

**NEURONET**

**EXCHANGE**

***White Paper***



## Contents

### What is Neuronet Cryptocurrency Exchange

Neuronet is an innovative cryptocurrency exchange powered by artificial intelligence.

The Neuronet exchange applies revolutionary technological solutions in the field of artificial intelligence, such as: the global blockchain assessment index, security audit protocol, mining pool, automated trading robot, NeuroNet Banking blockchain and much more that modern crypto exchanges do not have yet.

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## Reference information

### 1.1 The total market capitalization of cryptocurrencies is \$ 2 trillion.

In 2021, the average return on investment in cryptocurrency was 207%, far exceeding the return on investment in other assets such as the stock market, gold and real estate. Cryptocurrency trading is very active. 16 cryptocurrencies have an average daily trading volume of \$ 10 billion. Such active trading leads to an increase in the number of trade exchanges.

### 1.2 Risks associated with current exchanges

Currently, there are two types of exchanges for cryptocurrency trading: centralized and decentralized. Each type has its own advantages and disadvantages.

Investors thinking of trading cryptocurrency for the first time usually resort to centralized exchanges. Similar to traditional online brokerage firms and exchanges, many centralized crypto exchanges offer similar options for account funding, margin trading, short positions, and trading crypto / crypto or fiat / crypto pairs. Buyers and sellers trust a security and monitoring intermediary to help them store funds and conduct transactions. The largest crypto exchanges in the world in terms of adjusted trading volume are, as a rule, centralized exchanges (Binance, Bitmax, OKEx, etc. - see CoinMarketcap). Besides volume and liquidity, centralized exchanges usually have a well thought out system. Using a digital wallet, where there is a risk of forgetting your private key, centralized exchanges can guarantee the safety of client funds and help investors regain access to their capital.

Although centralized exchanges have been the most popular way to trade cryptocurrency over the past few years, they have demonstrated vulnerabilities and security issues. In just 8 months of 2021, hackers stole more than \$ 1 billion from centralized exchanges. This is equivalent to a daily theft of \$ 125 million. Compared to 2020, the total amount stolen from stock exchanges doubled last year. Also, centralized exchanges are not anonymous, as they store the personal data of investors and private keys and keep their funds in hot wallets. This practice can certainly pose a threat to the personal data of investors. Many centralized exchanges were also accused of fictitious trading and volume cheating.

Decentralized exchanges are considered the best in terms of information security. Such exchanges do not store any personal information about users, and the funds themselves are stored decentralized. Technically, these are the most "ideal" exchanges.

The downside of decentralized exchanges is a large number of illiquid cryptocurrencies. The listings are replenished daily with new cryptocurrencies, not backed by anything. Government regulators pay less attention to decentralized exchanges than centralized and fiat ones. The risk of losing funds when investing in an unpopular cryptocurrency is quite high, so only experienced traders should recommend decentralized exchanges - there is no place for beginners here.

### 1.3 Neuronet's goal

Neuronet's goal is to create the best decentralized exchange for the cryptocurrency trading industry, taking smart portions of the mainstream trading industry securities and taking advantage of new AI capabilities.

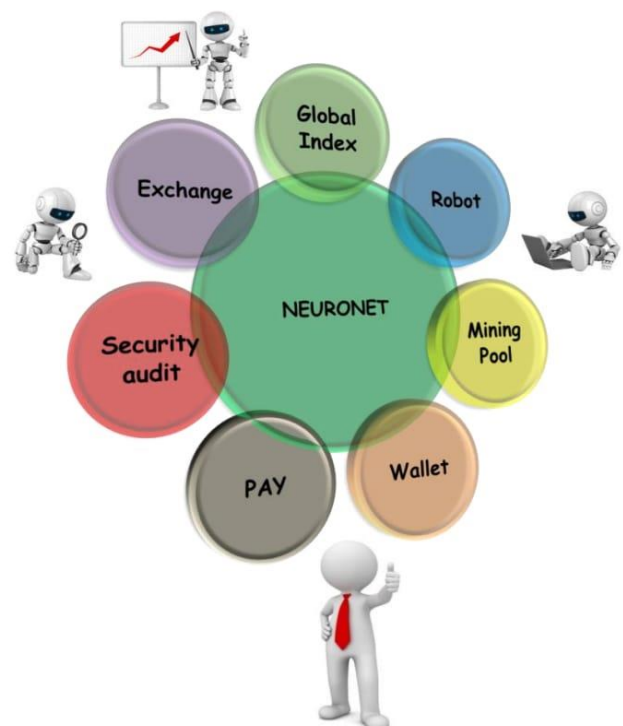
Decentralized exchange Neuronet applied to trading in financial and crypto markets, this means that not only quotes can be used for trading, but also any other data that the user deems necessary. In addition, all the original information can be combined in any proportion.

### 1.4 Terminology

Neuronet is an artificial intelligence-based data analysis system that learns itself in the process and tests various results and situations based on input data. During training, the neural network identifies complex relationships that cannot be seen under normal circumstances.

Neuronet is an innovative cryptocurrency exchange based on artificial intelligence with open source that simulates the work of the brain, is able to learn and adapt to changing conditions, as well as forecasting the situation.

### Structure of key modules



# Neuronet ecosystem

## 2.1 Ecosystem

Neuronet provides system participants with the following benefits:

### Security

Those participating in the trade must meet the requirements of the business and technology ecosystem so that the quality of the trade service is maintained. The user's assets are all held on the blockchain. Assets cannot be moved without user permission. Security from artificial intelligence is a means of additional user protection, as well as providing a secure trading mechanism on the Neuronet crypto exchange. Smart contract and blockchain technology guarantees correct settlement.

### Confidence

The decoupling between trading is the best way to ensure the safety of trading assets. An insurance fund provides an additional layer of security. Therefore, Neuronet ecosystems provide a reliable environment for exchange and trade.

### Openness

First of all, the Neuronet ecosystem is open and welcomes new members.

Those participating in the Neuronet ecosystem can use all the products and services provided by Neuronet. Participants can count on the use of additional services that Neuronet intends to provide, including trading in derivative cryptocurrencies.

## 2.2 Participants

a). Neuronet foundation

The Neuronet foundation is located in Germany. Its mission is to develop a Neuronet solution and promote its use on world cryptocurrency exchanges.

