



Advanced Cryptocurrency Derivatives Exchange

Abstract

ACDX proposes to offer a next-generation cryptocurrency derivatives trading platform with cryptocurrency structured products that the industry has not yet seen, such as callable bull/bear contract, warrant contract, accumulator/decumulator, etc. We actively cultivate a company culture that is focused on true innovation across a wide range of easy-to-use, fair, and transparent trading products that suit the needs of current and emerging cryptocurrency traders.

Led by Andy Cheung, the ex-COO of OKEx and a serial entrepreneur, our team consists of quantitative traders, exchange operators, market makers, technology engineers who has working experience in financial and technology companies including but not limited to Merrill Lynch, Lehman Brothers, Standard Chartered, Citigroup, OKEx, and Bittrex.

Since the ICO boom and Bitcoin's price reaching its all-time-high at the end of 2017, the whole cryptocurrency market underwent a market consolidation phase. Only the strongest cryptocurrencies survived and the spot market slowed down. Since then, exchanges have become much more conservative on listing new coins. But it doesn't mean that the crypto fever is over. Instead, this has given rise to a new market in cryptocurrency - derivatives.

Comparing with the traditional derivatives market, cryptocurrency derivatives market is still at its infancy and is growing with a huge potential. However, current derivatives exchanges are either content with the status quo or lack of derivatives product expertise. With such market potential, we believe that the market growth rate can increase exponentially by bringing in more new products. Therefore, ACDX was born. Combining the experience of cryptocurrency exchange officers and traditional quantitative traders, we know what product innovation the market demands. We will build a platform which will disrupt the current cryptocurrency market and drive the whole industry forward.

Table of Contents

1. Mission & Vision	6
2. The Current Landscape	7
2.1 Huge Potential Demand	8-10
2.2 Lack of Innovation	11
2.2.1 Content with Status Quo	11-12
2.2.2 Busy on Expansion	12
2.2.3 Lack of Expertise	12
3. ACDX	13
3.1 World-class Team	13
3.2 Features	14
3.2.1 Structured Products	14
3.2.1.1 Callable Bull/Bear Contract	15
3.2.1.2 Warrant Contract	16
3.2.1.3 Accumulator / Decumulator	17
3.2.2 Market Surveillance Team	18
3.2.3 Intuitive UI/UX	18
3.2.4 A Wide Variety of Products	18
3.2.4 Cope with Wealth Management Objectives	18
3.2.6 Professional Tools	18
3.3 The Underlying Assets of Our Products	19
3.4 Competitive Landscape	20

Table of Contents

4. ACXT	21
4.1 The Idea	21
4.2 Governance Rights	21
4.3 Maker Incentives	21
4.4 Liquidity Farming	22
4.5 ACXT Distribution	23
4.6 Vesting	24
4.7 Buyback and Burn	25
5. Business Model	26
5.1 Revenue Sources	26
5.1.1 Listing Fees	26
5.1.2 Trading Fees	26
5.1.3 B2B Partnerships	26
5.1.4 White-label Technology	26
6. Product Roadmap	27
7. User Acquisition Strategy	28
7.1 Customized Contacts	28
7.2 Exchange Partnerships	28
7.3 Extensive Network	28
7.4 PR & Marketing	29
7.5 Focused Countries	29
8. Estimated Market Share & Growth Potential	30

Table of Contents

9. Security	31
10. Compliance	32
11. Device Coverage	32
12. Multilingual Support	32
14. Risks	33
14.1 Project Risk	33
14.2 Digital Asset Risk	33
14.3 Regulatory Risk	33
14.4 Cryptographic Protection Measures	34
14.5 Flaws in the Source Code	34
14.6 Compromised Security	34
14.7 “Distributed Denial of Service” Attacks	35
14.8 Inadequacy of Processing Power	35
14.9 Conflict of Interests	35
14.10 Potential Competitors	35
14.11 Third Party Developers and Suppliers	36
14.12 Privacy and Data Retention Issues	36
14.13 General Risks Relating to the Use of the Internet or Other Electronic Mediums	37
15. Disclaimer	38-39

1

Mission & Vision

Our mission is simple yet bold - defining markets of the future.

As true believers of the blockchain technology, we envision that, ultimately, cryptocurrency will revamp the financial system, empowering everyone with economic freedom and opportunity. And our team is here to shape markets of the future we envision.

ACDX plays the role of a catalyst to foster the cryptocurrency industry development. On the cutting edge of financial technology, we innovate new products and create new markets to better connect traders and help grow projects' communities. In this fast-evolving cryptocurrency world, we are not only keeping pace with market demands, we forge ahead to deliver experiences far beyond participants' expectations, and eventually, achieving cryptocurrency mass adoption with our peers.



The global equity market size is around \$75 trillion¹, while the global derivatives market size is roughly \$1.2 quadrillion². The gigantic market capacity is largely due to the numerous derivatives in existence, available on virtually every possible type of investments assets.

On the other hand, the cryptocurrency derivatives trading volume in 2019 exceeded \$3 trillion³. Yet, the number is only around 15% of the spot market, which is \$15 trillion. The big difference can be due to a lot of factors.

First, derivatives are relatively new to the market. Bitcoin was first introduced in 2009, but it didn't start trending until 2017, the year of ICO boom. The cryptocurrency market was filled with new coin sale everyday, and the volatility was extremely high. People made tenfolds or even hundredfolds of profit within days. As the bubble popped at the end of 2017, cryptocurrency went through a long period of consolidation phase. Bitcoin's price had been as low as \$3,000 for months. Exchanges were looking for ways to turn the tide and speculators were desperate for something to hedge risk or obtain larger rewards. This led to a series of launch of derivative products from different exchanges. To put it briefly, it wasn't until 2019 the derivatives market really started growing.

Second, derivatives require a steeper learning curve. But it does not necessarily mean that derivatives are too complex for cryptocurrency traders. With the further maturity of the cryptocurrency trading market, derivatives as one of the crucial financial instruments help to improve the hedging and price discovery in the market, thus will be further recognized and accepted by investors, and derivatives will certainly conquer a larger market share in the future. Just like what it did to the traditional financial world.

¹ sifma. "Markets Matter". <https://www.sifma.org/2020-outlook-markets-matter/>.

² Investopedia. "How Big Is the Derivatives Market?". <https://www.investopedia.com/ask/answers/052715/how-big-derivatives-market.asp>

³ TokenInsight. "2019 Cryptocurrency Derivatives Exchange Industry Annual Report". <https://tokeninsight.com/report/1032?lang=en>

2.1 Huge Potential Demand

As the figures above show, traditional derivatives markets are 14x greater than the traditional equity markets, while cryptocurrency markets are only less than 20% the size of spot markets. Based on the degree of resemblance of traditional and cryptocurrency markets, we can see a very promising potential for cryptocurrency derivatives.

The past performance of BitMEX, one of the world's largest cryptocurrency derivatives marketplace, also supports the hypothesis.

