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CHEX WHITE PAPER VERSION 1.0.1

COMMODITY & HOLDINGS EXCHANGE (CHEX)

HARD, SOFT & DIGITAL ASSET EXCHANGE SUPERNETWORK



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TABLE OF CONTENTS

ABSTRACT	2
BROAD DECENTRALIZED COMMODITY & HOLDINGS LAYER	3
PILLAR CONSTRUCTION THROUGH PROCESS MODULARITY	3
INDUSTRY AMBASSADORS AND THE EXPANDED NETWORK	4
CANNABIS HEMP EXCHANGE – EXISTING PROOF OF CONCEPT PILLAR	5
PROSPECTIVE CHEX PILLARS	6
CHX REWARDS PROGRAM	7
BUSINESS CLASS TOKEN USE CASES	11
INDIVIDUAL CLASS TOKEN USE CASES	11
COLLATERALIZED MARKET ORDERS	11
ENCRYPTED PUBLIC LEDGER	12
CHEX REVENUE MODEL	13
WHY INDUSTRY WIDE CHEX TOKEN ADOPTION IS VALUABLE	14
TOKEN SALE SPECIFICATIONS	15
ROADMAP PHASES POST TOKEN SALE	16
FREQUENTLY ASKED QUESTIONS (FAQs)	17
CONCLUSION	18

COMMODITY & HOLDINGS EXCHANGE (CHEX)

WHITE PAPER

Abstract

Trading within individual commodity and business-to-business (B2B) product industries carries its own idiosyncratic business processes. Individual players within a specific industry also have their own idiosyncratic processes. The CHEX premium platform provides a robust range of tools and feature sets to customize an individual business storefront or private exchange, and also meet an entire industry's requirements for a public exchange through process modularity. Each feature exists as part of a business process. We've built a robust set of modules that each contain a generic process and designed all features to be industry agnostic, so as to be repurposed and further customized between industry platforms. Within each module is a deeper set of customization rules. Examples of process modules include product bundling, lot specifications, order communication channels, order tracking logistics, order settlement, social and business networking, affiliate platform trees, compliance verification, user ratings, etc. CHEX Process Modules can be swapped and linked in adaptive ways to provide all necessary features for a smooth user experience to establish a business, participate in widespread commerce and ensure regulatory compliance. Piecing these module sets together can be wired in such a way as to solve all idiosyncratic needs of each asset sector looking to optimize B2B exchange as well as to launch other marketplace types (B2C, C2C, C2B). A new industry platform can be expediently loaded and operating with our existing library of robust process modules.



The underlying blockchain layer integrating CHEX Token (CHX) into individual exchange platforms establishes (1) a common transaction medium for asset exchange between parties and (2) a distributed, immutable ledger record of verifiable asset holdings and physical inventory tracking. Furthermore, our token integration is an economic innovation for buyers and sellers to transact more favorably versus established networks via the CHX Rewards Program. CHEX Tokens will be rewarded to power users that supply market activity and useful content which boosts an industry's platform ecosystem with network effects. Since CHEX Token units serve as a transaction medium for these platforms, the value of rewarded tokens will provide a subsidy to all transactions; thereby discounting the market buyers and ensuring sellers settle at top market price. Individual broker accounts who may navigate between industries also earn CHX by connecting buyers and sellers. The CHEX Token Layer serves to bind all independent industry exchanges powered by a common blockchain. Our first Proof of Concept rollout of the CHEX technology is the active and fully developed Cannabis Hemp Exchange (CHEX) platform www.thechex.com which includes token layer integration. The CHEX Ecosystem will power various industry Pillars, which will be customized according to the needs and regulations of the chosen industries in collaboration with Industry Ambassadors.

Broad Decentralized Commodity & Holdings Layer

Commodity & Holdings Exchange (CHEX) Token layer is an innovation that will directly impact the optimization of established and unestablished commodity and asset exchange networks. This blockchain-based layer will serve as the financial foundation to an indefinite array of diverse industry sectors through a common transaction medium and distributed, immutable ledger record for asset verification and physical inventory tracking. CHEX Token is an ERC20 compliant ethereum backed token. The verification validity of CHEX-initiated ledger records is backed and secured by the vast network of ethereum miners and active nodes. This cancels out previously established middlemen in various industries, and also serves as a decentralized data store of all industry market activity. The CHEX Token layer powers the construction and operation of B2B industry specific exchange and storefront networks, or as we refer to them as Pillars. Our first Pillar is the Cannabis Hemp Exchange, also superficially branded as CHEX. Pillars for multiple industry sectors will be constructed using our innovative and expeditious production pipeline of combining a multitude of generic process modules to serve specific industry needs and the individual players within it. Individual Pillars across all types of commodity and asset sectors are bound together on the common CHEX Token layer allowing for all industries to reap the networking benefits and technological innovations that come with blockchain-backed, decentralized premium services.

Pillar Construction through Process Modularity

Since the beginning of CHEX development, we designed all features to be industry agnostic. This means, all features from one platform can be repurposed and customized on another platform. It turns features into more of a toolbox or as we refer to them as Process Modules. Each feature on an exchange or storefront exists behind the scenes as part of a business process. These business processes are packaged into generic process modules. Examples of existing customizable process modules include:

- 1. Product Bundling**

- a. Customize how products are sold in tiered bulk sets. Units of Measurement and Unit Variants.

