



# ProximaX

BLOCKCHAIN REIMAGINED AND EVOLVED

White Paper  
v1.4

April 2018

### **Important Notice**

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# TOKEN SALE SUMMARY

<b>Seller</b>	<p>ProximaX Limited (“the Company”, “we”, “us” or “our”)</p> <p>A Gibraltar private limited liability company          Company no. 117029          Registered address: Suite 7, Hadfield House,          Library Street, Gibraltar</p>
<b>Purchase Website &amp; instructions</b>	<p><a href="http://www.proximax.io">www.proximax.io</a> (“Website”)</p> <p>Purchasers must follow the instructions on the Website to purchase Stakes which will entitle you to acquire a certain number of XPX as set out in paragraph 6.1 of this Whitepaper (“Stakes”).</p>
<b>Token Sale Terms &amp; Conditions</b>	<p>To be made available on the Website. Each purchaser of Stakes must ensure that they carefully read the terms and conditions and obtain any necessary legal advice before agreeing to them.</p>
<b>Token Name</b>	ProximaX
<b>Token Ticker</b>	XPX
<b>Project Summary</b>	<p>ProximaX is proposing to develop a blockchain-powered platform that combines an advanced storage network, streaming and an advanced consensus algorithm to enable a rich all in one platform for broader cross-industry application and decentralised app development.</p> <p>Further details of the platform, the systems to be developed by us, the services we will offer and the technology powering the whole project are set out in this Whitepaper.</p>
<b>Public Sale Period</b>	<p>15 April 2018 at 12:00 CET to 25 April 2018 at 12:00 CET, unless fully sold before or unless a change in schedule is announced on the Website.</p>

<p><b>Total Token Supply</b></p> <p><b>Availability:</b></p>	<p>9,000,000,000 XPX</p> <p>5,000,000,000 XPX to be sold during the Public Sale and Private Sale of XPX (which shall take place before the Public Sale) with an additional 1,440,000,000 XPX being made available to the founders, the core team, vendors and for marketing and 2,560,000.000 XPX to be transferred to a not-for-profit foundation to be formed later by ProximaX with the principal objects of promoting, developing and marketing the ProximaX platform for the long term).</p>
<p><b>Price per Stake</b></p>	<p>USD\$ 750 exclusive of transaction fees, conversion costs or other costs</p>
<p><b>Minimum investment</b></p>	<p>USD\$ 75 (in the cryptocurrencies mentioned below)</p>
<p><b>Minimum Stake which may be purchased</b></p>	<p>0.1 of a Stake</p>
<p><b>Accepted methods of payment</b></p>	<p>XEM, BTC, ETH or XAR transferred to the digital address specified on the Website, payable at the applicable price determined by us and specified on the Website at the time of purchase.</p> <p><b>The Company will never publish any Token Sale address anywhere except on our Website</b></p>
<p><b>Distribution of ProximaX tokens (XPX) following the purchase of Stakes</b></p>	<p>XEM, BTC, ETH, or XAR contributors to receive XPX upon completion of the Token Sale at the end of the Public Sale Period.</p>

<b>Authorised communication channels</b>	<p>The only communication channels authorised by the Company for the purposes of the Token Sale are:</p> <p>Website: <a href="http://www.proximax.io">www.proximax.io</a> Email: <a href="mailto:info@proximax.io">info@proximax.io</a> Twitter: <a href="http://www.twitter.com/ProximaXio">www.twitter.com/ProximaXio</a> Facebook: <a href="http://www.facebook.com/ProximaXio">www.facebook.com/ProximaXio</a> Telegram: <a href="https://t.me/ProximaXio">t.me/ProximaXio</a> Reddit: <a href="http://www.reddit.com/user/ProximaXio">www.reddit.com/user/ProximaXio</a> Instagram: <a href="http://www.instagram.com/proximaxio">www.instagram.com/proximaxio</a></p>
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# Abstract

The Internet: a vast framework of interconnected applications, networked systems and mobile devices essential to our daily lives. It's the primary means by which we communicate, learn, create, shop, work, share, play and manage our finances. We cannot imagine a world without it. Yet the very foundation of this technology, invented over a quarter century ago, is in jeopardy. It suffers from vulnerabilities in scale, security and privacy, and increasingly is prone to fraud. Together these threats will disrupt the technology we have become so reliant upon. Businesses built on centralised computing struggle to keep pace with ever-increasing scale of use, which drives up costs and further limits accessibility to the developing world, where only the elite can profit from the advantages of connectivity.

Challenges in privacy, confidentiality, data security and integrity, and centralised systems have plagued the internet today. Traditional private, internet-related organisations have attempted to resolve these challenges only selectively, as their profit motive is not aligned with that of the consumer interests. The tech giants want their users to “trust” them implicitly without actually addressing the underlying obstacles.

“Blockchain” Technology, the underlying innovation that powers Bitcoin and NEM, promised more robust decentralised and distributed networks, thus eliminating costly intermediaries and creating a human-powered, interconnected network, but it was not without its flaws. Early versions of blockchain proved too complex, insecure, costly, and unscalable to bridge the gap between theoretical and real-world utility.

ProximaX (pronounced Proxima X), a blockchain-based decentralised platform using the NEM Blockchain and Catapult platform, intends to solve these challenges in an eco-friendly distributed ledger technology, using P2P internet protocols and ease of integration API driven architecture allowing DApp developers and businesses to more readily deploy and manage their solutions.

ProximaX extends traditional Blockchain protocols by integrating a number of off-chain, peer-to-peer service components (layers) that are found in traditional SaaS and IaaS based centralised architectures, like content delivery networks (CDN) and cloud offerings. The primary services being that of storage and streaming media - all managed and governed by a robust set of consensus protocols to ensure integrity of the network along with measuring, validating, and incentivizing the decentralised workforce to prosper and grow scale.

By parallelizing all of these services and protocols in manageable, but distinct layers, ProximaX solves for the cost-effective conundrum in Blockchain ledger transactions, whilst maintaining flexibility, ease of adoption and integration, security, and speed. All packaged within an all-in-one extensible framework.

To maintain its integrity and value, ProximaX steps up the game from traditional blockchain and introduces concurrent advanced and complex consensus algorithms with a combination of 1) Proof-of-Importance (PoI), perfected by NEM; 2) Proof-of-Storage (PoSt), for measuring allocation of distributed disk space, and; 3) Proof-of-Bandwidth (PoB), a costly and more precious commodity in delivery of data and streaming media - in a side chain. Bandwidth measurement is rarely factored into mainstream blockchain projects as a reward metric to the node workforce. ProximaX is changing that.

ProximaX further powers its utility token economy with a native token (using the NEM mosaic), XPX, that allows for a sustainable marketplace for its services - only possible with a best of breed blockchain engine found in NEM.

ProximaX is a revolution on top of the existing evolution of Blockchain and DLT with the creation of a utility-rich platform and protocol in which businesses, enterprises and entrepreneurial innovators can avoid costly, failure-prone centralised architectures yet enjoy sustainable and secure service offerings. Content Delivery and Storage, Streaming

Media, decentralised marketplaces, big-data, measurement/analytics, IoT, and flawless record keeping and Know Your Customer (“**KYC**”) are just a few use cases for ProximaX.