Quarterly Turnover of BitMEX (World's largest crypto derivatives market)

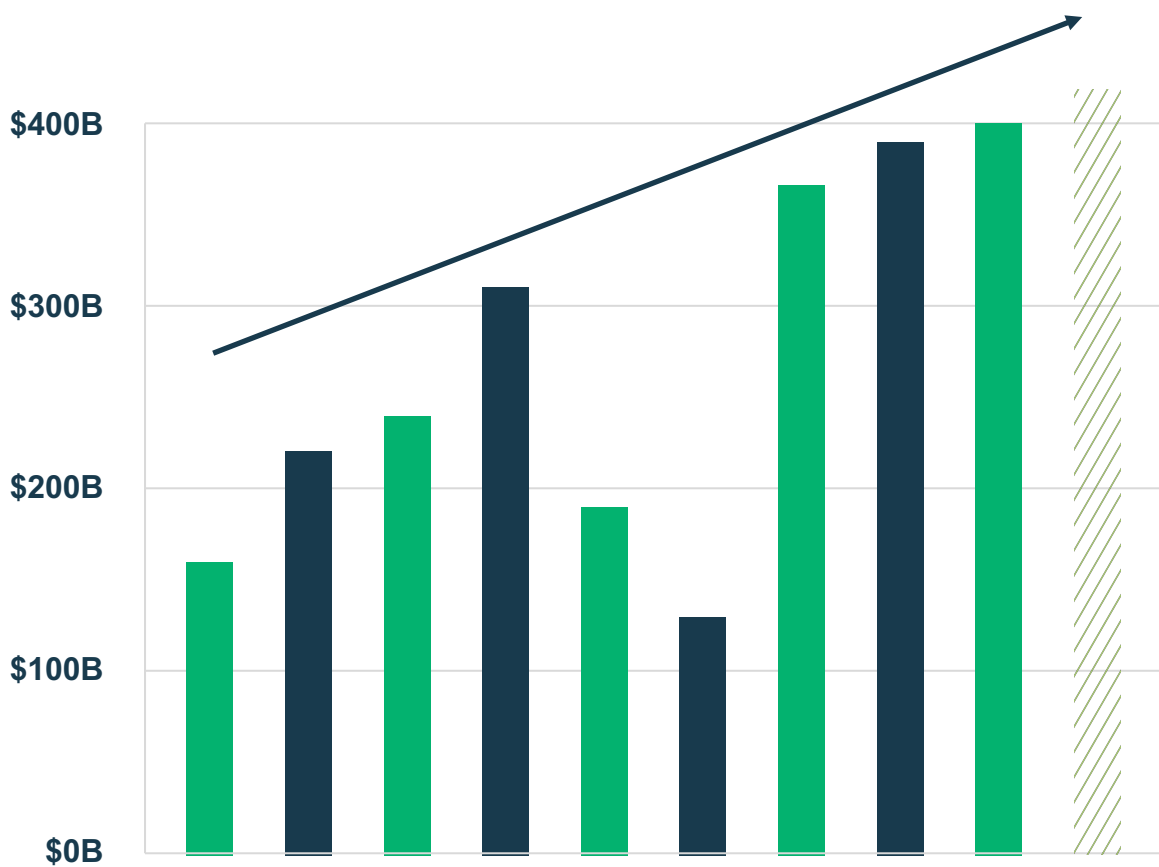


Fig. 1: Quarterly Turnover of BitMEX Exchange.
Source: BitMEX

The quarterly turnover of the exchange has increased more than a double from 2017. We may see a drop of turnover in Q4 2018 and Q1 2019, but that was due to the Bitcoin fall which dragged its price to the lowest point in the last 2 years.

Bitcoin Price

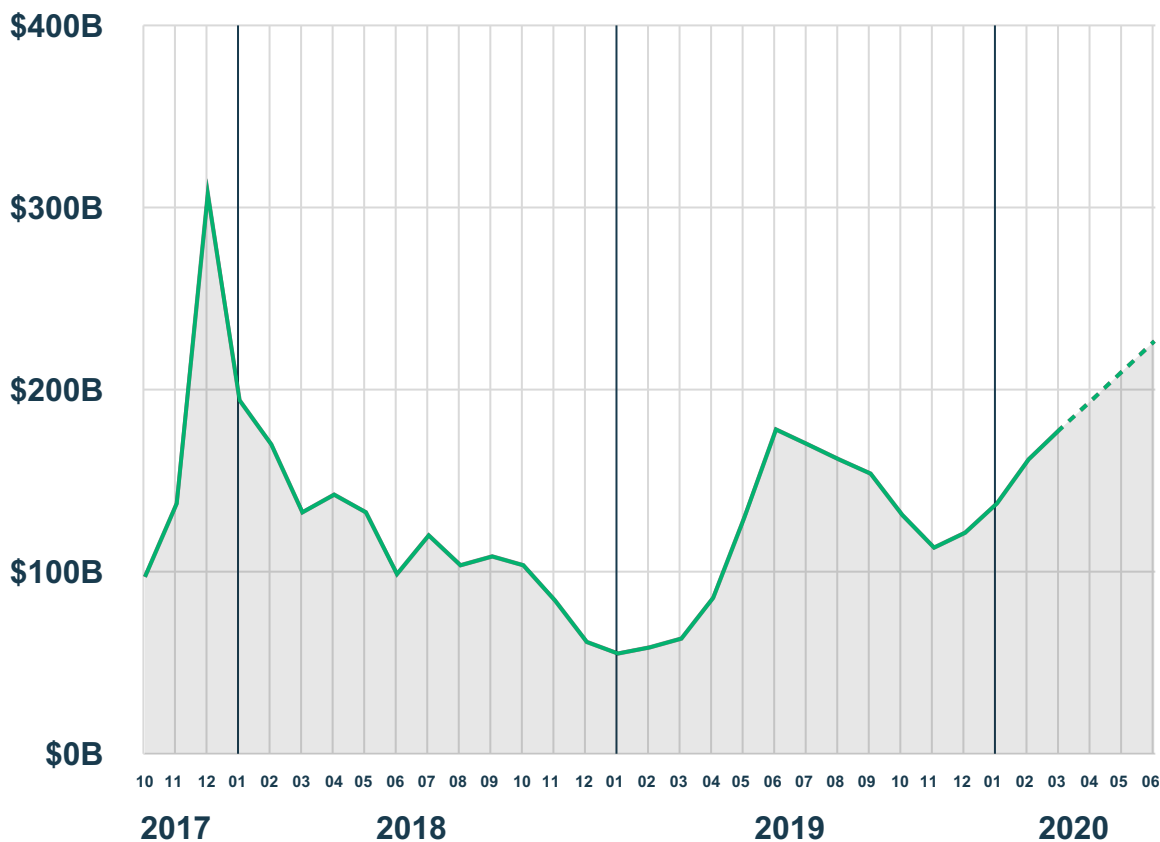


Fig. 2: Bitcoin's Price from 2017 to 2019 (USD).
Source: CoinMarketCap

But as the Bitcoin price rally started, the turnover in Q2 2019 quickly recovered, reaching almost a triple of Q1.

The daily turnover of other cryptocurrency derivatives exchanges were also reaching new highs in 2020. OKEx, for example, has a turnover of \$4.5 billion per day in its futures, options, and perpetual swaps markets.

