



Swapity

Swapity Exchange Whitepaper

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1 Introduction

1.1 Abstract

Swapity allows users to seamlessly swap one cryptocurrency for another. With the ever growing popularity of cryptocurrencies, which passed a total market cap of \$160 billion in August 2017, there are many new users who want to enter the marketplace. Unfortunately many new users are unaware of the risks that trading and owning cryptocurrencies present and are often overwhelmed by the complicated and tedious process of buying and trading them. Our low barrier of entry including an easy straightforward interface and not requiring any accounts puts us on top. Swapity mitigates many of the risks associated with trading cryptocurrencies and offers an easy user-friendly interface designed for everyone ranging from the first time novice to the seasoned trading veteran.

Unlike traditional exchanges in which users post buy and sell orders and other users on the platform fill their orders, Swapity trades directly with users. Because there is no other party involved it dramatically simplifies the exchange process and guarantees a trade will always instantly proceed. Also unlike traditional exchanges where users store their coins on accounts in which they don't have access to private keys, users retain full control of their coins as Swapity does not hold the user's coins. Should Swapity ever fall victim to malicious attackers there would be no user funds for them to steal.

100% of exchange profits may be claimed by Swapcoin holders. We are in the early planing stages of designing our own hardware wallet which will integrate with Swapity to create the first all-in-one solution to securely store and swap cryptocurrencies.

1.2 Goals

Main objectives are:

- Build a secure exchange platform that users can depend upon
- Create easy user-friendly interfaces for web, mobile, and desktop
- Offer a powerful API that lets developers seamlessly integrate with Swapity
- Provide quarterly profit rewards to Swapcoin holders
- Develop a next generation hardware wallet to securely store and swap coins

1.3 Global Market

The cryptocurrency market has recently exploded in popularity. Just since the start of 2017 the total cryptocurrency marketcap has risen from \$17.7 billion to over \$160 billion as of August 2017[1], a massive 904% increase with no signs of slowing down. Exchanges experience a total of \$7.9 billion 24h trading volume[2]. The blockchain phenomenon is sweeping the globe. Both the countries of Japan[3] and Australia[4] already recognize cryptocurrencies as legal money with Vietnam preparing to recognize them in 2018[5].

IBM, Microsoft, USAA, and Visa all recently posted job applications for Ethereum developers to work on blockchain-based services. Bank of America recently partnered with Microsoft and showed off the latest beta version of their Ethereum-based letter of credit system that utilizes smart contracts.

Many large corporations currently accept Bitcoin as payment. Some include[6]:

- Microsoft
- PayPal
- Dell
- Tesla
- Expedia
- Dish Network
- Zynga
- Vergin Galactic
- Valve (Steam)
- Newegg

Top Fortune 500 companies have formed the Enterprise Ethereum Alliance[7] to unite the industry and build real-world production software on the blockchain. Some of its members include:

- Intel
- Microsoft
- J.P. Morgan Chase
- Mastercard
- National Bank of Canada
- Samsung
- Cisco
- BP
- UBS
- Deloitte
- Qiwi

2 Swap Service

2.1 Direct Swapping

Users swap directly with us. We have reserves for each coin we support. Instead of matching your sell offer with another buy offer like traditional exchanges you swap your coins for ours, no middle man is involved. This allows us to guarantee a trade will instantly proceed. Swapity calculates the fair market exchange rate with all fees already included. What you see is exactly what you get. This cuts the hassle and stress of deciding and waiting on a sell/buy price and is a sigh of relief for novice users.

All that's needed to swap is the receiving cryptocurrency address and return address for your coins. Say you want to swap Bitcoin for Ethereum. You would need the Ethereum address you want to swap into and a Bitcoin return address in case of any problems, like sending more than the swap limit.

Each swap receives a unique swap ID. With it you can track the details of your swap and check if it has completed processing. Processing times vary according to the coin and network load. For example Bitcoin takes about 10 minutes to process a transaction while Ethereum only takes about 15 seconds.

2.2 User is in control

Users always have complete control over their coins. Traditional exchanges store the user's coins on accounts linked to their login. Users don't have access to their coin's private keys so it is impossible for them to retain unrestricted access to them. You are risking your coin's value and safety by holding cryptocurrency in exchange accounts. You put 100% of your trust in the exchange owner. What happens if their exchange website becomes overloaded? It would refuse to log you in, preventing you from withdrawing your coins. You could've otherwise exchanged them on a different service in the meantime. During that critical time the value of your coins could drop.