- 2. Lot Specifications**



- a. Commodity and Product lot orders are paired with a customizable set of lot specification tags that cater to desired requirements for the traded asset.
- 3. Order Communication Channels**
 - a. At different points in the supply chain, focused and threaded communication is needed. Industry Ambassadors or individual businesses can decide where direct, contractual communication should reside between buyers and sellers.
- 4. Order Settlement**
 - a. Orders solve their contracts through a bid/ask/counteroffer process then move into mutually shared order tracking and settlement. Alternative order price types are limit and auction.
- 5. Integrated Settlement Cart**
 - a. Traditional shopping cart processes can be an optional quick settlement feature or work as the primary settlement layer and serve the business as more of a storefront than an exchange dynamic.
- 6. Social and Business Networking**
 - a. All user profiles can be representative of either individuals or companies. Companies can create an internal network of individual user accounts. Quick connection features such as mobile QR scanning allows users to add contacts in person for instant visibility into their market activity.
- 7. Affiliate Platform Trees**
 - a. A company user account can add and configure affiliate user platforms (inventory for sale, business processes, etc) which operate their own exchanges or storefronts and funnel sales and market activity to the parent company.
- 8. Compliance Verification**
 - a. Industry sectors all require unique user onboarding verification of documents and licenses.
- 9. Verified User Ratings**
 - a. To enable a trustless exchange between users, a vouch system from verified clientele can be used to establish a reputation system amongst individuals and businesses.
- 10. Manifest Order Tracking Logistics**
 - a. Full end-to-end order tracking logs are tied to each order placed in exchanges and storefronts. Manifests can store any and all data created and synchronized in real-time with order bundle IDs and subset order item IDs.
- 11. And Much More**
 - a. There are many more robust and various features that can be listed which are better served for onboarded Industry Ambassadors to dictate. The customization potential for all process modules successfully serve all industry sectors and their idiosyncratic use cases.

Industry Ambassadors and the Expanded Network

The Commodity & Holdings Exchange (CHEX) Ecosystem houses a vast array of varying Industry Pillars. Each Pillar will need to be customized according to the needs and regulations of the chosen industry. These needs and regulations will be fulfilled and managed or co-managed by an Industry Ambassador. Any individual account(s) to take on the task of initiating a Pillar for an Industry will be flagged as an “Industry Ambassador” for that industry. Being an Industry Ambassador offers a set of special permissions to create the rules upon which the exchange

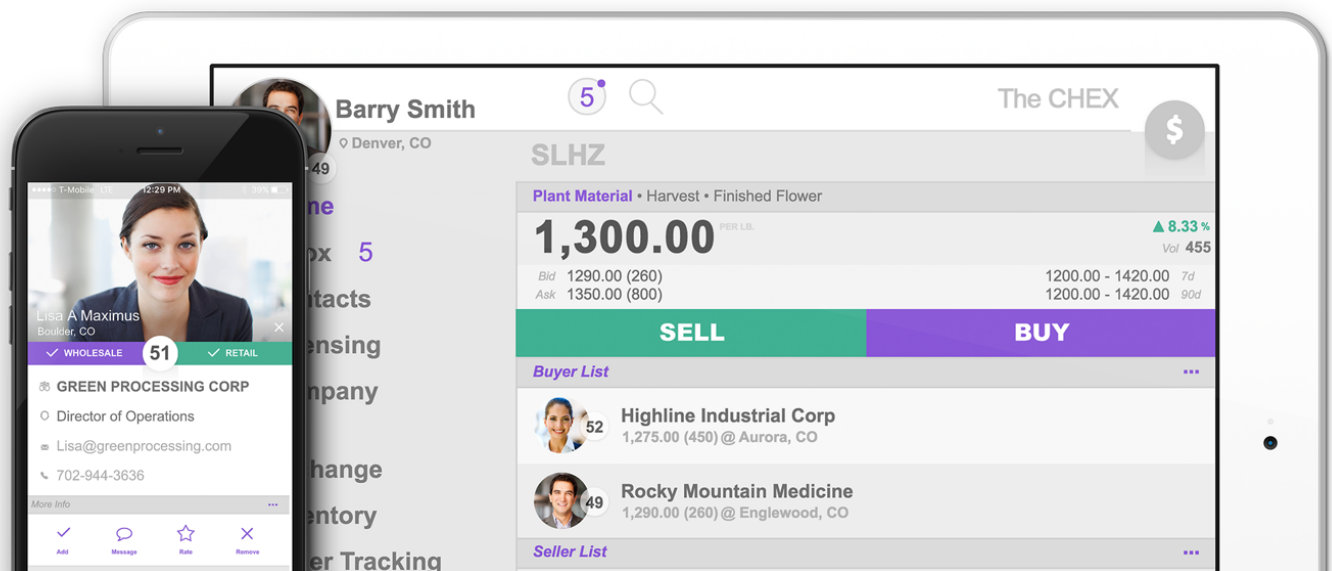
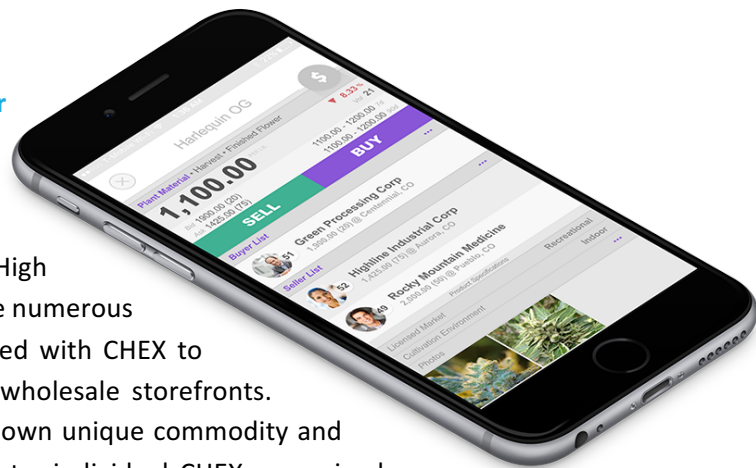


marketplace and storefront platforms within their chosen industry behave and are interacted with by the community.

