



FNT WHITEPAPER

Aircraft carrier of digital asset investment service

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1.1 Market Background

After going through desolation for a long time, blockchain concept and Bitcoin created by Satoshi Nakamoto burst forth huge economic energy in 2017, which brought about unprecedentedly fierce changes for the world. Blockchain facilitated the transformation from carbon-based civilization to silicon-based civilization, promoted the transfer from tangible means of production like steel, coal, petroleum and land to intangible technology and hashrate, which comprehensively improved productivity. A batch of miner manufacturers such as BITMAIN, CANAAN and EBANG provided over 100,000 computing nodes for the world to maintain blockchain operation, in which developers, users, enterprises and investors constitute complete diversified ecosystem. In the aspect of finance, digital asset created brand-new economic model. Token economy promoted transformation from tangible capital carrier to intangible stock rights and digital asset. Up to now, there are more than 3,000 financing projects related to blockchain in the world and market capitalization of digital asset once peaked at 900 billion dollars, so it can be said that token economy is the turning point between old and new world.



Figure 1 Total market capitalization of digital asset (from *CoinMarketCap*)

Barbarous growth of digital asset market brought up many myths of sudden wealth and numerous investors got involved in the market because of diversified publicity channels to strive for being the next protagonist of myth. However, this feast suddenly came to an end in 2018 and the market turned to be desolate, and investors generally suffered great loss as they failed to make correct trade decisions. The coming of downturn revealed that the digital asset market being originally pursued with hot money was still at initial stage. Different problems such as complex market mechanism, investment groups with low professional level and information asymmetry led to high risk of digital asset market and investors with heavy losses were forced out of the market. After the bubble bursts, people start to query the prospect and credit of blockchain industry and this kind of persistent state will be undoubtedly fatal for the development of blockchain industry.

The participation of professional investment organizations is urgently needed to restore the confidence of market, so FNT digital asset investment service platform is established, which aims to provide professional investment service, guide investors to participate rationally and restore order of blockchain finance market.

1.2 FNT Mission

FNT investment service platform will cooperate with mainstream trading platforms to satisfy free choice of matching different investment ways and investment risks, design a series of investment services and products like quantitative investment, fund investment, futures investment and documentary, thus bringing brand-new investment channels and abundant digital asset finance products for digital asset investment market.

FNT is the product to practice our own cognition about digital asset, investment theory and value. By providing professional investment service for participants of digital asset, it finally assists with sound development of blockchain finance.

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2.1 Quantitative Investment

Digital asset market has a series of trading features being contrary to humanity such as great fluctuation, ceaseless trading at 7*24 hours and high leverage margin trade, and it's extremely difficult for subjective trading (most investors are good at this trading way) to adapt to market, while quantitative trading is applicable to this kind of trading occasion.

Quantitative trading replaces artificial subjective judgement with advanced mathematical model and initially selects multiple "great possibility" events bringing about excess earnings from huge historical data through computer technology to formulate strategy, greatly reduce the influence of emotional fluctuation of investors and avoid irrational investment decisions under extremely crazy or pessimistic circumstances of market.

In essence, quantitative trading is the same with traditional qualitative investment, as both of them are based on theoretical basis of inefficient market or weak-form efficient market. The difference is that quantitative investment management is "quantitative application of qualitative idea" and emphasizes data. Quantitative trading has below features:

- 1) Discipline. Make decision according to computational results of model instead of by feeling. Discipline can not only restrain human weaknesses such as greed, fear and fluke mind, but conquer cognitive bias and keep trackable.
- 2) Systematicness. It's reflected as "three multiples". The first is multiple layers, including models on three layers: main-category asset allocation, industry selection and well-chosen specific assets. The second is multiple angles. Core ideas of quantitative investment include different angles such as macroscopic cycle, market structure, valuation, growth, earning quality, earning forecast by analyst and market sentiment, etc. The third is multiple data, namely handling mass data.
- 3) Arbitrage idea. Through comprehensive and systematic scanning and capture of the opportunity brought by wrong pricing and wrong valuation, quantitative investment discovers valuation depression and get profits through buying undervalued assets and selling overvalued assets.
- 4) Probability. For one thing, quantitative investment constantly excavates possibly repetitive laws from historical data and utilizes them. For another thing, keep successful by depending on asset portfolio rather than single asset.

