



# FINTRUX

## THE GLOBAL P2P LENDING ECOSYSTEM

Making Unsecured Loans Highly Secure.

WHITEPAPER v2.0

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Nelson Lin - [LinkedIn](#)

Conrad Lin - [LinkedIn](#)

Getting an unsecured loan can be easy, fast, and affordable with FintruX's ecosystem of rated agencies, decentralized technology and revolutionary credit enhancements.

Cost reduction is one of the most important motivations in securitization. It is often done via credit enhancement. We can apply the same principles to reduce the interest rate required by unsecured loans, making it attractive to both borrowers and lenders. Our goal at FintruX Network is to disrupt the way unsecured loans are being originated and administered. This paper gives an overview of our approach.

*An unsecured loan is a loan that is not protected or secured by any asset.* In this case the lender is taking a lot more risk and would likely charge a higher interest rate. The riskier the loan, the more expensive it will be. We are going to change that.

There are options to obtain an unsecured loan for your business. Local banks, private lenders, and marketplace lenders such as peer-to-peer and direct platform lenders. However, there are rooms for improvement in the areas of transparency, risk & rate reduction, and ease & speed of funding. FintruX Network can deliver an experience to address all of these at the same time.

At FintruX Network we facilitate marketplace lending in a true peer-to-peer network. Through credit enhancement, we improve credit worthiness. The lender is reassured that the borrower will honor the obligation via additional collateral, insurance, and a third-party guarantor. Credit enhancement reduces credit/default risk of a debt, thereby increasing the overall credit rating and lowering interest rates simultaneously.

**The four cascading levels of credit enhancements provide unprecedented risk reduction towards unsecured loans:**

1. Over-collateralization acting as additional security; and if it fails to cover all losses arising from the same borrower,
2. Third-party guarantors take care of the overflow losses from the above for the selected loans; and if it still fails,
3. Cross-collateralization pool provides additional insurance; and if it still fails,
4. Five (5)% of all FTX Tokens has been reserved to cover any losses incurred by lenders.

**We are solving three major issues for small businesses, especially startups, to ease their cashflow issues:**

1. By applying credit enhancements, FintruX Network seeks to neutralize the lender's credit risk and, in the case of a default, provide cascading levels of insurances to cover the loss;
2. A unique smart contract is generated and deployed by FintruX Network for each individual borrowing at real time to provide unambiguous, immutable, and censorship resistant records where no arbitration is required;
3. In addition to simplifying the loan application process via instant matching, FintruX Network also provides borrowers with post-funding self-serve administration options such as refinance and prepayment and access to third party rated agencies.

# THE BIG IDEA

# STRATEGY



Our **mission** is to make trustless financing a no-brainer for both borrower and investor.

Our **vision** is to facilitate an ecosystem where financing liquidity is maximized and all participants win.



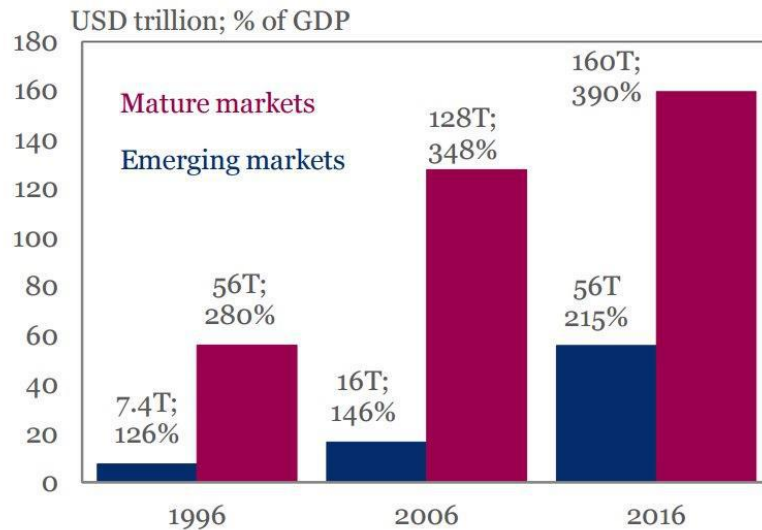
To further enhance our offering, we will make our platform available to partners such as fraud and identity service agents, credit scoring and decision agents, wallets, exchanges, banks, asset managers, insurance companies and technology companies; to offer new investment and borrower products, and develop new tools for use on our platform. These ecosystem partners can transact directly with our marketplace or leverage our automated administration tools to build financing portfolios to suit their or their clients' investing needs. We believe that the opportunities provided by these ecosystem partners will help expand the attractiveness and availability of our network.

We generate revenue from charging participants transaction fees in FTX Token. Lenders can charge their desired fees to their borrowers. Lenders can also reward borrowers with FTX Tokens if paid on time.

We do not assume credit risk or use our own capital to invest in financing facilitated by our platform. The capital to invest comes directly from a wide range of lenders, including retail investors, high-net-worth individuals and family offices, banks and finance companies, insurance companies, hedge funds, foundations, pension plans, university endowments, and through a variety of channels.

# MARKET OVERVIEW

**Chart 1: Total Global Debt (all sectors)**



Source: IIF, BIS, Haver.

Peer-to-peer (“P2P”) lending is also called marketplace lending [2]. This type of consumer lending in the UK grew at 81.2 per cent a year between 2010 and 2015; SME lending growing at 6 per cent a year during the same period; the total number of active borrowers almost doubled in 2015 alone [5]. According to Morgan Stanley, while marketplace lending in 2015 was still ~1% of unsecured consumer and SME lending in the US, it can reach ~10% by 2020 — and expect China, the UK, and Australia to follow. The global market can grow to \$150-490 billion by 2020 [3].

Traditional local banks and credit unions offer unsecured loans. However, it is notably difficult to get an unsecured business loan through traditional lenders; especially if your business is relatively young and hasn’t had enough time to establish good credit. It can also take months to apply and get approved. Generally, banks focus their operations in determined geographic locations, which makes it difficult for people in different areas to connect for purposes of credit transactions.

Private lenders are few and far in between and scattered throughout the country. There exists tougher requirements to be approved for a private loan, as the repayment method is not automated.

Alternatively, online platform lenders such as direct and peer-to-peer lenders can offer a faster, easier online application process [1].

Peer-to-peer platform lenders use other investors to fund their loans. This means that the money for your business loan might be originating from dozens, or even hundreds of individual investors all over the world. They usually offer more flexible approval and repayment terms than either bank or direct online lenders, but their interest rates are generally a bit higher.

Global debt rose to 325 percent of the world’s gross domestic product in 2016, totaling US\$215 trillion an Institute for International Finance report released in April 2017 showed, boosted by the rapid growth of issuance in emerging markets. Global debt grew by \$7.6 trillion in 2016 compared with the prior year. Issuance rose from 320 percent of GDP in 2015 [7].

# MARKET OVERVIEW

Just recently, Amazon announced that it has made \$1 billion in small-business loans, ranging from \$1,000 to \$750,000 for up to 12 months, to more than 20,000 merchants in the United States, Japan and the U.K. during the past 12 months.



Since Amazon Lending launched in 2011, it has surpassed \$3 billion in loans to small businesses in more than 130 different countries across the globe. Furthermore, Amazon can do it without the regulatory compliance that banks must meet [11].

Direct platform lenders issue loans from their own company's capital, just like a bank, but without some of the traditional requirements and limitations of bank lending. As a result, direct lenders are often able to issue loans more quickly than a bank or even peer-to-peer lenders, and can offer some of the best rates available outside of traditional lenders.

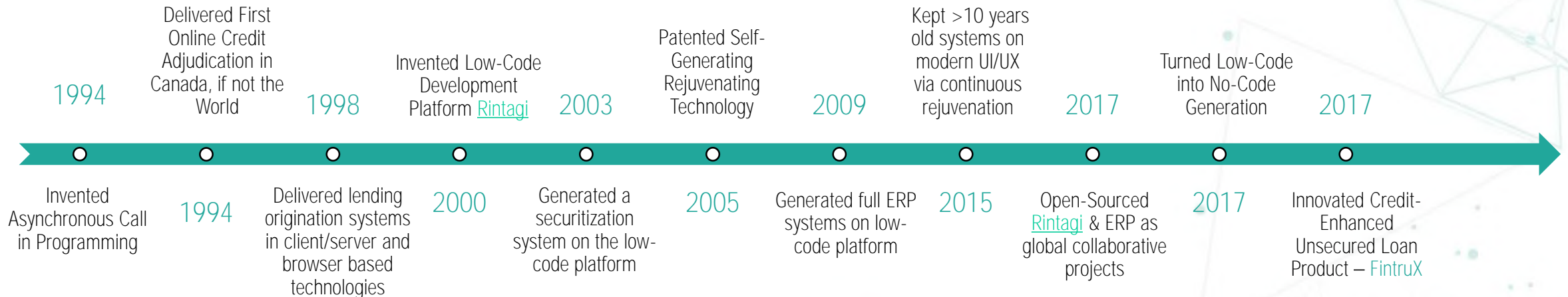
However, something is still missing, the current P2P platforms are not true P2P because they are using intermediates such as trust accounts and others, just like direct lenders; they lack transparency and they do not provide adequate protection to lenders' investments.

Thanks to the rising power of the Ethereum Blockchain we can achieve much more and bring higher benefits to both the borrowers and lenders.

# WHY NOW?

*"In the 80's financing was done via faxing. In the 90's we built a system using client/server technology to originate and administer financing over dialup modem and private leased line. Later we rewrote the same application into interactive web-based solution on Web 2.0. Today we are embarking on a new journey to enable financing on Web 3.0"*

Nelson Lin has been an innovator all his life since he started his career in the financial-technology sector as a Systems Analyst at J.P. Morgan in 1986.



Nelson has been wrestling with this concept for many years, just waiting for the right technology and opportunity - a decentralized blockchain that allows smart contracts to be generated by a no-code development platform. The Ethereum Virtual Machine (EVM) was brought to his attention early 2017 and the timing could not be better. These technologies combined with risk-reduction mechanisms utilized by securitization funders, the arbitrage of vast interest rate differentials around the world, and a network of sophisticated operators and agencies; this is a golden opportunity to create a simple trustless world of borrowing and lending, starting with the simplest unsecured loan.

Nelson is well connected in the credit industry. One of the Rintagi-built mission-critical applications delivered in 2003 is currently serving the pass-through securitization market in North America managing several billions of dollars of assets. He engaged several existing clients who agreed to further explore how this platform could reduce risk and improve liquidity, security, administration and cost in the financing industry, especially between small businesses and accredited investors.

He has over thirty years of experience delivering financing solutions in the financial sector. Nelson founded Robocoder Corporation in 1999, a reputable software design & development company and has successfully delivered many mission-critical financing solutions for the last 18 years. The Robocoder team will be our partners for our app development.

# Traditional Systems are Inadequate

## Lots of Intermediaries

Most financing is still originated via third parties such as brokers and other intermediaries. They sell their contracts to banks or originators who have credit lines obtained from banks. The cost of the credit line is then passed on to the borrowers. Only when their portfolios get to a very large size the originators can securitize their contracts to get lower cost of funding.



## Fragmented and Inconsistent

Most systems employed are not fully automated, records are mutable, censored, and subject to the patriot act of the country of domicile. Currently, the different parties would store their own copies of data, and process it individually. This makes it difficult to synchronize and collaborate through a shared process. This adds tremendous complexity and cost for auditing.

## Labour Intensive

Most financing contracts are difficult to understand and special instructions such as refinance, prepayment, end-of-term processing, etc. are largely manually performed on spreadsheets.



## Startups and Small Businesses Underserved

There is a growing number of small businesses, especially startups, which fail to get loans from banks:

- The loan amount required is too small for banks to be interested in.
- Loans are usually brought in by brokers who don't earn enough incentives on the smaller loans to follow through.
- Banks usually take a long time to reach a decision.
- The bank's requirement for documentation is very high.
- Some small businesses do not meet the internal policy parameters of the banks even though they are credit worthy by other standards.



# Marketplace Lending Still Has Problems

The new social technologies of the Internet have helped to expand the boundaries of the traditional banking system by offering novel credit alternatives, such as marketplace lending. These technologies helped the credit system to move forward on the following key points:

- the networking effect in modernizing the whole credit-granting process increased;
- the segment of the population covered by the marketplace credit system increased;
- the localization issue was mitigated – to certain extent;
- the intermediation costs were reduced, to the extent that the P2P interest rates were less than most traditional bank lending rates; and
- the shift brought better conditions for both borrowers and lenders for evaluating creditworthiness.

**BUT...**

Credit risk is generally still assumed by the lender, and not by the P2P platform.

Credit risk evaluation process, though improved, remains asymmetric.

The lender has only a few management tools to manage their assets.

If the company behind the P2P platform defaults or declares bankruptcy, the lender has limited recourse with respect to the borrower.

## Small Business financing Is Essential to the Economy.

Cash flow is an issue for many businesses, and while the cash fluctuations may be small they can have a huge effect on a business' ability to run. This is where an unsecured loan comes in. The ability of small businesses to access affordable credit is essential to stimulating and sustaining a healthy, diverse and innovative economy. According to the Federal Deposit Insurance Corporation (FDIC), as of March 31, 2014, there were \$292 billion of commercial and industrial loans outstanding under \$1 million.

## Borrowers Are Inadequately Served by the Current Lending System.

Due to its high fixed cost of underwriting and servicing, the traditional banking system is ill-suited to meet small business demand for financing and the possibility of incurring additional fees and penalties. Online financing portals attempting to bypass the intermediaries have failed to address these issues.

## Lenders Have Limited Options to Participate in Small Business financing.

As individual investors generally lack the size and access to invest in structured products directly, they are unable to invest in small business credit. While institutional investors have had some access to this market, most have lacked the tools to customize portfolios to their specific risk tolerance, and banks accessing this market generally hold the loans they generate on their balance sheet. As a result, we believe additional capital that could be invested in small business loans has largely been locked out of the market.