Derivatives Exchanges by 24h Trade Volume

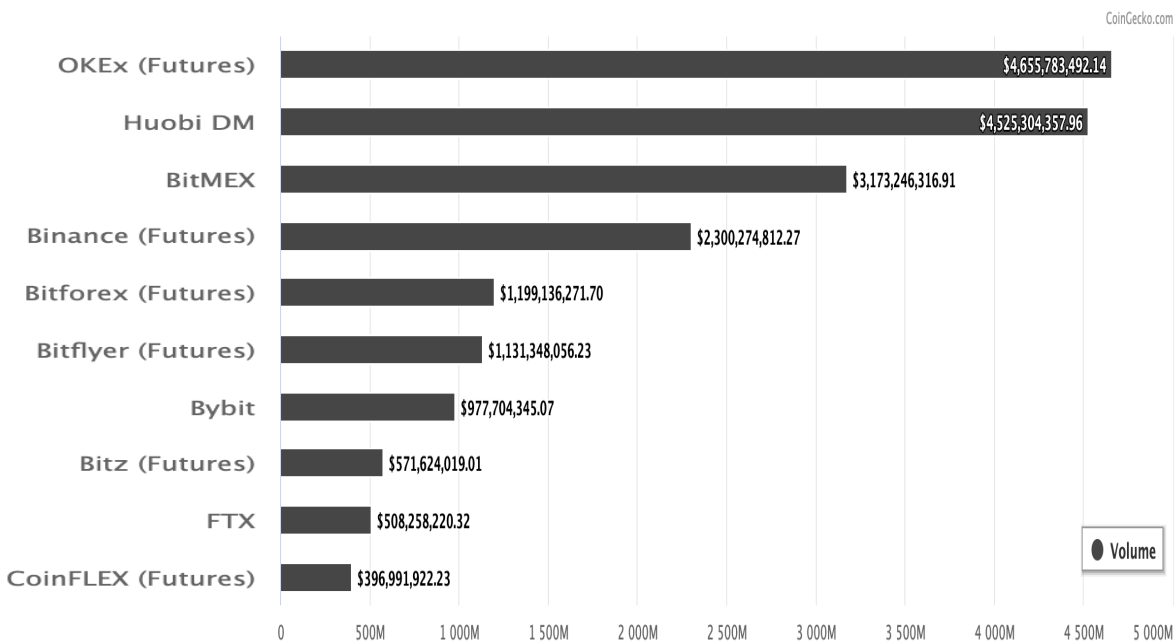


Fig. 3: The 24 hour trading volume (turnover) of derivatives exchange.
Source: CoinGecko

According to TokenInsight, a cryptocurrency research institute, the daily average derivatives turnover of all exchanges in 2019 has reached \$8.5 billion, and in the second half of 2019, the total market turnover was nearly double that of the first half⁴.

There is no doubt that derivatives is now growing quickly in the cryptocurrency industry. More institutional and retail traders are getting into the new market; projects want to get listed to expand their communities.

⁴ TokenInsight. "2019 Cryptocurrency Derivatives Exchange Industry Annual Report".
<https://tokeninsight.com/report/1032?lang=en>

2.2 Lack of Innovation

BitMEX's most popular product, perpetual swap, was first launched in 2016. However, since then, there is no new product developed by the exchange. Huobi's derivatives marketplace was only created in late 2018, while Binance's futures wasn't launched until 2019. On the other hand, OKEx and Deribit are more innovative. They both launched options trading in late 2019.

Currently, most of the derivatives exchanges only offer futures contract and perpetual swap, which is a crypto-exclusive product. However, the later product was often complained by traders because of its always-changing funding rate⁵. Still, as traders do not have many alternative financial instruments in the cryptocurrency market, they tend to tolerate the expensive rates and trade the swaps.

Derivatives exchanges are slow or even lack of motivation in innovating. This can be explained by the followings:

2.2.1 Content with Status Quo

Futures Exchange's total futures trading volume in 2019 **【Unit: \$1 billion】**

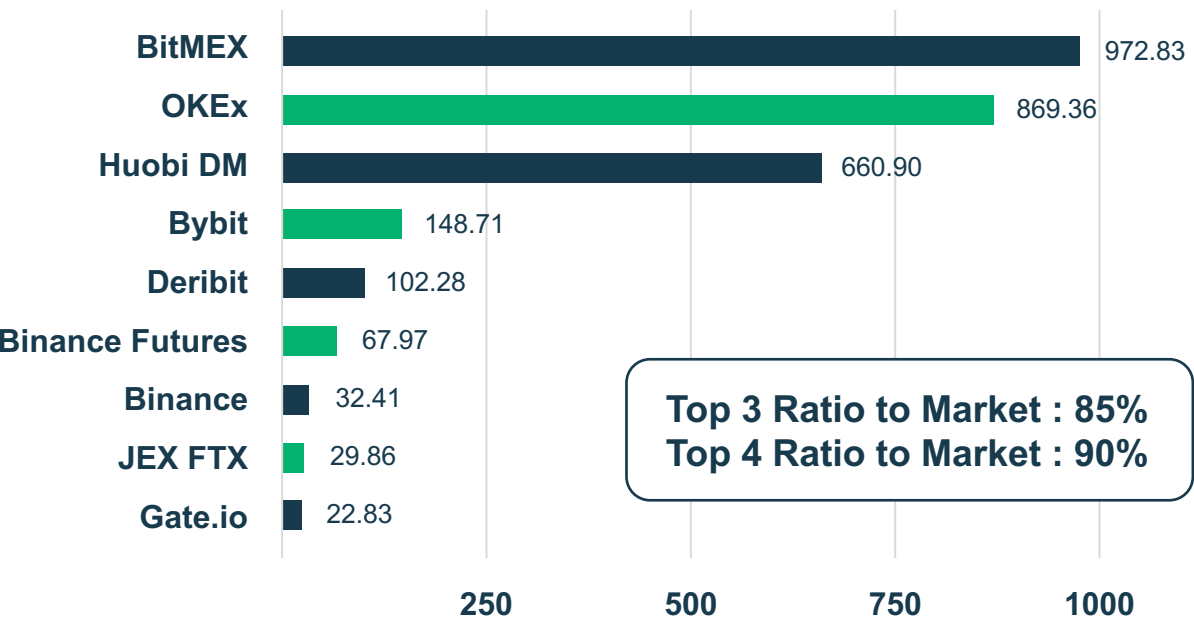


Fig. 4: Futures exchanges' total futures trading volume in 2019.
Source: TokenInsight

The biggest 3 cryptocurrency derivatives exchanges took 85% of market share. BitMEX alone has a turnover of \$972 billion in 2019. They have a taker fee of 0.075% and a maker fee of -0.025%. By multiplying \$972 billion with 0.05%, we can see that BitMEX has a gross profit of ~\$48 billion alone from fees. And it is also worth noting that the turnover is still growing. They are already making huge profit from a product introduced back in 2016, despite the fact that the product is always being complained by traders. They are already dominating the market, and are not motivated to spend more resources on product development.

2.2.2 Busy on Expansion

Instead, many of their resources are spent on global expansion. As they already have a signature product to dominate specific countries, instead of innovation, expansion has become their priority. It is understandable since product development is never an easy process. And localization and related integration may already have taken the development team a lot of time and efforts. But it does not imply that more derivative products are not in demand or unnecessary. In fact, at such a high growth rate, the derivatives industry needs more players to join the competition in order to drive the market forward.

