oton

White paper OTON

Contents

Legal Disclaim

The purpose of this White Paper is to present and describe the OTON Project for prospective token holders. The information provided herein is not exhaustive, does not imply any contractual relationship and is of an introductory nature.

No part of this document may be construed as an issue prospectus or an investment memorandum whatsoever. OTON initial token offering does not constitute an offer to buy or sell securities in any jurisdiction. This document is made up without regard to any legislative or normative acts of any jurisdiction aimed at protecting investors, and is not governed by such.

Certain information, statements, calculations and financial indicators presented herein are preliminary projected data. They may come from known and unknown risk factors and uncertainty, therefore, the actual circumstances and outcome may vary from the following estimation and results directly or indirectly provided for, by preliminary forward-looking statements. Such forward-looking statements or information do not constitute any promise or obligation. Any subsequent events reflected in this document may not be considered as a promise of returns and/or guaranteed forecasts of growth in the OTON token value.

This document is an English translation of the original document created in Russian. Some information presented in the original document may be lost, distorted or incorrectly interpreted. The fidelity of the translation cannot be guaranteed. If there is any conflict between the English and the original Russian document, the original Russian document shall prevail.

Introduction

OTON (Optimal Trade Over Network) is a platform for MLM marketing, built based on the blockchain technology. We link MLM companies, distributors, manufacturers of goods, and buyers in an integrated open decentralised network which is capable of profoundly changing and improving the MLM and direct sales industry.

OTON underlying high-performance blockchain will allow for the implementation of a system of automatic, rapid and absolutely transparent revenue allocation among manufacturers, and a multi-level marketing organisation. Besides making transparent settlements, companies and manufacturers will be able to use the innovative sales tool through the existing distributor network and the system for establishing referral programs.

A special-purpose modular constructor of marketing plans will make the start of operations of any MLM company, on the basis of our decentralised platform, as simple as possible.

The OTON native token is an internal payment unit of the blockchain and will be used for making all transactions between the ecosystem participants.

1.1
MLM Operation Concept

MANUFACTURER → PURCHASES

REFERENCES

Consumption channels

Market Overview

1.2
Market Size

The network or multi-level marketing is a concept of selling goods and services in which products are distributed from the manufacturer to the end-consumer, through a network of independent distributors. Besides the selling of products, the distributors can engage with partners holding similar rights. The distributors' revenue consists of commission charges for the sale of products and additional fees which can be established by an MLM company[1,2].

[1] en.wikipedia.org/wiki/Multi-level_marketing

[2] www.encyclopedia.com/entrepreneurs/encyclopedias-almanacs-transcripts-and-maps/multilevel-marketing

Over $189 bn per annum

The MLM market is constantly growing and developing. According to a report by the World Federation of Direct Selling Associations, the market volume of direct sales increased by 1.6% and achieved $189,641 million[3] in 2017.

more than 100 mln people

all over the world are involved in multi-level marketing. MLM companies distribute various kinds of products and services. Moreover, new categories of products, such as software and financial services are growing in popularity:

Growth of direct sales market volume

| | 0 bn | 50 bn | 100 bn | 150 bn |

Europe

South & Central America

North America

Africa/Middle East

Asia/Pacific

Global

■ 2017   ■ 2016   ■ 2015   ■ 2014

Global market by years

| 50 mln | 100 mln | 150 mln |

2014

2015

2016

2017

[3] www.wfdsa.org/wp-content/uploads/2018/06/Sales-Report-2017-June-12-2018.pdf
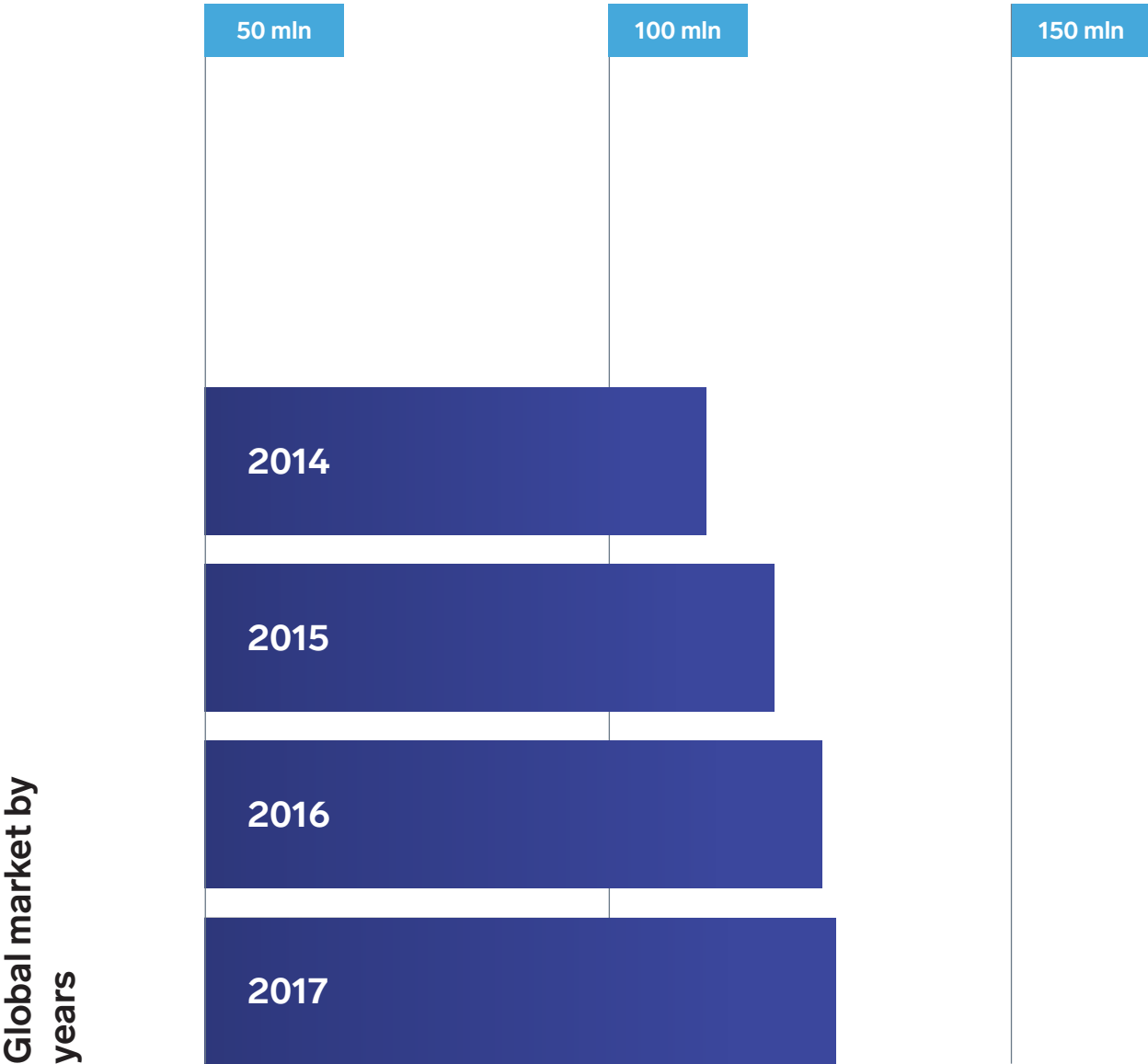
Growth of direct sales market volume by product and service categories

Category	2017	2016	2015	2014
Other Products & Services	1,5%	1,7%	3%	3%
Financial Services	3,5%	3%	3%	2,9%
Utilities	3%	3%	2,9%	3,3%
Home Improvemen	1,9%	2,6%	2,1%	1,7%
Foodstuffs & Beverages	1,9%	2%	1,6%	1,2%
Books, Toys, Stationary, Etc.	2,1%	2,1%	1,9%	3,1%
Wellness	33,9%	34,1%	32,9%	29,4%
Household Goods / Home Durables	11%	11,3%	11,2%	13%
Home Care	2,6%	2,5%	2%	2,2%
Cosmetic & Personal Care	31,7%	30,8%	32,4%	32,8%
Clothing & Accessories	7,2%	7,3%	6,4%	6,5%

■ 2017   ■ 2016   ■ 2015   ■ 2014

1.3
Traditional Multi-Level Marketing

From both financial and technical standpoints, the traditional multi-level marketing system works as a 'black box' for distributors and manufacturers. MLM companies use their own software to allocate revenues among system participants. Distributors have no way of controlling their own funds. The level of remuneration is determined by the company, leaving distributors and manufacturers unable to check whether the system works correctly. MLM companies can misleadingly invite new distributors to join their ranks by demonstrating falsified statistical data with overstated indicators.

