



Silverway OTC marketplace for private round tokens

Whitepaper v. 1.2

silverway.io

Introduction

Silverway is the first OTC (over-the-counter) marketplace that helps professional investors buy and sell private round tokens and access aggregated data and analytics on OTC transactions to support investment decisions.

Silverway introduces an effective solution to an unstructured and non-transparent market segment, unlocking \$4 bn worth of locked value. The current ecosystem already includes 750+ professional investors [1] and hundreds of projects, and could potentially be opened up to far more accredited market participants.

The platform has been created by a team of former Goldman Sachs and Barclays Capital investment bankers and private equity professionals who have been amongst the pioneer professional investors in the crypto and blockchain sector. Silverway team has embarked on a journey to institutionalize the \$4 bn private token sales market segment, making it more transparent and safe to invest.



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The Problem

The Blockchain investment space needs a simple and transparent platform for the secondary market for SAFTs and locked tokens.

The existing secondary market for private round tokens entirely operates in a gray area. Its current structure creates a number of issues and risks for all participants involved:

- ⑤ It is very fragmented, hard-to-access, opaque, sometimes chaotic.
- ⑤ It operates via secret chats in Telegram/WhatsApp/Skype [6], personal meetings, syndicating pools, redundant and often unreliable intermediaries [7][24].

This creates a high-risk environment, wherein all bona fide participants face the threat of encountering legal problems, AML-related accusations, fraud [11], and theft of assets [12], as well as opaque intermediary chains [5]. All counterparties face these issues due to complicated market structure described below.

Sellers: Large amounts of locked up investments

- ⑤ Around \$4 bn of funds from investment entities are already locked up [2].
- ⑤ Investors are often in need of faster cash out/ liquidity/ portfolio rebalance.

Buyers: High risk and limited access to private rounds

- ⑤ Private rounds of the most game-changing projects are largely occupied by a limited number of funds and investors, so a lot of VC / blockchain funds and family offices are struggling to get access to these rounds [2].
- ⑤ Though many investors would eagerly pay premiums to enter well-performing projects that are close to TGE (token generation event)/token distribution, no procedure exists for doing so.
- ⑤ When sourcing transactions on the secondary market, investors are forced to waste time and face a number of risks associated with a non-transparent network of unverified intermediaries [15].
- ⑤ Low transparency of the deals on the existing OTC market often results in high fees included into transaction price.

Projects: Risk of token dump and uncontrollable secondary market

- ⑤ A limited number of investors frequently hold more than two thirds of tokens for sale, which creates an inevitable risk of dump after public trading starts [31]. To mitigate this risk, projects have to experiment with lock-up structures [3].
- ⑤ The existing secondary OTC market for locked tokens is spontaneous. Projects have no control over it.

The volatile nature of a still-nascent blockchain investment market means that locking up their investments for a year or more creates unnecessary challenges for potential sellers and buyers.

The Solution

Silverway is the first platform to enable the professional investors to buy and sell private round tokens in a transparent marketplace, as well as provide aggregate OTC market data on past and active transactions/offers to support informed investment decisions.

The marketplace collects buy and sell offers from investment funds and other professional investors and facilitates direct transactions between sellers and buyers. In addition to that, paid users also get access to comprehensive market data for monitoring, analyzing, and tracking OTC market dynamics.

The company's key goal is to institutionalize the \$4 bn private token sale market segment, making it more transparent and safe to invest in. Using the Silverway platform will safeguard market participants from the major risks related to OTC crypto trading [10] and bring benefits to the market as a whole.

Benefits for Sellers

Liquidity management and portfolio rebalancing:

- Any part of the private sale allocation can be sold on the platform at any time regardless of the lock-up period.
- This provides far more flexibility for locked tokens portfolio management.
- Realized gains can be re-invested or distributed to LPs (limited partners).

Potentially higher sell prices:

- Effective selling prices can be set higher than on the currently-dominant gray market due to the liquidity premium and removal of cumbersome intermediary chains.
- Higher prices give sellers more opportunities for effective risk management.
- Sellers can auction off private round tokens when demand is high.

Benefits for Buyers

Access to private rounds of top/best-performing projects:

- The transparent procedure will allow a wider range of interested investors to enter the top projects' private rounds, which are currently mostly occupied by the largest funds.
- Strategic buyers will get access to allocations in such projects on the secondary market without the risks associated with today's market.

Portfolio diversification:

- Ⓢ Strategic buyers can expand their investments by adding top projects across any market segment.
- Ⓢ Such diversification enables investors to build more risk-resistant portfolios.
- Ⓢ Investment opportunities are less restricted by geography or fund size.

Benefits for Projects

Increased number of institutional token holders:

- Ⓢ Having many institutional investors is beneficial for a project.
- Ⓢ With more qualified investors joining the project, its dependence on public token trading is greatly reduced.

Protection of token price from dumps:

- Ⓢ Secondary tokens are usually purchased with a premium to the private sale price, additionally mitigating the risks associated with unfavorable token price dynamics.
- Ⓢ By attracting strategic buyers on the secondary market, the project forms a new layer of committed investors, including long-term holders.

Additional income: Projects will receive a share of the transaction fees, without any direct costs or operational involvement.

Fundraising platform for launching projects (coming soon):

By conducting primary fundraising through the Silverway platform's community of institutional investors, projects will be able to reduce their operational and time costs.

Benefits for all market participants

Market growth: Large number of new investment funds and family offices will be able to enter the market and increase their capital allocations in blockchain projects by purchasing SAFTs/locked tokens on secondary market.

Direct transactions: For a large proportion of the deals conducted on its platform, Silverway directly matches verified professional investors on the buy and sell sides.

Simplicity and effectiveness:

- Ⓢ Simple and user friendly platform with only relevant information
- Ⓢ Well-structured deal pipeline that allows for better and more secure deal matching and closure

Transparency and certainty: Market participants no longer have to deal with opaque intermediary chains, secret chats, and lose time when looking for allocations and reliable counterparties.

Risk reduction

- As a one-stop platform, Silverway takes care of all associated risks.
- All the transactions are anonymously matched with the counterparties' identities, which are revealed privately only after a Proof-of-Intent submission.

The Market

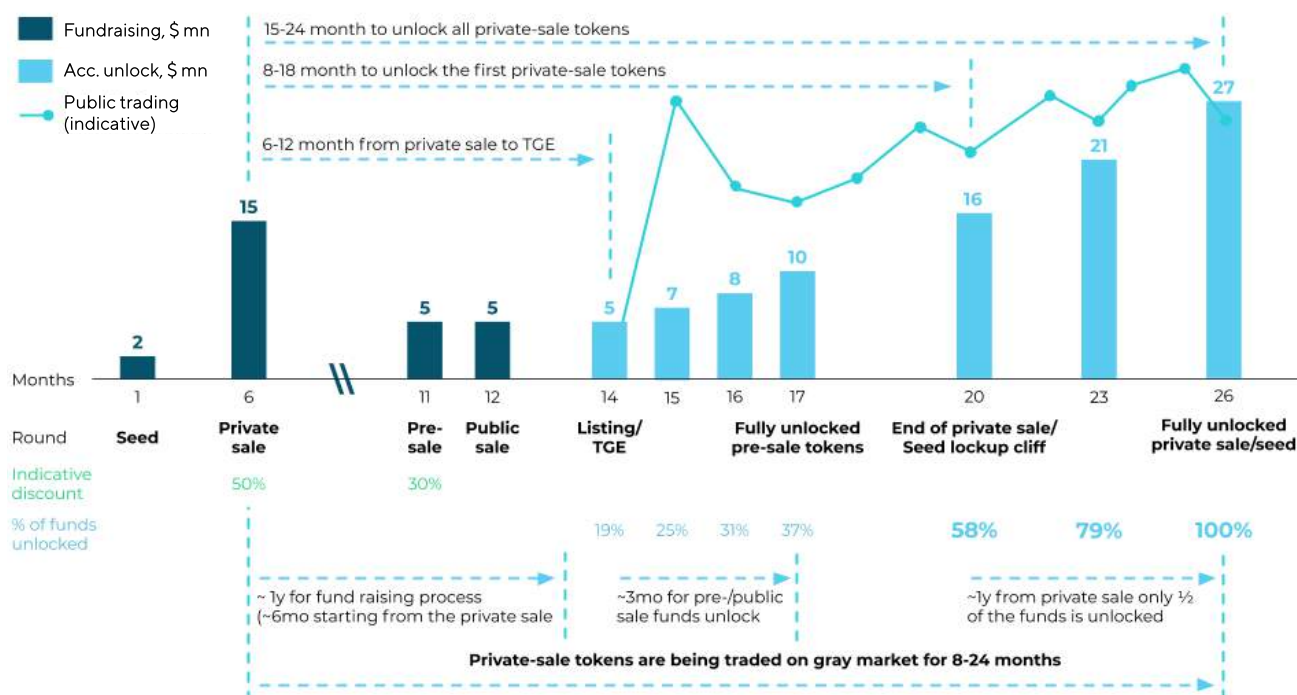
The crypto market is crowded with a large number of exchanges and OTC brokers. However, its lucrative private placement niche remains underserved.