Another issue is security. Most exchanges aren't insured in the case of theft. If a hacker were to compromise an exchange and drain the balances of accounts (unfortunately an all too common occurrence) the exchange has no legal requirement to repay you for lost funds. The best example is the famous Mt Gox exchange hack which led to malicious actors stealing \$460 million worth of Bitcoin back in 2014 when Bitcoin was \$618. The stolen Bitcoins valued at the recent \$5000 high would be worth \$3.72 billion.

2.3 3rd Party Support

With an unrestricted public API, developers will be able to seamlessly integrate Swapity services into their products. Whether you want to proudly display the Swapity logo to your users or silently utilize the API in the background is completely up to you. One of the key factors in a successful strategy is market penetration. Our free API provides unrestricted possibilities to millions of developers. This is also a great way for the developer to earn extra rewards if they are owners of Swapcoin. This incentive will be a growing force in the future and will provide Swapity a higher market penetration than any competitor.

3 Our Vision

3.1 Easy Ownership

We believe users should always have access to the private keys of their cryptocurrency. Not only does this ensure users retain complete control over their assets, but it's also in line with the original spirit of cryptocurrencies. The idea that absolutely no one but the user can spend their coins or make public their balance is very powerful. Traditional exchanges centralize the distribution of coins and rob the users of the fundamental philosophy of which cryptocurrencies were originally created for. We strongly believe in the user's privacy and ability to self manage their coins without the need for restrictive third parties.

3.2 Easy Management

Traditional exchanges offer coin management by providing you with web wallets. The issue with this is that while it may be convenient, you don't have access to your private keys. We solve this by creating our own desktop and mobile wallet software. It generates local web wallets for you which provides an intuitive user interface while providing you your private keys. Within our downloadable wallet you will be able to view the balances of all your coins as well as send and receive coins. Other features include currency conversion for viewing your coin's value in US dollars, Euros, Japanese yen, Chinese yuan, Russian ruble, and others.

3.3 Easy Integration

By integrating Swapity services into our downloadable wallet we offer a complete cryptocurrency suite. You will be able to fully manage your coins and exchange them all within a single program. This convenience and ease-of-use is unparalleled and will be a major focus point especially for new novice users.

Granted we raise enough to also develop our hardware wallet, we will be integrating it into our downloadable wallet software. This will be the first ever complete all-in-one cryptocurrency solution. This will allow users to safely store their private keys and securely sign all transactions offline. For the first time ever users will be able to exchange cryptocurrencies with the security of hardware wallets. This truly revolutionary achievement is only possible through the deep integration all three components working as one.

4 Swapcoin Token

4.1 Uses and Rewards

Users who contribute Ether to help fund Swapity will receive Swapcoin tokens. Swapcoins are Ethereum tokens that grant users access to functions relating to Swapity. The contract name for Swapcoin is SWAP with its abbreviation being SWP.

Swapcoin holders as a collective receive 100% of the profits generated by the exchange. There will only be a fixed total supply of Swapcoins. If the crowdfund does not sell out all extra Swapcoins will be destroyed. Once you are a Swapcoin holder, every 12 weeks you will be granted special privileges within the platform that will enable you to claim profits. For example, if you hold 1% of all tokens you would have access to 1% of the profit the exchange generates. Exchange profits will be converted to Ether for claimers to withdraw through an Ethereum smart contract.

Swapcoins are also used for other functions like voting. Users who hold Swapcoins may vote on a number of proposals such as adding new coins to be listed to swap on Swapity and adding new features to the platform.

4.2 Timeline

The crowdfund will be open for two weeks, starting September 7th 2017. Users will be able to contribute Ether and will be rewarded with Swapcoin. There are two early bird bonuses to users who contribute Ether early on. For the first 2 days the ratio of Ether to Swapcoin is 1:3500. The next 5 days the ratio is 1:2700. Finally for the full second week the ratio is 1:2200.

4.3 Funds Allocation

A maximum of 150 million Swapcoins will be generated. Of that potential 150 million, 50% is available for the crowdfund, 35% is allocated to Swapity to receive profit, 10% is allocated to the founders/developers, and 5% is allocated to future marketing. The Swapity allocated Swapcoins will be held for a minimum of six months before they become tradable. The founders/developers Swapcoins

will be held for a minimum of three months before they become tradable. This is done in order to equalize the market and ensure everyone is on an even playing field.

Granted our crowdfund successfully sells out, the allocation of the raised Ether is as follows. 50% to purchase the Swapity reserve of supported cryptocurrencies. Initial supported coins are Bitcoin, Ethereum, Litecoin, Ethereum Classic, Monero, Zcash, and of course Swapcoin. Additional coins/tokens may be added and voted upon later. 30% to developing Swapity exchange, development desktop, web, and mobile wallet software, and initial work on the hardware wallet. 10% to a bug bounty program which will cover Swapity exchange and the desktop, web, and mobile wallets. 5% to marketing. 5% to legal fees.