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# 1. Introduction

The ProximaX protocol aims to offer DApp developers cost-efficient fault tolerant, multi-layer, P2P cloud services including, but not limited to, blockchain-powered P2P storage and bandwidth. A fault-tolerant system is designed to ensure a system remains fully functional even when part of it is 'down' or unavailable. ProximaX will build a P2P cloud storage architecture with fault tolerance and a distributed database by removing the central entity and connecting all the servers (or nodes) in a mesh configuration. Failure of any single component of the mesh will have minimal effect upon the overall performance of the system. ProximaX protocol will ensure confidentiality and integrity of the data passing through a myriad of nodes. The use of distributed databases (DHT) ensures consistency and integrity throughout the network.

ProximaX distributed file management system (DFMS) interfaces with NEM blockchain and works in four scenarios:

1. ProximaX Public DFMS with NEM Public chain
2. ProximaX Private DFMS with NEM Public Chain
3. ProximaX Public DFMS with NEM Private Chain
4. ProximaX Private DFMS with NEM Private Chain

ProximaX will provide DApp developers with an easy-to-use SDK that abstracts the ProximaX protocol layer into a dynamic second layer on top of the NEM blockchain layer that can carry different unique DApp protocols. This will ensure that the DApp developers can build great P2P applications with the best possible security protocols without relying on points of central authority. It will empower developers to build apps and monetise in the ways they want without any unnecessary compliance pressure.

This solution makes use of the NEM blockchain for value and hash transaction and the NEM cryptography framework to gain access to the ProximaX DFMS and work in a tightly integrated environment based on the above four scenarios.

## **1.1. Challenges in Today's SaaS/IaaS Platforms**

### **1.1.1. Security Vulnerabilities**

DDoS remains one of the bigger issues in centralised client/server architectures. Decentralised systems offer no lightning rod for attacks thereby expanding the attack surface almost infinitely as the system grows. ProximaX will fully utilise the nature of decentralisation to obviate system outages due to malicious traffic.

### **1.1.2. Excessive Dependence on a Central Entity**

A centralised system removes authority from the hands of users and controls all network functionality. Dependency on such system means developers and creators are completely reliant platforms and need to abide by the regulations they impose. Many platforms charge creators for hosting space and storing their apps and content.

### **1.1.3. System Downtime and Failures**

Centralised systems also face absolute failure or downtime due to poor server access or connection time. This is a crucial challenge, especially for apps and cloud services. A decentralised system has faster access time due to the peer-to-peer connections and eliminates faulty data transfers due to the public ledger that verifies all transactions and exchanges.

#### 1.1.4. Cost and Edge Scale

Centralised systems have inherent scalability issues as all processing must be routed through centralised nodes in a hub and spoke like fashion. As systems become more decentralised and distributed, scalability increases. A fully distributed mesh platform with Centralised systems also face absolute failure or downtime due to poor server access or connection time. This is a crucial challenge, especially for apps and cloud services. A Decentralised system has faster access time due to the peer-to-peer connections and eliminates faulty data transfers due to the public ledger that verifies all transactions and exchanges.

Additionally, scalability is limited by the reach and geolocations of traditional data centres and hosting facilities leveraged by today's corporations and cloud providers. The edge networks that are supposed to bring content closer to the users are thereby also limited and may actually be thousands of miles away. Decentralisation extends beyond corporate domain and leverages real-world people that are more geographically diverse.

Lastly, the more middlemen, the costlier. Centralised corporations dictate usage costs to pay for their infrastructure and profits and pass them on to business and consumers.

#### 1.1.5. Threat of Censorship

The controlling entity of any network enjoys the liberty of monitoring and filtering content from its users. This censorship can be based on personal and political agendas that mask or rewrite the truth from an audience or violate the right of free speech of the content creators. Media platforms misuse this control to their advantage.

## 1.2. Limitations of Today's Blockchains

Though distributed, Blockchain network nodes perform little to no parallel processing. Blockchain nodes perform identical operations in verifying same transactions in accordance with the same rules. Blockchain nodes store the entire history, which is the same for all nodes. These are large chunks of data. The growth of HDD capacity definitely lags behind the current blockchain circumstances of storing tens of GBs of transactions data per month where the number of transactions is constantly rising. Such limitations reflect on high blockchain transaction fees and limit the size of transaction data. For that, today's blockchains are slow, expensive, hardly scalable and very limited when it comes to storing information.

In addition, current blockchain and DLT solutions force developers to augment or add off-chain solutions to complete tasks that provide significant utility, such as storage. This can lead to the creation of centralised dependencies unless the investment in additional peer-to-peer services are added and coupled with the blockchain. The conclusion, blockchain and DLT alone cannot possibly provide the functionality necessary to allow for replacement services to transitional SaaS and IaaS architecture. This has led to multiple competing bespoke implementations and ICO's requiring developers to potentially leverage multiple implementations, versus one. This increases complexity and generates friction and risk. That is, until now...

## 2. Opportunity: ProximaX Protocols and Service Layers

ProximaX strives to provide solutions for long-standing problems by creating a NEM blockchain-powered platform that consists of the following major on-chain and off-chain protocols generating a wide range of decentralised services with infinite possibilities to the developers:

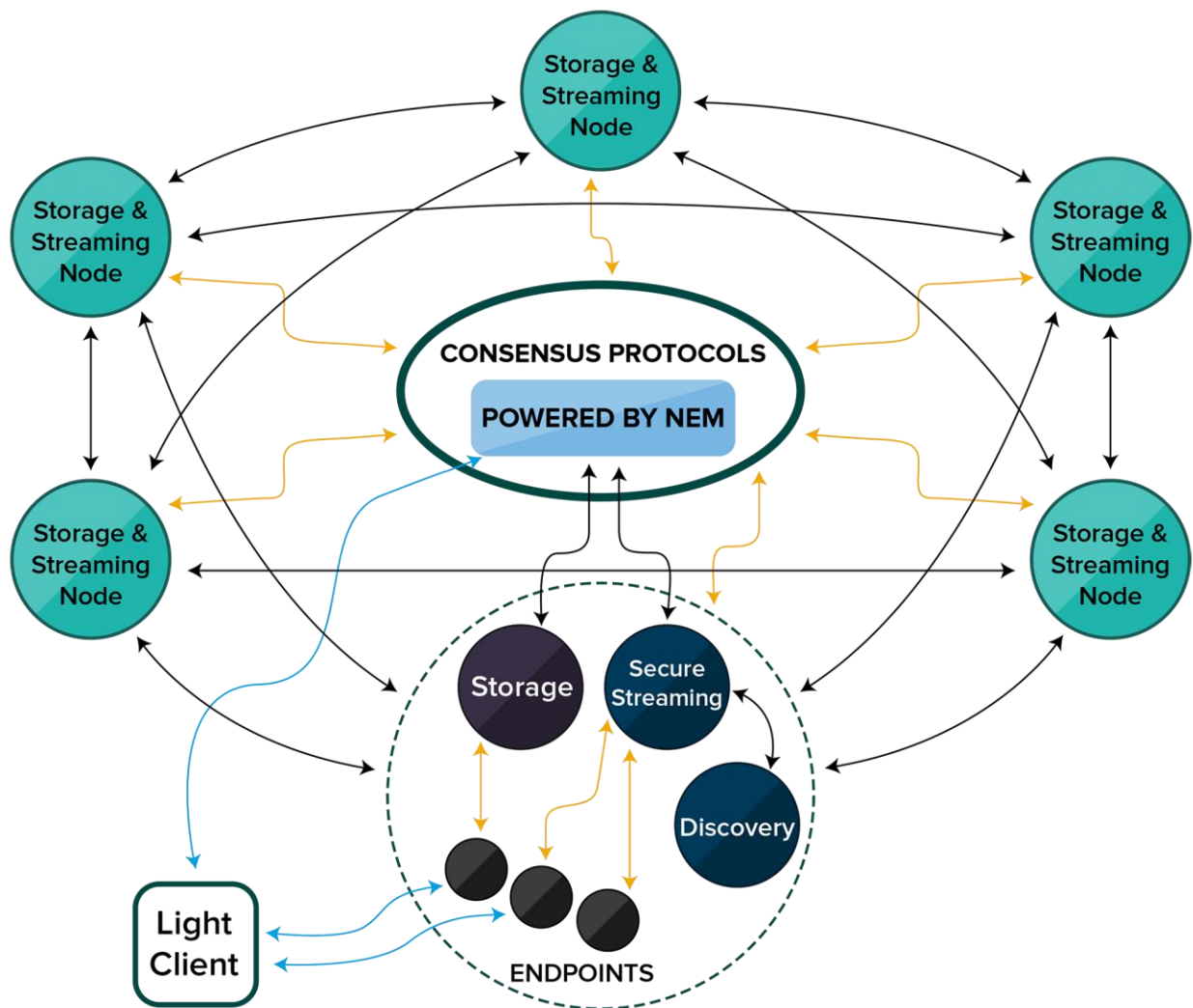


Illustration A

## 2.1. DFMS P2P File Storage Solution Based on IPFS

ProximaX is providing storage solution which is based on the Distributed File Management System (DFMS), that is essentially a peer-to-peer distributed architecture making the network decentralised and users free from the influence of any third-party storage provider. It also allows client-side encryption making the data secure. The system is immune to traditional threats of security and privacy as the system is based on an encrypted, sharded file storage in a peer-to-peer network. Absence of any central authority makes the network accessible 100 percent of the time as if some nodes go offline the next sufficient node takes its place.

The P2P decentralised cloud storage network is based on IPFS that comes with the following significant benefits:

**High Availability.** Files are replicated across peers to ensure that they are always available to be consumed by any peers on the network.

**Fault Tolerant.** Peers on the network allows operational continuity in the event of single or multiple peer failure or downtime. This essentially means that If one peer or group of peers goes down, the network storage locates the closest peer available to continue its operation.

**Deduplication.** The solution will have a data compression technology that detects duplicate files and avoid copying the same file to the network.

**Content Addressable Storage (CAS).** A mechanism for storing information that can be retrieved based on its content, not its storage location. This essentially means that files uploaded to the network will always have a hash that's based on the content of the file making it uniquely distinctive from any similar files.



**High Performance.** The distributed architecture scales better than a traditional centralised storage. The storage solution will scale based on the number of peers that participates on the network. The more peers who participates, the more performant (in terms of storage and bandwidth) the solution will be.

**Clustered/Distributed.** Peers that are part of the network ensure that the data is replicated across to maximise availability.

**Immutability.** Every file uploaded cannot be removed or modified by any peers on the network. This is because files are all identifiable via a hash that uses the file's content (known as Content-addressable storage). This identification system ensures that every file version is unique and won't overwrite any similar file on the network.

**Access Content Offline (caching).** A caching mechanism on the consumer (client) side ensures that when a content is loaded, it caches it so that it will still be available even if the consumer goes offline.

**Multihash Protocol.** The solution uses multihash protocol for differentiating outputs from various well-established cryptographic hash functions, addressing size and encoding considerations.

**Web Service HTTP API.** The P2P storage nodes will have a built in Exposed Web Services endpoints for developers to easily integrate the storage with their Decentralised Applications.

A P2P decentralised cloud storage network based on the IPFS solution and integrated with the NEM Public/Private blockchain technology, offers many advantages that centralised cloud storage does not. Client-side encryption ensures data security and a “Proof of Retrievability” that maintains data integrity. ProximaX P2P cloud storage network can significantly reduce the impact of security breaches and infrastructure failures. This open

and democratised market will greatly reduce the cost of P2P cloud storage networks. Moreover, the data hosted on the P2P cloud storage network will be resistant to data failures, unauthorised access, tampering, and censorship.

## 2.2. Real-time Streaming with the PeerStream Protocol (PSP)

ProximaX will utilise the PeerStream Protocol (PSP), a privacy P2P messaging, online presence, routing, real-time streaming protocol that is presently in development and designed to enable secure off-chain communication channels between crypto identities. PSP will be used in ProximaX streaming layer to ensure users and nodes privacy.

At its core PSP is designed to be a privacy routing protocol. Unlike onion and I2P routing, PSP will be insulated and eliminates the risk of maintaining exit nodes and out-proxies. PSP will serve privacy routing via entry nodes and temporary interconnected routing circuits to privately connect users, DApps, IoTs, live and stored contents in the ProximaX ecosystem.

The PSP layer will ensure the following benefits to end users and DApp developers:

**Namespaced DApp Protocols.** ProximaX DApps will have the flexibility to design their own unique namespaced protocols to be carried by the PSP protocol.

**Distributed Authentication and Verification.** In PSP users will directly authenticate and verify one another using crypto identities rather than trusting central authentication services where service integrity, confidentiality, availability and authenticity cannot be guaranteed.

**Distributed Presence.** The PSP protocol will enable users to announce their presence status privately without revealing any PII and meta-data such as users IP addresses. In the PSP protocol users' crypto identities will be used to authenticate and verify presence events in a distributed manner.

**Clustered/Distributed Presence and Real-time Streaming.** Peers that are part of the network ensure that streams and presence data are replicated across to maximise availability.

**Private and Anonymous Routing.** Privacy routing and anonymous discovery to maintain maximum level of anonymity for all participants

**Distributed Content Creation.** Empowering content creators by enabling creators to stream their content directly without a middleman

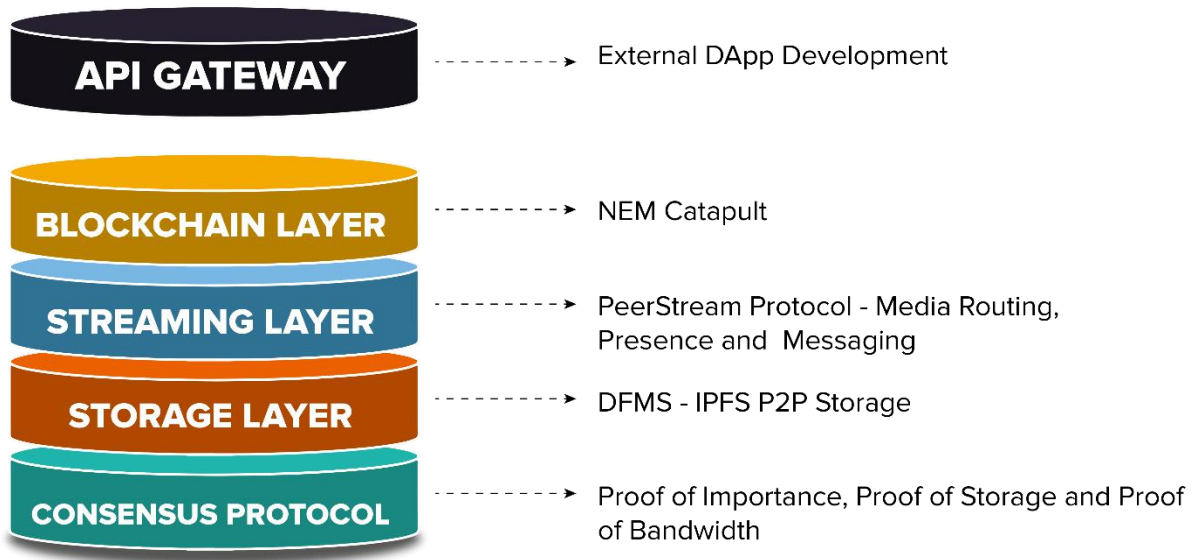
## 2.3. Blockchain - NEM's NextGen "Catapult" Technology

As a base offering, ProximaX will be adapted to use NEM's Catapult technology to operate in NEM's public blockchain eventually, enabling anyone to join and participate in a common network. An incentivisation mechanism will be implemented to encourage more users to join and participate in this network, in addition to the PoI and harvesting incentivisation already existing in the NEM public network. The Proof-of-Importance consensus (discussed in detail in next sections) will be expanded with a secondary layer of consensus protocols measuring and rewarding storage and bandwidth contribution so that XPX rewards can be given out (a side chain may have to be created). DApp developers will be given the liberty and flexibility to design their own unique monetisation model through configurable economy models.