Silverway will help significantly increase the presence of institutional participants, liquidity volume, and funds turnover in the blockchain investments market.

Since Protocol Labs introduced SAFT (Simple Agreement for Future Tokens) – the structured legal contract – in Q4 2017, the token sale market has promptly shifted to the private placement model. By the end of 2018, private sales had taken over 50% of the market volume on average, and up to 75–100% of the most sought-after projects [2].



A sharp market drop in November 2018, along with uncertainty regarding further market dynamics, made most projects in the last year postpone the launch of their token generation events. On the other hand, projects that conduct placement via the recently introduced Initial Exchange Offering (IEO) vehicle [8] mostly either align the cliff and/or vesting period to the IEO date or even extend past it. Moreover, they tend to alter the selling conditions so as not to favor funds and other institutional investors, effectively increasing the total lockup horizon and, as a result, the market size of frozen capital.



The typical scheme of a blockchain project's private round is to lock up investments for 8-24 months. For instance, TON network (which alone made a placement worth \$1.7 bn) suggested multi-stage private rounds with lockups of up to 18 months, since the mainnet launch date was scheduled for December 2018 at the earliest. As a matter of fact, the TON mainnet launch was postponed (most likely will be launched by Oct-2019 as per the token sale agreement), which extends the effective lockup period for more than two years for the first private round investors [32].

According to Silverway research, the total volume of locked up investments has reached the impressive amount of \$4 bn [2]. The large amount of frozen capital on the market, along with high volatility, leaves investors with assets that are not traded and, thus, illiquid. Attempts to overcome this drive the current gray market in locked private round tokens, conducted through a large number of OTC chats.

OTC Market

Overall, positive dynamics have been observed in terms of growing attention from established traditional investors toward the blockchain space. There is growing interest in crypto assets from institutional investors is supported by evidence from diverse areas of the financial industry [18][19][20], including hedge funds trading liquid assets [16], as well as from VC/PE funds increasingly investing in blockchain projects [33]. Alongside UHNW individuals expressing interest in crypto, firms like State Street, Morgan Stanley, and Goldman Sachs also set up shadow crypto trading desks [22].

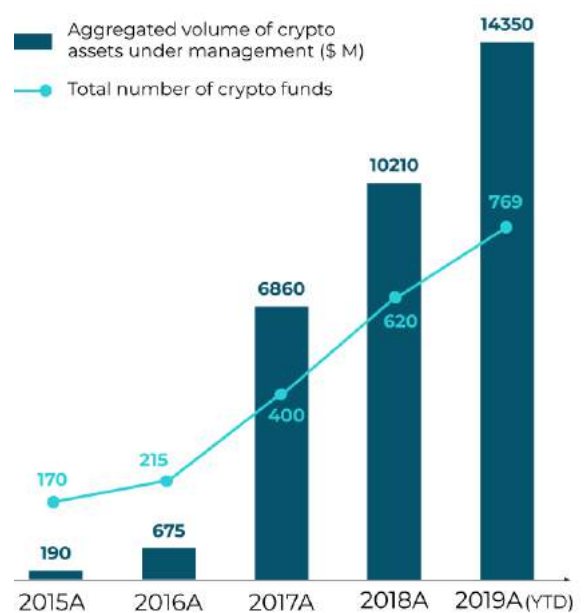
Since December 2017, institutional investors have been entering OTC crypto markets [14], at times driving surges of up to 60% in the net imbalance between OTC buys and sellers [17]. The positive market dynamics in April 2019 also prompted a 66% increase in OTC trading activity on Binance [21].

According to Cryptofunds Research, crypto assets under management by hedge, venture, and PE funds reached \$14,350 M as of April 2019 [1].

Market Size Evaluation

Estimates of the size of the OTC market vary drastically, since, being relatively unregulated, it undergoes little in the way of strict quantification. For instance, in April 2018, the Bitcoin OTC market was estimated to be either three times larger¹ or 15 times smaller² than the exchange market.

However, evaluating the size of the OTC market for locked tokens and SAFTs is much more complicated, since the OTC desks prefer to work with the most liquid digital assets, and it is almost impossible to monitor all closed deals and their final terms in OTC chats and groups. The absence of an institutional-grade trade facilitator for these type of investments leaves locked private round assets to be traded on a labyrinthine market that lacks trust between participants.



Silverway's in-house research reports a substantial TAM with a current estimated size of over \$4 bn [2]. This data was aggregated from multiple industry sources, including Cryptodiffer, Hypernum, ICOBox, ICORating, Tokenschedule, ICOData, SmithandCrown, ICOBench, SATIS, TokenData, ICODrops, Coindesk, Medium, and broker research as well as private discussions with the most active investors on the market.

\$21.1 bn

Total volume of token sales in
Q1 2017 – Q1 2019

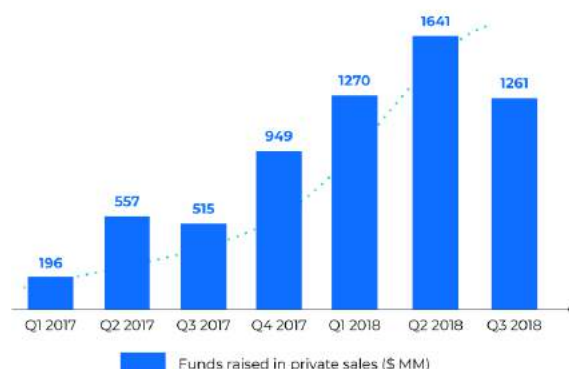
\$4.1 bn

Agg. volume of locked-up funds from private sales
Q1 2019

750+

Institutional market players
in Q1 2019

This estimation falls in line with other research. For instance, the crypto intelligence platform InWara reports that in 2018, despite a sharp decline in public sales, private funding saw ~100% growth as VCs / dedicated blockchain funds went long on blockchain projects, which as of the end of Q3 2018 collectively raised ~\$4.1 bn [37].



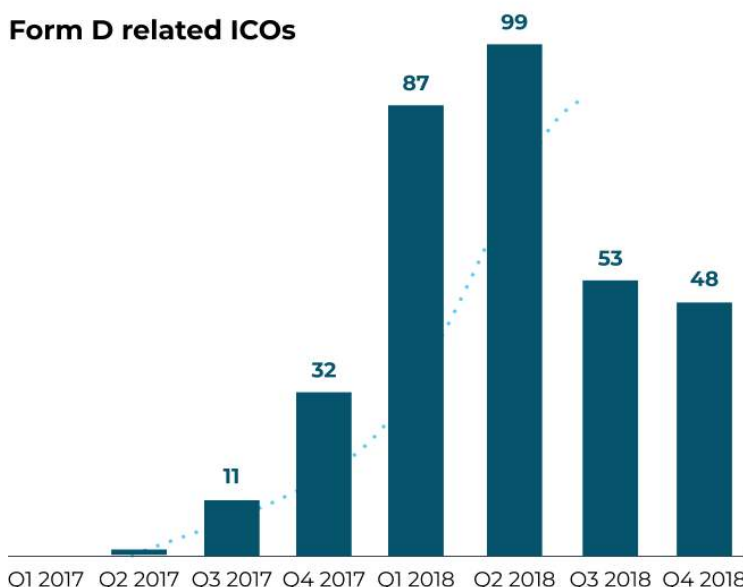
¹ ~\$4 vs ~\$12 bn worth of bitcoin processed per day, the TABB group estimation [13].

² Digital Asset research estimated the market to hold \$250 M in bitcoin trades per day [15].

Moreover, according to Circle research, in the US alone there has been a more than 6-fold increase in the number of Reg D offerings filed with the SEC [38]. This kind of investment is subject to a 12-month lockup and is only available to “accredited investors.”³ In 2018, 287 such offerings collected ~\$8.7 bn, quadrupling the amount raised in 2017.

This trend, being concurrent with the growing number of cryptofunds [1], is indicative of a rise of investor-grade token sale products.