A transparent and decentralised approach guarantees that participants are prevented from presenting fraudulent information and using the system unfairly for their own advantage.

1.4
Referral Programmes

Referral or partner programmes are systems in which a company's customers are remunerated with a fee, for engaging new participants.

Referral programmes are becoming an increasingly popular business development strategy. The philosophy of referral programs is similar to the principle of accrual of remuneration at MLM companies (the programmes can be both one-level and multi-level). Besides aiding the expansion of a client base, they act to improve the customers' loyalty.

Uber, Airbnb, Dropbox, Tesla, PayPal and many other prominent companies in various industry sectors have become convinced of the efficiency of referral programmes.

Airbnb — one of the largest global online platforms for rental lodging.

Under a partner programme, Airbnb members receive loyalty points to their accounts for 'friend referrals'. As a result, the number of reservations in certain regions has increased by 25%[4].

[4] www.referralsaasquatch.com/billion-dollar-companies-use-customer-referral-programs

1.5 Market Problems

The concept of the centralised operation of MLM companies leads to a number of problems - which can be solved by implementing the blockchain technology and building a complex ecosystem:

Solving Market Problems with Blockchain Technology

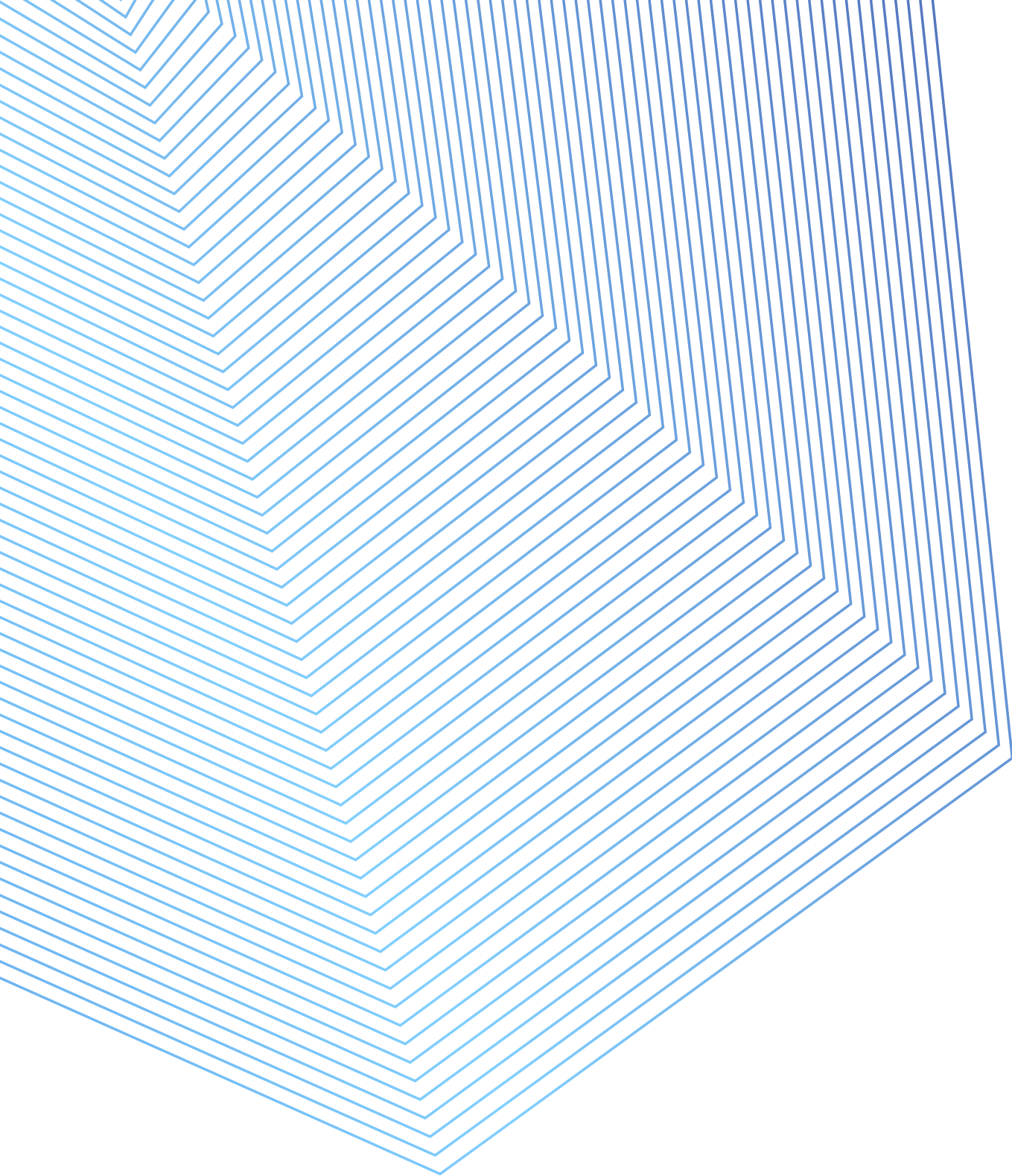|			
Distributor's exposure	The owners of MLM companies can exclude a distributor from the financial flow at any time and redirect the allocation of revenues for their own advantage.	Public blockchain ensures the transparency and control of accounting of all financial flows. Any distributor, companies and manufacturers can check the data and assure themselves of the fairness of profit obtained. New distributors can also check all the data in open access and assess the prospects of joining the company, being assure of the amount of prospective revenue.	**01**
Non-transparency of accruals	The allocation process of revenues within the distributor network is controlled by the MLM company, therefore, partners may not receive due fees when making sales.	Implementing the blockchain technology makes transparent not only all transactions among the participants, but also makes it possible to perform cross-border payments. This expands the geographical reach and user base of the companies.	**02**
Overstated statistical data	MLM companies falsify data on distributors' revenues for the purpose of engaging new distributors, expanding the company and increasing sales..	MLM companies gain access to valid data in the blockchain, the analysis of which will allow for the receiving of information on sales and the distributors' activity, for optimising business processes and increasing profits.	**03**
The distributor does not own its funds	Most MLM companies make an accrual of fees to distributors on their personal accounts using their own software. Moreover, distributors do not own their funds and there is no guarantee that they will be able to withdraw and utilise them at their own discretion.	Nobody controls the access to funds in a decentralised system. Allocation of profits among distributors is initiated automatically upon occurrence of certain programmed terms, for example, in the event of the sale of products or when a new partner joins.	**04**
Lack of resources	The approach to the market by new companies and manufacturers is followed by the overcoming of difficulties related to the development of software, arrangement of sales and marketing departments for attracting consumers. Many manufacturers do not possess resources to complete these tasks and promote their goods.	The OTON ecosystem offers the tools required to launch a business, to its participants. OTON solves the issue of non-transparency of fee allocation, provides a ready technical solution for sales accounting systems and personal accounts of distributors, as well as allowing access to a wide international audience of distributors.	**05**
Direct dependence on the developers' mood	It is not infrequent that MLM companies find themselves in deficit of resources, at the initial stages, to correctly form relations with marketing plan developers. As a result, intellectual property rights and the source code remain under the control of the developer company. This leads to circumstances where the developers begin to establish their own rules, up to the seizure of the company.	The decentralised infrastructure of OTON, with the open source code, offers the possibility of working independently on a team of developers, and so companies will have access to their database, the code and technical solutions.	**06**
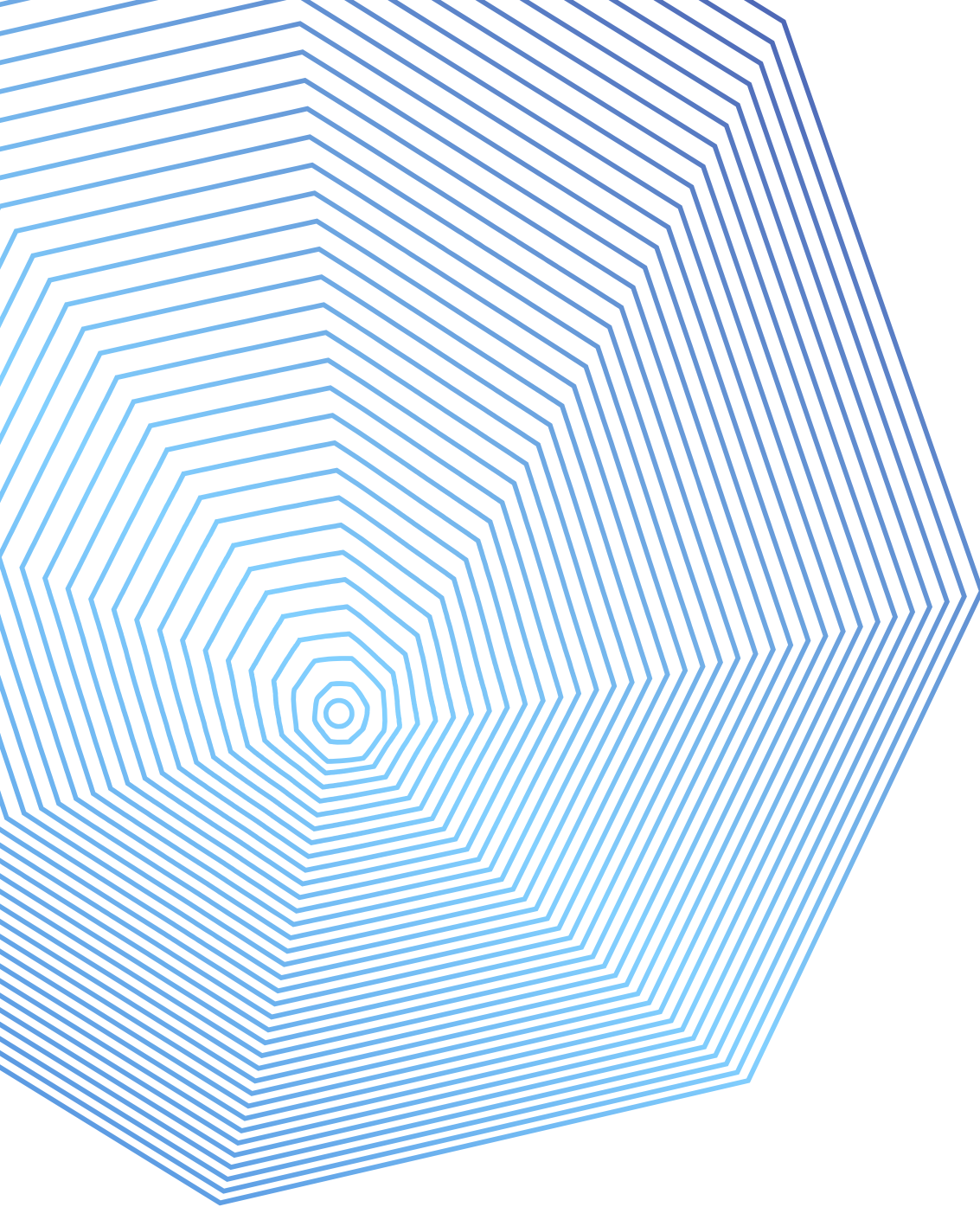
02

