.

Online investors are still keeping their eye on cryptocurrencies, but this survey revealed that there is a serious lack of educational resources available to those who would like to invest in or learn more about crypto, said Guy Hirsch, the U.S. managing director at eToro. As we move toward a future where assets will become increasingly tokenized, it's important to give investors access to the resources they need to invest in the assets they want and truly consider crypto assets as part of their long-term investment plan.

According to the survey, there are limited ways investors are keeping up-to-date with their crypto learning. This is through their online trading platform and social media, at 67% and 43%, respectively. Regarding social media, YouTube and online crypto chat forums seem to be the most used avenues.

Millennials are more likely to seek out financial advice compared to Gen X or Baby Boomer online investors.

¹⁰ <https://www.forbes.com/sites/rebeccacampbell/2018/12/18/etoro-survey-44-of-investors-identify-education-as-main-barrier-to-crypto-trading>

For a new crypto-investor, navigating the complex ecosystem of cryptocurrencies and exchanges is incredibly complex and cumbersome. An investor new to cryptocurrencies must first execute a complex verification process, only to then divulge their sensitive payment information to buy either Bitcoin (BTC), Ether (ETH) or any of the other limited quantities of the large, established currencies (Bitcoin Cash, Litecoin, etc.).

After one of these cryptocurrencies is purchased, which takes upwards of seven days, the investor then transfers this established currency to another exchange to purchase altcoins and diversify their portfolio. Once this transfer clears, the user is able submit orders for trades after calculating the predictive price of one BTC or ETH relative to each altcoin. This first transaction cycle is not complete until the new user decides which type of order to submit, which presents additional challenges of market pricing discrepancies, liquidity, slippage, and arbitrage.

Cryptocurrencies still possess a high barrier to entry. New users often have to learn by making mistakes that end up costing them money. Currently, there is no platform that allows for new users to familiarize themselves with the world of cryptocurrencies. Users new to cryptocurrencies have to seek additional materials from which to learn, often these materials are of questionable quality.

2.3.6 Lack of Transparency and Liquidity

Lack of regulation also leads to a lack of transparency in the way the cryptocurrency exchanges function. These days, it is common practice for exchanges to inflate their trading volumes, appearing bigger, more profitable, and solvent to potential customers.

Most crypto exchanges don't provide any reports and are never audited by independent authorities. Moreover, the financial audit process has traditionally been opaque, operating in a black box environment with only a pass or fail judgement rendered by the auditor on an annual basis. A number of initiatives are underway internationally aiming to increase transparency of the audit process. We believe that the only efficient means of reporting rests with technologies making every exchanges operation traceable in a public blockchain.

Any exchange business requires adequate liquidity to facilitate the efficient execution of trades and in order to act as an intermediary or counterparty on certain proprietary trades to further accelerate transaction speeds. Building up liquidity from other cryptocurrency exchanges and other counterparties, however, can be time-consuming and expensive.

Many exchanges operate on the brink of law, some even operate with little to no liquidity and no liquidity means no operational value.

2.3.7 Lack of Progress and Will to Innovate

The current model of exchanges is not progressive enough - many have exuberantly high profit margins, but tend not to spend the money in way that progresses the development and adoption of cryptocurrencies. Major players should be willing to set more of an example in terms of operations, management, customer support, and most importantly, leading the way in the quest for proper cryptocurrency market regulations that allow the sector to grow, without stifling innovation.

2.3.8 Limited Availability of Fiat Currencies

Many exchanges offer only crypto-to-crypto trading and only a few offer more than one Fiat currency. In reality, this leads to users not being able to use only one exchange for all of their needs. Without the possibility of Fiat deposits and withdrawals users need to use supplementary exchanges, often a couple, in order to meet all of their needs.



3. Introduction to CoinDeal and Proposed Solutions

In light of the problems facing the modern archetype of cryptocurrency exchanges, CoinDeal has a plan set in motion not only to overcome these obstacles, but also to guide the way for future exchanges.

