



# NAGA

**THE NAGA COIN**

-

**SMART CRYPTOCURRENCY FOR  
GAMING & STOCK TRADING.**

**White Paper**

Version 1.0.13

***"The future is already here  
It's just not very evenly distributed."  
William Gibson***

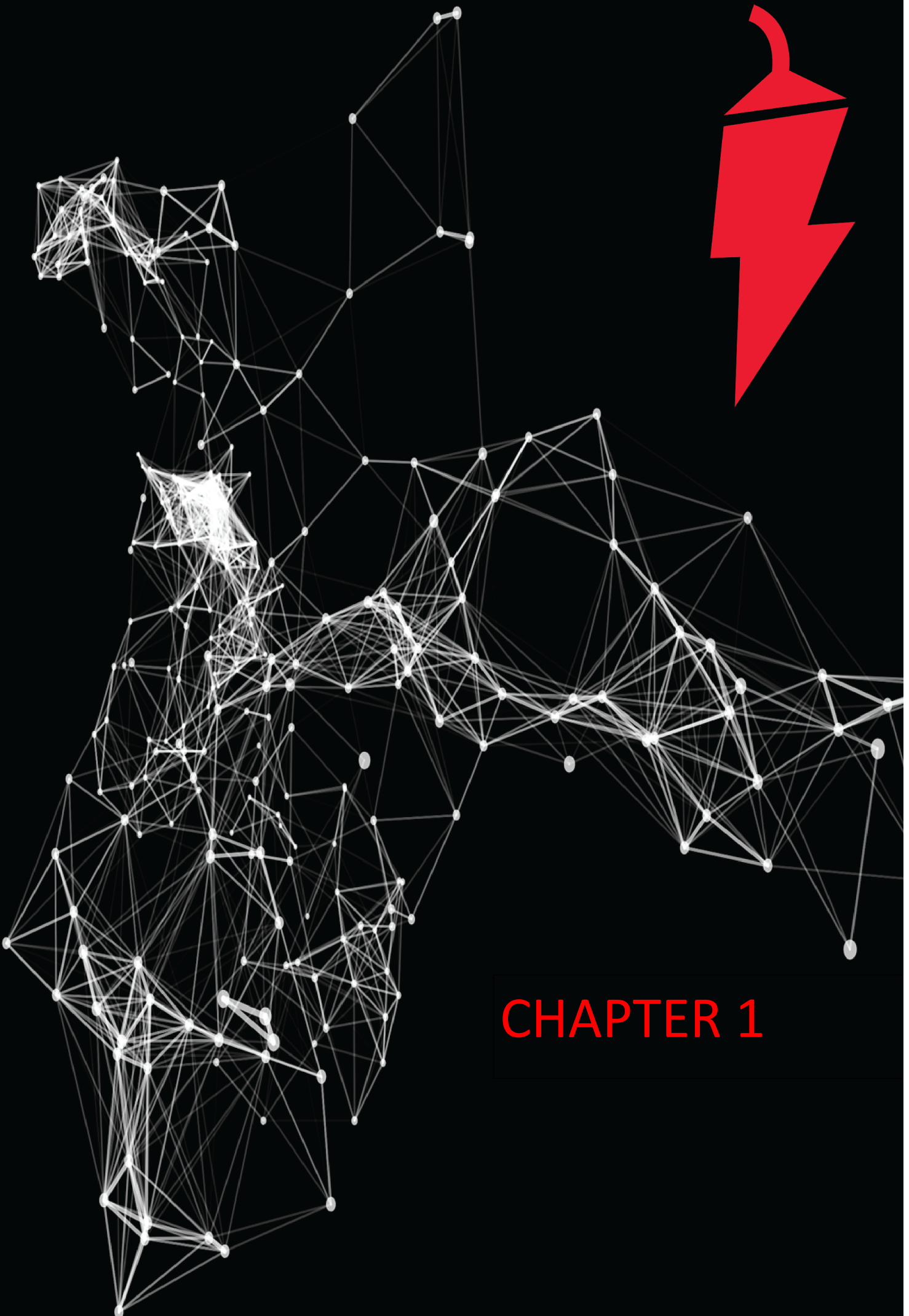
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# CHAPTER 1

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## 1. EXECUTIVE SUMMARY

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The NAGA Development Association Ltd. (“NDAL”) has partnered with The NAGA Group AG (“NAGA”) to introduce the NAGA COIN (“NGC”), a utility token that will serve as the unit of account in all existing and future projects of NAGA.

The NAGA Group AG is a German holding of technology companies which was founded in 2015 and is listed on the German Stock Exchange (the group companies of the NAGA Group AG hereinafter collectively referred to as “NAGA”). Over the last 2 years, NAGA has raised over \$15m in capital from various prestigious investors, such as one of Europe’s oldest banks Hauck & Aufhaeuser (founded 1796) and from China’s largest private investment conglomerate FOSUN. NAGA also performed the fastest German IPO within the last 15 years.<sup>1</sup> The company employs more than 120 people and operates in the capital markets and gaming domain. On the 10<sup>th</sup> of July 2017, NAGA AG was listed at the Frankfurt Stock Exchange with an issuing price of €2.60 per stock.

NAGA specializes in the development of cutting edge technology for capital markets and gaming. The company operates and owns an EU-licensed brokerage company, one of the fastest growing social networks for trading (NAGA TRADER ) with millions of EUR in realized revenues, and a virtual goods exchange (NAGA VIRTUAL), which is backed by one of the world’s largest exchanges as a Joint Venture partner. NAGA’s technology expertise ranges from financial markets, robo-advisory and algo-trading to gaming and blockchain technology.

Given the fact that the financial service sector is still inaccessible (it still unnecessarily requires banks) for over 2 billion people and heavily complex, with non-transparent cost structures, and that there is no central solution to these problems, NAGA’s mission is to open up the world of trading financial and virtual goods to everyone in one unified platform. NAGA identified three major problems of the financial service sector: Firstly, it is still inaccessible for over 2 billion people and heavily complex. Secondly, there are no one-stop solutions where users can securely and reliably store their data and have a complete product offering for trading. Thirdly, cost structures in these sectors are non-transparent and disadvantageous to the user.

**NAGA’s mission is to open up the world of trading financial and virtual goods to everyone.**

After building up a team of 120 dedicated and motivated people, spending tens of millions of EUR on licenses and technology, as well as establishing a business that has hundreds of thousands of clients, millions of EUR in revenues, and billions of EUR in trading volume, NAGA formulated the credo “Power to the people”. As a logical next step, NAGA is introducing a decentralized unit of account on its platforms – The NAGA Coin (NGC). The NGC will unite all platforms in the NAGA ecosystem through its own wallet service called The NAGA WALLET. The NAGA WALLET aims to bridge NAGA’s two major projects and enable an ecosystem for the social trading of cryptocurrencies, virtual goods and stocks. The concept of enabling gamers to turn their passion into a wealth generating hobby has been a dream come true for many millennials, and NAGA’s goal is to make this a reality.

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<sup>1</sup> <http://www.edisoninvestmentresearch.com/research/report/the-naga-group/preview/>;  
<http://www.smc-research.com/wp-content/uploads/2017/06/2017-06-08-SMC-Studie-NAGA-Group.pdf>

Hence, the digital NAGA ecosystem powered by the NGC will give everyone the ability to convert any currency to cryptocurrencies, along with access to stocks or virtual in-game goods across various platforms. It will allow everyone to trade at a transparent cost structure, and receive cashback and bonuses through a sophisticated token economy framework. Ultimately the NAGA WALLET will serve as a one-stop shop solution that ensures that users' currency is stored on a secure and reliable platform. The NAGA team strongly believes that the merging of an innovative, established and fast-growing technology company driven by the community with the blockchain.

Given NAGA's partner's NDAL mission statement to democratize the world of trading and the big momentum around blockchain, NAGA creates, with the NAGA Coin, another opportunity to be an early contributor and benefit from the token and platform growth.

As a publicly listed company, The NAGA Group AG combines many key advantages for token holders. The most important key advantages are listed below:

- A listed German entity with millions of EUR in yearly revenues, billions of EUR in trading volume, and several hundred thousand transactions per month.<sup>2</sup>
- The NAGA Group AG has attracted massive press attention and is considered as one of the top Fintech companies in Germany.
- The roadmap is unlike others "already written" – NAGA has the users, the technology, and millions in revenues and billions in trading revenue! The core mission is simply the growth of NAGA's crypto-economy.
- A management owned and growth-driven young international FinTech company with a great team of more than 120 people.
- NAGA owns various EU-financial licenses, including an asset management license and is built on a state of the art legal setup.
- In partnership with NAGA's shareholder, the Chinese Fosun Group, the first steps for an expansion into the Asian markets have already taken place.
- With NAGA TRADER, NAGA has an existing product generating multi-million USD in yearly revenues, driven by thousands of users and featuring its own robo-advisor called CYBO.<sup>3</sup>
- With NAGA VIRTUAL, NAGA has a virtual item exchange in alpha phase based on a partnership with leading players in the industry, including a DAX30 company.
- With NAGA TRADER, NAGA has won awards at Finovate Europe (one of most important FinTech awards). NAGA TRADER also won the Digital Top 50 award, the A to Z Award as best Social Trading Platform, and the Red Herring Award.
- NAGA is backed by the largest private investment conglomerate from China, FOSUN<sup>4</sup>, who is NAGA AG's main shareholder and NAGA is further supported and backed by widely known investors, institutions and advisors such as one of the oldest private banks in Germany, Hauck & Aufhäuser (founded in 1796).<sup>5</sup>

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<sup>2</sup> <https://thenagagroup.com/investor-relations/publications/>

<sup>3</sup> <https://www.nagatrader.com/cybo/>

<sup>4</sup> <http://ir.fosun.com/phoenix.zhtml?c=194273&p=irol-IRHome>

<sup>5</sup> <https://www.hauck-aufhaeuser.com/>



Figure 1: NAGA TRADER Awards

The below illustrated roadmap will be explained in detail in the upcoming chapters. Essentially this whitepaper will explain NAGA's main assets, the idea and advantages of the NAGA Coin, as well as its economic concept and the people and advisors who will make this all happen. It will also talk about the token sale, market research, and provide a detailed outlook for the next 18 months. This paper will show how the vision of NAGA, combined with a strong economic model, will allow over 2 billion underbanked people to take part in the most powerful and largest industries worldwide: The financial and gaming industries.

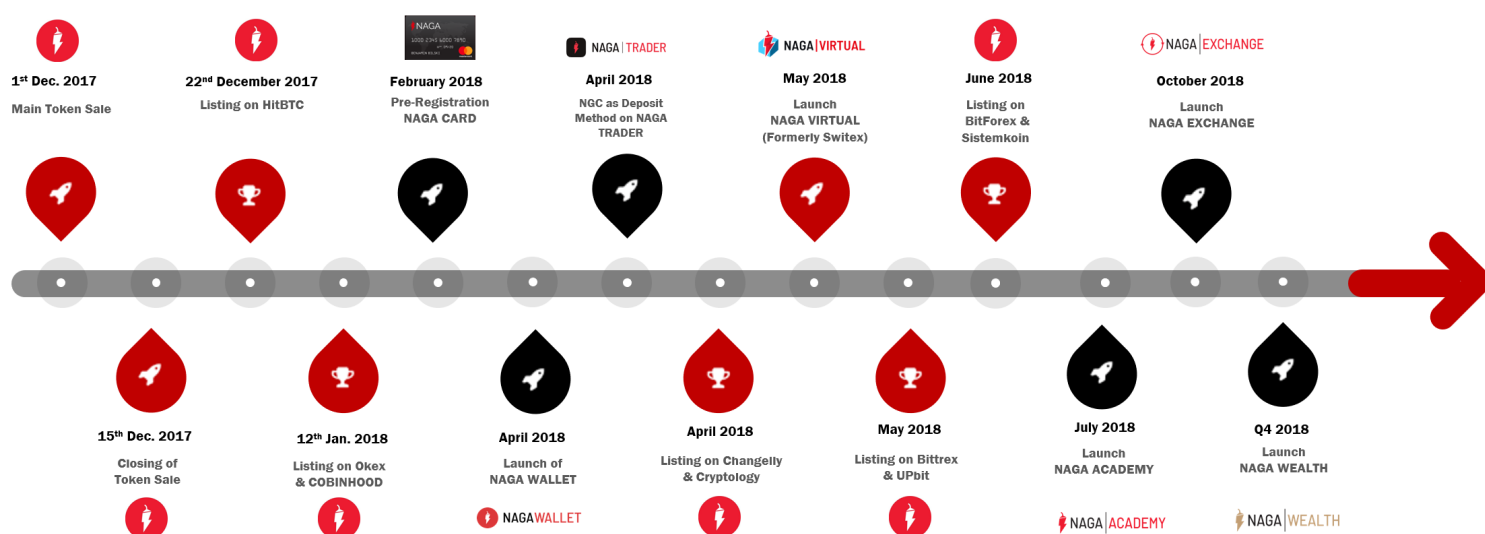
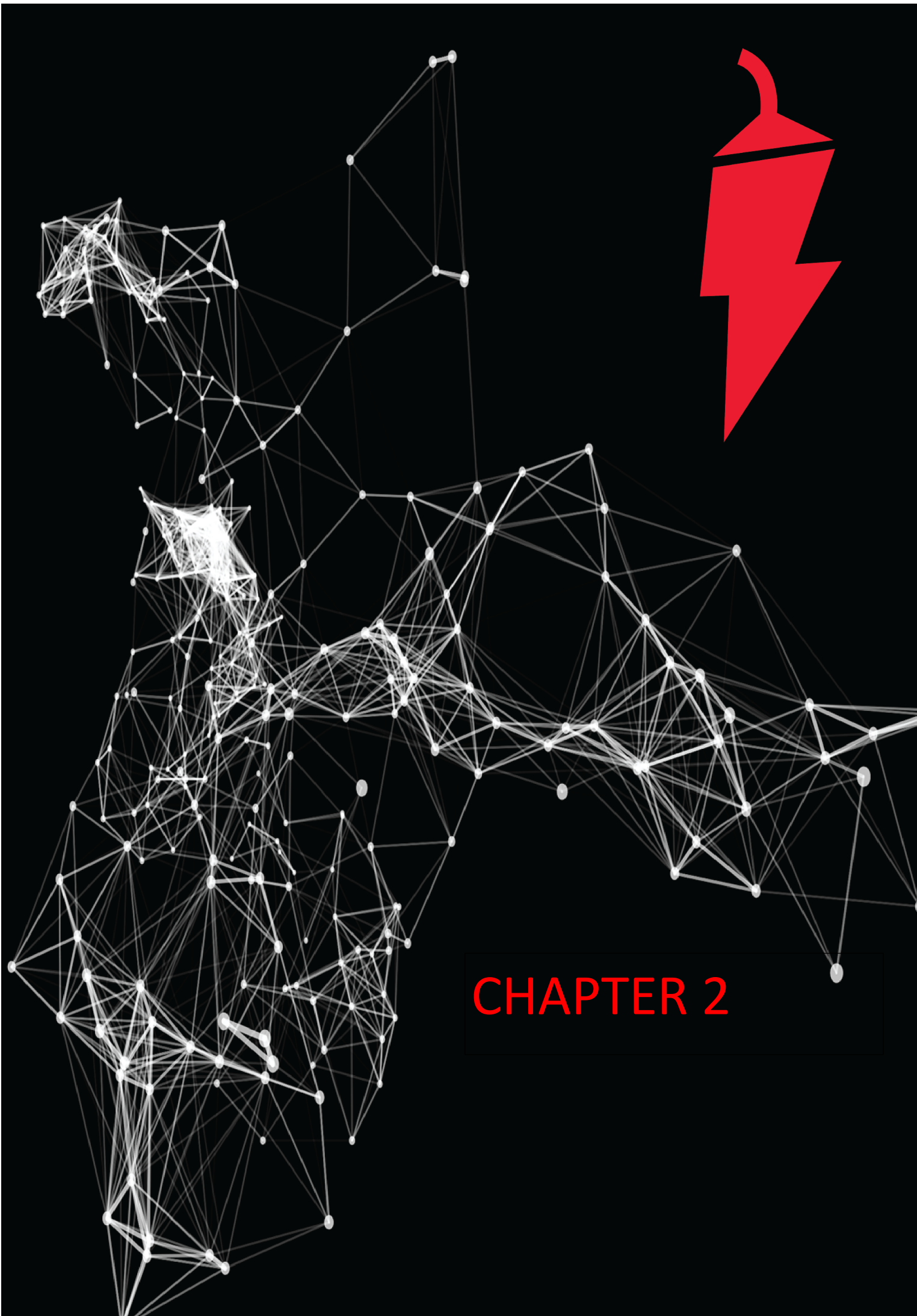


Figure 2: Roadmap





## CHAPTER 2

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## 2.INTRODUCING NAGA

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### 2.1 THE COMPANY

After performing one of the fastest IPOs and being listed on the Frankfurt Stock Exchange on July the 10<sup>th</sup> 2017, The NAGA Group AG (ISIN: DE000A161NR7) is currently offering two platforms around the trading of financial instruments and virtual items. Founded with the mission to make financial transactions in stocks, cryptocurrencies and the gaming market more transparent, secure and accessible to everyone, the NAGA team stands for disruptive and innovative solutions in the online trading and gaming world. The first venture of NAGA is the online trading platform and social network for traders, NAGA TRADER, which has been operating since early 2015. The NAGA TRADER trading platform accommodates thousands of registered users and facilitates several thousand transactions each month. The second venture, NAGA VIRTUAL, is currently under development and will be launched in Q1 2018.

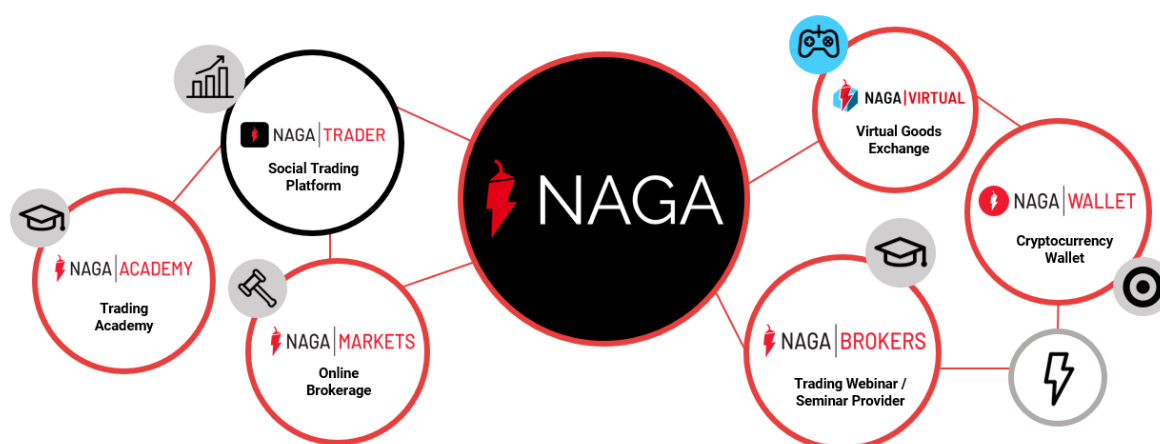


Figure 3: NAGA Ecosystem

NAGA has a CySec-regulated brokerage firm and asset management company within the group called NAGA Markets Ltd. (former Hanseatic Brokerhouse Global Markets Ltd.), which is based in Cyprus and specializes in Forex and CFD trading. Furthermore, NAGA's sales and lead-generating engine NAGA BROKERS (former Hanseatic Brokerhouse Germany & Spain) focuses on the acquisition and support of traditional customers in the trading segment. NAGA TRADER (available for iOS, Android and Web), which is directly connected to NAGA Markets Ltd., supplements the company's product offering and allows customers to access a more modern and mobile-oriented trading platform. NAGA TRADER's technology solution also offers open interfaces for other third-party brokers<sup>6</sup> which are able to benefit from the company's technology. Depending on the strategic orientation, NAGA therefore can expand its own ecosystem through its own network, as well as through a stronger involvement of partners.

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<sup>6</sup> <https://www.nagatrader.com/become-partner-broker/>

Next to NAGA TRADER , NAGA's second venture NAGA VIRTUAL also embodies enormous disruption potential and is the ideal addition to the ecosystem as it allows for the connection of the financial trading world with the gaming world. With several offices across major European countries, including Germany (2 offices in Hamburg), Spain (offices in Barcelona, Madrid, Valencia and Palma de Mallorca), and Cyprus (Limassol), NAGA today has access to more than 20,000 paying clients from more than 100 countries.

Within its ecosystem, NAGA combines elements of social media networks (chats, channels, video and ad server, follow and watch functions) in its products alongside the more classical approach of trading. Users of the platform produce daily contributions (so-called "User-Generated Content") without NAGA paying for it. Similar to platforms such as Twitter, LinkedIn or Facebook, the community creates and shares content themselves and free of charge, thereby enhancing viral growth without incurring any additional costs for NAGA.

## **2.2 NAGA's VISION FOR THE FUTURE OF TRADING**

NAGA doesn't just believe in decentralized and transparent data but also in the power of decentralized services. NAGA's vision of the all-in-one platform for financial services is not geographically bound by borders. Today's technology and regulation allows NAGA to create a decentralized third-party marketplace that brings the leading financial technology to everyone around the globe. The trading platform of the future not only offers trading with cryptocurrencies, but also a fully functional infrastructure based around blockchain technology, allowing everyone to trade financial instruments as well as virtual products, such as virtual goods. Decentralisation offers the most promising path to NAGA's vision of a sustainable future in online trading.

Especially over the last years, the global financial markets have become heavily complex; they are over-regulated and discriminate against the retail clients who would like to participate. All of this is currently changing with the evolution of the blockchain technology, a disruptive economic technology that allows every person, even those without a bank account, to participate in the financial markets. Combining expertise in regulated markets together with expertise in blockchain technology creates unique solutions for online trading that are tailored towards approaching the broader market. The power behind NAGA is the NAGA Coin (NGC) or digital token. All activity in the network evolves around NGC, from serving as the primary form for fees and collateral, to serving as the main base currency for any transactions. NGC is the driver of a sustainable economy where demand grows as more and more users, financial institutions, and game-publishers join the NAGA ecosystem.

With the NAGA Coin of NDAL, NAGA aims to establish the world's first crypto-gateway to trade stocks, CFDs, ETFs, and any other sort of financial instruments and virtual goods on a global scale in a secure and transparent way. NAGA shall become the trading platform for any financial or virtual product of the future. It's time for you to be able to buy any stock or game item with your NAGA tokens or other cryptocurrencies, let a personalized and unique robo-advisor, called CYBO, invest for you, and build your financial wealth with full transparency and efficiency with low or no transaction costs.

## 2.3 TEAM OF EXPERTS

NAGA's team combines deep know-how in trading, banking, and blockchain technology with the right mixture of start-up spirit and corporate professionalism to bring enthusiastic innovation and measurable results to its client's business processes.

NAGA's international rock star team is spread over 4 countries. Several different nationalities are represented, natively speaking many different languages, including German, Bosnian, Russian, English, Spanish, Italian and French.