Based on pain points of market transaction, FNT provides an efficient, flexible and professional quantification system for investors, and the system includes various quantitative trading tools and modules, which can comprehensively satisfy different quantitative demands of investors such as strategy research, data modeling, trading model design, performance measurement, simulation verification, trace analysis and automatic trading, etc. Quantification system will include but not limited to below functions:

- 1) Uniform interface: FNT quantification system will gradually cover mainstream exchanges on the market and provide uniform programming interface for quantitative trading users so that they can connect with mainstream exchanges conveniently.
- 2) Statistical arbitrage: FNT will provide basic demo code of cross-exchange arbitrage (e.g. brick moving) and arbitrage within exchange (e.g. triangular arbitrage) so that the users can start quickly.
- 3) Algorithmic trading: FNT will provide multiple types of basic demo codes of trend trading, structural-type trading, volatility trading and integrated-type trading so that the users can start quickly.
- 4) Model test: FNT will provide full-scale Tick-level data and high-performance background server of cooperative exchange so that the users can truly test the reliability of own trading model.
- 5) High-performance trading: FNT adopts distributed server, utilizes multiple IP and multiple machines to break through access time limitation of exchange, thus providing specific market data for users and forwarding trading directives of users automatically through the server with the fastest network speed.
- 6) Overall monitoring: FNT will provide a series of monitoring related to trading environment such as exchange condition, model condition, server condition and news information, adopt real-time push service to make the users know about key trading information in the first time.
- 7) Comprehensive indicator system: FNT will provide real-time data of common indicators on market for quantitative investors. Based on quantitative experience for many years, FNT will release previously exclusive indicators to users so that they can possess more comprehensive indicator system.

Apart from quantification system, FNT knows well that the world is changing rapidly today, acting blindly can never keep up with the trend of times, so FNT will construct quantitative trading community to provide wider realization market for excellent quantitative engineers and strategists, provide substantial stimulation for quantitative development of digital asset.

In future, overall opening of FNT quantification system will optimize investment environment and structure of investors, provide strong power to realize the good vision of promoting overall level of digital asset investment.

2.2 Fund Investment

Among investors of digital asset, most of them are lack of professional knowledge about quantification or investment research, and they even do not have enough time for comprehensive understanding about market. Aiming at these investment groups, FNT designs digital asset fund products. Through capital scale and professional investment research, they can reduce risk and

improve stability of earnings for investors.

Based on diversity of asset size and risk tolerance among investment groups, public offering of fund and privately offered fund are designed by following traditional classification of fund. From the perspective of product definition, they are similar to public offering of fund and privately offered fund in traditional finance. For example, FNT will release public offering of fund run by itself or managed by famous institutions, which will be open to all investors without charging performance-based compensation, maintain low threshold and strictly disclose information related to fund, etc. Besides, FNT will recruit excellent privately offered fund, which will have high admittance threshold (at least one million FNT tokens or other equivalently stable tokens), charge performance-based compensation, offer personalized customization of investment strategies, financial leverage and closed period limitation, etc.

Beyond traditional design, there are many innovations for FNT fund products based on the features and technology of blockchain:

- 1) Decentralized risk control management: FNT will build consortium blockchain together with issuing party of fund products. Both data about public offering of fund and privately offered fund will be recorded on the chain to make investors keep real-time and transparent understanding about operation conditions of funds. Smart contract is adopted to monitor risk condition of all fund products to overall avoid the weakness of artificial risk control;
- 2) Decentralized management mode: based on consortium blockchain led by FNT, fund investment will be entrusted on the blockchain without third party and there will be no trusteeship fee, so investors can get benefit directly from blockchain technology. Issuing, redemption and trading of funds are managed by smart contract, which greatly promotes smart degree and timeliness of fund operation.