## 2.4. Consensus Protocols

ProximaX will use multi-layered Consensus protocols for voting, governance, harvesting, and to reward network nodes contributing storage and bandwidth resources to the network. ProximaX nodes, DApp developers, and content creators will be paid in XPX tokens based on their activities on the platform as discussed in the next sections of this document. Three major consensus protocols will be used to govern on chain and off chain resources, services and activities:

- **Proof-of-Importance (PoI):** This is a blockchain consensus mechanism introduced by [NEM](#). The function is similar to Proof-of-Stake where the nodes need to 'vest' an amount of currency to become eligible for creating blocks. However, in PoI user's importance is determined by how many tokens they have and the number of transactions made to and from their wallet. In PoI transactions volume, one's overall support of the network, and trust become factors.
- **Proof-of-Storage (PoSt):** Also called Proof-of-Capacity, PoSt is a method where a single node dedicates a non-trivial amount of disk-space to solve a challenge presented by the service provider. PoSt is very similar to Proof-of-Work, the difference is instead of computation, storage is used. Proof-of-Storage is relevant yet considerably different from, memory-hard functions and proofs of retrievability.
- **Proof-of-Bandwidth (PoB):** ProximaX will use multiple oracle verification mechanisms to report and validate P2P nodes bandwidth contribution to the network.



*Illustration B*

## **3. Decentralised Applications in ProximaX**

### **3.1. File Hosting Services**

ProximaX can be deployed in a private mode in the form of a decentralised privately-owned network of file storage and sharing where clients can synchronise and organise files across multiple devices automatically and privately in a protected environment.

### **3.2. File Sharing**

With ProximaX, users can seamlessly and securely share their files and data without the issue of trust. They will always know how and where their data, confidential information, and files are being used. The blockchain identity verification will prevent many kinds of security problems.

### **3.3. Content Creation and Monetisation**

ProximaX Dapp developers will have the flexibility to design Dapps for different kinds of content creation in the ProximaX ecosystem. Where ProximaX consensus protocols will reward content creators periodically as their contents are being viewed. Subscribed ProximaX users can support content creators by simply viewing their contents (ProximaX subscription and dynamically-configurable economy model discussed in detail in next sections).

### **3.4. Content Control**

Part of the consensus protocol will manage the filtering of illegal or offensive content. While this is an open and apolitical platform, it is essential to allow the clients of the system

to flag and remove content. If a sufficient percentage of the customer base downvotes content, storage and broadcasts will be restricted. In the absence of central authority, this mechanism will ensure a secure and safe experience.

### **3.5. Secure Multimedia and Message Streaming**

Attribution of streams is anonymous in ProximaX. It will not be possible to determine the IP address or personal information of a stream creator. Content viewers will enjoy the same anonymity. This is the key feature of the streaming component of ProximaX: total privacy and anonymity. Presence and discovery will be obfuscated via privacy routes so that no server will be aware of the contents. Only the end-user participants will be able to produce or view the content intended for them.

### **3.6. Know Your Customer (KYC)**

Fraud prevention is an even bigger challenge in decentralised systems. ProximaX will integrate a KYC feature to know the audience, developers, and content creators. The KYC feature will inform the consensus layer to cut down on fraud and identify malicious nodes whilst maintaining security and zero-proof privacy and anonymity as is necessary.

### 3.7. Use Cases

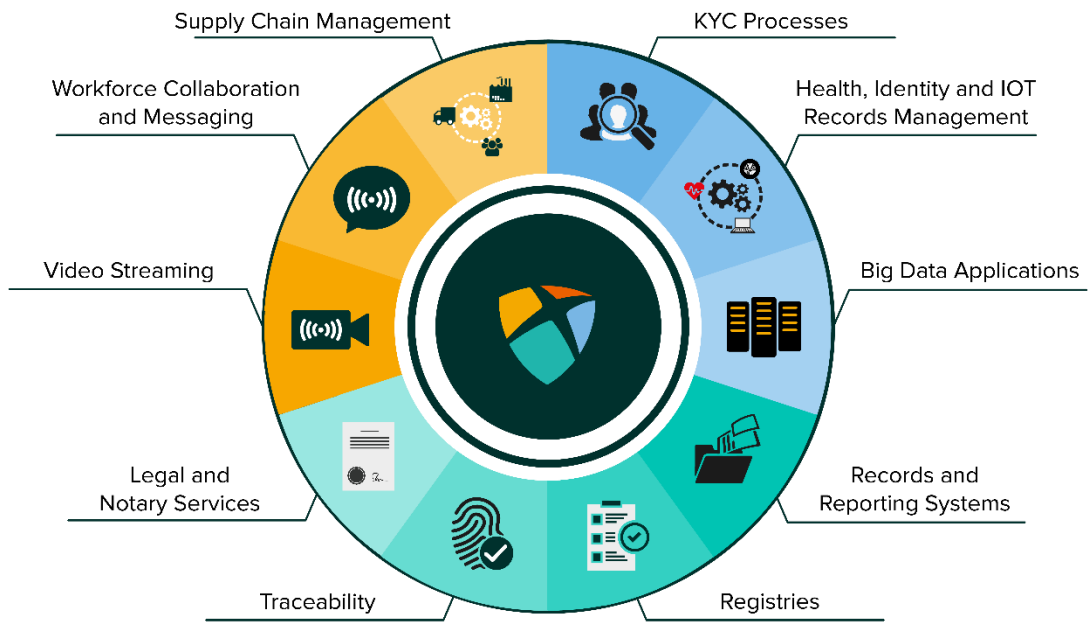


Illustration C



## 4. Economic Model

ProximaX will develop a dynamically-configurable economy model that is based on periodic (monthly/annual) subscription. ProximaX users will periodically use the native token (XPX) to subscribe to the network in exchange to 'ProximaX Power' (PXP). ProximaX will develop a system to define, charge, and consume user's 'power' over subscription periods. Payments will take place on a side-chain 'power' layer rather than the core blockchain transaction layer. Power layer will have a consensus model tuned for higher frequency power distribution. Power will be allotted to users via cross-chain exchanges with the core NEM blockchain transaction layer.

### 4.1. ProximaX Monetisation Parties

In ProximaX there are three major parties that can expect to get paid in the dynamically-configurable economy model:

- ProximaX nodes (Blockchain + Storage + Bandwidth) (ALWAYS PAID)
- ProximaX Decentralised Application (DApp) developers
- ProximaX Users (content providers / creators)

ProximaX will provide a set of APIs for app developers to configure different app economy models. For example, an app developer can define distribution of the consumer users' subscribed power as: 30% for ProximaX Network, 10% for app developer, and 60% for content providers. Another app can be configured to charge 0% and distribute the consumer users' power across the network and content providers or only to the network.