### 2.3.1. NAGA Team



**Yasin Sebastian Qureshi**  
Founder & Executive Director

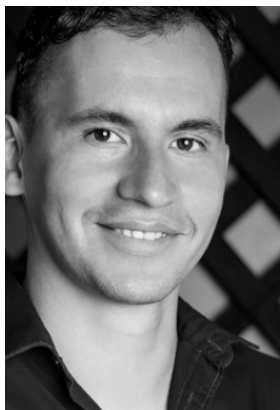
Yasin Sebastian Qureshi is a banking and finance professional who has been in the business for a long time. He is the youngest person in Europe ever to have obtained a banking license, and subsequently founded and ran his own investment bank, successfully going public in 2007. Yasin is an investor in technology start-ups and film, but also co-founded the Global Citizen Foundation. He has a strong focus on finance, brokerage and technology. Indeed, he is a hands-on, passionate entrepreneur aiming to seriously disrupt current financial business structures.



**Benjamin Bilski**  
Founder & Executive Director

Benjamin Bilski is a serial entrepreneur and former professional swimmer. At the age of 21 he co-founded angelplatz.de, one of Germany's leading e-commerce shop for fishing equipment. During his entrepreneurial career, he studied and graduated from EBS University as M.Sc. in Management. Benjamin Bilski is strongly technology-focused and has a deep understanding of eCommerce, finance, mobile and affiliate-based models. In January 2018, the US business magazine Forbes selected Benjamin Bilski to be included in the famous "30 under 30 – Europe" talent list.





**Igor Kulatov**

Co-Founder & CTO

Highly effective software engineer with big experience in telecommunication, cryptocurrencies, SEO and web development Fintech. As an active crypto enthusiast, he strongly believes in the brilliant future of blockchain technologies.



**Andreas Luecke**

Board Member



**Wladimir Huber**

Financial Director



**Alexander Braune**

Operational Director



**Pascal Warnecke**

Marketing Strategist



**Hendrik Theis**

Brokerage Strategist

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**Alexander Zatytkov**  
Project Manager



**Dario Evers**  
Head of Support



**Svenja Kempener**  
Digital Marketing Manager



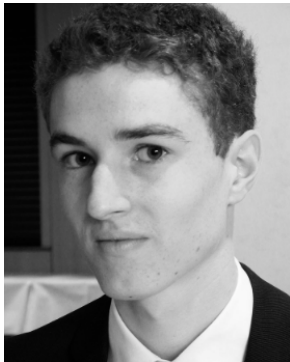
**Federick Grimm**  
Support Agent



**Yevhen Serduic**  
Financial Analyst



**Bingxi Li**  
Asia Business Development  
Strategist



**Johannes Schädler**  
Social Media Strategist



**Ibrahim Hodeib**  
Sales Strategist



**André Rupp**  
Director of Business Development  
(NAGA VIRTUAL)

### 2.3.2 Management & Tech Team



**Nicholas Thomas**

Managing Director NAGA Development Association Ltd.



**Denis Kolyada**

DAB & Blockchain Expert



**Anton Kudryavtsev**

Integrations & Security



**Igor Zinkovsky**

Trading API



**Alexey Kislin**

Blockchain Developer



**Resad Zacina**

Chief Project Manager



**Faris Zacina**

Chief of Tech Operations

## 2.4 ADVISOR TEAM



**Roger Ver**

Founder & CEO Bitcoin.com



**Mate Tokay**

COO Bitcoin.com



**Andrei Baibaratsky**

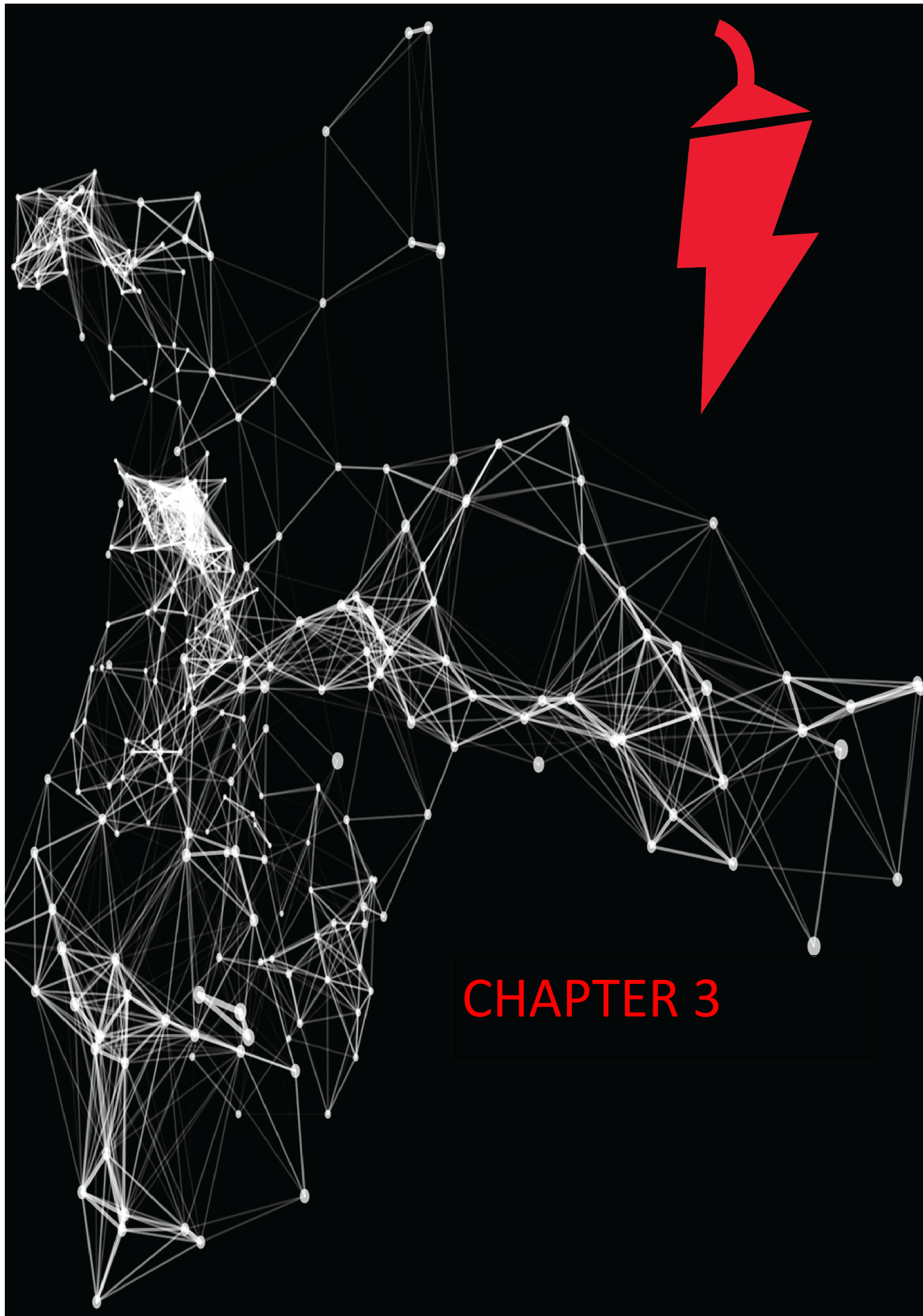
Blockchain Expert, CTO at Confideal



**Miko Matsumura**

Limited Partner Pantera Capital





# CHAPTER 3

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## 3. NAGA ECOSYSTEM

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### 3.1 BUILD TO SCALE

The NAGA ecosystem already embraces a large number of online trading brokers, financial institutions, (and in the future) even more game-publishers for NAGA VIRTUAL. NAGA is an open API universe that has already proven to be able to handle multiple providers in real time in the most (time) sensitive and regulated market. Several providers are already live and connected and allow NAGA to scale faster than its peers. After connecting several brokers around the globe, such as FXCM and BDSWISS<sup>7</sup>, NAGA TRADER is currently in the process of connecting Interactive Broker Inc.<sup>8</sup> which will allow the company to offer physical stocks on its platform. With a growing number of connected providers, brokers and publishers, the NAGA ecosystem will grow exponentially. Together with its partners, NAGA TRADER will form the largest community for stock traders around the globe. It will add a peer to peer component to its services and will expand with NAGA VIRTUAL into one of the largest and fastest growing markets worldwide. NGC will literally bring cryptocurrencies and financial products to the masses.

With 2+ billion users in the gaming industry and by targeting the largest financial market in the world (the foreign exchange market (Forex) with 5.1 trillion USD traded everyday<sup>2</sup>, as well as the equity markets with more than 65 trillion USD market 18witez18ualized), NAGA is the first and only to tackle those two markets at the same time and is highly prepared for a transformation into the crypto and blockchain world. When it comes to the online trading industry, positive future development is expected. In recent years, the daily trading volume of the entire brokerage industry has risen to 321 billion USD. A further increase of the daily volume is expected in the future.<sup>9</sup> Looking at the steady increase of users of the leading apps in the social trading and gaming area, the overall market climate is very positive.<sup>10</sup>

### 3.2 NAGA ENTITIES

NAGA identifies itself as a group of FinTech companies serving customers around the globe. NAGA is also active in Asia, in which its services/products are already offered, and marketed. As part of the Asian initiative of the company, also based on NAGA's existing relationship with its largest shareholder Fosun, connections with Asian based brokerage companies have already been developed and will be publicly announced in 2018.

NAGA is committed to creating a system dedicated to social trading and investing in financial instruments, virtual goods and cryptocurrencies. NAGA's goal is to make a complicated market simple, fun, social, entertaining, rewarding and safe for everyone – especially for 2 billion underbanked people.

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<sup>7</sup> <https://www.nagatrader.com/become-partner-broker/>

<sup>8</sup> <https://www.interactivebrokers.com/en/home.php>

<sup>9</sup> <http://www.leaprate.com/retail-fx-volume-index/> (entire section)

<sup>10</sup> Analysis of the leading social trading app/network providers and their user numbers

### 3.2.1 NAGA TRADER – the Social Network for Traders

NAGA TRADER is a subsidiary of NAGA, offering a unique concept that enables retail clients to trade Forex, Indices, Stocks, ETFs and CFDs by copying other traders. The company has been operating since June 2016 and currently has partnerships with 8 brokers.<sup>11</sup> NAGA TRADER offers trading functionality within the environment of a social network. The platform is thus intended to be more appealing to younger users, who have not dared to enter into the complex financial markets world before. It opens the trading world to a much broader audience, such as gamers, who can start with a virtual demo version. The platform offers an environment to the user in which he/she can share knowledge with other users, copy the trades of others, and trade or invest money. Besides the option to open an account with NAGA, the product enables the user the freedom to link one of their already existing brokerage accounts with NAGA TRADER.

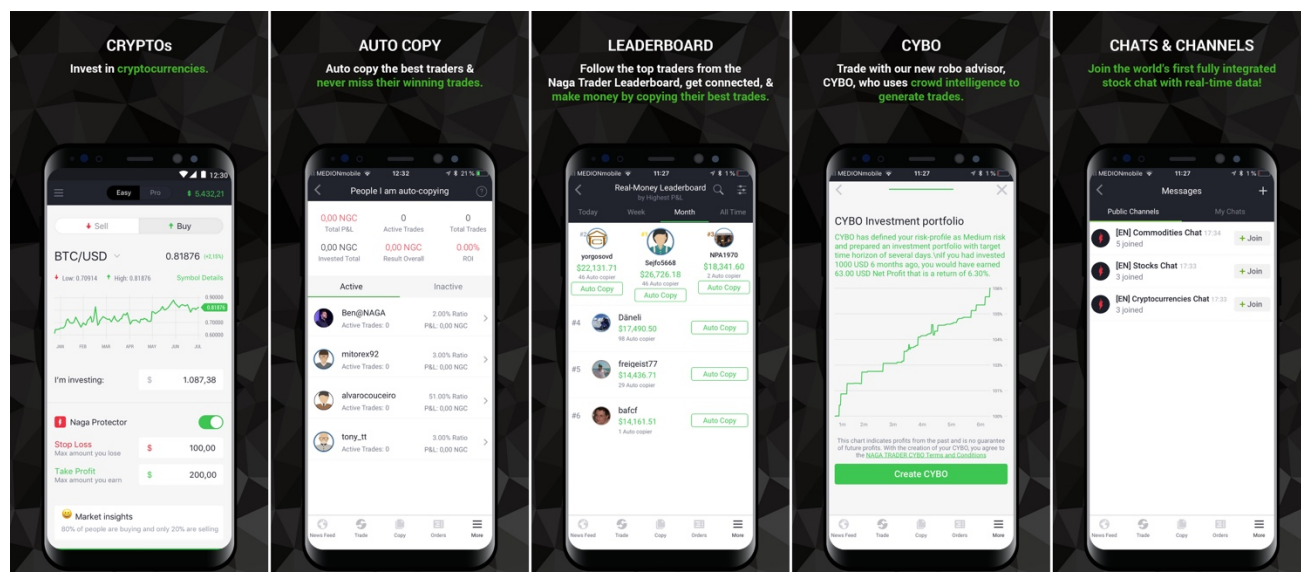


Figure 4: NAGA TRADER Features

If a user shares his trades with the community and gets copied by others, NAGA TRADER pays a compensation bonus to the trade initiator. As a result, traders have the unique potential to passively earn money while trading on the NAGA TRADER platform. The compensation is directly credited to the user's account and can be withdrawn at any time. If a trader decides to copy a trade, there is the possibility to copy one single trade or to copy all the trades of a single trader (auto-copying).

NAGA TRADER provides a stand-alone offering in comparison to other social trading networks, like eToro or Ayondo, which just offer the possibility to just copy all trades of a single trader within the network. On NAGA TRADER each trader can be the expert. NAGA TRADER also offers its users the possibility to follow other users, and to subscribe to and comment on news and user interactions. In addition, the platform offers a full robo-advisory solution. The algorithms and artificial intelligence

<sup>11</sup> <https://www.nagatrader.com/become-partner-broker/>

of CYBO are described below. The simple and easy-to-use interface, combined with various features, have led to high user loyalty with users spending on average more than 23 minutes on the platform, a figure which exceeds the average daily usage of apps such as Facebook, Snapchat, Twitter, or Instagram.<sup>12</sup>

NAGA TRADER is by definition a software company acting as an Introducing Broker (IB) and holding the required licenses through a partnership (umbrella regulation) with NAGA Markets Ltd. NAGA TRADER generates its revenues mainly through commissions on transactions. Moreover, NAGA TRADER also follows a B2B approach which is based on its advertisement server and big data analytics.

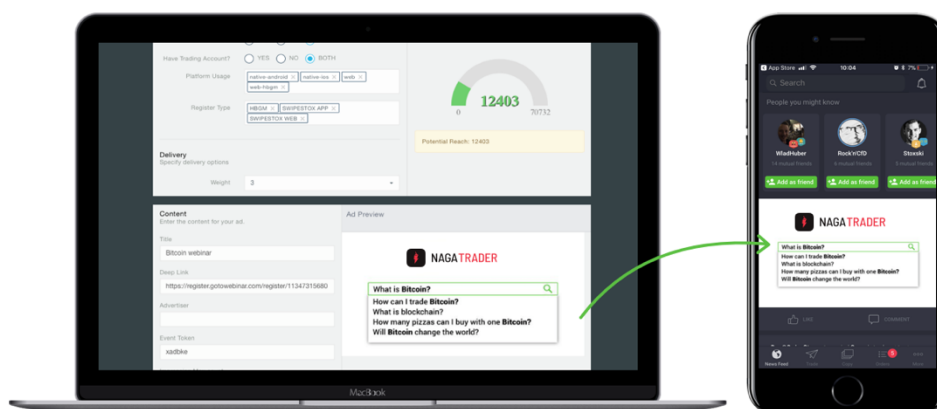


Figure 5: NAGA TRADER In-App Advertisement Management

### 3.2.2 NAGA VIRTUAL – Virtual Goods Exchange

NAGA VIRTUAL will be the first legal market eco-system for virtual goods, which will enable gamers, game developers and publishers to profit fairly. Furthermore, NAGA VIRTUAL will enter the immense games market with over 1.8 billion gamers<sup>13</sup> and over \$108 billion<sup>14</sup> in revenues worldwide. In light of the fact that there are still nearly 50% of the world population<sup>15</sup> without internet, the number of gamers will most likely increase over the next few decades and the games market will be far more significant as new generations grow up with games/gamified content around them. An indication of the hidden potential in gaming can be seen in the E-Sports market, which has seen an explosive revenue growth in the last few years from \$325 million in 2015 to over \$696 million in 2017, with the prediction that this will grow again to \$1.5 billion in 2020.<sup>16</sup>

NAGA has set up a 2-step-plan. First, NAGA VIRTUAL aims to disrupt the gaming industry. Secondly, a marketplace will be opened for other virtual items. The NAGA VIRTUAL platform will be the first

<sup>12</sup> Sensor Tower, U.S. usage for July 11/2016

<sup>13</sup> <https://mygaming.co.za/news/features/89913-there-are-1-8-billion-gamers-in-the-world-and-pc-gaming-dominates-the-market.html>

<sup>14</sup> <https://newzoo.com/insights/articles/the-global-games-market-will-reach-108-9-billion-in-2017-with-mobile-taking-42/>

<sup>15</sup> <http://www.internetworldstats.com/stats.htm>

<sup>16</sup> <http://wccfttech.com/report-esports-market-reach-696-million-revenue-year/>



independent, safe and legal virtual goods exchange accessible to all gamers and all publishers equally. Users of the platform will be able to buy items for their games from both the publisher and other users of the platform, offering a first and secondary market for in-game items. The secondary market will allow players to offer their items to other players for sale or acquire the items of others to use in their particular games. NAGA VIRTUAL therefore aims to be both the Amazon and eBay for in-game items.

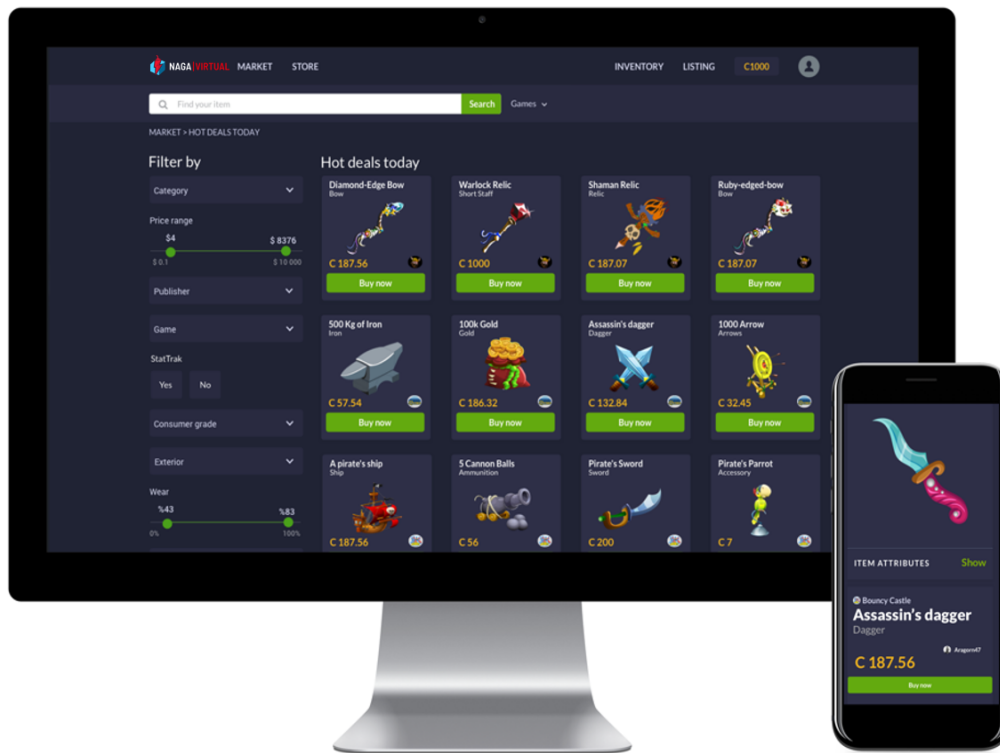


Figure 6: NAGA VIRTUAL – Desktop Item View & Mobile Item View

Any item entering the NAGA VIRTUAL system will be secured through a blockchain-technology-based system and therefore this exchange will be secured against fraud and scamming. The legitimacy of the in-game items, its origins and the sellers right to sell will be verified and therefore NAGA VIRTUAL will ensure a seamless and safe transaction between users.

Players will be able to transfer their items into and out of the NAGA VIRTUAL-platform without having to worry about security. It can be stated that NAGA VIRTUAL will provide a legal alternative to the grey markets that exist today, where virtual goods (in-game items) can be bought and sold legally. NAGA VIRTUAL is not only a marketplace for offers but also a fully integrated clearance and settlement system which ensures that items will be automatically transferred to the new owner's game – upon the user's wish. In order to manage the virtual goods – regardless of their origin (e.g. games, concert tickets or any virtual good) – the NAGA VIRTUAL platform will always have a direct and secure connection to the virtual goods providers.

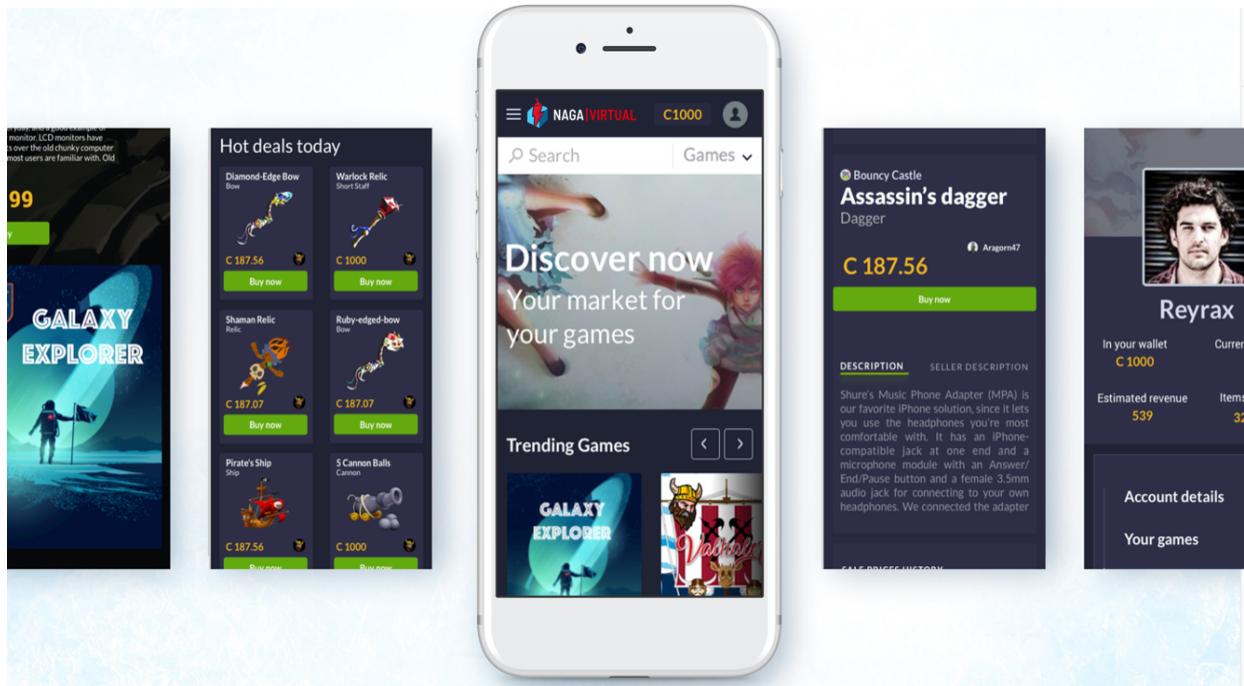


Figure 7: NAGA VIRTUAL – Mobile Platform

Currently the project is in alpha and has acquired the first publishers to embrace the platform. The open-beta is expected in Q1 2018. The first NGC-related revenues are expected to be generated in Q3 2018.