2.3 Derivative Investment

There are a great deal of exchanges on the market of digital asset. From the perspective of trading object, they can be divided into two major categories: spot goods and derivatives. Being similar to traditional finance, the risk of derivative trading is large due to leverage and amazing volatility of digital asset market increases this risk. From futures trading of OKex to perpetual contract of BitMex, the trading volume of digital asset derivatives has surpassed spot goods and become main contributor for the trading volume of digital asset.

Being confronted with strongly rising digital asset derivatives market, FNT clutches lifeblood of era and proposes derivative investment products: digital asset futures, index contract and options product. On the basis of current derivative framework on market, FNT develops own derivative trading framework to provide basic guidance for releasing self-developed derivative products and derivative products of excellent projects. The functions of price discovery and risk control of digital asset derivatives make that price of digital asset can dynamically reflect the changes of

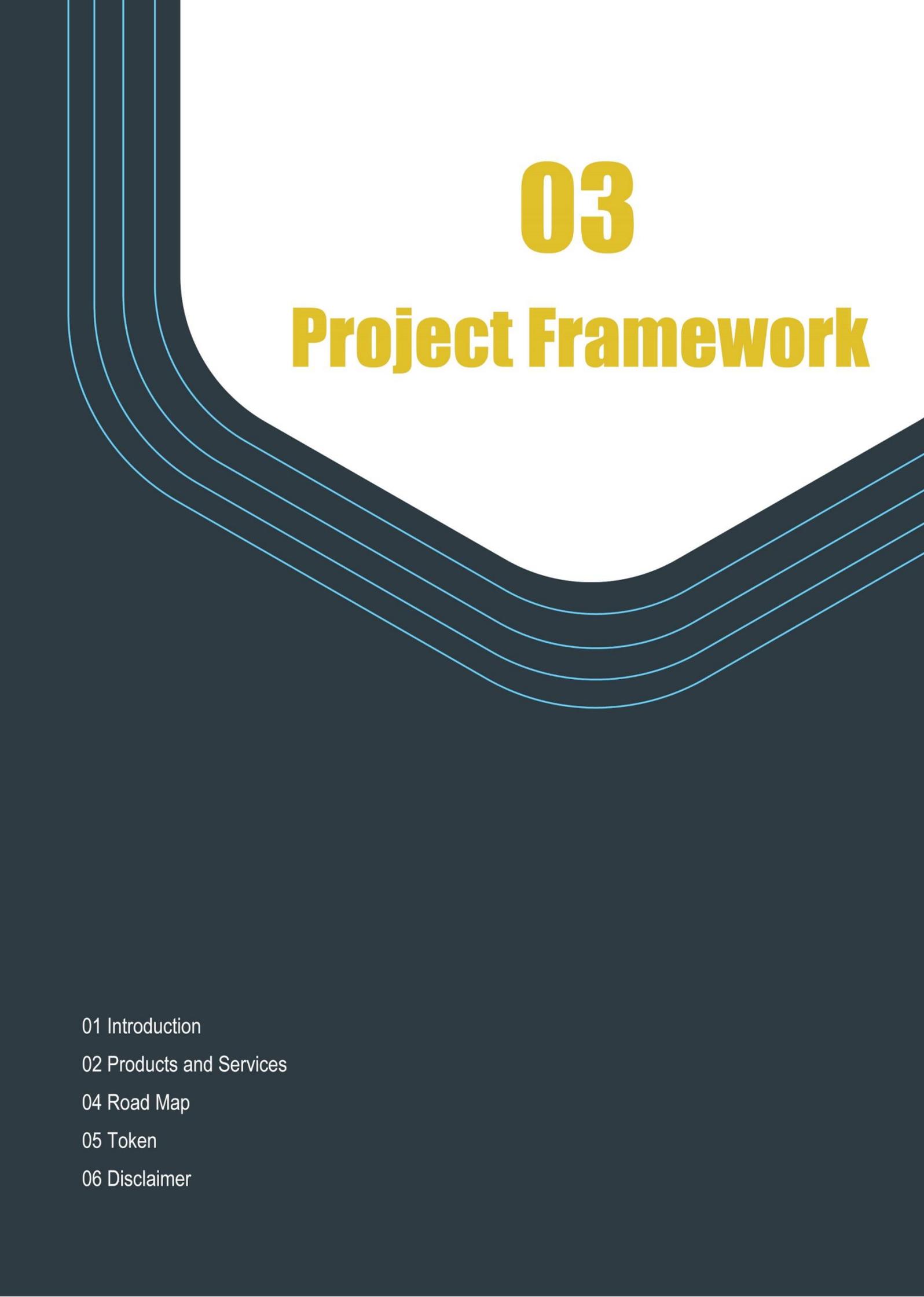
project development beyond speculation, promote project development and competition. Besides, they can effectively mitigate the volatility of digital asset and make price of project token match with anticipation of project development better. Mutual coordination of various digital asset derivatives can provide space for volatility arbitrage, while arbitrage activity can restrain volatility upsurge on digital asset market. The emergence of digital asset derivative trading truly makes blockchain hedge investment become possible, which not only makes project party stabilize market capitalization of project token better, but guarantees the benefit of investors.