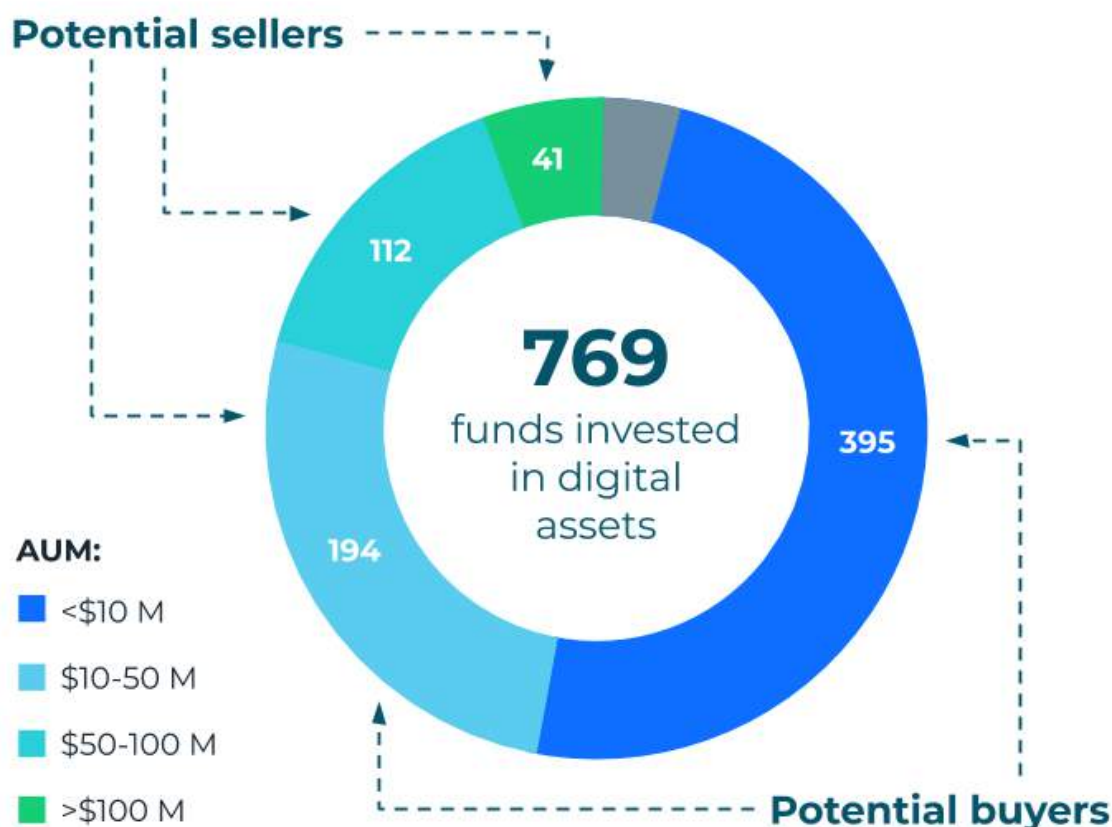
Form D related ICOs



Transparent Customer Universe

The current list of active market participants includes 750+ investors (~400 VC and private equity funds, as well as at least 350 crypto hedge funds) [1] and hundreds of projects [2].

The undoubtable advantage of this market is relatively easy access to all of its participants. There is no need to overcome a client’s knowledge gaps, since all market participants are highly motivated and it is in their own interests to be ultimately collaborative.



³ Companies that have over \$5 million in assets or individuals that have a net worth of over \$1 million, or that have consistently made over \$200,000 per year in income.

Competitive landscape

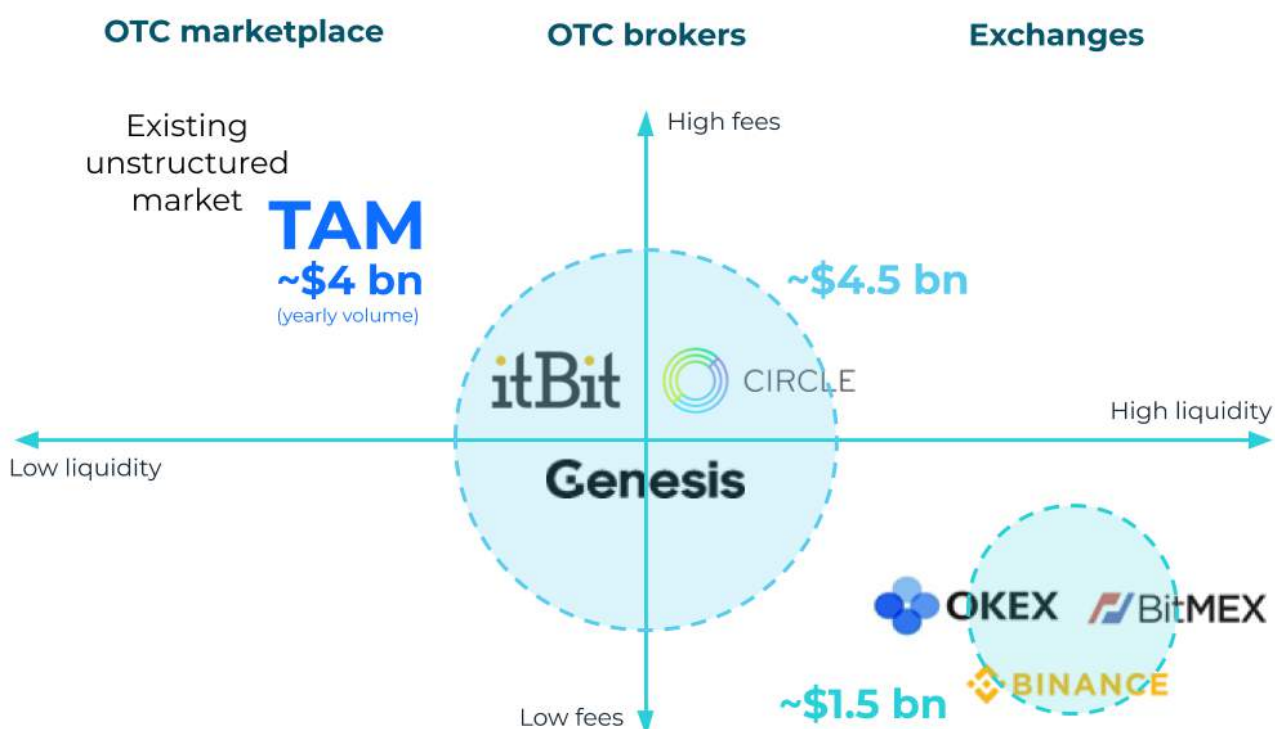
There is a significant interest in OTC deals with SAFTs and locked tokens, but there is no platform that addresses all investor requirements.

The token-trading market is currently represented by:

- Ⓢ Hundreds of exchanges that trade only listed tokens and derivatives;
- Ⓢ A large number of OTC brokers/desks that trade liquid crypto and crypto/fiat pairs;⁴
- Ⓢ Fundraising platforms used for primary token sales;
- Ⓢ Platforms for whales and syndicating pools to participate in a limited number of private sales;⁵
- Ⓢ OTC Telegram/ Wechat/QQ brokers.

The demand for a new OTC service paradigm is also supported by the increasing number of OTC desks launched by crypto asset exchanges in recent months, despite the bearish market [23]. These include such projects as Coinbase Prime [28], Poloniex [26], and Huobi OTC. The latest to jump on the OTC bandwagon in 2019 were Bittrex [29], Bithumb's Ortus, and Coincheck [27].

Circle Trade, founded in February 2018, was one of the earliest OTC platforms and trades a "very limited" selection of cryptocurrencies "aligned" to its "regulatory licensure" [7]. However, in 2018 Circle executed 10,000 OTC trades with 600 different counterparties with a total volume of \$24 billion [25].



⁴ Some of the publicly available lists of OTC desks: the first compilation on Reddit [<https://www.reddit.com/r/BitcoinMarkets/comments/7unl0s/>], a list of bitcoin brokers and liquidity providers by the CME Group [<https://www.cmegroup.com/trading/bitcoin-brokers-and-block-liquidity-providers.html>], and a list of OTC brokers by SFOX [<https://blog.sfox.com/13-bitcoin-otc-brokers-you-need-to-know-67755a1d4ccc>].

⁵ A list of ICO pools for Q4 2018 can be found here [<https://hackernoon.com/the-ultimate-list-of-ico-pools-in-the-bear-market-q4-2018-81ffc4df5a9b>].

	Exchanges	OTC Brokers	Existing OTC market for locked tokens	Transparent OTC market for locked assets and SAFTs
Volumes	\$1 500 – 2 200 bn	\$4 500 bn	TAM: \$4 bn	TAM: \$4 bn
Key Players	Binance, OKEX, Huobi, Bitmex, ZB	Circle, Cumberland, Coinbase, Genesis, itBit, BitStocks	A lot of OTC chats and brokers in messengers	Silverway
Clients	Anyone	Funds, Family offices, HNWI, Whales	Funds, Family offices, UHNWI, Whales	Funds, Family offices, UHNWI, Whales
Ticket	Any	\$100k+	\$10k+	\$100k+
Total fees	0,05-2%	2-10%	3-15% (implied)	3-8%
Strengths	<ul style="list-style-type: none"> ✓ Customary format ✓ All listed tokens ✓ Flexibility on tickets ✓ Takes counterparty risks ✓ Relatively high liquidity 	<ul style="list-style-type: none"> ✓ Customary format ✓ Flexibility ✓ Very large tickets ✓ Takes counterparty risks 	<ul style="list-style-type: none"> ✓ Tailored solution each time ✓ Easy to use before the deal starts ✓ Sometimes very fast 	<ul style="list-style-type: none"> ✓ Organized platform format ✓ 2P2 deals between reliable counterparties ✓ Reduces counterparty risks: verified offers and clients ✓ Simple and transparent ✓ Fast
Weaknesses directly associated with addressable market	<ul style="list-style-type: none"> ! Large tickets are often hard to execute ! Frequent problems with liquidity ! Only listed tokens are available ! Not likely to enter the market 	<ul style="list-style-type: none"> ! Most liquid tokens exclusively, locked tokens on occasion ! No mechanism to trade secondary private rounds allocations 	<ul style="list-style-type: none"> ! Execution risks ! Mostly sell-side only ! Counterparty risks ! Risk of ban ! Not transparent ! Usually time consuming ! Usually no certainty ! Often includes a long chain of intermediaries 	<ul style="list-style-type: none"> ! Execution risks (mitigated by unique team experience and technical prowess)

Nonetheless, despite the large number of brokers and other intermediaries, there still aren't any institutional-grade platforms dealing with the secondary market in SAFTs/locked tokens. Silverway leverages its unique founding team experience to enter into a market segment that hasn't yet been rationalized or penetrated by an institutional player.