Industry Ambassadors possess a visual toolset to manage and organize Process Modules to meet the needs of their specific industry. The visual toolset makes it easy for users with any background to architect their industry's exchange and storefront behaviors. Industry Ambassadors can promote a set of administrators and moderators to help in the governance of their Pillar's rulebook and community guidelines. Governance of an industry can also be dynamic based on user-voting rights thereby removing the centralization of power within a given industry. All Industry Ambassadors have an equal opportunity to enroll their industry's Pillar in the expanded CHEX Token (CHX) Ecosystem of networked Pillars. All participating Pillars contribute to and benefit from the global **CHX Rewards Program**.

Cannabis Hemp Exchange – Existing Proof of Concept Pillar

Our first Proof of Concept Pillar design was beta launched Q2 2017. Cannabis Hemp Exchange is currently serving two cannabis clients representing different regions – Pacific Wholesale Network (Distributor) in California and High Frequencies (Producer) in Colorado. We also currently have numerous interested leads and several other clients being onboarded with CHEX to create their own regional private exchanges and digital wholesale storefronts. While each individual business will create and store their own unique commodity and finished products, the data generated through their private, individual CHEX usage is also primed simultaneously to be compatible with the expanded and public Cannabis Hemp Exchange. Businesses have the option to remain a private seller within their own cannabis exchange and/or storefront network as well as the option to flip a switch and seamlessly post their commodity lots and products onto the greater open and public exchanges that we will host on regional levels (see [Business Plan](#)).



Regulatory compliance modules specifically for Cannabis industry sectors (Marijuana and Industrial Hemp) have been installed and only allow verified licensed users in regulated markets to engage in active commerce. Onboarding and usage for all CHEX platforms is geo-fenced for intrastate commerce only where required by law (U.S. marijuana trade). The legality of these regional industries is strictly within the confines of U.S. States' rights. The U.S. government has defunded federal agency enforcement and States now benefit from regulatory guidelines on intrastate cannabis commerce. CHEX does not touch the plant and simply facilitates B2B connections between licensed parties via software that is fully compliant with all targeted regional regulations.

Furthermore, regarding cannabis trade and online payments, we have extensive measures in place to be fully compliant with all state and federal law enforcement. Prospective regional partnerships with compliant cannabis banks and companies that help them open/monitor accounts, such as Tokken and KIND Financial, will provide legal value transfer capability (fiat, crypto, CHX) if both counterparties on a CHEX transaction have a bank account. Until then, online transactions in this Pillar are facilitated only up to the order agreement, invoicing and delivery stages, but financial settlement still happens in cash offline. For other currently insurmountable legal hurdles, we are avoiding rollout of certain technologies. In the meantime, while the industry legally matures, we have built and continue to build out all the technological architecture in preparation for when the regulated restraints are lifted, and have begun to successfully onboard users. This way, we are firmly positioned for rapid adoption on Day Zero of national and international legal cannabis markets.

We chose the Cannabis industry as our first Proof of Concept in part because of the infancy associated with the regulatory environment surrounding it. This gave us, as a technology team, a fresh opportunity to innovate over established processes and inefficiencies that are common in other industries. We spent over two years inventing technological solutions for all cannabis, hemp and general commodity and product exchange use cases. Furthermore, as a nascent industry and fastest growing globally, Cannabis is a good entry point due to lower barriers than other commodity exchange sectors, and provides a chance to solve real issues for the betterment of industry stakeholders. Banking, price discovery and quality control (see [Business Plan](#)) are the big initial problems prevalent across a disparately evolving global Cannabis industry with regionally fragmented business rules and regulations. Part of the reason for price discovery and quality control issues and inconsistencies is due to the fact that cannabis is the most unique and nuanced commodity in the world. This poses a major challenge and opportunity for an exchange to influence sensible trade standards. Our goal is to use our experience and Proof of Concept in the Cannabis industry as a launching point to improving commodity and asset exchange frameworks in other business sectors.

As part of our Final Stage Development and Expansion phase post Token Sale, Cannabis Hemp Exchange will be the first Pillar to demonstrate the full CHEX Master Suite which includes the brokerage layer, upgraded versions of CHX as a payment medium (version 1.0 is active prior to token sale), and the CHEX Token Rewards Program. See [Roadmap](#) for further details.

