

BLOCKCHAIN CAPITAL, LLC

CCP II, LP

NOVEMBER 2015



TECHNOLOGY THOUGHT-LEADERS ARE CONVINCED



Bill Gates:

“Bitcoin is better than currency...a technological tour de force.”



Ben Bernanke

“[Virtual Currencies] may hold long-term promise, particularly if the innovations promote a faster, more secure and more efficient payment system.”



Eric Schmidt

“Bitcoin is a remarkable cryptographic achievement and the ability to create something that is not duplicable in the digital world has enormous value.”



Milton Friedman (1999)

“I think the Internet is going to be one of the major forces for reducing the role of government... The one thing that’s missing, but that will soon be developed, is a reliable e-cash”



Peter Thiel

“I do think Bitcoin is the first encrypted money that has the potential to do something like change the world.”



Al Gore

“I’m a big fan of Bitcoin...Regulation of money supply needs to be depoliticized”



David Marcus (former CEO PayPal)

“I really like Bitcoin. I own Bitcoins. It’s a store of value, a distributed ledger. It’s a great place to put assets.”



FINANCIAL INSTITUTIONS ON THE BLOCKCHAIN



NASDAQ - partnered with Chain to launch private company exchange

"As blockchain technology continues to redefine not only how the exchange sector operates, but the global financial economy as a whole, NASDAQ aims to be at the center of this watershed development," - Robert Greifeld, NASDAQ CEO,



Citi - launched "Citicoins" project

"Blockchain technology not only has an opportunity to transform financial services but also extend far beyond payments to new use-cases and applications across industries," - Debby Hopkins, Chief Innovation Officer at Citi



Santander - published: "Fintech 2.0 Paper: Rebooting Financial Services"

"Blockchain technologies could reduce banks' infrastructural costs by \$15-20bn a year by 2022"



Standard Chartered

"The banking industry is starting to see the many potential benefits of its underlying technology. For banks, the blockchain has the potential to become a technology model for a low-cost and transparent transaction infrastructure." - Anju Patwardhan, Chief Innovation Officer