2.2.3 Lack of Expertise

Innovating new financial instruments require extensive knowledge in both finance and cryptocurrency. The cryptocurrency spot market may be easier to replicate from traditional stock market. But when it comes to derivatives, extra expertise is required in product development. Last year, Binance was alleged of plagiarizing BitMEX's product and documentation⁶. The crypto giant has been dominating in the spot market, but obviously it lacks talents in developing derivative product on its own. Still, the exchange has quickly become the number 6 derivatives exchange in ranking by total turnover in 2019.

⁵ CoinFLEX. "Trap of the funding rates: Perpetual Swaps v.s. Futures"
<https://coinflex.com/blog/trap-of-the-funding-rates-perpetual-swaps-v-s-futures/>

⁶ CoinTelegraph. "BitMEX 'Congratulates' Binance on Plagiarizing Its Futures Platform Doc".
<https://cointelegraph.com/news/bitmex-congratulates-binance-on-plagiarizing-its-futures-platform-doc>

Inspired by Andy Cheung, the ex-COO of OKEx and a serial entrepreneur, ACDX (Advanced Cryptocurrency Derivatives Exchange) was built with a mission to drive the cryptocurrency market forward with product innovation. As opposed to the existing exchanges, we aim to provide a wide range of advanced crypto trading services and wealth management products.

3.1 World-class Team

Andy Cheung, the founder and chairman of ACDX, has tremendous experience in operating a top tier exchange. The ex-COO of OKEx worked with the co-founding team since its launch in 2017, and within only 1 year, he led OKEx to reach the top in exchange ranking by trading volume⁷. The executive management consists of both financial and blockchain professionals, with extensive experience in investment banking, quantitative trading, crypto exchange operations, and blockchain technology. The team has working experience in renowned companies including but not limited to Merrill Lynch, Lehman Brothers, Standard Chartered, Citigroup, OKEx, and Bittrex.



⁷ CoinGape. "OKEx Surpasses Binance as the World's Top Crypto Exchange by Trade Volume". <https://coingape.com/okex-surpasses-binance-worlds-top-crypto-exchange/>



3.2 Features

By combining the experience of cryptocurrency exchange officers and traditional quantitative traders, we are developing trading products which no other exchange offers. These products are created based on the existing and successful ones in the traditional market. ACDX will be a sleek, intuitive, easy-to-use platform built for both professional and beginner traders. We have the exchange designed with our customers in mind.

3.2.1 Structured Products

Structured products are hybrid and tailor-made product that is created to meet investors' specific needs by combining several features to create on single product.

Why Structured Products?

They offer investors with exposure to a variety of assets while combining a defined level of principal protection and enhanced participation. They can be used to reduce risk exposure of a portfolio or to utilize the current market to maximize return.

3.2.1.1 Callable Bull / Bear Contract

Callable Bull/Bear Contract (CBBC) are extremely popular derivatives traded on the Hong Kong Stock Exchange. ACDX aims to replicate the product and bring it to the cryptocurrency market.

In brief, traders who have a positive view on the underlying asset can consider buying in a “bull contract”. Conversely, those who are bearish on the prospect of the underlying asset may buy in a “bear contract”. Movement of the CBBC's price is essentially dependent on the movement of the underlying asset's price. CBBC's gearing feature allows investors to capture the movement of the underlying asset and hence magnify returns by paying only a fraction of the underlying asset price. However, investors' risks would also be magnified in the same fashion.

Why CBBC?

Other than a high leverage property, CBBC are also very transparent at the “Call Price”, which is a constant and is specified in the listing document. Unlike futures contracts, CBBC are much easier to manage, without the hassle of doing lots of calculations.





3.2.1.2 Warrant Contract

Similar to CBBC, warrant contract is also a well-liked product in the Hong Kong Stock Exchange. While some may compare warrants with options, as they share several characteristics. But warrants are over-the-counter product, which is highly customizable. Warrants bestow the right, but not obligation, to buy or sell an underlying asset at a fixed price and a fixed date. And as warrants only gives the right but not obligation to the holder, it has an intrinsic value, which is the cost of investing in the contract.

Why Warrants?

Warrants allow investors to to capture the movement of the underlying asset and hence magnify returns by paying only a fraction of the underlying asset price.

For example, disregarding the fees, the price of 1 BTC is \$10,000, and we buy a warrant contract of BTC at 1/10 of the price. When the BTC price goes up 1%, theoretically the warrant contract will go up 10%. So, we can get a \$100 return by either purchasing BTC at spot or the warrant contract. However, the cost is much lower for warrants. Thus, the maximum loss for the warrant contract is only our initial investment cost.

3.2.1.3 Accumulator / Decumulator

Similar to the previous 2 products, accumulator has a gearing feature that magnifies both the gains and losses. It is a series of forward contract for users to buy or sell a fixed amount of the underlying asset at a discount or premium till expiry or early termination date, which is when the underlying breaches the knock out price.

Why Accumulator / Decumulator?

The investor has the obligation to progressively buy or sell the underlying asset at a pre-determined level until maturity. It is designed for investors who believe buying or selling the underlying asset at the pre-determined strike price provides a good opportunity over the contract life.



3.2.2 Market Surveillance Team

A trading surveillance team will be working 24 hour, 7 days a week to monitor the trades on our platform. Any suspicious market manipulation such as self-trading will alert our system. We also have a strict AML and KYC system to ensure that our market is healthy.

3.2.3 Intuitive UI / UX

We consider this as a very important aspect of a cryptocurrency exchange. Unlike traditional exchanges where trades can be completed through brokers, cryptocurrency trading on exchanges are largely done solely on the exchange platform. An intuitive UI is crucial and also the deciding factor for customers to choose a trading platform.

Our product team has rich experience in developing trading platforms and will bring insights from the traditional platforms to build a professional interface for traders.

3.2.4 A Wide Variety of Products

Other than structured products, ACDX also offers vanilla derivatives (futures, perpetual swaps, options) for users to allow different synthetic strategies. We aim to build a platform for traders to hedge risks and arbitrage efficiently.

3.2.5 Cope with Wealth Management Objectives

We are not only creating derivative products, but also structured products to cope with wealth management objectives. By offering structured products, we can help deliver returns commensurate with the risks associated with them, in order to cope with both low and high risk wealth building strategies.

3.2.6 Professional Tools

Charts and order types are indispensable tools for traders. We will have powerful charting tools and more order types for traders such as periods, guidelines, and colours to display the information they need and execute their trading strategies.

3.3 The Underlying Assets of Our Products

As it is also our mission to expand and grow the markets by involving more communities, we will build our products on top of more assets in the long term. For the first quarter after our exchange is launched, we will have the top 10 cryptocurrencies by derivatives turnover to be the underlying assets to ensure liquidity.