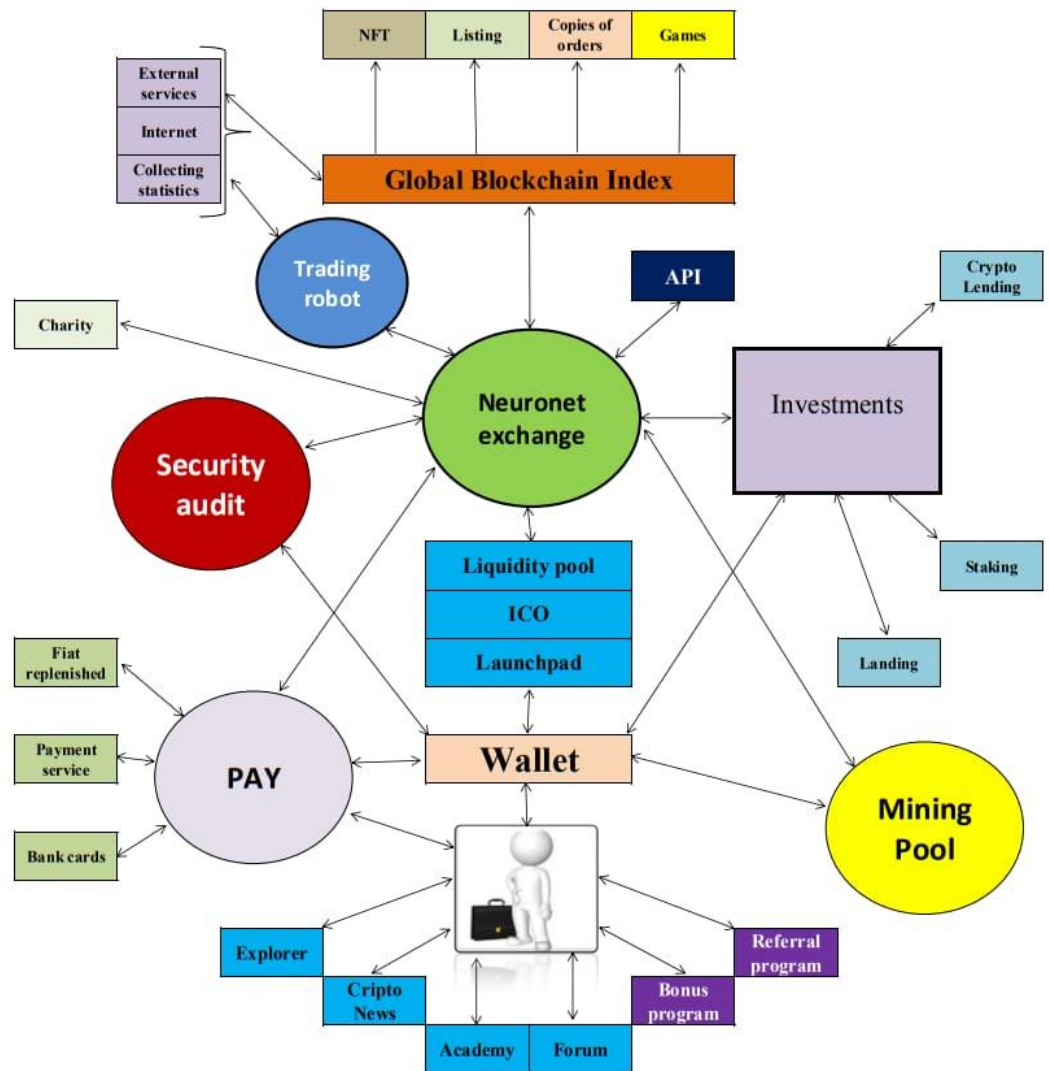
Obligations of the Neuronet Foundation:

- Information disclosure
- Compliance and audit
- Fund management
- Strategic decisions
- Arbitration and reconciliation
- Public relations

b) Exchange users

Exchange users can use various functions such as crypto exchange trading, exchange, hot and cold storage, etc.

## ECOSYSTEM NEURONET



## 2.3 Target

Cryptocurrencies are still in a very early stage of development. They inevitably have a lot of problems, just like the early stages of the internet industry. But they have a lot of growth potential, which is probably many times that of the internet industry. The goal of the Neuronet ecosystem is to help the industry develop in a more orderly and secure manner by providing a solid infrastructure that benefits many industry players.

### a). Differences

All current cryptocurrency exchanges make deals, exchanges of tokens and fiat. This infrastructure is associated with certain risks. Customers' digital assets on exchanges are subject to internal and external risks. The difference between Neuronet and all existing exchanges lies in the embedded artificial intelligence that learns itself in the process of work, will provide the user with constant income, exceptional protection, network confidentiality, security and safety of capital.

Neuronet's goal is to provide a secure platform for cryptocurrencies.

### b). Mining pool

The mining pool is one of the most important infrastructures of the entire cryptocurrency industry and is an open platform for mining. Miners connect their mining machines to a mining pool, which collects the computing power of the miners, assigns computing tasks to them, and distributes rewards according to the miner's workload. The mining pool offers miners a variety of settlement methods, each aimed at finding a balance between profit stability, fairness and risk. The mining pool profit model supports four calculation methods: PPS + / ESMPPS / FPPS / SOLO.

The Neuronet mining pool is FPPS (TheFullPay-per-Share) - it is an improved PPLNS method, in which the pool also distributes the commission for transactions between miners, which increases their income by 10-20%.

Pool Neuronet supports mining of 9 types of major cryptocurrencies, including BTC, BCH, LTC, DASH, ETH, ETC, ZEC, BTM, XMR, as well as multi-currency combined mining to meet the diverse needs of global users to provide a stable cryptocurrency mining pool.