The private token sale market often has a high entry threshold: many projects prefer to deal with large funds [30]. Therefore, a lot of professional investors have limited access to private sale rounds and are looking to buy private sale tokens, sometimes with significant premiums. Taking into account the nature of the market and the very fast-changing environment presented by both the market overall and by particular projects, buyers are looking for access to the best-performing projects (e.g. the projects which are close to TGE or mainnet launch).

On the other hand, many investors are also looking for ways to sell their locked tokens in order to realize price premiums, get additional liquidity to diversify their portfolios, or just cash out faster. Thus, all counterparties are inherently interested in secure direct deals without redundant intermediaries.

Legal side

Developed by Cooley in 2017 [35], the Simple Agreement for Future Tokens (SAFT) model was widely employed throughout 2017–2018 as a way for projects to avoid potential regulatory concerns while raising funds. Inspired by SAFE⁶ contracts used by startups, SAFT specifically addresses unregulated “direct presales” of pre-functional platform tokens, that are sold before the platform is complete.

Numerous SAFT-like instruments that allow projects to avoid compliance pitfalls and security regulations for token sales have been deployed since then. Most SAFTs are restricted to accredited investors and many are registered with national regulatory bodies under official fundraising regimes, most commonly Regulation D in the United States [9].

While their owners are likely to be eager to partially liquidate their investments, most projects require explicit consent from project side for the transfer of future tokens to third parties. Sanctions for breaching lock-up can even lead to agreement termination. Nevertheless, investors do not abstain from trading their locked tokens on the secondary market in an effort to make their investments work.

An excerpt of a typical SAFT’s lock-up section:

LOCK-UP

Subject to clauses 9 and 10.3, the Purchaser agrees and undertakes that during the Restricted Period it shall not, without the prior written consent of the Company:

- (a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, the investment contract represented by this Purchase Agreement or any Tokens, or any securities convertible into or exercisable or exchangeable for the investment contract represented by this Purchase Agreement or any Tokens, or publicly disclose the intention to make any such offer, sale, pledge or disposition; or
- (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the investment contract represented by this Purchase Agreement or any Tokens, whether any such transaction described in paragraphs (a) or (b) above is to be settled by delivery of the investment contract represented by this Purchase Agreement or any Tokens, in cash or otherwise.

The lack of a transparent SAFT trading procedure creates legal complications and prevents legitimate investors from trading, thus creating a niche for gray-market schemes, such as backdating funds’ capitalization tables.

The Silverway platform aims to provide a compliant institutional-grade solution for OTC trading of non-listed tokens. Silverway will apply its best efforts to be compliant with projects’ SAFT terms. In case of SAFT transfer from one institutional investor to another, Silverway plans to approach the project teams and solicit their written consent.

⁶ Simple Agreement for Future Equity.

The Silverway platform

The Silverway platform is an OTC marketplace for SAFTs and locked tokens with an open and transparent pipeline of verified deals, proven buyers and sellers, and streamlined deal execution.

- For all registered users, regardless of the investor type, Silverway provides access to information about deal terms for the sell and buy offers on the marketplace.
- Structured data on precedent secondary market transactions is available via paid subscription.
- Users can also purchase special platform services (to be announced).

At the first stage of platform development, Silverway only allows deals between institutional and other accredited investors, with a minimum deal size of \$100k.

Platform mechanics

Main actors

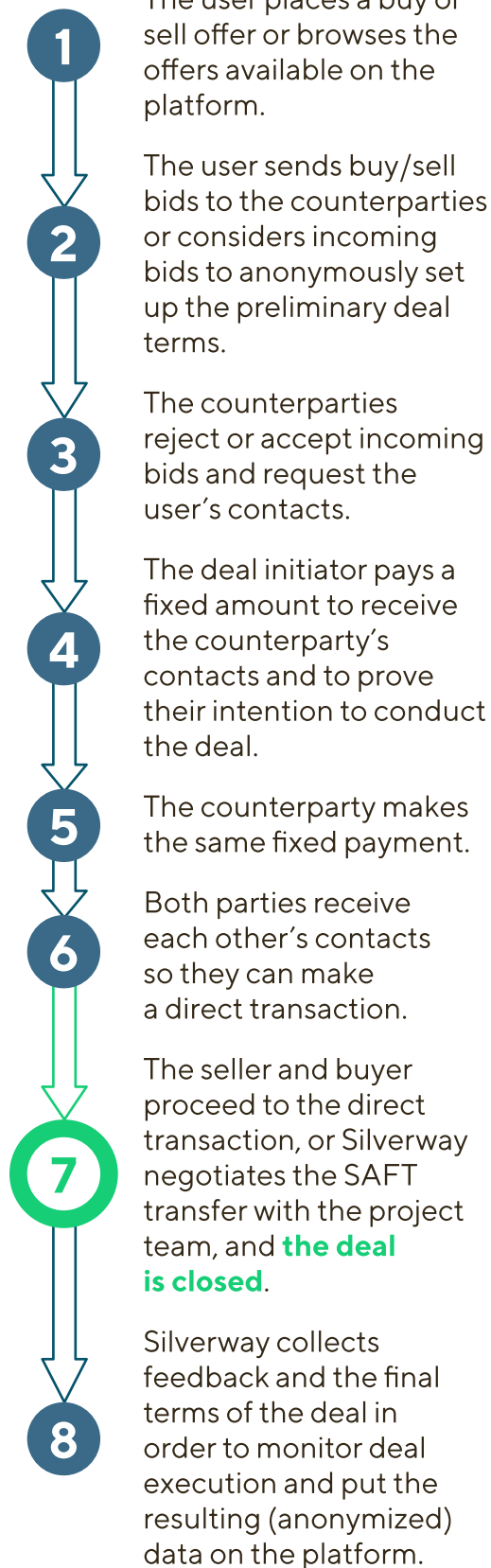
The Silverway ecosystem consists of four types of essential actors:

- Platform users (buyers and sellers)**
Institutional investors (VC and blockchain investment funds), family offices, High-Net-Worth Individuals, trusted OTC brokers, etc.
- Projects**
Crypto asset issuer representatives, who can either be onboarded to the platform or contacted externally by Silverway team.
- The Silverway team**
A team of experienced finance professionals who will monitor platform activity, address emerging issues, and facilitate users' and projects' interaction with the platform.
- The Silverway platform**
A web-based marketplace that enables users' platform-based interactions, and also includes integrations from the platform's partners, such as the KYC module.

Main platform activities

- Transaction matching and processing**
Silverway's core activity is providing a transparent and scalable marketplace where users can make direct transactions.
- Market analytics**
Silverway also provides anonymous subscription-based aggregated data on the OTC market, including precedent buy and sell transactions/offers and the key terms for particular projects' tokens seed/private rounds.

Transaction processing



Paid subscription to market analytics

We provide our users with access to market data and analytics on the OTC market in SAFTs and locked tokens. The data is represented on the Silverway platform as charts or tables with bid/ask price spread curves and volumes, from the seed/private sale round through the present.

Silverway is the first and the only platform to collect this information, allowing users to track the market dynamics and make well-informed investment decisions based on indicative prices.

Our database aggregates information on 1000+ (and growing) precedent as well as ongoing buy/sell deals and offers for 50+ blockchain projects, with a constantly growing number of deals and projects added.

- Information about a deal/offer includes price, volume, the level of the offer's credibility, lock-up, and other deal terms if they are available.
- Information about the primary investment rounds.
- Deal and offer appearance is tracked through more than 15 sources.
- The database is fully updated on a weekly basis.

Additional features

Platform growth and development brings the opportunity to diversify Silverway's sources of revenue streams by:

- Promoting various liquidity providers: market makers, crypto lenders and others.
- Conducting fundraising for the new and existing projects.
- Handling equity and security token deals.
- Entering the OTC derivatives market.

Some of these features will be implemented in the nearest future. Silverway also plans to add a number of other complementary services to the platform.