CoinDeal launched March 1st, 2018. Despite not even being a year old, we have already left an imprint of the cryptocurrency exchange market. We are ranked 45th on CoinMarketCap, with a 24 hour trading volume reaching up to **31 million USD**. There are currently over 40 trading pairs available as well as 6 Fiat currencies.

Cryptocompare October 2018 Exchange Review¹¹ highlights a list of the top exchanges by volume that have an Alexa ranking above 100,000, and CoinDeal is included in that list (see the Figure 16 of the document available using the link below).

New coins and tokens are added monthly, either by a voting system where our community decides which new asset they want available or by individual basis.



¹¹ https://www.cryptocompare.com/media/34836036/cryptocompare_exchange_review_october_2018.pdf

3.1 Security Implementations and Architecture

CoinDeal's priority is safety of users and their funds. That's why, apart from all typical precautions like the most advanced SSL standards or mandatory 2FA, a user also gets email notifications about login attempt from different IP than usual. CoinDeal is also protected by CloudFlare security and funds are stored in cold wallets. To prevent the situation in which cryptocurrency exchange platforms are using users' money to exist – CoinDeal.com keeps everything bright and clear. Users can check the funds, which belong to exchange market, and are not mixed with private funds of users. CoinDeal also provides 100% uptime of its platform to let its users trade anytime they want without missing any good opportunity. What's more, after a transaction you won't feel cheated as all the fees are visible in Fees Table.

3.1.1 Security and Full Compliance, Including KYC/AML

CoinDeal requires all users to go through full KYC / AML in order to use the platform. Unlike other exchanges, we do not allow the user to even trade crypto without first going through KYC / AML. At this time, CoinDeal is using Jumio - one of the largest players in the space. The company is looking to create its own KYC/AML solution in the near future.

CoinDeal has been created with security and customer support from its very inception. We have never prioritized profit over proper scaling. Security-wise, the system is built using microservices architecture. This means our system is built from many independent elements that are maintained by separate teams and not a single person has access to all modules.

Our innovation is that each module signs (in a similar manner to that what happens on the blockchain) each request with its private key. Other modules know its public key so they can check if the signature is correct. If a signature is missing, other modules won't accept such a request. Therefore, even if someone breaches the system but has access to all modules but one, they cannot do anything keeping funds safe.

Some modules require user input, like OTP or e-mail confirmation, where only the user knows the proper answer. No one can make a payout from the user's account without the user's consent - not even the administrator.

3.1.2 2 Factor Authentication and cold storage



Two-factor authentication (2FA) is a requirement for any user wishing to withdraw funds from CoinDeal Exchange. Without proper 2FA, logging into an account with stolen credentials and withdrawing funds is simply too easy.

Our focus on user security is also the reason why we force 2 Factor Authentication (2FA) for all users who wish to trade on our platform. We do this as a measure to ensure account safety, and out of understanding that many users simply are not aware that such measures exist.

In order to fully secure funds, only 5 - 10% are in the system at any given moment. 90% are stored offline, and are only accessed when the need arises.

Considering that such large balances of cryptocurrencies are being stored on major exchanges, it is important to have a strong 'deep cold storage' system to keep user funds secure. In such a system, only funds that are needed immediately to process withdrawals are made available to the exchange systems. This balance is called a 'hot wallet' and is kept at a modest but adequate level at all times as withdrawals and deposits are processed. The remaining funds are locked in 'cold storage' wallets. Cold storage wallets have private keys that are generated offline with a strong security policy in place to prevent anyone other than authorized personnel from accessing the funds.

We are set to become the first exchange in the cryptocurrency world that will come close to the financial world in terms of security, since as of now, there is no cryptocurrency exchange that comes close to the standards set out by Wall Street.

3.2 Excellency in Customer Support

CoinDeal's top priority is the contact with its customer. That's why, CoinDeal won't let you wait for an answer for a long time. The Support is available for your needs 24 hours a day, 7 days a week. In CoinDeal, creators know how annoying and unprofessional it is to wait for an answer for over a week. That's why an

efficient Support was one of the most important assumptions in the creation of cryptocurrency exchange market.

