

BAO Chain Whitepaper



Digital asset investment management service provider

I. Abstract

BAOChain is an open digital asset exchange platform that provides digital asset lending services to institutions and individuals. It helps borrowers and lenders agree to fully pledge cryptocurrency to cryptocurrency lending intentions. Lenders can earn steadily increasing interest income by investing in digital assets over the long term. Borrowers can borrow against their digital assets to support short-term hedging, quantitative trading, and day-to-day operations.





1.1 Growth of Cryptoassets

2017 saw rapid growth in the scale and maturity of the crypto economy, driven by a combination of growth in price of established coins and the emergence of Initial Coin Offerings (ICOs) as a viable and vibrant mechanism for raising funds for early stage companies, with over 300 issues generating \$2 billion in initial investment. The success of this fundraising approach, combined with the speed and simplicity advantages to both companies and investors mean that ICOs are likely to continue to gain popularity at the expense of long standing capital raising methods. The volume of issuance, combined with growth in market value of issued coins, has resulted in more than \$500 billion worth of coins existing in circulation as of January 2018.

1.2 Securities lending

Securities lending is the transfer of assets from a lender to a borrower, who in return gives the lender collateral assets. The borrower pays the lender a fee each month for the loan and is contractually obliged to return the borrowed assets at the end of the loan period. Securities lending is a mature, important, and sizeable part of existing financial markets, providing services to corporate borrowers, asset managers and individuals, and generating billions of dollars in annual revenue for service providers. Securities lending in the conventional financial market has maintained consistently high levels of activity over many years, with 2017 being no exception.

Global Securities Lending Market key statistics (as of March 9, 2017):

On-loan value: \$2.00trn, +\$180bn year-on-year (YOY)

Lendable value: \$16.04trn (+\$2.75trn YOY)

Unique securities on loan: 45,200

Non-cash collateral as a percentage of on-loan balance: 60.52% (+6.39% YOY)

Lenders globally earned \$9.16bn in securities lending revenues in 2016.



We believe that the market for securities lending will be replicated in the blockchain asset economy, particularly in light of the continued growth in value of the cryptoasset market and the entry at scale of institutional participants and funds. Lendingblock is designed to facilitate the growth of securities lending in the crypto economy.

1.3 Evolution and emergence of lending

As the market for crypto assets increases, robust financial services to support crypto issuers, investors, and users will become an increasingly critical part of the new financial world. These services include exchanges, payment systems, and crypto based lending and financing. While exchanges and payment systems integration exist and will continue to mature, lending services that allow holders of crypto assets to generate interest income are only beginning to emerge in their most basic forms.



Margin Lending

Numerous exchanges offer the ability to do margin lending on their own exchange platforms. However, these loans are self-contained on centralised platforms making it impossible for the borrowed funds to leave the platform. This diminishes the ability for borrowers to enter into any sophisticated trading or arbitrage strategies. Borrowers and lenders are also highly dependent on the security and availability of exchanges,



making their funds susceptible to exchange insolvencies or outages.

Crypto to Fiat Lending

Lending conventional currencies secured by cryptocurrencies is a service offered by a small number of new businesses. However, high levels of fiat-crypto volatility mean that levels of collateralisation required are significantly higher than crypto vs crypto where correlations are higher, and fiat integration is fundamentally more complex than a model which focuses purely on digital assets.

Credit score lending

Credit score based lending services including those that rely on trusted lending circles and networks, are manual services that involve high levels of disclosure of personal information, and are primarily focused on small scale consumer loans.

While there is value in the emergence of all lending services, there are significant limitations to the application of margin, fiat and credit score based loans, particularly from the perspective of institutional borrowers. At Lendingblock, we believe that creating the financial infrastructure for blockchain based securities lending will address a critical and unserved need.

1.4 Conventional securities lending versus

Conventional securities lending involves

A transfer of assets from a lender to a borrower, typically shares or bonds;

A pledge of collateral assets exceeding the value of the loan from the borrower, which may be shares, bonds, or cash;

The borrower pays the lender a fee each month for the loan;

The borrower passes any dividends or any interest payments to the lender;

The borrower is contractually obliged to return the borrowed assets at the end of the loan period, or on demand if agreed;

All securities lending arrangements use market standard legal agreements such as the

In contrast, cryptoasset lending involves

A transfer of digital assets from one or more lenders to a borrower;

A pledge of digital collateral assets exceeding the value of the loan from the borrower which is securely locked;

The borrower pays a fee each month for the loan which is distributed proportionally to lenders by the Lendingblock smart contract;

Digital assets loaned are not (yet) impacted by corporate actions reducing additional servicing processes;



The borrower is contractually obliged to return the borrowed assets at the end of the loan period (or on demand if this is part of the agreement or if there is force majeure), which are then distributed proportionally to lenders by the Lendingblock smart contract. If the borrower is unable to meet their obligations, the collateral is liquidated and the proceeds distributed proportionally to the lenders;

Lendingblock smart contracts codify and execute terms modelled on the Global



Master Securities Lending Agreement, and are agreed to by borrower and lenders.