Currency	24h Derivatives Turnover
BTC	15,903,792,674
ETH	2,965,782,083
BCH	399,898,212
XRP	315,507,823
ETC	284,323,181
EOS	221,402,137
LTC	129,951,268
TRX	112,067,496
LINK	34,373,437
ADA	22,607,404

Fig. 5: Top 10 cryptocurrencies by 24h derivatives turnover.
Source: Coingecko (Feb, 2020)

3.4 Competitive Landscape

	ACDX	BitMEX	OKEX	CME	Binance	Deribit
Futures Trading	✓	✓	✓	✓	✓	✓
Options Trading	✓	Buy- options only	✓			✓
Leverage	Up to 200X	Up to 100X	Up to 100X	Up to 20X	Up to 125X	Up to 100X
Callable Bull / Bear Contracts	✓					
Warrant Contracts	✓					
Fixed Coupon Notes	✓					
Accumulators / Decumulators	✓					
Multi-asset Collateral	✓					
Reduced Fees w / Native Token	✓		✓		✓	
Mobile Apps (IOS, Android)	✓		✓		✓	✓
Customizable Interface	✓	✓				

Fig. 6: Competitive Landscape

ACXT is the native token of ACDX and also the first maker governance token with DeFi attributes launched by a cryptocurrency exchange.

4.1 The Idea

Users and liquidity are deemed as the most important elements for a crypto exchange. The fundamental idea of exchanges is to establish a marketplace to facilitate the exchange of assets between individuals/parties. This is why we believe users and liquidity are the most important elements.

When we are constructing our token, we want the community to be able to actually use the token, participate in governing decisions, and contribute to the ecosystem. Instead of building an exchange token for the sake of building one, we want the token to bridge the community and our team.

4.2 Governance Rights

ACXT token holders are empowered to participate in the process of making decisions at ACDX. This includes token and contract listings, change of fee rates, change of token burn rate, modifications on contract specifications, add/drop features and functions, and even corporate decisions such as the supporting of hard forks of tokens, handling of extreme situations, etc.

Every token holder has the same rights, those with more tokens will have a bigger influence.

4.3 Maker Incentives

In order to build a healthy ecosystem, we decided to reserve a portion of tokens (30% of the total supply) for the makers of ACDX. We believe makers contribute most to an exchange - providing liquidity to the books to ensure a vibrant and stable market.

Users who often trade and create maker orders must have a better understanding of ACDX and have valuable insights. We would love to include them to improve the exchange with us together.

That's why for every of a user's filled maker order, the user can receive a certain amount of ACXT. The amount will be based on their daily maker trading volume compared to the exchange's total maker volume and it will be paid out every day.

4.4 Liquidity Farming

This is very similar to the idea of transaction mining. But the drawback of transaction mining is the incentivization of wash trading. Often, speculators trade with their own selves to earn the incentive when it is much higher than the fees. The transaction mining model was adopted by a few crypto exchanges. Although it created a hype in the market, the model inevitably failed at the end as it did not invigorate a healthy and stable development.

So, we make some improvements and created our own model — **Liquidity Farming**:

- 30% of the total amount of ACXT is reserved as incentives for maker transactions
- This portion of ACXT will be unlocked daily on a linear basis over 4 years and be injected into a daily incentive pool
- Only makers who successfully have their maker orders filled will receive the incentive. Takers will NOT receive any ACXT by filling an order.
- All makers will split the daily incentive pool on a pro-rata basis to their maker volume of the day

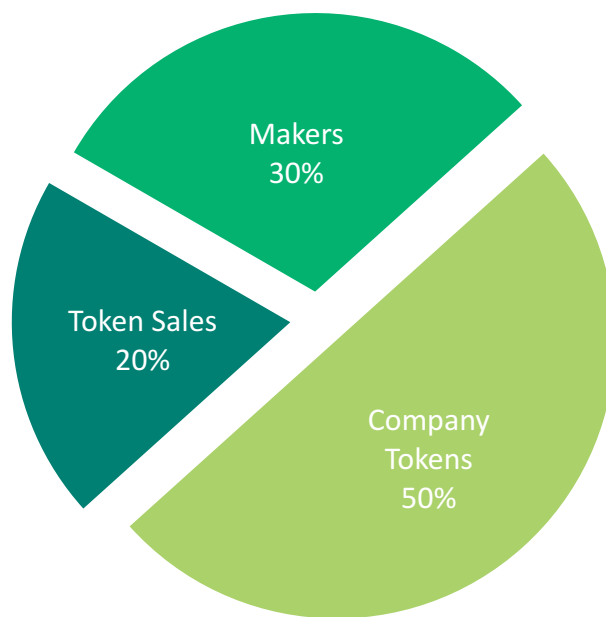
By taking the above measures, we ensure:

- that the cost for wash trading is significant
- a long term, healthy growth of the exchange
- a good liquidity

In addition to the governance rights mentioned above, ACXT holders also receive **trading fee discounts**.

ACXT Holding (USD)	Fee Discounts
\$100	2%
\$1,000	4%
\$5,000	8%
\$10,000	10%
\$50,000	15%
\$100,000	20%
\$200,000	25%
\$500,000	30%

4.5 ACXT Distribution



Our idea of the token is 50/50 governance.

The total supply is **50 million ACXT**.

- 20% (10,000,000 ACXT): private and public sales
- 30% (15,000,000 ACXT): reserved for makers who provide liquidity to the exchange
- 50% (25,000,000 ACXT): company tokens for developing ACDX's ecosystem, operations, and other corporate purposes