Customer support is a key factor in any exchange; it is, however, one of the most overlooked aspects of major exchanges. CoinDeal has a dedicated team of customer support professionals that are ready to assist users in a wide range of matters. We currently offer live chat customer support in English, Chinese, Korean, and Polish - with more languages being added in the very near future.

Almost since day 1, CoinDeal has had 24/7 customer support. Apart from support emails, we have live chat available in 5 languages and adding to that number. Some data that verifies growing quality of our support is presented below:

Average First response time:

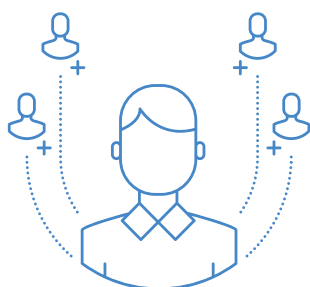
- March – 10h 55 min
- April – 5h 39min
- May – 3h 19min
- June – 1h 52min
- July – 1h 6min
- August – 1h 36min

Customer satisfaction

- March – 90%
- April – 88%
- May – 86%
- June – 84%
- July – 85%
- August – 89%
- **Average 86%**



3.3 Referral Program



CoinDeal is not only trying to become the most successful and easy in use cryptocurrency exchange market, but also its goal is to create a community of people who are open for discussion and to help others. To make it happen, CoinDeal offers one of the most lucrative invitation bonuses for its users. Its Affiliate Program in which you can invite your friends to trade on CoinDeal and receive 20% of their trading fee as a reward for activities of new users who sign up using your link. For the time being, these rewards will not be paid out in CDL

¹² <https://hackernoon.com/heres-why-crypto-exchanges-are-the-market-s-real-problem-f87864656dcb>

3.4 Fiat Currency Support

CoinDeal already offers 5 Fiat currencies for deposit and withdrawal: USD, GBP, PLN, EURO, RUB. Apart from deposits and withdrawals, the highest volume cryptocurrencies are also offered with Fiat pairings. We plan to offer as many Fiat pairings, deposits, and withdrawals as will be possible.



3.5 KYC / AML Compliance

In order to trade on CoinDeal, you have to go through our KYC / AML process. Unlike many exchanges, this process is implemented from the very start after registering your account on CoinDeal. We are fully compliant with all Know Your Customer and Anti-Money Laundering regulations.

3.6 Services Tailored to both Inexperienced and Advanced Users

We feel we have an ethical and moral obligation to new and inexperienced users. We enforce 2-factor authentication on all CoinDeal accounts - there is no way to use a CoinDeal account without this function. Also, as stated above, all accounts go through KYC / AML, so even when a malicious actor wants to liquidate another user's crypto and send it to an off-exchange wallet he cannot do so from an anonymous account (like on Binance, Kraken, Liqui, and many others).

Regarding specific advantages for professional participants: as of right now, advanced trading features are planned for implementation throughout 2019. This year, we focused and prioritized on security, customer support and ease of use. We have a separate legal entity in Switzerland, with appropriate and necessary licenses from the VQF and FINMA. This will be where we base our Pro platform, planned for 2019.



4. Revenue Model

Despite being operational less than a year, CoinDeal is already a functioning exchange that has proven to have a functioning revenue model. With close to 100,000 active users, 20 million USD and growing substantially with each week, even small fees provide a substantial revenue stream that supports operational costs. The revenue can be separated into the sources listed below.

4.1 Trading Fees

The standard trading fees are 0.4% Taker and 0.3% Maker. These fees however will be significantly lowered when using the CoinDeal Token.

4.2 Withdrawal Fee

We do charge a small fee for withdrawals; the amount differs depending on whether it is a cryptocurrency or fiat currency. Withdrawal fees will also be lowered when using the CoinDeal token.