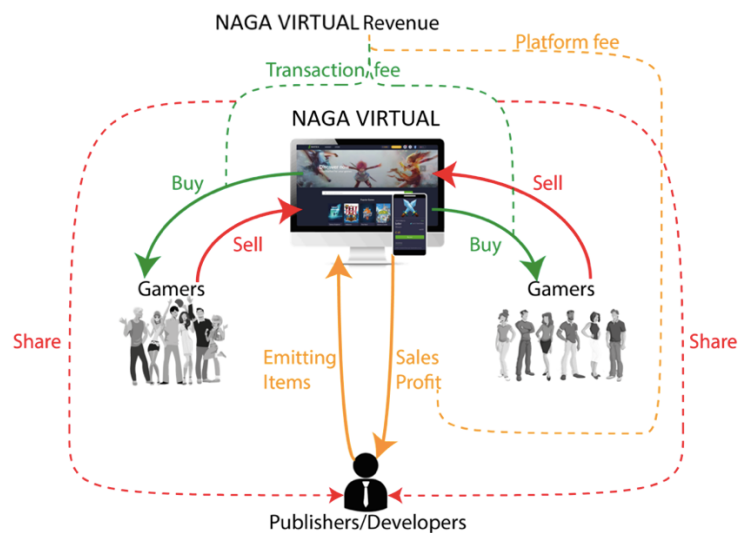


Figure 8: NAGA VIRTUAL – Simplified Business Model Overview

NAGA VIRTUAL will use its own private artificial currency “NAGA VIRTUAL Coins”, which will enable a legal and safe way of buying virtual goods on NAGA VIRTUAL. Token holders of NGCs will have the unique and limited possibility to exchange their NGCs to NAGA VIRTUAL Coins and thus experience many advantages described in the chapter below (“Benefits of NGC usage”).

### 3.2.3 CYBO – Robo-Advisory Solution

In June 2016, the NAGA Team came up with the concept of “CYBO”, an investment robot which analyses crowd trading and combines this with artificial intelligence, making it the first investment advisor which is driven by human (crowd-based) & artificial intelligence. CYBO is an automated, algorithm-driven financial planning service. The idea behind CYBO was the creation of a high-end, technology-driven (as opposed to human interference) system that manages investments. This is achieved in a multi-step process. CYBO learns the client’s personal preferences and investment objectives. While the client can adjust his risk preferences and investment objectives at any moment, CYBO operates on the most recent and up-to-date information provided.

CYBO combines decades of experience in the brokerage business with state of the art technology. NAGA TRADER users are offered a unique additional benefit, as CYBO collects, calibrates and computes the intelligence of the crowd and reduces individual client’s mistakes in trading. It helps a client to eliminate emotional reactions and missed trading opportunities. CYBO is a script/software that runs on a mobile device, desktop or tablet. It was designed in a way to copy the best trades of the top NAGA TRADER traders. CYBO analyses individual traders’ past performance and monitors the current positions. CYBO constantly monitors numerous financial and technical market indicators, like market volatility, market trends, price action, upcoming news, and economic events. It picks only the best trades that fit the criteria NAGA TRADER has developed. CYBO’s key priorities are the following:

- Provide the best market opportunities.
- Control risk and trade more profitably.
- Diversify between followed traders and selected trading instruments.
- Provide a comfortable way of trading.

The user decides when to start, pause or completely disable their personal CYBO. Furthermore, the user is able to set his/her individual trading preferences. Referring to NAGA TRADER back-testing period between June 2016 and July 2017, CYBO outperformed other peer-to-peer investment advisors. Given an investment allocation of €10,000, a CYBO was able to generate an annual return of €1,600 (over 16%). Compared to the best robo-advisory solutions available in Germany, which is solely focused on one core product (for example Scalable Capital or Ginmon who raised over \$50m in Venture capital), they achieved a performance return of 12.1% in 2016<sup>17</sup>. Besides the individual advisory approach, it is planned that CYBO will soon be managing a “CRYPTO INDEX FUND”, allowing every token holder to benefit.

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<sup>17</sup> <https://www.crunchbase.com/organization/scalable-capital>

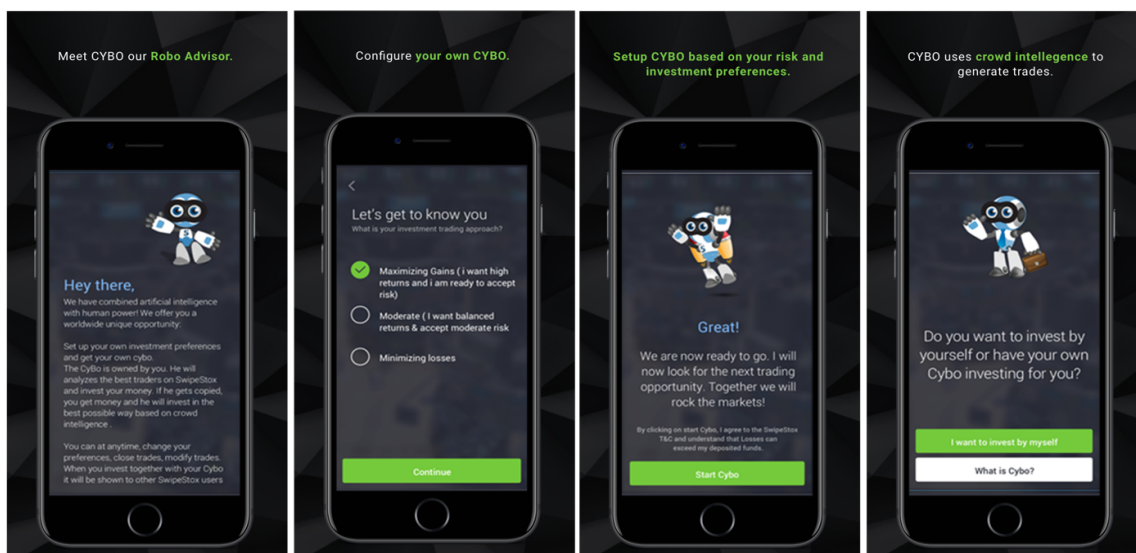


Figure 9: CYBO Gets Ready for Trading

In 2017 the idea of managed portfolios and index fund portfolios has been on the rise. To shake things up NAGA TRADER decided to provide its users with liquid exposure to the cryptocurrency asset class by introducing a “CRYPTO INDEX FUND” managed by CYBO. This absolute-return investment product will cover TOP10 potential cryptocurrencies. CYBO will recalculate and re-balance the INDEX on an automated repeating frequency. The fund’s investment approach is opportunity driven and “cryptocurrency-picking”. It is planned to include NAGA Tokens as a reference for the index-price-calculation and reporting.

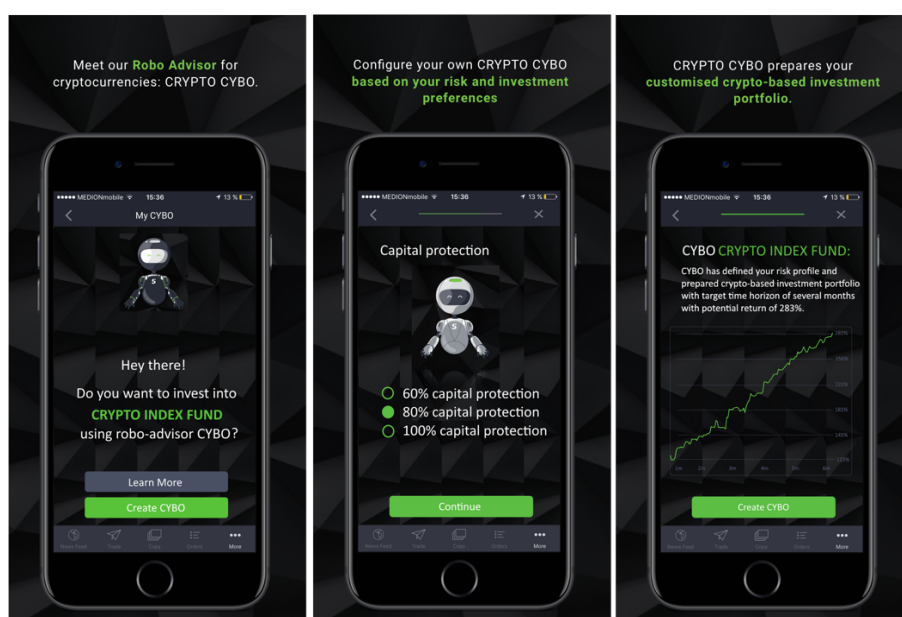


Figure 10: NAGA TRADER CRYPTO CYBO

### 3.2.4 NAGA Markets Ltd. – Online Brokerage

NAGA Markets is a licensed and regulated European broker. A regulated Investment Services Firm in the conduct of its activities by the Cyprus Securities and Exchange Commission (CySEC) under the CIF License Number 204/13 and registered with FCA (FSA, UK), under reference no. 609499.

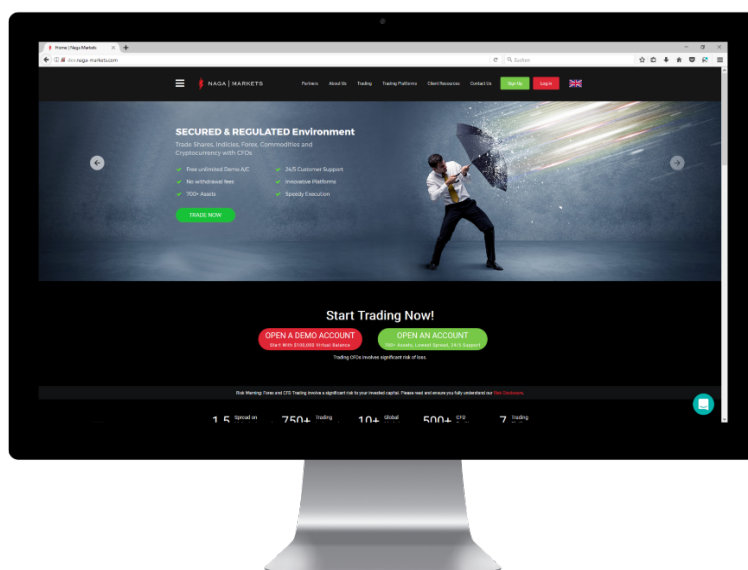


Figure 11: NAGA Markets – Desktop View

Based on the European Passport, the company may also render these services across borders to clients seated in other members or treaty states of the European Economic Area. The company has assembled a team of experts with many years of experience in the financial markets to provide its clients with the best execution possible. NAGA Markets clients can trade all the instruments available, including Stock CFDs, Stock Indices CFDs, Forex, CFDs on Precious Metals and CFDs on Energies.<sup>18</sup>

NAGA Markets maintains clients and operational bank accounts with EU banking institutions of great repute. Clients' funds are held in segregated bank accounts with world renowned tier 1 banks. In addition, NAGA Markets is a member of the Investor Compensation Fund (ICF). The Investor Compensation Fund ensures that the Company pays compensation to all clients in the unlikely event of the Company becoming insolvent or having to suspend its services of up to EUR 20,000 per client. NAGA Markets has heavily invested in technology and client education to ensure that its clients are fit to trade under the best conditions. They aim to educate its clients in co-operation with the NAGA Academy to provide practical and real-life education passed on by industry leading and credible educators.

### 3.2.5 NAGA Academy – Online Trading University

NAGA Academy is planned to be launched in Q1 2018. The academy will be launched in cooperation with a leading Cypriot educational institution with over 20 years of experience, offering UK bachelor

<sup>18</sup> <http://www.contracts-for-difference.com/what-is-a-cfd.html>

and master degrees in Business Management, Accounting, Law, etc. The NAGA Academy will offer online training through webinars and web-based courses, as well as offline education through classes, workshops and seminars in financial trading, FinTech technology, cryptocurrencies and virtual goods trading/economy. NAGA Academy offerings can be acquired using NGC as well as other crypto and fiat currencies via the NAGA WALLET.

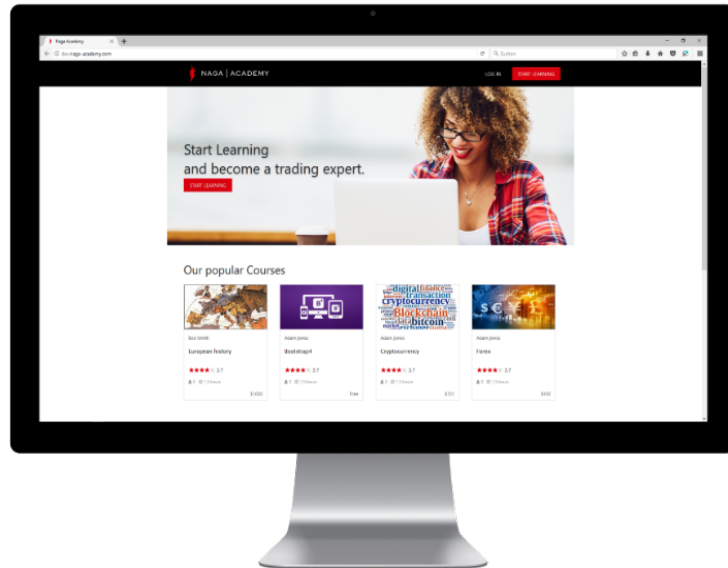


Figure 12: NAGA Academy – Desktop View

NAGA Academy combines the advantages of an always available online academy with those of a stationary university. Everyone is welcomed to join its vast programs, which are specifically tailored by proven experts and professionals. Its students will have the opportunity to choose their preferred courses, according to their needs and in fitting with their lifestyle. Through NAGA Academy's Degree system, it is easy to either learn from scratch, refresh, or even master one of the 4 offered educational paths.



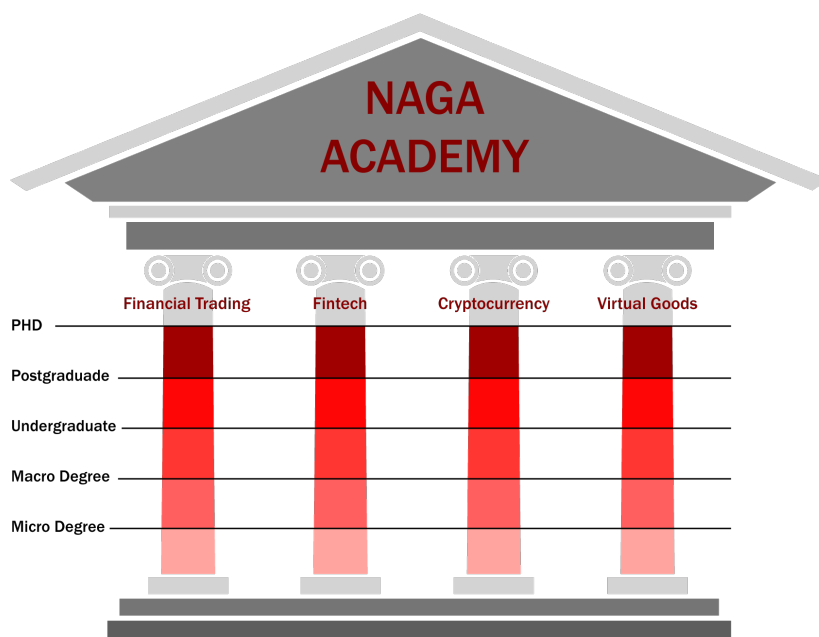


Figure 13: NAGA Academy Structure

Each of the 4 majors (Financial Trading, FinTech Technology, Cryptocurrency and Virtual Goods) can be mastered by completing the Degree Ladder, beginning with the Micro Degree. The very first Degree gives an overview of the topic and provides the most essential knowledge. Higher Degrees provide more insight, diversify the topic in further branches, and go more and more into detail until the point where the student has reached both Micro and Macro Degrees, which allows the student to apply for an undergraduate program. The NAGA Academy will operate fully within European regulations and thus the academic degrees will be internationally acknowledged.

Students can also profit from the immense business network of The NAGA Group AG, such as investors, shareholders and business partners. Internships, on-side case studies and the possibility to become a student employee will be the very unique benefits for the students during their studies. NAGA's experts, professors and proven professionals will support the students on their way of success.

The goal is to provide education which offers both, theoretical and practical knowledge for students and industry enthusiasts in their endeavours to reach the top in the financial markets, FinTech and new business sectors (such as virtual goods).

### 3.2.6 NAGA BROKERS

As an introducing broker, operating since 1999, NAGA BROKERS (formerly Hanseatic Brokerhouse Securities AG) focuses mainly on private investors and traders. Thereby, NAGA BROKERS offers its clients unique trading trainings and courses. These very comprehensive training sessions target different audiences with different goals and knowledge bases. Providing them with proven techniques of how to improve their success as a trader, to understand the markets and develop profitable strategies. All these seminars and webinars are built upon the trading systems MetaTrader

4<sup>19</sup> and NAGA TRADER . Through exclusive, valuable and proven content, HBS will attract different customers with diversified and relevant topics. Seminars, webinars and other training generate not only direct revenue through the participation fee but also the long-term engagement and binding of the client. In order to reach out to clients, HBS has a strong sales team of more than 30 people which consists of professional traders and market experts. The company is continuously expanding to new regions and, thus, is capable of increasing its customer base. <sup>20</sup>

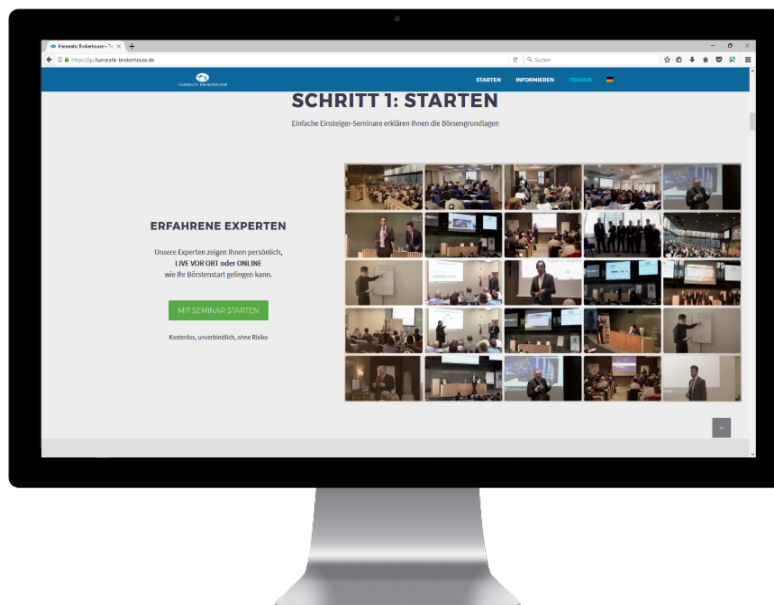


Figure 14: NAGA BROKERS– Desktop View

### 3.2.7 Planned Projects – Peer2Peer Revolution

NAGA also plans to launch two more ventures solving problems in the industry of online trading. Although further details related to the projects cannot be revealed at this stage, the plan is to launch a peer-to-peer platform for CFD and stock trading. The transformative feature of the platform will enable sophisticated retail traders to be trading from their own inventory with a mark-up/down as opposed to acting as the client of an agent who charges a commission.

NAGA has a mobile application in its pipeline that provides face to face currency exchange by matching individuals. By using the app, users will be granted the choice to exchange physical and crypto currencies. The app offers a facility to exchange even small amounts of currency. In its next stage of expansion, the app will allow people to connect with each other and build up a reliable network to exchange money globally.

<sup>19</sup> <https://www.metatrader4.com/en>

<sup>20</sup> <https://go.nagabrokers.com>



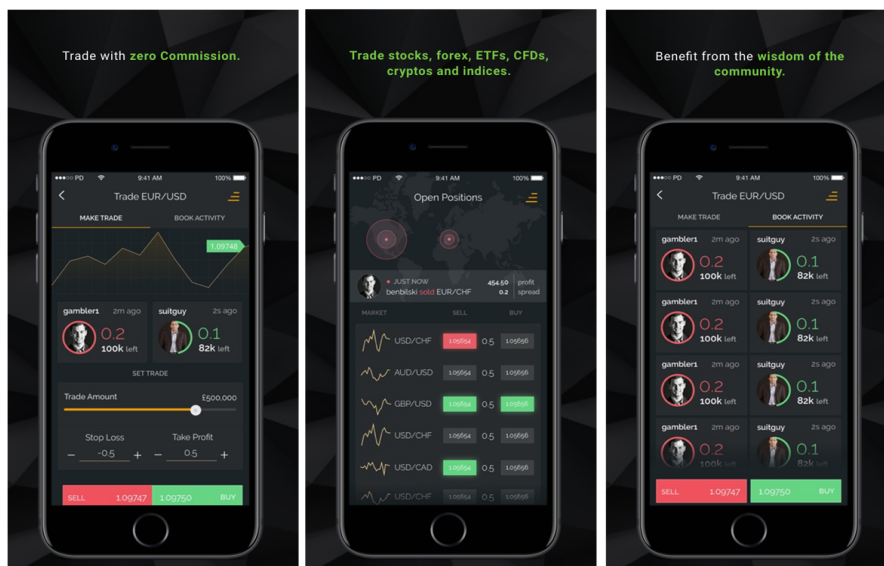


Figure 15: Zero Commission Peer2Peer Trading Platform

### 3.2.8 Planned Projects – NAGA WEALTH

With NAGA WEALTH, NAGA will add high-quality Asset Management solutions to its ecosystem.

- Choice of investment baskets based on strategy, asset classes and industries.
- Allows micro-investments with flexible amounts.
- The project is backed by Hauck & Aufhäuser, Germany's second oldest private bank (founded in 1796).
- Fund with and invest in cryptocurrencies.

### 3.2.9 Planned Projects – NAGA GUARD

The aim of NAGA GUARD is to make the financial, virtual and crypto market transparent again. With comprehensive and personalised web-based dashboards for long-term investors and day traders. In this respect, the NAGA GUARD business model includes key partners such as cryptocurrency and fiat exchanges, brokers and data providers to help traders realise investment opportunities in total transparency. The NAGA GUARD platform channels via direct marketing, print media and press releases. At the same time, NAGA GUARD saves clients from scammers with sophisticated risk management tools and indicators. Revenue streams are web-based advertisements, premium services for B2B clients and normalized real-time MD feeds.

### 3.3 COMPETITIVE ANALYSIS

The business model of NAGA comprises the development, marketing and promotion of applications in the area of financial technology and online trading. In this respect, there is a risk that other companies with (much) more human and financial resources could enter the market as a competitor and could possibly copy the business model of NAGA. These companies could offer more attractive and competitive products and services, showing a longer company history, better established customer relationships, and use their experience and resources in different ways in order to compete with NAGA, e.g. through acquisitions, aggressive investment in marketing, or the offer of more attractive conditions for customers, service providers and business partners. In addition, other start-up companies, could get access to equity and debt capital significantly easier than NAGA. As a result, NAGA might grow slower than expected thus losing its customers to its competitors.