The economy API set will have a minimum required limit for power distribution to the network nodes. The higher the app pays the network, the higher importance score will be assigned to the app namespace/protocol, which in turn results in higher network resources quality of service (QoS).

## 4.2. DApp Monetisation Model

ProximaX will use a subscription monetisation model where users periodically subscribe to the network to add 'power' to their accounts. A user's POWER will be measured and controlled by ProximaX consensus protocols looking at network resources consumed by the user. In return, ProximaX consensus protocol will pay app developers and app content creators with native XPX tokens equivalent to the power spent by DApp users.

Instead of defining a single economy model, ProximaX will provide a dynamic economy model via a configurable API set, giving DApp developers the flexibility to edit and configure their own unique economy model.

## 4.3. DApp Freemium Model

ProximaX will provide mechanisms to enable freemium models using commercial nodes. Commercial nodes in ProximaX are centralised nodes owned and hosted by the DApp developer yet connected to the ProximaX distributed network. Commercial nodes will subscribe to the ProximaX platform to enable a freemium model for DApp protocols. In return ProximaX will serve the DApp users for free as the commercial node will cover the network expense of carrying and serving the DApp protocol.

## 4.4. ProximaX Commercial Nodes

The commercial node model aims to solve two different problems: to support a freemium structure and to enable flexible backend support for DApp's beyond ProximaX protocol capabilities. Commercial nodes can be used by DApp developers to host dynamic backend business logic.

## 5. Roadmap

### 5.1. 2018

<b>Q1 2018</b>	R&D and Prototyping Solution architecture Documentation for development Marketing
<b>Q2 2018</b>	Defining persistent data store structure Architecting node ecosystem and routing layer Implementing blockchain communication layer
<b>Q3 2018</b>	Developing node ecosystem and routing layer Developing discovery ecosystem Ensuring signal protocol compatibility to support DApp requirements Team scaling
<b>Q4 2018</b>	Establishing client-side SDK/APIs. Developing commercial centralised nodes. Working on media delivery/quality. Getting the first beta platform out publicly with bootstrapped set of nodes.

### 5.2. 2019

<b>Q1 2019</b>	Consensus and Rewards
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### 5.3. Future Roadmap: Extending Layers (2019 and Beyond)

- Privacy transactions at the blockchain layer
- Commercial nodes to be hosted by app developers to enable DApps freemium models
- Web hosting and content delivery
- Turing complete virtual machine

### 5.4. Proof of Concept (PoC) Applications

It is a necessity to have multiple PoC vertical DApp development evolving in parallel to ProximaX R&D in order to evolve the storage, presence, routing, messaging, streaming layers to meet real world DApp requirements. These vertical DApps will not be owned by the ProximaX project but rather DApp development teams that may or may not be part of ProximaX core development team. These will include;

- File storage DApp
- Backchannel - Secure Messenger Application by PeerStream, Inc.
- Natural Language programming using Machine Learning and Artificial Intelligent technology

### 5.5. On-Going Projects

#### 5.5.1. ProximaX KYC

ProximaX KYC is an abstract KYC solution that will provide out of the box features that use ProximaX P2P Storage Solution as a backend document storage.

### **5.5.2. Bankorus**

Bankorus is one the world's first AI based private wealth management protocol built on the NEM blockchain and is looking at integrating ProximaX KYC Solution for their client onboarding.

### **5.5.3. NEM Exchange Integration**

NEM Exchange (NEMex) is a solution currently in progress to allow NEM Mosaics to be traded with XEM, other NEM Mosaics, Bitcoin and Ethereum. It will have its own account management system and a withdrawal process that uses a whitelist addresses stored on the ProximaX P2P Storage Solution. Aside from this, NEMex will eventually look into integrating ProximaX KYC on their client on boarding process.

### **5.5.4. Neutrinos Automobile**

Automobile Neuto is the world's first patented Smart Hydrogen Dry Cleaning System that can effectively diagnose, prescribe, monitor and clean the car engine with pure and dry Hydrogen Gas stored in the Solid-State Metal Hydride Canister. Their product has an extensive car treatment process that uses state of the art IoT devices and data analytics technology. Neuto is one of the earliest customer that prefers to have an on-premise privatised P2P Storage Solution store all of the automobile analytics data.

### **5.5.5. DarcMatter**

DarcMatter based in New York is developing a blockchain based distributed ledger to remove opacity and inefficiencies in the global alternative investment industry. As such, Know Your Client uses cases for on boarding investor and issuer documents and privacy are essential.

### **5.5.6. Guard Global**

Guard Global is a consulting firm and a computer development company, specializing in Sustainable Development. NEM the decentralised blockchain of choice to integrate with central structured data ledgers.

### **5.5.7. Techracers**

Techracers is a blockchain solutions provider helping businesses transform the world in this new era of innovations. Our mission is to deliver innovative and end-to-end customised solutions in all aspects of the blockchain domain to retail businesses, healthcare providers, financial institutions, B2B companies, and blockchain and cryptocurrency start-ups.

### **5.5.8. Blunumber**

Blunumber is a project that uniquely identify people, organisations, places and things anywhere on Earth. It seeks to provide a neutral global ID. This allows any person anywhere on the planet to have a digital identity and can be connected to other systems and organisations to be recognised and have access to services and benefits.

### **5.5.9. thedocyard**

thedocyard is a single transactional management solution from start to finish. The project takes data rooms to the next level with smart deal workflow. Customers can collaborate and finalise all deal documents. Utilizing a technically advanced and secured enterprise application architecture, the solution includes the use of blockchain technology that provides security and reliability which is paramount for this project.

### **5.5.10. Policy Street (NEMWill)**

Policy Street is a project committed to helping consumers obtain insurance for the loved ones, for the things you cherish and the communities you belong to, in a simpler, easier and more affordable manner

### **5.5.11. CopyrightBank**

CopyrightBank's vision is to turn your copyright work into a blockchain-powered dynamic asset. Digital works are registered on the blockchain and protected with a digitally fingerprinted work.

### **5.5.12. MHub**

MHub is a platform that closes gaps in the property sales cycle. The platform directly connects property sales teams, real estate agents and bankers. Three key features include real time listing, credit check and loan status checking.

## **5.6. Establishing the ProximaX XPX Token**

The project will initially be launched by the Gibraltar company, Proximax Limited. Gibraltar is a crypto-friendly jurisdiction with high standards of regulation and an ideal place from which to conduct the XPX token sale. Post ICO, a foundation will be formed, similar to that established by the NEM.io Foundation. Proximax Limited will contribute the sum raised to the foundation for the purpose of promoting and developing the ProximaX project.

## 6. XPX Token Distribution

The ProximaX project is an open source project that is meant to be publicly owned, used and deployed. The solution integrates and uses the NEM public blockchain to manage the tokens in the form of Mosaic. There shall be transaction fee associated with each transaction in the form of XEM that is required to transfer XPX. The XPX token arising out of this has no security instrument tied to it and is a consumptive or utility token the value of which is determined by market demand and supply.

### 6.1. XPX Distribution Structure

The XPX token will be distributed through the Initial Coin Offering campaign. The final number of XPX tokens per Stake to be issued depends on the number of Stakes subscribed.