4.3 Listing Fee

CoinDeal does have a listing fee for new cryptocurrencies that wish to be added to the exchange. Despite the listing fee, CoinDeal does not accept all crypto assets that wish to be added - first, an in-depth analysis has to be performed to make sure the vision and function of the asset is safe, and complies with all security guidelines of our exchange.

4.4 Margin Fee

When the margin trade feature will be implemented in the future, CoinDeal will be charging a fee or interest adequate to the amount borrowed.

4.5 Vote Listing Fee

CoinDeal currently has a monthly voting where the community has their say on which coins and tokens they wish to be listed on the exchange. In order to discourage spamming, an initial fee of 0.2 BTC has to be paid for a coin or token to be added to the voting process. This is a one-time fee and does not have to be repaid if the coin does not win the voting.

4.6 Other Fees

There may be other fees on the platform if we implement more advanced features in the future, in example, predictive markets, algorithmic trading, or AI based trading tools.



5. Marketing and Prospects

5.1.1 Affiliate Marketing

We believe our strong, trusted networks of local partners can help our brand go viral very quickly and acquire millions of active users in a relatively short time.

5.1.2 Referral Program

In additions to other large-scale marketing campaigns, a referral reward program has been implemented, giving extra income to those who refer new active users to CoinDeal.

5.1.3 Trading Promotions

We will implement inclusive promotions for our customers as a gesture of goodwill and support for the members of the global crypto community, especially the beginners who want to experience live trading conditions with free money.

5.2 Wolverhampton Wanderers Sponsorship



Wolverhampton Wanderers FC



In a unique partnership deal CoinDeal exchange became the official sponsor of the English Premier League team Wolverhampton Wanderers¹³. Marketing arrangements aimed to enable mass adoption of CoinDeal services include the display of CoinDeal logo throughout the Molineux stadium and printing it on training shirts and athletes' seats.

CoinDeal's marketing activities are not only focused on supporting sports teams, but the exchange platform also has charity activities to its credit. In June this year, CoinDeal exchange supported the Wrocław Foundation „Na ratunek dzieciom z chorobą nowotworową.” [Saving children with cancer]

According to the Wolves Executive Director, Laurie Dalrymple:

“CoinDeal is a bold and fast growing company and we believe that our cooperation will be exceptionally successful. We are glad that CoinDeal will be our sponsor during the first season after returning to the Premier League.”



CoinDeal team believes that Wolves will help us reach sports and trading fans all over the world.

¹³ The club was founded in 1877 as St. Luke's Club. Two years later the team merged with the local cricket team and The Wanderers football and since then it has been called Wolverhampton Wanderers. The Wolves was one of the twelve teams that founded the Football League and is a four-time winner of the England Cup.



6. CoinDeal Token (CDL)

We will be issuing our own internal exchange token, the CoinDeal Token (CDL) which will allow users an even better experience on our trading and investing platform. The CoinDeal Token will run natively on the EOS blockchain, allowing for faster transactions times and smaller fees for all parties involved. To become the world's best cryptocurrency exchange, we have to choose the technology, which allows for the largest amount of transactions per second.

As of writing, EOS is able to process over 3,000 transactions per second¹⁴, where as the Ethereum blockchain can only process 15 transactions per second¹⁵.

Overall the token will be used for discounts on all manners of fees, the fee itself will also be payable via the token. The CDL token will also be used in order to access the social trading platform and receive remuneration for content creation on said platform



6.1 Token Features

The CoinDeal token will allow users to access additional functionalities within the trading ecosystem and will also be used for the decreasing of various fees. CDL will also allow for a higher liquidity within CoinDeal and for far more pairings with cryptocurrencies and Fiat currencies.