## Value is in the Network Effect.

From a lender's perspective, the importance of the return of principals and interests cannot be over-emphasized. The ideal scenario is to choose from an abundance supply of rated agencies with fixed costs providing services such as fraud & identity detection, credit scoring decisions, etc.

Being the first to create online credit adjudication in Canada in 1994, if not the world, and working with reputable funders managing billions of dollars of securitized assets, we are well positioned to create a new, alternative marketplace and automated administration platform for peer-to-peer lending with credit enhancement as a back-bone to protect lenders' interest.

In addition, our experience in creating a [low-code self-generating development platform](#) [10] enables us to generate robust smart contracts based on selected legal terms and administrative options. Programs are generated and deployed instantly online and real-time via drag & drop and point & click easy-to-use interfaces with user-experience as our number one priority for both borrowers and lenders.

**In sum, FintruX Network offers a disruptive environment which will be beneficial to the global economy.**

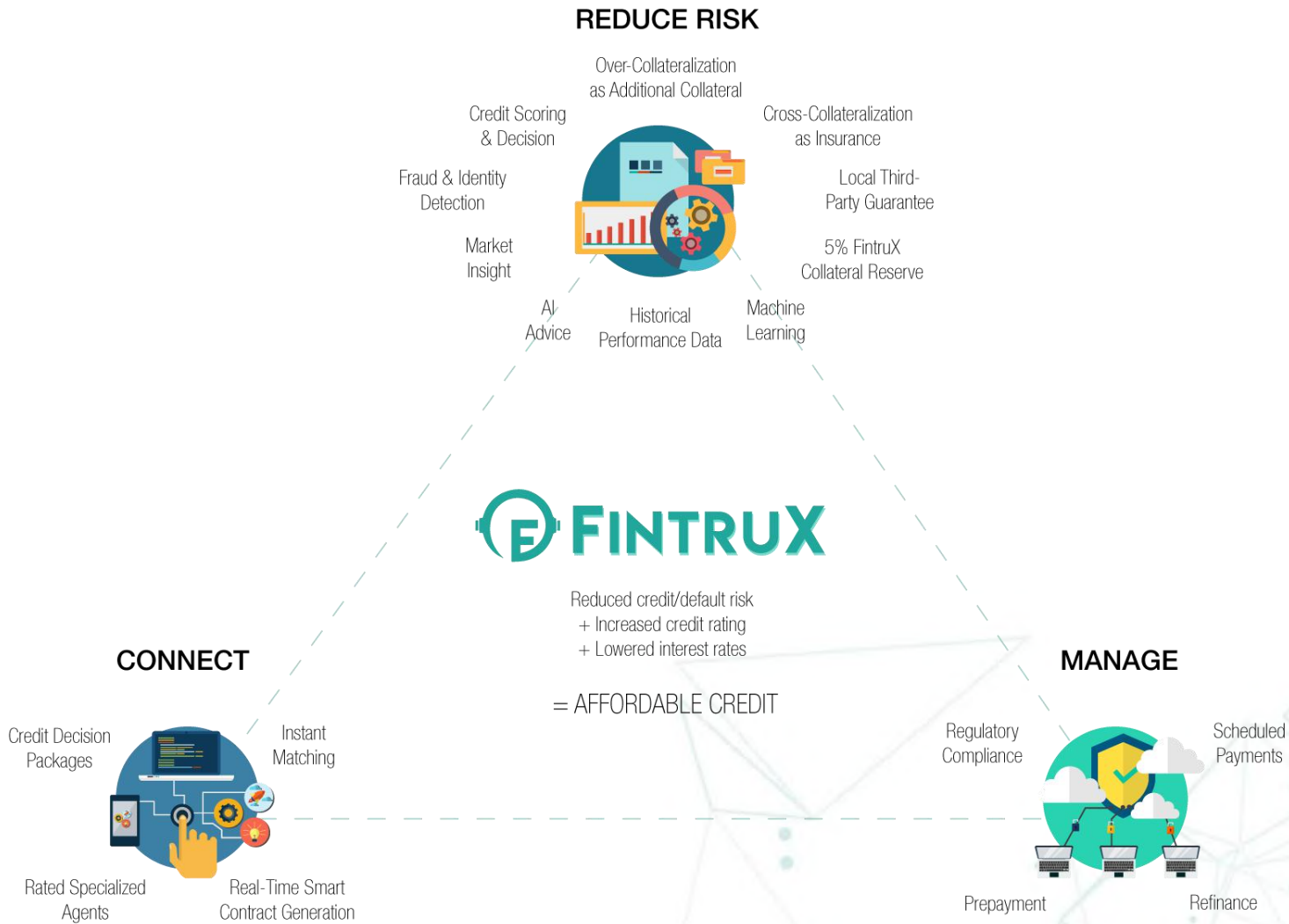
In recent years, the economic powers of disintermediation have materialized. Uber has disrupted the transportation industry and achieved a valuation of \$69B [9]. Airbnb has disintermediated the lodging sector and become the largest "hotel chain" in the world without owning a "hotel", giving them a value of \$31B [10]. 88% of the Fortune 500 companies were too late to realize that value is in the network effect of their users, not the cost of physical assets they own, and as a result they disappeared [6].

P2P lending platforms built from the ground up on blockchain technology are starting to emerge, particularly with technologies such as Ethereum, however, any asset locked up as collateral would have to be equal or larger than the loan, complicating the decision-making process. These platforms are still at a very early stage.

There is an opportunity for the online marketplace model to make unsecured loans as risk-free as possible, due to its simplicity as compared to its title-loan alternative with assets as collaterals. We believe a transparent and open marketplace with fully automated administration is necessary.

Borrowers and lenders can have access to secure and transparent information, complemented by advanced technology and tools to enforce immutability. This can make credit more affordable, less confusing, more confident, and redirect existing pools of capital trapped inside the banking system while attracting new sources of capital. Marketplace lending has the power to facilitate more efficient deployment of capital and improve the global economy.





FintruX Network is one of the world’s first blockchain based online marketplace and automated administration platform connecting borrowers, lenders, and specialized servicing agents, enabling them to configure and construct each borrower contract real-time.

Since each smart contract is fully-customized and simplified, it is much easier to understand and without ambiguity. No more "if ... then ... else" statements and unnecessary code. Smaller programs also lead to lower gas fee.

Our technology supports this innovative marketplace and administration model to efficiently connect and process the global supply and demand of capital.

Our platform also removes the need for physical infrastructure and brings out convenience and total automation, increasing efficiency, reducing manual processes and improving the overall borrowing and lending experience.

We use cascading levels of credit enhancement to improve credit worthiness. Through credit enhancement, the lender is provided with reassurance that the borrower will honor the obligation through over-collateralization as additional collateral, local third-party guarantor, cross-collateralization as insurance, and FintruX ultimate protection reserve.

# COMPETITIVE ADVANTAGES

We believe the following strengths differentiate us and provide us with competitive advantages in realizing the potential of our market opportunity.

## Open ecosystem

FintruX Network partners with rated agencies such as identity, KYC/AML, credit scoring, credit model, and payments to provide lenders a wide variety of choices to adjudicate their loans. These agencies all play a role in the instant matching of our lenders and borrowers.

## Decentralized Reputation Ratings

We provide a decentralized review platform for all participants built on Ethereum smart contracts. Borrowers can now rate their lenders and have a reliable source of comparability between different lenders. The same for lenders who can now rate and write reviews on their borrowers and agencies; these can be used for the assessment of credit risk.

## Token as transaction fee

Many service agencies are still charging an upfront licensing fee, annual maintenance fee, and hourly customization fee. FintruX Network will convince them to charge our lenders by transaction, in FTX tokens. This simplifies the onboarding experience by removing the barrier to entry.

## Decentralized Ethereum blockchain technology

The Ethereum blockchain provides the highest availability. It is decentralized and its hashing provides immense security on identification and privacy. Smart contracts are not prone to failures such as power cuts, node failures etc. There is no risk of misplacing or losing the customer contract as the contract is saved on a distributed ledger.

Data records are immutable and censorship resilient. All activities and documentations relating to each financing is locked-down with full audit, even locations and conditions of items if requested. Since the terms of the contract cannot be changed, the users are at a lesser risk of being cheated.

## Many systems as a platform architecture

Smart contracts provide transparency to both borrowers and lenders. It is unambiguous and choices made are visible on a user-friendly interface. Both parties can examine each contract at a granular level and continue to monitor ongoing performance.

Instead of one huge program to process millions of borrower contracts, our platform is comprised of millions small smart contracts, fully-customized and simplified for each borrower contract. No more "if ... then ... else" statements and unnecessary code. Smaller programs lead to lower gas fees.

This provides tremendous time and cost advantages over other P2P lending platforms.

## No-code development and instant deployment

Our smart contracts will not be hand-written. Transitioning Robocoder's low-code development platform into no-code development enables all possible contract combinations to be presented as user interface to borrowers and lenders. Codes with the latest technology are generated and deployed at real time. Thus, human error is eliminated.

Each financing on FintruX Network is regulated by its smart contract which is a well-documented legal agreement. It automates administration which eliminates human error, reduce risk.

## Unprecedented risk-reduction on unsecured loans

FintruX's cascading credit enhancements provides unprecedented risk reduction for unsecured loans making it easy to borrow at a reasonable interest rate. This is ideal in serving the underserved – by unlocking funding for small businesses that need it most, especially startups.

# BENEFITS

## Benefits to Borrowers

**Access to Affordable Credit.** Our innovative marketplace model, online delivery, process automation, and credit enhancements enable us to offer borrowers interest rates that are generally lower on average than the rates charged by other unsecured loan P2P lending platforms and traditional banks, not to mention credit cards.

**Superior Borrowing Experience.** We offer a fast and easy-to-use online application process and provide borrowers with access to live support and online automation throughout the process and for the lifetime of the financing. Our goal is to form long-term relationships with borrowers, facilitating their access to an array of financial products that meet their evolving needs over time.

**Branding Opportunity.** Lenders can provide ratings and transparent reviews on a blockchain to establish trusted borrowers and agents within the ecosystem. With better ratings, borrowers can save on interest rates on subsequent loans. Moreover, borrowers can take this opportunity to give unfiltered feedback to share their opinion and provide a basis of comparability between different lenders.

**Transparency and Fairness.** Each customer contract is written as a fully-customized smart contract on a blockchain. It is secure, transparent, immutable, and censorship resilient. Historical data and expected obligations are at borrower's fingertips.

**Lowered Transaction Fee.** Consequently, since each smart contract is fully-customized and simplified for each borrower contract, it is much easier to understand and without ambiguity. No more "if ... then ... else" statements and unnecessary code. Smaller programs lead to lower gas fee; in fact, this is paid for by FintruX Network.

**Super-Fast and Efficient Funding.** We leverage online data and intelligent technology to instantly match risk, credit rating and any unique parameters pre-determined by lenders in decision tables to suggest appropriate interest rates. Borrowers can evaluate options and are instantly matched to lenders of their choice without impacting their credit score.

**Self-Service.** All available options such as refinance, prepayments, etc. can be done online within minutes, on all devices including mobiles.

## Benefits to Lenders

**Access to Risk-Reduced Investing.** Credit enhancements historically only available to securitization funding of large portfolios is now available to lenders on FintruX Network. By applying cascading credit enhancements, FintruX Network seeks to neutralize the lender's credit risk and, in the case of a default, provide an insurance to cover the loss.

**Superior Lending Experience.** We offer a fully automated application process and provide lenders with access to live support and online tools throughout the process and for the lifetime of the financing. Our goal is to form long-term relationships with lenders, facilitating their relatively risk-free offerings to their borrowers.

**Branding Opportunity.** Borrowers can provide ratings and transparent reviews on a blockchain to establish trusted lenders within the ecosystem. With better ratings, lenders can build up their brand and reputation. Moreover, lenders can gain access to qualified feedback and market research data to enhance the service they provide to borrowers.

**Access to a Network of Expertise.** A network of rated agencies such as fraud, identity, credit scoring and credit decision are readily available.