5 Business Model

5.1 Fee Structure

All fees are included in the given exchange rate so there are no additional fees. What you see is exactly what you get. The fees consist of our fee and the standard miner/blockchain transaction fee. On average our fee will be about 0.5% but will be dynamically calculated based on numerous factors such as our reserve level, recent market trends, and recent transactions. This allows us to calculate how much risk is involved with each swap. Because we have finite amount of reserves, coins may become temporarily disabled until our reserve is refilled to an acceptable level.

5.2 Timeline

Granted our crowdfund successfully sells out we expect Swapity exchange to be operational in early 2018. This will be in a limited release in which some features like the public API will not be finalized. In the second half of 2018 we expect Swapity to become fully operational along with the completion of the desktop, web, and mobile wallets. The hardware wallet will also be focused on at that time.

6 Sources

6.1 Sources

[1] <https://coinmarketcap.com/charts/>

[2] <https://archive.fo/DNVmL>

[3] <https://www.cryptocoinsnews.com/japan-accepts-bitcoin-as-legal-payment-method-whats-next/>

[4] <https://cointelegraph.com/news/bitcoin-to-become-just-like-money-in-australia-july-1>

[5] <https://www.coindesk.com/vietnam-preparing-legally-recognize-bitcoin-2018/>

[6] <https://99bitcoins.com/who-accepts-bitcoins-payment-companies-stores-take-bitcoins/>

7 Disclaimer

7.1 Disclaimer

Please note that this document does not constitute to it being a Prospectus of any sort, neither do we intend to misrepresent the sale of this sort as being an Initial Public Offering or Share/Equity offering. This token sale does not involve the exchange of cryptocurrencies for any form of Ordinary Shares in Swapity, neither does the SWAP token purchaser receive any form of dividend that is guaranteed. This crowdfund will not accept fiat currency.

SWAP (SWP or Swapcoin) is a cryptographic token used to represent a % allocation in the Ether Swapity earned. Owners of SWAP are eligible to receive rewards in the form of Ether based on the performance of the Swapity exchange. Unclaimed Ether after each reward period expires is forfeited and will belong to Swapity.

SWAP is not a cryptocurrency. At the time of this writing, SWAP (i) cannot be exchanged for goods or services, (ii) has no known uses outside the Swapity platform, and (iii) cannot currently be traded on any known exchanges.

SWAP is not an investment. There is no guarantee that the SWAP you purchase will increase in value and/or provide any return.

SWAP is not evidence of ownership or right to control. Controlling SWAP does not grant its controller ownership or equity in the Swapity platform as a whole. SWAP does not necessarily grant any right to participate in the control, the direction or decision-making of the Swapity platform.

The purchaser's SWAP can only be accessed with login credentials selected by the purchaser. The loss of these credentials will result in the loss of SWAP. Best practices dictate that purchasers safely store credentials in one or more backup locations geographically separated from the working location.

SWAP and the Swapity platform are based partially upon the Ethereum protocol. As such, any malfunction, unintended function or unexpected functioning of the Ethereum protocol may cause the Swapity platform or SWAP to malfunction or function in an unexpected or unintended manner. Ether, the native unit of account of the Ethereum Protocol may itself lose value.

Blockchain technologies have been the subject of scrutiny by various regulatory bodies around the world. The functioning of the Swapity platform and SWAP could be impacted by one or more regulatory inquiries or actions, including but not limited to restrictions on the use or possession of digital tokens like SWAP, which could impede or limit the development of the Swapity platform.

The Swapity platform is presently under development and may undergo significant changes before its full release. Any expectations regarding the form and functionality of SWAP or the Swapity platform held by the purchaser may not be met upon release, for any number of reasons including a change in the design and implementation plans and execution of the Swapity platform.

While SWAP should not be viewed as an investment, it may return value over time. That value may be limited if the Swapity platform lacks use and adoption. If this becomes the case, there may be few or no profits to draw from, or even a loss of your initial investment.

If the value of Ethereum fluctuates unfavorably during or after the token sale, the Swapity team may not be able to fund development, or may not be able to develop the platform in the manner that it intended or promised.

It is possible that the Swapity platform malfunctions in an unfavorable way, including but not limited to one that results in the loss of SWAP and/or other crypto assets.

Cryptocurrency is a relatively new and untested technology. In addition to the risks set forth here, there are risks that the Swapity team cannot anticipate. Risks may further materialize as unanticipated combinations or variations of the risks set forth here.