Lendingblock is creating the infrastructure for securities lending for the crypto economy. Using an assumption of adoption of lending in the crypto economy to be half the rate the norm in securities lending, and an assumption of 25% annual growth in the total market value of digital assets, it is foreseeable that the crypto lending market could generate annual revenues in excess of \$300 million within three years.

II. About BAO Chain

2.1 Who am i

Transact loans in a transparent manner

Direct and indirect access to a variety of counterparties and a wide range of digital assets-our initial cross-chain markets included BTC/ETH/LTC/BCH

Secure secured loan

The loan is fully mortgaged,so the lender's exposure to the borrows is always insured.

Professional financial services

The BAO team has high level of experience in the financial and technology markets and has efficient partnership with insitutions such as Citadel,Investec,BAML,UBS

2.2 Features

Over-the-counter settlement

Borrowed cross-chain assets can be traded for short selling, facilitate inventory management or settle debt elsewhere.

Transparent transaction

Market and limit orders are published in a centralized order book. Specify the terms of your deal to match your professional counterparty.

Refrigerated funds

The mortgage assets are completely isolated and stored in the hardware wallet.

Collateral monitoring



The agreed collateral-to-principal ratio remains unchanged.

Liquidation management

If the market is adversely affected, or the borrower defaults, the position will be automatically liquidated and the lender's securities will be returned.

Mortgage management

If the collateral is below the required rate, a margin call is triggered to restore the collateral level.

2.3 Keep assets safe

Mechanism grade KYC

All participants must follow KYC and AML processes consistent with the MLD 5 and JMLSG guidelines.

Public rule book and contractually binding loan terms

BAOchain has worked with a leading international law firm to develop powerful trading documents. The rules of exchange and loan contracts are in the public domain.

Upfront check the integrity of digital assets

Whitelist addresses are subject to forensic AML analysis to ensure that payments are not related to known sources of impaired assets.



Collateral management



BAOchain manages the collateral for all transactions and ACTS as a security trustee for the participants. This arrangement removes the operational burden on customers and ensures effective management of the post-execution transaction lifecycle.

Segregated funds in hardware wallets

Digital assets held as collateral are kept at market-leading custodians. The borrower's collateral is held at a personal address and is completely segregated - that is, the collateral is not mixed with BAOchain's assets, other customers' assets, re-mortgaged or kept in a comprehensive asset pool.

Market monitoring

Surveillance systems are in place to detect abuse, inappropriate market practices and other illegal activities. Any participant who does not follow our rule book will be punished.

III、 Development History and Roadmap

Q1.2018 project start

June.2018 Technology research and development start work

Oct.2018 Developer beta on test network

Dec.2018 Public bug bounty for our betting smart

Q1.2019 Exchange listing

Q3.2019 Release concept validation implementation

Q1.2019 Smart announcement、 smart contract、 code audit、 Public testnet beta

Q2.2019 The experimental network released

Q4.2020 Main network online

Q2.2021 System start exchange

Q4.2021 Mobil app、 satatus im integration

Q2.2022 The link and connection of ecosystem

IV.BAO Token Distribution



The total number of BAO tokens is 80,000,000,000 (80 billion) and it is limited by smart contracts, With no possibility of issuing extra tokens. The sale accepts cryptocurrency assets of BTC/ ETH only. Participants are advised to take part in presale with BTC/ ETH assets acquired by running community or other ways. According to the plan, 40% of the total initial supply is for pre-sale. All unsold tokens will be destroyed.

BAO Token Presale Structure

Token name: BAO

Blockchain platform: Ethereum

Token standard: ERC 20

Accept token:BTC/ ETH

Total supply:80,000,000,000

Token rate: 1 ETH=35000 BAO



Token Distribution

Presale:32,000,000,000 Accounting for 40% of initial public offerings.

Team:16,000,000,000 Accounting for 20% of BAO.



Others:12,000,000,000 Accounting for 15% of team.

Ecological construction:8,000,000,000 Accounting for 10%

Adviser:6,400,000,000 Accounting for 8% of bounty program,like airdrop、community activity ect.