Ecosystem

The purpose of the Project is to create the first decentralised ecosystem which would integrate all products, functionality and services for the multi-level marketing industry. In addition, direct sales, ensuring absolute transparency of interaction among participants with the most beneficial terms.

Currently, in order to organise their work, users have to interact with a variety of unrelated service providers. This significantly complicates business processes and increases the risk of error. We are striving to create an integrated solution which could offer to any market participant a full cycle of convenient functionalities, which would satisfy all needs to the fullest extent, without wasting time and money.

The key feature of our ecosystem is its decentralisation: all users are its participants having equal rights, full access to the credible information, and can feel certain that it is they, who control their money. The OTON token will be the main payment unit within the ecosystem, safeguarding the transparency of transactions.

The users of the Marketplace will be able to buy various goods and services, by utilising a user-friendly interface and a wide range of payment options.

Upon registration on the Marketplace, a unique address will be created for each user in the blockchain and the full history of transactions for each address is stored therein. The following types of users take part in the Marketplace operation:

End-buyers choose the goods placed on the Marketplace and buy the goods and services, selecting the most convenient payment method.

Distributors recommend the goods and services, and once a sale has taken place, they receive remuneration in OTON tokens.

Manufacturers of goods and services include individuals or companies, which deal with the manufacturing of products. The manufacturers submit an application for the Marketplace and can add their products thereon. In the case of the sale of a product on the Marketplace, the remuneration for the transaction participants is automatically accrued.

The base cost of goods and services on the Marketplace is specified in the fiat currency and OTON tokens. The cost of goods and services in crypto currency could vary depending on the exchange rate fluctuations.

2.1

Marketplace

A central link of the ecosystem will be the Marketplace, a trading platform, which will link manufacturers, MLM companies, distributors and buyers together.

The Marketplace users can choose a convenient way of paying for delivered goods and services.

The following possibilities are planned:
- Payment in OTON tokens.
- Payment in the crypto currency.
- Payment in fiat currencies.

Delivery of goods to the buyer

BUYER

MARKETPLACE

Purchase of goods

DISTRIBUTOR

Recommends goods to buyers

Commission on sales

For sold goods

MANUFACTURER

Sell goods at the marketplace without advertising expenses

Use Cases

How a customer can buy goods or services on the Marketplace

- The customer can visit the Marketplace site without a distributor's referral link and sign up. Upon signing up, an address in the blockchain and the user's personal account linked thereto, are created. After that the user can buy a desired product or service.

- The customer can go to the Marketplace site by using a distributorв's reference and sign up. Upon signing up, an address in the blockchain and the user's personal account linked thereto, are created. After that the user can buy a desired product or service. When the user makes purchases a pre-set percentage of the goods or service value is automatically allocated though the network of that distributor, in OTON Project tokens.

- If a user already has an address in the blockchain, it can go to the Marketplace site and log in by indicating its address. The user can then buy the required product or service.

How a customer can become a distributor on the Marketplace

1. The customer can go to the Marketplace site or the web-site of a partner MLM company.
2. The customer has to sign up and obtain an address in the blockchain and its personal account linked thereto on the Marketplace.
3. The customer then obtains a level of access and becomes a participant in the distributors' community.

4. It can recommend goods and services to users and receive transparent fees in OTON tokens in case of purchases.

How a manufacturer can post its goods or services on the Marketplace?

1. An application for posting goods or services on the Marketplace must be submitted by the manufacturer.
2. Managers will process the application and contact the manufacturer for an interview, to clarify details and to estimate the cost components.
3. If the goods or services meet all necessary requirements, they are posted on the Marketplace
4. Upon sale of a product or a service, fees owed to the manufacturer are automatically accrued.

Verification of goods and services is made for the purpose of protecting users from products of poor quality, and working at the parameters of automatic revenue accrual depending on the type of product.

For example, some types of goods are subject to exchange and return during a certain period of time as specified by law. Fees accrued upon sales of such goods are frozen in a smart contract for a specified period of time.

Upon expiration of the specified period, provided that there are no claims from the buyer, and receipt of the proper quality product is confirmed by the buyer, the funds are unfrozen and allocated among the participants of this transaction.

Advantages for Users

The Marketplace concept in combination with the implementation of blockchain technology generates many advantages for all participants in the Marketplace.