¹⁴ <https://coincodex.com/article/2052/eos-achieves-3000-transactions-per-second/>

¹⁵ <https://coincentral.com/ethereum-vs-eos/>

6.1.1 Decreased Fees

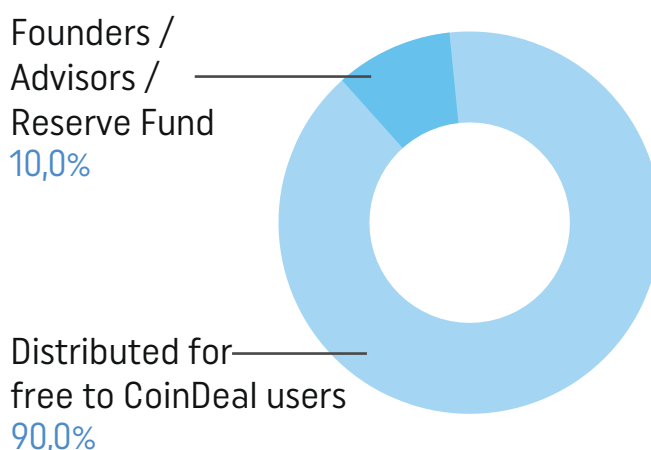
The CoinDeal Token will allow for decreased trading and withdrawal fees. When margin trading and leveraged trading will be introduced on the platform, parts of the fees will be able to be paid in CDL.

6.1.2 CDL Staking

Staking a certain amount of CDL will allow for users to further decrease their trading and withdrawal fees even further, the exact amount needed for staking and the percentage decrease in fees will be announced at a later date.

6.2 Token Distribution

A total of 50,000,000 tokens will be generated in a one time Token Generation Event. No additional tokens will be created past this point, ensuring no more than 50,000,000 will ever be in circulation.