User scenarios

After passing a simple registration procedure, the user gains full access to the information about deals in the platform's pipeline;

Buy/sell SAFTs/locked tokens

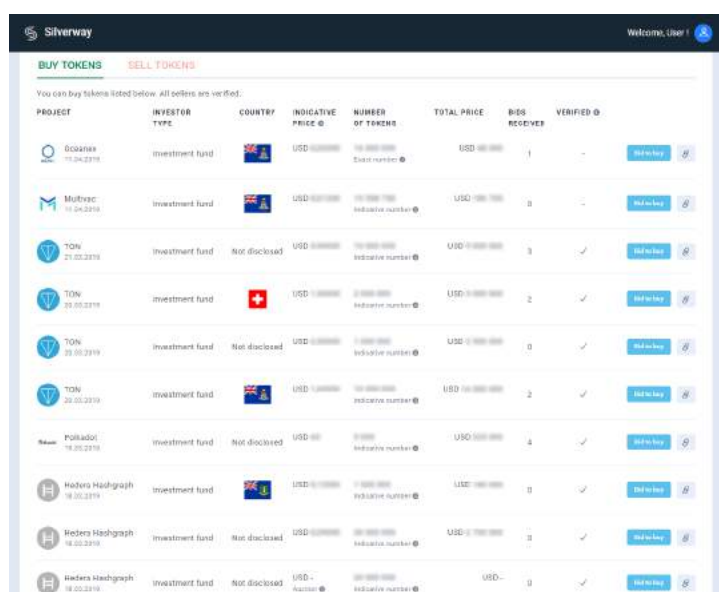
- 1 The user places an offer on the marketplace.
- 2 Silverway confirms the validity of the offer and makes it public.⁷
- 3 Counterparties receive inquiries from each other and negotiate deal terms.
- 4 If both parties come to an agreement on the terms, they pay a fixed sum as Proof-of-Intent and receive their counterparty's contacts.
- 5 The seller and buyer proceed to the direct transaction or Silverway negotiates the SAFT transfer with the project team, and **the deal is closed**.

Send bid for an existing offer

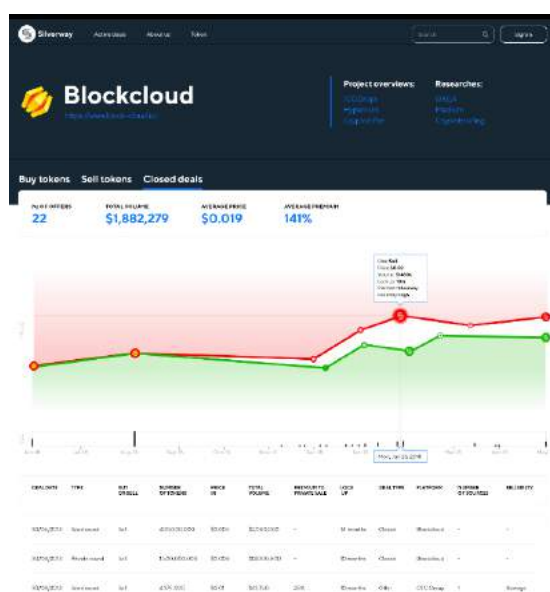
- 1 The user expresses interest in specific deals via the platform interface and anonymously negotiates the terms for verified offers, free of charge.⁷
- 2 In the event that both parties achieve consensus on the deal terms, their contacts are revealed to each other after the submission of the Proof-of-Intent payment.
- 3 The seller and buyer then proceed to the direct transaction, or Silverway negotiates the SAFT transfer with the project team, and **the deal is closed**.

Monitor the market

- 1 The user gains full access to the whole dataset of outstanding deals in the platform pipeline immediately after completing the simple registration procedure.
- 2 To get access to the abovementioned aggregated information on OTC transactions, a subscription to market data analysis is required.



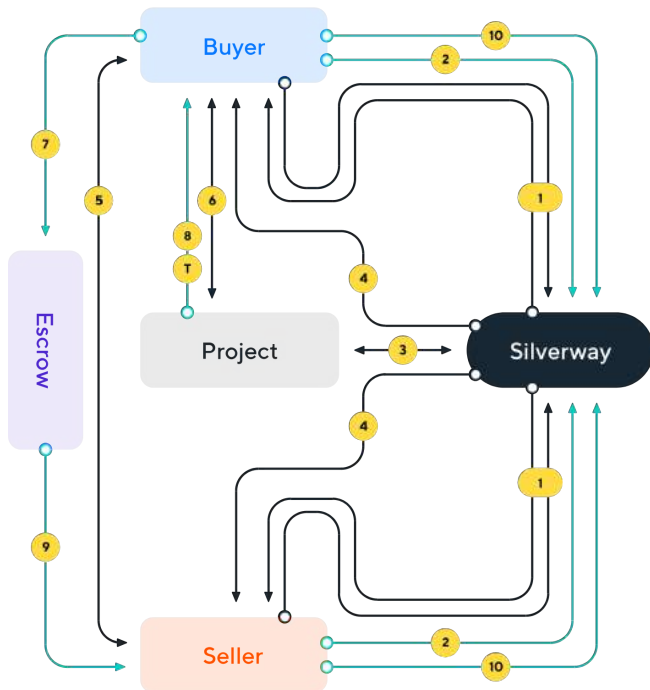
PROJECT	INVESTOR TYPE	COUNTRY	INDICATIVE PRICE @	NUMBER OF TOKENS	TOTAL PRICE	BIDS RECEIVER	VERIFIED @
Blockchain	Investment fund	USA	USD 0.000000	10,000,000	USD 10,000,000	1	✓
Multicoin	Investment fund	USA	USD 0.000000	10,000,000	USD 10,000,000	2	✓
TON	Investment fund	Not disclosed	USD 0.000000	10,000,000	USD 10,000,000	3	✓
TON	Investment fund	USA	USD 0.000000	10,000,000	USD 10,000,000	2	✓
TON	Investment fund	Not disclosed	USD 0.000000	10,000,000	USD 10,000,000	0	✓
TON	Investment fund	USA	USD 0.000000	10,000,000	USD 10,000,000	2	✓
Polladori	Investment fund	Not disclosed	USD 0.000000	10,000,000	USD 10,000,000	4	✓
Reders Hashgraph	Investment fund	USA	USD 0.000000	10,000,000	USD 10,000,000	0	✓
Reders Hashgraph	Investment fund	Not disclosed	USD 0.000000	10,000,000	USD 10,000,000	2	✓
Reders Hashgraph	Investment fund	Not disclosed	USD 0.000000	10,000,000	USD 10,000,000	0	✓



⁷ A simple KYC procedure might be requested.

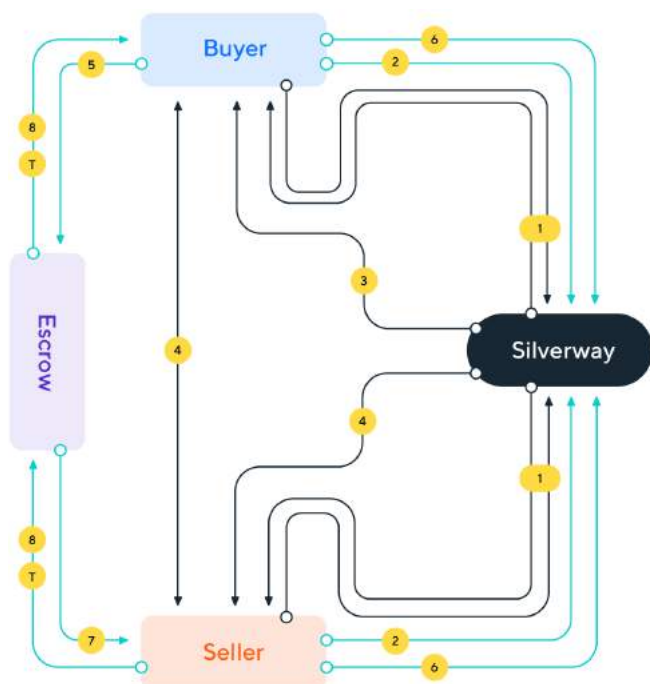
Deal mechanics

A default **Deal with a SAFT transfer** consists of the following steps:



- 1 Seller and buyer anonymously set up the preliminary deal terms.
- 2 Seller and buyer make fixed payments to substantiate their intentions.
- 3 Silverway negotiates the SAFT transfer with the project.
- 4 Seller and buyer receive each other's contacts.
- 5 Seller and buyer negotiate the deal and agree on the final deal terms.
- 6 Buyer passes KYC with the project.
- 7 Buyer transfers funds to an escrow.
- 8 Buyer receives SAFT from the project.
- 9 Seller receives the funds from the escrow.
- 10 Seller and buyer pay transaction fees and **close the deal**.

In cases when the counterparties don't want to execute the deal via a SAFT transfer, or the project doesn't consent to a SAFT transfer, a **Deal without a SAFT transfer** is performed.