“**Stake(s)**” means the right to acquire a certain number of XPX tokens from ProximaX as more particularly described below:

- (a) The total XPX token supply will be nine billion (9,000,000,000).
- (b) Each Stake shall be sold for USD\$ 750.00 at the applicable NEM (“**XEM**”), Ethereum (“**ETH**”), Bitcoin (“**BTC**”) or Xarcade tokens [as described in [www.xarcade.io](http://www.xarcade.io)] (“**XAR**”) price determined by Proximax and specified on the Proximax Website ([www.proximax.io](http://www.proximax.io)) at the time of purchase.
- (c) Stakes may be purchased in fractions of 0.1 of a Stakes.
- (d) There will be a private sale of Stakes (a pre-ICO) (the “**Private Sale**”) where private investors shall be invited to purchase large block offerings of Stakes at a discount.



- (e) The Private Sale shall take place first and thereafter a public sale (the “**Public Sale**”) whereby contributors will be able to register on the Website to purchase Stakes at USD\$ 750 per Stake. The Public Sale shall take place during the Public Sale Period (15 April to 25 April 2018).
- (f) Five billion (5,000,000,000) XPX (the “**5 billion Tokens**”) will be sold during Private Sale and the Public Sale (the “**Token Sale Period**”). Four billion (4,000,000,000) XPX (the “**Reserved Tokens**”) shall be retained by ProximaX for distribution to the founders, the core team, vendors, for marketing and for use by a not-for-profit foundation to be formed by ProximaX in order to promote and develop the ProximaX platform for the long term.
- (g) Stakes sold during the Token Sale Period shall entitle contributors to acquire a proportion of the 5 billion Tokens only. Contributors shall **not** be entitled to receive any proportion of the Reserved Tokens. Stakes, therefore, refer to the right to acquire a proportion of the 5 billion Tokens only.
- (h) The final number of XPX per Stake to be issued by ProximaX will depend upon the number of Stakes purchased by contributors during the Token Sale Period.
- (i) A maximum of 150,000 (one hundred and fifty thousand) Stakes shall be sold during the Token Sale Period and once this target is reached, no more Stakes shall be sold.
- (j) The 5 billion Tokens shall be divided by the total number of Stakes sold during the Token Sale Period. Each contributor shall receive a share of the 5 billion Tokens proportionate to the number of Stakes they have each purchased. The number of XPX due to each contributor shall be calculated by dividing 5 billion by the final number of Stakes sold during the Token Sale Period. XPX shall be issued in fractions of up to 6 decimal places. For example:

- If 100% of the 150,000 Stakes are sold during the Token Sale Period, each Contributor shall receive 33,333.333333 XPX per Stake purchased (5 billion / [150,000 x 1.00]).
- If only 75% of the 150,000 Stakes are sold during the Token Sale Period, each Contributor shall receive 44,444.444444 XPX per Stake purchased (5 Billion / [150,000 X 0.75]).

See below setting out the above examples in a table:

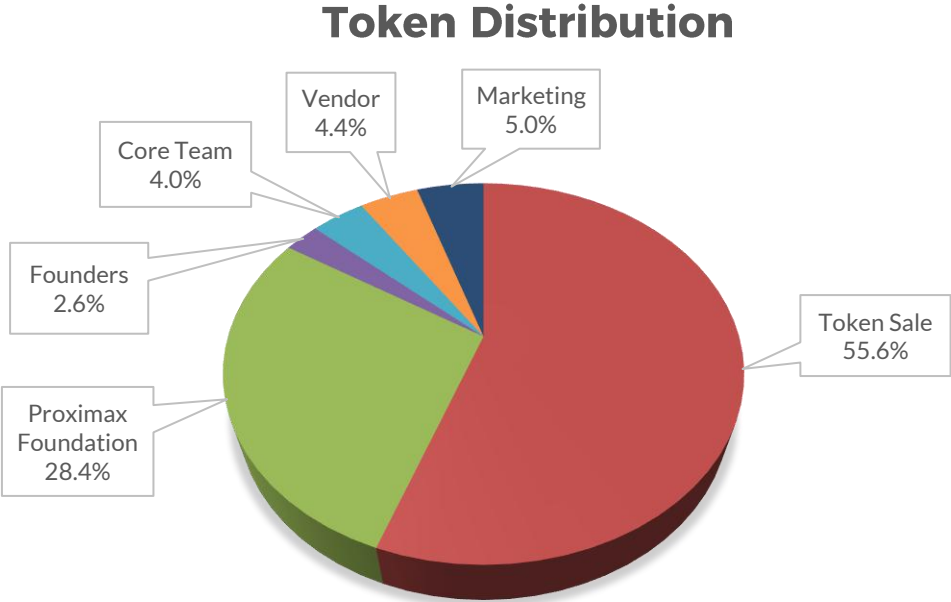
Total number of Stakes sold	Total number of XPX per Stake
150,000	33,333.333333
112,500	44,444.444444

## 6.2. Distribution of Stakes

The 4 billion Reserved Tokens shall be used to reward incumbent contributors and ProximaX proposes to distribute them as follows:

- 5.85% of the Reserved Tokens – 234 million (234,000,000) XPX to be made available to the Founders. This represents 2.6% of the total token supply.
- 9% of the Reserved Tokens – 360 million (360,000,000) XPX to be made available to the Core Team. This represents 4% of the total token supply.

- (c) 9.9% of the Reserved Tokens – 396 million (396,000,000) XPX to be made available to the Vendor, PeerStream Inc. This represents 4.4% of the total token supply.
- (d) 11.25% of the Reserved Tokens – 450 million (450,000,000) XPX to be made available for marketing. This represents 5% of the total token supply.
- (e) 64% of the Reserved Tokens – 2.56 billion (2,560,000,000) to be transferred to a not-for-profit foundation to be formed by ProximaX. This represents 28.44% of the total token supply. The charter of the foundation will be to promote the ProximaX platform to all industries and the XPX tokens shall be expended for its development, marketing and operation costs in the long term. The raised amount will be transferred to the foundation to develop a sustainable model in perpetuity.



*Illustration D – Token Distribution*

## 7. ICO Funding Distribution

The raised funds will be used in developing the following:

- Consensus protocols (Proof-of-Storage and Proof-of-Bandwidth)
- Development of a configurable monetisation model for DApps and content providers
- Enhancement of media and content delivery development on the project
- Evolving the development of the P2P presence layer for DApps
- Enhancing the fault tolerance and scalability properties of the messaging, routing and live streaming layers
- Developing a node discovery ecosystem
- Establishing client-side SDK for DApp development
- Enhancing the development of the IPFS solution
- Setting up at least 200 nodes for the initial use of the solution
- New applications and projects
- Natural language programming and enhancements – AI and machine learning
- Setting up of the development centres
- Marketing and promotion
- Administrative Human Resources
- Operational costs and capital expenditure for the project

## 8. Team

### 8.1. Founding

- **Lon Wong**, the President of the international open source NEM.io Foundation, and a core team member of this cutting edge open source blockchain technology, has been instrumental in contributing to the best of breed design of the NEM blockchain solution and Top 20 Cryptocurrency. Lon is both an engineer and successful entrepreneur in the Fintech industry. He has been instrumental in organically growing this project to this stage and actively involved in its core development and architecture.
- **Alvin Reyes**, the lead developer for the P2P file storage solution using the open source IPFS, has been actively working on the ProximaX platform for several months. Alvin is a passionate professional with experience on multiple and various technology stack. This includes Enterprise Solutions Development using Java EE and Spring Technology, Cloud Infrastructure services such as Heroku Dynos, Digital Ocean droplets, Amazon Web Services, Web Service/API gateways, IAM, SNS, SQS, S3, EC2, Elastic Services, Route 53 and CloudFront and Database Technology using Oracle Database. He is also a Core Solutions Designer and contributor for IPDB (Interplanetary Database) Java Driver, Solutions Architect for BotMill.io a Java Framework for creating AI ChatBots in Facebook, Kik and Telegram and a Platform Developer for NEM.io Foundation.