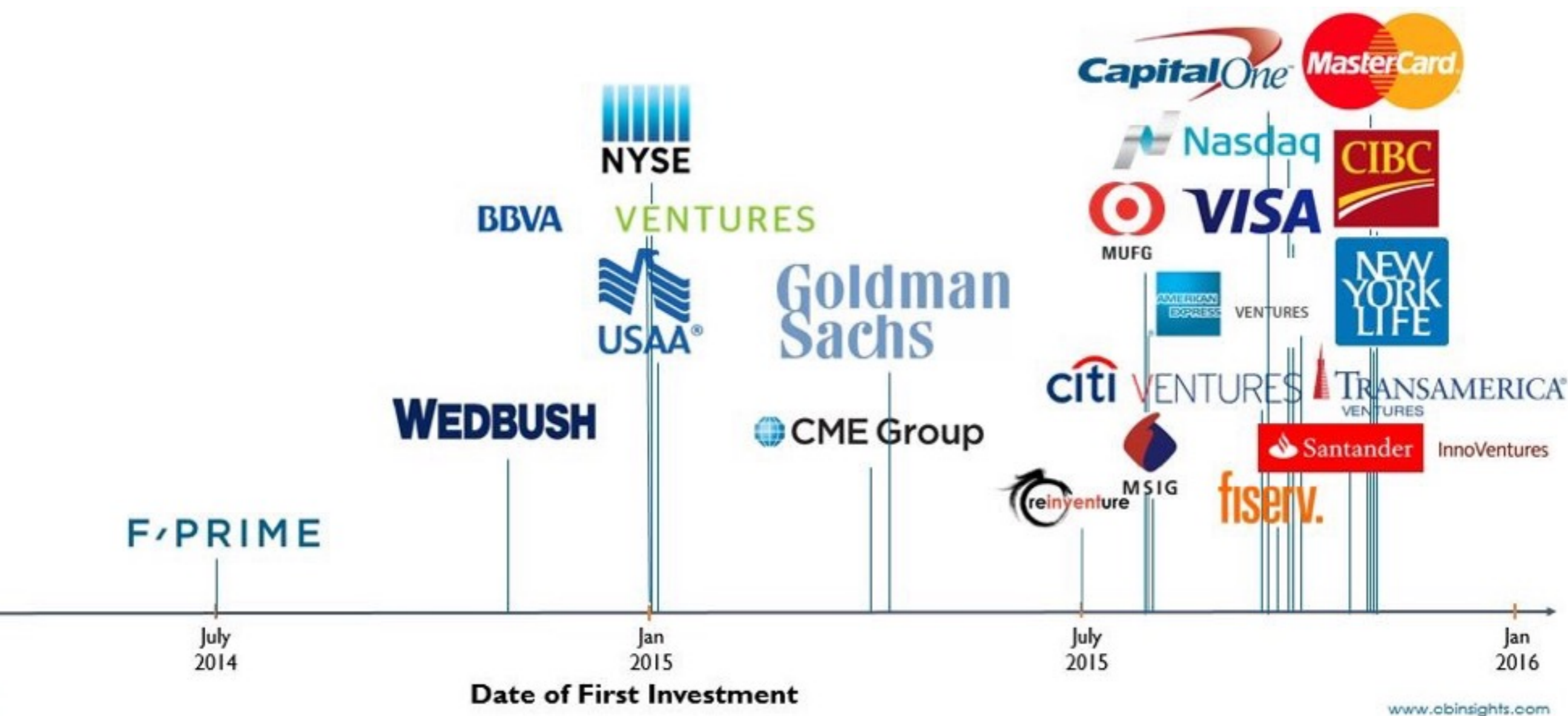


Royal Bank of Scotland - announced a \$3.5 Billion technology revamp over next 3 years

"I don't know what's going to succeed. What I'm certain of is that we are going to see blockchain solutions, peer-to-peer solutions emerging in our industry and we want to be close to that development." - Simon McNamara, Chief Administrative Officer at RBS



FI'S: INVESTED OR PUBLIC ANNOUNCED PROJECTS



FI'S: PUBLICLY ANNOUNCED PROJECTS



THREE TECHNOLOGY EVOLUTIONS OF DISRUPTION



1975



1995



2015



The PC Era

Semiconductor Technology



The Internet Era

TCP/IP Protocol



The Blockchain Era

Bitcoin Protocol



EXPERIENCED TEAM IN INVESTING

	BART STEPHENS	BRAD STEPHENS	BROCK PIERCE	PAUL STEPHENS
EXPERIENCE	<ul style="list-style-type: none"> • Stephens Inv. Mgmt. • Ivanhoe Capital • E*Trade Group • Princeton 	<ul style="list-style-type: none"> • Stephens Inv. Mgmt. • Fidelity Ventures • CSFB • Furman Selz • Duke 	<ul style="list-style-type: none"> • Chairman of the Bitcoin Foundation Board • Founded 15x Startups • Raised > \$200M • Invested in > 25x Startups 	<ul style="list-style-type: none"> • Robertson Stephens & Co. • RS Investments • Duke Endowment • UC Berkeley Endowment
RECOGNITION	<p>#2 U.S. Long/Short Hedge Fund* \$500 Million AUM 2.5x Venture Fund, 11.5% IRR</p>		<p>Founded 8 crypto currency startups and often referred to as the “father of digital currency”</p>	<p>40 Years in Silicon Valley Investment Management and Banking</p>

Leaders in Technology Investing

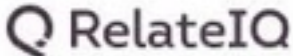









Incubated and Founded Dozens of Startups

100's of Silicon Valley Investments

*Absolute Return Magazine 2004



SUCCESSFUL TRACK RECORD OF HOME RUNS

PRIVATE			PUBLIC		
 RelateIQ	2014	25.0x	 tencent.com	2014	77.0x
 ValueClick	2004	8.1x	 illumina	2009	39.0x
 sina	2008	6.9x	 US AUTOPARTS	2010	4.6x
 RUPTURE	2008	5.0x	 CISILON [®] SYSTEMS	2011	5.1x
 ADDEPAR	2014	TBD	 NCSOFT	2007	3.4x
(<u>7 IPOs and 13 Acquisitions</u>)			(<u>17 Public Acquisitions</u>)		

Private and Public Exits through Multiple Market Cycles

BROCK PIERCE - CHAIR OF THE BITCOIN FOUNDATION

INDUSTRY LEADER AND SPOKESPERSON



Singularity
University

WIRED



CoinSummit



SERIAL ENTREPRENEUR



IGE (2001-2007) - Merged with ItemBay



Zam (2004-2012) - Sold to TenCent



IMI Exchange (2004-Present)



Xfire 2.0 (2011-Present)



Playsino (2011-Present)



GoCoin (payment processor)



Blade Financial (Bitcoin debit card)



d10e (conference)

Repeat Entrepreneur and Digital Currency Visionary

PARTNERS AND ADVISORY BOARD

ALISON DAVIS*	I	Director: Royal Bank of Scotland, XOOM, Fiserv and First Data
MARY CRANSTON	I	Director: VISA, ex-CEO and Chair of Pillsbury Winthrop
TERRY SCHWAKOPF	I	EVP: Federal Reserve Bank of San Francisco, banking supervision
MICHAEL MCADAM	I	CFO: Union Bank (Mitsubishi UFJ Financial Group)
SIMON MCNAMARA	I	CTO: RBS, ex-CIO of Standard Chartered, BNP and Deutsche Bank
VINNY LINGHAM	I	CEO: Gyft (acquired by First Data)
BOBBY LEE	I	CEO: BTC China
NICCOLO DE MASI	I	CEO: Glu Mobile
STEVE BEAUREGARD	I	CEO: GoCoin
CHRIS PALLOTTA	I	Special Advisor: MIT Media Lab, Partner: Raptor Capital
MATT OCKO	I	Partner: Data Collective
WILL O'BRIEN	I	Co-founder: BitGo
CHARLIE LEE	I	Coinbase, Founder of Litecoin