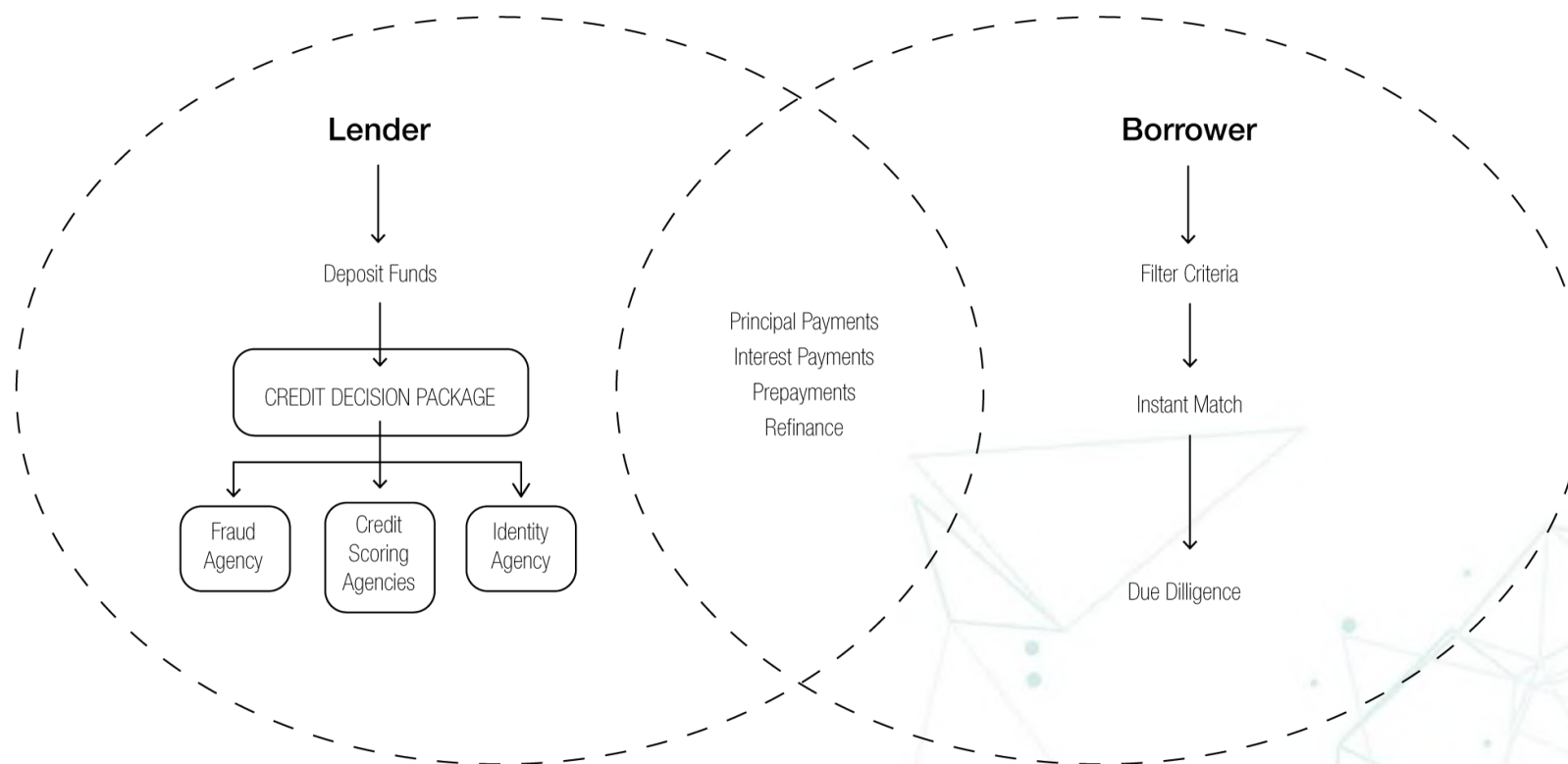
**Attractive Returns.** By having access to lower risk of funding and cutting major costs associated with administering the financing, these savings become additional profit margins. Once their decision tables are chosen and configured, this automated money machine can generate revenue while the lenders spend time with their families.

**No Upfront Cost to Lenders.** No lump-sum license fee, no enhancement fee, no maintenance fee, no support fee for a system; in fact, no upfront cost is necessary. The only fee to a lender is a transactional based fee and servicing cost that can be transferred to the borrowers. Each financing is managed programmatically by individual and independent smart contract. It is essentially a self-serve engine for the borrowers: saving labor and time servicing the borrower contract.

**More Satisfied Customers.** Self-service increases customer satisfactions. It is fast, efficient, transparent and expectation met easily. Saving originator's time means they have been given an opportunity to make use of the extra time saved to service their borrowers better. More satisfied customers can turn into more business.

# BUSINESS MODEL

## Customer



FintruX Network charges a fee on matching borrowers to lenders on the marketplace and a modest service fee for each action as it is being performed on the smart contract.

The tiny gas fees charged by the Ethereum Virtual Network for the deployment of each smart contract and for the execution of the actions within will be absorbed by the FintruX Network.

FintruX Network is a multi-sided platform[13] and ecosystem that delivers value not just to borrowers and lenders, but also to guarantors and agencies.

The lender will deposit funds and choose a credit decision package provided by one of the rated agencies; which include recommended fraud, identity and credit scoring agencies. Borrowers filter criteria based on available funding parameters and are instantly matched to appropriate lenders. Borrowers can be represented by affiliate marketing agency partners.

After due diligence, funding is provided and subsequently lenders receive the invested principal and interest upon payments made by the borrowers.

Participants will contribute to our platform at funding and for each action as it is being performed on the network.

# BUSINESS MODEL

## Tokenization



FintruX Network charges a fee on matching borrowers to lenders on the marketplace and a modest service fee for each action as it is being performed on the smart contract.

The tiny gas fees charged by the Ethereum Virtual Network for the deployment of each smart contract and for the execution of the actions within will be absorbed by the FintruX Network.

With the exception of the collateralization pools and currency being financed, inside the FintruX Network everything is tokenized.

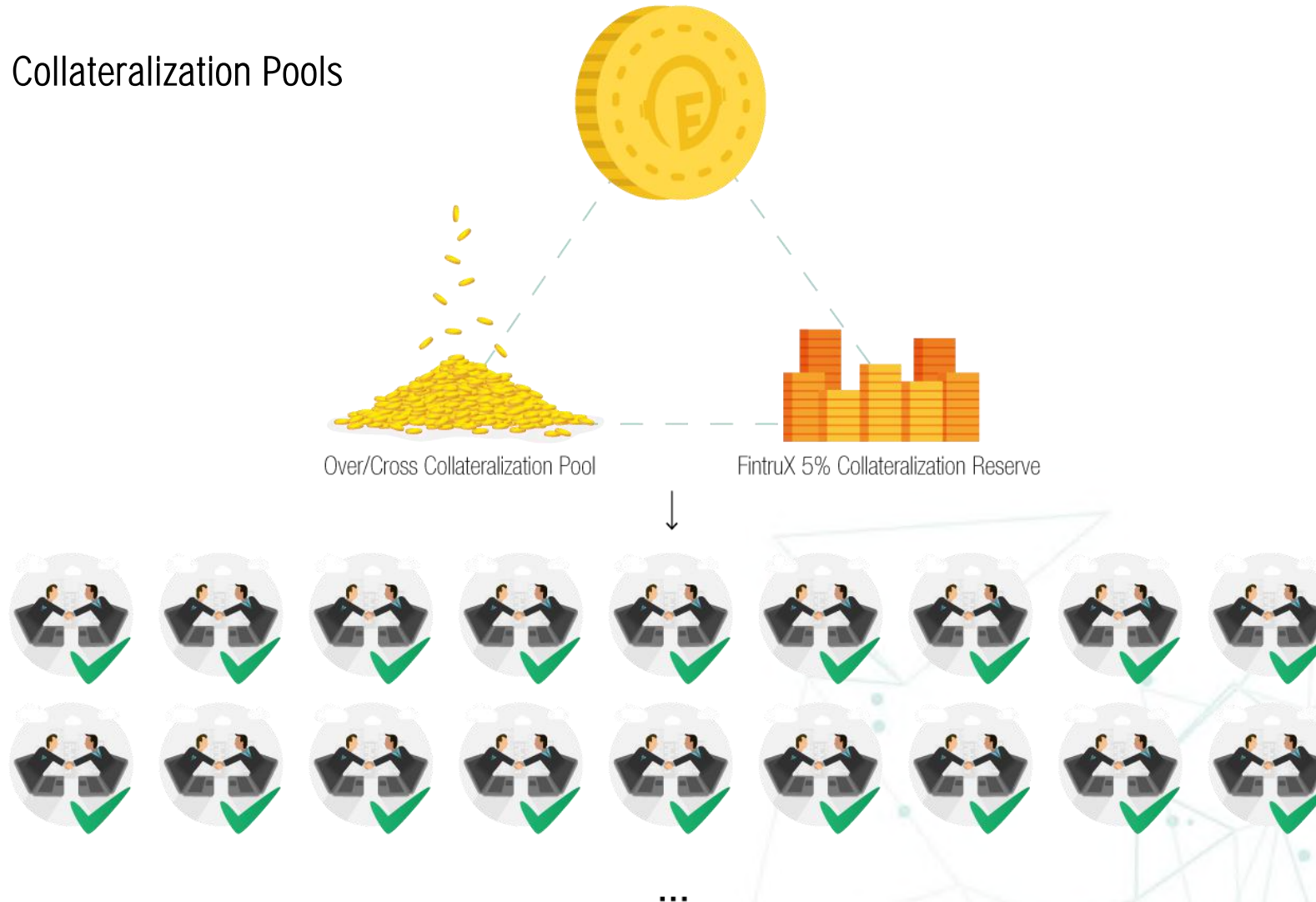
Agencies, guarantors, and FintruX Network are all being paid in FTX Token. Rewards and late charges to borrowers are paid in FTX Token as well.

FintruX will continuously sell collected tokens back to the participants to finance the operation and provide liquidity.

This creates a token economy for the limited supply of FTX Token.

# BUSINESS MODEL

## Collateralization Pools



FintruX Network charges a fee on matching borrowers to lenders on the marketplace and a modest service fee for each action as it is being performed on the smart contract.

The tiny gas fees charged by the Ethereum Virtual Network for the deployment of each smart contract and for the execution of the actions within will be absorbed by the FintruX Network.

FintruX Network collects 10% of each loan as over collateralization and injects that into the respective cross-collateralization pools. Each pool is designated by the same credit decision package and in the same currency.

In addition, 5% FTX Token has been reserved to cover credit/default losses as a last resort.

Since it takes time to repay the loan, there will be a continuous injection of over-collateralization from new loans. Combined with wise investment in short term-deposits matching the maturity of each obligations, these pools can go up in value making this a safe insurance to cover the credit/default risk for the benefits of lenders. Activities and status on each pool will be transparent to respective lenders.

Regardless, it will take more than one bad loan out of ten to deplete this insurance pool. There is also a buffering effect as more and more new loans contributing to their respective pools.

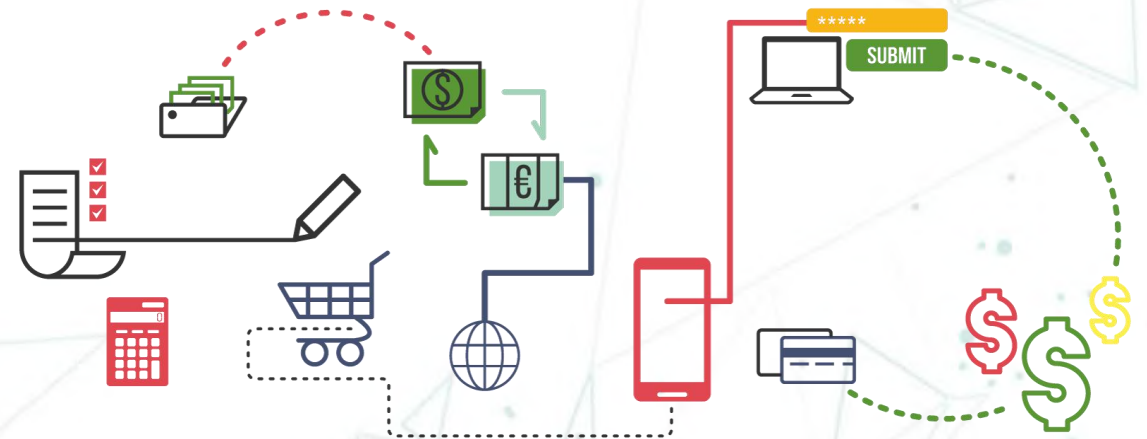
# BUSINESS MODEL

## Third-party Guarantor



Local lenders may select from a list of local loans with varying incentives to act as guarantor. Once committed, any left over unpaid delinquency or default of loans under their protection will be paid for by this guarantor. Subsequently this local guarantor can perform the collection procedures to reclaim their losses.

## Monetization



A matching fee will be charged to both borrowers and lenders. Likewise, a transaction fee in FTX Token will be charged on every scheduled payment. The transaction fee will be a fixed percentage that is levied on every action as it is performed.

FintruX Network charges a fee on matching borrowers to lenders on the marketplace and a modest service fee for each action as it is being performed on the smart contract.

The tiny gas fees charged by the Ethereum Virtual Network for the deployment of each smart contract and for the execution of the actions within will be absorbed by the FintruX Network.

# BUSINESS MODEL

## BUSINESS MODEL EXPLAINED

	Borrowers	FintruX Network	Lenders	Guarantors
Privileges	<ul style="list-style-type: none"> <li>Lower interest rates thanks to FintruX's credit enhancements</li> <li>At the end of term receive the 10% of the loan which was held-back as over-collateral*</li> </ul>	<ul style="list-style-type: none"> <li>Does not lend its own money</li> <li>Not responsible for any delinquencies and defaults over and above the four (4) cascading credit enhancements can carry</li> </ul>	<ul style="list-style-type: none"> <li>Loan delinquencies and defaults are covered by FintruX's credit enhancers as long as they are not depleted</li> </ul>	<ul style="list-style-type: none"> <li>Earn tokens for guaranteeing selected loans</li> </ul>
Obligations	<ul style="list-style-type: none"> <li>Trust 10% of loan amount with FintruX as over/cross-collateralization</li> <li>May pay a 10% premium for cross-collateralization insurance if that pool was depleted</li> </ul>	<ul style="list-style-type: none"> <li>Use the 10% of loan amount to pay any delinquencies &amp; default of the same loan (over-collateralization)</li> <li>Use leftover from over-collateralization to pay delinquencies and defaults of other loans of the same class (risk profile) if no guarantor or guarantors fail to deliver</li> <li>Return any leftover from over/cross collateralization to pay the held-back 10% to borrowers</li> </ul>	<ul style="list-style-type: none"> <li>Inject 10% of loan amount into FintruX as over/cross-collateralization</li> </ul>	<ul style="list-style-type: none"> <li>Must repay any left over unpaid delinquency or default of loans under their protection not covered by over-collateralization</li> </ul>

\*if no delinquencies/default and cross-collateralization pool not depleted.



# THE FINTRUX NETWORK



Leveraging Robocoder's technology and existing relationships in the funding world, FintruX Network leads the road towards credit democratization, offering an innovative alternative to credit access.

The FintruX Network marketplace and automated administration platform is a credit enhanced P2P global financing portal on a blockchain. It is primarily for enabling startups and small businesses to borrow from local accredited investors and financial institutions. They can also borrow in crypto currencies, where everything is performed globally. To maximize credit enhancement benefits, local third-party guarantors are invited to cover any losses arising from delinquencies or defaults that the over-collateralization cannot adequately cover.

There are cross-collateralization pools for each credit decision package and currency. They act as insurance reserves for the unexpected default losses. At the end of term these amounts will be distributed back to borrowers or lenders, per situation.