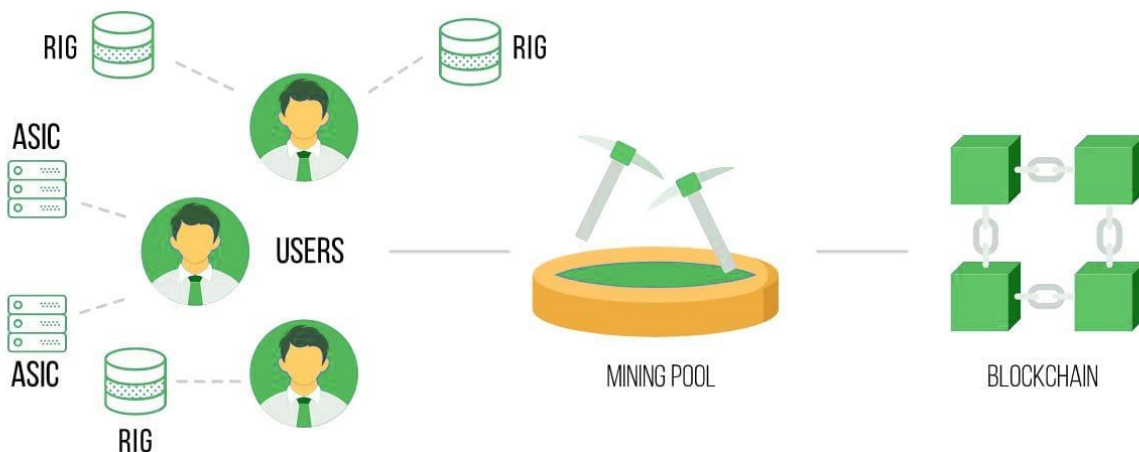
Neuronet will provide users with cross-platform portals, including WEB, iOS, Android, HTML5 for mobile devices, allowing users to view mining status anytime, anywhere.

#### Payouts

After a block is found, the Neuronet payment module converts it through the API, sending a reward in mined coins to your wallet on the Neuronet exchange. As soon as the transaction is successful and the target wallet receives a reward, the Payouts module will place an order to exchange this coin for the main coin that is convenient for you.

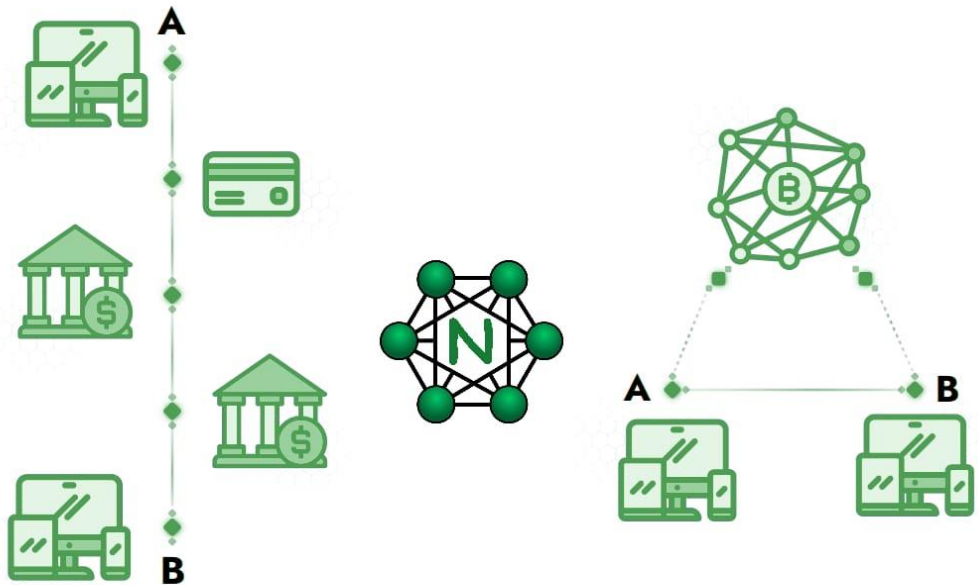
#### Fiat payments

This process is similar to the distribution of the reward through the API exchange mentioned above. After we have mined the block and the reward has passed to the miner, we can send this reward directly to the payment gateway. This gateway will pay the miner and the allowed payout in any currency allowed by the gateway. Miners choose payment gateways directly from their Neuronet dashboard or our online dashboard.



**c). NeuroNet Banking blockchain**

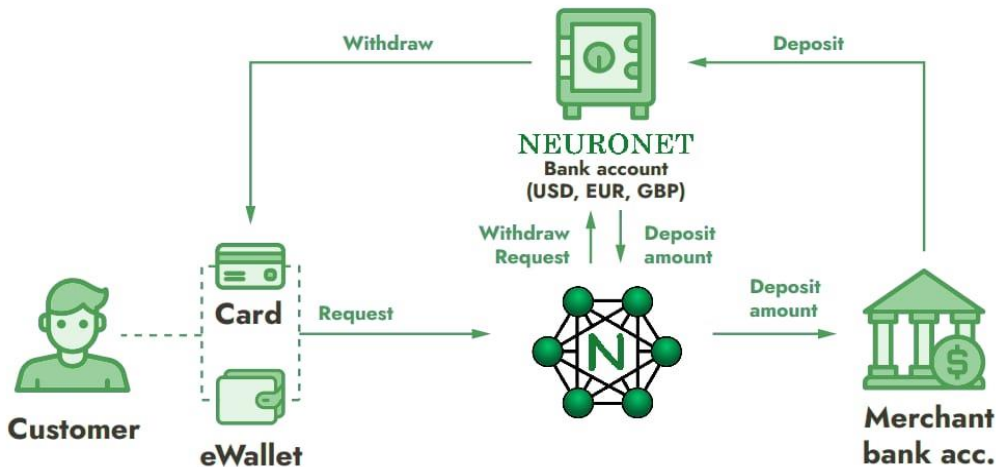
The creation of a reliable mobile cryptobank has become possible thanks to blockchain technology. To confirm security, banking systems apply formal verification. The details of the parties are compared (sender’s address, recipient’s address, signatures, etc.). Based on it, a decision is made whether the operation (transaction) is genuine or not. However, in classical banking systems, the verification is performed by the bank itself. Thus, a third party arises between the sender and the recipient, which is the central controlling authority. There is no guarantee that the verification will be transparent and that the bank will not make a knowingly false decision. In addition, all funds are under the control of the bank. Blockchain technology performs the verification in a decentralised way. It takes place through the consensus of all network participants (nodes). Transactions take place directly from user to user, and only the owner of the funds has access to them.