NAGA offers an operational business unit headquartered in Hamburg with additional operational units in Madrid, Barcelona, Valencia, Palma de Mallorca, and Limassol. Future locations in Shanghai and New York are planned in order to directly address potential partners in the American and Asian market. Based on the project-oriented corporate structure of NAGA, projects are managed completely independently from each other. NAGA is able to develop cross-platform applications and to provide whole technology interfaces for multiple platforms on desktop and mobile (iOS and Android). The founders of NAGA jointly have long-term expertise and complementary experiences in the fields of banking, law and technology (start-up). Due to the cultural diversity of its employees, NAGA is highly internationally oriented and is in a position to provide up-to-date technologies, system processes and structures, both in IT and business.

Since the start in 2015, NAGA has gained the trust of strong and internationally partners. In particular, NAGA partners are Hauck & Aufhäuser and Fosun. Existing and future partnerships are utilized by the exchange of knowledge, technology expansion, and synergy effects, allowing each partner to benefit from the network. The NAGA TRADER technology is the cornerstone of all NAGA products. It is adaptive, so that new business models can be implemented quickly and efficiently. The prototype for the planned software NAGA VIRTUAL is based on these modules. Thanks to the technological focus of NAGA, numerous new projects and innovative functions can be developed in short time periods, allowing the company to move fast and to scale aggressively.

	 NAGA   TRADER	FX Brokers	Social Trading	Equity Brokers
User Experience	Pure gamification	Boring & complex	Complex	Very complex
Social Network Features	Social & engaging	No	Limited	No
Average Daily Time Spent	High (23 min daily)	Low	Med	Very Low
Mobile Device Support	Mobile first (optimized for mobile devices)	Limited & non optimized	Non optimized	Limited
Transparency	High transparency	Low	Non transparent & complex	Low
Trading Instruments	FX, Indices, commodities, ETFs, CFDs, Cryptocurrencies	FX, Indices, commodities, ETFs, CFDs	Limited	Stocks
Cryptocurrency Trading	Cryptocurrencies: BTC; ETH; LTC; XRP; DASH	Limited	Limited	No
Funding Methods	Credit/debit card, bank wire, e-wallets, Cryptocurrencies	Credit/debit cards or bank wire, e-wallets	Credit/debit cards or bank wire, e-wallets	Credit/debit cards or bank wire
Funding via Cryptocurrencies	Yes (via Naga Wallet)	No	No	No
Minimum Deposit	Low	Med	Low	High
Risk Management Features	High (NAGA TRADER Protector™)	Limited	No	Very limited
In-Platform Education	NAGA Secrets	Low	Med	Low
Robo-Advisory	CYBO	No	No	No
Auto Copying	Yes	No	Yes	No

**Figure 16: NAGA TRADER – Competitor Matrix**

The entire NAGA TRADER system, for instance, is self-learning and has established a “Social Finance Graph” which is a specifically designed algorithm that combines social-based user interaction with a user’s trading interactions and correlates with the interaction of other users. With each interaction of users, be it trading, copying, sharing or consuming content, the system learns personal preferences of individual users. The collection of user’s social-economic data is used to segment specific user groups and target their preferences. This approach is key to more effective inbound marketing and enhances the scale effects of the platforms. Within the first months of operations of the NAGA TRADER platform, the following advantages in comparison to its competitors were observed:

- Customer acquisition is up to 5 times cheaper than the industry average according to internal evaluations.
- Customers use the app as a social network and spend an average of 23 minutes per day on the platform, (Comparable to Facebook, Snapchat with usage times between 1 and 40 minutes per day).<sup>21</sup>

<sup>21</sup> <http://www.businessinsider.de/how-much-time-people-spend-on-snapchat-2016-3?r=US&IR=T>; <http://www.socialmediatoday.com/marketing/how-much-time-do-people-giving-social-media-infographic>)

- Existing users refer new users free of charge through recommendations (so-called viral growth). The issuer's internal evaluations show lower customer acquisition costs compared to competitors.

	NAGA VIRTUAL	Enjin	Steam	OpSkins	Battle.net shop
User Experience	Easy to trade and optimized for quick use	Very complex for the user	Outdated UI with mediocre user experience	Settlement and Clearing are not easy and only for experienced users	Good UI but only a few offers
Access for Every Game Publisher	Yes	Yes	Limited	No	No
Unique and Individualized B2B solutions	Yes (fully adjusted service to game publishers)	Unknown	Yes	No	Yes
Player to Player sell/buy	Fully dedicated market for player to player trades	Yes (only via smart-contracts)	Yes	Yes	No
Mobile Device Support	Responsive design for many screen sizes	Yes	Limited	Yes	Yes
Transparency	Full transparency	Unknown	Medium	Medium	High
Support Gaming Platforms (PC, Console, mobile etc.)	Yes (Switex has an open and universal API)	PC & Mobile	PC (Linux/Windows) & mobile app	PC & Mobile (dependent on Steam market)	PC, console, mobile
Trade Limitations	Almost no trade limitations	Unknown	Yes (Strong restrictions)	Dependence on Steam	Yes
Game Publisher and Player auctions	Yes (Q3 2018)	No	No	No	No
Funding via Cryptocurrencies	Yes	Yes	No	Yes	No
Legal	Yes (freedom for virtual good trading and legal ownership)	Grey Area (unregulated)	Yes	Grey Area (unregulated)	Yes
Fraud Probability Within the Eco-system	Low (direct connection to the game publisher)	Medium (dependency on 3rd party settlement & clearing)	Medium	Medium	Low
Publisher can directly issue new items onto to market	Yes (admin tool)	No	Yes (steam eco-system required)	No	Yes (blizzard eco-system required)
Legal cash-out option	Planned (as soon as Switex will pave the way for it)	Yes (but in an unregulated area)	No	Yes (considered to be a grey market)	No

Figure 17: NAGA VIRTUAL – Competitor Matrix

It is estimated that there are around 1.8 billion gamers worldwide.<sup>22</sup> As the accessibility to the internet highly correlates with the number of gamers, there is still a lot of potential left in this market. Also, the increasing dominance of the mobile sector (mobile phones, tablets etc.) leads to a wider coverage with gaming enabled products, such as today's smartphones & tablets. In 2018, it is predicted that the mobile sector will outperform the traditional Consoles and PCs sectors in the global gaming industry, which will then be worth \$112 billion.<sup>23</sup> Despite this being such an immense and significant market, there are still many rudimentary problems. Fraud, scamming, and money laundering are still big issues in the so-called "black-markets" for virtual goods. Gamers who trust these kinds of services will most likely suffer from being scammed and lose either their money or item because there is no trustworthy system which ensures the transaction.

NAGA VIRTUAL will solve these issues by offering a legal, trustworthy and easy way to trade items. It is estimated that the virtual goods market worldwide is worth over \$40 billion (2016).<sup>24</sup> The global games market has continuously grown with over 8% CAGR since 2013.<sup>25</sup> This market in particular brings very promising business opportunities for NAGA VIRTUAL, since there are no other consolidated, legal and widely accessible cross-gaming-platform and cross-games-trading platform such

<sup>22</sup> <https://mygaming.co.za/news/features/89913-there-are-1-8-billion-gamers-in-the-world-and-pc-gaming-dominates-the-market.html>

<sup>23</sup> <https://newzoo.com/insights/articles/global-games-market-reaches-99-6-billion-2016-mobile-generating-37/>

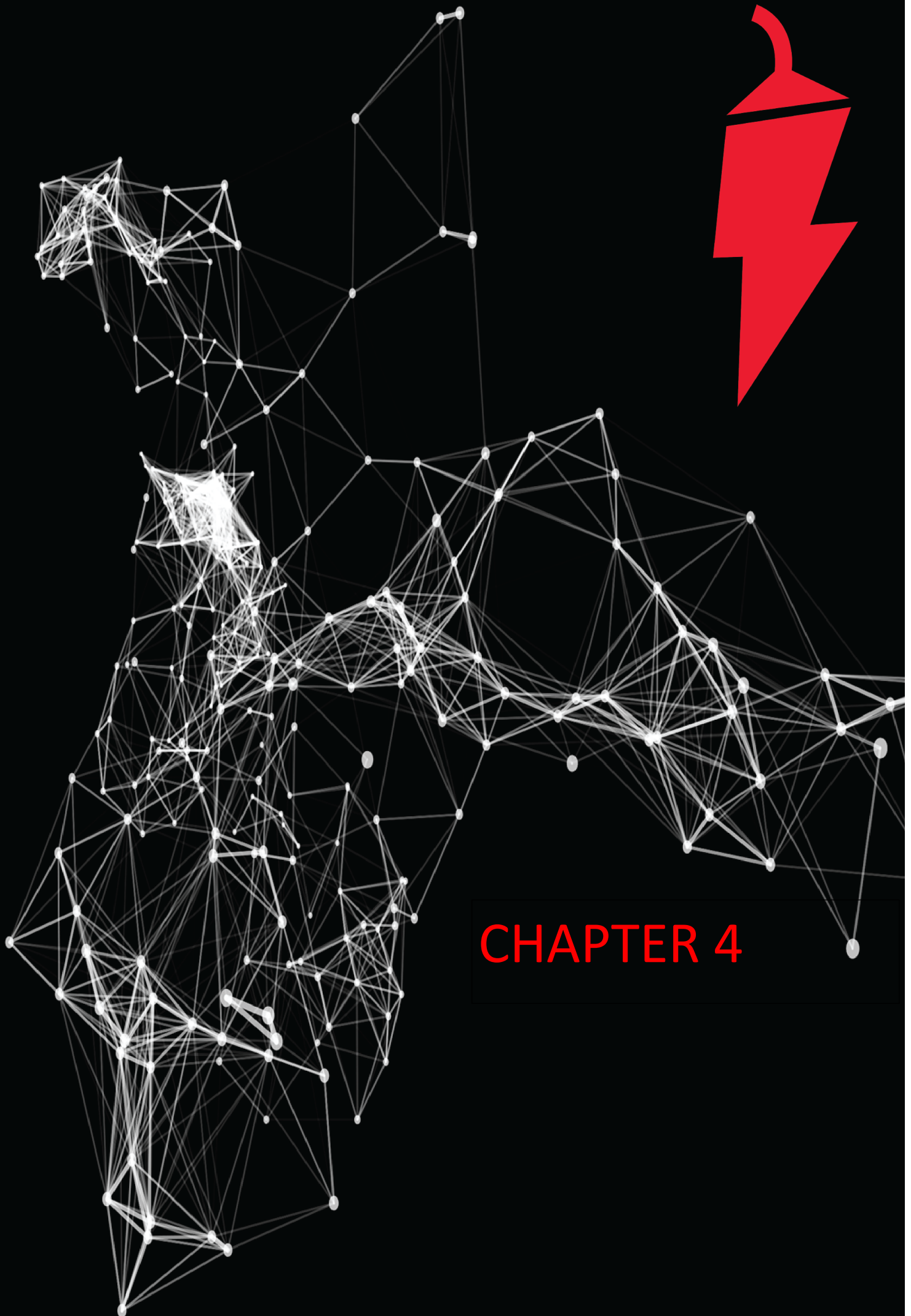
<sup>24</sup> 14\_XXX\_Superdata Research\_Users\_Virtual Items Market Global total

<sup>25</sup> <https://newzoo.com/insights/articles/global-games-market-will-reach-102-9-billion-2017-2/>

as NAGA VIRTUAL will be. Moreover, NAGA VIRTUAL will always have a direct link to the game publisher and thus ensure a safe, legal and convenient way for the gamer to trade items and for the game publisher (or developer) to promote new items, activate gamers, and participate in its users' activity in the vast NAGA VIRTUAL eco-system. NAGA VIRTUAL sees the following points as advantages over similar or black markets:

- NAGA VIRTUAL will be the first open, transparent and fair platform for virtual goods.
- NAGA VIRTUAL will always have low fees.
- Virtual goods from mobile games could be transferred to a user with a pc-game (if this is allowed by the game publisher).
- NAGA VIRTUAL has received huge interest from Asia and is currently in very close discussions with big and influential game publishers from that region.

In NAGA VIRTUAL' opinion, the amount of data generated within the NAGA Ecosystem in comparison to other services, and on the basis of the relatively high daily usage times of users, allows additional income through targeted marketing (via its own add-server) and to market according to specific user characteristics. Likewise, the data volume leads to faster adaptation of self-learning algorithms, such as the self-developed CYBO technology, allowing each user to automate his trading by using a robo-advisory tool according to their preferences.



## CHAPTER 4



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## 4. THE NAGA COIN

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### 4.1 TOKEN SUPPLY AND SPECIFICATIONS

A total of over 77 million NAGA tokens were issued on the Ethereum blockchain using a smart contract. NGC complies with the ERC-20 standard and is freely transferable on the Ethereum platform. NAGA tokens do not indicate ownership of a company, NAGA does not pay dividends, and NGC holders do not earn any direct interest (which – by the way – qualifies NGC as a Sharia-compliant Islamic investment opportunity).<sup>26</sup> The token is an integral part of NAGA's economy, and its value reflects the degree of penetration and activity within the platform. The more NGC are being used within the NAGA Ecosystem – and thus driving customer adoption – the greater the demand for NGC will be. As NAGA's popularity grows and more users join the platform, new features will be released, which will further increase the interest among NGC token holders. The exact details about the token creation, the token sale, the distribution as well as the proceed allocation can be read in chapter 5.

### 4.2 NAGA WALLET

The NAGA WALLET is the ideal multi-currency payment gateway, which allows to control numerous forms of digital payments simultaneously. NAGA WALLET is the first fully-automated, user-friendly wallet on the market. The benefits of NAGA WALLET is the high level of security. When it comes to cryptos, security is what matters most. The NAGA WALLET ensures the highest possible level of security thanks to its decentralised data storage. The wallet allows the seamless conversion of Coins and NGC into EUR or USD. While we all love participating in interesting ICOs with amazing business ideas, the process of signing up and purchasing tokens is often complicated and time consuming. With the NAGA Wallet, investing in ICOs only takes one click. The NAGA WALLET being an integral part of the NAGA Ecosystem, it seamlessly interacts with NAGA TRADER and the NAGA CARD, offering a whole new level of investment opportunities across all asset classes.

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<sup>26</sup> <https://www.theguardian.com/money/2006/jun/13/accounts.islamicfinance>

## MEET NAGA WALLET

## Cryptocurrency Investing Simplified

- 1,200+ coins: one solution
  - Send coins & tokens via e-mail
  - Buy, store & invest in cryptos
- Get Started

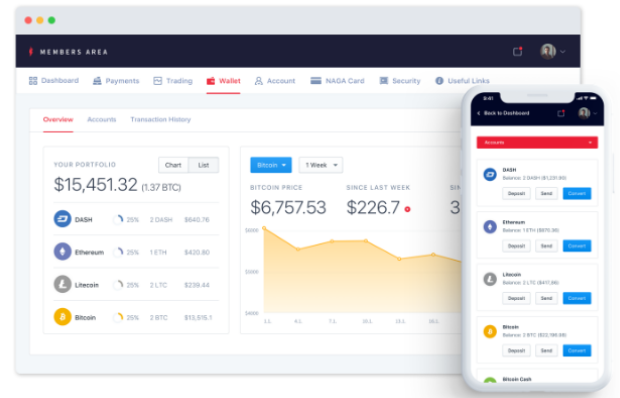
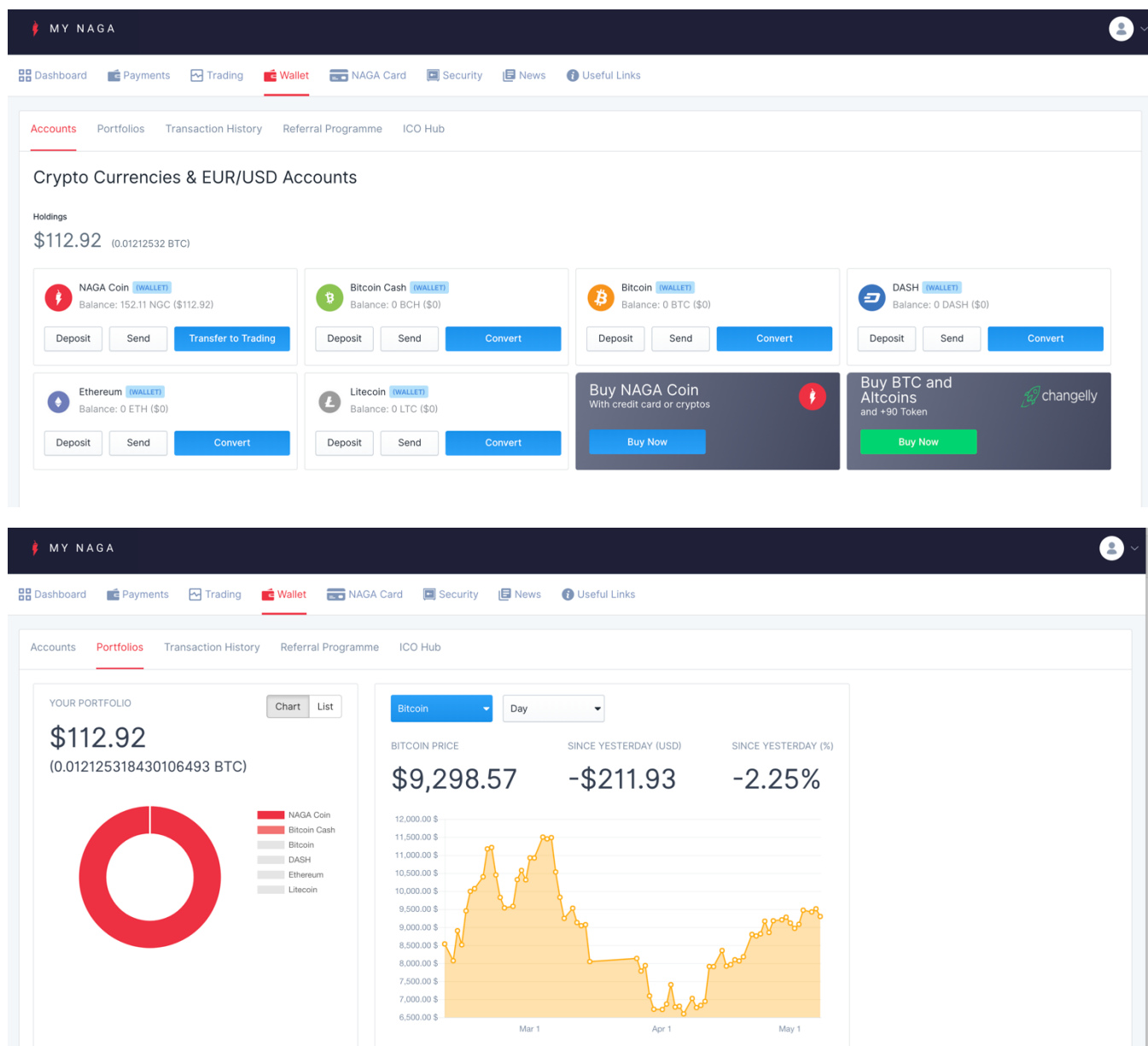


Figure 18: The NAGA Wallet – Simplified UX

The NAGA WALLET plays a central role in the NAGA Ecosystem. It serves as a secure wallet for its users which allows the deposit and exchange of cryptocurrencies and fiat money as well as a solution to invest in stocks or trade virtual goods. The NGC will serve as the universal base currency with direct integration into NAGA TRADER and NAGA VIRTUAL as well as all upcoming products within the NAGA Ecosystem. The web and later mobile application facilitates the storage of all major cryptocurrencies, the easy management of crypto portfolios, simple transfers of funds between peers, and a multitude of other functionalities. Moreover, the wallet will be connected to the leading crypto-exchanges and offer easy investing in selected initial coin offerings with one click.





**Figure 19: The NAGA WALLET – Overview**

Every crypto investor faces the same problem: opportunities to exchange digital tokens for goods and services in our everyday lives are very limited. Buying goods and services with cryptocurrencies should be as easy as buying with USD, EUR, or JPY.

To solve this problem, NAGA introduced the NAGA CARD, allowing users to spend their cryptocurrencies in millions of online and offline locations worldwide. In fact, everyone who purchased NGC is already an early user of the NAGA WALLET. As it allows users to buy NGCs with BTC, ETH, LTC, DASH or with Fiat currencies using their credit card or bank transfer, it is the first Proof of Concept.

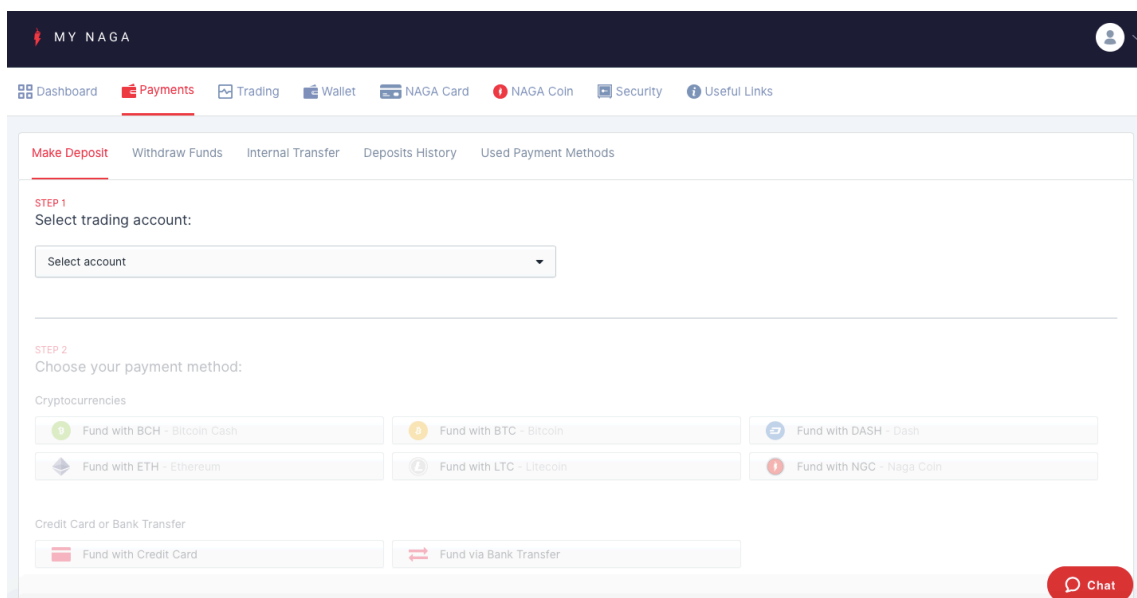


Figure 20: The NAGA WALLET – Funding Methods

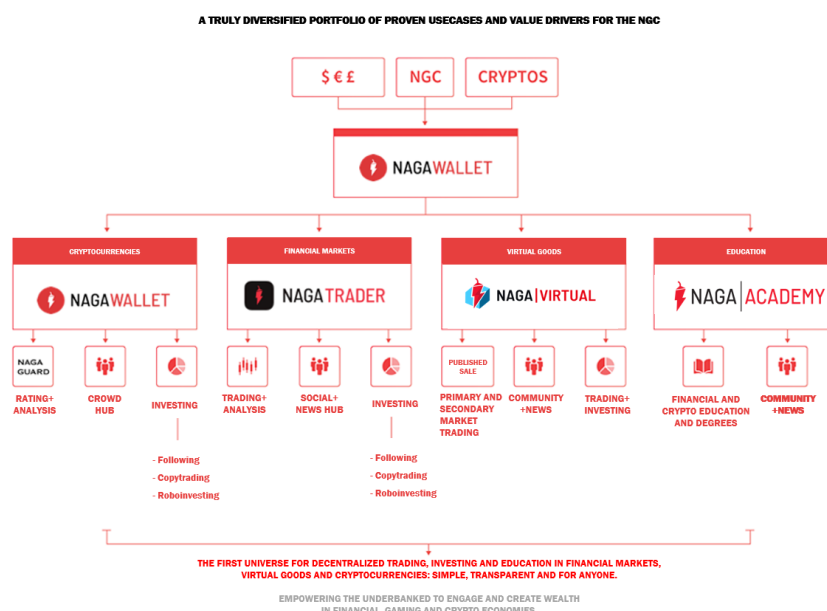


Figure 21: NAGA WALLET Ecosystem

The product advantages of the NAGA WALLET are the following:

- Multi-asset (any blockchain asset compatible with and accepted by the NAGA WALLET).
- Direct integration into NAGA TRADER and NAGA VIRTUAL user accounts and as a payment gateway.