**Bringing these entities together directly results in an efficient, cost-effective and transparent marketplace.**

# KEY FEATURES

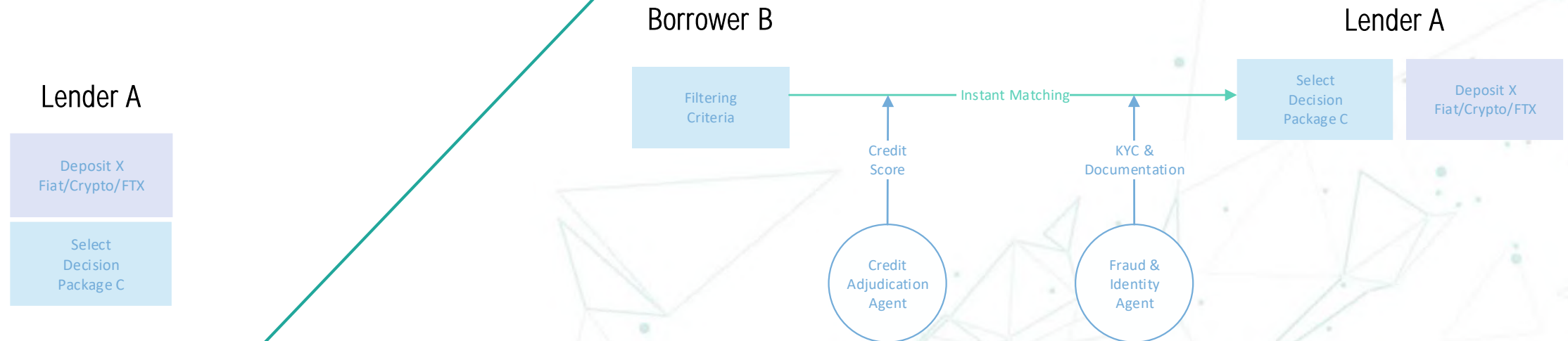
**Over-collateralization** is the process of posting more collateral than is needed to secure financing. Over-collateralization is often used as a method of credit enhancement by lowering the creditor's exposure to default risk.

## Configure Financing Parameters

Lenders pre-define their parameters based on a set of decision tables available on a list of packaged classes provided by rated agencies. The package may include their choice of fraud, identity, and credit scoring agencies. A power-of-attorney will be given by the lenders to FintruX Network to bind financing contracts based on the available fund and specified conditions.

## Instant Matching

Using our responsive user interface, borrowers can configure their financing request via point & click, drag & drop on all kinds of devices – including desktops, laptops, tablets, and smart phones. Instant matching can occur when borrowers narrow down their searches based on available parameters and their requirements.



After answers are provided on the questionnaires, a list of lenders with ratings, reviews, high-level information and special offers will be instantly available to be selected by the borrowers. Credit adjudication and scoring may be performed at this stage, at the discretion of the borrowers. This is when the service agent and FintruX network will be paid in FTX Token at the same time by the borrower.

# KEY FEATURES

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## Decentralized Rating & Review

We provide and maintain a decentralized review platform for borrowers, lenders and all service agencies based on Ethereum smart contracts. In contrast, reviews written on a third-party website are subject to change by the site owner – there is no integrity in the current non-blockchain based systems. The need of gaining qualified feedback/market research data to enhance the quality of risk assessment, service and transparency cannot be over-emphasized.

On the other side, we see borrowers, lacking a reliable source of comparability between different lenders as well as the possibility to give unfiltered feedback to share their opinion and thoughts. The same for lenders who can now rate and write reviews on their borrowers and agencies; subsequently these can be used as part of the credit scoring mechanism for assessment of credit risk.

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## Due Diligence

When the borrower has selected the package and is ready to commit, a list of documents will be requested by the selected fraud and identity agent. Both personal and business documents are required. Examples of know-your-customer (KYC) documents are:

### Business:

- Business name, address, email address, phone number
- What your business does
- How long the business has been open
- Annual sales
- Annual business profit before taxes
- The type of legal entity your business is
- The percentage of the business you own
- How you plan to use the money
- If your business has any outstanding debt
- How many employees you have
- Whether you own or rent your office space
- If you have property or liability insurance

### Personal:

- The value of your personal bank and retirement accounts
- Household income
- If you have personal life insurance

As all the required documentations are submitted, the fraud and identity agent will coordinate the validation and either approve the transaction, request for more information or decline the application.

With the permission of the borrower, these documentations can be made into a KYC profile so that it can be reused, simplifying future due diligence processes.

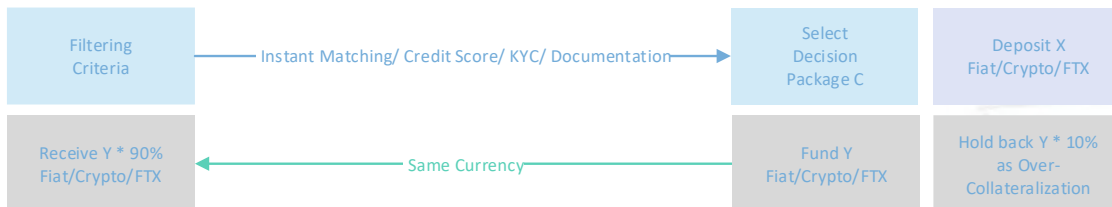
# KEY FEATURES

**Cross-collateralization** is a term used when the collateral for one loan is also used as collateral for another loan.

## Get Funded

After the application is approved, a fully customized and simplified smart contract is generated for the borrower, with detailed information. When the borrower confirms the application, this smart contract will be added to the distributed ledger. Funding is immediately triggered as all relevant and required documents/images are already captured and verified by the selected fraud and identity agent.

### Borrower B

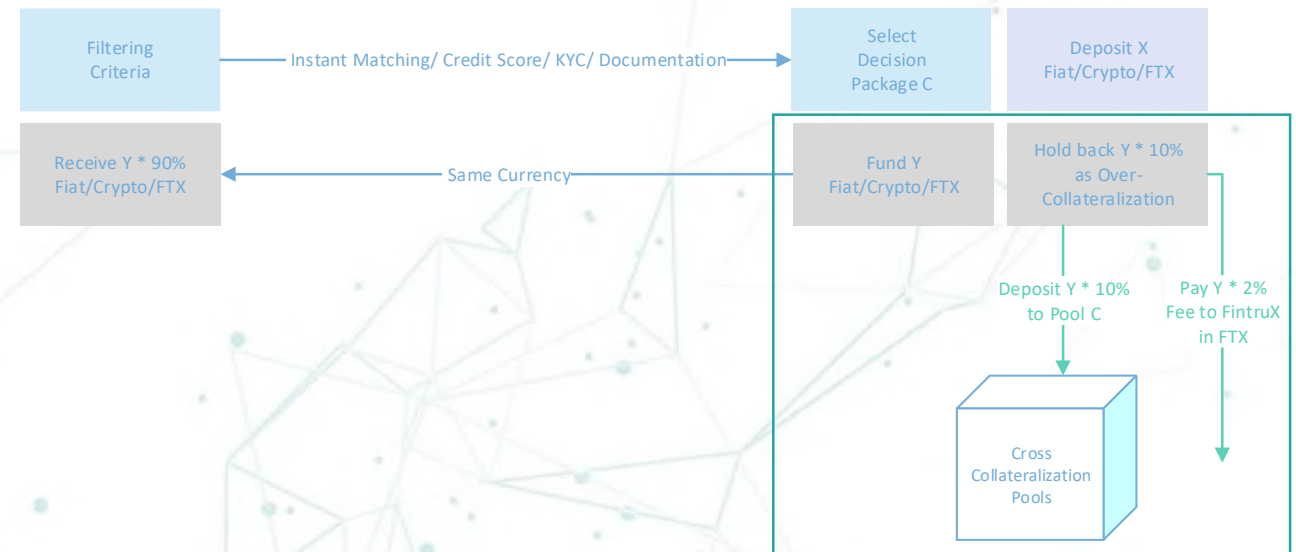


Our blockchain solution ensures that both borrowers and lenders can see the same transaction details and documents. Because of the shared nature of blockchain, there is no need for a third party to verify and confirm the transaction. Participants in the transaction who have the right permissions will be able to see the same information in real-time.

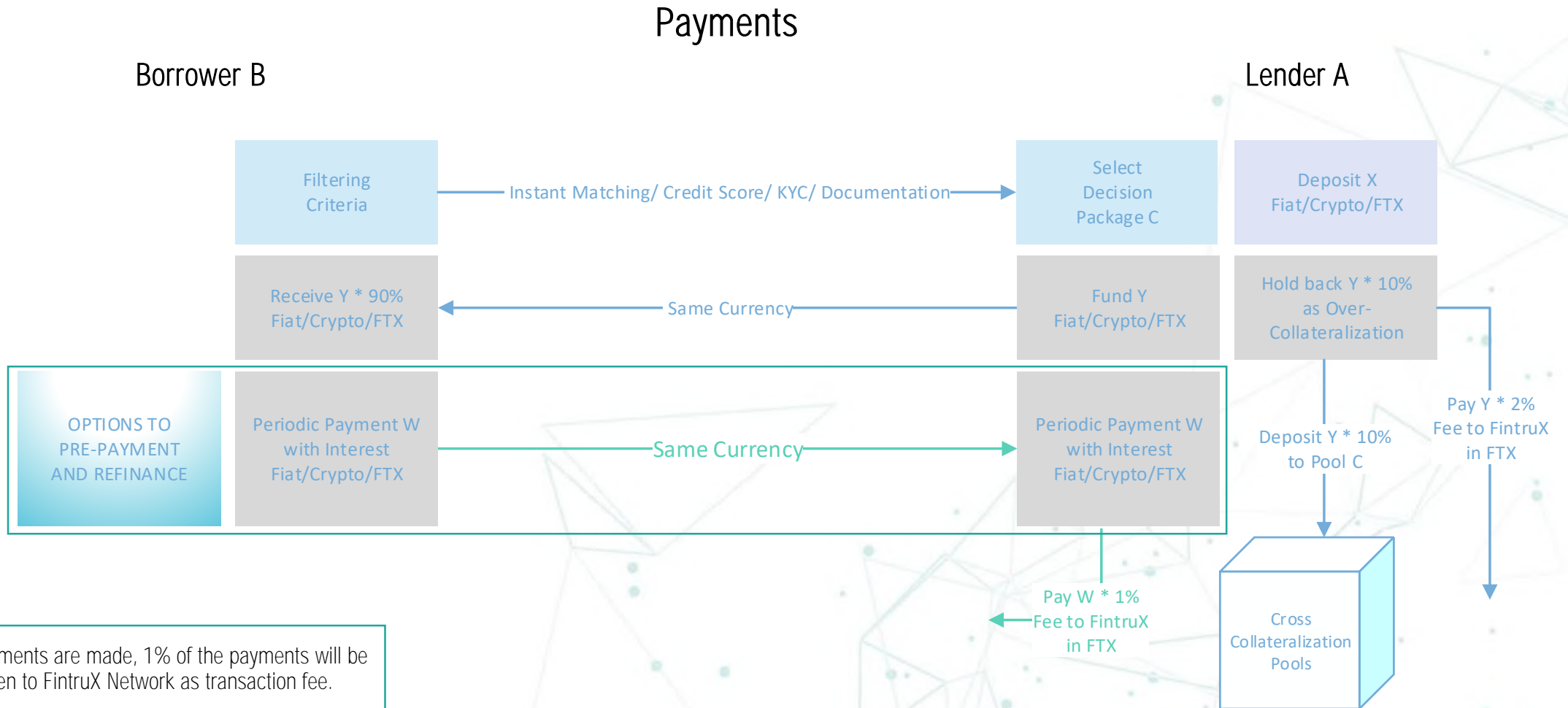
## Collateralization

As part of the over-collateralization, there is a hold back of 10% of funding per contract. It will be stored in the respective cross-collateralization pool provided it is the same credit decision package and currency. A 2% fee will be paid to FintruX Network for the matching service, in FTX Token.

### Borrower B



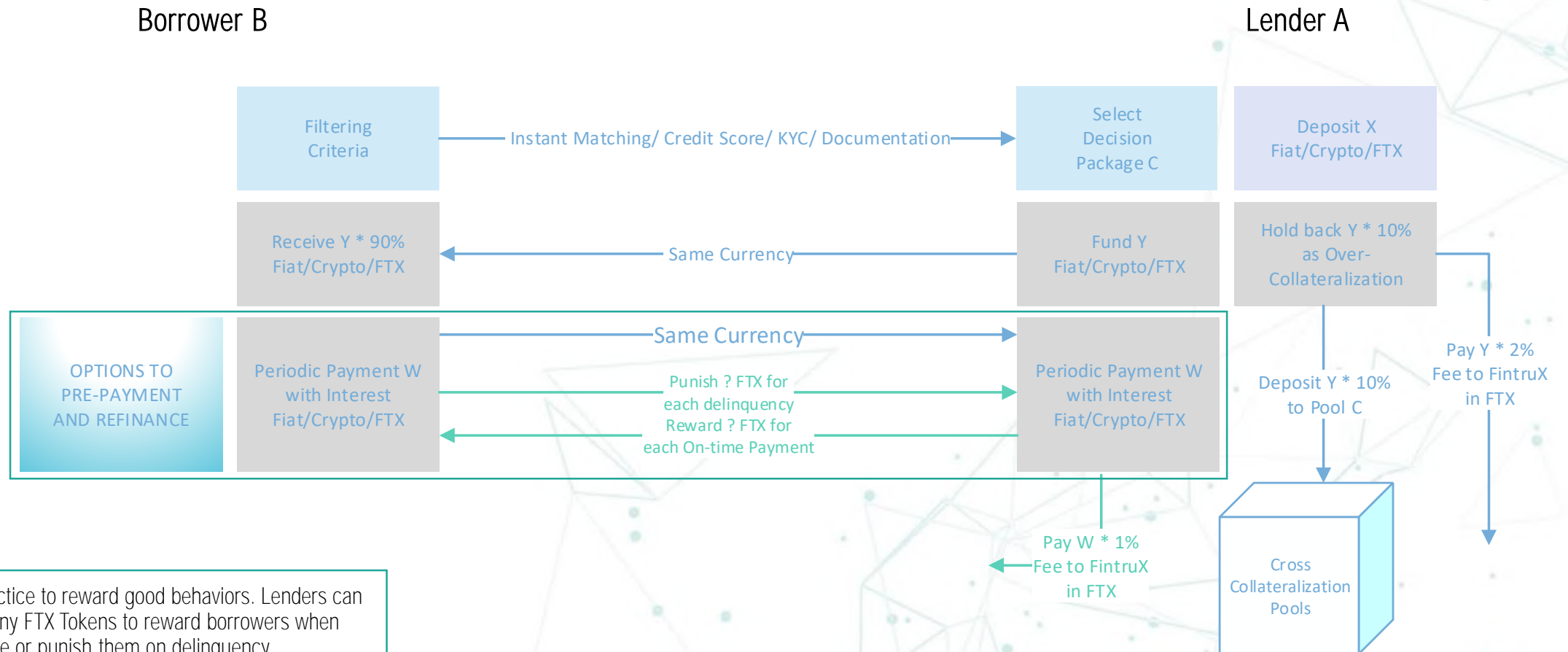
# KEY FEATURES



As periodic payments are made, 1% of the payments will be paid in FTX Token to FintruX Network as transaction fee.