* Chairman of the Advisory Board

Built a robust team of Advisors and LPs from the Blockchain ecosystem



CRYPTO CURRENCY PARTNERS I, LP



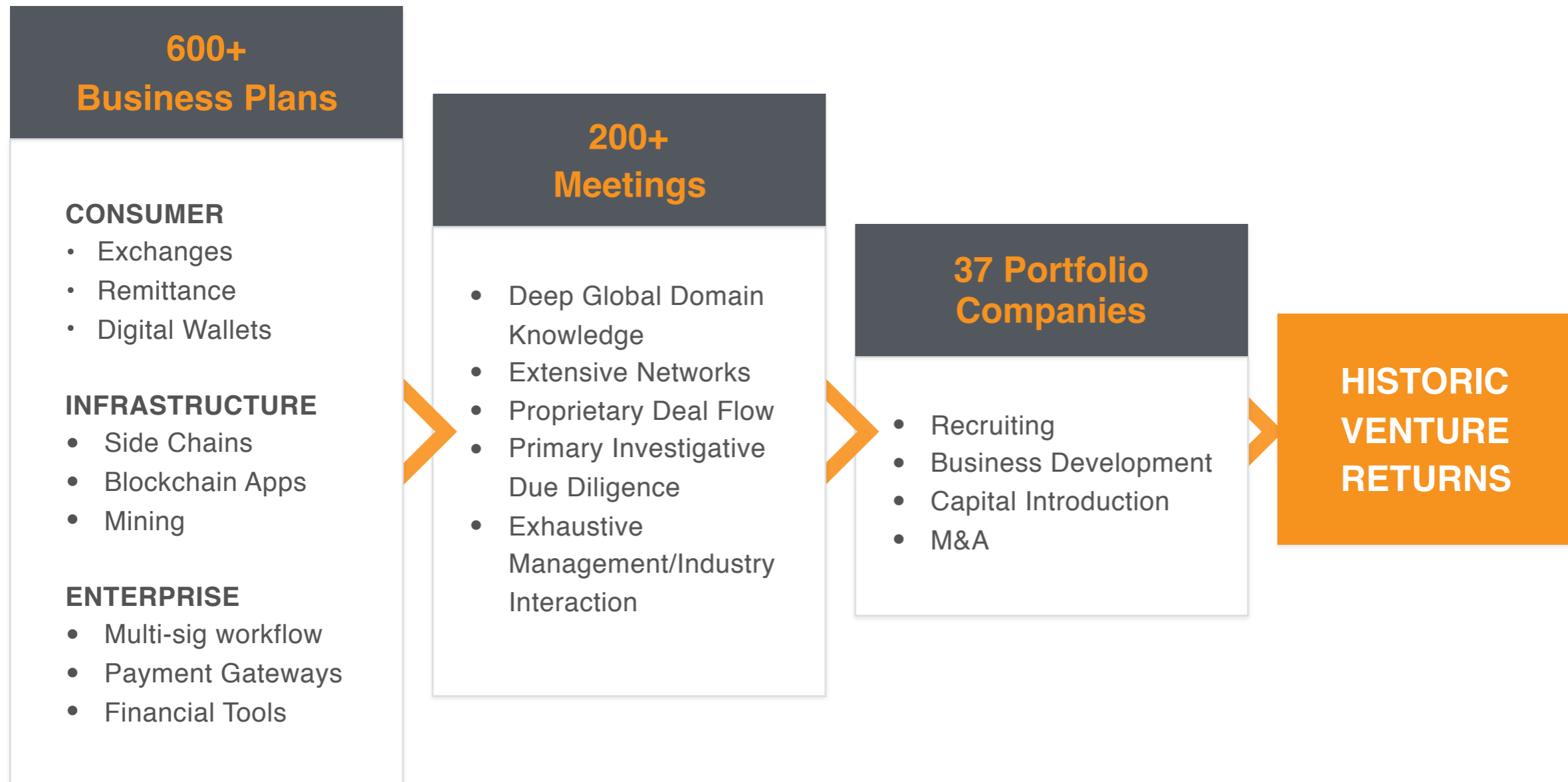
The First Dedicated Bitcoin Venture Fund - 1.4x NAV unrealized

CRYPTO CURRENCY PARTNERS II, LP



Current portfolio - both contributed and new investments

PIPELINE & PROCESS



ACTIVE BLOCKCHAIN VENTURE INVESTORS



Blockchain Capital has co-invested with these leading VCs

CCP II - 8 CONTRIBUTED INVESTMENTS

	DATE INVESTED	\$ AMOUNT	DETAILS
Coinsetter	December '13	\$50,000	Converted to Series A at 1.5x
expresscoin	November '13	\$25,000	Convert to Series A, \$2.5m Cap
GoCoin	October '13	\$100,000	Converted to Series A at 4.5x
Kraken	April '14	\$70,000	Series A preferred
BitGo	June '14	\$75,000	Series A preferred
LedgerX	July '14	\$50,000	Series A preferred
BitAccess	September '14	\$25,000	Note discounted to Series A preferred
BitNet	October '14	\$75,000	Series A Preferred
TOTAL		\$470,000	(current value ~ \$815,000... 1.7x)