Partners:5,600,000,000 Accounting for 7%

We will award 10% of the total number of tokens to airdrop in accordance with the plan. The means of participation in airdrop includes: follow and retweet our twitter, join our official telegram group, and exchange traded airdrops.

In addition, we will provide additional incentives to investors who participate in our presale and public sale as soon as possible. From the first day of the token sale,30% reward will be granted for purchases BAO in the first week, 20% reward in the second week, and 10% reward for the third week purchase.

Targeted BAO Tokens Distribution Plan

Core development: 40%

Reserve BAO: 20%

Project team: 15%

Ecosystem:10%

Legal & Accounting: 8%

Marketing: 6%

Other: 1%

The BAO chain raised are mainly used in the following aspects:

1) Core development: 40%. This part will be used for BAO chain to strengthen technical teams, optimize existing technologies and spend on new technologies development expenses.

2) Reserve BAO: 20%. This part will be used for BAO chain operations management.



- 3) Ecosystem: 10%. The money will be used to purchase the computing power provided by the public cloud or distributed cloud to support the development and maintenance of BAO chains' initial ecosystem.
- 4) Legal & Accounting: 8%. This part will be used for BAO chain in related legal, accounting, audit and other expenses.
- 5) Marketing: 6%. This budget will be used in BAO chains' early publicity and promotion expenses, which includes:
 - a) traffic purchase, exchange and initial business promotion.
 - b) costs the entrepreneur community, various platforms, various investors, crowding enthusiasts and platform development to maintain a global promotion community.
- 6) Other 1%. This part will be used for occasionally unpredictable expenses.
- 7) Project team: 15%. This part will be used for team incentives.



V. Project Team

Maily Members

Steve (USA) Founder/CEO

Worked in Citibank financial department for more than 10 years, successively worked as Citibank financial asset trading researcher, head of personal financial asset business



department, senior vice President. Rich experience in financial asset trading, digital currency research, ICO and brand building.

Matthew (USA) Legal Experts

Senior blockchain fundraising attorney. 10 years of business law experience. Since 2015, I have been working in Cointelegraph blockchain company, where I have in-depth research on the law compliance issues in Lost & Lastwill Regulations, blockchain and ICO.

Gary Wang (CNA) CTO

The chief technologist at TopHacker. TopHacker is one of the largest blockchain technology platforms in China, connecting technical teams specializing in various fields with pressing issues in various industries. TopHacker has helped several blockchain teams solve problems such as core technology modules and product design, and has a deep understanding of artificial intelligence.

Christopher Liu (USA) COO

I started to engage in new retail business in 2013. I am one of the few people who have complete theories and practices of new retail business both on the platform and offline. He is proficient in e-commerce and online advertising, and used to be the senior executive of jd online new retail. He presided over the comprehensive work of online and offline entities, and realized complete digitalization and all-channel digital marketing business in the physical business.

Grace Zhang (CNA) WEB/UI engineer

Network software architecture engineer, blockchain/smart contract enterprise technology specialist. Once worked in BAT as the manager of IT project leader for more than 10 years, led a technology development team of 500 people, and possessed rich block chain and computer system technology.



Consultant Team

Jianxin Yang Technology consultant

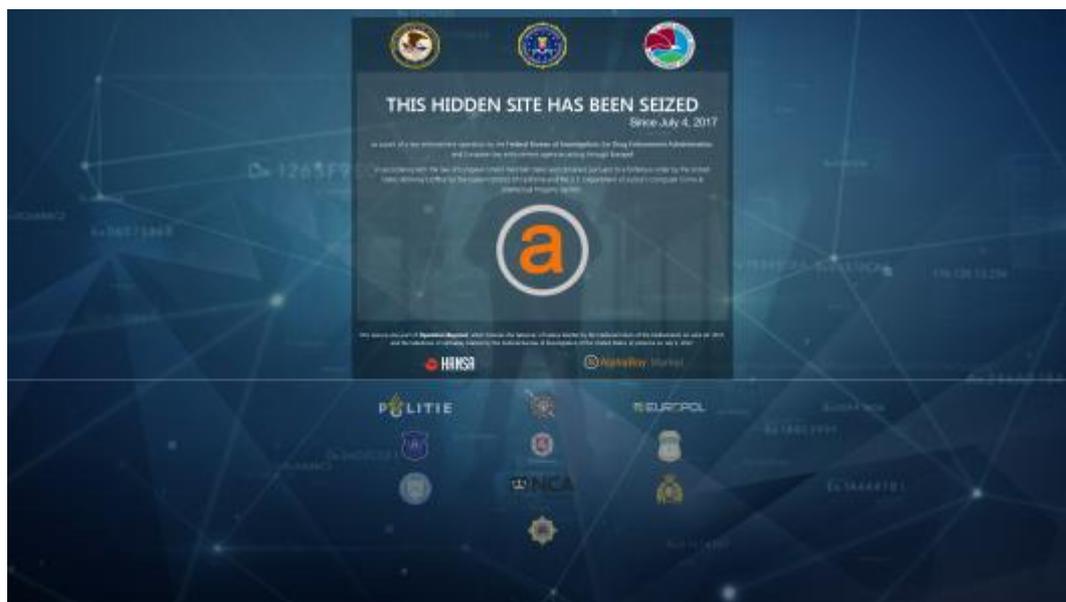
Master of computer, one of the earliest blockchain development experts in China, and the underlying architect of blockchain. Led the development of the first commercial public chain in China, compiled API, SDK and other related standard interfaces; Developed blockchain enterprise-level wallet, supply chain finance and other project construction; Domestic intelligent contract the earliest landing pioneer. Participated in the research and development of the internal blockchain landing project of China's first state-owned listed fortune global 500 company, mainly including enterprise welfare exchange project, b-end enterprise wallet and supply chain finance program. The main work and research direction is blockchain technology.