# KEY FEATURES

## Reward/Punish



It is a good practice to reward good behaviors. Lenders can decide how many FTX Tokens to reward borrowers when they pay on time or punish them on delinquency.

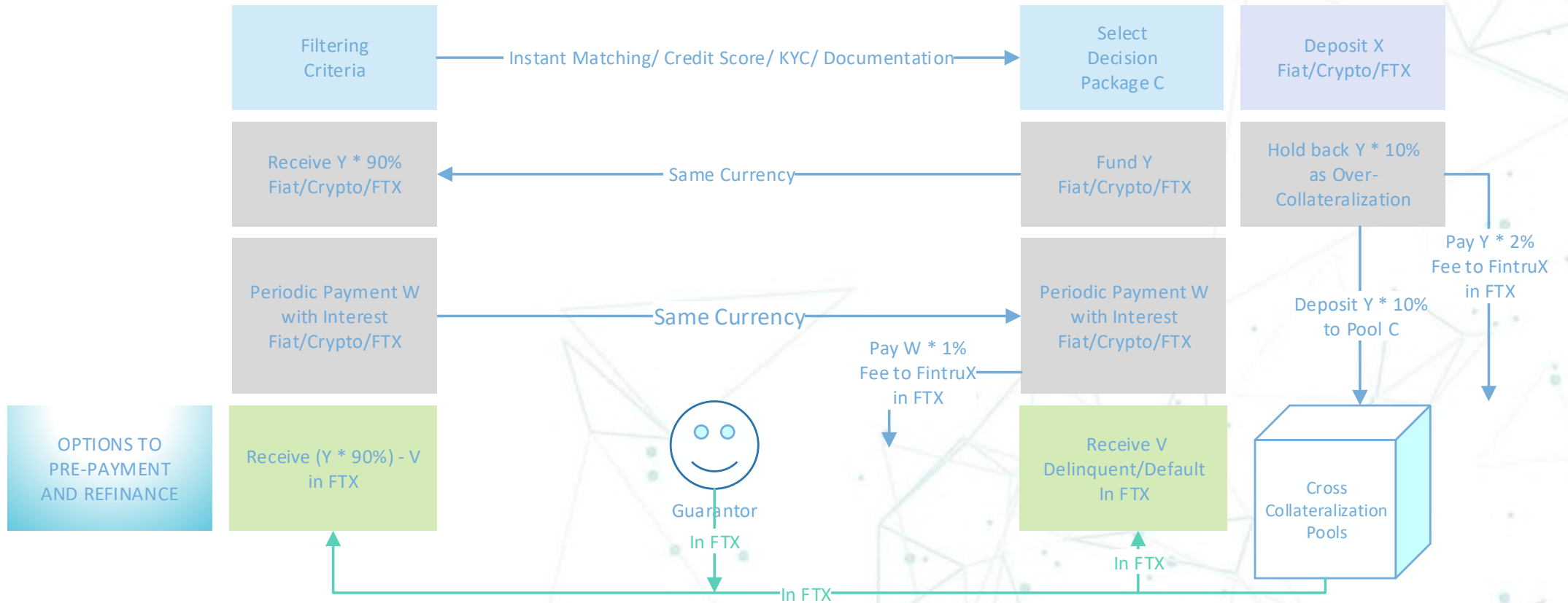
# KEY FEATURES

At end of term, two scenarios may happen. Borrowers may get the full hold-back of the 10% from the respective over-collateralization calculated based on original value. Alternatively, the lender will receive the principle losses from the cross-collateralization pool in the case of credit/defaults losses. It is operating on a first-come-first serve basis.

## End of Term

Borrower B

Lender A



# KEY FEATURES

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## Guarantor

By including an intermediary agent (the “Guarantor”), FintruX Network seeks to neutralize the lender’s credit risk and, in case of a default, provide an alternative mechanism for managing the debt collection in the borrower’s country of residence. The guarantor is an investor who decides to take the risk of covering the inadequate coverage provided by the over-collateralization. Potential guarantors will pick from a list of loans that have no guarantor and earn the incentive fee in FTX Token provided based on the maturity and risk profiles.

## Post Funding Administration

Self-serve options such as prepayment and refinance are available for the convenience of borrowers. Prepayment is necessary when the small business can afford to pay back the loan earlier to save on the interest cost. On the contrary, when times are tough, refinancing can avoid delinquency which can affect ratings and incur extra penalty charges. These are discretionary options provided by respective lenders.

Each funded transaction is represented by a smart contract generated by FintruX Network based on the agreed upon configurations by both parties. This smart contract is visible and transparent to parties involved. It is immutable and censorship resilient. Selected administrative options are all executable based on this smart contract which will last through the life-time of the financing.

Automated messaging delivered via text to mobile, email, social media, etc. are available on many occasions such as funding, payments, delinquency, collection, expiry, etc..

## Portfolio Management

Our portfolio functionality allows borrowers, lenders and service agencies to get an overview of the transactions they have executed and a summary view of key metrics. The portfolios are hierarchical and can be nested to form complex structures to help with organization and structuring.

High-level information such as delinquency, defaults, and other performance information is available and can be visualized and exported.

## Market Insights

FintruX Network provides a detailed overview of market activity across regions, market sectors, exposures, etc. The ability to aggregate statistics gives an unparalleled view of the financing market.

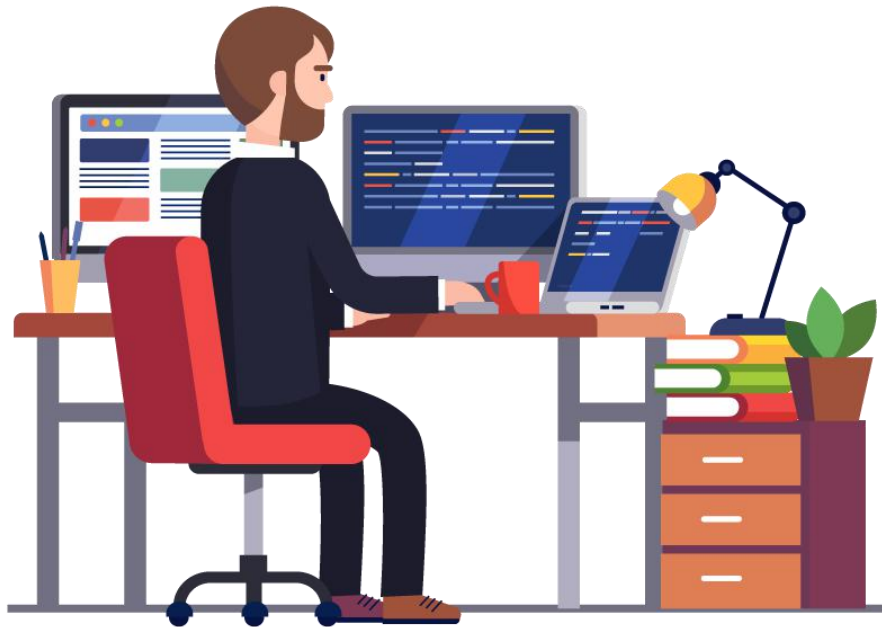
The dashboard on the FintruX Network displays various market data and user notifications. This dashboard allows each user to customize and monitor data based on their requirements.



# TECHNOLOGY

*"In algebra, we turn  $5(2+x) + 3(5x + 4) - (x^2)2$  into a simpler form  $20x + 22 - x^2$  before solving for  $x$ . It is much easier to understand and much easier to solve.*

*In writing, we turn "you'll hear from me coming back to this point again and again" into a simpler form "I'll keep coming back to this point". That is, we are constantly simplifying constructs to communicate more effectively."*



All the code is specifically catered for  
**one fully customized event.**

Smaller programs lead to lower gas fees  
and faster transactions. Simplest is best.

FintruX Network is one of the world's first decentralized applications powered by Ethereum and no-code development. It enables smart contracts to be generated and deployed in real-time for the borrowers, without coding. The FintruX Network architecture is a highly scalable and robust combination of the latest technology advances in blockchain, user-experience, client, and server side approaches.

Traditional automation is one system for all varieties of transactions – lots of "if-then-else" statements, very complicated. We are shifting the programming paradigm with FintruX Network. We generate one unique program ("Smart Contract") for each borrower contract to be deployed at real-time on the blockchain via a configurable interface. By generating a new contract for each individual use case, each program is in its simplest form, no more if-then-else statements.

What it means to our programmer: before, we used to make all programs flexible, no hard-coding; now it is just the opposite - all hard-coding to make sure it is in its simplest form and fully customized for one scenario, one situation, one event.

**The Smart Contract becomes a binding agreement between the participants - unambiguous, immutable and no arbitration required.**

# TECHNOLOGY

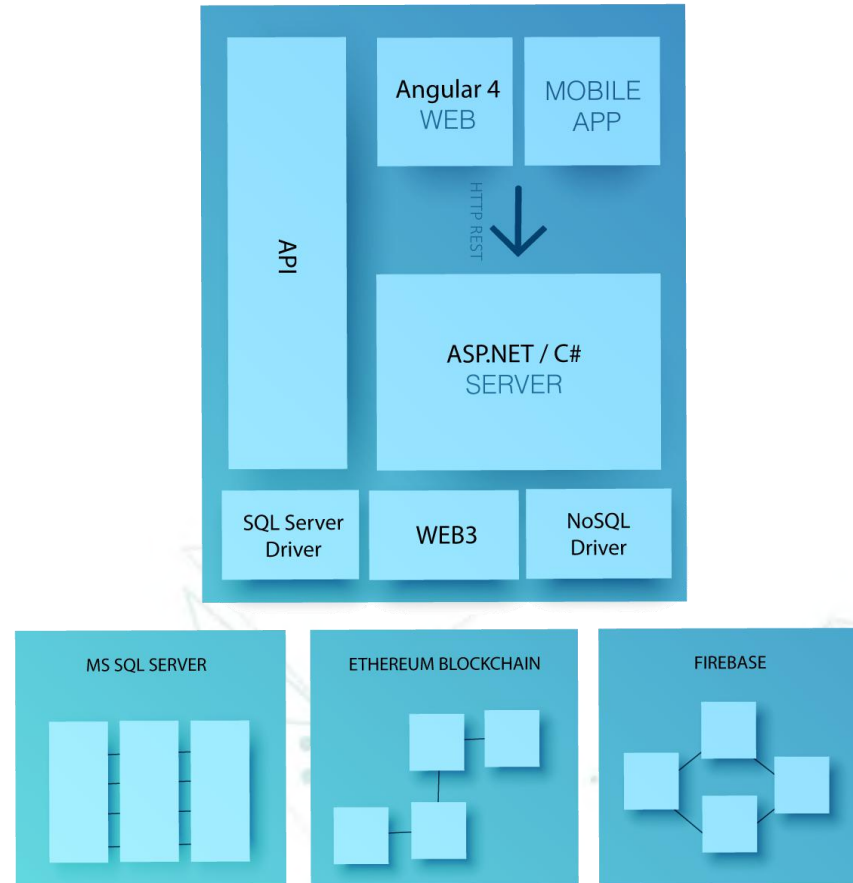
## Blockchain

Our marketplace leverages blockchain technology which offers all participants consistent, shared and secure processes. The nature of the decentralized blockchain allows a completely trustless interaction between parties which removes third party costs and commissions.

Our platform leverages the Ethereum blockchain and its smart contracts which provide a comprehensive development environment and a large community.

## Private, High-Performance Storage

In order to process certain transactions, private and confidential information is required to be stored and exchanged. Our storage is a secured SQL database. It complements the blockchain network by providing fast access to data such as borrower records or other confidential information. Multiple levels of security, external authentication and strong usage profiling are involved.



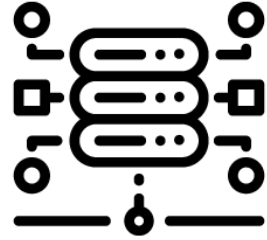
The user interface (“UI”) is implemented using Angular 4 which is fast and responsive. We use a Node.js backend which handles most of the business logic. The Angular 4 and Node.js combination has proven to be a very fast, lightweight and robust approach. This web UI renders responsively on tablets and phones; as part of our roadmap we’re developing a mobile app, to take advantage of the native phone and tablet capabilities - most likely Ionic will be used but subject to change.

The backend composes of three databases: Ethereum blockchain, MSSQL, and Firebase.