General Partners contributed co-investments at cost to CCP II

CCP II - 13 NEW INVESTMENTS MADE

	DATE INVESTED	\$ AMOUNT	ROUND	CO-INVESTORS
PeerNova	September '14	\$50,000	Series A preferred	Mosaik, Overstock
BlockStream	October '14	\$100,000	Series A preferred	Khosla, Ribbit, Reid Hoffman
ChangeTip	November '14	\$250,000	Series A preferred	Pantera, 500 Startups
Bonafide	November '14	\$50,000	Note to Series A pref	500 Startups
BitPesa	December '14	\$100,000	Note to Series A pref	Pantera
Coinbase	December '14	\$200,000	Series C preferred	a16z, DFJ, BBVA, NYSE
itBit	January '15	\$250,000	Series B preferred	RRE, Liberty City
Ripple	March '15	\$250,000	Series A preferred	a16z, RRE, Google Ventures
ABRA	July '15	\$100,000	Series A preferred	RRE, American Express
Stem	August '15	\$250,000	Note to Series A pref	Mark Cuban, Katy Perry
Chain	September '15	\$250,000	Series C preferred	Khosla, RRE, Citi, Nasdaq
Gem	September '15	\$250,000	Series A preferred	RRE, First Round, Amplify.LA

TOTAL

\$2,100,000



CCP II - STRATEGY AND MAKE-UP

EXPOSURE

Diversified Sector-specific

FUND POSITION ALLOCATION

50% New CCP II investments

30% Reserves for CCP II follow-on rounds

20% Option to use CCP I's follow-on rights

INVESTMENT STRATEGY

Leverage our network and industry expertise to find investments that utilize Blockchain technologies and help these portfolio companies disrupt legacy industries.

Access to CCP's early seed deals as well as future deals

CCP II - SUMMARY OF TERMS

FUND TARGET	\$10-15M
TERM	6-8 Years
FEE/INCENTIVE	2.5% / 25%
GP CONTRIBUTION	+5% Fund or +\$1m
INVESTMENTS	25 (\$100k - \$500k per deal)
STRUCTURE	4 x 25% capital calls, BTC Accepted

CCP II - SERVICE PROVIDERS

ADMINISTRATION / CFO	Kranz & Associates
LEGAL	Sidley Austin
TAX / AUDIT	Crawford Pimintel
BANK	Silicon Valley Bank
CUSTODIAN	Merrill Lynch
BTC VAULT	Xapo & BitGo

SUMMARY



BLOCKCHAIN
CAPITAL

FIRST DEDICATED BITCOIN VENTURE FUND

UNPARALLELED ACCESS TO DEAL-FLOW

PROVEN TRACK RECORDS

Building the Future Leaders in the Blockchain Economy



USE CASES FOR BLOCKCHAIN TECHNOLOGY

Financial and Records

Bitcoin Private Equities Bonds Public Equities
Shareholder Voting Remittance Crowd-funding
Spending Records Micro-payments Commodities
Trading Records Derivatives Mortgage/loan records
Digital Coupons Servicing records Micro-charity

Legal / Health / Education

Smart Contracts Signatures/identity Degrees
Wills Genome data Trusts Licensing
Medical Records Escrows Delivery records
Arbitration Grades Patents Copyrights
Certifications Academic Credits


Public Records

Land titles Birth certificates Vehicle registries
Business license Business Incorporation/dissolution
Business Ownership records Regulatory records
Criminal records Passports Death certificates
Voter IDs Building permits Health/safety inspections
Non-profit records Court records Gun permits Voting


Commercial / Media


HR Records Supply chain mgmt Accounting records
Business transaction records Software licenses
Trademarks Spam Filters Hotel room keys
Global trade network Loyalty Points Vouchers
Domain names Betting records Movie Tickets
DRM: Music/movie/book license GPS network identity