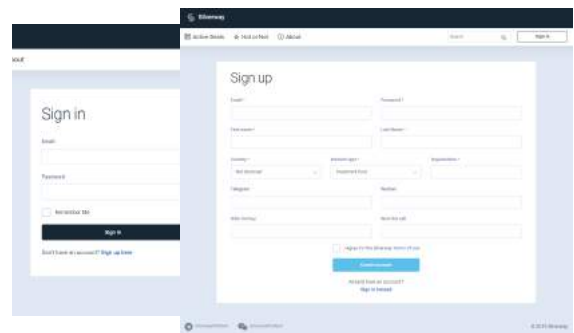


- 1 Seller and buyer anonymously establish the preliminary deal terms.
- 2 Seller and buyer make fixed payments to substantiate their intentions.
- 3 Seller and buyer receive each other's contacts.
- 4 Seller and buyer negotiate the final version of the deal terms, and sign an agreement regarding the transfer schedule for the tokens and the buyer's funds.
- 5 Buyer transfers funds to escrow.
- 6 Seller and buyer pay transaction fees.
- 7 Buyer can transfer the funds to the seller immediately or in accordance with the schedule recorded in the transfer agreement.
- 8 After the cliff period, the seller sends the tokens to the buyer directly or via escrow, and **the deal is closed**.

Platform UI

Account creation

Users create protected personal accounts. Further interactions on the platform are performed on an anonymous basis. Users can always indicate their interest in buying/selling allocations in particular projects, either during registration or on the profile page.

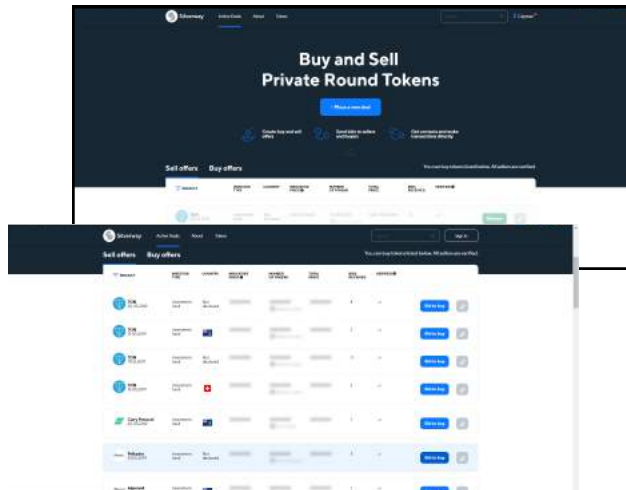


Offers dashboard (buy)

All outstanding deals are listed in chronological order on the main page. Buyers get access to sell offers from anonymous sellers.

Offers dashboard (sell)

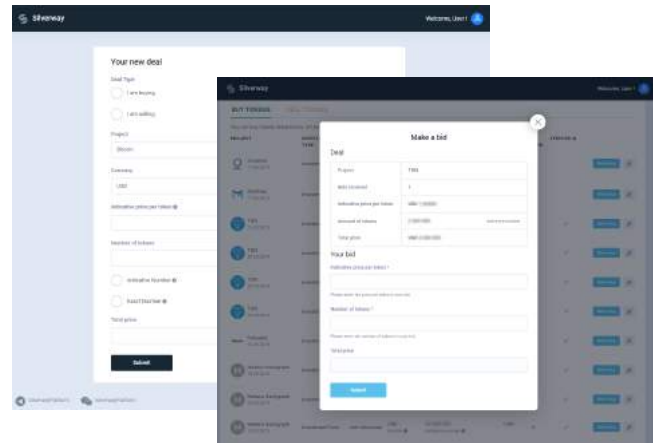
Sellers get access to buy offers from anonymous buyers. In case of multiple offers/high demand, Silverway provides auctions.



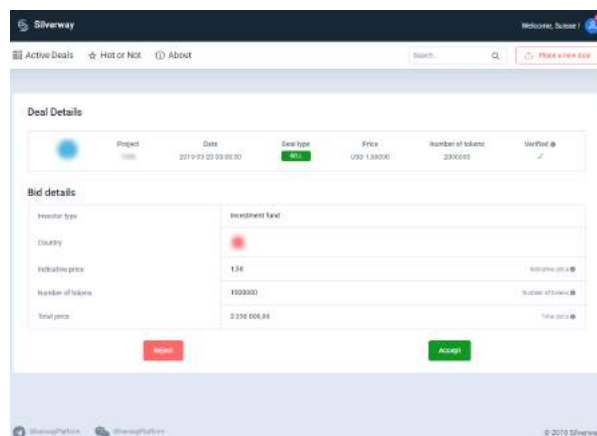
Making a bid

Buyers can bid an offer of interest at no cost, indicating the desired price per token and the number of tokens they intend to buy. Sending a corresponding sell bid is a fee-based service.

Users can also set up a new customized deal by specifying the deal terms, the tokens they want to sell or buy and their price.

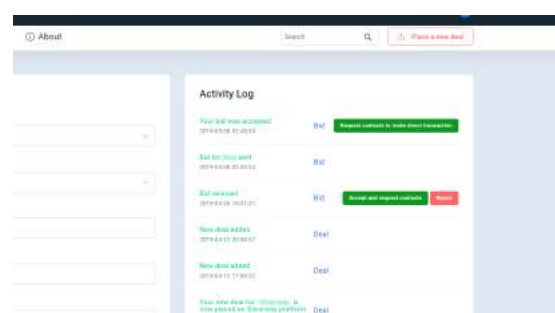


Accepting the bid



Proof-of-Intent

When the deal is matched, both buyer and seller submit a proof-of-Intent payment to get their counterparty's contacts.



Revenue streams

Transaction fees

A dynamic fee based on the size of the deal (~5%) is submitted to Silverway at the final stage of deal execution after matching and contacts disclosure. The exact percentage will be determined on a case-by-case basis, since the nature of the market often requires an individual approach.

Proof-of-Intent

A non-refundable payment made by a buyer and a seller that proves their intent to perform the deal and ensures the absence of malicious intent on both sides. Only after Proof-of-Intent is submitted are the identities of the deal participants disclosed and the direct deal executed.

Subscription

Yearly or monthly payments for access to market analytics based on platform data provided by the proprietary data collection engine.

Platform services

Payments for various services provided by Silverway (to be announced).

Tokenomics

The Silverway token is used for fee payment and additional platform purchases and subscriptions. It will be launched as a standard token on a known decentralized platform, possibly as an ERC20 token on Ethereum mainnet.

The token ties the platform's services together and allows Silverway's investors to leverage platform growth, as tokens are burned when they are used for fees or services, contracting the supply and driving the price up.