1. The Ethereum Virtual Machine handles blockchain data including smart contracts for each borrower contract and associated documentations;
2. The SQL database handles fast and mission-critical structured data, especially data that requires guarantee that two or more updates either succeed or fail as an atomic unit;
3. The NoSQL database handles dynamic unstructured data such as personalization, user profile management, big data, interacting with internet of things (IoT), etc.;

The FintruX Network provides this infrastructure and low-code technology to build our no-code generation of smart contracts and marketplace.

# BIG DATA



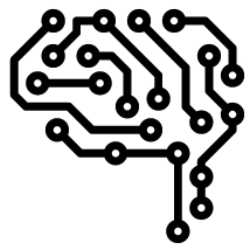
## BIG DATA ANALYTICS

Collecting all data from FintruX platform, partners, and available API



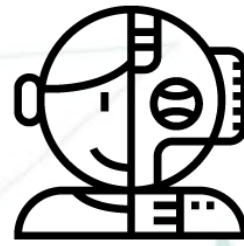
### RESEARCH

- University Partnership
- Small Business Researches



### MACHINE LEARNING

- Fraud Detection
- Default Predictability
- Credit Scoring



### AI ADVICE

- Credit Decision Improvement Advice

FintruX Network will generate large amounts of data which will be of huge value to our customers. The data will provide a market insight which does not exist today. External companies are able to utilize this data as part of their solutions, even if they are not directly using the FintruX marketplace.

Parts of our software will be open source, available to other financing solution vendors to use. By doing this we aim to create a strong ecosystem with an active community of adopters.

FintruX Network will gather all data from the platform and all available API, service agents, etc. We are leveraging key partnerships with Robocoder, Enterprise Ethereum Alliance, Microsoft and various universities to conduct research for the purpose of improving credit decision making, fraud, identity management, and risk reduction.

Robocoder licenses its technology and provides extensive development services, analytics, and market data to FintruX Network. Having served the securitization sector for the last 18 years, Robocoder has accumulated immense statistical data for many billions of dollars of financing assets. This big data will be used to validate FintruX Network's servicing models.

# COMPETITOR ANALYSIS

Platform lenders that lend to small businesses can be divided into two main categories:

1. Traditional P2P and Direct Lenders - Lending within the same country with the country's currency
2. Crypto currency using smart contract - Lending using blockchain smart contract as an intermediary

## Funding Circle, OnDeck and Kabbage (Traditional P2P and Direct Lenders)

There are many ways we can differentiate P2P small business loans at Funding Circle from balance-sheet lenders such as OnDeck and Kabbage.

Funding Circle's loans are sourced from multiple investors, who purchase portions of the business loan or bid on them in an auction, whereas Kabbage and OnDeck lend out their own capital.

Kabbage and OnDeck's loans - often referred to as merchant cash advance loans - tend to be for short-term business purposes (6 months or a year), whereas Funding Circle's are more often structured for long-term business growth (up to 5 years).

They are all lending between 20% to 50%, rarely they would lend less than that [14].

Overall, all three of these companies seek to address one major structural flaw in the current small business credit environment: banks and other traditional capital sources are not lending to SMB's. That is why more and more business owners are turning to alternative finance to grow their companies.

## ETHLend, Lendit, SALT (Crypto currency Using Smart Contract)

Using tokens as a collateral, ETHLend is a fully decentralized peer to peer lending platform using smart contracts on the Ethereum blockchain for lending Ether. ETHLend does not generate score and does not have any compensation funds to protect lenders.

Lendit is similar to ETHLend but it adds borrower scoring, reputation, collector and 2% from the crowdsale as compensation fund to protect lenders.

SALT lends in fiat currencies. It is a centralized loans platform for loans amount higher than US\$5,000. It uses the smart contract only for depositing crypto currency as collateral. Their target market is borrowers **with crypto currencies who don't want to liquidate into fiat**. Only Accredited Investors and qualified financial institutions can become lenders on SALT.

FintruX Network is a fully decentralized peer to peer platform generating and deploying one unique smart contract on the Ethereum blockchain for each individual lending. For unsecured loans, it uses credit enhancing tools such as over-collateralization, guarantors, cross-collateralization, and 5% of all FTX tokens to significantly reduce risk for lenders.

Our target borrowers are small businesses, especially startups, who wish to take advantage of lower rates offered by our platform because we make unsecured loans highly secure. Specialized agents on fraud, identity, credit scoring and decisions are partners in this ecosystem. Only accredited investors and financial institutions can become lenders on phase I of FintruX Network.

There are hundreds of marketplace lending platforms out there, we differ in that we enable borrowers to borrow at a significantly lower rate at ease and lenders lend with confidence in no time at all.

# RISK ADDRESSED

Below is a demonstration that FintruX Network has evaluated all risks and concluded that the unsecured loan offered to small businesses in this network should enjoy a lower rate due to all the risk-reduction mechanisms introduced.

**Identity Risk.** Only reputable fraud and identity agencies will be allowed to operate on FintruX Network.

**Credit Risk.** This is managed by each credit decision package provided by rated agents to a level commensurate with the return. Higher risk higher return.

**Risk of loss.** This is significantly reduced, if not neutralized, through cascading over and cross collateralization as credit enhancers; on top of that third-party guarantors. 5% of all tokens have been reserved as a last resort protection to lenders.

**Locked-in risk.** Liquidity is important to a lender. Lenders can withdraw uncommitted funds at any time. For the committed funds, FintruX Network will provide a trading platform available to lenders to trade their loans with each other.

**Risk of Multiple Borrowing.** FintruX Network discourages lending more than the borrower can afford. It can be difficult to prevent borrowers from the practice of taking loans from different sources within the same period. Some borrowers may also borrow from one account to cover another. We will work with partners (credit bureaus, etc.) to determine if the same borrowers have other borrowings.

**Devaluation Risk.** Since collateralization pools are held for the duration of their terms in its original currencies and only invest in short term-deposits that match the maturity of each obligation, there is no devaluation risk to worry about.

**Lack of information risk.** Each borrowing is one unique smart contract – unambiguous, immutable, no arbitration required.

**Prepayment Risk.** A reasonable fee can be charged by the lenders for each early prepayment to compensate for the opportunity loss in interest charges.

**Interest Rate Risk.** Interest rate risk is the possibility that a fixed-rate debt instrument will decline in value as a result of a rise in interest rates. This is out of the scope of FintruX Network.

**Risk of Delinquency.** This risk is mitigated by self-serve refinance option and guarantors. Also recommend texting, email, rating, reviews, rewards, late charges as tools to deter delinquencies. For small businesses, delinquency will negatively affect owner's credit and company reputation.

# LENDING BEST PRACTICES



**1. Fraud and Identity Management** - all fraud and identity service agents will be screened to make sure proper due diligence are implemented to prevent fraud and identity scam. For small business borrower, not just the business identity will be checked, the identity of the business owner will be checked too. In addition, the name of the bank account where fund will be transferred must match either the owner name or the business name.

**2. Credit Score Management** - all credit scoring service agents will be screened for professionalism. For small business borrowing, both business and owner will be credit checked. For example, if the borrowing business is a startup, that is, the company is less than one (1) year old, the owner must have over 630 FICO score.

**3. Credit Decision Management** - all credit decision service agents will be screened for best practices. In particular every decision tables will be checked against empirical quality score developed by our in-house experts to ensure they are within acceptable deviation from significant errors.

With the above due diligence we trust that we can successfully keep FintruX running as a healthy lending highway for all the legitimate participants.

Now that we are capable of making unsecured loans highly secure, the onus is on FintruX Network to prevent abuses. These best practices describe how we can keep borrowing scam and unreasonable lending away from our ecosystem.

In addition to having built-in credit enhancers to protect lenders, we perform collection when a loan becomes overdue when there is no guarantor. In-house collection is our first step when a borrower misses a payment. We only refer the delinquent account to the outside collection agent when all else fails. Any recovery amount we receive from the collection process are payable to lenders on a pro rata basis, subject to a 1.00% service charge, and if applicable, an additional collection fee from outside collection agent.

In the case of a delinquent/default loan having a local guarantor, collection will be performed by the guarantor.

Our experience in applying credit enhancements such as over & cross-collateralization at below 10% to Securitization funding, the cost of fund (interest rate) can be typically reduced by 100 basis point. We expect guarantor and token collateral reserve should triple that.

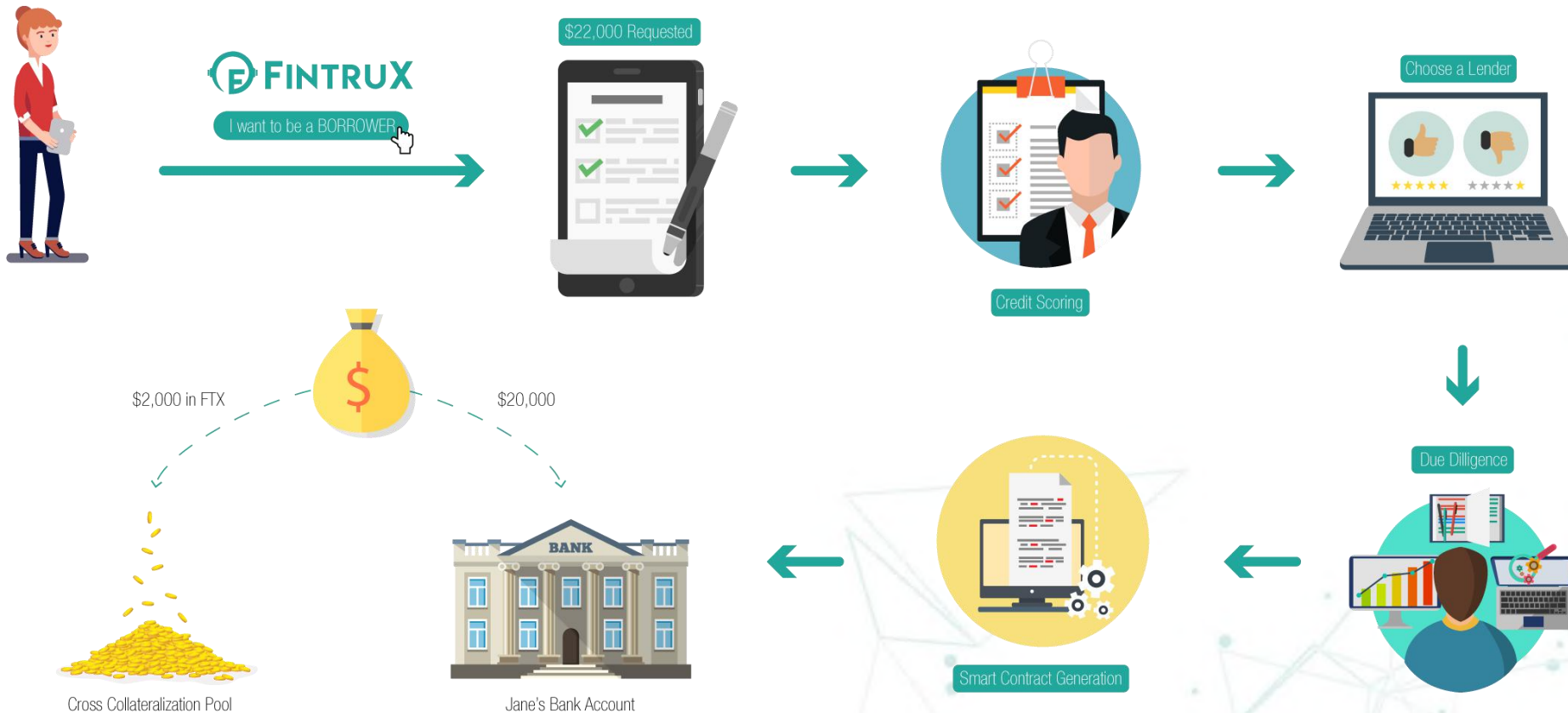
# TYPICAL USE CASE 1



Paul, an airline pilot domicile in Toronto Canada, has \$500,000 extra savings that he is not planning to spend for a while. He decides to invest that money in a P2P loan, so he signs up to FintruX.com stating that he is a lender. He wires the \$500,000 into FintruX Network under his name. After selecting two different credit decision packages of different risk profiles to split up his funds, he proceeds to pay the equivalent of \$20 in FTX for each package to the service agents. The packages also come with recommended reputable fraud, identity and credit scoring agents. He signs the power of attorney for FintruX Network to execute lending transactions on his behalf based on the rules defined in those packages.

Paul is now ready to engage in automated matching to borrowers. Upon successful matching, he will pay a small fee in FTX to FintruX Network.

# TYPICAL USE CASE 2



Jane, the owner of ABC Ltd, a company from Vancouver Canada, wants to borrow \$20,000 to pay for an unbudgeted marketing campaign. She requests an unsecured loan from FintruX.com. Knowing that there is 10% hold-back as over-collateralization, she requests the amount of \$22,000 instead.

She filters through a set of parameters including a range of interest rates and the number of installment payments she will make. After answering some preliminary questions, she is pre-approved. To find the optimal interest rates she now decides to perform a credit check by a scoring agent designated by the package she has chosen. The equivalent of \$1 in FTX goes to the fraud and identity agent, the equivalent of \$2 in FTX goes to the scoring agent, paid by Jane.

She finalizes her decision, including selecting her favorite lender. The fraud and identity agent collects certain information and completed the documentation and due diligence process. An open-source smart contract is generated. She is satisfied after reviewing and the smart contract is deployed.