FNT will participate in derivatives trading with the role of platform, keep neutral all the time, make strict risk control management and settlement of all listed digital asset derivatives. By building overall deposit pool, it will restrict manipulating behavior with high violation costs and provides powerful guarantee for trading parties to fulfill contract.

2.4 Documentary

Following the investment of celebrity is a common investment behavior in investment circle of digital asset and even traditional financial field. Common investors always desire to be guided by a master, while outstanding investors on market also hope that their own decisions can be recognized by the market. Aiming at this kind of mutual investment demand, FNT designs overall documentary system.

For any one investment way like quantification, fund and derivative, as long as investors are willing, they can make real-time release of investment contents for fee or free on FNT, while others can follow through simple operation. The system will make real-time imitation of the investment operation of followed target as per following setting. To avoid misleading other investors through vicious release of investment information, FNT adopts compulsory real name authentication of distributors and keep information transparency for outside, displays historical investment information and account analysis of distributors. Furthermore, FNT will bring in credit information system to monitor credit information of distributors, increase the costs of releasing false investment information and misleading market investors.



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3.1 Organizational Structure

FNT founding team gathers experts and scholars of traditional finance, big data, blockchain and digital asset economy. They possess profound understanding and successful experience in investment service, design of financial products and construction of complex trading system, who are indispensable cornerstone for the future success of FNT project. The founding team members of FNT are as below:



Forest Zhen Yang Sha, CEO, financial background, was the market value management manager of domestic A-share listed companies in 2013. He won the Golden Bull Award and the Best Strategy Award. He successively served as the main strategist in Hessen Quantization and Sunshine Quantization. He mainly invested in the secondary market. The leading sectors included stocks, foreign exchange, futures and digital currency. The annual return of transactions in the past five years was 50%, in terms of profitability and wind control. There is a unique trading system and understanding. The strategy is mainly long-term, supplemented by intra-day turnaround. At present, a fully automated trading model suitable for different trading markets has been developed.



Spencer COO started to build resident communities in 2014, participated in the construction of Read Coin, CVT and other business schools at home and abroad, and each issue of community sharing. It has strong psychological control over retail investors, with a turnover rate of up to 90%. It has also participated in ETH and EOS overseas community building, focusing on media publicity and Summit hosting and brand marketing. It has jointly hosted golden financial and WBF summits with over 100,000 people. District resources, now responsible for FNT's global node promotion and overseas community layout, build FNT's first batch of core belief communities.



Ricky Lee Doran, Position: CTO, responsible for system research and development, decentralized business platform construction, big data background, started in 2013 specializing in block chains, EOS technology construction and wallet building, participated in the development of BFX and other exchanges, built a large foreign exchange data documentation system in 2015, reverse documentation for loss accounts, annual profit rate as high as 60%, design digital goods in 2017. Currency quantification procedure, combined with triangular arbitrage, currently has a quantified return of about 80%. Currently, it is the CTO of FNT, responsible for the design and construction of FNT quantification platform.