Advantages for Distributors

- A guarantee that company owners would be unable to exclude them from the structure and re-allocate revenues for their personal advantage.
- Addresses in the blockchain may not be modified or deleted and are used as a business "identifier". The distributor may transfer its business by succession.
- All accruals are completely transparent and are made in tokens. The distributors have access to all transaction history, which can be checked to confirm that the received fees are fair.
- The Marketplace integrates a great number of manufacturers which allows the distributors to select any product category of their interest, and do their business more efficiently.
- The Marketplace has a convenient interface for operations.
- The Marketplace has a global audience of users. Using OTON tokens make it possible to conduct cross-border business.

Advantages for Buyers

- A great choice of various products on the Marketplace.
- User-friendly interface for operations on the Marketplace.
- Wide choice of payment options in various currencies.
- The possibility of buying products from around the world and easily making cross-border payments.
- Low service fees.
- Buying goods with at discounted rates if payment is made in OTON tokens.
- The possibility of buying unique goods which are not presented in some buyers' countries.

Advantages for Manufacturers

- The Marketplace integrates an international base of users and distributors. Implementing the blockchain technology allows making cross-border payments that provide simple access to international markets.
- Distributors will be highly motivated to increase sales as they are sure that accrued fees will be received without delay and in fair amount.
- The Marketplace offers a ready-to-use trade platform with support and a user-friendly interface. Manufacturers

do not have to waste own resources for launching the distribution. Thus, they can obtain a ready-to-use sales department with a reliable software and interested distributors.

Advantages for MLM companies

- Transparent principle of operation using the blockchain technology significantly enhances the reputation of the company, making it more attractive for both distributors and end-consumers.
- The Marketplace offers a ready-to-use engine for a transparent accounting system of the company's activity through the blockchain.
- Valid data on transactions are securely stored in the blockchain and represent a valuable analytical tool.
- The system is developed with account of specific aspects of the industry, suggesting aa prompt integration of new companies. It is particularly significant for new companies which do not possess necessary resources for a full-fledged start, using their efforts alone.
- The Marketplace is a global platform with a viable audience.

2.2

MLM Company Integration

Our mission is to build a global decentralised ecosystem for the direct sales and multi-level marketing industry. One of our aims is to simplify the integration of MLM companies in the ecosystem as much as possible, and to launch their operations on the blockchain.

easybizzi
Easy Business Community

EasyBizzi Community is the first project which joined OTON.

EasyBizzi is the first project which agreed to use the blockchain for all its business processes.

EasyBizzi is an IT platform that solves the issue of acquiring contemporary practical knowledge by people.

EasyBizzi is aimed at transforming the education sector and helping people to progress and achieve the set goals within the shortest possible time.

An important feature of selecting coach speakers on the platform, is that a speaker is also a practitioner so that his/her teaching aids would be of an applicable nature and easy to apply by learners.

EasyBizzi is not just a platform, it is a community composed of people with related interests, where marathons and outdoor events are held, focus groups are arranged and chats are actively used for interaction among participants, including coach speakers.

EasyBizzi is an international platform and in the February 2019, it is used by more than 80 thousand people in over 30 countries worldwide.

As is customary, in order to start their activities, MLM companies have to overcome a number of difficulties. These ranges from the development of software for personal accounts and fee calculation systems, to development of a long-term user base. The budget of start-up companies is not sufficient to implement high-standard technical solutions, resulting in the failure to conduct the required system tests, in-operation failures, and as a consequence, in a failure in the formation of a credibility gap among users towards the company. We design a special-purpose modular constructor of marketing plans which will enable companies to design the parameters of their business for a decentralised start-up, literally in a matter of minutes. MLM companies would be able to set up the token accrual principle through the distributors' network, depending on the selected marketing plan that corresponds to the development strategies in the best possible way. The OTON blockchain has been developed taking into account sector-specific issues. It allows for the automation of a liberal share of the MLM company's financial and business processes, offering access to transparent and reliable accounting systems.

2.3
Token Emission

Token Economics

OTON tokens are the main currency in the blockchain, which will be used for all types of transactions within it.

OTON tokens may be freely transferred among blockchain users.

The platform decentralisation assumes that the platform has no central controlling element. To function efficiently, the system should be self-contained, and its participants should be encouraged to contribute their own resources to its development and support.
A special-purpose reserve of fees will be provided in the blockchain for this purpose.
When carrying out operations in the system, the following fees in OTON tokens will be charged for the following transactions:

- The distributors' incoming marketing revenue as a part of the chain allocation.
- Outgoing internal transfers. Fee is paid by the sender.
- Funds from the fees reserve will be used to remunerate the work of validators and to form a reserve for project development and support.

It is planned that 1% of the total number of tokens received in the fees reserve will be в "burned".

Use of OTON Tokens

It is planned that the OTON token will be an internal payment unit of the blockchain and one of the payment methods for goods and services in the OTON ecosystem.

- End-customers.
- Payment for discounted products in tokens.
- Distributors.
- Receipt of accruals owed to the distributors in tokens.
- Manufacturers.
- Receipt of payment for sold products in tokens.

Token Emission

OT ON

Name of token - OTON (Optimal Trade Over Network)

Total number of tokens — 2,000,000,000.

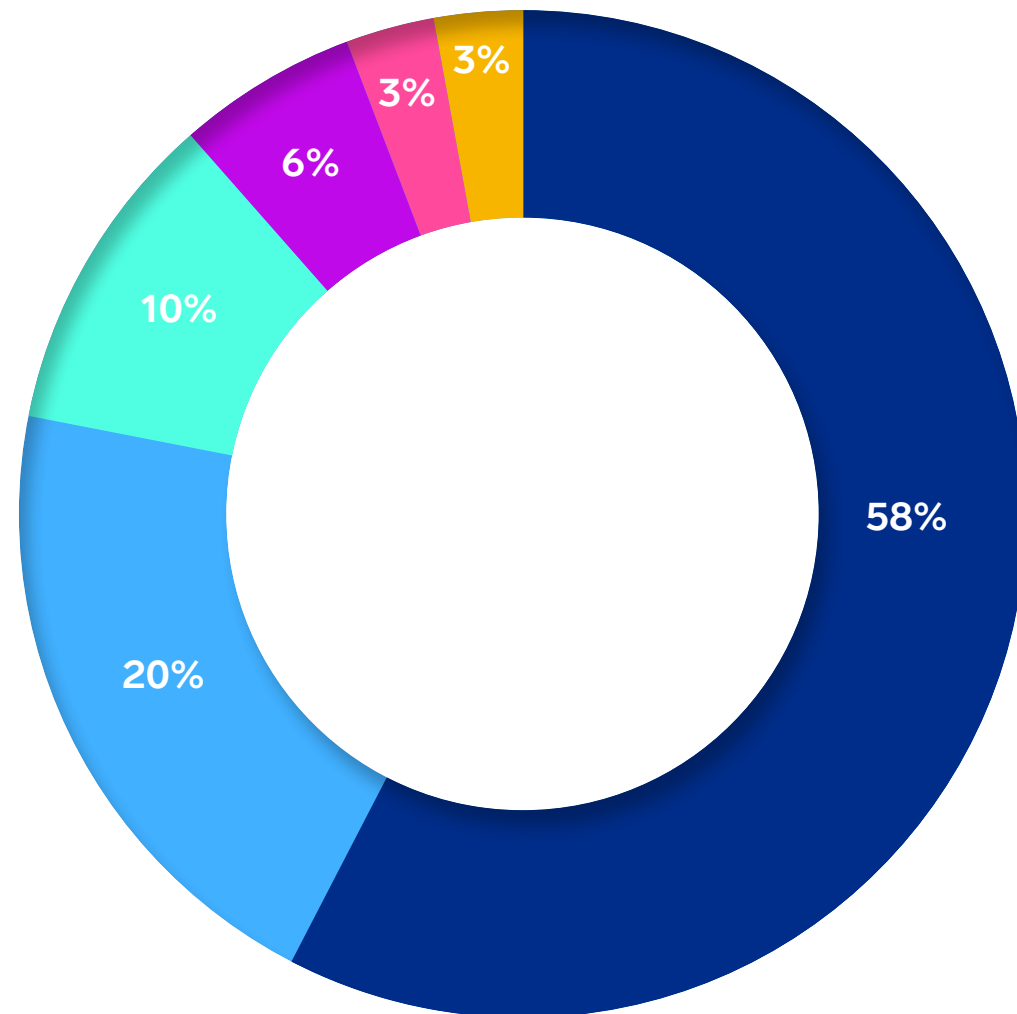Type of emission – non-recurrent. No additional emission is provided for.