Yue Zhang BAO chain Marketing Consultant

Shanghai jiaotong university EMBA, 10 years of international operation experience in financial products

Yanqing Huang BAO chain Financial Investment Expert

10 years investment experience in top investment Banks, good at financial capital management and operation.





VI. Risk Warning

As a new investment mode, investment in digital assets faces different kinds of risks. Therefore, potential investors should carefully assess the investment risks and their tolerance to them.

VII. Disclaimer

This document is used only for the purpose of conveying information and does not constitute the relevant opinions on the purchase or sale of digital assets. Any similar proposal or advice can only be carried out under a trusted clause and under applicable laws. The above information or analysis does not constitute an investment decision or specific proposal.

The document does not constitute any investment advice, investment intention or solicitation of investment in digital assets.

This document does not constitute or is construed to provide any transaction, or any invitation to buy or sell any form of digital asset, or any form of contract or commitment. BAO chain does not undertake any direct or indirect losses caused by the BAO chain project, including but not limited to:

- 1) the reliability of all information provided by this document
- 2) any errors, omissions or inaccurate information caused by this document
- 3) or any action resulting from this document

In addition, those who have not properly used their BAO tokens, such as losing the private key of the wallet, may lose all rights to the use of BAO tokens, and may even lose their BAO tokens.

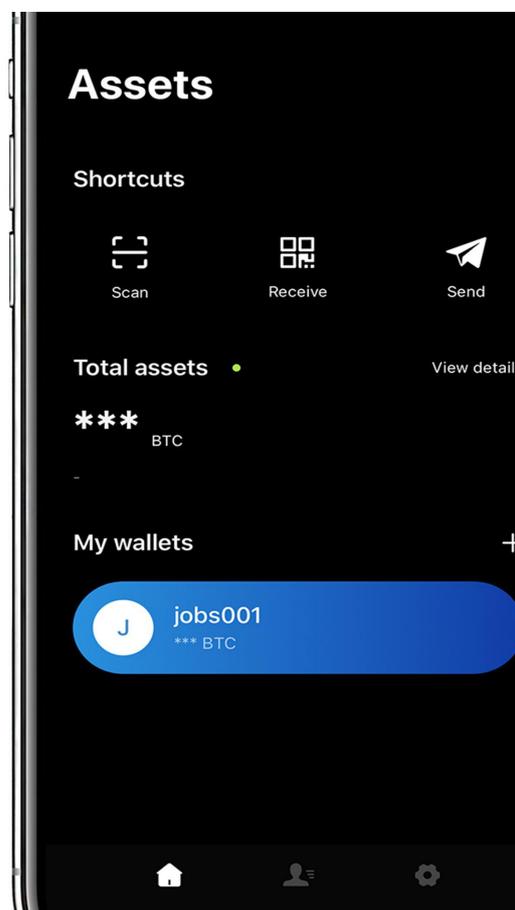
BAO tokens do not represent the right to ownership or control. Owning BAO tokens



does not represent ownership to relative personnel on the BAO decentralized platform. BAO tokens do not entitle anyone to participate in or control the decision-making rights on the BAO decentralized platform.

ASSETS

CLEAN DESIGN



VIII. Supplementary Description

Except for the information provided herein, the company will not make any representations or warranties on this token. Each participant needs to make the decision to participate in the BAO token presale and obtain any BAO tokens based on their own knowledge of the BAO platform, BAO token and the information disclosed in this document.