### 8.2. Core Team

- **Daniel Bar** is a Blockchain and decentralised tech entrepreneur. He is the co-founder of Tenzorum Project. Chairman of the bitfwd community which is the Blockchain catalysts in-residence in the Michael Crouch Innovation Centre (MCIC)

at the University of New South Wales. Daniel will help establish the first innovation centre for the ProximaX decentralised storage project.

- **Joseph Capio** started as a freelance developer and have been working as a full stack web developer for 4 years on a variety of modern languages. Experienced with web designs and UI/UX development. He holds a Bachelor of Science in Computer Science in Manuel S. Enverga University Foundation.
- **Prasanth Chaudhury** brings along ten years of experience in financial, investment and risk analysis cultivated during stints in the telecommunication and wealth management industries. He holds a bachelor degree in Accounting and Finance from London School of Economics (BSc) and is currently pursuing a Chartered Financial Analyst (CFA) designation.
- **Timothy K. L. Chia** is a proven professional in managing staff and improving business performance by aligning resources, processes, and technology. He brings a set of balanced skills to ProximaX. His career spans from client accounting, IT systems project management, and business management. He has three decades of professional experience in IT and financial ERP systems projects specializing in the legal industry.
- **Gabriela Kaczka** is a programming professional having experience with various projects – from backend throughout animation to 3D modelling and game development. Gabriela holds double Master degree in Computer Science.
- **Nicholas Watson** is a compliance professional with ten years of KYC experience which includes two years at an international law firm, and six years at JPMorgan Private Bank in London and Singapore. Recent work experience at a multinational company includes drafting KYC policy and designing procedures. Studied law at the University of Kent (LLB), and the London School of Economics (LLM).

### 8.3. Centres of Excellence

Centres of excellence will be set up along the way as we progress. There shall be 3 centres that we will be establishing. These centres will be located in the following regions:

- Sydney, Australia
- United States
- Germany

As ProximaX is a related project to NEM, it envisions itself to complement NEM's very own centres of excellence and to coexist with them where already established, and vice-versa.

### 8.4. Vendors

- **PeerStream, Inc.** is a license vendor and service provider to ProximaX, contributing to the development of the P2P presence, messaging, routing and live streaming solutions. PeerStream, Inc. is an established New York-based developer of multimedia social and communications technology and applications, including the PeerStream Protocol being leveraged by ProximaX. PeerStream, Inc. holds 26 technology patents.
- **Cogniologic** is a patent-pending "machine learning and understanding" solution which enables the Natural Language Programming of digital assistants, Artificial Co-workers, robots, Internet of Things, blockchain technology and more. In contrast to the current state of the art technology, such as Neural networks, deep learning, our Artificial Intelligence learns new skills and abilities through self-programming. The company's primary goal is to enable experts of various fields to participate in the development of Artificial Intelligence by providing a Natural Language Programming platform.

## 8.5 Advisers

- **JAGUAR** a/k/a “Jag0625” gives input to ProximaX project. He currently leads the development of NEM blockchain. As the founding developer of NEM, he coded much of the NEM core engine, including the Catapult.
- **Legal Adviser - Marc X. Ellul** has 25 years’ experience as a Gibraltar lawyer. He is the Managing Partner of Ellul & Co. ([www.ellul.gi](http://www.ellul.gi)) and heads the firm’s fintech team. He has been a member of the Gibraltar Finance Centre Council for the past 10 years. He was also Chairman of the Company Law Reform Committee which updated the Companies Act in 2014 and he formed a part of team which drew up the AML guidance notes for Gibraltar lawyers. He now mainly practises as a corporate, funds, tax and fintech lawyer. He is actively involved in blockchain work in Gibraltar advising on the set-up of regulated cryptocurrency exchanges, token sale (ICOs) and on the establishment of digital asset investment funds.



## 9. Conclusion

There is no question amongst experts in this domain that blockchain is a progressive starting point in technological innovation. However, it is just that: “a start.” Blockchain and Distributed Ledger Technology (DLT) is a market catalyst to adoption and transformation. As a driver of new currencies like Bitcoin, it is purpose-built. On its own, it is limited and requires significant additive solutions and protocols in parallel to provide useful, easily adopted services that can cross the divide between a “pure technology play” to real-world application and utility. This lies at the crux of what ProximaX serves to solve. Current in-market implementations and developing blockchain projects have only solved for utility in small and limited implementations or have overshoot the mark with largely unsustainable, albeit powerful, virtual machines. Consider these projects as prototypes, permutations in the inevitable and continual march that will produce the standards of the future. ProximaX proudly stands on the shoulders of those prototypes. ProximaX is a leap forward, providing a holistic solution that combines on- and off-chain services and protocols, now purpose-built for utility and the necessary replacement of end-of-life, traditionally centralised architectures. It is a revolution: Blockchain reimagined and evolved.

## 10. Terminology

Term	Definition
Artificial Intelligence (AI)	Simulation of human intelligence processes by machines, especially computer systems.
Consensus	A mechanism whereby decisions are made by consensus. In the context of the blockchain technology, it is a mechanism whereby the decision making is automatic by computer nodes participating in the network and each verifying one another, making its own decision independently and then concurring collectively. The majority that agrees will decide if a transaction is valid or not.
Content Addressable Storage (CAS)	Associative storage or abbreviated CAS, is a mechanism for storing information that can be retrieved based on its content, not on its storage location.
Content Delivery Network (CDN)	A geographically distributed network of servers and data warehouse centre
Decentralised Applications (DApp)	Applications that runs on a P2P (Peer to Peer) network of computers rather than a single computer.
Distributed File Management System (DFMS)	ProximaX File management protocol
DLT	Distributed Ledger Technology
Initial Coin Offering (ICO)	A means of crowdfunding centered around cryptocurrency or digital tokens, which can be a source of capital for start-up companies
Interplanetary File System (IPFS)	Interplanetary File System storage protocol by Protocol Labs

Know Your Customer (KYC)	Know Your Customer is the process of a business identifying and verifying the identity of its clients
Multihash	A protocol for differentiating outputs from various well-established cryptographic hash functions, addressing size and encoding considerations.
Node Harvester	It is an account in the blockchain network that participates in the consensus making process. A harvester basically competes to put data onto the blockchain once a consensus is made on the validity of the data. A harvester gets a reward if it wins the right to put data onto a blockchain.
Peer-to-peer (P2P)	Is a distributed application architecture that partitions tasks or workloads between peers
PeerStream Protocol (PSP)	PeerStream, Inc's P2P Streaming, routing and messaging protocol
Pol	Proof-of-Importance. This is NEM's consensus protocol
Proof of Concept (PoC)	A realisation of a certain method or idea in order to demonstrate its feasibility, or a demonstration in principle with the aim of verifying concepts or theory with practical potential.
ProximaX Power (PXP)	ProximaX Power is the subscription level of ProximaX users over a period of time.
Research and Development (R&D)	Work directed toward the innovation, introduction, and improvement of products and processes.

