Tokenizing the $10 trillion credit default swap asset class
SINCE 2011, 60 MAJOR CRYPTOCURRENCY HACKS HAVE OCCURRED

Total Cryptocurrency Stolen

$1.65 billion stolen during last seven years

$12.6 billion when adjusted for inflation


$2M  $3M  $8M  $396M  $408M  $530M  $839M  $1,645M
71% of investors store the majority of their crypto on an exchange.

78% of stolen funds are from exchanges.
CURRENT CUSTODY OPTIONS EXPOSE CREDIT RISK OR LIMIT ACCESSIBILITY

CENTRALIZED EXCHANGE STORAGE
- Access to immediate liquidity
- Open to exchange credit risk
- Obvious target for hackers
- Little transparency

MANUAL COLD STORAGE
- Eliminates exchange credit risk
- Zero immediate liquidity
- Legal restrictions
- Potential for user error
CDx ELIMINATES CREDIT RISK AND ALLOWS INVESTORS TO MAINTAIN LIQUIDITY

CDx is a smart contract protocol enabling anyone to issue, trade, and resolve tokenized credit default swaps on the Ethereum public blockchain.

- Eliminate exchange credit risk
- Maintain access to liquidity by keeping assets on exchange
- Gain transparency into exchanges’ credit risk
Credit default swaps are tradable insurance policies against events.
As the ecosystem matures, new forms of credit risk continue to emerge.

The CDx protocol will enable participants to tokenize and exchange credit default swaps across a wide variety of use cases.

**Tokenized Debt**
- Insure against debtors defaulting on their loans

**Stablecoins**
- Insure against stablecoins collapsing

**DAO/ICO Insurance**
- Insure against DAOs or ICOs getting hacked
CDx PROTOCOL IS A SET OF THREE INTERCONNECTED TECHNOLOGIES

Smart contracts create, exchange, and resolve the tokenized swaps

A dual token system incentivizes participants to contribute value to the network

A decentralized exchange facilitates trading of tokenized swaps
Proposed credit default swaps are sent for approval.

New credit default swaps are proposed.

Approved credit default swaps are now tradeable.
2. DECENTRALIZED SWAP TRADING

SELLERS

PROTECTION

PREMIUM

$$

RELAYER

BUYERS
EFFICIENT SWAP SETTLEMENT

CDx WORKFLOW

BUYERS

Credit default swaps expire

DETERMINATIONS COMMITTEE

Seller receives collateral

Buyer receives collateral
The **Native** token is sold to investors

- **Fees**: Pay for transaction fees
- **Transferable**: Trade on secondary crypto exchanges
- **Staking**: Earn $$ as a member of the Determinations Committee

The **Cred** token is awarded to active network participants

- **Governance**: Vote on major protocol decisions
- **Redeemable**: Convert back to Native
- **Staking**: Earn $$ as a member of the Determinations Committee
**CDx INCENTIVIZES PARTICIPANTS TO CREATE NETWORK VALUE**

<table>
<thead>
<tr>
<th>PARTICIPANT</th>
<th>CONTRIBUTES</th>
<th>RECEIVES</th>
<th>NETWORK VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buyers</td>
<td>Premiums &amp; Fees</td>
<td>Insurance</td>
<td>Fees increase DC value and reduce token supply</td>
</tr>
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<tr>
<td>DC Members</td>
<td>Consensus</td>
<td>Fees</td>
<td>Increase trust in the network</td>
</tr>
<tr>
<td>Relayers</td>
<td>Order books</td>
<td>Fees</td>
<td>Aggregate liquidity</td>
</tr>
</tbody>
</table>
Our novel **proof-of-liquidity** mechanism incentivizes participants to provide liquidity to the network. In doing so, token supply is continuously reduced.

1. When transactions occur, providers of liquidity are rewarded with non-transferable Cred tokens in exchange for Native.

2. At any time, participants can burn their Cred tokens for discounted Native.
CDx is launching a decentralized exchange application to enable trading of swaps upon network launch.

The infrastructure behind the exchange will be open source and include extensive developer documentation to encourage others to launch their own exchanges.
EVERY ASSET CLASS WILL BE TOKENIZED ON A PUBLIC BLOCKCHAIN

Global Asset Size at Year End 2017 (USD)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>$78 Trillion</td>
</tr>
<tr>
<td>Debt</td>
<td>$237 Trillion</td>
</tr>
<tr>
<td>Swaps</td>
<td>$542 Trillion</td>
</tr>
</tbody>
</table>

Crypto Leader