Prospective CHEX Pillars

There are a multitude of commodity traded exchange networks that can be broken down into three major asset classes. All individual sectors can be onboarded to the CHEX Ecosystem. The more sectors that adopt the



technology, the more fungibility is attested to the CHEX Token (CHX) which in turn increases the overall utility value prospect. The following asset classes are targeted by our team:

1. HARD COMMODITY ASSETS

- a. Metals (Precious, Industrial)
 - i. Gold, Silver, Platinum, Palladium, Copper, Lead, Zinc, Molybdenum, Tin, Aluminum/alloy, Nickel, Recycled Steel, Cobalt, etc
- b. Energy
 - i. WTI Crude Oil, Brent Crude, Ethanol, Natural Gas, Heating Oil, Gulf Coast Gasoline, RBOB Gasoline, Propane, Purified Terephthalic Acid, etc
- c. Petroleum

2. SOFT COMMODITY ASSETS

- a. Agricultural (Grains, Softs, Livestock)
 - i. Corn, Oats, Rough Rice, Soybeans, Rapeseed, Soybean Meal, Soybean Oil, Wheat, Milk, Cocoa, Coffee, Cotton, Sugar, Palm Oil, Rubber, Wool, Amber, etc.
- b. Renewable Energy

3. DIGITAL ASSETS

- a. Cryptocurrencies (Bitcoin, Ethereum, Litecoin, DASH, CHX, etc)
- b. Business Leads (Commercial Mortgage, Merchant Cash Advance, Business Loans, etc)
- c. MMO Gold (In-Game Currency), Steam Keys (Computer Game Licences), Music, Art, etc

Within the above targeted industries, our CHEX Master Suite feature set currently and prospectively benefits all the following B2B industry specific players and their idiosyncratic use cases: **Producers, Processors, Wholesalers, Distributors, Retailers, Brokers, Double Brokers, Delivery and Ancillary Services, Regulators, Market Analysts and Speculators, and other Stakeholders.**

CHX Rewards Program

1. Overview and Proprietary Algorithm

Platform users will be rewarded CHEX Tokens for their participation on all CHEX Pillars. Every verified business and individual account will have a running CHEX Token (CHX) Balance. Through platform usage that contributes to the CHEX Ecosystem and overall network effect of the engaged industry Pillar, users will be rewarded CHEX Tokens. The algorithm to determine reward schedules will remain private, proprietary and will evolve based on usage metrics analysis. Keeping the proprietary algorithm private and adaptive ensures that malicious users cannot find exploits to artificially pump their CHX balances. Examples of rewardable platform uses include but are not limited to:

- Becoming a verified licensed business class user
- Submitting complete new commodity and product specifications that are subsequently admin approved
- Placement of active market orders onto private or public exchanges
- Execution of active market orders that eventually reach verified settlement
- Providing vouch ratings on users after verified order settlements with the relevant party



- Successful brokerage listings
- Third party quality verification services provided
- Active affiliate tree creation and subsequent verified market activity
- Providing a certain amount of periodic market activity

There will be an indefinite set of metrics to obtain when analyzing high user activity data. From these usage metrics, we can balance the CHEX Token reward system with economic forces to create a sustainable reward system.

2. Consumables Recirculation

The source of funds for all commodity and asset sectors begin with an object possessing intrinsic value. For example, cannabis flower has intrinsic value for the consumers of the end product derivatives. The initial source is the cannabis seed. Seeds grow by feeding on supplied nutrients, water, air and sunlight, which are all sustainable in a natural ecosystem. We mimic this ecosystem and build off of the harvested value the plant has consumed. Once the intrinsic value has transferred to our systems, we can combine the economic forces of different industry players to feed off each other and grow symbiotically. For example, when a business user contractually settles with another user through CHEX Token as a cryptocurrency, a required transaction fee is applied. A portion of this transaction fee is used to record the transaction onto the blockchain. The remainder is placed into the CHX Rewards Program to then be recirculated to the community based on merits and metrics. The CHEX, Inc. acquires zero percent of these transaction fees as this rewards program is entirely designed to be a purely community driven ecosystem.

3. CHX Rewards as Transaction Subsidies

Because CHX is used as the settlement layer, if either business class users already possess a balance of CHEX Token rewards then they are subsidized in their transactions by normal usage of the CHEX platform. The subsidy creates a benefit for buyers and sellers alike. If CHX rewards are present at the time of purchase, a buyer will be able to bid for a higher purchase price than they would on an outside unaffiliated asset exchange network. This drives the highest bid price even higher than what other exchange platforms can offer. Sellers are able to liquidate volume at exceptionally higher market rate while buyers are either purchasing at normal or discounted rates. This reward subsidy structure helps both sides of the market.

4. Individual Broker Accounts

A third party who can earn CHEX Tokens through platform engagement is the individual broker account. Individuals can participate in the CHEX Ecosystem by facilitating business-to-business (B2B) transactions. Businesses benefit from decentralizing brokerage services. This is an example of how different, independent market participants can symbiotically benefit and grow from their individual market activity and needs. Thus, the CHEX Ecosystem is strengthened and sustainable. Further details regarding market use cases are detailed in the sections below.



5. Deterministic Payouts through Local and Global Ladders

There are two ladder-style ranking systems that determine the distributed payouts of the CHX Rewards Program Fund. Each Pillar will have their own local ladder upon which all Pillar contained users are ranked. Rankings are progressed based on an individual's accumulation of Activity Points. As noted earlier, Activity Point awards are calculated through a proprietary and adaptive algorithm based on usage metrics. The more Activity Points a user accumulates, the higher that user is ranked within their local ladder. All participating Pillars also rank amongst each other in a global ladder that spans across the entire CHEX platform. A user's rank or a Pillar's rank does not guarantee an accurately calculable amount of CHX Rewards to be paid out at the end of a market session. The ranking simply allows for a higher roll percentage upon payout (see "dice roll" below). User's also obtain recognition and reputation through placing visibly higher in the ladders. Winners' accounts will be attributed by their past successes in the hopes of generating trust amongst unaffiliated market players. However, past successes do not influence their future ranking placements as all activity points are wiped clean upon active market session closing payouts.