- Best available foreign exchange and transaction fees (with no other charges).
- Decentralised and risk-free storage.
- Dedicated NGC Bonus Wallet inside the NAGA Wallet connected to NAGA Wallet itself, NAGA VIRTUAL and NAGA TRADER. Users will earn a percentage based bonus per transaction volume made on the mentioned platforms. The exact bonus scheme will be published and shaped forthwith.
- NAGA CARD which will be connected to the NAGA WALLET.
- Simple investing in selected initial coin offerings

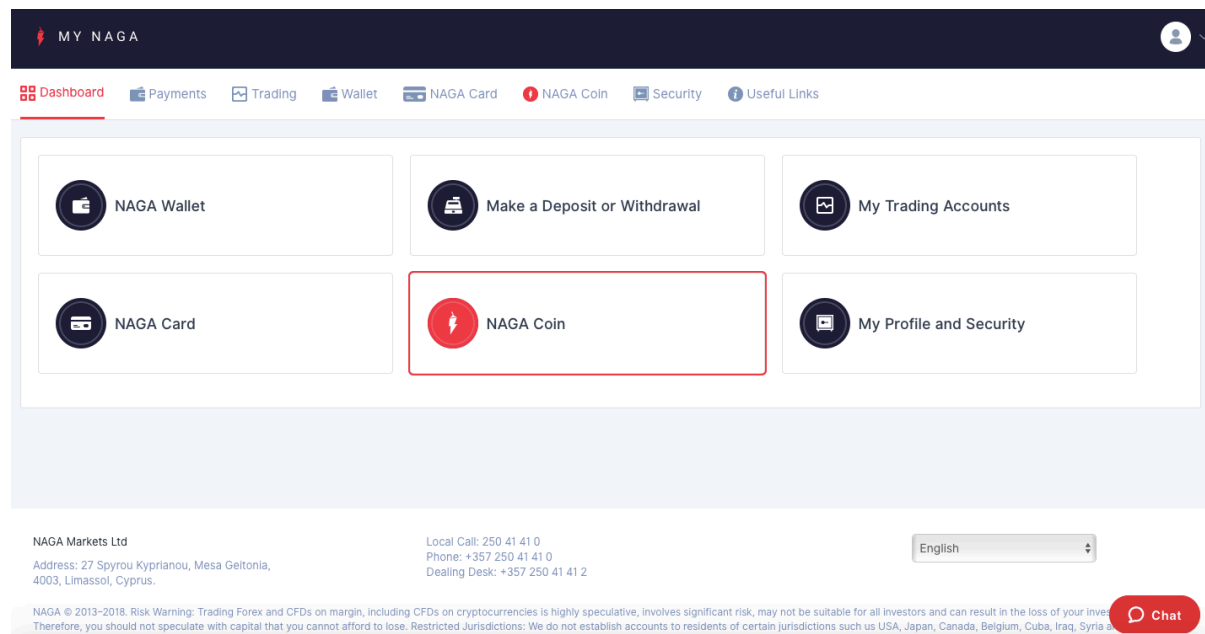


Figure 22: NAGA WALLET Dashboard

### 4.3 BENEFITS OF NGC USAGE

The NAGA Coin serves as the base currency and decentralized unit of account for all parts of the NAGA Ecosystem:

- NAGA TRADER – The Social Network for Traders
- CYBO – Robo-Advisory Service
- NAGA VIRTUAL – The virtual goods Exchange
- NAGA WALLET – The Multi-Asset Cryptocurrency Wallet
- NAGA Academy – Online Trading University

The long-term value of NGC will reflect NGC's adoption and its active user base. Early participants who purchased NGC during the token pre-sale received the tokens at a steep discount, and they will have the opportunity to participate from the start in NGC's traction and growth.

**Why does NAGA TRADER require the blockchain technology to become the leading platform to trade financial markets?**

1. The safest deposit and trading account in the world – The NAGA Coin totally eliminates any counterparty risk against any bank or broker:
2. Your cryptocurrency is stored within your NAGA WALLET without anyone else but you having access to it (no money/cryptocurrency is transferred to any third party).
3. Smart contracts determine available margin to trade.
4. Your profit & loss is simply being credited to / deducted from your account via transparent and safe smart contracts.
5. To enable everyone to trade the financial markets without having to open a bank account or using a credit card company.
6. To cut out banks that add no value to the user.

**Why does NAGA VIRTUAL require the blockchain technology to become the leading platform to trade virtual goods?**

Fraud and fake items as well as safety and security are the core problems of virtual good markets. By signing all virtual goods with the blockchain, NAGA VIRTUAL ensures transparency and safety, as well as a smart contract based distribution of revenues between gamers, publishers and affiliates. The blockchain makes the entire NAGA VIRTUAL ecosystem transparent, efficient and prevents any kind of manipulation.

1. Any fraudulent or scam/hack activity is made almost impossible in a network of trust and constant validity checks.
2. Transactions are secured by smart-contracts, encrypted and double verified with external nodes.
3. Any “movement” of data is tracked and thus is reversible.
4. Enables the user to safely invest cryptocurrencies in virtual goods.
5. Gamers need a fast and secure way to invest and to get what they want, without the hassle of traditional payment methods and the need to involve banks/credit card companies.
6. User and transaction related data is stored anonymously and in a decentralized way.
7. Publishers and NAGA VIRTUAL know as much as you allow them to and other users can only see your username – no account data is exposed to public.

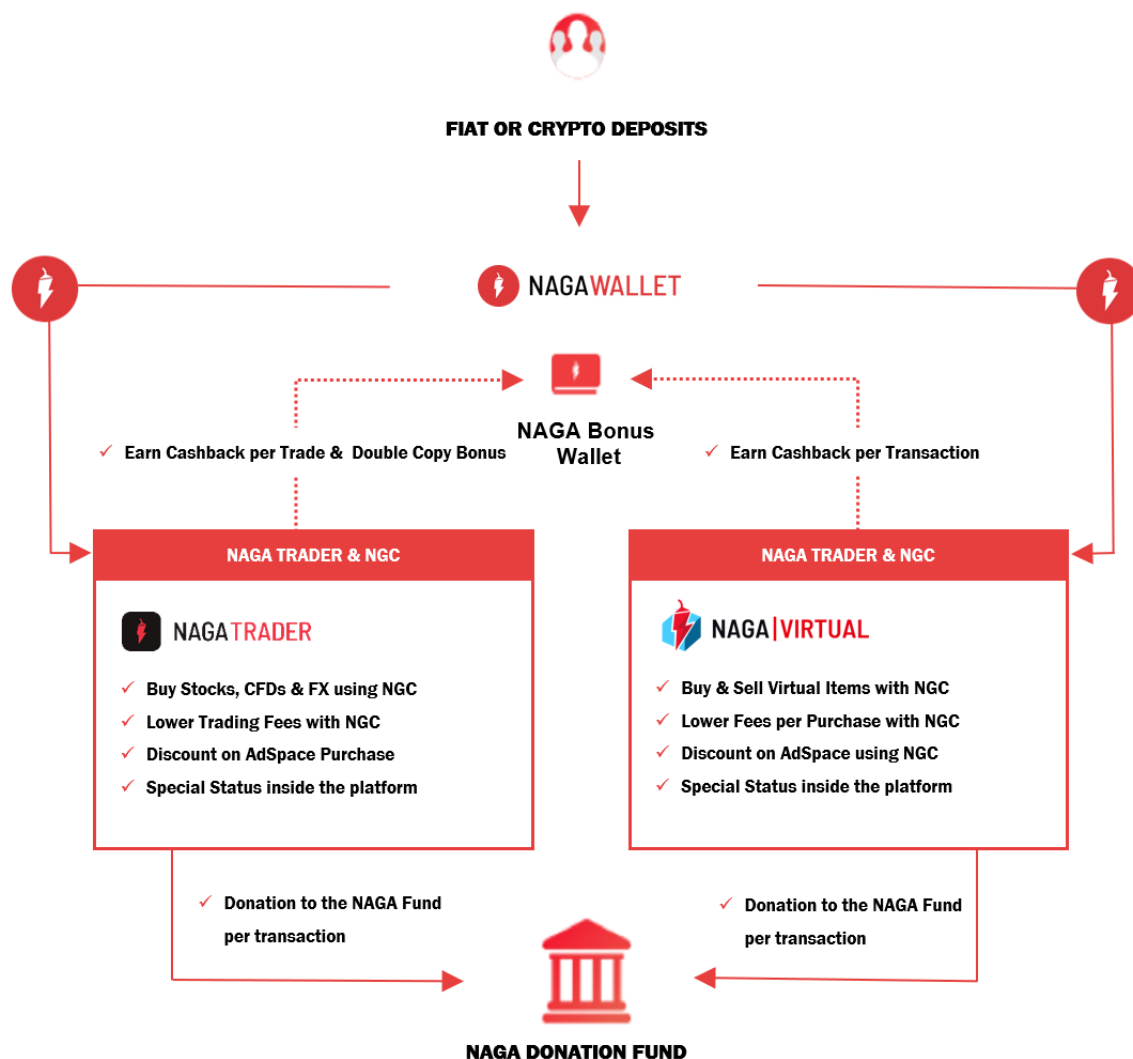


Figure 23: Advantages NGC Usage

The NAGA Coin (NGC) is the backbone of NAGA and will grant its users many advantages and simultaneously incentivize its holders to use their NGC for every transaction within the NAGA Ecosystem.

#### 4.3.1 Usage as Base Currency

Token Holders will be able to use NGC as their base currency on NAGA's platforms. This further implies that token holders will be allowed to trade all kinds of financial instruments or virtual items, using cryptocurrencies. Furthermore, the NAGA Academy will accept NGC, granting users special benefits in comparison to "fiat users".

### 4.3.2 Lower Trading Fees on NAGA TRADER on Every Asset Using a NGC Account

NGC users will pay 50% less on the trading commissions for each trade they perform on NAGA TRADER. If, for example, the fee for an Apple Trade with 100 Apple shares would be \$10 using an USD account and the NGC/USD rate at the time is 1 NGC = \$1, a NGC based account would only need to pay 5 NGC in trading fees.

### 4.3.3 Double Crediting of Copy Bonuses on NAGA TRADER Using a NGC Account

If a user opens and shares trades on the NAGA TRADER platform using an NGC based account, NAGA TRADER will credit a double bonus to the users bonus wallet inside the NAGA WALLET. If – based on the formula below – a copy bonus would result in \$2 and the NGC/USD rate at the moment would be 1 NGC = \$1, NAGA TRADER would book 4 NGC to the user's balance instead of \$2.

The copy bonus is calculated when the user's trade gets copied and opened on the copying users Live Account and is further determined by the particular closing volume (round-turn). The bonus amount depends on the traded volume in USD on Live accounts from other users. Whenever a user gets copied, he receives a real-time push notification of how much Bonus he has made.

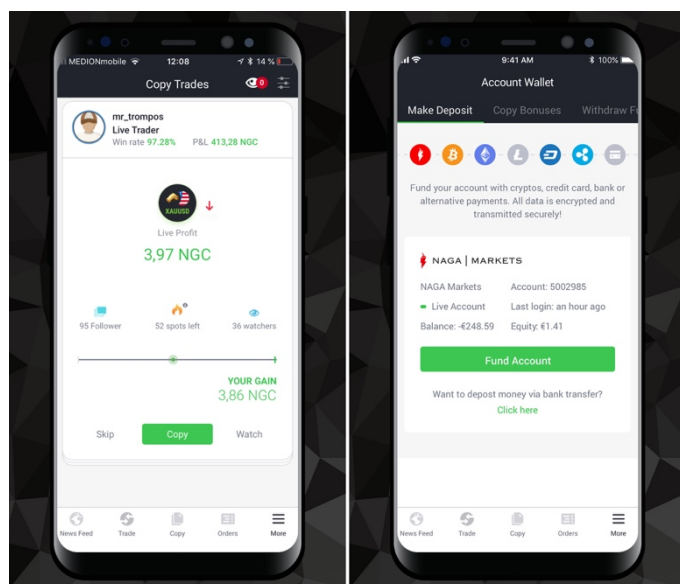


Figure 24: NAGA TRADER Copy Feature

The generated income depends on the number of copiers of the trade and the capital that the particular trade “moves”. The following formula shows exactly how the bonus is calculated:

$$\text{Bonus (in the Live Account currency)} = \text{Notional Volume} * \left( \frac{\text{Rate of copied and traded instrument's base currency to USD}}{1,000,000 \text{ USD}} \right) * 50\text{USD} * 2$$

\* Rate of USD to Live Account's currency

*Note: this calculation may be subject to change based on T&C*

Explanation: This multiplier (2) means that NAGA TRADER pays a doubled bonus for a round-turn trade.



Note: NAGA TRADER pays up to \$50 in copy bonus per \$1,000,000 traded volume. The actual amount may vary between \$10 and \$50 and is subject to the decision of the company. *The exact numbers are subject to NAGA TRADER Terms & Conditions and will be updated on a regular basis.*<sup>27</sup>

Based on NAGA TRADER historical data, traders have received an average of 0.81 EUR in copy bonus per 1 trade which was copied by others (average value). The total amount of the monthly copy bonus for NAGA TRADER will grow based on the number of newly acquired users and the virality effect of the network. Exact numbers are subject to the adoption rate of NGC and can be taken from the financial model available on the Token Sale website.

It is further planned that traders can charge NGC for sharing their trades. If a trader opens a trade, he can decide if he wants to share the trade with the community and how much he wants to charge in NGC for his trade. When a potential copier sees the trade, he can unlock the copy function and copy the trade by paying in NGC for this information.

#### **4.3.4 Lower Trading Fees on NAGA VIRTUAL on every asset using a NGC account**

The NAGA VIRTUAL platform plans to charge a 10% fee for each purchase on its platform. Using an NGC account, token holders will only pay 9% of the equivalent fee.

#### **4.3.5 Cashback Program NAGA VIRTUAL**

In NAGA VIRTUAL, users who have exchanged their NGCs into NAGA VIRTUAL Coins will receive an extra bonus and, thus, a better exchange rate in comparison to users who exchange their Fiat money to NAGA VIRTUAL coins. NGC users will thus receive 5% more NAGA VIRTUAL Coins.

#### **4.3.6 Discounted purchase of Ad Credits for the NAGA VIRTUAL and NAGA TRADER Ad Manager**

Visiting [ad.NAGA VIRTUAL.com](https://ad.nagavirtual.com) and [ad.nagatrader.com](https://ad.nagatrader.com) respectively, NAGA TRADER and NAGA VIRTUAL will accept NGC as payment method for its Ad Credits. Based on the scheme below, it is planned to allow marketers and advertisers, as well as users who want to gain more visibility on the platform, to purchase more clicks and impressions on the NAGA VIRTUAL and NAGA TRADER platforms. Users are able to target their traffic based on various attributes, such as country, platform, age, income level, and placement inside the app.

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<sup>27</sup> <https://www.nagatrader.com/legal-documentation/>

Funding Amount (USD)	Funding Amount (NGC)	Ad Credits	Bonus Credits (using NGC)	Purchased Impressions	Purchased Clicks
\$100	100 NGC	100	+ 20 NGC	10,000 (+2,000)	1,000 (+200)
\$250	250 NGC	250	+ 50 NGC	25,000 (+5,000)	2,500 (+500)
\$500	500 NGC	500	+ 100 NGC	50,000 (+10,000)	5,000 (+1,000)
\$1,000	1,000 NGC	1,000	+ 250 NGC	100,000 (+25,000)	10,000 (+2,500)
\$2,500	2,500 NGC	2,500	+ 500 NGC	250,000 (+50,000)	25,000 (+5,000)

Figure 25: Example Calculation Advertisement Credit Scheme

#### 4.3.7 Community Status and Access to Paid and Premium Content

Token Holders will get a more prominent status, so that their profiles are better ranked and more visible than the profiles of others. Their trades will be ranked better and they will get access to educational material, closed groups, and promotions activities that will be not disclosed to regular Fiat money platform users.

NAGA VIRTUAL will offer token holders who successfully obtain an item on the platform a premium virtual good which can only be used within NAGA VIRTUAL for unlocking premium content and receive access to the newest games/new in-game-items. Furthermore, token holders will benefit from discounted and/or free access to NAGA Academy courses and online degrees.

#### 4.4 SMART CONTRACTS FOR BONUSES

All bonus calculations and transfers are handled by the NGC Bonus Smart Contract, which will be published alongside the integration for NAGA TRADER and NAGA VIRTUAL respectively.

From all connected platforms, there will be a Smart Contract developed for the NAGA DONATION FUND. From each transaction on NAGA TRADER, NAGA VIRTUAL and the NAGA WALLET, the smart contract will take a percentage of the transaction volume, and allocate a portion of tokens to the NAGA DONATION FUND.

#### 4.5 THE NAGA DONATION FUND

The NAGA Donation FUND will be operated by NAGA and selected charity projects will be proposed to the token holder community. In quarterly polls, all NGC holders will be eligible to decide which charity projects will receive a donation. The projects will be assessed by a dedicated team and will include NGOs only.

#### 4.6 NAGA TOKEN PRICE VARIATIONS

It is important to understand that the price of NGC will vary over time, based on a number of factors, which are outlined below:

- Organic growth of user demand,

- Speculative demand,
- USD/ETH exchange rate, and
- The cost of gas within the Ethereum network.

While NGC will fluctuate in value against fiat, BTC, and ETH, the listing fee will be regularly adjusted to track \$1. For example, if NGC are each worth \$1, then 1 NGC will be needed to reflect the value of \$1. NGC tokens can be purchased directly within the app, or from other NGC holders on external markets (cryptocurrency exchanges, OTC, etc.).

Once NGCs have been used within the NAGA Ecosystem, these tokens will be continuously recirculated into the market by selling them on exchanges.

Recirculating NGC tokens at market price helps to engage the user community. As NGC grows in popularity, and more users join the platform, higher revenues will allow the completion and release of new features that are already in development. This will further increase the appeal of the platform and lead to higher transaction volumes within the NAGA Ecosystem.



# CHAPTER 5

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## 5. TOOLS FOR NETWORK GROWTH

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### 5.1 A SUSTAINABLE CRYPTO ECONOMY

For a cryptocurrency to be successful over time it must become the driver for a sustainable economy. As NGC is utilised by more users and adopted by more providers, the network effect of the NAGA ecosystem and its platforms will grow, building the value of the ecosystem for the benefit of long time holders and token sale participants. A successful economy requires NGC to have growing demand within the NAGA network. The core focus of the public listed NAGA AG is the acquisition of deposits and growth of users for NAGA TRADER, NAGA VIRTUAL and the NAGA Wallet. As NGC is the future currency of choice for these platforms, the NGC is backed and additional NGC demand is accelerated and generated by the multi-hundred-million publicly listed NAGA Group AG.

#### Why the NAGA-Crypto-Economy will work:

Like every economy the NAGA crypto universe is determined by supply and demand. The core business model of the NAGA Group is to grow their platforms and user base by generating deposits (or subscriptions in the case of NAGA Academy). The success of the acquisition of deposits/subscriptions (demand generation) depends on the ratio between customer acquisition cost (CAC) and customer life time value (LTV). The main monetary policy measure in the NAGA crypto-economy is hence the efficiency and budget for generating users and deposits.

#### Existing market measures of The NAGA AG:

Based on historic numbers, the current CAC to LTV ratio is around 1:5+ (CAC vs. LTV). The NAGA Group AG with its additional traditional access to the capital markets and investors is aiming to further increase the marketing focus and enhance the CAC vs. LTV ratio. An additional marketing budget will be generated by the proceeds of this ITS. NGC will be lent or paid to third parties such as The NAGA Group AG to carry out marketing activities and to generate more users and deposits. Marketing will be carried out via viral growth as well as organic growth (acquisitions). This will result in higher deposits, NAGA Academy subscriptions, revenues, demand and hence a higher NGC price.

The user centric benefit and bonus system as well as the engaging and social user experience of the NAGA platforms further generate organic and viral growth. Furthermore, the re-investment of profits generated on the platforms will fuel the marketing activities and hence grow deposits and thus demand for NGC (it is crucial to understand that the supply of NGC is limited, therefore the demand for NGC, however, is not limited). Furthermore, the NGC utility token has a broad and diversified use case fundament that ranges from financial trading via in-game-item-trading, to purchasing multiple benefits, including online education. Since participation in the NAGA Ecosystem requires users to acquire NGC, demand for the token will grow in proportion to the number of active users and the number of transactions they execute.

The ITS proceeds will further allow the network to grow in proportion to the number of active NAGA application users who are acquired via a diversified portfolio of marketing channels, incl. cross-platform selling and potential M&A transactions. Buyers of NGC are incentivised to hold significant reserves of NGC in order to participate in the growth of the NAGA eco-system. Aside from spending NGC, the model also provides a means of earning NGC rewards for activity on the platforms.

## Necessity for a decentralized and democratic solution in the financial trading and in-game-item space:

NAGA VIRTUAL requires virtual goods to be based on blockchain to:

- a) Guarantee authenticity of items,
- b) Prevent fraud,
- c) Make transactions transparent,
- d) Make transactions traceable,
- e) Prevent abuse and money laundering,
- f) Allow partners within the ecosystem (publishers, affiliate partners etc.) to participate in the value chain and have a transparent way that allows such partners to have an “embedded live audit” with regards to any receivables.

In the eyes of NAGA, the crowd/community and not a central institution needs to have control over the ecosystem and its full transparency and safety - as a natural evolutionary process within this industry. Most of these attributes will apply to NAGA TRADER and the NAGA WALLET as well (publishers are brokers, banks, financial institutions within this context). NAGA believes that trading in the financial space will naturally evolve into the blockchain space and that financial transactions will be governed by smart contracts.

The NAGA ITS built the foundation for NAGA and the NGC to play an important role and to secure a seat in the front row of this development. Furthermore, NAGA believes that such crucial functions should not be owned/governed by a centralised company but rather the token holders.

### **5.1.1 Fully Barrier Free Entry**

In order to allow simple access to every user, both NAGA TRADER and NAGA VIRTUAL offer a proven virtual trading mode. Clients can access and try out the platforms in a risk and hassle-free environment. Furthermore, the platforms and its Joint Venture partners, financial institutions, brokers, as well as providers are able to provide welcome credits as an incentive to join the platform. These mechanisms have proven to be very efficient in attracting masses of users and traffic and have historically led to the purchase of NGC (opening “live accounts”) in up to more of 50% of all registered users. Within NAGA’s decentralised universe,

Ever since the inception of Bitcoin, and throughout the entire history of cryptocurrency, one of the major barriers to entry for curious individuals has always been converting FIAT directly into Bitcoin and other cryptocurrencies. The process usually requires some degree of technical skill and knowledge, an understanding of security, and trust in a system which is unlike anything these people have previously used. There’s no phone call to a broker to make a trade, there’s no speaking with an advisor in an office, and of course there are ways of being swindled.