OPPORTUNITIES FOR BLOCKCHAIN ADOPTION

 **Micro-Transactions**
All Global Media Companies

 **Financial Settlement**
Stock, Bonds, Derivatives, etc

 **Remittance Hot Spots**
USA, UAE -> India, Mexico, Philip.

 **Early-Adopt Millennials**
USA, EU, AU

 **Currency Controlled Markets**
Korea, S. Africa, China, India

 **Unstable Markets**
Africa, Venezuela, Argentina

INDUSTRY GROWTH: 2014 to 2015

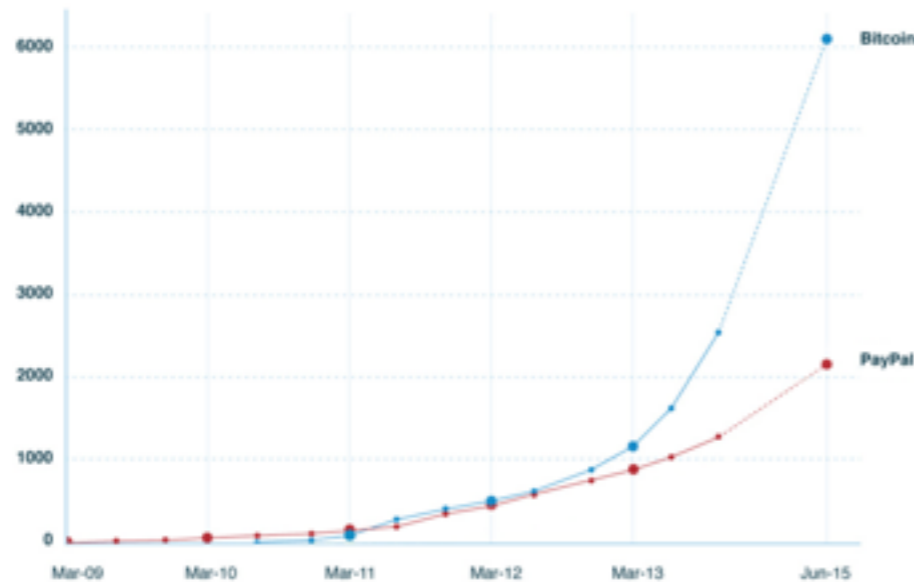
Key Bitcoin and Blockchain Adoption Metrics

	Quarterly				Year Ago	
	September-15	June-15	Q3/Q2Δ	Q2/Q1Δ	September-14	Δ
Commerce						
Wallets	11,051,719	9,345,510	18%	11%	6,559,978	2x
Merchants	106,000	100,000	6%	14%	76,000	1x
Merchants' annual revenue (\$bn)	\$190	\$189	0%	1%	\$90	2x
ATMs	475	426	12%	14%	238	2x
Unique bitcoin addresses	272,223	261,770	4%	29%	184,554	1x
Industry						
All-time VC investment (\$m)	\$921	\$832	11%	21%	\$326	3x
Number of VC-backed startups	119	113	5%	8%	73	2x
Media						
Mainstream media mentions	411	371	11%	-19%	631	-35%
Blockchain						
Companies trial blockchain	41	20	105%	200%	3	14x
Technology						
Network hashrate (billion/second)	457,184,328	351,177,610	30%	1%	261,900,382	2x
Valuation						
Bitcoin market capitalization (\$bn)	\$3.5	\$3.8	-8%	11%	\$5.2	-33%

Data sources and notes: CoinDesk, [Blockchain](#), [BitcoinPulse](#), [Github](#), [Coin ATM Radar](#). Figures are cumulative from start of records, except unique bitcoin addresses and media mentions, which are figures for the quarter ending that month. Number of VC-backed startups and VC investment unadjusted for closed companies: Melotic, Buttercoin, BitInstant, and TradeHill. Number of merchants is based on the figures from BitPay and [Coinbase](#).