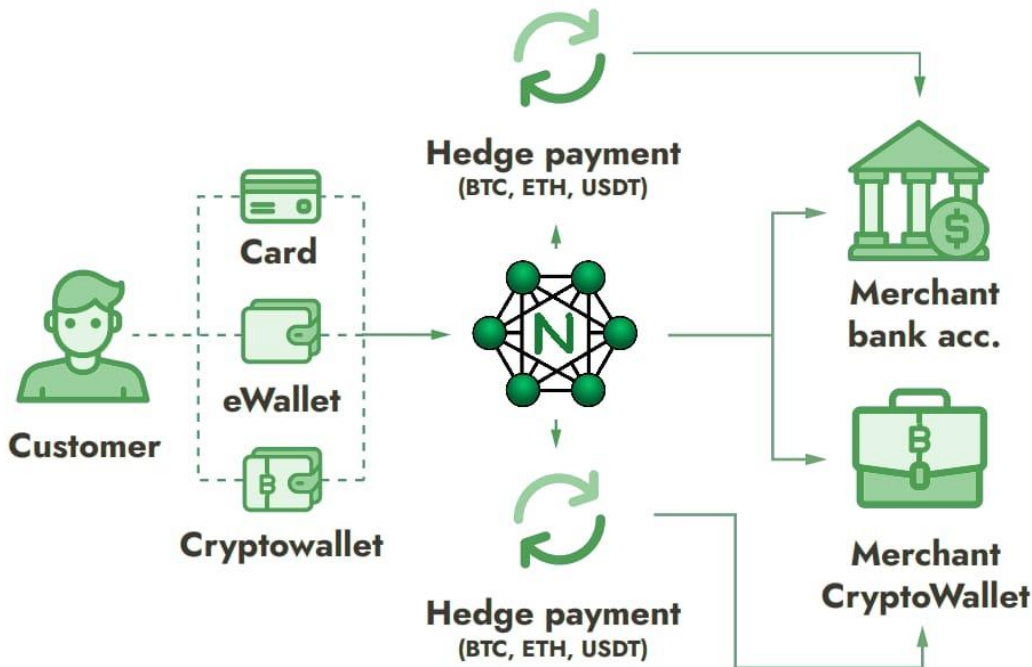
**Classic system:**  
centralized with a third controlling party.

**Blockchain system:**  
decentralised and without a third party.

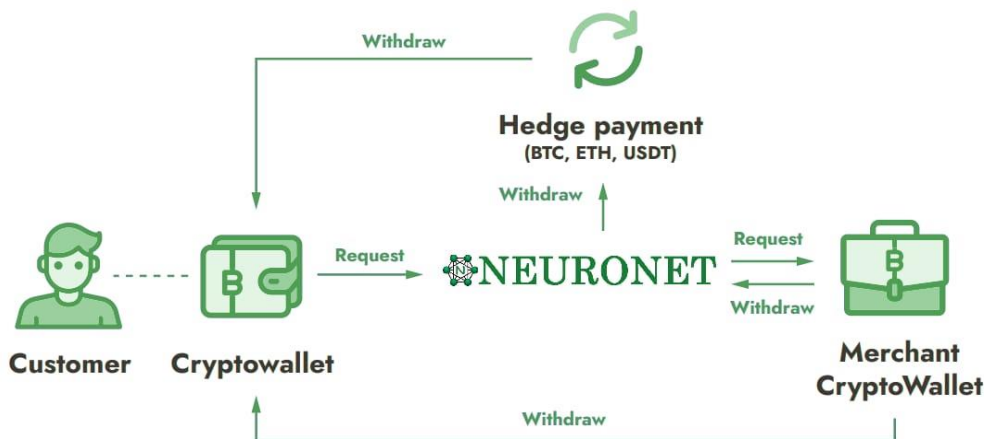
**Fiat transactions implementation scheme**



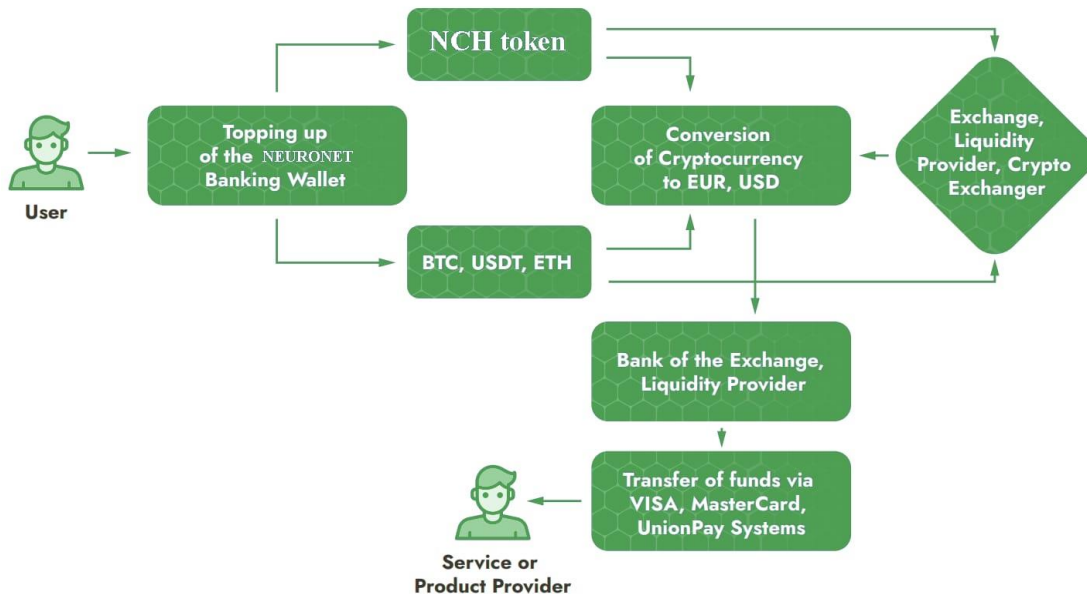
Payment and transfer scheme



Cryptocurrency transactions implementation scheme



How the NeuroNet Banking debit card works



**d). Exchange**

Neuronet is a reliable and convenient cryptocurrency exchange service. You can make a safe exchange of any complexity in the shortest possible time.

Our advantages:

- Anonymity and security. The security of your data is ensured, all transactions are anonymous. Our accounts in payment systems are fully verified;
- High speed. All operations are performed in a semi-automatic mode, processing takes several minutes, the service works around the clock;
- Reliability. Neuronet service provides high-quality and safe exchange services with a guarantee of receiving funds;
- Personal conditions and cooperation. For regular customers, personal exchange conditions are provided. Our referral program and cumulative discount system will allow you not only to make an exchange profitably, but also to make money on attracting new customers. For commercial Internet projects and online stores, we provide convenient payment solutions through the SCI API.

The NeuroMig exchange service includes many popular destinations.

- At the initial stage, the Neuronet exchange will exchange the following cryptocurrencies:

Bitcoin, Tether, Ethereum, Ethereum Classic, Litecoin, Dash, ZCash, Ripple, Monero, Bitcoin Cash ABC, Dogecoin, Binance Coin.