Currently, the process of buying cryptocurrencies is a tremendous multi-step hassle. Generally speaking, it begins with trying to figure out how to buy Bitcoin from various platforms (e.g. Bitcoin ATM, website, cash-deal), sending it to an exchange (e.g. Bittrex, Poloniex) and then figuring out how to make a trade for the desired cryptocurrency. These multiple steps can seem complex, intimidating, and incomprehensible in some cases. Even for experienced investors with technical



knowledge, the process of converting FIAT into digital currencies is generally slow, limited, frustrating, and occasionally risky. Due to these inconveniences, NAGA believes that curious and qualified investors are still turning their backs on the crypto-markets and are consequently missing opportunities they would have otherwise seized.

### **5.1.2 Transparency and Trust**

NAGA's crypto wallet is secured by applying the highest industry standards. NAGA works together with a leading wallet security provider in the industry to ensure the safety of funds. The funds are also secured by a combination of hot and cold storage solutions, which provide further security. The ID of the multi-asset wallet is the user's e-mail address and/or phone number. User registration automatically creates a blockchain wallet. Access to the user's wallet is locked by a 6-digit pin-code and any transfers out from your wallet ARE also secured by a 2 Factor Authentication (2FA) to provide an additional layer of security.

NAGA's number one priority is to provide an open and completely transparent process when getting this platform established, so that everyone can understand and appreciate the potential that this system will have. For this project to succeed, the diversity of currencies is going to be key, hence the large ITS amount. NAGA wants to create a strong and lasting relationship with its customers by providing responsive and helpful customer service, complete transparency, comprehensive security, and the levels of anonymity that they desire. To accomplish all this, NAGA needs to have a thorough referral program that is going to encourage users to report all bugs and any security issues that may be present. Due to a strong desire to put forth the best system possible, NAGA still considers the possibility of adding more members to its team to cover areas like crypto security experts and the hiring of an outside auditor.

### **5.1.3 Liquidity and Volatility**

Unlike any other ITS, the NGC is used within two eco-systems (NAGA VIRTUAL and NAGA TRADER as well as future use-cases such as NAGA Academy) out of which NAGA TRADER is already live and generating billions of Euros in trading volume every month. In addition to those concrete use-cases NGC is listed at several Crypto-Exchanges, such as OKEX and HitBTC, with further listings expected. The details and exact dates will be communicated.

NAGA has already managed to generate a thick and deep market with NAGA TRADER and intends to further enhance these characteristics following its path of exponential growth. As NAGA has already established a functioning network for real money transactions, the liquidity risk is being mitigated from day one by running a "real money platform" in parallel that is linked and connected to the NGC. Furthermore, NAGA holds licenses as an EU-regulated financial institution (NAGA Markets Ltd.) that allows NAGA to act as a market maker and liquidity provider. Unlike any other ITS provider or token issuer, NAGA Markets has a team of 20+ highly skilled and regulated employees with a vast background of experience to facilitate such services as a market maker and liquidity provider in a regulated and fair environment. The procedures that are currently followed by NAGA Markets are in accordance with the MIFID guidelines<sup>28</sup> to ensure a safe, stable and fair operation of all services carried out.

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<sup>28</sup> <https://www.esma.europa.eu/policy-rules/mifid-ii-and-mifir>

In addition to an already achieved critical mass to operate the platform NAGA TRADER, the linkage to the ECR-20 protocol provides exchangeability within the largest crypto exchanges and hence ensures sufficient and deep liquidity which naturally leads to lower volatility. The liquidity should furthermore naturally become deeper with NAGA VIRTUAL which in addition to the above mentioned primary market adds an additional pool of liquidity with the introduction of the NAGA VIRTUAL peer-to-peer secondary market. The ability to have access to an EU financial markets regulated market maker and liquidity provider, as well as the backbone of high volume trades worth billions per month and two use-cases, clearly differentiate the NAGA Token from most ITSs that have ever been performed.

In addition to these factors to mitigate liquidity and volatility risk the usual procedures offered by all other token generators, such as using the ECR20 protocol and having the token listed on all major crypto-exchanges contribute to the portfolio of simultaneous risk mitigation strategies.

#### **5.1.4 NGC Monetary Policies**

NAGA will use smart contracts to limit the lifetime of certain bonus tokens or tokens held with specific partners, users, market makers, publishers or providers. This self-devaluation as well as NAGA's ability to determine such self-devaluation intervals will allow NAGA to subsidise, promote and fuel certain services (or make non-beneficiary areas for the ecosystem less attractive), products or campaigns (i.e. "Welcome Deposit Bonus", "Copy Bonus" or "Referral Bonus").

The limitation of lifetime is achieved by re-allocating such NGC tokens into the i.e. Donation Fund. By limiting the lifetime of the holders of such tokens they are highly incentivised to then immediately use such tokens for the desired transaction and service. Hoarding tokens (which is unattractive and undesirable to every economy) becomes less attractive or impossible. NAGA aims to further grow and stabilise its ecosystems by implementing such "smart contract based monetary policies" ("SCBMP"), primarily applied by setting devaluation intervals and restricting the use of tokens for specific services or to specific holders only). Changes of SCBMP can lead to tokens being used to fuel the ecosystem in the desired areas and grow it. SCBMP also has a high impact on liquidity, volatility, and spreads. SCBMP is an active steering and controlling tool that can subsidise certain areas of the ecosystem such as virality, growth, trading volume, referrals, bonuses etc.

Whoever wants to use NAGA TRADER or NAGA VIRTUAL (or the NAGA Academy) will need to buy NGC. Hence, there should be a naturally increasing demand. Even though there is still the fiat-platform world, the NGC user benefits from various advantages, first and foremost from participating in a decentralised, safe, democratic, transparent and safe blockchain-based economy. NAGA has proven to be able to consistently raise client's deposits, which will soon be raised in NGC primarily or in Fiat which NAGA then will convert into NGC. NAGA will try to convert "Fiat users" into NGC users over time.

But like every economy, the NGC crypto economy requires an adjustment mechanism. This task is being performed by a discretionary Monetary Reserve pool. It is based on all NGC held by NAGA, plus a certain percentage of the generated revenues.

The discretionary Monetary Reserve Pool can be used to:

1. Ensure sufficient NGC liquidity.
2. Create a market uplift (by buying or holding NGC).
3. Prevent an overheated market (by selling NGC).

The instruments are for example the following:

1. Token buy-back programs (i.e. by using ITS proceeds).
2. SCBMP (see above – by limiting the lifetime of i.e. bonus tokens).
3. Market Repurchase Buy Back – i.e. buying back NGC with a premium to the current market rate.
4. Giving loans to user run market makers (see chapter peer2peer Trading Platform) – and letting them register as market makers. This increases liquidity, increases competition, and hence reduces spreads (by creating numerous decentralised user run liquidity providers).
5. Install a dynamic exchange rate multiplier (NAGA reserves the right to introduce an additional sub NAGA TRADER /NAGA VIRTUAL coin in the event of extreme volatility with a dynamic exchange rate multiplier in order to provide a stable base currency for its platform. The utility benefits of the NGC remain unchanged for the user).

## 5.2 PERENNIAL PLATFORM GROWTH

Being traded and used on several internal as well as external marketplaces, platforms and ecosystems carries a risk of high volatility, including inter-platform arbitrage. Both carry significant risk as well, as the opportunity to trade the NGC for price difference only. Subscribers should be aware of market risk as well as liquidity risk. Although NAGA intends to use the majority of the proceeds of the ITS for driving volume and traffic to the platform, there is no guarantee of the sufficient (or any) liquidity of the NGC.

One of the most crucial user benefits and embedded functions for viral platform growth is the Follower Bonus paid in NGC. Users can monetise their skills and earn NGC by posting attractive trades or strategies on NAGA TRADER and get paid per follower or auto-copier. Users can hence earn NGC by generating their own community of followers. This feature has also proven to increase the virality of the platform. The user's incentive to generate passive and steady income from followers if they constantly post and share sustainable trades and strategies generates visibility even beyond the borders of the NAGA TRADER Ecosystem. NAGA TRADER currently supports sharing functions into the largest (social) networks worldwide (i.e. Facebook, WhatsApp). The niche of a "Facebook for Finance" has yet to be taken on and NAGA TRADER currently boasts a vast variety of features that can usually only be found in major networks such as LinkedIn, Facebook, Instagram or What's app. These features will also be integral parts of the NAGA Cryptocurrency trading and investing services.

By combining these features with a highly latency optimised real time data infrastructure connecting the largest trading exchanges, NAGA TRADER has an optimal foundation to grow both by intrinsic user activity (triggered by sharing motivated through follower/auto-copier bonuses) and externally by investments in marketing or acquisitions (with its IPO The NAGA Group AG has created an acquisition currency (the NAGA Group AG share).

The follower-bonus on NAGA TRADER hence generates a concrete incentive – credited in real time to the user’s wallet- for the individual user at the same time as being the engine for exponential and viral growth of the community. Unlike conventional asset management or advisory services that are usually centralised in their nature, the NAGA TRADER Ecosystem allows every user to publish his trade or strategy and get paid in NGC per follower and per copied trade. In addition to human users following and generating passive income, NAGA TRADER algorithm based “CYBO” also triggers bonuses for users if and when CYBO follows and copies a user.

NAGA TRADER has successfully implemented this proven leader/follower system in 2016 with hundreds of millions of USD in volume traded every month and this system already generates thousands of EUR for users from more than 100 different countries. Single users have made more than 10,000 EUR in copy bonus per month and are already managing funds exceeding 1m EUR. By bringing the leader-follower logic to the world of crypto currencies and smart contracts, NAGA TRADER is opening an additional segment to grow its community. It allows users to build their sub-communities and to foster and grow them by allowing users to directly connect and use the in-app real time chat and messaging features as well as scoring and rating services (NAGA Guard). The NAGA Token based follower/leader system is a core component of the NAGA TRADER Ecosystem and enables the platform users to make their participation in this crypto economy a factual income generating profession.



## CHAPTER 6

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## 6. STATUS QUO & ROADMAP

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### 6.1 STATUS QUO

October 2015:	The NAGA Group AG Incorporation
February 2016:	Hauck & Aufhaeuser Seed Investment of €1m
February 2016:	NAGA TRADER App wins Finovate Europe (Best of Show Award) and Wolves Summit
June 2016:	NAGA TRADER executes the first live trade
August 2016:	Fosun Group [www.fosun.com] agrees to invest into NAGA
December 2016:	NAGA TRADER wins Digital Top 50 Award (powered by Google, McKinsey and Rocket Internet)
March 2017:	NAGA generates €1m monthly revenue
April 2017:	NAGA TRADER wins Red Herring Award
May 2017:	NAGA finalizes the filing of the IPO prospectus
June 2017:	NAGA IPO gets 350%+ oversubscribed
July 2017:	NAGA goes IPO at an issue price of €2.60
September 2017:	Launch of NAGA TRADER Auto-Copy Trading and CYBO 2.0
September 2017:	NAGA market capitalization amounts to ~ €200m with a significant increase in share price
November 2017:	NAGA Token Pre-Sale
December 2017:	NAGA Token Main Sale and Closing of TOKEN Sale
December 2017:	Listing on HitBTC
January 2018:	Listing on Okex and COBINHOOD
February 2018:	Pre-Registration NAGA CARD
March 2018:	Whitelist open for NAGA WALLET and Integration of NGC to NAGA TRADER
April 2018:	Listing on Changelly & Cryptology
April 2018:	Strategic partnership with MyBuck
May 2018:	Strategic partnership with Ontology



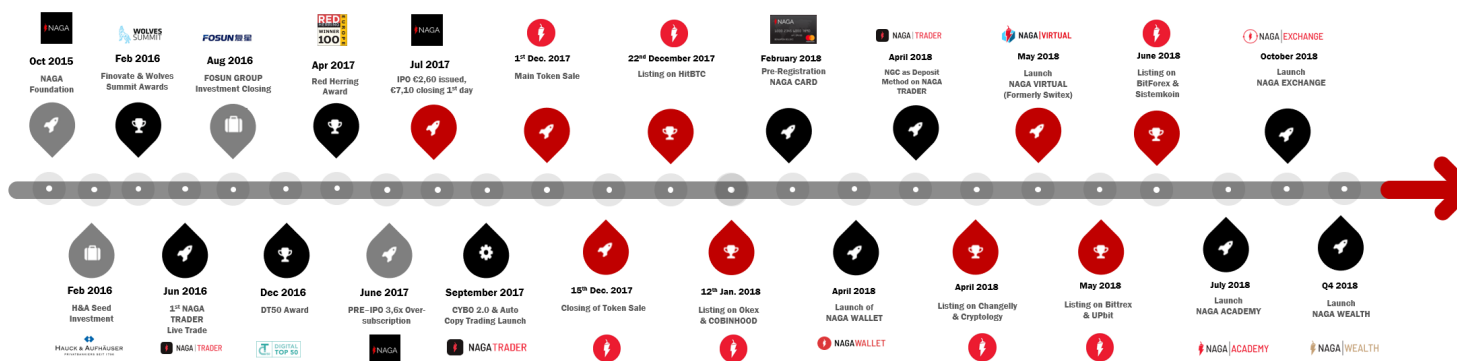


Figure 26: NAGA Group AG Roadmap – Status Quo

## 6.2 ROADMAP

The further Development of the NAGA Platform consists of three tracks:

- Technology development
- Legal and licensing development
- Community and business development

The technology development track is dedicated to creating not only the smart contracts for NGC and its ecosystem, but also all the necessary infrastructure for fund administration, reporting, analysis, and integration with publishers, banks and brokers. Thanks to the extensive experience of the NAGA team in the development of trading platforms and the setting up of API connections with lending companies, these tasks rest on a solid foundation of expertise and successful track record.

On the legal and licensing track, NAGA legal and executive teams will focus their efforts on setting up a fully transparent, licensed where necessary, and auditable structure, making sure that the envisioned structure is fully compliant with regulations. To do this, NAGA will perform in-house research as well as contract with reputable legal firms.

On the community and business development track, NAGA will continue its aggressive expansion strategy, sign new partnerships and build a strong international brand. Partnerships with leading online marketing agencies and consulting companies will accelerate NAGA's future expansion plans.

The funds collected in the token sale are used to meet predefined milestones in NAGA's product roadmap as outlined below. The mentioned dates are the earliest dates possible. The milestones provide today's view of the market needs. Due to the fast-evolving nature of the blockchain ecosystem these milestones are indicative. NAGA commits to these milestones regardless of the outcome of the token sales and total funds collected. As NAGA is already publicly listed and has a running business with an EU licensed brokerage, billions of \$ in traded volume every month, and several offices around Europe, NAGA intends to use the proceeds mainly to expand the ecosystem, acquire

millions of users, and build a powerful engine for NGC holders. Besides Marketing, Business Development and diligent work on Legal & Regulatory, NAGA foresees the following roadmap on the product side:

### NAGA MARKET GUARD

Looking at websites, such as coinmarketcap.com, which have 80 to 100 million users, to analyse the momentum of specific coins, there is clearly high demand for detailed learning about the specifications around the various tokens which are being issued nearly every day. NAGA believes that crypto Investors need a place to learn about tokens in-depth, instead of solely looking at the market cap or traded volume.

Together with its partner Finery, who helped NAGA TRADER with the development of its crowd & market-intelligence based robo-advisor “CYBO”, NAGA is already working on a sophisticated solution which allows users to evaluate a special risk score around tokens on the market, called NAGA Market Guard. NAGA thinks that there is too much scam around tokens, currencies and exchanges in general. Thus, NAGA partially sees itself on a social mission for its users to save them from suspicious players in the market.

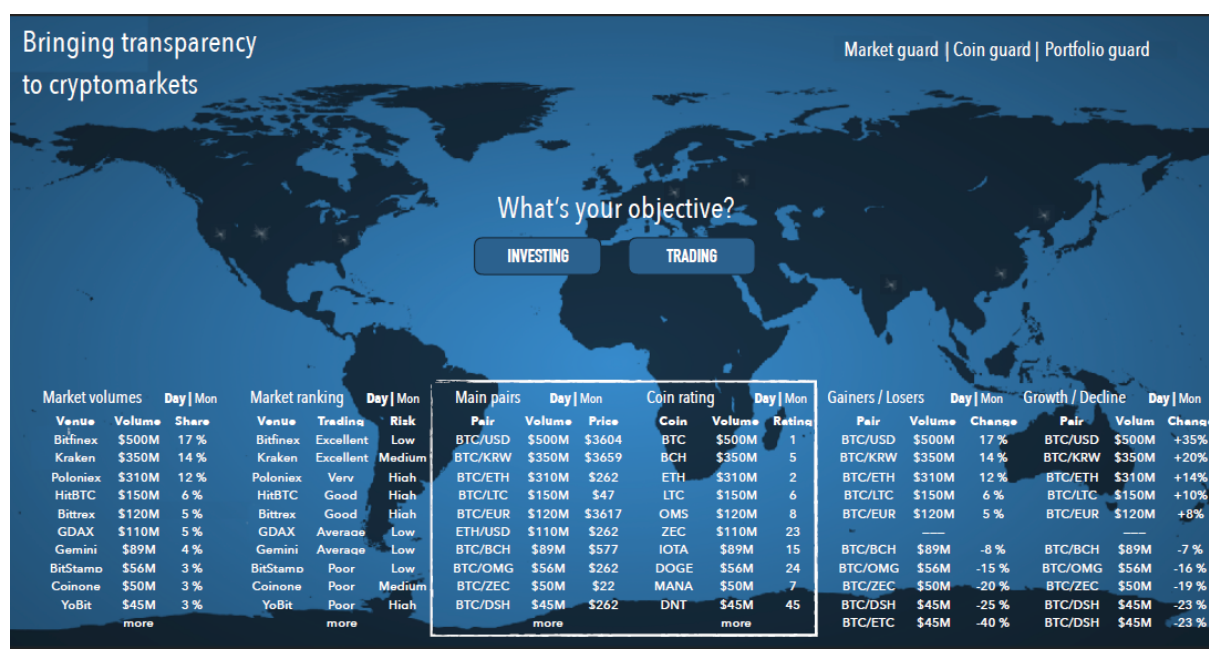


Figure 27: NAGA Market Guard – Landing Page

With NAGA Market Guard, NAGA will use advanced machine learning and data mining techniques and benefit from deep expertise in market microstructure in order to realise investment opportunities for retail clients, B2B algorithmic-traders, and brokers. With a normalised real-time market data feed from a number of venues, plus risk indicators, there are three core products NAGA wants to offer if the minimum funding goal of USD 50,000,000 is reached:

### EXCHANGE GUARD

- Market statistics

- Probability of default
- Liquidity
- Market manipulation
- Arbitrage opportunities
- Type of flow
- Venue ranking

#### TOKEN GUARD

- Currency/Token statistics
- Market manipulation
- Liquidity
- Real supply/demand
- Blockchain stability
- Correlation with BTC/passive portfolio
- Token ranking

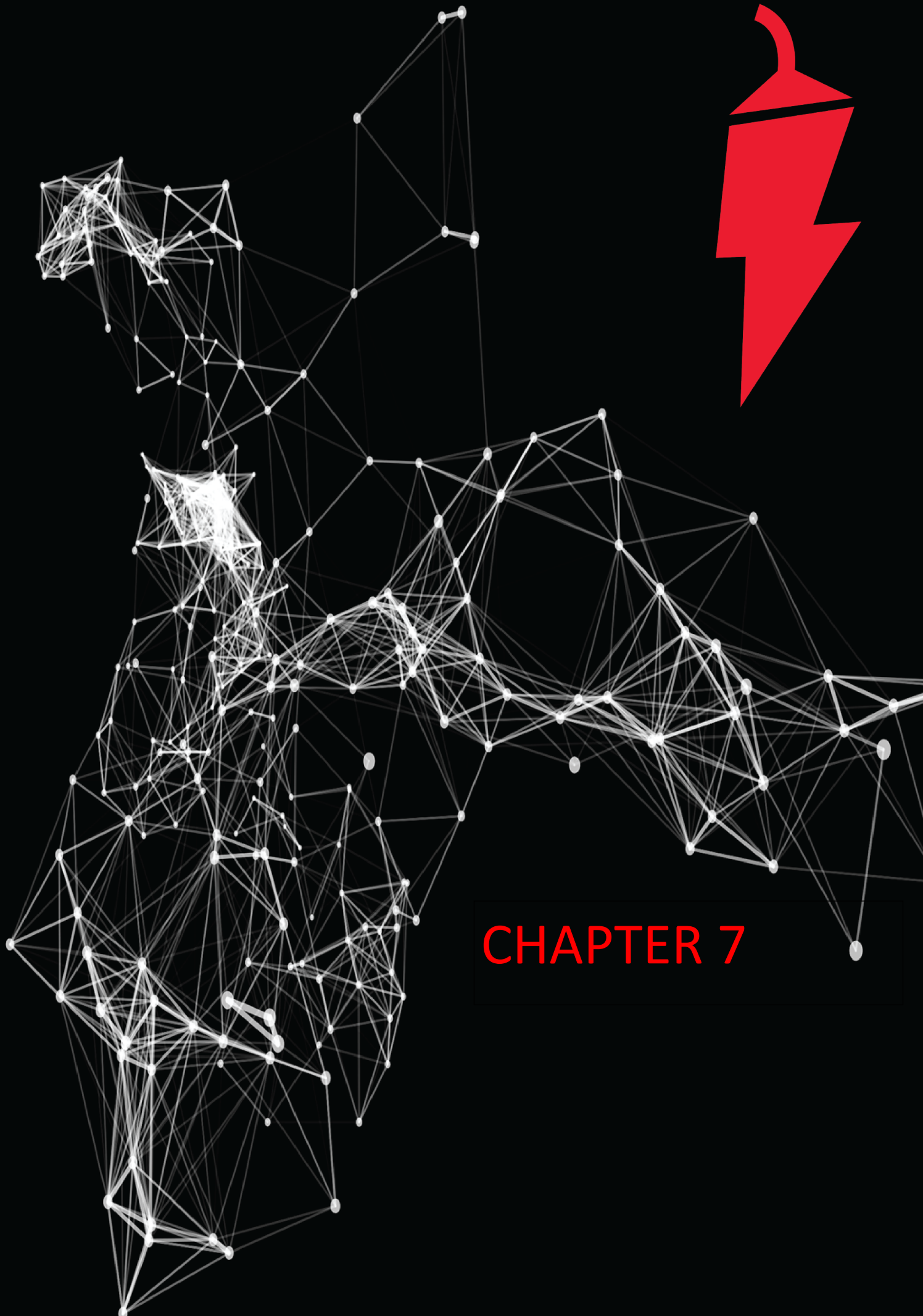
#### PORTFOLIO GUARD (direct integration into NAGA TRADER )

- Investment profiling
- Recommended portfolios
- Gainers/Losers
- Back-testing + statistics
- Tracking of portfolios
- Leaderboard

The NAGA Market Guard is planned to be implemented as an essential part of the NAGA Wallet, allowing users to analyse tokens in-depth and trade them instantly on the future NAGA Exchange. Given the rich data set generated from NAGA TRADER and NAGA VIRTUAL transactions, as well as the access to real-time market data worldwide, NAGA believes it will be able to offer a complete ecosystem from market research through to direct execution.