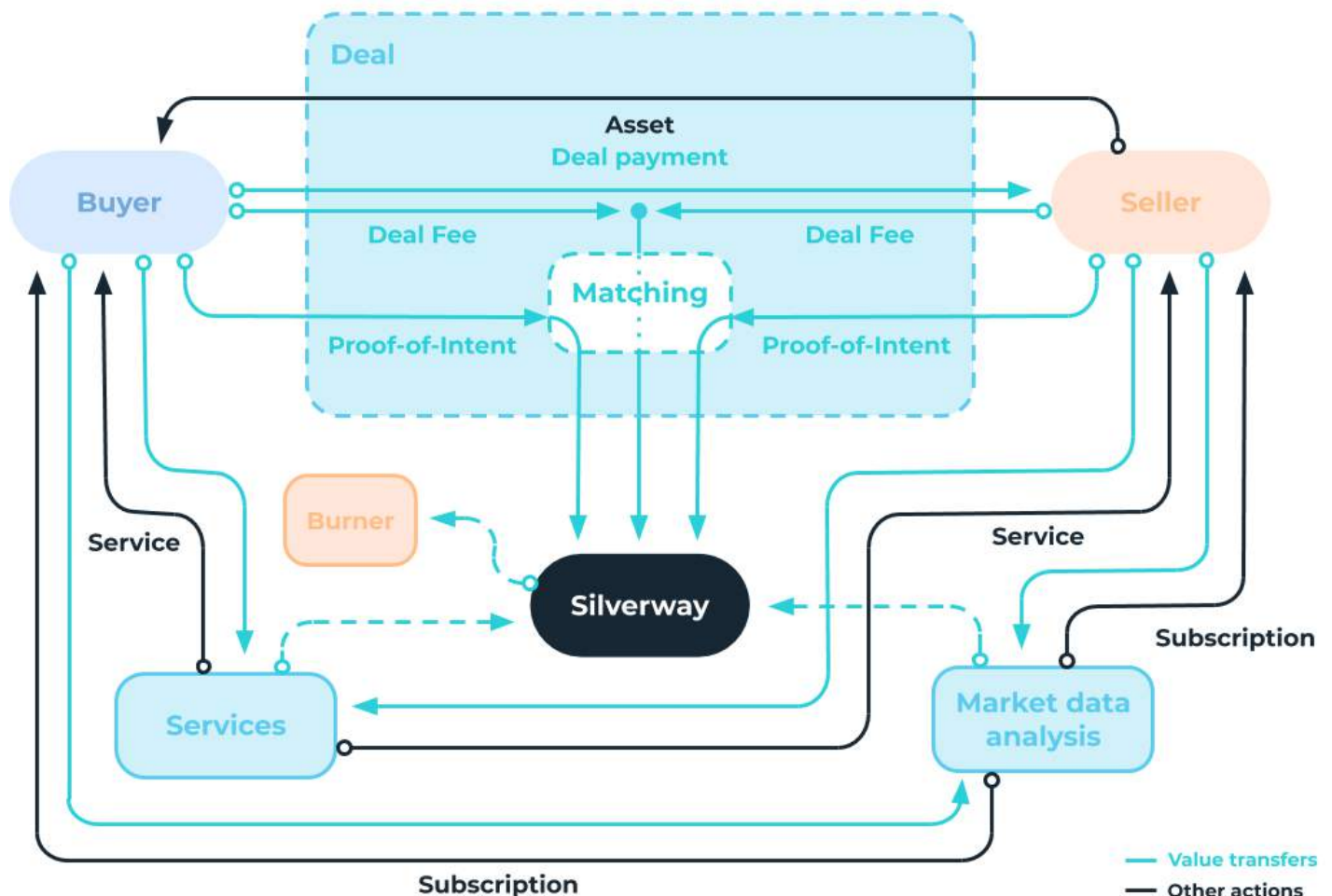
Token applications

Currently, there are three planned main uses for the SLV token:

- Fees for deals made using the platform;
- Proofs-of-Intent for deal participation;
- Data analytics subscriptions.

Main channels of value transfer are represented on the right. All economic interactions between the platform and its users are depicted on the next diagram.



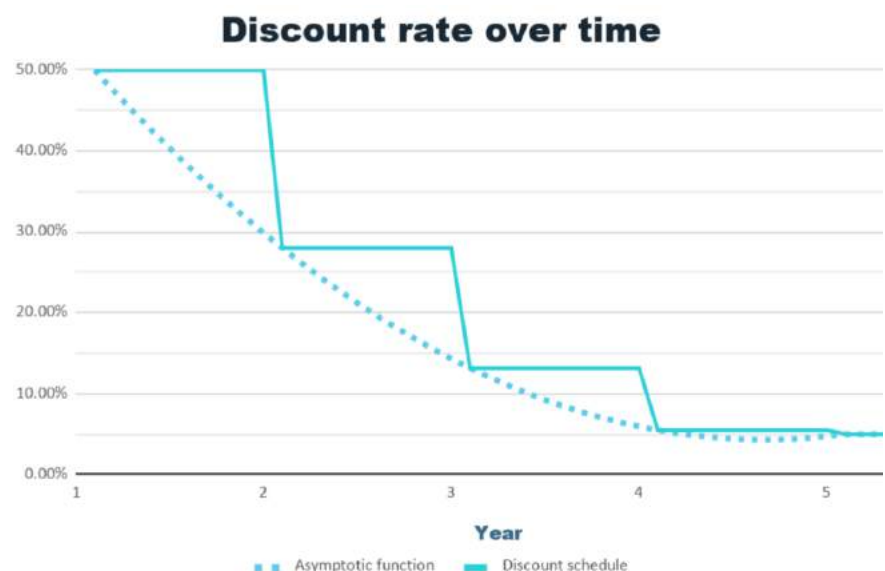


Token utility value

All fees and service payments may be performed in the user's currency of choice. However, users are incentivized to use SLV tokens, as in the case of fees and Proof-of-Intent payments. The discounts diminish quadratically over time, providing additional incentive to use tokens as fast as possible.

To simplify the discount calculation for platform users, the initial quadratic function is replaced with a closely-resembling step function:

- Year 1 – **50%**
- Year 2 – **28%**
- Year 3 – **14%**
- Year 4 – **5.5%**
- Year 5 and further – **5%**



Token burning and value

Every time a token is redeemed, the smart contract burns a fixed percentage of the redeemed sum, while the rest is passed on to Silverway. This mechanism ensures that token value is dependent on platform usage.

To protect the platform's users against volatility, prices are set either in common currencies (for services/Proof-of-Intent) or percentages of the total sum (for fees), and then recalculated into platform tokens. Therefore, the token dynamics may be expressed by the following system:

$$dM_t = -\frac{\mu(1-d_{t-1})R_{t-1}}{P_{t-1}M_{t-1}}, \quad P_t = \frac{\sum_{j=t}^{\infty} \frac{d_j R_j}{(1+i)^j}}{M_t},$$

- Where:
- M_t is the total available supply at period t ,
 - R_t is the total cost of purchased services, Proof-of-Intent and fees collected over the period t ,
 - P_t is SLV price at time t ,
 - μ is the burn rate,
 - d_t is the discount at period t ,
 - i is the discount rate.

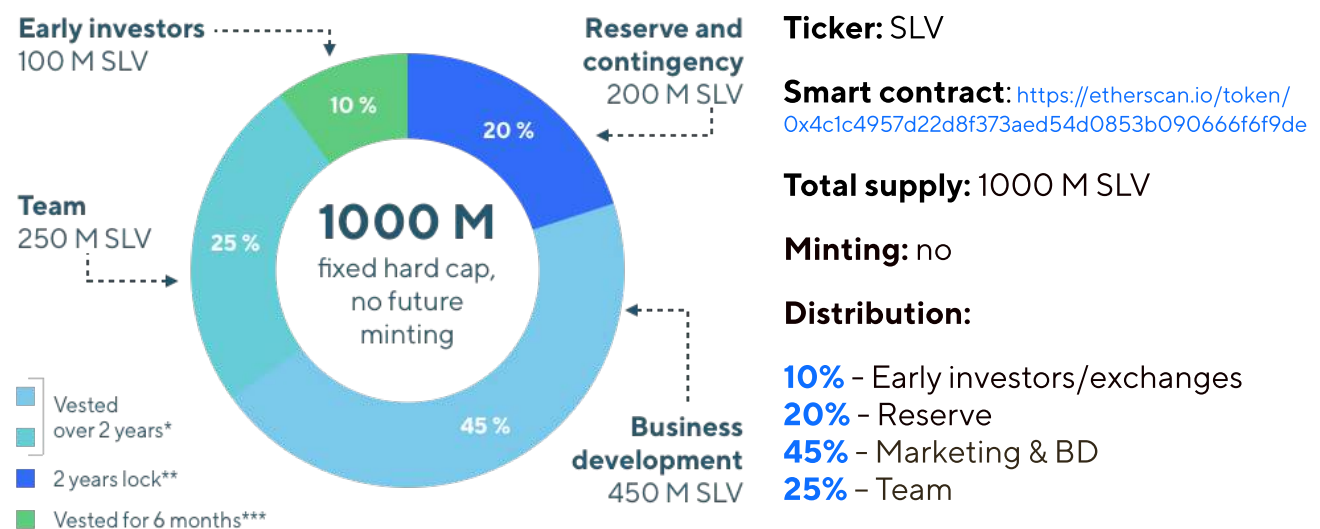
The burn rate is set to constant values, which will be determined at a later time, subject to change by a decision by the board of directors.

Essentially, at each period the amount of SLV earned by the platform is equal to

$$R_t = \frac{(1-d_{t-1})R_{t-1}}{P_{t-1}M_{t-1}},$$

while the token valuation is simply a reserve rate-discounted sum of all upsides (service and fee discounts) that token holders can receive over the platform's lifecycle.

Token distribution



* - for the Business development: non-linear unlock of 35% from the 1st to the 12th month (1st m - 5%, 2nd m - 4%, 3rd-6th m - 2% each month, 7th-12th m - 3% each month), after that - linear unlock of the remaining tokens by 24th month since the listing;

* - for the Team: 12m cliff, after that - linear unlock of the tokens by 24th month since the listing;

** 100% unlocked in case of contingency.

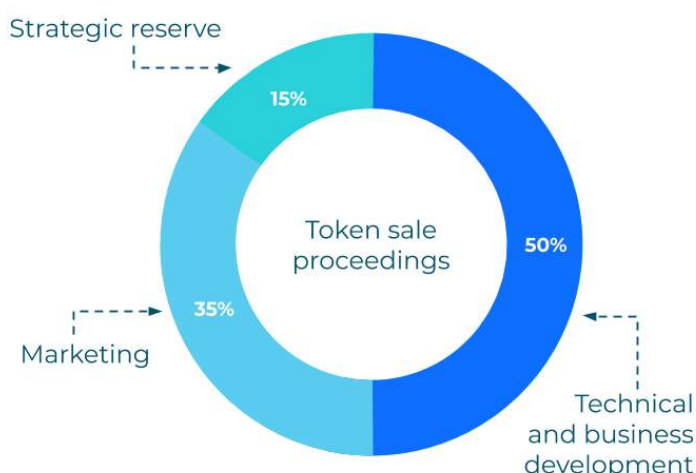
*** 3% of tokens to be listed, 2% to be unlocked in the 1st month, 5% to be linearly unlocked from the 2nd to the 6th month.