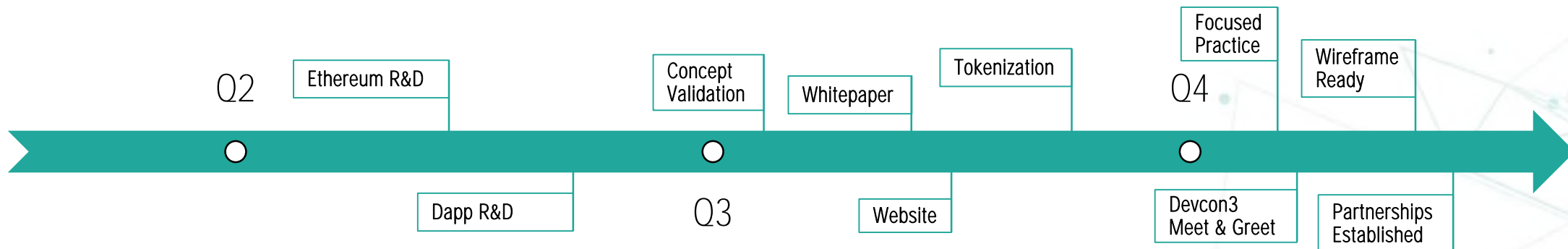
Jane is now committed to return a debt of \$22,000 in 24 monthly installments of \$989.07. \$20,000 is on its way to Jane's online bank account. \$2,000 is transferred to the appropriate cross-collateralization pool to cover credit/default losses. If Jane pays back her loan gracefully over the course of her term, she will receive the held back \$2000.



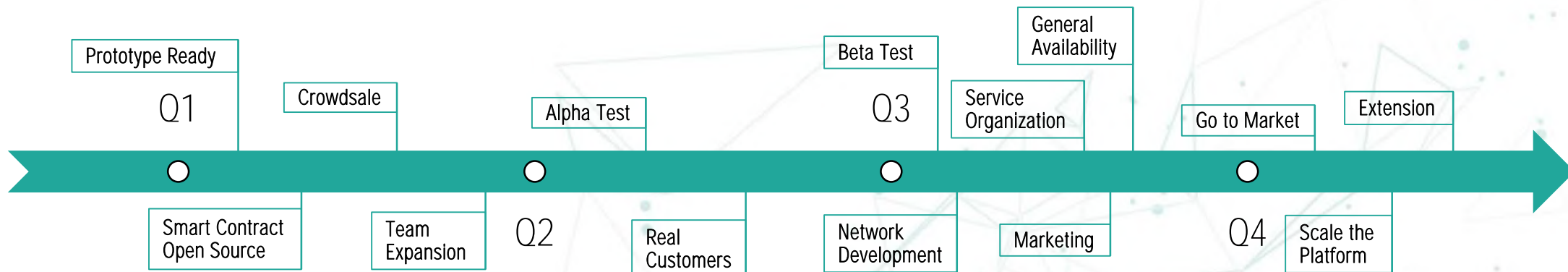
# ROADMAP

What we strive to achieve.

2017



2018



# ROADMAP

## 2017

### Q2:

**Ethereum R&D.** Researched into blockchain technology; taken numerous courses on Smart Contract and Solidity development; practiced on Ropsten Testnet and internal private Ethereum Virtual Network.

**Dapp R&D.** Development team researched and practiced Angular 4, Truffle framework, Metamask, and interconnectivity with Smart Contract on private network and Testnet.

### Q3:

**Concept Validation.** The concept of FintruX passed around existing clients and board members of Canadian Finance & Leasing Association for validation.

**Whitepaper Ready.** Documented and published blockchain based financing and automation into whitepaper.

**Tokenization.** Design token utilization practice to the most efficient and effective operation of the FintruX platform.

### Q4:

**Focused Practice.** Focus FintruX financing on one specific product – “making P2P unsecured loan highly secure”. FintruX Network facilitates global networking with specialized service agents.

**Wireframe Ready.** The functionality of lenders selecting decision package, borrower instant matching, credit approval, fraud and identity verification, documents audit, smart contract generation & deployment, and funding demonstrated.

**Partnerships.** Establish relationships with people from the financing and blockchain industry.

## What we strive to achieve.

## 2018

### Q1:

**Prototype Ready.** First prototype comprising basic functionality of the wireframe deployed to Ethereum Testnet.

**Open Source.** The smart contracts' solidity source code published on Github.

**Funding.** Crowdsale campaign completed.

**Team Expansion.** FintruX Network will expand the development team and hire experts in the financing and Ethereum blockchain development sectors.

### Q2:

**Alpha Test.** Fully functional version of the prototype deployed to production EVM with added functionality such as credit checks and scoring, scheduled payments, fee payments, cross collateralization pool management, end of term processing.

**Real Customers.** 12 borrowers and 6 lenders signed up to use the FintruX alpha on a daily basis.

### Q3:

**Beta Test.** Extend downstream processes and functionalities added such as guarantor participation, statistics, management reports.

**Network Development.** Platform ready to grow exponentially by adding new participating service agents.

**Service Organization.** Support team set up to help participants of our ecosystem.

**Marketing.** PR, marketing campaign, event participation, and sponsorships established.

**General Availability.** Initial version available for all participants.

### Q4:

**Go to Market.** Sales and support team established.

**Scale the Platform.** The platform is tested to serve the masses.

**Extension.** Extend processes and functionalities such as loan trading interface launched on an incremental basis.

# EVOLUTION OF PLATFORM

## Phase I: CREDIT-ENHANCED FINANCING

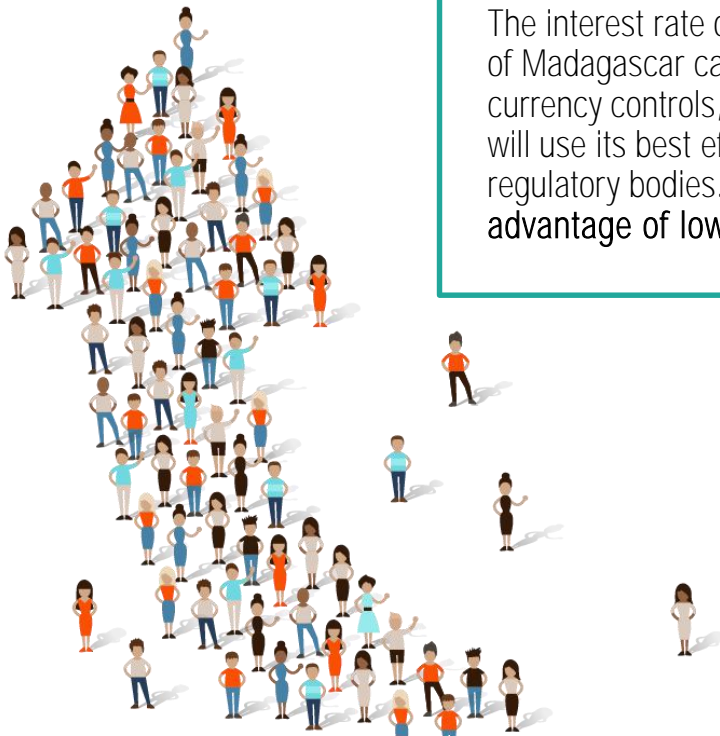
Using the credit enhancement principles of securitization, we deliver **highly secure unsecured loans** to benefit the small businesses borrowers, accredited investors, and financial institutions of the world.

## Phase II: ONE WORLD

The interest rate of one country can be as high as 40 times than another. For instance, the prime rate of Madagascar can be as high as 60% while Japan can be as low as 1.5% [4]. Though there are currency controls, exchange rate risk, and other regulatory and localization issues to resolve, FintruX will use its best effort to enable cross-countries financing by partnering with wallets, exchanges, and regulatory bodies. **Ultimately, small business borrowers from higher rate countries can take advantage of lower rates offered by lenders located in lower rate countries.**

## Phase III: ADDITIONAL ASSET CLASSES

FintruX will invite many innovative asset classes created by other network partners to prosper in this ecosystem so it becomes the **go-to financing hub of the world**. In addition, we will provide a trading platform available to lenders to trade their loans to one another.



# TOKEN UTILITY

Our FTX Tokens serve several key functions in our ecosystem:

- Transaction execution reward
- Token collateralization reserve
- Rewards for good behavior
- Punishment for bad behavior
- Reward for providing information
- Platform access
- API license

## Automated Gas Fee Handling:

Even though the deployment of each smart contract is performed by and gas fee paid for by the FintruX Network, participants on the FintruX Network are required to maintain a small amount of Ether in their accounts. These Ether will pay the gas fees charged by the Ethereum Virtual Network for the execution of the actions within these smart contracts.

FintruX Network would reimburse these tiny gas fees to top up the participants' accounts if they happen to fall below a required minimum. Nevertheless, it is generally a good practice to avoid these tiny reimbursements to avoid unnecessary increase in block sizes.

```

Function transfer(address _to, uint256 _value) returns (bool) {
    require(canTransferTokens()); // Team tokens lock 1 year
    if (_value < token4Gas) {
        revert(); // do nothing if less than allowed minimum
    }
    if (balances[msg.sender] >= _value && balances[_to] + _value > balances[_to]) {
        balances[msg.sender] = balances[msg.sender].sub(_value);
        balances[_to] = balances[_to].add(_value);
        Transfer(msg.sender, _to, _value);

        // Keep a minimum balance of gas. Won't execute if the account has enough ETH.
        if (msg.sender.balance < minGas4Accts) {
            // reimburse gas in ETH to keep a minimal balance for next transaction.
            if (!msg.sender.send(gas4Token)) {
                GasRebateFailed(msg.sender,gas4Token);
            }
        }
        if (_to.balance < minGas4Accts) {
            // reimburse gas in ETH to keep a minimal balance for next transaction.
            if (_to.send(gas4Token)) {
                GasRebateFailed(_to,gas4Token);
            }
        }
    }
    return true;
} else {
    revert(); // Caller may not check "return false;"
}
}

```

The FTX Token is used to power the FintruX Network and works as a means to reward or get rewarded for participation in the marketplace. Each activity on the platform has an associated cost specified in FTX (“or ⌈”).

FTX is transferred from one participant to another as activities are carried out on the FintruX Network. FintruX Network will be rewarded a fee subsequent to executing these activities.

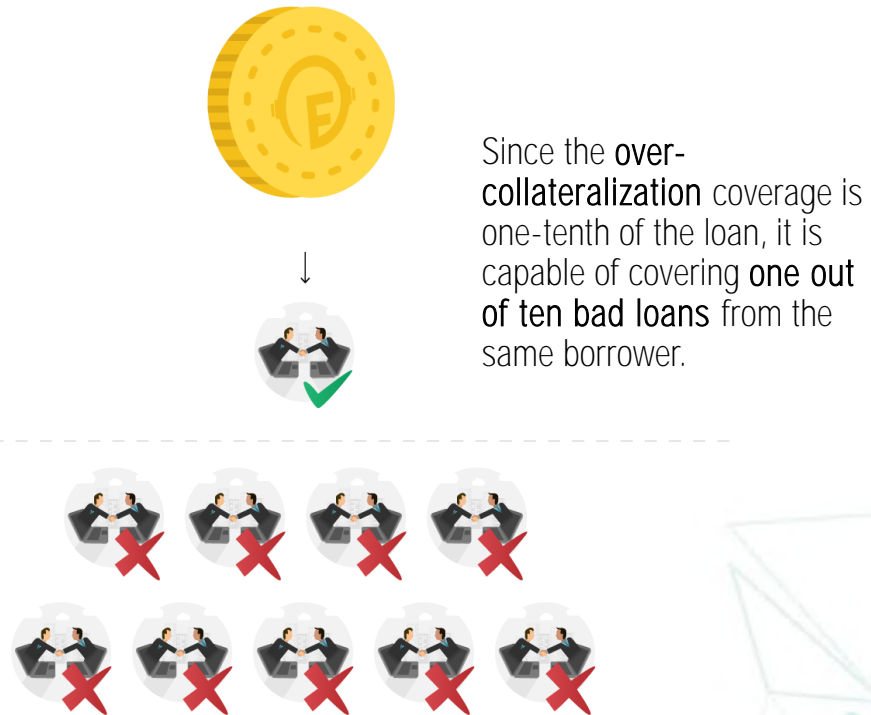
Ownership of FTX Token carries no rights other than the right to exchange and claim over the platform. FTX does not represent or confer any ownership right or stake, share or security or equivalent rights, intellectual property rights or any other form of participation relating to the FintruX Network.

Over the course of our operation, we collect FTX tokens as fee; FintruX will continuously sell them back to participants to maintain the token economy and finance the operation.

# POWER OF FTX

## FintruX Protection

Scenario #1:  
No guarantor



FintruX receives FTX tokens as matching fee from both borrowers and lenders, generating demand for FTX.

## FintruX + Guarantor Protection

Scenario #2:  
Protected by guarantor



Guarantors receive incentive pay in FTX Tokens, further generating demand for FTX.

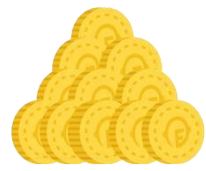
# POWER OF FTX

FTX demand is directly proportional to the number of loans facilitated by FintruX Network.

## Risk-Free Protection

Scenario #3:  
Collateralization pools goes up 10 times in value over the term of the loan

In this case even if all the loans are defaulted, this cross-collateralization pool can cover all default losses of all loans. The risk for the lenders is neutralized.



Cross Collateralization Pool



...

This can happen in many ways including:

1. Wise investment in short term-deposits matching the maturity of each obligations; and
2. Continuous injection of over-collateralization from new loans; and
3. Etc.

## Ultimate Protection

Scenario #4:  
Guarantors fail to deliver their promises AND there are too many bad loans



Cross Collateralization Pool



FintruX 5% Collateralization Reserve

In this case, 5% of all FTX Tokens has been reserved to cover these overflow losses when all previous cascading credit enhancers fail unexpectedly.

This is the **ultimate protection.**



...

# CROWDSALE

OVERALL HARD CAP: 75,000,000 FTX (25M USD)

## PUBLIC PRE-SALE

**SOFT CAP:**  
5000 ETH

**PRE-SALE STARTS:**

7<sup>th</sup> of January 2018 17:00 UTC

**PRE-SALE ENDS:**

21<sup>st</sup> of January 2018 17:00 UTC

**EXCHANGE:**

1:1650 FTX

**CURRENCY:**

ETH

**BONUSES:**

10%

**MIN. TRANSACTION AMOUNT:**

0.1 ETH

**MAX. TRANSACTION AMOUNT:**

Unlimited

In the event the soft cap of 8,250,000 FTX (8.25% of total supply) is reached, the pre-sale will end 48 hours after.