6. Monthly Market Sessions

Each market session spans the length of one month. During an active market session, all users and Pillars accumulate Activity Points based on usage metrics. Every transaction that occurs between buyers and sellers creates a transaction fee. The entirety of these transaction fees are held in the CHX Rewards Fund. At the close of the active market session the payout is triggered. For each user, a dice roll is performed. The dice roll has a higher payout chance based on their local ranking and their Pillar's global ranking. The payout will favor users with a higher ranking but is still based on a dice roll. Meaning, it is not possible to accurately calculate exact amounts of rewards distributed to each individual user until the closing of the active market session. However, there will be a real-time running estimate based on probability and active ladder rankings.

7. Aggressive New User Adoption Policy

Through the CHX Rewards Program we are able to apply revolutionary new user adoption mechanisms by rank-favoring novice but active users. The proprietary rewards algorithm will target new users who display an eagerness to participate in their Pillar's organic economic growth. On payout from the CHX Rewards Fund at the end of a market session, the policy here is to distribute the community's resources to the weakest market players. If the weakest market players are lifted up by the strongest market players then that creates a virtuous cycle of encouragement and ultimately retention of new strong market players. The strong market players are already satisfied by their performance due to proving long-standing success in their chosen marketplace. The weak market players are therefore encouraged to maintain participation by being rewarded heavily and thereby becoming strong market players. Thus, the virtuous cycle repeats itself with new active players entering the market, forever. This also prevents an insurmountable barrier of entry for new users by disallowing the strongest players from monopolizing the entire exchange and potentially their entire industry. Upward trending new user adoption rates provide network effects that benefit everyone.





Business Class Token Use Cases

The primary utility of the CHEX Token for business class users will be as a transaction medium. Cryptocurrencies provide quick, trustless, verifiable, immutable, distributed transfer of value. CHEX Token is no exception and provides all of these features through the ethereum blockchain. Business class users may use their CHEX Tokens in a number of ways. They can maintain possession of them and transfer them to all CHEX compliant industry pillars for further fungibility. The choice to use CHEX Token for transactions will be seamless and superficially invisible. However, all transaction activity can be verified by looking under the hood via the user's current Pillar modules or viewing the direct, public blockchain transaction records. Pillar design can choose to have encrypted or decrypted public ledger data. If encrypted, only relevant verified Pillar users may view actual market data and asset verification logs.

The secondary utility for the CHEX Token for business class users will be as a distributed, verifiable blockchain ledger. Every detail about the initiation of an order all the way through to the final logistics log will be combined into an encrypted or plain text ledger record. This record can serve as a provable store of value and of physical inventory. It is backed and secured by the ethereum network of miners and active nodes. This can be used to record a store of any asset class including soft and hard commodities and digital assets. Market activity audits can be done publicly by regulators should the industry Pillar choose to store plain text market data.

Individual Class Token Use Cases

The token utility available for individual class users will be to obtain a portion of B2B transaction fees by facilitating the purchase between active, verified buyers and sellers of the industry sector they are currently participating in. This brokerage system benefits businesses and individuals alike. Businesses automatically have a distributed sales force providing exposure for their commodities and products. Individuals are able to provide a CHX compensated service on any industry Pillar that has regulatory guidelines open to brokerage accounts and activity. With CHEX Token being the common denominator of all CHEX Pillars, individual brokers can seamlessly apply their craft to multiple industry sectors. Brokers can also obtain reputation and be adopted by companies. This gives brokers a permanent share of the transaction fees whether or not they specifically routed a successful market order. Otherwise, broker IDs will be tied to the market order that brokers advertise and are subsequently paid out in CHEX Tokens upon successful transaction of an active market order. Brokers qualify for CHX Rewards.