Distribution of tokens will be made in two stages:

Private Pre-Sale and distribution via the Marketplace.

1 OTON = $0.01

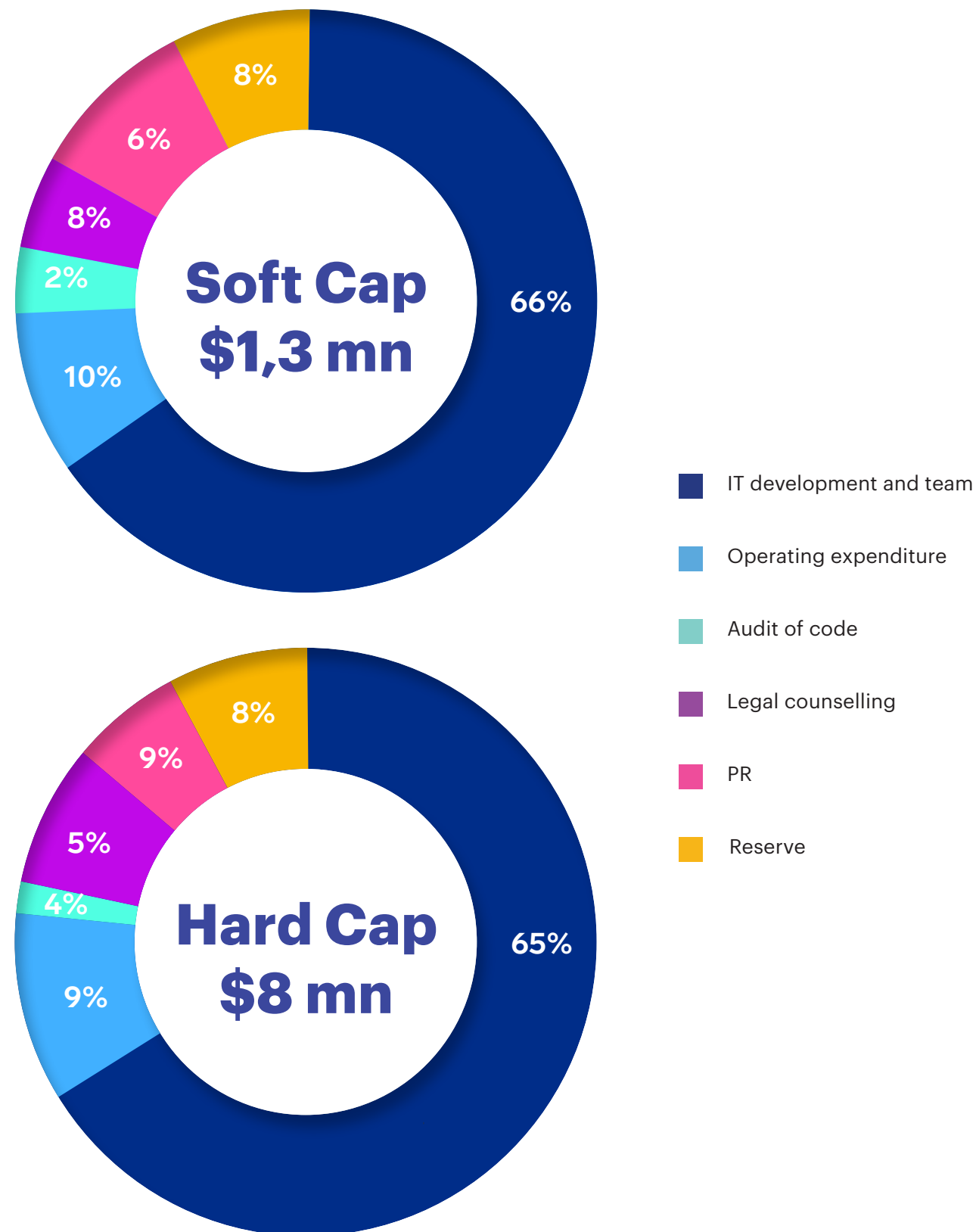Discount during the private Pre-Sale - 20%.

Allocation of Tokens

Freezing of Tokens

Tokens of the team and Pre-Sale contributors will be frozen in a smart contract. Tokens will be unfrozen automatically according to the following plan:

10% of tokens shall be unfrozen at the start-up of the blockchain Mainnet;

10% of tokens shall be unfrozen in 3 months after start-up;

20% of tokens shall be unfrozen in 6 months after start-up;

30% of tokens shall be unfrozen in 12 months after start-up;

30% of tokens shall be unfrozen in 24 months after start-up.

58%

20%

10%

6%

3%

3%

20% Project team

10% Reserve fund

6% Airdrop

3% Advisers

3% Bounty

58% Distribution to users:
- private Pre-Sale for large private contributors;
- users of EasyBizzi Community for translating their balances in OTON tokens;
- distribution to distributors as a remuneration for sales of goods on the Marketplace;

Intended Allocation of Funds:

Distribution of Tokens

Soft Cap $1,3 mn

- 66%
- 10%
- 2%
- 8%
- 6%
- 8%

Hard Cap $8 mn

- 65%
- 9%
- 4%
- 5%
- 9%
- 8%

Legend:
- IT development and team
- Operating expenditure
- Audit of code
- Legal counselling
- PR
- Reserve

Pre-Sale

The first stage of token distribution will be in the form of a private Pre-Sale. A 20% discount of the token value will be provided at the Pre-Sale stage, i.e. 1 OTON = $0.008.

Distribution via the Marketplace

The second stage of token distribution will be carried out using the Marketplace. The Marketplace is an online trading platform. For each transaction made on the marketplace, a given percentage of the value of sold goods in OTON tokens will be allocated through the distributor's network structure. The allocated percentage may vary depending on the category of goods, it is individually calculated for each type. The distribution of

the initial emission of tokens via the Marketplace will continue until all tokens are distributed.

How to receive the OTON token at the stage of its initial distribution?

1. Become a member of the EasyBizzi Community with distributor access level and receive remunerations in tokens when making transactions on the Marketplace.

2. Receive tokens through an incoming transaction from another user who already holds tokens.

Here is an example of the distribution of tokens in a transaction where the percentage of value allocated by the structure is 40%:

$100 A purchase of goods at $100 is made on the Marketplace. The Marketplace buys tokens from the issuer at the fixed cost of 1 OTON = $0.01 for 40% of the value of sold goods.

$40 ($100 × 40%) is allocated in OTON tokens through the distributor network. The value of one OTON token is $0.01, accordingly 4'000 OTON are allocated among the distributors.

$4 $4 = 400 OTON (10% of $40) is the agency fee of the distributor who introduced the buyer to the Marketplace.

$0,4 $0,4 = 40 OTON. (1% of $40) is allocated to the blockchain fees fund.

$35,6 $35,6 = 3560 OTON. (89% of $40) is allocated via the distributor's network structure.

$60 is allocated among the supplier of the goods and the Marketplace.

Legal Status of OTON Tokens

OTON tokens vest no corporate and/or other rights in regard to the token issuing company (hereinafter – the "Company"). Tokens do not vest in token holders, any interest in the Company. The acquisition of tokens does not represent an exchange of crypto currencies or fiat currencies for shares of the Company. Token holders do not hold any rights in regard to the Company, specifically, they do not have any corporate rights for dividends, distribution of earnings, the right to participate in management of the Company (voting right), the right to receive the information about the Company's activity and to get acquainted with its accounting and other documents.