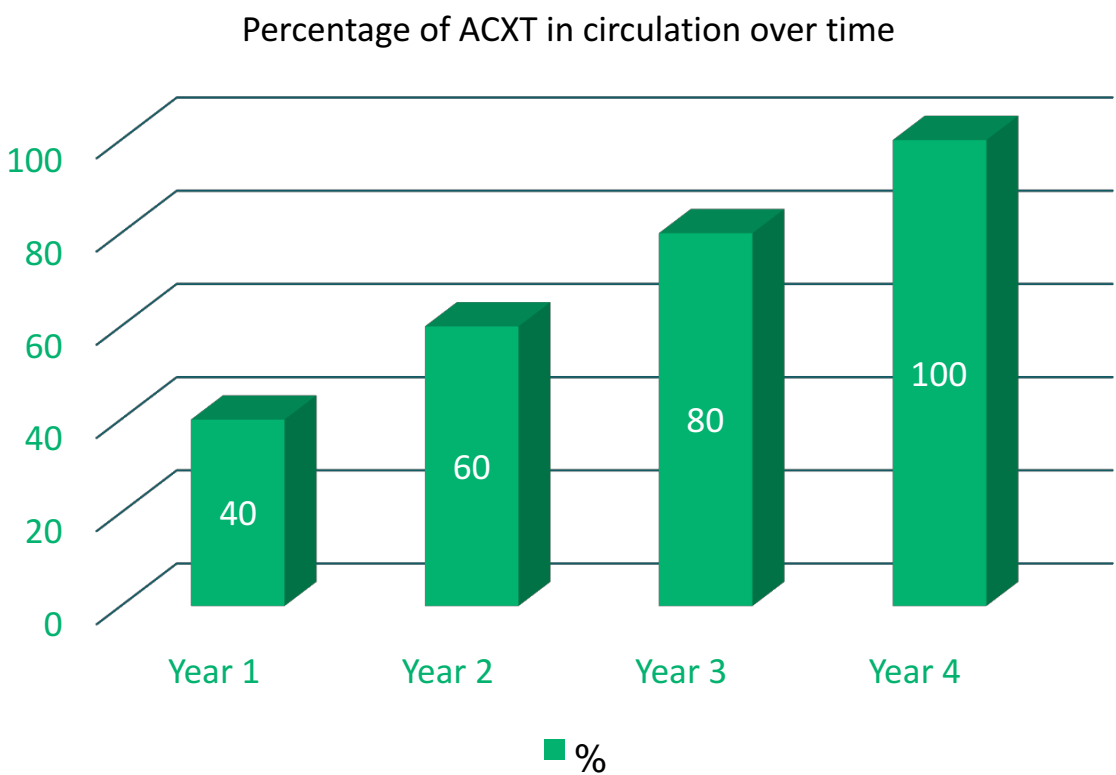
4.5.1 Detailed Distribution

- | | |
|---------------------------|-----------------|
| • Company reserve: | 17,000,000 ACXT |
| • Team: | 5,000,000 ACXT |
| • Liquidity: | 2,000,000 ACXT |
| • Marketing & Eco-System: | 1,000,000 ACXT |
| • Maker Incentives: | 15,000,000 ACXT |
| • Private Round 1: | 5,000,000 ACXT |
| • Private Round 2: | 4,350,000 ACXT |
| • cACXT Uniswap Launch: | 400,000 ACXT |
| • Public Round: | 250,000 ACXT |

4.6 Vesting

Among all the ACXTs, maker tokens and company tokens (80% of the supply; **including team tokens**) will be deposited into time-locked smart contracts with a vesting period of 4 years (linear).

In summary, no more than 40% of tokens will be circulating in the first year. There will be only <3.2 million ACXT in circulation on the day of listing. The proceeds from the sales will be used for marketing, product and platform development, ecosystem building, and other general corporate purposes.



4.7 Buyback and Burn

To better implement the idea of maker governance, all maker fees received by ACDX will be used for building the ecosystem:

- 50% of the maker fees will be used to buy ACXT from the secondary market. Then, we will send the ACXT bought to a black hole address. And this will be done every quarter.
- The other 50% of the maker fees received will be injected into our insurance fund.

Like most other exchanges, our insurance fund will be contributed mostly from liquidated positions. The additional funds from maker fees will add an extra layer of protection to cover the losses of bankrupt positions. This would also allow us to strike a better balance on our liquidation mechanism.

We have a proven, profitable business model from our experienced team of exchange officers. In general, the higher trading volume we have, the greater revenue we make. ACDX earns revenue from transactions, and traders are rewarded for providing liquidity to the books.

5.1 Revenue Sources

There will be 4 main sources of revenue.

5.1.1 Listing Fees

A service fee will be charged for opening a new trading pair of our products.

5.1.2 Trading Fees

Our initial fee structure is simple. The taker and maker fees are 0.05% and 0.015% respectively. As opposed to a complicated tiered fee schedule, we choose to adopt a simple one to ensure our platform is easy to use for both retail and institutional traders.

5.1.3 B2B Partnerships

Built with the efforts from our team of traditional trading professionals, our products will be unique in the market and they are also designed to be integrated to different platforms to expand the crypto ecosystem. Also, we will provide customizable contracts for projects to meet different needs. A fee will be charged for the operations and development costs.

5.1.4 White-label technology

With our unique products, we will offer white-label solutions to interested parties who want to offer derivatives products in their exchanges.

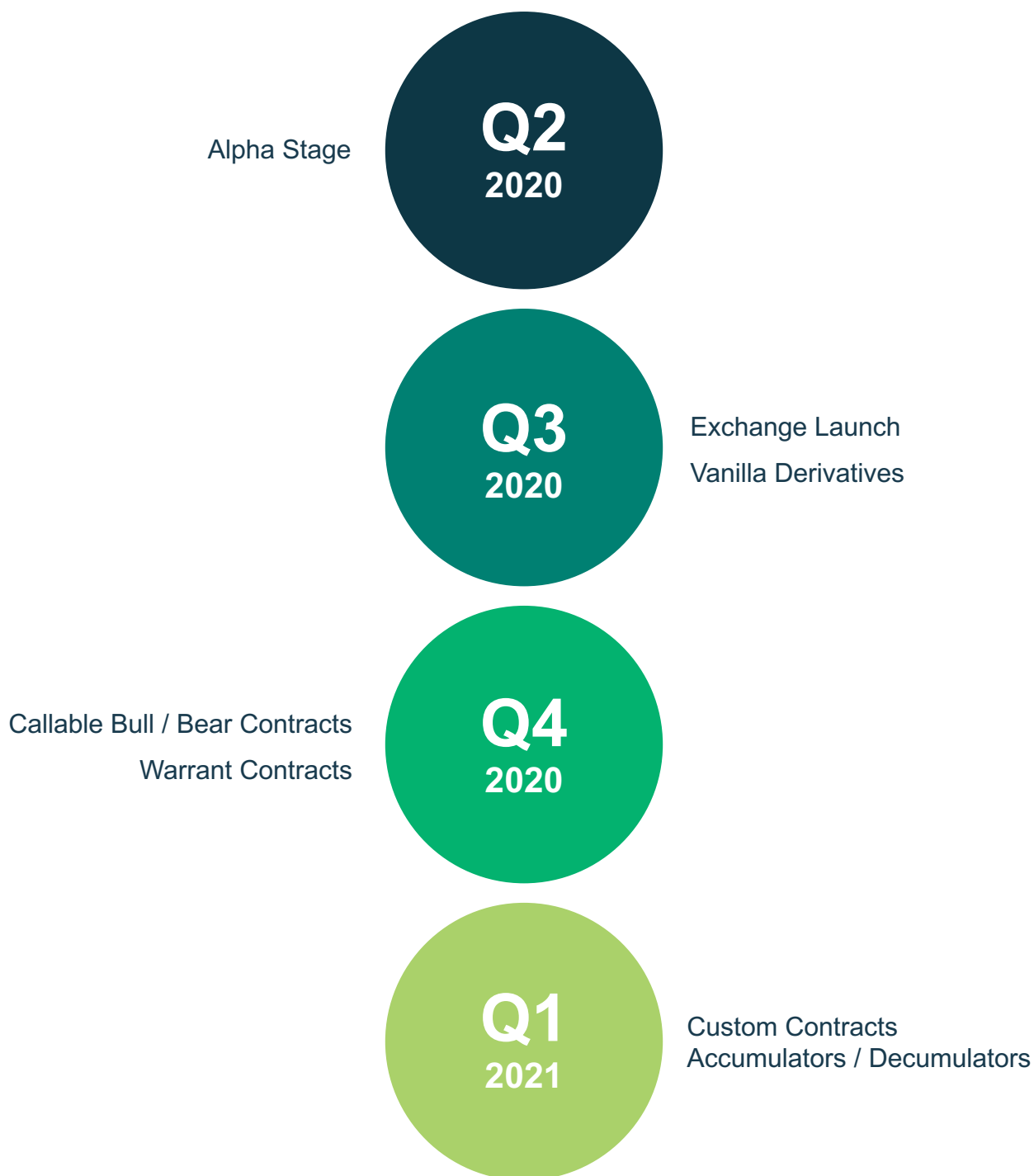


Fig. 7: Product Roadmap

Users and liquidity are the most important elements of a successful exchange.