HYPER-GROWTH- 2013 to 2015

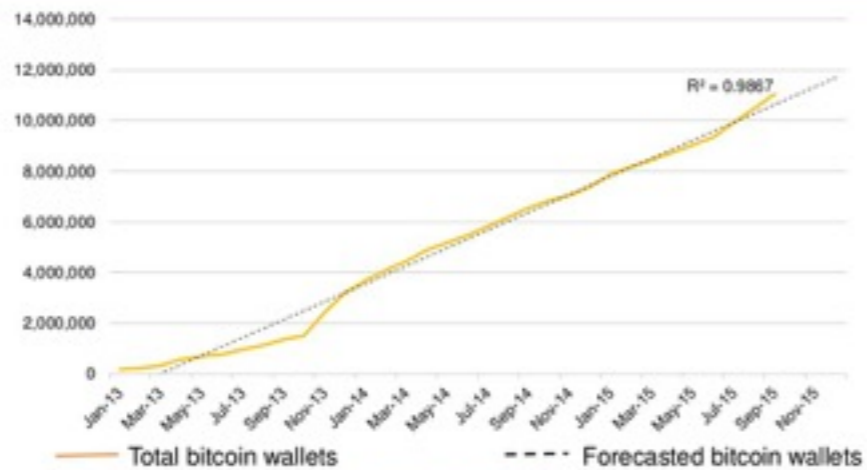
Github repository references



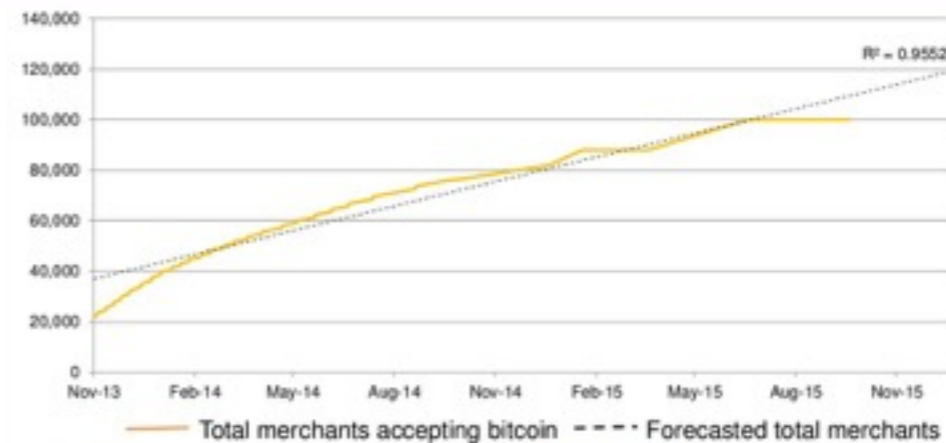
Bitcoin Transactions Continue Rising Steadily



Forecast for Total Bitcoin Wallets by End of 2015 Maintained at 12 Million, But ...



Bitcoin-Accepting Merchant Forecast Remained at Approximately 120,000 by End of 2015



Data sources and notes: Total wallets based on data from Blockchain, MultiBit, Coinbase, Andreas Schildbach (Android bitcoin wallet developer). Historical Coinbase data provided by BitcoinFutures. Q2 MultiBit figures note made available, held constant as end of March.

Data sources and notes: Total current merchants based on data from Coinbase and BitPay. Historical Coinbase data provided by BitcoinFutures. BitPay historical data between new merchant press release announcements of 10,000 (19th September 2013), 20,000 (13th January 2014) and 30,000 (28th May 2014), respectively, calculated using linear interpolation.

CASE STUDY: BitPesa

BitPesa is an Africa-based exchange and provides money remittance services. They are currently live in Kenya, Tanzania, Nigeria and Uganda. Consumers can send and receive instant payments across 7 mobile money networks, and their business payments allow bulk payments across bank accounts and mobile phones with one click.

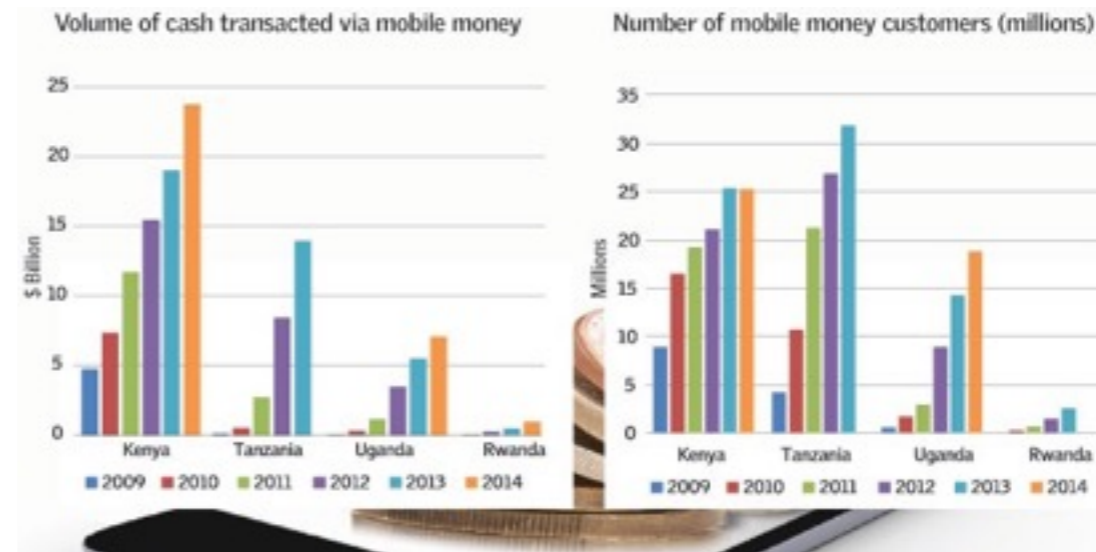
Channels Used to Send Domestic Remittances in 2011

Among adults aged 15 and older who sent or brought domestic remittances 30 days prior to the survey

	Mobile phone money transfer*	Transfer from bank*	Money transfer service*	Cash (sent by bus or through someone else)*	Exclusively brought money in person
Kenya	66%	2%	1%	5%	27%
Uganda	43%	1%	0%	18%	38%
Tanzania	32%	3%	3%	16%	46%
Zambia	4%	17%	17%	33%	29%
Botswana	4%	22%	8%	13%	53%
Nigeria	3%	29%	0%	34%	34%
Rwanda	2%	8%	2%	60%	28%
South Africa	2%	33%	13%	17%	35%
Sierra Leone	0%	6%	5%	58%	29%
Congo (Kinshasa)	0%	3%	24%	34%	38%

*Includes adults who have both used this payment channel and have brought money in person. Sample sizes for countries range from 111 to 489. Sample size of Mali is too small for results to be shown. Maximum margins of error for percentages shown range from $\pm 6\%$ to $\pm 12\%$. Figures may not add up to 100% due to rounding.