OTON tokens do not vest any rights in regard to the Company's property and assets. The acquisition of tokens does not represent an exchange of crypto currencies or fiat currencies for the Company's property and/or assets, including intellectual property items owned by the Company.

OTON tokens do not represent a loan in favour of the Company. Tokens are neither a debt instrument, nor bonds of whatsoever kind, nor any other form of loan granted to the Company. The acquisition of tokens, whether during the sale of tokens, or via the Marketplace, does not vest any rights in the token holders, to make representations as to the Company's financial or other assets.

OTON tokens do not constitute securities in any jurisdiction. This document is neither an issue prospectus, nor an offer document of whatsoever kind; it is not intended to offer any securities or to request offers for investments; it is in no way connected with the initial placement of any shares on any stock exchange or with an offer of any stock/shares; and it is in no way connected with an offer of any securities in any jurisdiction. OTON tokens are not intended for market positioning, sales, purchase or trade in any jurisdiction where they are prohibited by the applicable laws; or where they are subject to further registration in any applicable government authorities. We do not recommend buying the tokens for speculative investments.

OTON tokens do not represent any other financial or investment instrument. Particularly, the tokens should be not be understood, assessed or interpreted as: (I) any forms of derivative financial instruments; (II) any shortterm bills or negotiable debt instruments; (III) any form of an investment contract between the relevant holder and any other party; (IV) any product or asset which a person is obliged to buy or acquire; (V) any receipt, order or other certificate which vests in its holder the right for interest, dividends or earnings of any kind from any party; (VI) the rights in accordance with a price spread contract (margin) or any other contract, the objective of which is to ensure profit or to avoid losses; (VII) equity units in any pooled investments or in organisation of pooled investments, including trusts and investment funds.

OTON tokens are not the currency (lawful payment currency) in any jurisdiction. Tokens are not the currency issued by a central bank or a national, supranational or quazi-national organization, and are not secured by any physical assets or other security.

OTON tokens do not guarantee the return of funds transferred to pay for them. Unless otherwise provided for by the existing laws or directly specified in any legally binding documents for the sale of tokens, the Company is not obliged to refund the facilities to token holders, whatever the reason may be. Token holders cannot receive any cash or other compensation as a refund of the facilities.

Qualification of the tokens in accordance with tax legislation is not determined. We recommend that every token holder seeks the opinion of a tax advisor within its tax residence jurisdiction, for defining its tax obligations in the event of the acquisition of tokens
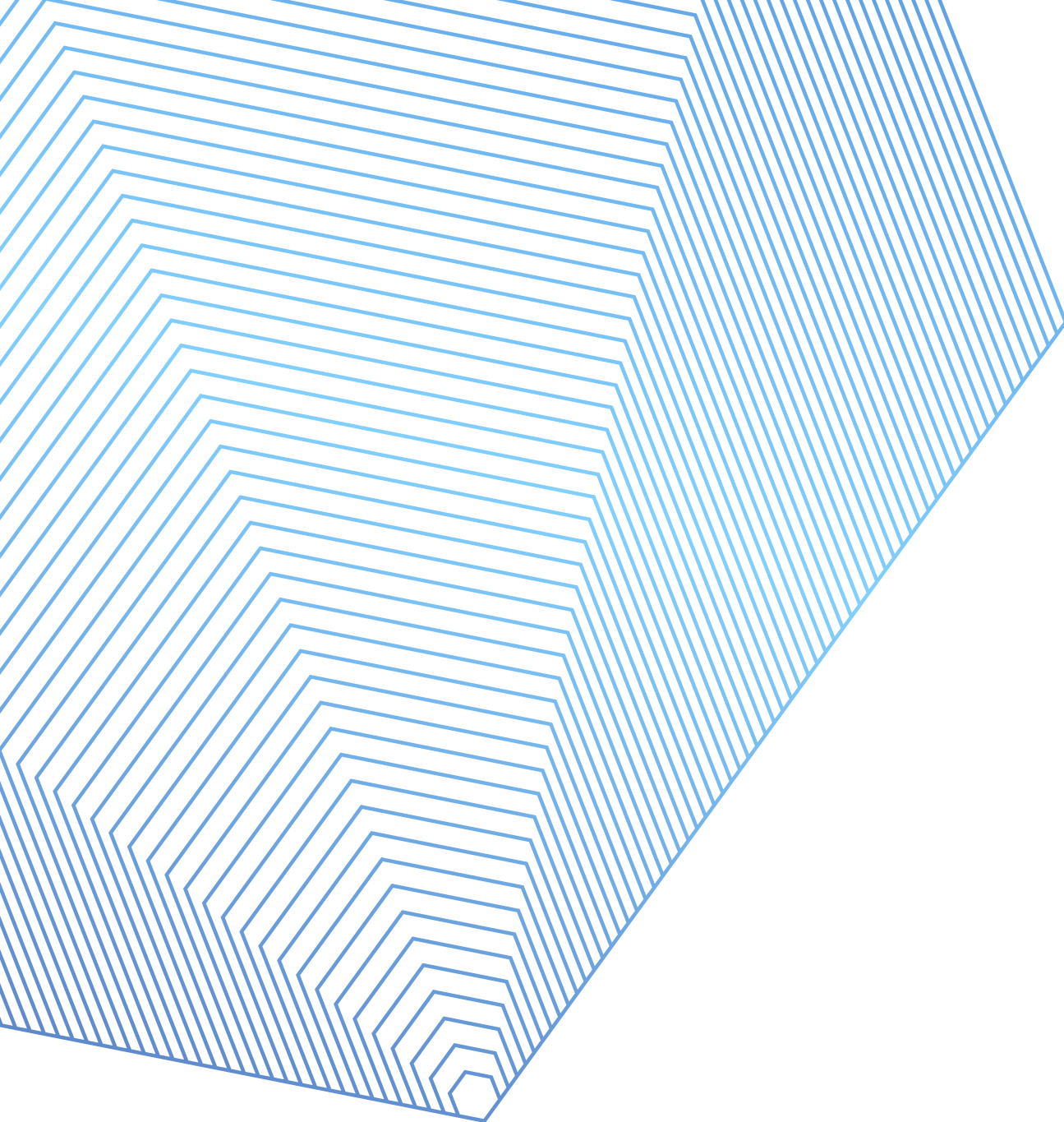
2.4
Prospects for Development

The decentralised concept and implementation of blockchain technology opens shining-new possibilities for project development.

DAO

The decentralisation of a system implies that there is no central controlling element; nevertheless, a tool is required for efficient development which allow joint decisions to be made by the whole community.

The emergence of the blockchain allowed the creation of fundamental new models of building and managing user communities. Decentralised autonomous organizations (DAO) are a new concept of cooperation which allow for building a selfcontained community - the users of which would be able to solve any issues without centralised structures. The technological tool of any DAO is the blockchain, which plays the role of an integral unchangeable electronic register, trusted by all participants.

We expect that the next stage of development in our ecosystem will be the creation of DAO, in which the users will be able:

- To put forth their proposals regarding the development of the ecosystem.
- To participate in decentralised voting on the proposals submitted and so select the best proposals.
- To implement their projects, which are approved by other users, within the framework of the ecosystem.
- To receive financing from the fees reserve, in order to implement the proposals.

The mathematical nature of the blockchain guarantees that voting data will be reliable. Therefore, we plan to build a decentralised ecosystem with the advanced system of self-governance. This will allow developments and improvements in the project.

Community

OTON Blockchain Economics

The priority target is to form an active community within the framework of our ecosystem. To develop social synergy, we plan to introduce the following elements:

- **Ratings.**
  The reputation system contributes to the establishment of trust relationships among process participants. The use of the blockchain will ensure the transparency of assigning ratings and the fairness of giving score points: it will be impossible to falsify the data. The reputation system would simplify the selection of goods/services, manufacturers/ suppliers and would be an encouraging factor for compliance with high standards of performance.