Collateralized Market Orders

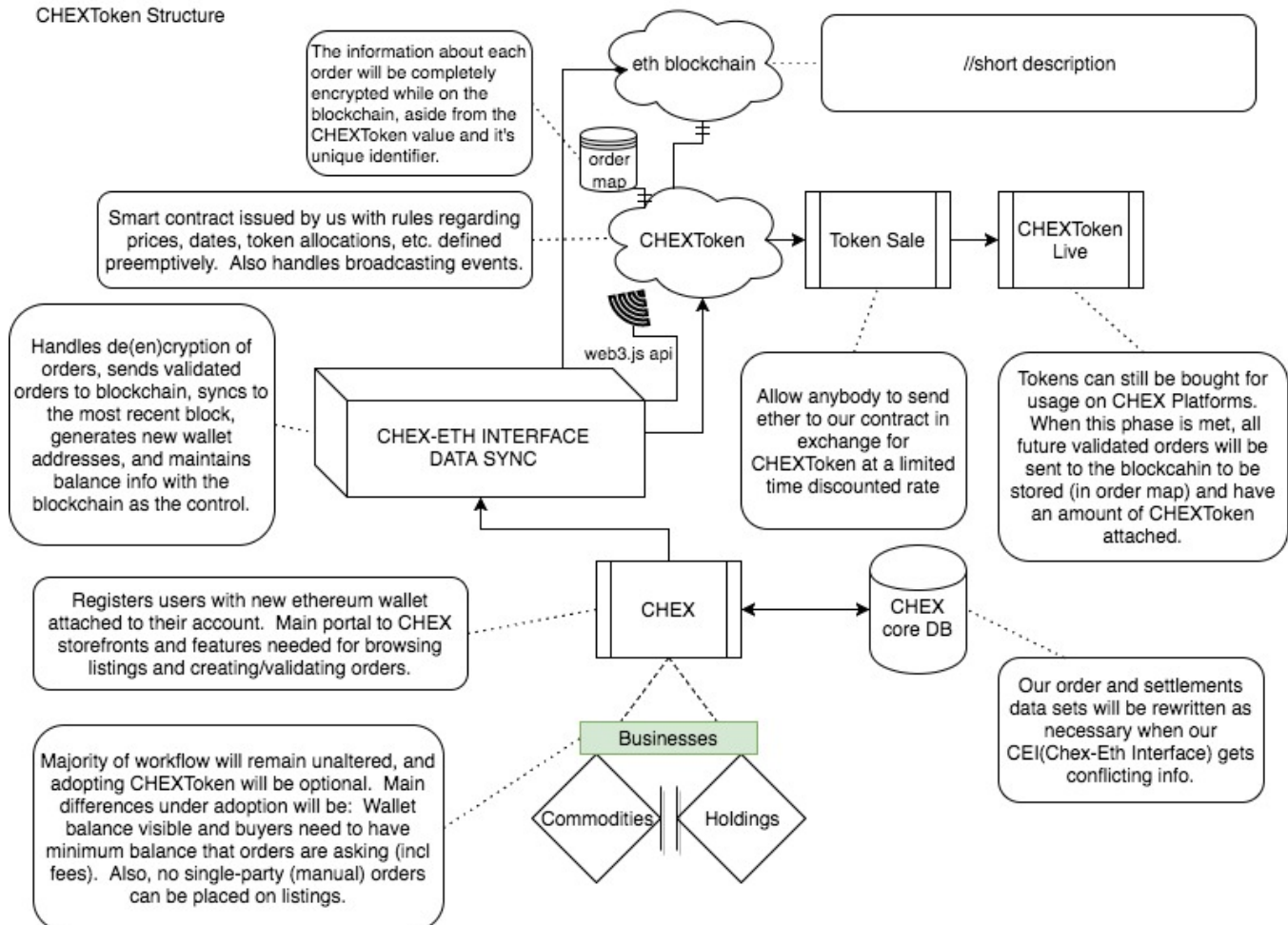
The CHEX Token technology allows a trustless exchange of value. Additionally, users can foster an enhanced version of trustless business by collateralizing their actively posted market sell orders. A novice user is faced with a reputation conundrum in which they are unable to prove they are viable market players without first selling volume and gaining vouch ratings from their counterparties. To fix this issue, we have created the architecture for novice users to put CHEX Token as a blockchain provable store of value as collateral for their promised asset volume to be exchanged on the platform. This allows buyers to trust that even the most novice users will deliver the volume they have posted on the exchange. If the collateralized order is not delivered, the token collateral will be released to the violated parties. Not all conflicted statuses are created equal, so there may be moderation services needed to ensure viability of the released collateral. Moderation services can be a third party service or they can be decentralized to the community. These services will grow within the community as entities present themselves and become a part of the overall CHEX Ecosystem.



Encrypted Public Ledger

The primary benefit of any blockchain is its distributed store of verifiable data upon independent but linked hardware nodes and miners. The data recorded on these blocks of data are publicly available to anyone who seeks out the information. Due to the nature of this mechanism, some industry sectors and individual players would wish to remain anonymous for fear of the targeting of physical inventory based on high volume market activity. To solve this issue, we have provided a process module to allow encryption of all market data. This choice bars public or regulatory audit but protects industry players. Some industry Pillars may choose to store market activity in plain text. There is value in plain text storage by having a fully decentralized, trustless and provable blockchain record of all asset class exchanges.

CHEXToken Structure



CHEX Revenue Model

(1) Transactions between parties that do not use CHX as a payment medium fall under a sub 0.5% fee per transaction structure; (2) Market data; (3) Ancillary services marketplace; (4) Back office premium features; (5) Targeted marketing; (6) Consulting services (brokerage, etc); and (7) Derivatives market contracts

TRANSACTION FEES – A traditional transaction fee of under 0.5% will be collected for transactions on any Pillar in the CHEX Network not using CHX (instead using fiat or another cryptocurrency). This will happen at the time a contracted order finalizes into agreement. CHX payment methods incur only transaction fees that support the blockchain log miner fee and fill the CHX Rewards Fund. CHX fees are more inexpensive than traditional fees.

MARKET DATA – Data acquired through heavily active platform use will be valuable for buyers and sellers, market analysts, marketing firms using targeted ad systems, and government body regulators. All sensitive data will uphold the highest available privacy standards according to regional laws. Market data revenue will be shared with users who contribute transaction volume as further platform use incentive.

ANCILLARY SERVICES – Services such as delivery & logistics, product certification and quality assurance verification, professional services, equipment providers, etc. Any services that can directly benefit our business class and individual users and simultaneously seek to have access to our clientele.