GALLUP



CASE STUDY: BlockCypher

BlockCypher provides blockchain web services. Customer uses:

Asset API – issue and handle assets on the blockchain

Confidence Factor – unconfirmed transaction processing

Data Endpoint – data or a hash on the blockchain

Fee Endpoint – adaptive transaction fee calculation

Microtransaction API – micropayments (\$.05 - \$9)

Multiple Address Wallet API – multiple addresses under a single wallet name

Multiple Blockchains – bitcoin, dogecoin, litecoin, BCY testnet, sandboxes

Multisig API – multiple signature key management

Payment Forwarding API – forward, consolidate, add commissions to payments

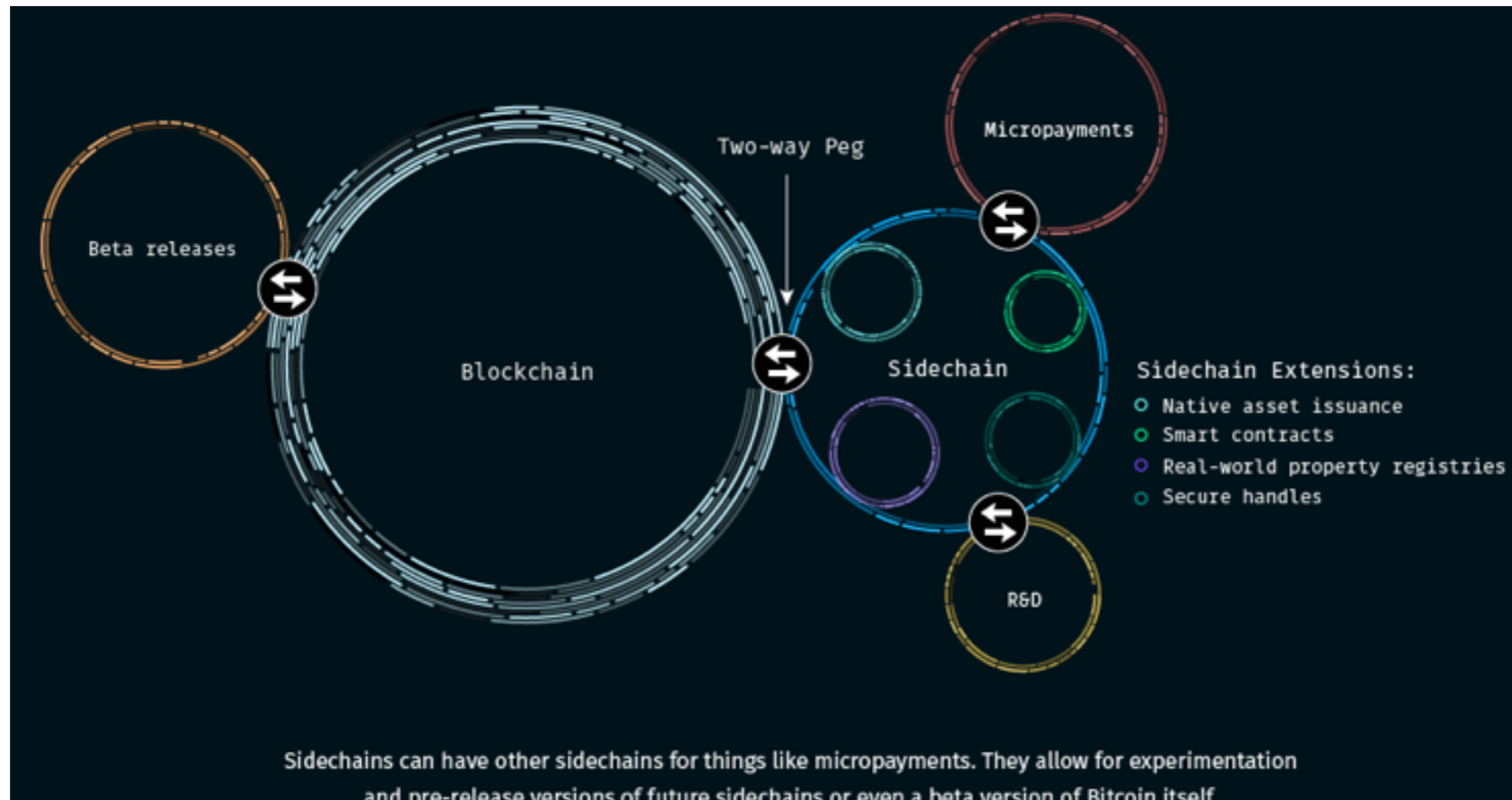
Transaction API – build transactions easily

WebHooks and WebSockets – monitoring & notifications on blockchain events



CASE STUDY: BlockStream

Blockstream is focused on digitizing the world's assets and streamlining mainstream financial services through utilizing blockchain technology. They are working to establish side chains as *the* platform for blockchain innovation.



CASE STUDY: Chain

Chain's platform enables financial companies to build services on the blockchain. Their core innovation allows these services to use any currency or asset, so that the end user experience is largely unchanged, but the underlying infrastructure is entirely digital.