- **User Comments.**
  Besides ratings, users will have the ability to put forth comments which would be a valuable feedback tool.

- **Loyalty System.**
  To strengthen the customers' loyalty, we plan to implement active user encouragement systems. One option can be the accrual of OTON tokens.

- **User Chats.**
  In addition to the ability to post comments, we plan to launch a system of user chats for discussing matters on various subjects.

We plan that proceeds from the distribution of OTON tokens will be enough to finance the project until early 2021; thus, the MainNet of the OTON blockchain will be started and the platform software and hardware will be installed.

It is expected that the DAO (Decentralized Autonomous Organization) will be put into operation in 2021. Users will be able to select top-priority ways of development of the OTON blockchain through voting on draft proposals by means of the DAO. It is planned that the approved draft proposals will be funded from the fees reserve.

The fees reserve is intended to pay remuneration to validator nodes and to manage the DAO budget.

Prior to starting up the DAO, the fees reserve will be allocated among the validator nodes in full to encourage them to join the OTON blockchain. Once the DAO is started, a portion of the reserve of fee will be allocated to its budget.

The ratio of allocation of the reserve of fees among the validator nodes and the DAO will be 50/50. Afterwards, this ratio can be adjusted to maintain the balance of the economic model.

03 Description of Blockchain

The system uses the blockchain which is a proprietary solution, with the implementation of proven practices of popular blockchains, generic modules and a code distributed under the MIT license. The blockchain code is written in the Golang software programming language. The Golang standard libraries are used in the implementation of hashing and cryptography algorithms, using a key pair:

The blockchain is created for the purpose of servicing an extensive marketing chain of distributors with, the complex accounting logic of the partner fee and solves two major tasks:

1. Transparency and control of all settlements among the participants of business processes.

2. Maintenance of the created partner chain structure intact.

```
"crypto/ecdsa"      // cryptography
"crypto/elliptic"
"crypto/sha256"
"encoding/gob"      // serializing
```

3.1 Integrated Smart Contracts

The OTON blockchain is designed specifically for servicing the distributor network, therefore implemented in the smart contracts integrated in the node, which have a high abstraction degree and adjustable according to configurations required for MLM companies. The contracts include a set of settlement options between the network participants. They are unchangeable, therefore, there is no need to limit the search depth and the cycles within the contract. Each joining company has the possibility of configuring the integrated smart contracts with account of its marketing plan.

3.2 Rationale for the Necessity to Develop a Blockchain

The decision to develop our own blockchain was taken in order to adapt the technology to the tasks handled in the best possible way. The current blockchain frameworks do not allow for implementing smart contracts with the cyclic execution of search using the data cached on the node. Neither do they have limits relating to the search in the form of "gas" or other artificial constraints, caused by the necessity to protect the nodes against suspension when executing "incorrect" contracts. Or in the event of deliberate attempts to disrupt the functioning of the chain.

3.3 Hashing Algorithm

Elliptic curve cryptography with the use of the proved standard, i.e. P256T curve, is used to generate pairs of public and private keys and to create digital signatures.

This is also recommended by the US National Institute of Standards and Technology (NIST). To perform the cryptographic functions, the Golang standard libraries are used.

```
https://golang.org/pkg/crypto/elliptic/#P256
curve := elliptic.P256()
P256 returns the curve which performs P-256 (see
FIPS 186-3, Section D.2.3)

https://golang.org/pkg/crypto/ecdsa/
private, err := ecdsa.GenerateKey(curve, rand.Reader)
GenerateKey generates a pair of public and private
keys.
```

3.4 Coding Methods

The gob-coding is used to present complex structures when exchanging the data among the nodes and to store the blockchain on a disk.

3.5 Blockchain Architecture

The blockchain is built based on the UTXO (Unspent Transaction Output) model that is used in the Bitcoin blockchain.

Each transaction in the chain has one or several inputs and one or several outputs.

Transactions

From a technical point of view, two types of transactions have been implemented:

- Coinbase transactions. These types of transaction have no inputs and are suitable for the creation of new coins.

- Normal transactions. Transaction transfer tokens from one address to another.

```
type Transaction struct {
ID [ ]byte
Vin [ ]TXInput // inputs — list of coins from where
the facilities are collected
Vout [ ]TXOutput // outputs — where we will spend the coins
}
```

An additional field for storing the data has been added in the transaction outputs structure,

which can be used, for example, for managing a marketing company.

```
type TXOutput struct {
    Value    int
    PubKeyHash [ ]byte
    ScriptData [ ]byte        // additional field
}
```

Blocks

Block generation time: 5 sec. It is planned that the number of transactions in a block will be 10'000.
This value can be adjusted to improve the chain performance.

Once the DAO is started, the users will be able to change the parameters as and when necessary. The remuneration for issuing a block is subject to the smart contract. A block contains the minimum required set of fields:

```
type Block struct {
    Timestamp    int64              // time tag
    Transactions [ ]*Transaction  // transaction list in block
    PrevBlockHash [ ]byte    // reference to the previous block
    Hash         [ ]byte    // hash of block SHA-256
    Height       int         // block number
}
```

Node Architecture

The node can be started up in three modes:

1. **Node as a service.**
   A socket is opened to connect other nodes and functions are provided to download new blocks and to produce new blocks (creation of coins — execution of smart contracts — settlements and payment of remunerations). Validator nodes operate in this mode.
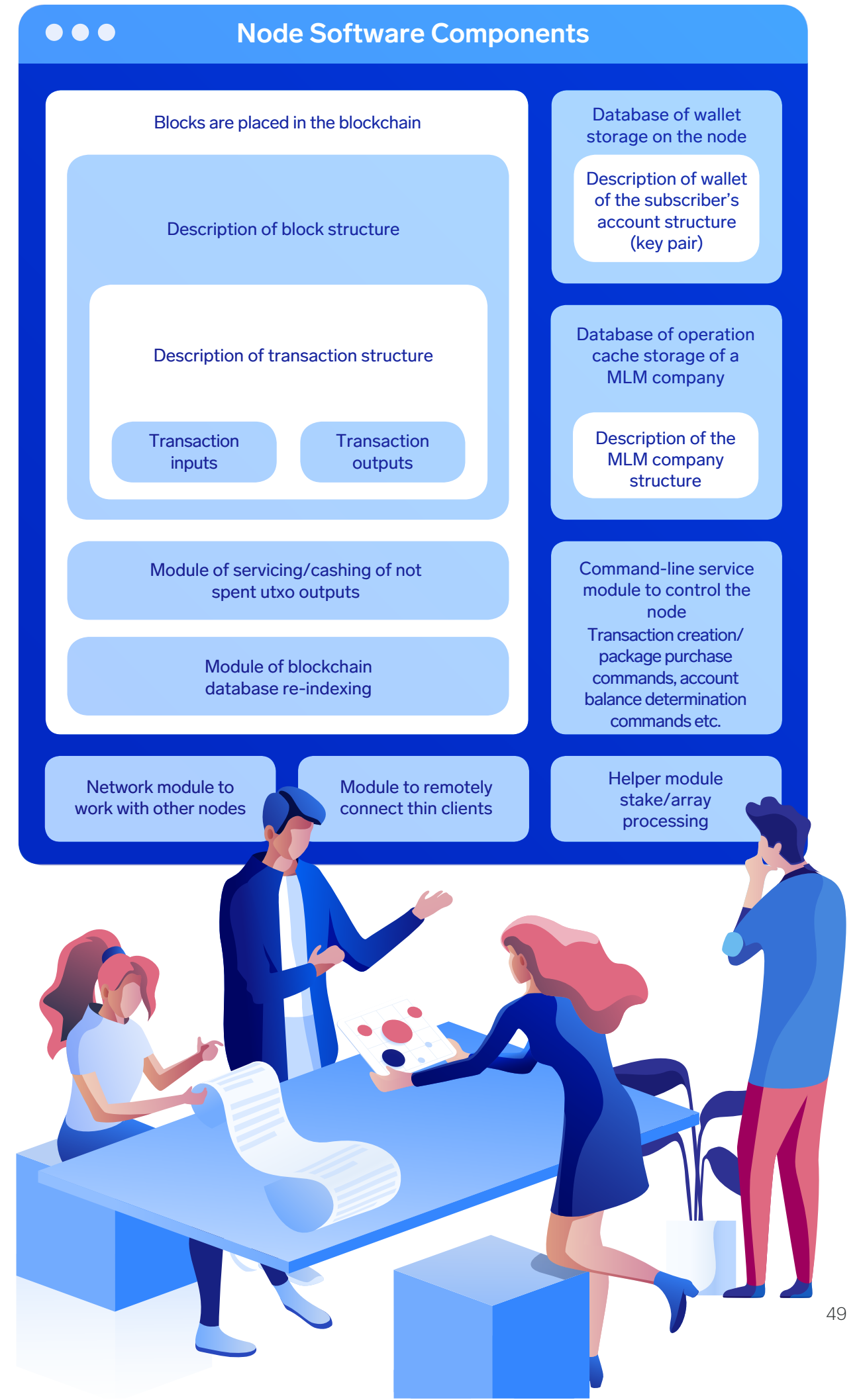
2. **Node as a replicator ("thick client" or full node).**
   This is connected to the service-node, downloads new blocks, and transmits new transactions (created by the user) to the service to place them into a block.