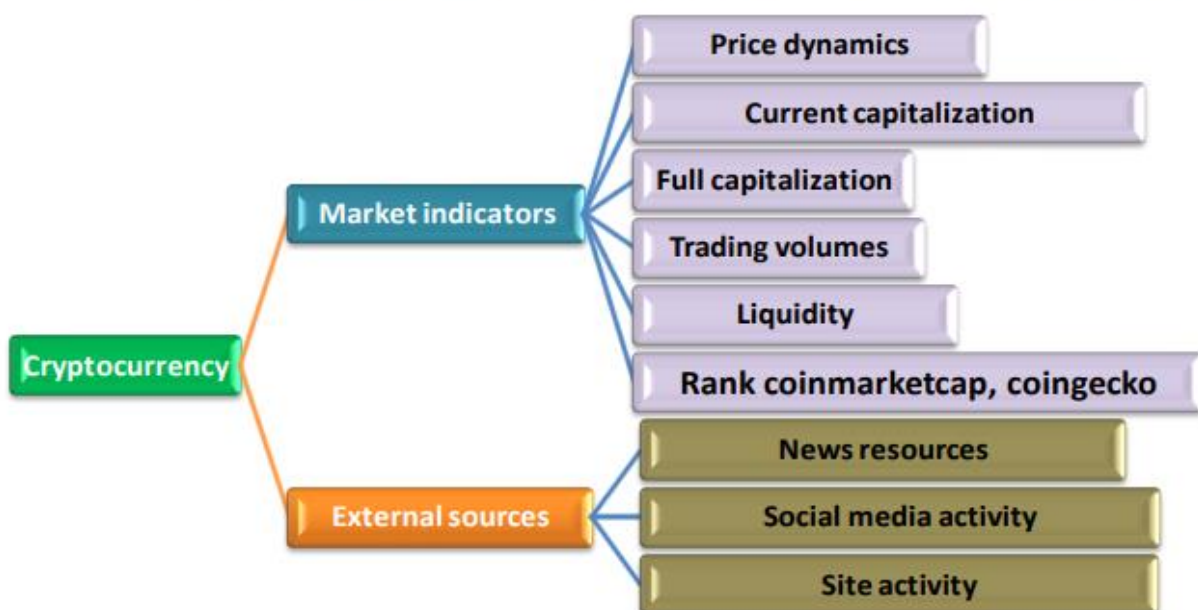
**e). Global Public Blockchain Assessment Index.**

With the growth in the number of ICOs, more and more cryptocurrencies enter the market every day. Many of them are either purely fraudulent schemes or poor quality coins that will never survive. At the same time, due to low entry barriers and a fast-growing industry, more and more trading exchanges are starting to provide cryptocurrency trading services. Selecting quality coins for listing, preparing the appropriate business and technology becomes a very cumbersome task for many exchanges.

A neural network is an artificial intelligence configured to analyze data from news sources and the Internet (reports, research, historical results, etc.) around the world and, based on the collected data, Neuronet draws up a conclusion about the price of an asset and its liquidity.

By investing in cryptocurrency, you will have less risk and less worry. Our blockchain ecosystem is customized for your investment strategy, with the help of the liquidity determination system you will find reliable and unreliable cryptocurrencies.

## GLOBAL PUBLIC BLOCKCHAIN INDEX





**f). An automated trading robot on the exchange.**

Ecosystem users will be able to connect automated artificial intelligence to their accounts. Which, in combination with the global public blockchain evaluation index, will provide profitable transactions in crypto currency trading. That will eliminate the need for constant monitoring of the market by the user.

Very often, investors are faced with a sense of greed and fear of losing everything. Therefore, in some cases, traders enter trading positions too early, taking small gains or losses. In addition, you will avoid the psychological side of the issue. Traders who trade with your funds suffer losses not only due to incorrect trading positions, but also due to emotions.

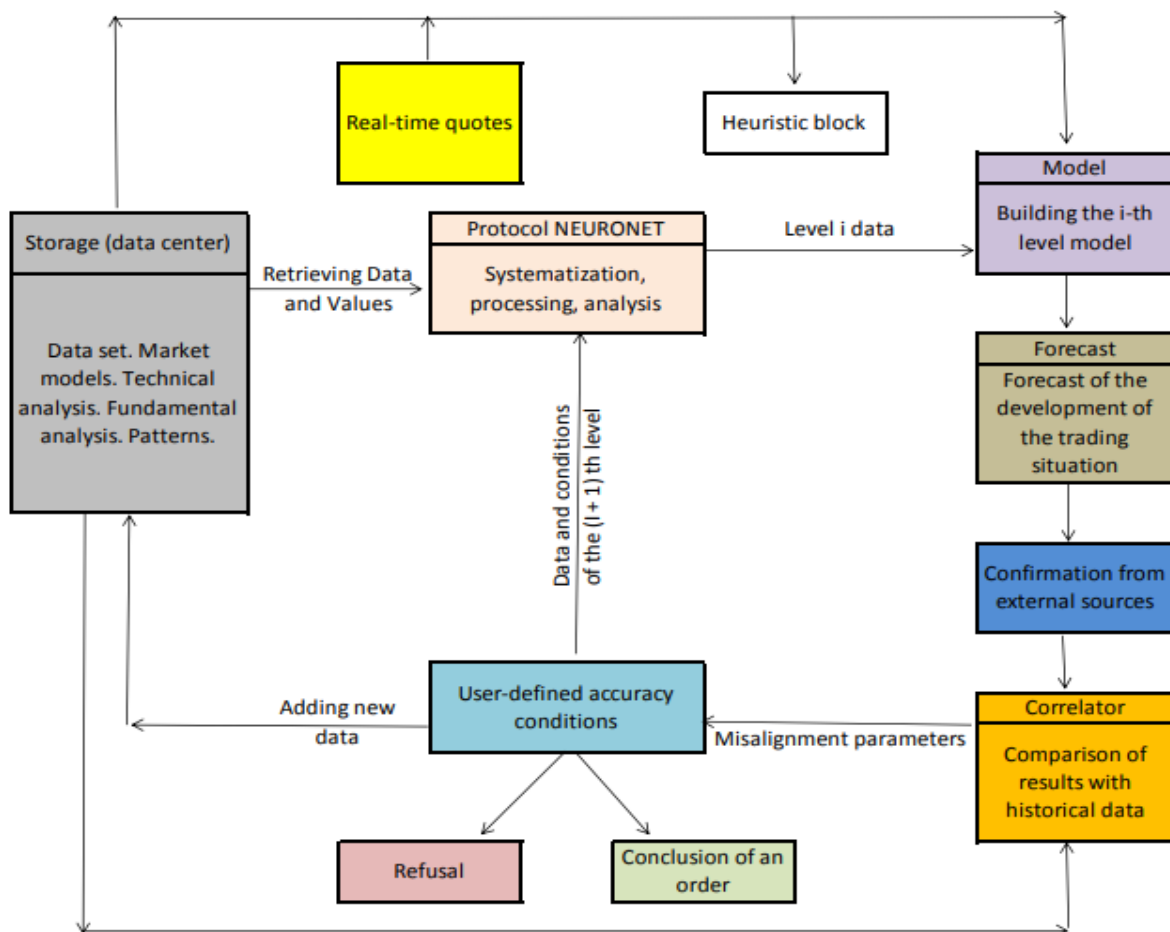
Also, the desire to make a fortune on the crypt in one day makes traders take too much risk. The fear of losing profits also plays a role here, but the loss of profit syndrome can still be traced.