Geroge, a senior expert and investor in financial analysis, was born on Wall Street and participated in many large and medium-sized financial science and technology projects. He entered the area of block chain in 13 years, and was the earliest group of digital money investors in China.

Lee, fund manager of FNT, is responsible for the construction and operation of products. At present, the annual revenue is stable at 30%.

Chen Long, who specializes in data visualization of geospatial and trading networks, has published articles in well-known journals.

Li Yifan, with many years of experience in Roland Berger, a leading global consulting company, participates in the strategic formulation and promotion of multinational corporations and governments.

Nathan, responsible for technical architecture design and team management;

3.2 Business Framework

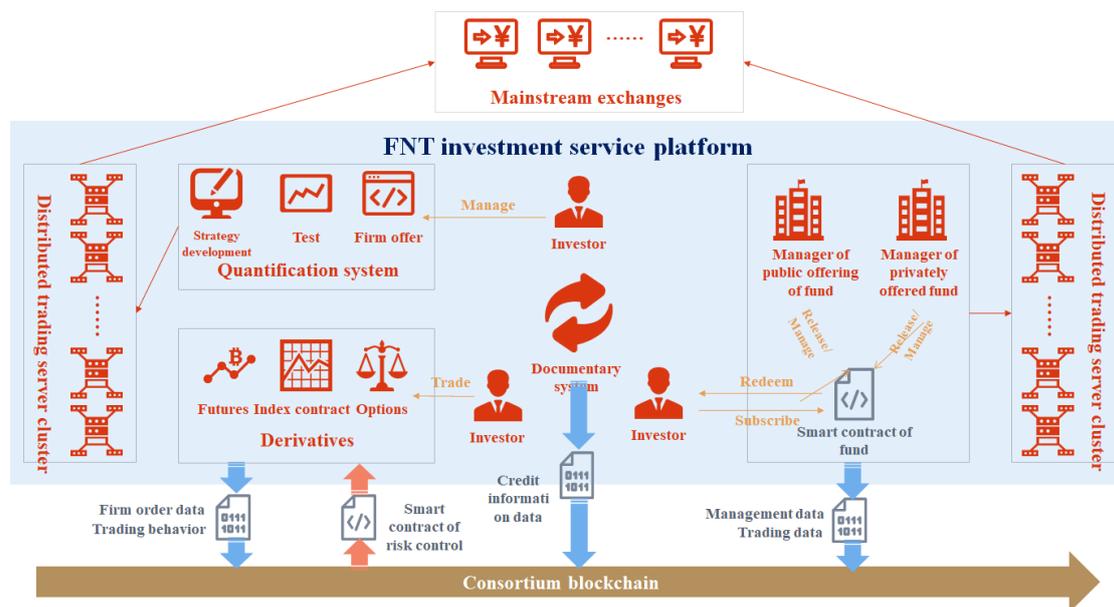


Figure 2 Business model diagram of FNT project

With investors being the core, FNT platform provides a series of trading investment products and services for investors, including quantification system, derivative trading, fund trading and distributed server, which comprehensively satisfy the demands of different types of investors, deeply optimize investment experience, strive to cover complete life cycle of investors, lead digital asset investment to develop towards opener, more convenient and more professional direction.