7.1 Customized Contracts

By including more projects into the derivatives market, we are confident that we can leverage the power of more communities to expand the trading pool. As mentioned previously, we will design and launch tailored contracts for projects to help them get into the derivatives market.

7.2 Exchange Partnerships

We will work with different exchanges to deploy our products on their platform, and we will also list their native tokens to connect to their communities.

7.3 Extensive Network

Moreover, our team are very experienced in both the finance and crypto fields. We have an extensive network of partners in the space to kick-start the liquidity in our markets. With our unique products, we will attract a lot of new users from both traditional and crypto trading industries too.



7.4 PR & Marketing

We also have a solid marketing and PR plan to employ to acquire users. Our team has good relationships with the media houses and influencers in the industry, helping the promotion of our brand. Our growth hacking experts are also very familiar with all the growth hacking tools for crypto exchanges.

7.5 Focused Countries

ACDX is an exchange built for everyone around the world. However, at the initial stage, we will put extra resources on China, Korea, and Europe market, and grow from there. This decision is made with careful consideration. Our unique products like callable bull/bear contracts are extremely popular in the traditional markets in China, Hong Kong, and South-east Asia, while derivatives are getting more and more traction in Europe. We target to acquire as much liquidity as possible in the shortest time before expanding to more markets.



Fig. 8: User Growth Funnel

Estimated Market Share & Growth Potential

We have a very conservative estimation on our performance for the next 24 months. In early 2021, we target to get 1% of the derivatives market share, and acquire up to 5% by the first half of 2022. These figures are on par with the second tier exchanges such as FTX and Deribit in the current market.

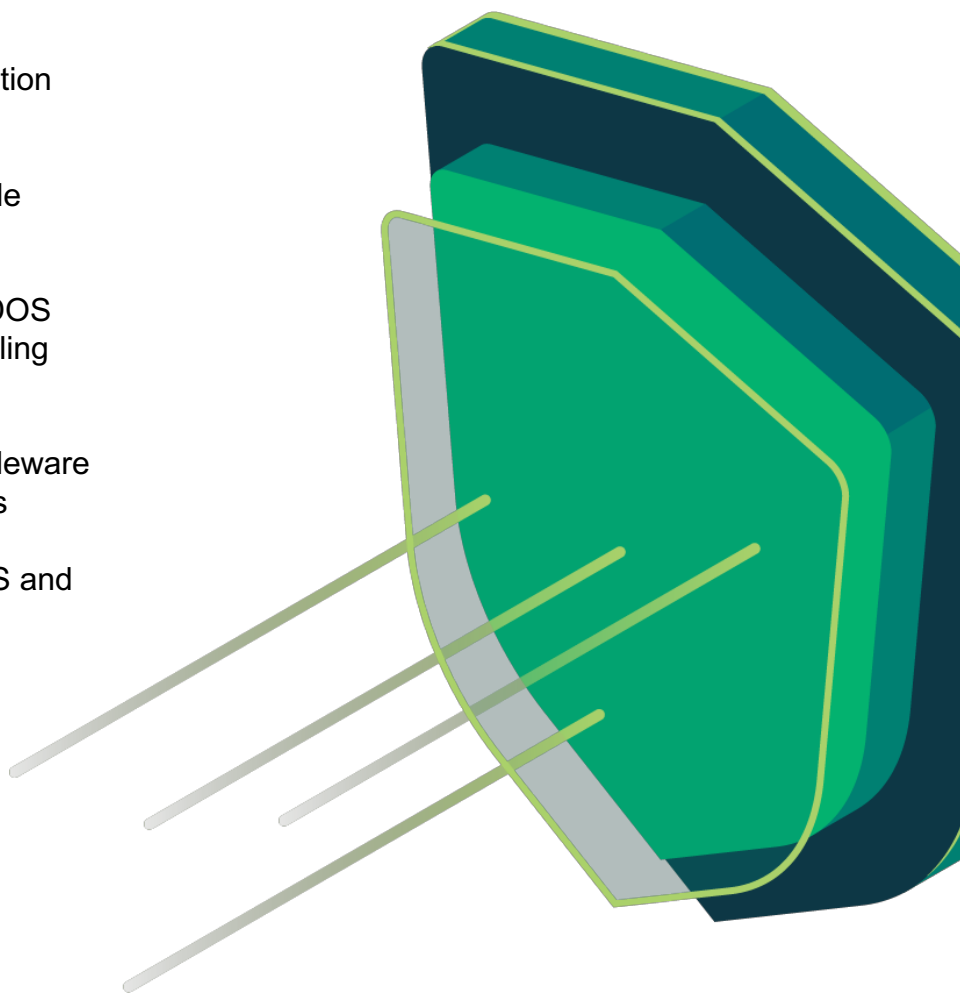
The estimation is based on the performance of cryptocurrencies in 2019, the year which Bitcoin hit its lowest price point in the last few years. In the initial stage, we estimate to have a total turnover of approximately \$190 million per day, with a quarterly growth of 20%.



As of 2019, there were over 30 severe security breaches recorded from crypto operators around the world, resulting in losses of crypto assets valued at billions of dollars.

With strong experience and expertise in exchange operations, we utilize a number of top security measures to avoid possible security breaches, including but not limited to:

- Two-Factor Authentication (2FA) technology
- BitGo institutional grade security solution
- DDos protection and DOS protection using Throttling /Rate Limiting
- Data sanitization middleware to avoid SQL injections
- Protection against XSS and CSRF attacks



10 Compliance

Looking ahead, we will embrace more regulatory guidelines and rules globally, as institutional and retail investors have been increasing exposure in cryptocurrency investment. Areas like AML, KYC, antifraud, transaction reporting and cybersecurity are likely in focus.

While different jurisdictions are still putting efforts on perfecting their regulatory framework, ACDX will maintain strict KYC compliance and AML program, and set up a market surveillance team to prevent and combat any financial crimes.

11 Device Coverage

We will provide trading clients for the following platforms:

- Web-based
- Android
- iOS
- Mobile HTML5
- REST API

12 Multilingual Support

We support English, Chinese, and Korean on all of our platforms. More languages will be added later.

Numerous risk factors may be involved in the future development, maintenance and running of ACDX. Some of these risks are beyond our control and our liability is limited as set out in the Disclaimer section. In addition, the legal and regulatory position of ACDX may vary depending on the facts and circumstances. They may, therefore, fall within the purview of one or more jurisdictions, at least to some extent; and the legal and regulatory implications may therefore be unexpected.

13.1 Project Risk

As with any project, the development and execution of ACDX may have the risk of delay or even failure. Although the core team has a good record in research, development and business management experience, this is not a guarantee for absolute success. The team will strive to implement milestones outlined in the roadmap and will release our progress and challenges as transparently as possible.

13.2 Digital Asset Risk

The volatility of digital assets may be dramatic. Please do not buy assets or contracts over the amount of risks you can accept. The best thing to do is to diversify your portfolio and make digital assets a reasonable part of your portfolio. This, however, does not constitute investment advice.

13.3 Regulatory Risk

Cryptographic tokens may be overseen by the legal and regulatory authorities of a number of jurisdictions globally.