A built-in AI-based robot removes this problem.

In recent years, we have implemented neural networks and trained MQL5 trading robots (professional trading platform - MetaTrader). The results of the work of the Neural Network can be found on the official website and in the public domain. We managed to partially integrate neural networks into robots, but it is impossible to add a robot using neural networks to the MQL5 community app store. The prohibition on connecting an external API excludes the possibility of full use of neural networks in MetaTrader. That is, no one except us could use the Neural Network. since connection to external data centers is required.

There are no such restrictions in our ecosystem.

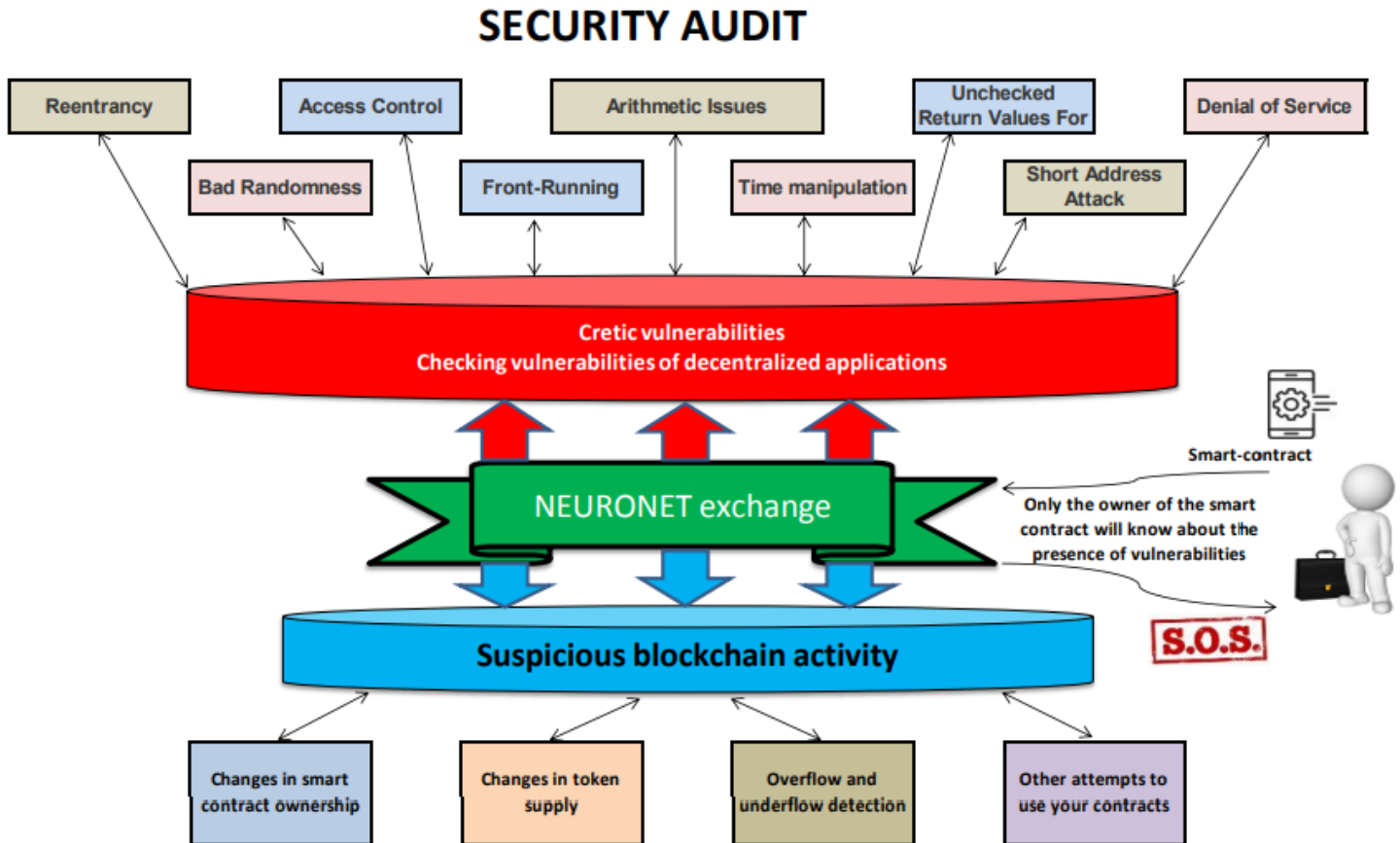
**WORK OF THE TRADING ROBOT**



### g). Security audit

Comprehensive audit of a blockchain project with a neural network. Artificial intelligence checks smart contracts for vulnerabilities and proactively reports threats.

The principle of operation is based on monitoring the critical vulnerabilities of smart contracts. The system checks the cryptocurrencies on the site and informs the token holders about the danger.



## 2.4 Comparison of different modes

Neuronet ecosystem is the best combination of decentralized trading exchange and artificial intelligence. Neuronet users can enjoy the best trading experience provided by a decentralized exchange while not worrying about the security of their trading assets. Neuronet also significantly lowers technical and business barriers for beginner traders, providing a solid foundation for their business to grow.

## 2.5 Future development

### a). Neuronet cryptocurrency and margin trading

Margin trading is a trading method where a user borrows money to open long positions in a specific cryptocurrency. Short is a trading method where a user takes a specific cryptocurrency to go short. In both methods, the trader hopes that the market will move in the expected direction, then he will be able to make a profit and return the borrowed money or cryptocurrency.