BACK OFFICE PREMIUM FEATURES – Pillar software has a set of robust process modules and some of them require a premium subscription. Inventory management, advanced reporting, integration with certain apps and networks, and other customized features may require a premium usage model.

TARGETED MARKETING – As part of the data acquired, an intelligent demographic algorithm will allow for outside marketers to target relevant businesses and individuals should their accounts warrant that level of publicity.

DERIVATIVES MARKET/CONTRACT TYPES – Forwards, Futures, Options, Interest Rate Swaps, Environmental Instruments, Freight Contracts, Exchange-Traded Funds (ETFs), etc.



Why Industry Wide CHEX Token Adoption is Valuable

Blockchain Tokens and Coins move at the speed of the internet. Internet latency speeds have dropped into the single digit millisecond ping rates. This leads to perceptibly immediate transfer times. Internet connectivity has reached levels of practical ubiquity due to cellular range global expansion. There are already active projects targeting satellite mesh networks that set to expand practical ubiquity to fully realized global ubiquity of internet connectivity to any device with a Wi-Fi adaptor. With all of these technological advancements in place, a blockchain token can sufficiently replicate the convenience of cash money without the physical burden and insecurity of tangibility.

Blockchain Tokens also have no central minting authority. They are fully decentralized by the network of miners and full node computers. This also means that contained within the blockchain's network there is no governing or policing authority. Blockchain wallets are secured by a private key behind effectively unbreakable encryption. This means that wallets containing tokens are secured as long as the private key is not extracted and shared. This makes all token wallets unable to be actually seized by a law enforcement body without willingly giving them up.

If all industry players were to adopt a unifying blockchain token it would improve fungibility of the token across the board and provide a highly liquid means of value transfer between businesses as well as customers. There would be no need for an alternative reserve currency such as a regional fiat backed by a governing political body's rules and regulations which doesn't always have the best interests of every community member in mind. Customers would be able to pay for end products with tokens in retail stores. Producers and B2B intermediaries would be able to accept token payment from retailers and wholesale customers, and themselves be compensated in the same token for goods and services rendered. Ancillary and third party industry services would economically benefit from aligning around the same token ecosystem.

With the robust exchange software we have developed and the CHX Rewards Program consistently onboarding new users through revolutionary economic models, all industry players stand to mutually benefit.



Token Sale Specifications

The CHEX Token (CHX) is a pure utility token model. This means, there is zero speculative value attached to the issuance of this token. The CHEX Token is technologically paired to the CHEX software platform. There is no reserve supply being used to compensate any strategic partners. Founders and developers receive no allotment of tokens at any point of the life of the token contract. All tokens are publicly available at a fixed price upon the opening of the CHEX Token Sale. Analogous business models include Video Game Arcade or DIY Car Wash token machines. In the same way that a video gamer will visit an arcade and exchange their currency of choice for tokens to play video games, a user purchasing CHEX Tokens will have the ability to utilize the CHEX platform. Early adopters will be given the option for Bulk Discounts if they intend to purchase larger amounts of CHEX Tokens. If you plan to purchase a CHEX Token, you hereby agree to have no expectation of profit.

1. Token Sale Opens August 25, 2017 @ 11:20PM UTC
2. CHEX Tokens will be indefinitely available through the purchase page on tokensale.thechex.com until the entire supply is depleted
3. Total CHEX Token Supply
 - a. 1 Billion (1,000,000,000 CHX)
4. Supply Allocation **[UPDATED VER 1.0.1]**
 - a. 95% (950,000,000 CHX) Crowdsale Supply
 - i. Crowdsale will end when this supply is depleted
 - b. 5% (50,000,000 CHX) Bounty Campaign Supply
 - i. 2% (20,000,000 CHX) Bounty Phase 1
 - ii. 3% (30,000,000 CHX) Bounty Reserve
 - iii. Details: <https://bitcointalk.org/index.php?topic=2259959.msg22891505-msg22891505>
5. A discount is available for early adopters until October 24, 2017. See website for pricing tokensale.thechex.com
6. CHEX Token is an Ethereum ERC20 Token
7. Purchase Methods
 - a. Bitcoin (BTC)
 - b. Ethereum (ETH)
 - c. Altcoins (via Shapeshift.io)
8. A 15-minute deposit portal is created when a user wishes to purchase and gain CHX
9. Users can register for a CHEX account via the Purchase Page
 - a. CHX Balances can be viewed within the 'MY TOKENS' tab of the Purchase Page when logged in
10. Progress bars of Token Sale milestones will be updated in real-time on the Purchase Page
11. Users who provide an ERC20 compliant wallet address at the time of purchase will be awarded their CHX Tokens immediately
12. Users who do not provide a wallet address can view their stored CHX balance in the 'MY TOKENS' tab
13. For more information regarding specific contract addresses and other information, see the FAQ section of the CHEX Token Sale website at: tokensale.thechex.com



Roadmap Phases Post Token Sale

The CHEX Platform began development Q3 2014 and onboarded its first beta clients in Q2 2017. Development was started so early to preempt laws and regulations easing up in the United States. Early blockchain systems were put in place from the beginning of the development. It wasn't until ethereum's token contracts were publicly available that we can now proceed to be fully empowered by the innovations of the blockchain. Upon closure and final distribution of The CHEX Token Sale, The CHEX, Inc. will continue into our Final Stage Development and Expansion.