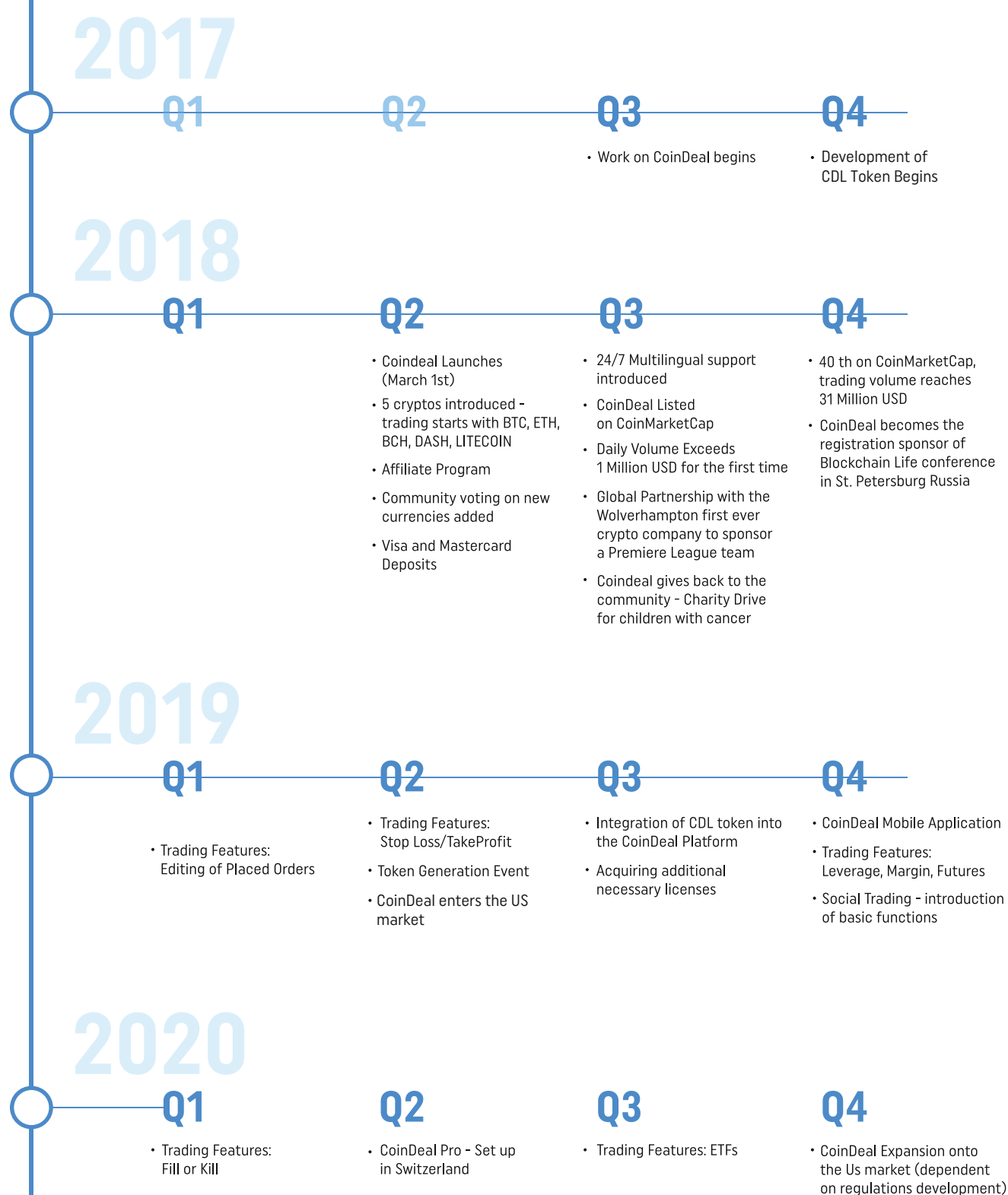


6.3 CoinDeal Mobile Application

The world is going mobile, this can be seen especially in Asia, where the majority of our page visits come from mobile devices. CoinDeal will be releasing it's mobile application on the verge of 2019 and 2020 to better serve all our users worldwide.

7. History and Roadmap

CoinDeal Token Product Roadmap



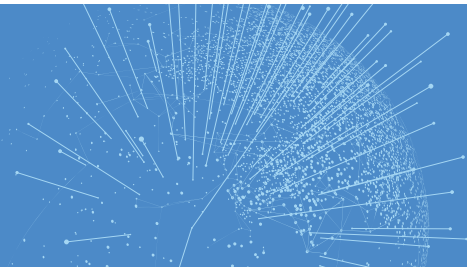
8. Team

CoinDeal.com is a cryptocurrency exchange market that has been created by an experienced team of people who aren't just theoreticians. Quite the opposite, CoinDeal's team consists of cryptolovers who have been interested in blockchain and cryptocurrencies for years. They not only know what it is all about but also meet the real problems that show up during trading on cryptocurrency exchange platforms. Thanks to that, CoinDeal's team can easily put itself in users' place to understand what is really important for them.



Adam Bicz

(Co-founder & CEO)



Adam is an experienced programmer who worked, among other places, in Dubai. His interest in cryptocurrencies and blockchain is associated with the desire to develop his knowledge in the field of IT. The companies he cofounded provide the best of his hard work. Adam is the brain of the CoinDeal operation, the main programmer and head of the team responsible for creating an extremely stable and secure cryptocurrency exchange.

He worked on many projects both as an external consultant and as an independent creator. His skills were met by investors from around the world, including Dubai - where he also had the opportunity to work. In CoinDeal, in addition to being responsible for the technical side of the exchange, he is also its main boss - perfectly using the inherent qualities of a precision specialist, an excellent leader, and an honest collaborator. His analytical mind is perfect for running such a complex subject as the cryptocurrency platform.

Previously he was the main creator of innovative projects, such projects as BuyCoinNow, CodeArena, PayCoiner, and many others.

Kajetan Maćkowiak

(Co-founder & CMO)



Experienced Chief Executive Officer with a demonstrated history of working in the management consulting industry. He is skilled in Sales, Management, Business Development, Marketing Strategy, and Investments. He is a founder and investor in many IT projects. Creating projects like CoinDeal, Paycoiner or BuyCoinNow gave him a vast experience in the blockchain and cryptocurrency industry. Each of our product

was created neatly, starting with the marketing strategy and a product design, finishing it with choosing the best IT solutions to provide the complete software architecture.