3.3 Technical Framework

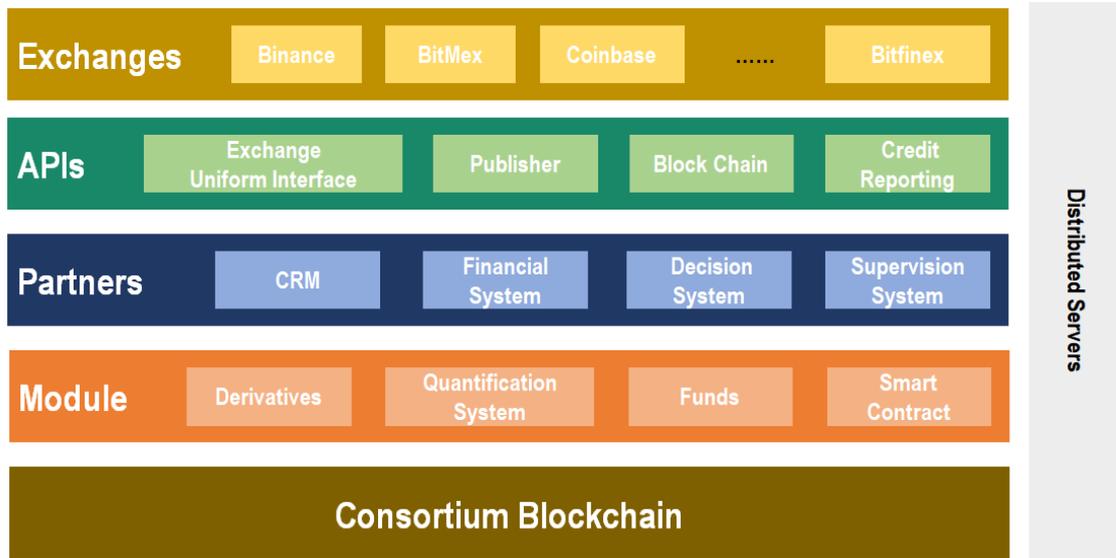


Figure 3 Technical framework layer of FNT

The bottom layer is based on consortium blockchain led by FNT, and module of derivatives, quantification system, funds and smart contract required by FNT investment service system are built. Partners can connect their internal systems with module and maintain the operation of consortium blockchain together with FNT to form closed-loop service and brand-new ecological environment for investment, so investors can make more secured, more professional, more intelligent and more convenient investment on FNT. With regard to internal performance, FNT realizes uniform connection with mainstream exchanges through self-established distributed server cluster to ensure real-time performance and reliability of ecological investment trading on entire FNT platform.

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2019Q1 Launch project, confirm technical framework solution of platform, issue ERC20 token, login exchange;

2019Q2 Finish related functions of fund projects, release FNT platform version 1.0;

2019Q3-Q4 Perfect functions of fund projects, start R&D of FNT consortium blockchain;

2019Q4 Test consortium blockchain, start R&D of derivative trading;

2020Q1-Q2 Release consortium blockchain, start R&D of smart contract of funds, release version FNT platform 2.0;

2020Q3-Q4 Test smart contract of funds, release derivatives trading, start R&D of smart risk control contract of derivatives, start R&D of quantification system, release FNT platform version 3.0;

2021Q1 Deploy and test distributed trading server;

2021Q3 Release quantification system formally, release FNT platform version 4.0;

2022Q2 Release overall documentary system, release FNT platform version 5.0, provide comprehensive pain point services for digital asset investment, efficient, professional and convenient digital asset investment platform will emerge and make constant optimization.

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As blockchain investment service institution, FNT has profound understanding about high-degree autonomy brought by blockchain decentralization, so we desire to forge FNT to be decentralization platform. Consortium blockchain led by FNT will be developed to completely realize decentralization goal, while the consortium blockchain is entirely designed, developed and optimized for financial service. On the consortium blockchain, FNT token will be issued and the symbol is FNT. As native encrypted token of FNT ecology, it's specially created for FNT block network and service to integrate resources, maintain operation of intelligent financial community, support distributed application and trading of FNT platform.

Initial FNT token will be issued with ERC-20 token on open Ethereum blockchain with a finite number of 0.1 billion. After basic protocol of own blockchain of FNT is developed, native FNT token will exchange all ERC-20 tokens on the market as per proportion at 1:1. FNT value and right of all ERC-20 will be transferred to native token.