NAGA plans to develop and build a fully regulated and holistic exchange that allows its users to invest fiat, crypto currencies, as well as gaming items, into any virtual asset offered in the ecosystem. Given the fact that NAGA has a track record, its own payment gateway and conversion service connected to multicurrency wallet, as well as an EU-regulated brokerage that can serve over 100 countries in the world and already running platforms, the vision is to have a one-stop solution for

investors of any liquid asset class globally - The NAGA Exchange. Moreover, NAGA plans the launch of peer-to-peer liquidity project in 2019, embodying the creation of a decentralised and democratic market maker and liquidity system. Further upcoming projects such as NAGA WEALTH and NAGA PAY.



## CHAPTER 7

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## 7. TRANSPARENCY, REGULATORY & RISK FACTORS

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### 7.1 TRANSPARENCY AND ACCOUNTABILITY

NAGA's group activities comprise of a large set of activities that may be subject to regulatory scrutiny in various territories. The NAGA entities already operate in a highly regulated environment. The holding company The NAGA Group AG as a public company listed at the Frankfurt Stock Exchange is subject to all transparency and market abuse regulations according to European legislation. The groups brokerage company NAGA Markets Ltd. is licensed as a financial services provider under supervision of the Cyprus security and exchange commission.

This implies that not only the companies' operations, namely its dealings with client funds but as well its personnel with respect to running a financial services institution are under constant supervision and control. Although the regulatory environment for companies and groups operating with tokens and cryptocurrencies of its customers is not yet clearly defined, the fact that the NAGA Group already has to comply with various compliance, transparency as well as regulatory rules, provides the groups customers as well as participants of the token sale with the most secure environment so far available for token generating events or initial coin offerings.

The legal structure set up for the token sale has been and will be constantly reviewed and approved by the groups legal advisors to ensure that they are compliant with the existing laws and regulations. As far as the group or its advisors will encounter legal uncertainties, these will be resolved with the responsible regulatory bodies involved. By sorting out any legal or regulatory exposures from the very beginning, the group is aiming for full transparency towards investors as well as regulators in order to achieve the highest level of investor confidence as well as legal and regulatory compliance possible.

### 7.2 REPORTING

NAGA will provide a reporting structure that gives the token holders full transparency on what has been achieved with the proceeds from the ITS as well as the use of the tokens and the status of the projects. NAGA Development Association Ltd. will provide the token holders with an annual reporting on:

#### Balance and assets

- Crypto currencies held
- Fiat money held

#### Use of the Token Sale proceeds

- Platform development progress
- Marketing
- General expenses
- Other costs according to financial forecast



### **NAGA Donation Pool**

- Donations generated
- Supported projects

### **Project Milestones and Key Performance Indicators (KPIs)**

- Reporting of project status and milestones
- Reporting of KPIs, such as monthly users, volume traded, etc.

## **7.3 RISK FACTORS**

The purchase of tokens involves a high degree of risk, including but not limited to the risks described below. Before acquiring NGC tokens, it is recommended that each participant carefully weighs all the information and risks detailed in this White Paper, and, specifically, the following risk factors. Please further note that the NAGA project may be subject to other risks not foreseen.

### **7.3.1 Dependence on Computer Infrastructure**

NAGA's dependence on functioning software applications, computer hardware, and the Internet implies that NAGA can offer no assurances that a system failure would not adversely affect the use of your NGC tokens. Despite NAGA's implementation of all reasonable network security measures, its processing centre servers are vulnerable to computer viruses, physical or electronic break-ins or other disruptions of a similar nature. Computer viruses, break-ins or other disruptions caused by third parties may result in interruption, delay or suspension of services, which would limit the use of the ITSS tokens.

### **7.3.2 Smart Contract Limitations**

Smart contract technology is still in its early stages of development, and its application is of an experimental nature. This may carry significant operational, technological, regulatory, reputation and financial risks. Consequently, although the audit conducted by an independent third party increases the level of security, reliability, and accuracy, this audit cannot serve as any form of warranty, including any expressed or implied warranty that the ITSS Smart Contract is fit for purpose or that it contains no flaws, vulnerabilities or issues which could cause technical problems or the complete loss of ITSS tokens.

### **7.3.3 Regulatory Risks**

Blockchain technology, including but not limited to the issue of tokens, may be a new concept in some jurisdictions, which may then apply existing laws or introduce new regulations regarding Blockchain technology-based applications, and such regulations may conflict with the current smart contract setup and token concept. This may result in the need to make substantial modifications to NAGA's smart contract, including but not limited to its termination, the loss of NGC tokens, and the suspension or termination of all NGC token functions.

It cannot be ruled out that services and projects described in this document will have to be adjusted or modified in certain countries, because of the regulatory environment. It also cannot be ruled out, that some services will be impossible to provide in certain jurisdictions.

### **7.3.4 Taxes**

NGC token holders may be required to pay taxes associated with the transactions contemplated herein. It will be a sole responsibility of NGC token holders to comply with the tax laws of the jurisdictions applicable to them and pay all relevant taxes.

### **7.3.5 Force Majeure**

NAGA's performance may be interrupted, suspended or delayed due to force majeure circumstances. For the purposes of this White Paper, force majeure shall mean extraordinary events and circumstances which could not be prevented by NAGA and shall include acts of nature, wars, armed conflicts, mass civil disorders, industrial actions, epidemics, lockouts, slowdowns, prolonged shortage or other failures of energy supplies or communication service, acts of municipal, state or federal governmental agencies, other circumstances beyond NAGA's control, which were not in existence at the time of White Paper release.

If such circumstances occur prior to the issue of NGC tokens and NAGA is unable to issue NGC tokens within one month from the projected date, the escrow agent may issue a refund at the request of the NGC token purchasers. The refund will be issued in the original form of payment to the same digital wallet or bank account where the funds were transferred from.

### **7.3.6 Disclosure of Information**

Personal information received from NGC token holders, the information about the number of tokens owned, the wallet addresses used, and any other relevant information may be disclosed to law enforcement, government officials, and other third parties when NAGA is required to disclose such information by law, subpoena, or court order. NAGA shall at no time be held responsible for such information disclosure.

### **7.3.7 Value of NGC Token**

Once purchased, the value of NGC token may significantly fluctuate due to various reasons. NAGA does not guarantee any specific value of the NGC token over any specific period of time. NAGA shall not be held responsible for any change in the value of NGC token including the complete loss of value of the NGC. Even though the large scale and large magnitude use cases (with a proof of concept in billions of Euros already traded every month on NAGA TRADER) implies deep liquidity and hence also lower volatility, there is no guarantee that NAGA will achieve those goals.

There is no guarantee that users can acquire sufficient NAGA Tokens for their usage within the NAGA and external platforms and neither is there a guarantee that users can cash out their NAGA Tokens via external platforms. Furthermore, every NAGA Token holder naturally carries the risk of volatile exchange rate fluctuations of the NAGA Token towards both other Crypto Currencies and Fiat Money exchange rates.

### **7.3.8 Bitcoin and Ethereum Volatility**

The NGC token may be significantly influenced by digital currency market trends and NGC value may be severely depreciated due to non-NGC related events in the digital currency markets. Cryptocurrencies exchange rate volatility may impact the company's ability to provide services at the indicated prices. Assumptions with respect to the foregoing involve, among other things, judgments about the future economic, competitive and market conditions and business decisions, most of

which are beyond the control of the NAGA team and are therefore difficult or impossible to accurately predict.

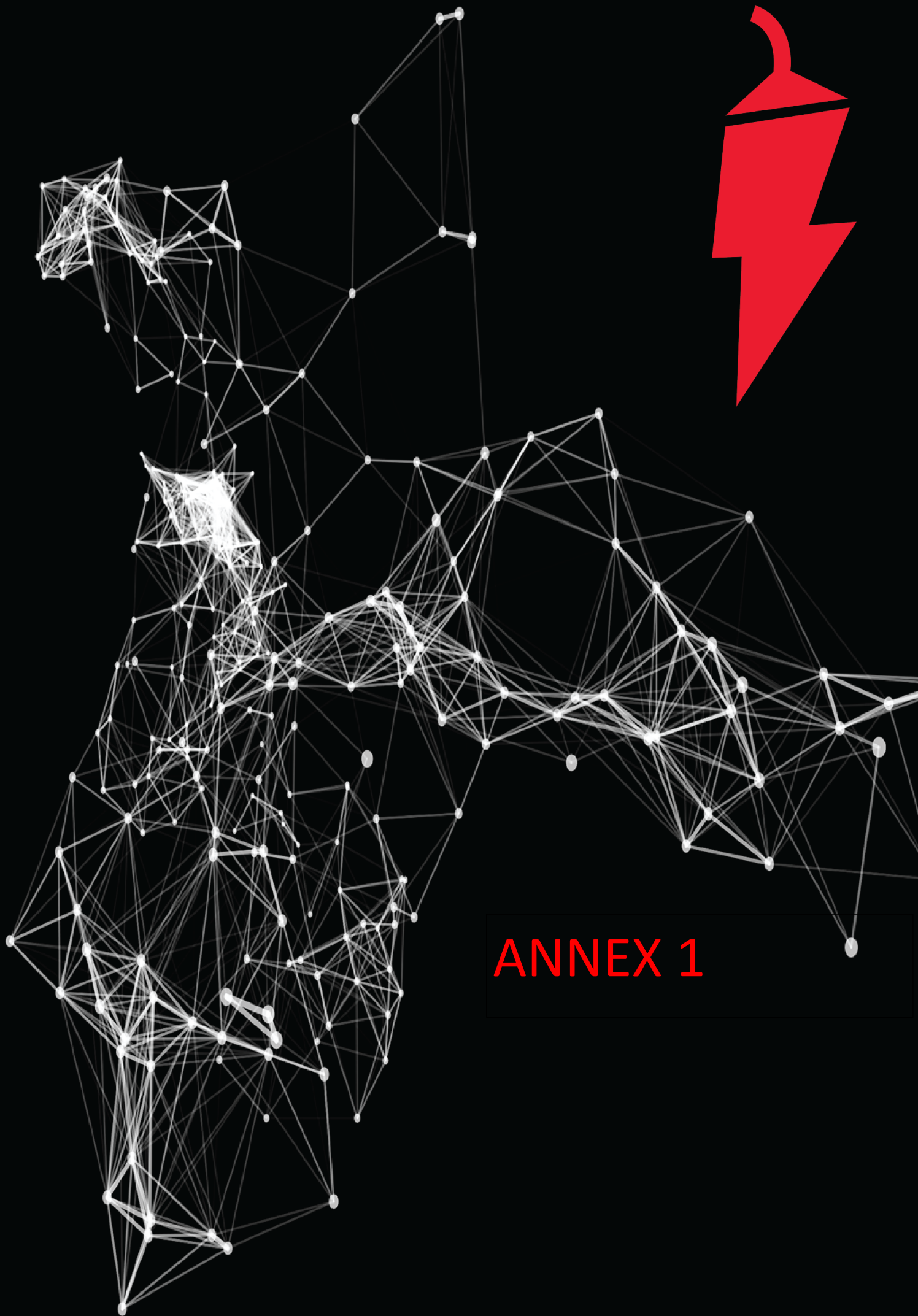
### **7.3.9 Lack of funds from ITS proceeds**

NAGA may not reach the target sale amount and may not have sufficient funds to execute its business plan. Furthermore, NAGA may not succeed in creating the necessary momentum and acceptance for the NGC token which may result in low liquidity and depletion of trades. The positions and plans outlined in this white paper may be altered as the project progresses.

### **7.3.10 Delayed Projects & Competition**

Although the NAGA team believes that its assumptions underlying its forward-looking statements are reasonable, any of these may prove to be inaccurate. As a result, the NAGA team can offer no assurances that the forward-looking statements contained in this White Paper will prove to be accurate.

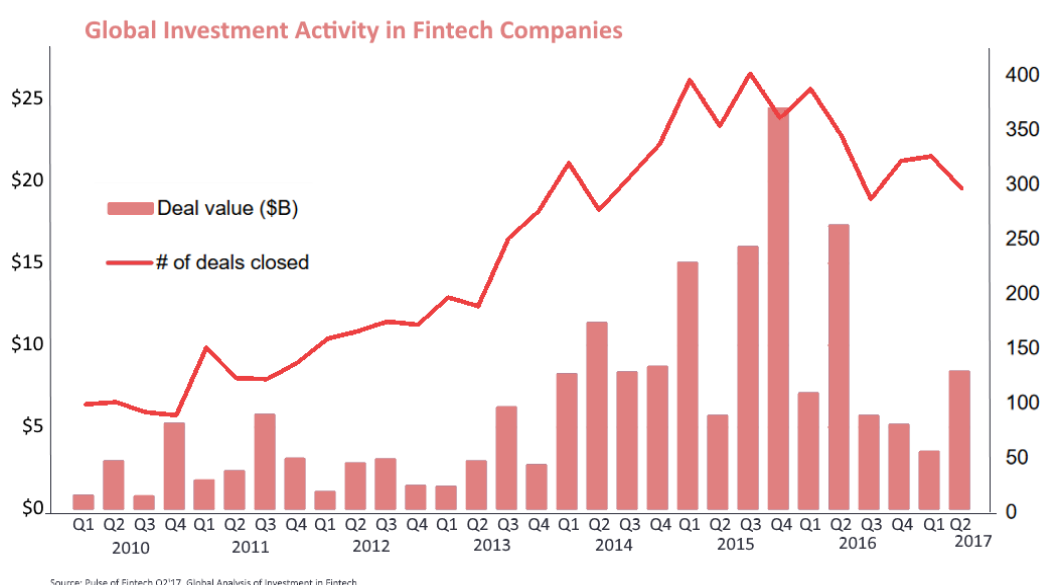
In light of the significant uncertainties inherent in the forward-looking statements contained herein, the inclusion of such information may not be interpreted as a warranty on the part of NAGA or any other entity that the objectives and plans of the NAGA project will be successfully achieved. Competition may introduce the same or better prediction market solutions and cause NAGA to lose market share and eventually fail to deliver on its business goals.



**ANNEX 1**

## ANNEX 1 – FINTECH INDUSTRY OUTLOOK

The FinTech industry has gained an increasing importance and economic significance in the last few years. The profit of<sup>29</sup> investments of global FinTech companies in 2015 increased by around 75% compared to 2014.<sup>30</sup> In 2015 alone, investments in this sector increased by 22.3 billion USD in comparison to the previous year. The Federal Ministry of Finance estimates that there are currently around 346 FinTech companies in Germany alone. Based on historical and expected industry growth rates (between 2017-2021), the average annual growth rate for the FinTech industry in Germany, is estimated to constitute 9%, based on the transaction value.<sup>31</sup> According to the auditing company KPMG and CB insights, Germany is the largest FinTech region in Europe.<sup>32</sup> Among the strongest driving forces of the sector are the topics Blockchain, Robo-Advisory, Insurtech and Digital Payments.



**Figure 28: FinTech Industry Outlook**

In 2015, the European FinTech industry grew in total by 215% compared to the previous year.<sup>33</sup> According to a study conducted by Capital IQ<sup>34</sup>, the areas of "Financial SaaS", "Bank Technology" and "Payments" are the most profitable markets in the FinTech sector. In general, the current market

<sup>29</sup> <https://www.statista.com/outlook/295/100/FinTech/worldwide#>

<sup>30</sup> <https://newsroom.accenture.com/news/global-FinTech-investment-growth-continues-in-2016-driven-by-europe-and-asia-accenture-study-finds.htm>

<sup>31</sup> <https://www.statista.com/outlook/295/137/FinTech/germany#>

<sup>32</sup> <https://home.kpmg.com/xx/en/home/insights/2016/11/infographics-the-pulse-of-FinTech-q3-2016.html>

<sup>33</sup> <https://www.digitalpulse.pwc.com.au/infographic-state-of-global-FinTech/>

<sup>34</sup> [https://www.raymondjames.com/corporations\\_institutions/investment\\_banking/pdfs/fin\\_tech\\_monthly.pdf](https://www.raymondjames.com/corporations_institutions/investment_banking/pdfs/fin_tech_monthly.pdf)

climate for FinTech is considered to be positive.<sup>3536</sup> The third quarter of 2016, represented the height of the global "VC" investments (Venture Capital) in the FinTech industry, with total investments amounting to USD 2.9 billion.<sup>37</sup>

As of 2017, experts predict that China and the United States will be the future key markets for the FinTech industry. The highest forecast of transaction volume for sale or IPO of companies in this industry amounts to 1,086,492.5 million USD –for China alone. The US, in comparison, with a forecasted transaction value of 1,025,519 million USD, is ranked 2<sup>nd</sup>.<sup>38</sup> With an immense distance and a transaction value of 145,105 million USD, Japan ranks 3<sup>rd</sup>.

Established DAX companies like Deutsche Bank AG<sup>39,40</sup> and Commerzbank AG are also investing more and more in these or similar technologies. The interest of those companies underlines the current trend and the fact that especially the so-called *millennials*, (i.e., the population born between 1980 and 1999) have a strong affinity to new technologies, and have a rising interest in the services and products that the FinTech industry offers. Thus, this interest group also acts as a major growth driver for the FinTech industry as a whole.<sup>414243</sup>

### **Online Trading and Social Trading**

A positive market development is expected for Forex and CFD trading in the coming years. The daily trading volume in the entire brokerage industry enormously increased over the course of the last years and is expected to rise even further.

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<sup>35</sup> Software as a Service

<sup>36</sup> <https://www.statista.com/statistics/549725/dealing-with-FinTech-companies-worldwide/>

<sup>37</sup> <https://assets.kpmg.com/content/dam/kpmg/xx/pdf/2016/11/the-pulse-of-FinTech-q3-report.pdf> (page 8).

<sup>38</sup> <https://www.statista.com/outlook/295/100/FinTech/worldwide#market-globalTransactionValue> (total sales)

<sup>39</sup> <http://deutsche-boerse.com/dbg-en/media-relations/press-releases/Deutsche-Boerse-presents-blockchain-concept-for-risk-free-cash-transfer/2883236> (example)

<sup>40</sup> <http://www.businessinsider.de/deutsche-banks-FinTech-strategy-2016-7> (example)

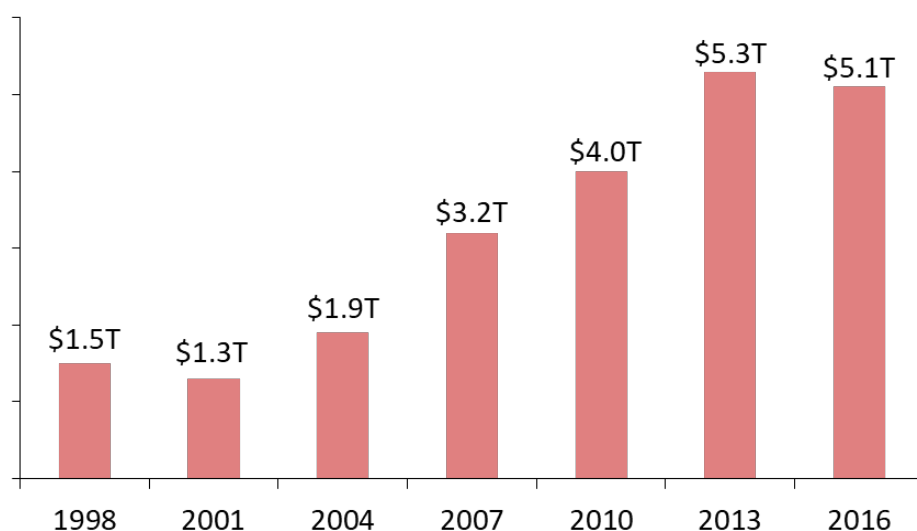
<sup>41</sup> <https://www.main-incubator.com/en/commerzbank-gruendet-inkubator-fuer-finanztechnologie-startups-gruenderszene-2/> (example)

<sup>42</sup> Or also called Generation Y

<sup>43</sup> <http://www.forbes.com/sites/hbsworkingknowledge/2016/12/07/why-millennials-flock-to-FinTech-for-personal-investing/#6bd6573a7dfb>



## Daily Average FX Volume



Source: BIS (bank for international settlement)

Figure 29: Daily Average FX Volume

Considering the constant increase in the number of users for the leading Social Trading and Gaming apps, the market prospects from the point of view of the issuer are very good and long-lasting. The customer group between the age of 18 and 35 does not feel addressed by the “classic offer” from brokers, although they belong to the most important target audience of the Social Trading market. This target group shows clear preferences for modern solutions.<sup>44 45</sup> A modern and technologically sophisticated solution (i.e., an App) has the potential to achieve more in a shorter period of time, which is also reflected in the growth figures and reviews of comparable companies in the industry. In addition, it is also worth underlining the increased requirements for financial services here and the increasing preference for digital solutions, specifically in the prosperous middle class, who are the premier market prospect.<sup>46 47</sup>

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<sup>44</sup> Evaluation of the leading provider of social trading apps/networks and their user numbers

<sup>45</sup> <http://www.businessinsider.de/20-apps-popular-millennials-2016-9?r=US&IR=T#/#xbox-one-smartglass-70-millennial-users-10>

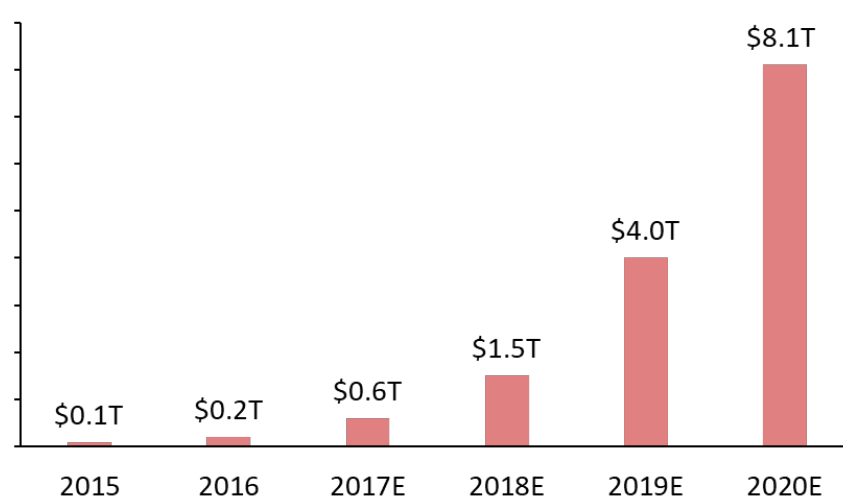
<sup>46</sup> <https://www.crunchbase.com/organization/etoro#/entity>

<sup>47</sup> <https://www.collinsongroup.com/insights/banking-and-finance-app-usage-rises-17-amongst-affluent-middle-class-customers,-sounding-a-warning-shot-for-loyalty-initiatives>

## Robo-Advisory

Robo-advisors are automated software asset managers, which, on the basis of ready-made strategies, offer automated investments of customer funds. These robo-advisors build portfolios out of mostly index funds (ETFs). These portfolios usually contain common asset classes such as stocks, bonds and occasionally also commodities.<sup>48</sup> In comparison to conventional portfolio management solutions, such as managed funds, robo-advisory strategies primarily are characterised as lower cost structures. In addition, this type of automated system is particularly attractive for younger and technology-oriented users.<sup>49</sup>

### FORECAST: Global AUM By Robo-Advisors



Source: BI Intelligence

Figure 30: Global Robo-Advisory Assets Under Management Growth Forecast

Robo-advisors were popular in the late 1990s for the first time and have gained in significance since 2008. In 2016, there were around 200 suppliers of robo-advisory solutions worldwide, which were managing assets of around 224,802 million USD. In the coming years, an annual growth rate of around 47.5% is expected in relation to the managed total assets calculated (2017-2021). It is predicted that by the year 2020, robo-advisors will manage around 10% of all global assets. It is expected that by 2021, robo-advisory managed assets will rise to around 1,063,844 million USD.<sup>50</sup>

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<sup>48</sup> <https://en.wikipedia.org/wiki/Robo-advisor>

<sup>49</sup> <https://www.infosys.com/industries/financial-services/white-papers/Documents/trend-financial-advisors-industry.pdf>

<sup>50</sup> Source for the entire paragraph: <http://www.investopedia.com/terms/r/roboadvisor-roboadvisor.asp>

## Gaming Market

The total annual development of turnover in this industry shows an average growth rate of 7% per year. This means that by 2019, the gaming market will achieve a total forecasted turnover of 118.6 billion USD.<sup>51</sup> In 2016, the top 25 public gaming companies showed an additional 22% growth in sales in comparison to the previous year. When considering the mobile market, growth rates between 2015 and 2016 actually amounted to 40%. This indicates how Sony, for example, managed to increase sales by 45% in the same period. Tencent, by far the biggest gaming group, reported a record turnover of USD 5.3 billion in 2016.<sup>52</sup> The most rapid growing market segment in the gaming area is the "Free to Play" genre (games are provided to the user free of charge, and additional content can be purchased such as in-game items), Virtual Reality, and of course, the mobile sector. The latter, according to a forecast from 2017, is surpassing the classic computer game sector by 4 billion USD. In the "Free to Play" genre alone, the games League of Legends and DOTA 2 generated total monthly sales of over 173 million USD.