At the first stage of Neuronet development, a service for cryptocurrency trading will be developed. At the second stage, a service for margin trading and short positions will be developed.

### b). Derivatives service

Due to the huge profit potential from cryptocurrencies, exchanges are going to provide their clients with more financial instruments for trading or hedging. Derivative cryptocurrencies such as futures and options will be provided for



hedging or speculation. CBOE and CME have already introduced Bitcoin futures. Derivatives based on other cryptocurrencies are expected to be introduced gradually.

The introduction of bitcoin futures met the market demand in a timely manner, however, it has a number of serious drawbacks. The most obvious is that both future products are settled in cash and not the underlying asset. Traders still cannot use Bitcoin derivatives to get Bitcoin. Neuronet will solve this problem by supporting the supply of underlying assets when trading cryptocurrency derivatives. In addition, with the help of smart contract technology, Neuronet will use the trader's digital assets in the blockchain as collateral, while increasing the efficiency of the trader's capital and controlling risks.

#### **c). Smart Inclusive Finance**

The Neuronet system will give each user the right to issue digital assets using Neuronet tokens. The user can create new digital assets such as commercial paper and personalized assets by collateralizing certain highly liquid digital assets. Once recognized by certain users and exchanges in the Neuronet ecosystem, it can be sold to approving users and exchanges.

## **Neural network proposal**

### **3.1 Free platform for ICO with subsequent listing on the Neuroset exchange**

The Neuronet exchange makes it possible to implement the most promising projects by providing an ICO with the subsequent listing of the token. The most important thing for the developers of the project is that our exchange does not take money for the ICO and listing! The Neuronet exchange itself will provide liquidity for trading. The global public blockchain assessment index will conduct an automated selection of participants in the ICO, guided not by human feelings (which often prevents good projects from breaking through), but based on the analysis provided by the Neural Network.

### **3.2 Create custom tokens and quickly launch listing on the exchange.**

All modern exchanges require an average payment of \$ 10,000 - \$ 500,000 to launch a listing just for the token to go to trading. But you will have many restrictions specified, for example, spread more than 30% can be delisted, the price has fallen sharply below 20% may be delisted, if there are few orders in the order book, they can delist, to put it simply, it is easy to fly off the exchange.

To prevent this from happening, after listing you have an additional expense, you will have to use the services of market makers.

Market makers working with exchanges of this type will cost you from 3 to 4 thousand usd per month.

Market makers cannot make money for you, but they are needed at the initial stage so that your market is organized and there are no spreads plus or minus 70% in half an hour.

In order to list on our exchange, it will be enough to create a custom token, provide liquidity, place orders and launch the listing.

### **3.3 Neuronet wallet - low exchange rates and instant transfers.**

The Neuronet wallet combines the convenience of a standard token client and an increased level of security for the safety of available funds in cold storage mode using a safe.

A mobile application is being developed. Now your coins will always be with you. There is a version for both Android and iOS;

Insurance. All cryptocurrency stored on the online servers of the Neural Network is covered by the insurance policy;

Two-factor authentication. Your mobile phone (SMS or authentication applications) acts as the second protective barrier;

Cold storage. 98% of all funds are stored on servers disconnected from the network, which means that you can not worry about the safety of coins;

Instant exchange of fiat for cryptocurrency;

Fast transactions. There is no need to wait for days before the transfer is confirmed;

Minimum fees. And when transferring between wallets of the Neural Network, there is no commission at all.

Also in the future, a debit card will be developed that will allow users to withdraw cash from ATMs and make purchases in stores around the world.



### 3.4 Extended referral and bonus programs

The user earns from personal invitations of clients and from invitations made by their referrals. At the 1st level - this is 40%, at the second - 20%, at the third - 15%.

Influencers can participate in the program: media, bloggers.

The reward is awarded for any trading operations on the crypto exchange.

After 10 referrals pass all the stages of inclusion, the user will become a partner of the crypto exchange and will earn% on commissions.

Accruals are made every day.

### 3.5 KYC infrastructure for connecting organizations

KYC platform for connecting commercial and government companies to a cryptocurrency exchange.

### 3.6 Unique staking using a neural network algorithm.

Staking (called "worry-free mining" in the crypto community) is a passive income method that frees users from all the costs and worries associated with mining.

Staking involves storing PoS coins on an exchange account and receiving rewards depending on the number of tokens stored. Does it look like something? You're right: staking is like a bank deposit at a certain percentage. And the more funds on the account, the higher the income. Staking as a cryptocurrency alternative to classic bank deposits.

### 3.7 Independent crypto forum

Neuronet forum is not only a place for communication for crypto enthusiasts, but also a way to earn extra money. In addition, site administrators organize various contests and promotions for platform participants.

Many ICO projects directly indicate links where active discussions are underway on the structure and form of development of their ecosystem.

Project developers will be able to airdrop and attract crypto enthusiasts.

The Neuronet Forum course is aimed at popularizing digital assets, as well as explaining certain standards for the development of the platform of each ecosystem.

### 3.8 News portal

The news information portal is a resource that specializes in the collection and distribution of information and news. It is a large, multi-level portal that contains the latest information from the crypto world.

### 3.9 NFT marketplace

NFT marketplace Neuronet is an open marketplace for artists, creators, crypto enthusiasts, NFT collectors and fans of the creative industry around the world with the best liquidity and lowest fees.

## Token usage

The Neuronet ecosystem uses the NeuronetCoin (NCH) token to establish cooperation between different parts of the system. The Neuronet Foundation releases NCH to raise funds for the development of the Neuronet solution. The plan for raising funds and using the NCH is described below.

### 4.1 Token distribution plan (tokemonics)

During the initial offering phase, 100 million NCH coins were issued on the BEP-20 platform.