The issuance of FNT aims to realize below goals:

- 1) Reward participants of consortium blockchain to maintain the normality and reliability of FNT network function. The scope of hashrate contribution includes running network node, verifying contract and executing smart contract, etc.
- 2) FNT token is proof of stake of FNT ecology and holders will enjoy operation bonus of FNT platform as per overall holding proportion. Besides, FNT token is also designed as medium of major expense settlement for service on FNT platform. Investors can purchase all services on platform with FNT tokens. Apart from common functional services such as quantification system, investment analysis and distributed trading server, FNT tokens can also be used to pay commission preferentially and they are available for fund, derivative and external trading, etc.
- 3) FNT cannot run without powerful community support, so we consider using FNT as core incentive means on top-layer design of project. Apart from the reservation required by community operation, we additionally reserve 20% of FNT tokens to reward future community contributors, thus maintaining the activeness and power of community permanently.
- 4) At earlier stage, mining mechanism is added on the operation of FNT platform layer to increase flow. The behavior of purchasing products or services on FNT platform and trading FNT are regarded as mining. Investors will get certain amount of FNT as reward as per trading behavior and generated trading volume.
- 5) Above all, FNT can not only obtain operation income of platform, but possess voting right of deciding the future development plan of FNT. The future of FNT will implement complete community autonomy and holders of FNT token will vote as per token proportion. Therefore, we think that this kind of just, fair and open voting will lead FNT to develop towards right direction.

Issuance & use planning of FNT tokens is as below:

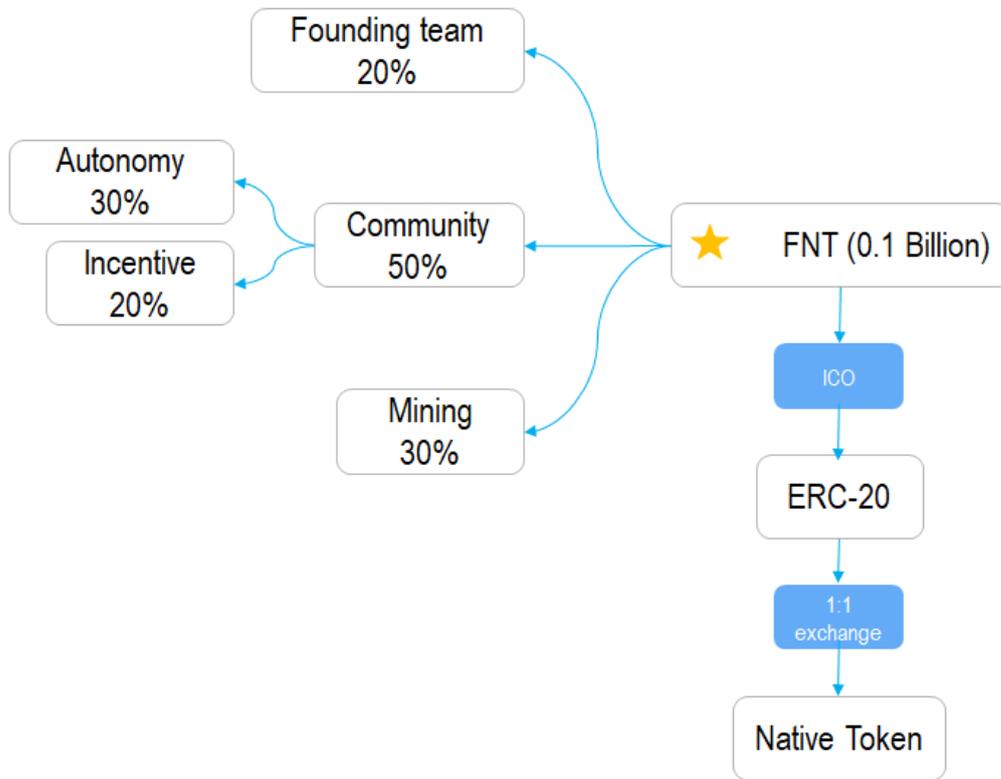


Figure 4 Schematic diagram of planning of FNT tokens



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Disclaimer

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You must take all necessary professional advice, including in relation to tax and accounting treatment. We hope FNT project will be highly successful. However, success is not guaranteed and digital assets and platforms involve risk. You must assess the risk and your ability to bear them.