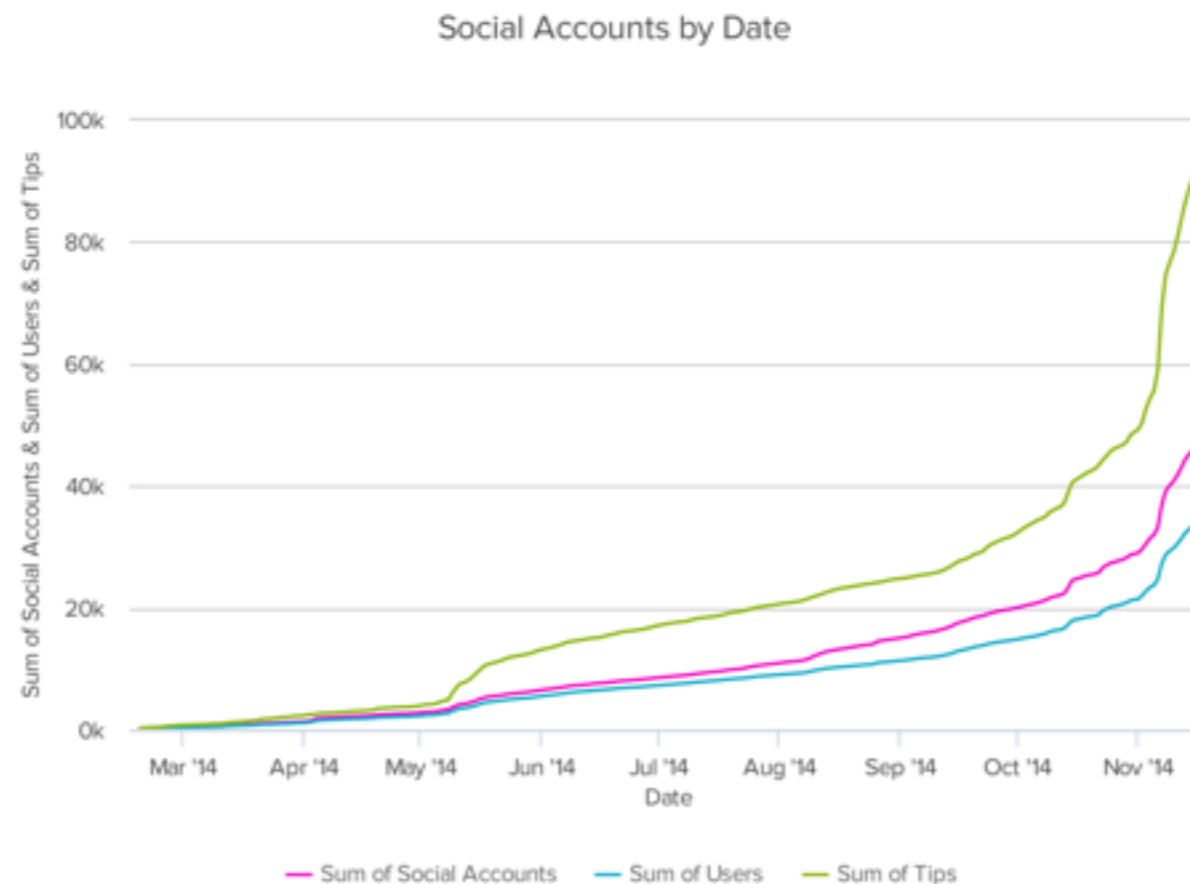
Nasdaq and Chain have partnered to leverage the blockchain platform to facilitate the transfer of shares of privately-held companies, reducing the time, cost and points of friction across the capital markets. This new "dynamic cap-table" will enable shareholders to seamlessly transfer securities between entities, and companies and their affiliates can be provided with a complete historical record of issuance and transfer of the securities. In addition, the blockchain-based distributed ledger can also offer integrity, audit-ability, issuance governance and transfer capabilities.



CASE STUDY: ChangeTip

ChangeTip enables a “tipping” feature using Bitcoin on other companies’ websites. It has built a Bitcoin micropayment platform that is currently integrated with Twitter, GitHub, Slack, Reddit, Google+, Tumblr, and YouTube.

We believe that ChangeTip’s micro transaction platform is poised to be the financial equivalent of the “Like” button, and enabling new mechanisms for premium online content to be monetized.



DataHero



CASE STUDY: Gem

Gem has built a secure and reliable enterprise-focused key management system for any type of blockchain.

Some top needs and use cases, current financial institution partners have decided to work with Gem and migrate away from legacy systems and processes



- Break down financial silos
- Reduce compliance costs
- Interoperability



- Eliminate reconciliation
- Ensure data integrity
- Instant clearing & settlement

CASE STUDY: Ripple

Ripple provides global financial settlement solutions to enable the world to exchange value like it already exchanges information. Ripple solutions lower the total cost of settlement by enabling banks to interact directly, instantly and with certainty of settlement.



US to Europe International Payment Example