Use of funds

50% of the funds will be used to build the Silverway platform and perform upgrades to the system, which includes team recruitment (in North America, Europe, and Asia), training, and the development budget.

35% will be used for SLV branding and marketing: The platform's long-term success requires a sufficient budget for various advertising activities, to drive Silverway's popularity with investors, and to attract active users to the platform.

15% will be reserved in case of unforeseen circumstances or expenses.



The planned tokenomics, use of funds and the tokens distribution schedule may be partially or significantly changed over the course of the project development.

Leadership

The platform has been created by a team of former Goldman Sachs and Barclays Capital investment bankers and private equity professionals who have been amongst the pioneer professional investors in the crypto and blockchain sector. Full team description can be seen on the project website⁸.



Sergey Gurkin
CEO



- Accomplished finance professional with investment experience spanning international crypto fund, a \$10bn+ AUM family office, and bulge-bracket investment banks.
- Since 2017, has focused on the crypto and blockchain industry: investments in private token sales, infrastructure/services project launches, advising for family offices and VC funds, project fundraising.
- Prior to that, 3 years in the PE/VC industry as Vice-President at a global top-50 Forbes family. Was appointed Head of Corporate Finance in a portfolio company listed on LSE's AIM board.
- Over 5 years of investment banking experience with Goldman Sachs and Barclays Capital.
- Masters degrees in laser engineering and financial markets.

⁸ silverway.io

Key Team / Advisory board members



Sergey Gurkin

CEO



Anton Bogdanov

Project Manager



Adam Barker

Partner, North America



SJ Zhang

Partner, Asia

Serial angel and VC
investor



Dmitry Khovratovich

Technical advisor



Project planned roadmap

Track	Research and Development	Business & Marketing development
Q3 2018	<ul style="list-style-type: none"> ● The emergence of Silverway concept 	<ul style="list-style-type: none"> ● Initial market validation with 10+ market players
Q4 2018	<ul style="list-style-type: none"> ● Platform development (main functionality). 	<ul style="list-style-type: none"> ● Project launch (market hypothesis testing, deal pipeline formation).
Q1 2019	<ul style="list-style-type: none"> ● Platform launch, v. β (beta): active deal pipeline and buy/sell functions. 	<ul style="list-style-type: none"> ● Business model testing. ● Onboarding of first investment funds. ● Achieve 50+ active buy and sell deals in the pipeline.
Q2 2019	<ul style="list-style-type: none"> ● Extended platform functionality. ● Data on precedent OTC transactions and offers with 1500+ (and growing) deals/offers for more than 50 projects represented in chart/table view (available for subscribers). 	<ul style="list-style-type: none"> ● Press release launch in leading media sources. ● Launch announcement channels in Telegram, WeChat, Twitter, Weibo, with regular updates on new deals on the platform and weekly/monthly updates. ● Business development press release. ● Set up business development teams and advisors in North America and Asia. ● Partnerships with KYC and escrow service providers ● Onboarding of 50 new investment funds.
Q3 2019	<ul style="list-style-type: none"> ● Issue Silverway token on one of the leading blockchain platforms. ● Develop and launch an extended version of the platform ● New complementary service on the platform: promotion of leading market maker and crypto lender services for investors, funds, and projects. 	<ul style="list-style-type: none"> ● Onboarding of 200 new accredited investors and investment funds. ● Further relationships development both with investors and blockchain project teams. ● Secure partnerships with market makers and crypto lending organizations. ● Team extension to accelerate business development in North America, Europe, and Asia. ● Participation in key industry conferences.
Q4 2019	<ul style="list-style-type: none"> ● Partnerships with OTC brokers to facilitate deals with listed tokens. ● Primary fundraising for blockchain projects through the Silverway platform. 	<ul style="list-style-type: none"> ● Onboarding 500 investment funds and accredited investors. ● Establish partnerships with OTC brokers. ● Attract new blockchain projects and DApps looking for different sources of financing. ● Continue social media and marketing activities.
2020	New complementary services on the platform: <ul style="list-style-type: none"> ● STOs. ● Crypto derivatives. 	<ul style="list-style-type: none"> ● Attract remaining established blockchain investors to the platform. ● Build relationships with hundreds of family offices/UHNWI to onboard them to the platform. ● Establish partnerships with the leading security token and crypto derivative exchanges.

We have developed a scenario for a go-to-market strategy,⁹ depending on capital raised during the token sale. The two major areas of focus are marketing and PR.

Marketing:

- Direct contacts via email, messengers, and established network; face to face meetings.
- Announcements through key social media channels to increase awareness and maintain user interest and engagement.

PR activities:

- Regular press releases in leading media in North America, Europe, China, Korea, and Singapore.
- Attendance and pitching at leading industry conferences.

⁹ The detailed business plan is available upon request to funds and institutional investors.

Disclaimer

The information set forth in this White Paper may not be exhaustive and does not imply any elements of a contractual relationship. The content of this White Paper is not binding for SDTC Limited ("Silverway" or "SLV") and its affiliates and Silverway reserves the right to change, modify, add, or remove portions of this White Paper for any reason at any time before, during and after the sale of SLV tokens by posting the amended White Paper on the website.

This White Paper does not constitute an investment, legal, tax, regulatory, financial, accounting or other advice, and this White Paper is not intended to provide the sole basis for any evaluation of a transaction on acquiring of the SLV tokens. Prior to acquiring the SLV tokens, a prospective purchaser or Initial Exchange Offering participant (collectively "participant") should consult with his/her own legal, investment, tax, accounting, and other advisors to determine the potential benefits, burdens, and other consequences of such transaction.

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The SLV token is not a digital currency, security, commodity, or any other kind of financial instrument and has not been registered under the securities laws of Hong Kong or the securities laws of any other country, including the securities laws of any jurisdiction in which a potential token holder is a resident.

The SLV tokens are not being offered or distributed to, as well as can not be resold or otherwise alienated by their holders to, citizens of, natural and legal persons, having their habitual residence, location or their seat of incorporation in the country or territory where transactions with digital tokens are prohibited or in any manner restricted by applicable laws or regulations. If such restricted person acquires the SLV tokens, such restricted person has done so on an unlawful, unauthorized and fraudulent basis and in this regard shall bear negative consequences.

Silverway neither offers or distributes the SLV tokens nor carries on a business (activity) in any regulated activity in the countries and territories where transactions in respect of, or with use of, digital tokens fall under the restrictive regulations or require from SLV to be registered or licensed with any applicable governmental authorities.

Each participant is reminded that this White Paper has been presented to him/her on the basis that he/she is a person into whose attention the document may be lawfully presented in accordance with the laws of the participant's jurisdiction. It is the responsibility of each potential participant to determine if the participant can legally acquire the SLV tokens in the participant's jurisdiction and whether the participant can then resell the SLV tokens to another purchaser in any given jurisdiction.

Certain statements, estimates and financial information contained in this White Paper constitute forward-looking statements or information. Such forward-looking statements or information involve known and unknown risks and uncertainties which may cause actual events or results to differ materially from the estimates or the results implied or expressed in such forward-looking statements or information.

The English language White Paper is the primary official source of information about the project. The information contained in English language White Paper may from time to time be translated into other languages. In the course of such translation some of the information contained in the English language White Paper may be lost, corrupted or misrepresented. The accuracy of such alternative communications cannot be guaranteed. In the event of any conflicts or inconsistencies between such translations and the official English language White Paper, the provisions of the English language original document shall prevail.

Silverway expressly disclaims all express and implied warranties and representations as to the SLV tokens and its platform, including any warranties or representations of merchantability or fitness for a particular purpose with respect to the platform, the SLV tokens or their utility, or the ability of anyone to exchange for or use the SLV tokens.

The platform on which the SLV tokens may be utilized is still under development and may undergo significant changes over time. Although the project management team intends for the platform to have the features and specifications set forth in the White Paper, changes to such features and specifications can be made for any number of reasons, any of which may mean that the platform does not meet expectations of holder of the SLV tokens, as well as changes may be made, including, but not limited to, the Silverway business model, tokenomics, token distribution and roadmap.

The SLV token referred to in this project as a digital asset is not contained in the project team's server has a complete and independent value separate from the project team. The value of the SLV token is completely determined by the recognition of the value and exchange value of the relevant market participants. It should not be regarded as bonds, securities, or any form of securities, nor is it a project team's, company's equity, shares, ownership or control.

Based on the SLV token generated by this project, the value of SLV token is affected by the market environment and the degree of acceptance of market entities. The project team cannot guarantee the value of the SLV token.

The SLV token has the risk of being lost, tampered with, stolen or mishandled. The project team cannot guarantee the storage, retrieval, and modification of the relevant virtual property.

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Release Statement

For different versions of the Silverway White Paper, the latest version shall prevail.

Right of Interpretation

Silverway has the final power of interpretation of this White Paper.

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