The procedure and conditions for the PRE-ICO are indicated on the official website of the project <https://neuronetcoin.com>

The total amount of coins planned for release is 1 billion coins. The distribution of coins is planned as follows:

- ICO Sale 60 000 000 NCH (60%);
- Exchange listings 20 000 000 NCH (20%);

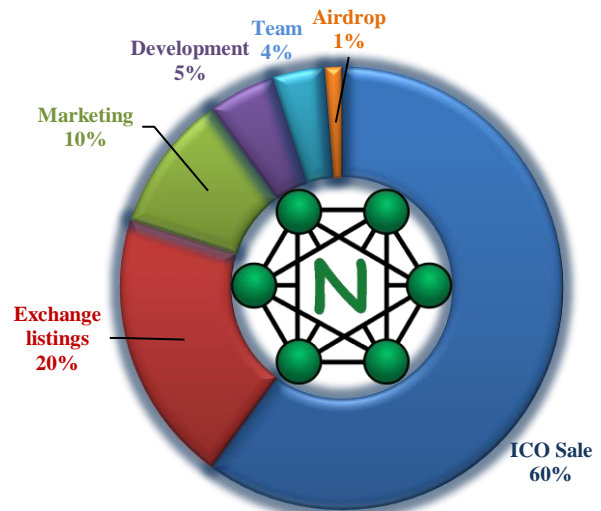


- Marketing 10 000 000 NCH (10%);
- Development 5 000 000 NCH (5%);
- Team 3 750 000 NCH (3,75%);
- Airdrop 1 250 000 NCH (1,25%).

The received coins will be managed and controlled by the Neuronet Foundation, according to the distribution plan. All unclaimed NCH coins as part of the pre-ICO will be burned.

We will also make a comprehensive token buyback program after the launch of the Neuronet exchange to avoid inflation and a phased program of blocking some assets issued during the IEO stage. The purpose of these programs is to maintain a reasonable supply of tokens in the market.

### The distribution of coins is planned as follows



## 4.2 Fund use

Funds and cryptocurrencies received from private donations and community donations (if such donations occur) will be managed by the Neuronet Foundation in accordance with open and transparent principles. Fund usage can be tracked and verified and will be posted periodically to the community across multiple social media platforms. The fund will be used in, among others, the following areas: fund operation, product and technology development, community building, team building, global strategy development, sales and marketing, asset custodian, and other specialized expenses.

## 4.3 Cost factor

With the development of the Neuronet ecosystem, the types and number of digital assets traded on the Neuronet exchange will grow rapidly. But the ability of people to assess the value of smart digital assets in the chain is still at an early stage, users in the ecosystem need a tool to reach consensus on the value of these assets so that these assets can be freely traded.

To help the ecosystem participants, we introduce the following factors:

- An ecosystem based on factors such as rating, market value, circulation ratio and daily transaction volume;
- Transaction cost: calculating the transaction cost of trading components, trading channels and other factors;
- Active value: depends on the time of the user's participation in the exchange, the impact on trading, the ability and appearance of new customers, as well as other factors for the formation of the activity profile.

The identification value is participation in the exchange's business range, the leverage ratio of digital assets, the age of the coin, etc. Some of these functions will be taken over by the global ranking of the public blockchain.

## 4.4 Token reward plan

When Neuronet's solution goes into production, these original BEP20 tokens will be bought back and destroyed. New native tokens will be issued at a 1: 1 ratio.

Part of the Neuronet tokens will be distributed to reward the contribution of virtual computing power.

- Public nodes Neuronet

Public nodes deployed in the Neuronet public network. They provide the infrastructure to maintain the stable operation of the exchange chain, as well as virtual computing power for all users of the Neuronet wallet, reducing the cost of resources for individual participation and at the same time increasing the efficiency of the exchange.

- Exchange nodes

Nodes deployed on participating exchanges. This is one of the sources of income for the exchange. The number of nodes deployed on one exchange correlates with its contribution, and an upper limit is indicated.



## 4.5 User incentives

Neuronet tokens will be rewarded to those who contribute to the exchange work in the Neuronet ecosystem.

### 1. Reward for retention

Wallet users can delegate accounting points to public Neuronet nodes in order to receive rewards and monitor trading. There are two prerequisites for this award:

- ① Holding NCH with the required number of tokens;
  - ② Link your wallet to a public node to contribute to your account.
- ### 2. Remuneration for participation in the development of the exchange

User participation will be rewarded in the following ways:

Opening an account or inviting to open an account will be rewarded with Neuronet tokens. The total reward for opening accounts will gradually decrease after Neuronet enters the market.

## 4.6 Scenarios for using NCH tokens:

- Trading on Neuronet tokens;
  - exchange of Neuronet tokens for other crypto assets;
  - exchange of tokens for fiat and withdrawal;
  - staking;
- Payment for the provided paid services by the Neuronet exchange;
- Payment for the use of some of the Neuronet modules.

## Road map

Q4 2020 Neuronet project basis. Product concept development.

Q1 2021 Market analysis is carried out. Creation of a project team.

Q2 2021 Writing Neuronet environment logic. Start of creation

Q3 2021 Marketing and preparation for ICO.

Q4 2021 ICO launch and active marketing

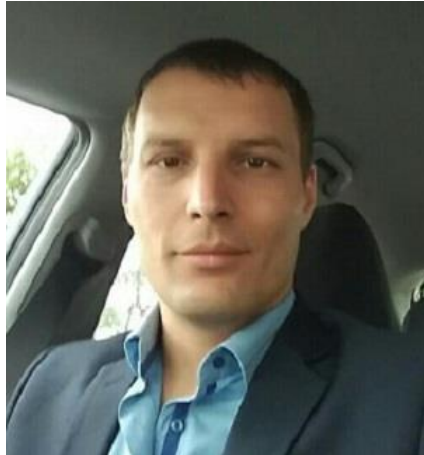
Q1 2022 Publishing and testing MVP. Development of token and exchange mechanics. Placing the Neuronet token on exchanges (IEO).

Q2 2022 Launch of the first working version of the project



## Team

SERGEY MAGALYAS



FOUNDER

A financial analyst is a specialist in the application of mathematical and statistical methods to solve financial management and risk management issues.

VITALY MERKER



CO-FOUNDER

A neural network developer is a specialist in the development of artificial intelligence, who owns technologies for creating intelligent systems based on mathematical modeling.

SERGEY MIKHEEV

CO-FOUNDER



Experience in the field of Internet technologies for over 5 years. Experience in project management and promotion. An expert in the field of mathematical algorithms, he worked on a neural network platform based on MQL5. Passionate about blockchain technology since 2018.

## Our successes

2009-2012 Development of a number of unique automated trading systems in the securities and futures market.

2012-2016 Analytics, analysis, creation of experimental developments, passion for artificial intelligence.

2016-2020 Provision of services in the field of protection against cyber attacks. Artificial intelligence development

NEURONET. Development of new blockchain technology.

2021 Start testing version 1 of the NEURONET protocol.