FINAL STAGE DEVELOPMENT AND EXPANSION – Beginning Q4 2017

- i. Ramping up new engineering seats assigned to onboarding queue of clientele
- ii. Cross-platform Native App Development
 - a. Expand upon existing iOS/Android native app for core commodity exchange foundation already developed and available for use
- iii. Expand Internal Sales, Marketing, PR, Legal, Quality Assurance, Technical/Customer Support, Security & Administration Teams
- iv. Full Compliance for New Systems
- v. Development and Deployment of Individual Brokerage Accounts
 - a. Priority based on Pillar Need/Regulatory Compliance
- vi. Final Polish pass on all Internal Admin Systems
- vii. Final Polish Pass on External Application User Experiences, including new user onboarding supplemented with tutorials and video
- viii. Heavy QA Testing Phase
- ix. Brand Awareness Campaigns

CHEX MASTER SUITE V1.0 LAUNCH – Q2 2018

- i. All systems finalized and polished for new user onboarding
- ii. Full public release for free Individual Accounts and verified Business Class Accounts
 - i. Individual Class Accounts delivery depends on Pillar need/regulatory compliance (Cannabis U.S. regulation does not allow brokerage)
- iii. CHEX Token Layer fully operational
- iv. CHEX Pillar fully operational
- v. Pillar Process Modularity System visually enhanced with user friendliness
- vi. Affiliate Trees, Public and Private Exchanges, Business Storefronts (Public & Private) all Golden Master with no critical bugs and full UX/UI Polish
- vii. New User polished experience with tutorial videos, tool tips and help documentation
- viii. Easy customer and technical support channels



Frequently Asked Questions (FAQs)

1. Will CHX be listed on cryptocurrency exchanges?

- a. The CHEX, Inc. has no formal plans in place to commit to personally listing our CHEX Token on any secondary cryptocurrency exchanges.

2. Will I be able to transfer my purchased CHEX Tokens to an external wallet?

- a. Yes, once you purchase a CHEX Token it is your personal property. Much like a video game arcade, once you purchase tokens you are legally allowed to walk out the door with your tokens. However, our platform is designed to be the only practical environment to utilize the full extent of the CHEX Tokens.

3. By purchasing a CHEX Token, am I becoming an investor in The CHEX, Inc.?

- a. No, you are only purchasing tokens as if you were purchasing any other product from a webstore.

4. What are you doing with the proceeds of the CHEX Token Sale?

- a. We are earning revenue that will be used in similar ways that other corporations utilize revenue.
- b. If you are interested in The CHEX, Inc. as an investor please see our business plan which contains Use of Funds documentation. Investors have alternative avenues. The Token Sale is not the avenue for investor speculation.

5. Will founders and developers be awarded tokens?

- a. No, the entire supply of the token will be allocated to the crowd sale and therefore publicly available. No internal or external parties will be allocated tokens outside of the crowdsale purchase page.

6. When will the token integration be ready?

- a. The CHEX Token integration is already live. Our exchange and storefront software has been in beta since Q2 2017 and this now includes CHEX Token integration allowing for several use cases including a medium of exchange, direct order settlement, contact list transfers, external wallet deposits and withdrawals.

7. Why the move to a pure utility token sale?

- a. When the SEC reported on certain token type sales can be classified as unregistered securities, we took note. We revisited our legal counsel and restructured everything from the bottom to top of our offering. The ending result is what we think is a wonderful gift to the crypto community and we are much happier with the end product due to following the legal guidance of the Securities & Exchange Commission. And we think you will be happy with it as well!

8. Are you taking precautions regarding legality of cannabis trade and online payments?

- a. Yes, we have extensive measures in place to be fully compliant with all state and federal law enforcement. Onboarding and usage for all CHEX platforms is geo-fenced for intrastate commerce only where required by law (U.S. marijuana trade). The legality of these regional industries is strictly within the confines of U.S. States' rights. The U.S. government has defunded federal agency enforcement and States now benefit from regulatory guidelines on intrastate cannabis commerce. CHEX does not touch the plant and simply facilitates B2B connections between licensed parties via software that is fully compliant with all targeted regional regulations.



- b. Regarding online payments, prospective regional partnerships with compliant cannabis banks and companies that help them open/monitor accounts, such as Tokken and KIND Financial, will provide legal value transfer capability (fiat, crypto, CHX) if both counterparties on a CHEX transaction have a bank account. Until then, online transactions in this Pillar are facilitated only up to the order agreement, invoicing and delivery stages, but financial settlement still happens in cash offline. For other currently insurmountable legal hurdles, we are avoiding rollout of certain technologies. In the meantime, while the industry legally matures, we have built and continue to build out all the technological architecture in preparation for when the regulated restraints are lifted, and have begun to successfully onboarding users. This way, we are firmly positioned for rapid adoption on Day Zero of national and international legal cannabis markets.

Conclusion

Newly empowered by blockchain innovations, smart contracts and token contracts, The CHEX, Inc. is moving our FinTech software into a new paradigm. Our Proof of Concept Pillar with the Cannabis Hemp Exchange has proven that our extensive auditing of a commodity and products exchange industry was key to implementing real-world solutions to solve all business and individual use cases. We are excited to have a direct relationship with you and to gain new eyes and new enthusiasts through this token sale. Our Core Team has been living nothing but CHEX for the past 3 years and are excited to move into the future with a large boost from the crypto community that we have watched and engaged in so closely throughout.

The CHEX, Inc.
Core Development Team