### Free-To-Play PC games market, 2016

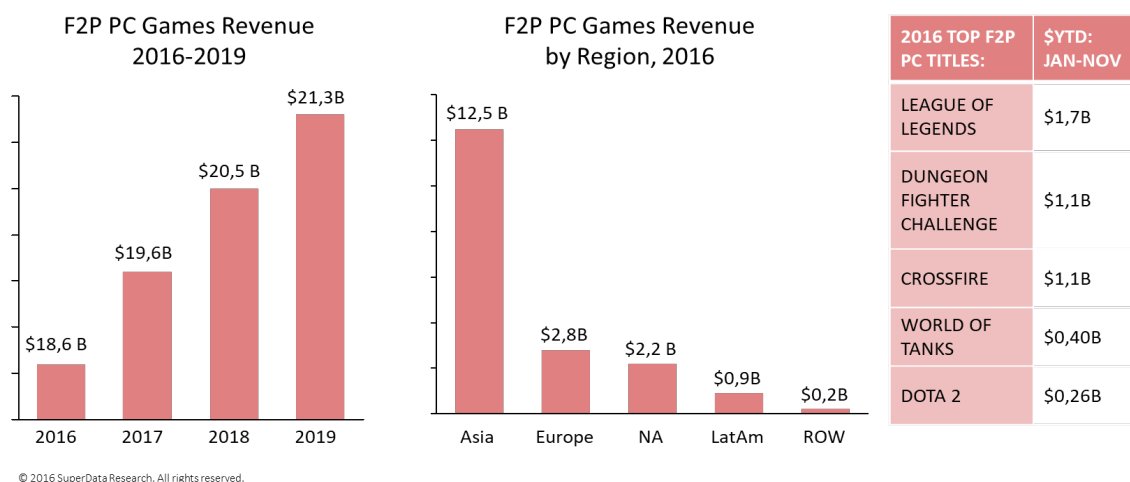


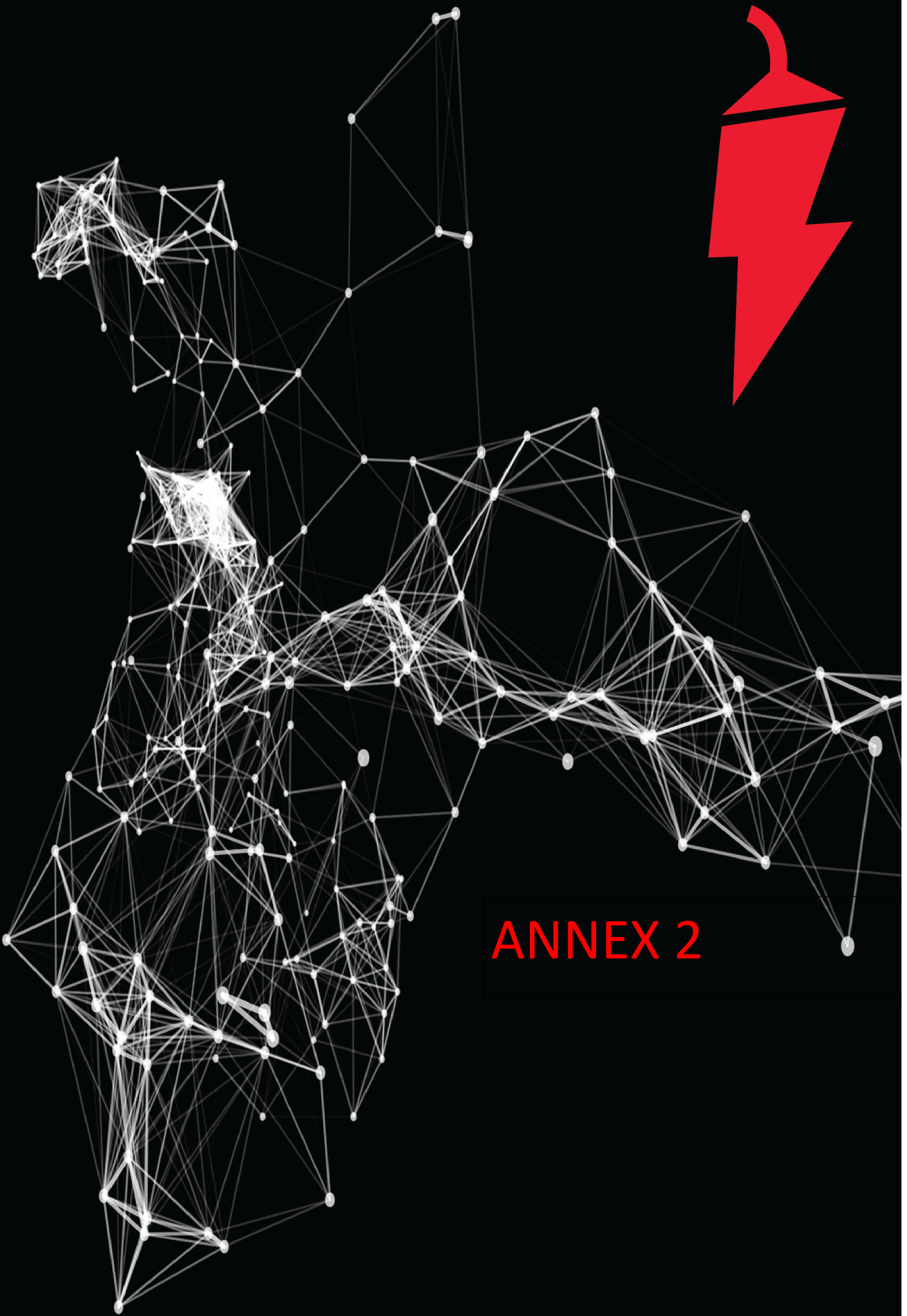
Figure 31: Free-To-Play Games Market Growth<sup>53</sup>

Considering the described development of the gaming industry, there is a clear trend in the gaming market towards the sale of in-game items within the free-to-play games. In comparison to the classic "Pay to play"-model (i.e. the game that you pay for) the annual and total worldwide sales of the "Free to Play" models is at least four times higher. It's a clearly recognised trend to provide the user with a "Free to Play" game and to then encourage them through "Micro Transactions" (the purchase of in-game items individually for small amounts) to individualise and customise their gaming experience.

<sup>51</sup> <https://newzoo.com/insights/articles/global-games-market-reaches-99-6-billion-2016-mobile-generating-37/>

<sup>52</sup> <https://newzoo.com/insights/articles/game-revenues-of-top-25-public-companies-jump-22-to-34-5bn-in-h1-2016/> (Graph 2).

<sup>53</sup> <http://cdn.mos.cms.futurecdn.net/7GUi2oadKipYu66vLRsoZc.jpg>



ANNEX 2

## ANNEX 2 – INTERNET, BLOCKCHAIN & CRYPTOCURRENCIES

Without doubt, the internet has revolutionised how humans live, communicate, think, and how they live their everyday lives. It has turned their very existence upside down. Today, most humans take the internet for granted and cannot even imagine their lives without it. The internet was born nearly five decades ago, and since then, technology has rapidly advanced by huge leaps. About 15 years ago, only 12% of all people owned mobile phones. Now, more than six out of ten persons worldwide use a mobile phone. About 15 years ago, one third of the population in developing countries lived in extreme poverty, compared to less than 15% today. Facebook, which now has nearly 1.5 billion users, had not even been launched then. In another fifteen years' time, who knows how much technological innovation and developments society will see, and what changes this will bring?

Cryptocurrencies offer a fundamentally different way of approaching money and conducting online commerce. The development of blockchain-based money solves a number of problems inherent in the current financial system. A properly implemented online trading platform with integrated cryptocurrency payments has extensive advantages.

### Bitcoin

The first cryptocurrency was the bitcoin. Articulated in Satoshi Nakamoto's 2008 white paper, Bitcoin deals with the «double spending» problem through the use of a shared ledger that is maintained by a large number of network nodes. By contriving a system in which it is computationally expensive to add a block of transactions to the ledger, but easy for anyone to verify it, Bitcoin makes it unlikely for any member of the network to succeed in submitting a fraudulent transaction – and it is expensive to try to do so. Thus miners – those tasked with upholding the security of the network – are better off acting honestly and maintaining the integrity of the ledger.

### Financial independence

Nakamoto's implementation of his white paper effectively removed the need for a trusted third party to act as a middleman in online transfers. This enabled real peer-to-peer transactions online for the first time ever: a remarkable breakthrough, and a task that many experts had believed could not be achieved. Money, which had been centralised for millennia in seigniorage, and for decades in terms of the payment system, could once again become purely a tool of commerce rather than a way to extract value and exert control. Because Bitcoin transactions take place directly – from sender to recipient, and without the involvement of a centralised third party – they cannot be censored. Once a transaction has been accepted into the ledger, there is no way of reversing it. This has a simple but powerful implication: if you want to send someone money, you can. There is no authority that can block or reverse the transfer. Bitcoin's financial system restores full autonomy to its users.

### Low-cost transfers

Because Bitcoin and other cryptocurrencies use a blockchain to secure transactions, there are no middlemen to keep accounts, and therefore, there are no single entities that can charge fees for the service. Miners collectively process transactions and are rewarded for verifying a block with both new coins (block rewards, currently set at 12.5 Bitcoins per block) and the smaller fees incurred with each transfer. Unlike the legacy banking system, Bitcoin does not recognise geographical borders. Transferring funds to a neighbour on the other side of the road is as fast and efficient as sending money to the other side of the world. While banks and remittance services tend to

charge significant flat fees as well as unfavourable exchange rates between currencies, Bitcoin's fees are fixed and low by comparison. Other blockchain protocols tend to charge even lower fees.

### **Privacy**

Bitcoin's use of a shared ledger to facilitate peer-to-peer transactions also has implications for privacy. The Bitcoin ledger is fully transparent by design, meaning that anyone can trace transactions from one address to another, right back to the block in which the coins were first created. However, because addresses are essentially strings of random alphanumeric characters, it is not inherently obvious to whom the address belongs. Bitcoin is, strictly speaking, pseudonymous rather than anonymous. While data may be leaked in a variety of ways that associate a Bitcoin address with other personal information to reveal the owner's identity, by using best practice it is possible to use Bitcoin privately. The lack of a trusted intermediary means that no information need to be registered to use a Bitcoin wallet. There is no administrative authority to control transactions or to collect user data.

### **Initial Token Sale (ITS): a disruptive fundraising model.**

Since the year 2017, the world has witnessed an explosion of initial coin offerings (ICOs) as an innovative and unique method of financing for startups globally. ICOs are a completely new and game changing funding method done by issuing a corporate related token. This rise has challenged the conventional venture capital industry in its capacity to finance innovative startups and projects. ICOs have increased in popularity with over \$2 billion raised since the beginning of 2017. The amount raised by startups through ICOs has even surpassed venture capital (VC) funding in the blockchain area in the first 2 quarters of 2017<sup>54</sup>. ICOs raised nearly \$1.3 billion in Q3 2017 alone vs. just around \$259 million for early stage VC funding<sup>55</sup>. Companies have raised at least \$2.6 billion this year via initial coin offerings (as per October 2017). ICOs have already surpassed all historical VC investment in the blockchain space, which stands at \$1.7B since 2010. Contrary to conventional equity funding, ICOs give specific rights to their holders to use or profit from specific company related services.

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<sup>54</sup> <http://www.businessinsider.de/ico-mangrove-capital-average-returns-crypto-icos-2017-10>

<sup>55</sup> <https://news.crunchbase.com/news/vcs-vs-icos-future-startup-fundraising/>



## ICO Funding VS. Conventional VC Funding

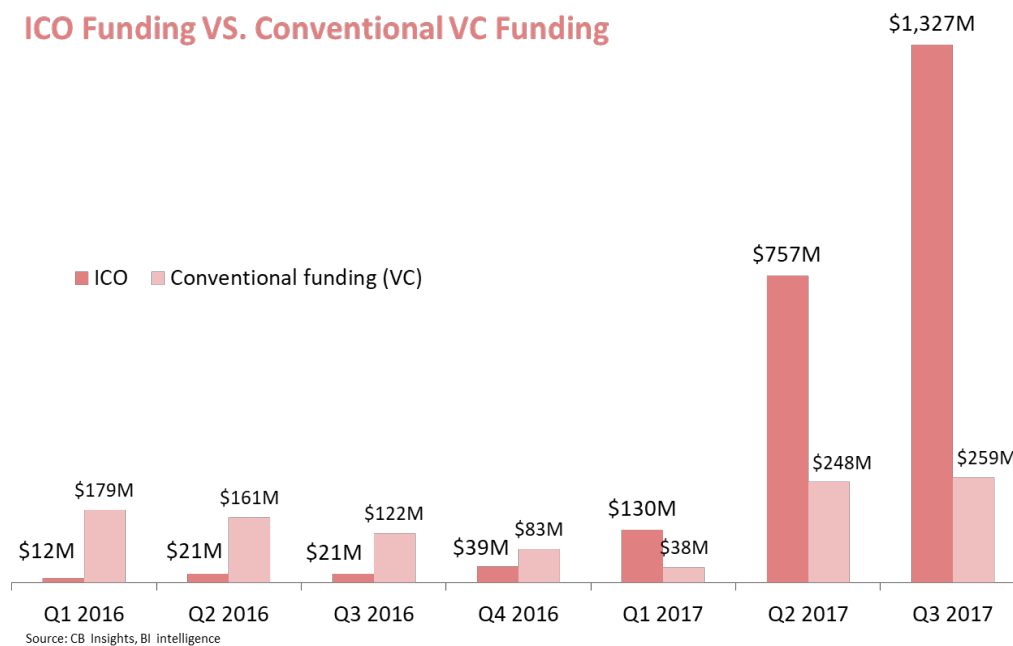


Figure 32: ICO Funding vs. VC Industry

Startups specialised in Blockchain technology or cryptocurrencies, are no longer the only ones to use ICOs for their funding. This trend is accelerating spectacularly, with funds raised from ICOs breaking new records on a monthly basis. The appeal of cryptocurrencies for investors is due to the flexibility and the potential of solid returns that have been witnessed lately on the market. According to [coinschedule.com](https://www.coinschedule.com)<sup>56</sup> there were 46 ICOs in 2016 and around 202 this year (as per Oct.23)<sup>57</sup>. The potentially disruptive funding model of the ICOs give companies the capacity to raise money from individuals more efficiently. However, and if we take into consideration the increasing exposure that ICOs have been gaining lately, the amount of funding generated is expected to keep increasing dramatically in the coming months.

### Ethereum

Launched in 2015, Ethereum is a decentralised software platform that enables Smart Contracts and Distributed Applications (D-Apps) to be built and run without any downtime, fraud, control or interference from a third party. Ethereum is not just a platform but also a programming language (Turing complete) running on a blockchain, helping developers to build and publish distributed applications. The potential applications of Ethereum are wide ranging.

### Dash

Dash was launched in January 2014 as Xcoin, and then changed its name to Darkcoin. In March 2015, Darkcoin was rebranded as Dash. Dash was created as a fork of Bitcoin, which means it duplicated Bitcoin's existent code and made it better by addressing the issues users faced with Bitcoin. So apparent flaws and weaknesses in Bitcoin are absent in Dash, making both digital coins

<sup>56</sup> <https://www.coinschedule.com/icos>

<sup>57</sup> <https://www.bloomberg.com/news/articles/2017-09-18/what-s-an-ico-like-an-ipo-but-with-digital-coins-quicktake-q-a>

substantially different in terms of efficiency. As an alternative to Bitcoin, Dash provides a faster and more anonymous service to its users.

### **Litecoin**

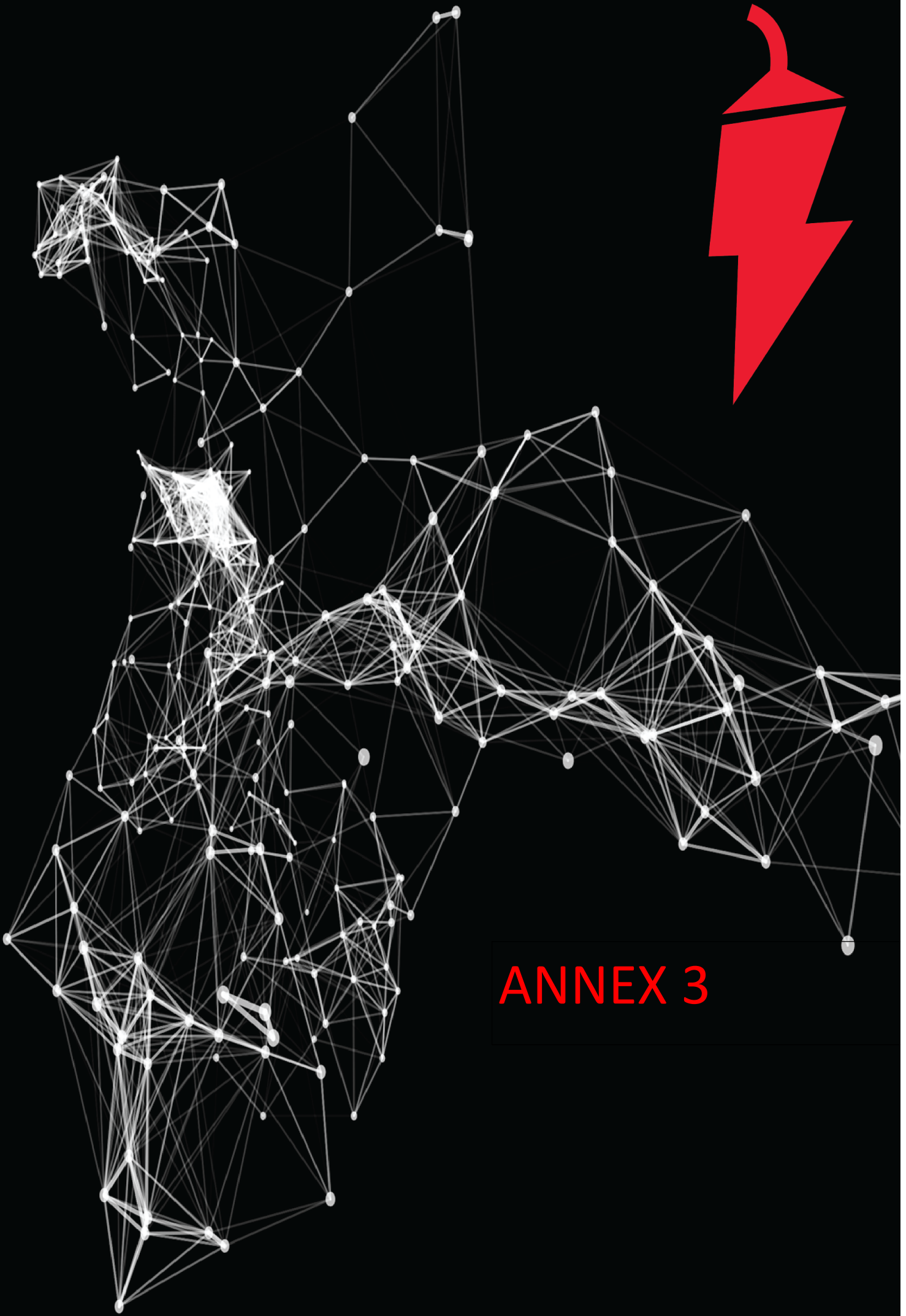
Launched in the year 2011, Litecoin is an alternative cryptocurrency based on the model of Bitcoin. Charlie Lee, a MIT graduate and former Google engineer, is Litecoin's creator. Litecoin is based on an open source global payment network that is not controlled by any central authority. Litecoin differs from Bitcoins in aspects like faster block generation rate and use of scrypt as a proof of work scheme.

### **ICO**

The acronym ICO stands for Initial Coin Offering. When an ICO is offered by a company, capital will be raised through the creation of a new cryptocurrency which can then be bought by investors with Fiat money or crypto-currencies. ICOs are similar to IPOs and crowdfunding. The big difference between an ICO and an IPO is the fact that investors in an ICO do not take an actual stake in the company, as is the case with an IPO. Investors in an ICO are invested in the company but only indirectly through the cryptocurrency that is being created. If the ICO is successful, the value of this cryptocurrency is likely to increase and the investors will have made profit.

### **Smart contracts**

Developed by the Ethereum foundation, a Swiss non-profit organisation, Ethereum upends the traditional approach to offering services on the internet. Instead of building server farms across the world – staffing them, maintaining them, and securing them – Ethereum makes it possible to build a global computing infrastructure by using a type of coding called «smart contracts». These contracts allocate computing resources across the blockchain and reward those who use their own hardware to support the calculations required. With the right skill and hardware, anyone can join this effort by creating an Ethereum node and be compensated for their contribution, all without a central coordination authority. Ethereum works in a fully decentralised manner, just as the Bitcoin blockchain does. Smart contracts are pieces of code, whose execution is ensured by the network as a whole, in the same way that Bitcoin's transfers and records of funds are policed by the whole network. This means that applications that run automatically can be built, and the reliability of the services they offer is guaranteed because there is no single point of failure. Ethereum's smart contracts therefore offer the possibility of an e-commerce platform that has unique properties: privacy for both the buyer and the seller, complete freedom from censorship and interference, and very low fees for users.



**ANNEX 3**

## ANNEX 3 – NAGA COIN RELATED LINKS

The NAGA GROUP AG:	<a href="https://www.naga.com">https://www.naga.com</a>
NAGA TRADER :	<a href="https://www.nagatrader.com">https://www.nagatrader.com</a>
NAGA VIRTUAL:	<a href="https://nagavirtual.com">https://nagavirtual.com</a>
NAGA Markets Ltd.:	<a href="https://www.nagamarkets.com/">https://www.nagamarkets.com/</a>
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