The regulatory environment for blockchain and cryptocurrency is still at an early stage of development. We will do our utmost to comply with the development of all legal and regulatory policies, but we cannot foresee how the regulations will affect our project and platform development.

We will strictly comply with relevant laws and regulations, including, but not limited to, real estate, finance, securities and other related laws and regulations. In the presence or occurrence of relevant registration, approval, filing and other procedures, we will strictly follow the guidance to perform the relevant procedures. At the same time, we will strictly comply with the current laws and regulations relating to promoters' restrictions and foreign exchange control.

In any area where we carry out the relevant blockchain business, we will comply with local laws and regulations, including, but not limited to, registration, approval, filing and other related procedures.

In addition, there may be other regulatory requirements in relation to the services available on the ACDX, such as licensing. We cannot guarantee such licenses would be granted but we will use our best effort to obtain any necessary license in order to comply with any regulatory requirements.

13.4 Cryptographic Protection Measures

Cryptography is evolving and there is no guarantee of absolute security. Advancement in cryptography technologies and techniques, including but not limited to code cracking, the development of artificial intelligence and/or quantum computers, could be identified as risks to all cryptography-based and/or blockchain based systems including ACDX. When such technologies and/or techniques are applied to ACDX, adverse outcomes such as theft, loss, disappearance, destruction, devaluation or compromising of ACDX may result. The security of ACDX cannot be guaranteed as the future of cryptography or security innovations is unpredictable.

13.5 Flaws in the Source Code

While we adopt quality assurance procedures to best ensure the source codes as accurately as possible to reflect their intended operation, the flawlessness of the source codes cannot be guaranteed. They may contain bugs, defects, inconsistencies, flaws or errors, which may cause disability to certain functionality, create vulnerabilities or cause instability. Such flaws may compromise the predictability, usability, stability, and/or security of the ACDX. Open source codes rely on transparency to promote community-sourced identification and solution of problems within the code.

13.6 Compromised Security

The ACDX is built upon open source software and unauthorized decentralized distributed ledgers including but not limited to Ethereum. Accordingly, anyone may intentionally or unintentionally compromise the core infrastructural elements of ACDX and its underlying technologies. This may consequently result in the loss of any digital tokens held on the ACDX wallet.

13.7 "Distributed Denial of Service" Attacks

As an open source project, ACDX is connected to a number of public and unauthorized systems and therefore may suffer cyber-attacks, including “distributed denial of service” attacks at any time. These attacks may temporarily or permanently impair, stagnate or paralyze the network of the ACDX system. This may result in delays to the recording of transactions or inclusion of transactions in the blocks of the relevant blockchain. In severe cases, ACDX may also become unusable for an extensive and undefined period of time.

13.8 Inadequacy of Processing Power

The ramp up of the ACDX may be accompanied by sharp increases in transaction numbers and demand for processing power. If the demand for processing power outgrows that forecasted, the network of the ACDX could be destabilized and/or stagnated. This may create opportunities for fraudulent activities including but not limited to false or unauthorized transactions (such as “double-spending”) to arise. All these may adversely impact the usability, stability and security of the ACDX.

13.9 Conflict of Interests

As the architect of the ACDX, we have substantial influence in the set-up, governance and initial operations of the ACDX. We may undertake its activities, and exercise applicable rights, powers and remedies, even if this involves an actual or perceived conflict of duty, or any person has a personal interest in their exercise.

13.10 Potential Competitors

The ACDX’s underlying infrastructural systems will utilize public decentralized ledgers which are open source in nature. Therefore, anyone can copy, replicate, change, enhance, reproduce, re-engineer, modify, reprogram or otherwise utilize the source code and/or underlying protocol of the ACDX. We cannot guarantee the prevention of competitors from entering the market with similar technology. Should this happen, such competitors may consequently compete with or even outperform the ACDX, and may render the ACDX obsolete. There have been and will continue to be a number of competing blockchain-based platforms that dedicate significant human, information technology and financial resources to the creation and deployment of various decentralized applications and/or smart contracts.

13.11 Third Party Developers and Suppliers

By virtue of its decentralized factor, ACDX will aggregate systems and content from third parties. These will be provided by third parties, including users of the ACDX community, or from other decentralized ledger projects or open source technologies. Some or all of these third-party applications, programs or services may connect into or be set up on ACDX which are beyond our restriction, vetting, authorization or control. We neither intend nor have the capabilities to act as an authority to scrutinize to any extent any applications, programs or services to be developed on, connected to or otherwise associated with the ACDX.

13.12 Privacy and Data Retention Issues

As a part of the KYC processes and the subsequent operation of the ACDX, we may collect personal information from traders. The collection of such information is subject to applicable laws and regulations. All information collected will be used for purposes of operations of the ACDX, thus it may be transferred to contractor, service providers and consultants worldwide as appointed by us. Apart from external compromises, we and our appointed entities may also suffer from internal security breach whereby their employees may misappropriate, misplace or lose personal information of users. We may be required to expend significant financial resources to alleviate problems caused by any breaches or losses, settle fines and resolve inquiries from regulatory or government authorities. Any information breaches or losses will also damage our reputation, thereby harming our long-term prospects.

13.13 General Risks Relating to the Use of the Internet or Other Electronic Mediums

Without limiting the foregoing risks, any communication or transaction via or information (including any document) transmitted via the internet or other electronic medium involves risks and by using the services provided by ACDX, you acknowledge that you understand and accept the following risks:

- We and/or Third Parties may use such authentication technologies as we deem appropriate. No authentication, KYC or computer security technology is completely secure or safe. You agree to bear all risks of unauthorized access/use, hacking or identity theft.
- The internet or other electronic media (including without limitation electronic devices, services of third-party telecom service providers such as mobile phones or other handheld trading devices or interactive voice response systems) are an inherently unreliable form of communication.
- Any information (including any document) transmitted, or communication or transactions made, over the internet or through other electronic media (including electronic devices, services of third party telecom service providers such as mobile phones or other handheld trading devices or interactive voice response systems) may be subject to interruption, transmission blackout, delayed transmission due to data volume, internet traffic, market volatility or incorrect data transmission (including incorrect price quotation) or stoppage of price data feed due to the public nature of the internet or other electronic media.

As a result of such unreliability:

- there may be time-lags, delays, failures or loss of data or loss of confidentiality in the transmission of data and receipt of communications; and
- while we may believe certain data to be reliable, there may be no independent basis for it to verify or contradict the accuracy or completeness of such data.

This is not an exhaustive list of all the consequences arising from such unreliability.

- Users are solely responsible for preventing anything which may be harmful to any equipment that they use in connection with ACDX (including any computer virus, malicious program or harmful component) from affecting any such equipment, regardless of whether it originated in connection with the ACDX

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We hereby expressly disclaim its liability and refuse to be liable for the following liabilities:

- delay or rescheduling of the ACDX development and resulting failure to meet any published schedules;
- failure of ACDX to meet any specific purpose, or its unfitness for any specific use;
- failure to promptly and completely disclose any information relating to the development of ACDX;
- any difference, conflict or contradiction between this whitepaper and the agreement between any purchaser and any third-party crowdfunding portal;
- any damage, loss, claim, liability, punishment, cost or other adverse impact that is caused by, associated with, in connection with, incidental to or relevant to the risk factors disclosed in this Whitepaper.

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