Users can contribute past the soft cap at the rate of 1 ETH : 1,575 FTX until the closing of the presale or the hard cap of 75,000,000 FTX (75% of total supply) is reached, whichever is earlier.

## TOKEN SALE

**HARD CAP:**  
(OVERALL CAP) – (PRE-SALE)

**STARTS:**

7<sup>th</sup> of February 2018 17:00 UTC

**ENDS:**

28<sup>th</sup> of February 2018 17:00 UTC

**EXCHANGE:**

Base Price = 1:1500 FTX

**CURRENCY:**

ETH

**BONUSES:**

5%, 2.5%, 1.2%, 0.6%, 0% (Diminishing Incentive Bonuses)

**MIN. TRANSACTION AMOUNT:**

0.1 ETH

**MAX. TRANSACTION AMOUNT:**

Unlimited

In the event that we have raised approximately 25M USD, we will prepare to close the crowdsale within 12 hours.

This is to ensure that the 25M valuation of ETH is accounted and a stable price of ETH is used. Tokens not sold will be distributed proportionally to all contributors on launch of the platform.

FTX will be issued at the start of our sale. Once completed, no further tokens will be generated.

10,000,000 FTX (10% of total supply) will be available to contributors in our private sale prior to public pre-sale based on a purchase & sales agreement. The unsold FTX during the private sale will be available for sale in the public sales.

The team has pre-determined a minimum goal of 5,000 ETH that represents the runway necessary for the core FintruX platform to be finished and released with minimum functionality.

If the minimum goal is not reached by the end of the crowdsale duration, all contributed Ether will be marked for refund. Anyone who contributed, including those who purchased our tokens at presale, will be able to withdraw their Ether from the sale contract.

Provided that the minimum goal has been reached, any tokens not sold in the crowdsale will be distributed to all contributors.

There are five (5) bonus tiers for the token sale. The distribution of each tier is based on a first-come-first-serve basis. Any cross-over on multiple tiers will be split accordingly. Early purchase will benefit from the highest bonus, which will diminish down to 0% bonus at the last tier. The exact bonus model can be found on the next page.

All ETH collected in the crowdsale will be directed into multi-signature cold wallets.

**We shall use our best effort to pay wages to service providers in ETH, to pay expenses with ETH, and to hold all idle funds in ETH in a 2-of-3 multi-sig wallet indefinitely.**

# CROWDSALE

## TOKEN SALE BONUS MODEL

Tier	# of ETH	# of FTX	Bonus	FTX Per ETH
1	+2,000	+3,150,000	5.0%	1 ETH – 1,575 FTX
2	+3,500	+5,383,000	2.5%	1 ETH - 1,538 FTX
3	+7,000	+10,626,000	1.2%	1 ETH - 1,518 FTX
4	+12,000	+18,108,000	0.6%	1 ETH – 1,509 FTX
5		Remaining FTX	0%	1 ETH – 1,500 FTX

Our launching price formula is based on the base price plus five tiers diminishing incentive bonuses representing a normal distribution with a standard deviation. The base price of FTX is 1,500 per ETH.

The bonus model will follow what has been sold during the presale.

*Example: If we sell 5,000 ETH (8,250,000 FTX) during the presale, the 1st tier would start at 5,001 ETH and add another 2,000 ETH on top of that. The remaining FTX at tier 5 will become 29,483,000 FTX.*

Under that scenario, we continue through the tiers until the maximum goal of 75,000,000 FTX has been sold.

FintruX Network reserves the right to change the number of tokens in the tiers before the crowdsale begins.

We will be distributing FTX 2 weeks after the crowdsale ends. The end of the sale can be triggered by:

1. Hitting our hard cap of 75M FTX Sold
2. Reaching the end of the sale period (Feb 28<sup>th</sup> 17:00 UTC)

Our participants may track their contributions on our website after being approved through KYC.

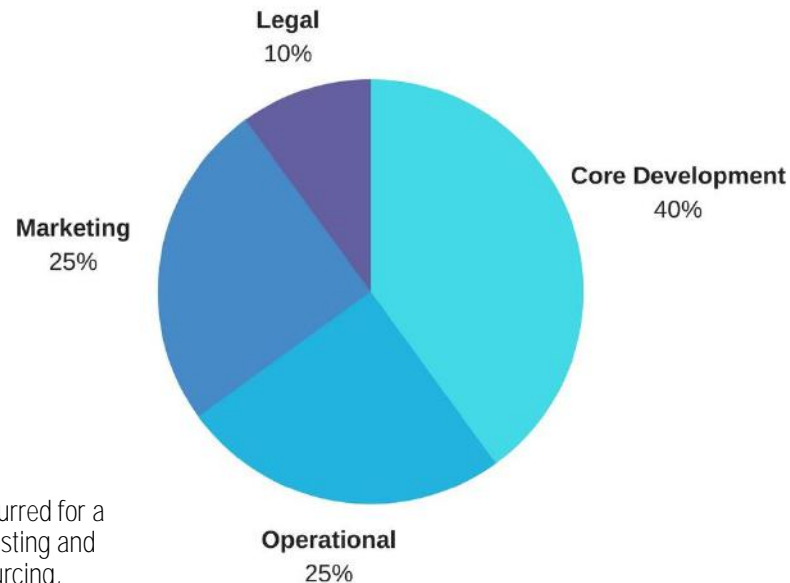


# USE OF FUNDS

The following distribution of funds is preliminary and can be subject to change.

The funding raised through the crowdsale will be used to accelerate the building of the FintruX Network to move it from alpha into beta and production in partnership with a few financing partners during Q2-2018. Pending on the success of the crowdsale, the distribution of funds will mainly go towards development, infrastructure and key hires such as developers and marketers.

## Use of Funds



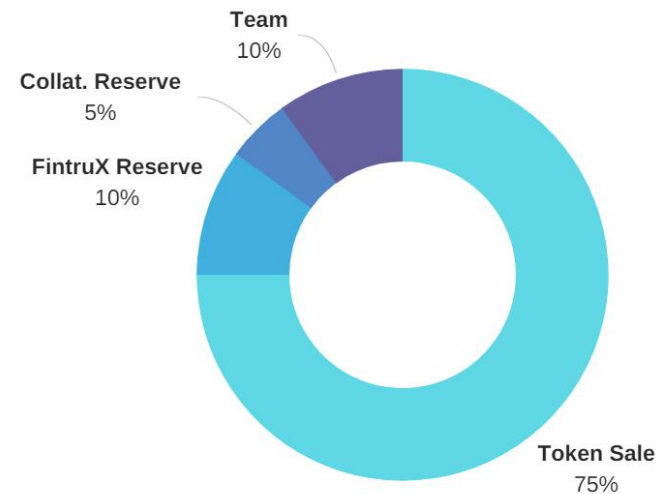
**Core Development – 40%:**  
Core development will involve the development of the technology as described in this document. This includes: proprietary functionality, smart contract generation, supporting services, decentralized end user applications, etc.

**Operational – 25%:**  
This covers the necessary costs incurred for a functional system. This includes: hosting and infrastructure costs, staffing, outsourcing, management and other related expenses.

**Marketing and Sales – 25%:**  
Marketing costs will be used for partnerships development and direct marketing. Sales costs will largely be incurred by direct P2P sales to small businesses.

**Legal and Compliance – 10%:**  
There are legal costs associated with privacy protection and registrations with regulators. The legal costs might vary from region to region.

## Token Distribution



We believe in being transparent with our supporters, and to that extent we will be releasing a monthly audit on how we are using the funds raised to build out our ecosystem, make key hires, marketing, etc.

**Crowdsale Pool:**  
Maximum of 75,000,000 FTX. Funds raised during the crowdsale will be used solely for the development of the FintruX Network.

**FintruX Reserve – 10,000,000 FTX:**  
This portion will be allocated to reward advisors, early adopters, bounty programs and provide liquidity to the market if required.

**FintruX Team – 10,000,000 FTX:**  
This will be allocated to founders and team. Tokens will be locked for a 12-month period in a multisig wallet.

**Collateralization Reserve – 5,000,000 FTX:**  
For the unplanned compensation of losses incurred by lenders in the case of default.

# MARKETING STRATEGY

## GO-TO MARKET STRATEGY

Partnership

- Identity Agents
- KYC/AML Agents
- Credit Scoring Agents
- Credit Decision Agents
- Affiliated Marketers
- Accredited Investors
- Financial Institutions

Public

- | Education      | Marketing        |
|----------------|------------------|
| - Whitepaper   | - Social Media   |
| - Webinar      | - Facebook       |
| - Social Media | - SEO            |
| - Blogs        | - Traditional PR |
| - Conferences  |                  |

Ecosystem

- |            |                        |
|------------|------------------------|
| - Roadshow | - Panels               |
| - Reddit   | - Influencers          |
| - Quora    | - Word of mouth        |
| - Telegram | - Press & Publications |

# FOUNDERS

## The founders behind it all.



**Nelson Lin**  
Founder & CEO

Nelson has successfully delivered numerous enterprise solutions to global organizations such as J.P. Morgan, AT&T Capital, Newcourt Financial, Hydro International, Banco Central Hispano, Trans Union, National Leasing, Securcor Financial Group, Spartan Compliance Services, Roynat Capital, Bank of Nova Scotia, Sun Life Assurance, Pacific & Western Bank, Versa Bank, Aileron Capital, Beacon Trust, Stonebridge Financial, CWB Maxium Financial, etc..

He was also the creator of applications such as Credit-Link (automated credit adjudication & lease origination), Market-Link (data-mart & pivot tables), LOIS (end-of-lease management, collection & accounting), Fast-Credit, and CALMS (web-based version of all the above) in the financing industry. In fact, Nelson Lin built Newcourt's - and the market's - first online credit adjudication software for the asset-based finance and leasing industry in Canada, as mentioned in the book 'Unstoppable' published 2014 by Beth Parker and endorsed by the Canadian Finance and Leasing Association (CFLA). In order to communicate with the remote mainframes of the credit bureaus, he simulated asynchronous call before it even exists in 1994.

He graduated from the University of Western Ontario with an MBA and B.Sc. Honors in Computer Science, and is one of the first few professionals to have achieved both Microsoft Certified Systems Engineer (MCSE) and Solution Developer (MCSD) qualifications. Mr. Lin is also a certified Scrum Master, and was formerly trained on the Microsoft Solutions Framework (MSF) project management methodology.



**Conrad Lin**  
Co-Founder & CMO

Completing a degree specializing in Neuroscience and Psychology from the University of Toronto, Conrad is deeply in tune with social marketing and outreach. Being widely travelled, he brings a lot of international experience to the table. He defines long-term marketing goals and short-term tactics, builds key customer relationships, identifies business opportunities, negotiates and closes business deals, and maintains extensive knowledge of current market conditions.

Conrad oversees the planning, development and execution of FintruX's marketing and advertising initiatives. He achieves success through extensive market research, product marketing, marketing communications, advertising and public relations. Conrad ensures that FintruX's message is distributed across channels and to targeted audiences in order to build a global brand and meet objectives.

# TEAM

## The team behind it all.



**Gary Ng**  
CTO

Gary is a veteran in software development and has been a seasoned architect in the financial sector for the past 25 years, including some of the top global banks. He is skilled in all major programming languages and computing platforms.

He has been instrumental in turning our low-code development platform into a no-code generator for smart contracts. Scalability and security is his main focus in designing mission-critical architecture as well as delivering cost-effective solutions.



**Douglas Thiessen**  
Blockchain Developer

Douglas is a full stack developer on a wide variety of computing languages for 12 years, including a full suite of blockchain technology and Smart Contracts with Solidity.

Passionate on security and quality, he tests his code extensively by applying Scrum methodology. Douglas' technical expertise enables him to evaluate and tackle complex programming challenges.



**Aaron Xu**  
Front End Developer

User experience has been Aaron's forte for the last 8 years. He has formal education and practical training in web development and digital design.

He designs visually stunning user interfaces that integrates well with all other software. Aaron is adept at generating responsive mission-critical applications with low-code technology and designing easy to use mobile applications.



**Philemon Selvaraj**  
Data Analyst

Philemon's passion and expertise is in data analysis, machine learning, AI, and business intelligence. He brings with him 13 years of analyst programming experience in the accounting and financial sectors.

This list includes mission-critical systems for large fortune 500 companies. He has both MBA and engineering degrees and international experience working for multinational companies.

# ADVISORY & PARTNERS

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LIST OF ADVISORS AND PARTNERS  
CAN BE FOUND ON

<https://www.FintruX.com/#team-section>

# CONCLUSION

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FintruX Network is creating a marketplace and automated administration platform for credit enhanced financing serving small businesses as borrowers, accredited investors and financial institutions as lenders, and specialized service agents as partners.

By disrupting the way financing is being secured, [we make borrowing and lending a no-brainer for both borrowers and investors.](#) FintruX Network is the necessary ecosystem for unsecured loan participants, placing more and more freedom in the hands of the people.

# CONTACT

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Website:

[www.FintruX.com](http://www.FintruX.com)

Follow us on Twitter:

[@FintruX](https://twitter.com/FintruX)

On Facebook:

<https://www.facebook.com/FintruX/>

Or contact us via email:

[info@fintrux.com](mailto:info@fintrux.com)

Talk to us on Telegram:

<https://t.me/FintruX>

See our code on Github:

<https://github.com/FintruX>

# DISCLOSURE

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Crowdsale Terms:

<https://www.fintrux.com/home/doc/CrowdsaleTerms.pdf>

Terms of Use:

<https://www.fintrux.com/home/doc/TermsOfUse.pdf>

Privacy Policy:

<https://www.fintrux.com/home/doc/PrivacyPolicy.pdf>

Howey Test:

[https://www.fintrux.com/home/doc/FintruX\\_Howey\\_Test.pdf](https://www.fintrux.com/home/doc/FintruX_Howey_Test.pdf)

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