Software Development Kit (SDK)	Software Development Kit is typically a set of software development tools that allows the creation of applications for a certain software package, software framework, hardware platform, computer system, video game console, operating system, or similar development platform
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## 11. References

[1] NEM.io – NEM Blockchain

[2] IPFS.io – IPFS Protocol

## 12. Corporate Governance, Disclosures & Legal

### 12.1 CORPORATE GOVERNANCE

#### Corporate Governance Principles

The Company has adopted a set of six key principles to guide the behaviour of its Management Team. This will assist us in achieving its commercial objectives, those of ProximaX and in striving to comply with best practice at all times.

#### Leadership

The Management Team shall lead with the intent of meeting our commercial objectives and those of ProximaX in the short and the long term.

#### Ethics, Honesty & Integrity

The Management Team shall ensure that the business of the Company is conducted in an ethical, fair and transparent manner. The Management Team shall act with honesty and integrity in their work and also in their personal lives.

### **Capability**

The Management Team shall have an appropriate combination of knowledge, skills, qualifications and experience to enable them to discharge their duties and responsibilities effectively and to the highest standards.

### **Sustainability**

The Management Team shall guide the business of the Company to create value and allocate it fairly and sustainably to ensure that adequate financial and non-financial resources are maintained.

### **Accountability**

The Management Team shall be accountable and shall communicate to holders of Stakes at regular intervals, a fair and balanced assessment of how the Company is meeting its business commercial objectives and those of ProximaX.

### **Reputation**

The Management Team shall ensure that they uphold and protect the interests of the communities in which ProximaX operates and safeguard the reputation and integrity of Gibraltar and of the global blockchain community.

### **Internal corporate governance controls, policies & procedures**

The above key principles, serve as a good governance guide to the Management Team. In addition, the Company has a range of policies which assist it in adhering to the highest standards. These include:

- **Corporate Governance Policy** – This sets out how we implement internal controls to manage our business in accordance with high corporate governance standards. It includes board and other operating procedures which we will follow and clearly specifies the responsibilities of the board of Directors and also of each other

member of the Management Team. Amongst other things, it specifies a reporting methodology (to the Board of Directors), conflicts of interest policy and a whole series of other internal controls.

- **Anti-Financial Crime Policy** – This includes a methodology, in full compliance with Gibraltar law (EU standard) to prevent money laundering, terrorist financing, bribery and corruption and to report suspicious transaction to the Gibraltar authorities.
- **Customer Due Diligence Measures Policy** – This includes a methodology (to EU standards) to risk assess our clients including an approach for individuals and all types of legal entities.
- **Risk Management Policy** – This sets out a methodology for us to identify, assess, manage and mitigate the risks of our business.
- **GDPR-compliant Data Protection Policy** – We take data protection very seriously and have implemented a policy to handle customer data which complies with the EU General Data Protection Regulation will come into effect in May 2018.
- **Policies on the protection of digital assets and ICT/Cybersecurity** – We have thorough policies and procedures in this regard which we have developed with the assistance of specialised professionals.

## **12.2 DISCLOSURES**

### **Contents of this Whitepaper**

You must read the contents of this Whitepaper carefully before participating in the XPX token sale. The contents of this Whitepaper are not used for financial promotions. No entity other than the Company can engage in issuing XPX tokens which are intended to operate and function in accordance with the plans described in the Whitepaper (subject to development changes).

### **Sale of XPX**

This Whitepaper and any other documents published in association therewith relate to a token offering for the sale of XPX in respect of the intended development and use of the ProximaX platform as more particularly set out herein.

### **No offer of regulated products**

This Whitepaper does not constitute an offer or solicitation of securities or any other regulated product, nor a promotion, invitation or solicitation for investment purposes. The terms of the purchase of Stakes and the right to thereby acquire XPX are not intended to be a financial service offering document or a prospectus.

The sole purpose of XPX is to access the ProximaX platform and the related products and services as described in this Whitepaper.

ProximaX does not represent equity, shares, units, royalties or rights to capital, profit, returns or income in the platform or software or in the Company or in any other company or intellectual property associated with the ProximaX platform or any other public or private enterprise, corporation, foundation or other entity in any jurisdiction. Stakes and XPX tokens are not intended to represent a security or similar legal interest and are not an investment product.

### **No advice**

This Whitepaper does not constitute advice to purchase XPX and must not be relied upon in connection with any contract or purchasing decision.

### **Risk warnings**

The purchase of Stakes and the acquisition thereby of XPX carry significant risks. You should carefully assess this Whitepaper and all risks related thereto before purchasing any Stakes.

### **Obtain all necessary professional advice**

You should consult a lawyer and/or accountant and/or tax professional (as required) before deciding to purchase any Stakes.

### **This Whitepaper describes a future project**

This Whitepaper contains forward-looking statements which are based on the beliefs of the Company, certain assumptions made by us and information available to us. The projects described in this Whitepaper are under development and are constantly being updated, including but not limited to, its technical features. Accordingly, if and when the ProximaX platform is completed, it may differ significantly from the project set out in this Whitepaper. No representation or warranty is given as to the achievement or reasonableness of any plans, future projections or prospects and nothing in this document is or should be relied upon as a promise or representation as to the future.

ProximaX relate to the development and use of experimental software and technologies that may not come to fruition or achieve the objectives specified in this Whitepaper.

### **Licences and approvals are not assured in all jurisdictions**

The Company intends to operate in full compliance with applicable laws and regulations and obtain the necessary licences and approvals in key markets. Therefore, the development and rollout of all the features of the ProximaX platform described in this Whitepaper are not guaranteed. Regulatory licences and/or approvals are likely to be required in Gibraltar and, potentially, in a number of relevant jurisdictions in which relevant activities may take place. It is not possible to guarantee and we, and no member of its Management Team nor its Advisers, makes any assurances that any such licences or approvals will be obtained within a particular timeframe or at all. It is, therefore possible that some features of the proposed ProximaX platform may not be available in certain markets, or at all. This could require restructuring of particular aspects of the platform and/or may result in its unavailability in whole or in part.

### **Views of the Company only**

The views and opinions expressed in this Whitepaper are those of the Company and do not reflect the official policy or position of any government, quasi-government, authority or public body (including but not limited to any regulatory body of any jurisdiction) in any jurisdiction. Information contained in this Whitepaper is based on sources considered reliable by us but there is no assurance as to their accuracy or completeness.

## **12.3 RISK FACTORS**

The following are risk factors you should consider relating to the sale of Stakes, the ProximaX platform and the projects to be undertaken in this regard.



- The Company may not raise sufficient funds to execute and deliver the ProximaX platform.
- XPX may be significantly influenced by digital currency market trends and its value may be seriously depreciated due to events in the digital currency markets not related to the Company's actions.
- The ProximaX platform will comprise a complex software platform and its launch may be significantly delayed due to unforeseen development barriers.
- Competition may introduce the same or better solutions to the ProximaX platform as a whole and may cause XPX tokens to lose market share and eventually fail to deliver on its business goals and on those of the ProximaX platform.
- Digital currencies are extremely volatile and XPX may suffer from such volatility.
- International laws and regulations may render the trading of XPX impossible.
- The use of XPX may come under the scrutiny of governmental institutions and regulatory authorities.
- The ownership of XPX may fall under new and unpredicted taxation laws that may erode their benefits.
- The Company may not succeed in creating the necessary momentum and acceptance for XPX or the ProximaX platform which may result in low liquidity and depletion of trades.