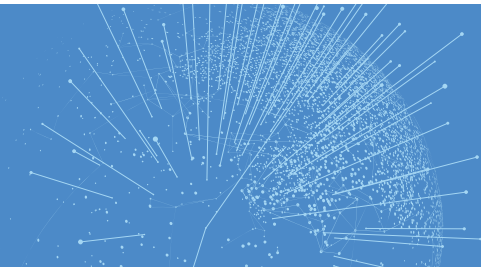
He has gained an experience on his own, running numerous projects on a global scale and range.

He had developed such brands as MoreFromIT (software house specializing in the creation of websites and mobile/web apps), Interacto (a company offering business solutions in AR/VR technology), VerifiedSolutions (a software house specializing in blockchain and cryptocurrency industry). He has connected them (and many more) in Blockchain House - an organization which hires over 100 people, which provides services in the field of IT, Blockchain technology, VR or marketing every day, providing work for over 100 people.

He co-founded Coindeal. He is strongly focused on the promotion and marketing of the entire enterprise. He is not only responsible for marketing where he leads his team of experienced marketing specialists from various areas of this vast field but also he is responsible for business development and management of his youngest project - CoinDeal.

Filip Dzierżak

(Co-founder & COO)



His role at CoinDeal is managing teams of specialists, active software development, promoting, marketing (both internet-based and traditional), but also maintaining customer relationships.

CoinDeal is relatively young cryptocurrency exchange platform, founded in March 2018. The platform aims to offer fast, safe, and easy cryptocurrency exchange services. He is responsible for creating, communicating and implementing the organization's vision, mission, and overall direction.

He has been managing IT projects for 9 years from gaining strategic partners and clients to market analysis, needs, prototyping, implementation, testing, promotion, marketing, development, maintenance of IT solutions and team management in each of these areas.

His portfolio includes online payment systems, warehouse systems, CRM, branding and event systems.

He carried out projects for TP SA, Dialog Sp. z o.o., Honda, Citroen, Nolte-Kuechen, WSB-Service, MPK, Wrocław, Urtica Logistics.

9. Advisors

Alex Lightman

Alex Lightman is founder and CEO of Token Communities Ltd., and Blockchain Commodities Exchange. He is an advisor to 20+ companies on coin/token offerings. He is a co-founder and one of the seven steering committee members of the Digital Asset Trade Association (DATA), wrote the membership benefits, raised the first outside funds, and is responsible for the world outside of the USA for DATA.



Lightman is one of the most prolific creators of crypto content in 2018. He is the first columnist for ICO Crowd magazine, with 22 articles in the last five months, an Amazon.com best-selling author in seven categories, and keynote speaker at 20+ Blockchain conferences in 2018. He generates about 60 minutes a month of crypto video content in cooperation with ProActive/Stocktube that is distributed to 250,000+ investors.

Lightman is the author of Brave New Unwired World (Wiley, 2002) and Reconciliation: 78 Reasons to End The US Embargo of Cuba, and the coauthor (with Brett King, the #1 Fintech influencer) of Augmented: Life In The Smart Lane.

Lightman has also authored seminal texts that are unpublished including the National Innovation plans for the Obama White House and for Mexico and the first two IPv6 Transition plans for the 28 NATO member nations.

Lightman has been called a "modern renaissance man" and a "super-intelligent polymath" in the Blockchain community. Educated to be a thought leader in technology and policy at MIT and Harvard's Graduate School of Government, he has won four global awards for technology and a national award as one of America's ten most innovative educators. His undergrad was at MIT where he created his own major in Enterprise Engineering within the Dept. of Civil and Environmental Engineering and his graduate school was at both Harvard's Kennedy School of Government and MIT's Sloan School of Management.

Jason King



Jason King is a Humanitarian Hacker, feeding the hungry as the Executive Director of Unsung.org. Known for running across the country to raise Bitcoin for the homeless in 2014, King is a long-standing member of the crypto community and continues to solve to the sector's most pressing problems as Co- Founder of Kingsland University – School of Blockchain, the world's first university-accredited blockchain training program. Find out more about Kingsland's leading-edge education at KingslandUniversity.com