3. **Node as a thin client.**
   This does not download blocks; it uses transaction signature functions. Calculation of unspent outputs is requested from the service node or the replicator node. A key pair to sign a transaction is stored locally and not transmitted to the service node.

Node —
is a computer with certain software installed to operate in the OTON blockchain network.

Node Software Components

Blocks are placed in the blockchain

Description of block structure

Description of transaction structure

| Transaction inputs | Transaction outputs |

Module of servicing/cashing of not spent utxo outputs

Module of blockchain database re-indexing

Database of wallet storage on the node

Description of wallet of the subscriber's account structure (key pair)

Database of operation cache storage of a MLM company

Description of the MLM company structure

Command-line service module to control the node
Transaction creation/package purchase commands, account balance determination commands etc.

Network module to work with other nodes

Module to remotely connect thin clients

Helper module stake/array processing

Consensus Algorithm — DPoS

The consensus algorithm used is an important parameter of a decentralised system. The consensus algorithm ensures transaction validity, solves the issue of double spends and brings to formation the uniform and reliable network state in all nodes.

To ensure the smooth nctioning of the blockchain, all the data of the blockchain must be stored. Simply, it is enough to store the transactions signed by the user. If all the users were genuine, the task of transaction/block confirmation would not exist. However, a user can accidently or intentionally create a wrong transaction. Therefore, all transactions should be verified by a third party before being placedin the common database. That third-party must also be verified. In such a context, a

need arises to add a node in the system operation logic.

Functions of the node:

1. Checking if the input transactions from users are correct; where a transaction is wrong, it should not be allowed to go further.
2. Prior to issuing a further block, that node should check the correctness of the previous block contents.
3. The node gets remunerations and penalties for the right to place transactions in blocks and then to sign blocks/place them in the blockchain.

The DPoS consensus mechanism, i.e. Delegated Proof of Stake will be used in the OTON blockchain.

DPoS allows for achieving high transaction execution speeds

which is critical in the allocation of remunerations through the extensive network structures of distributors.

In DPoS, a vote is taken among the users, holding the OTON tokens. Transaction validators, i.e. a list of node owners, who are authorised to sign blocks and add them in the blockchain, are selected through such voting. The weight of each user's vote is proportionate to the number of tokens in its wallet, in other words, 1 OTON = 1 vote. Voting is taken on a regular basis making it possible to promptly change the validator list if necessary. To become a validator, one should make a deposit in the amount of 10 million OTON, being equivalent to $100'000 of the initial token price. A frozen deposit is a guarantee of the seriousness of intention of the validators and their interest in the chain development.

To participate in the signing of blocks, each validator is required

to be on the list of those who have the right to sign blocks. This right is accrued in internal tokens when signing each block. Before signing a block, the validator should deposit the OTON tokens from its own available funds on its wallet as a surety for its honesty. If a validator demonstrates unfair behaviour, signs a wrong block and compromises the reputation of the chain, the validator will be penalised. Where the situation of penalisation occurs, the surety for honesty in tokens will not be returned to the creator of the block and will be transferred to the fees reserve. The misrepresenting validator is prevented from signing the blocks. The chance to sign blocks is sequentially passed to all nodes from the list.

2018
2019

Engineering development of the OTON blockchain.
Studying of legal aspects of the project.
Start-up of a test network of the TestNet blockchain
Engineering development of the Marketplace.
Development of the modular constructor of marketing plans
Testing of the connectivity of new MLM companies to the OTON blockchain ecosystem
Testing of the modular constructor of marketing plans
Testing and audit of the OTON blockchain code

2020

Start-up of the main operational MainNet blockchain network.
Launching of the Marketplace operation.
Release of mobile application.
Launching of the possibility of connecting new MLM companies to the OTON blockchain ecosystem
Launching of the modular constructor of marketing plans for MLM companies.

Road map

2021

Start of operation of the decentralized administration system - DAO.

05 Team

Anatoliy Ille
CEO

Businessman, expert in the area of blockchain technologies, professional cryptoinvestor, multilevel marketing practitioner.

He started his entrepreneurial activity in Germany in the MLM industry. For more than 20 years in business he has created several successful projects. He has over 10 years of experience in the field of real estate sales and has participated in the creation of applications and blockchain technologies. He is a practicing business coach and a blockchain evangelist.

In 2017, he initiated the creation of the Easy Business Community, which is an international educational business community. Easy Bizzi is a completely pioneering IT-project, integrating marketing, training courses and a number of applications, enabling the global community to obtain high-quality educational products and to create numerous revenue sources.

In March 2018, he was awarded a medal by the Mikhail Evdokimov Interregional Non-Governmental Foundation for the implementation of a world changing idea. This is an award for those who carry out acts of kindness for the whole humankind.

Analytical Support — Hash#Rating[5]

A team of analysts, developers and experts, who have operational experience in the field of information and communications technology, system analysis and legal research. Subject-matter experts, who were closely involved in the development of technologies in question, are involved to continuously improve the methodical base. Hash#Rating conducts individual field-specific research for private customers, commercial and governmental institutions; to ensure the in-depth analysis of the matters of selection, usability and efficiency of blockchain technology in business and public administration, as well as to provide an assessment of prospects of the strategic investment partnership with companies presenting blockchain projects.

IT Development — Hash#Solutions

The professional programmers with great experience in the IT business, specialising in blockchain development, including within the framework of the project Hash#Solutions. Hash#Solutions is an integrator with the expertise in blockchain technologies.

Main areas of work:
- Audit of project documentation, business models and smart contracts.
- Designing and introducing changes in terms of strategies, business processes and technical infrastructures.
- Development of international legal structuring concepts, risk analysis and legal counselling of projects in the area of crypto industry.
- Audit and full-service support in the field of information security.
- Software development of any complexity.

Legal Counselling

Legal counselling is provided by a licensed international legal company.

[5] www.hashrating.com

06 Advisers

Sebastian Daly
Germany

Established Goodstuff-Pictures in 2017, dealing with content production for television, movie and the advertising industry. Founder of the ConcertVR[6]. platform for virtual concert arrangement.

Nawid Habib
The Netherlands

A serial business owner, who used to work at projects in areas ranging from public health services to blockchain and software development. Founder and CEO of a blockchain platform for investing in promising ICO HeadStart[7].

Aleksandar Martinovic
The Netherlands

A serial entrepreneur in various industries, who with his 20 years of experience in the Network Marketing industry also designed and built various softwares for the Network Marketing businesses. CEO of Satoshi Software Service and a Founder and CTO of a blockchain platform for investing in promising ICO HeadStart.

Sergei Salynin
Russia

An entrepreneur, former vice president of Zetmoney payment system and top manager of several international companies, CEO of Crypto Credit Card[8] project which integrates a number of services: C3.Exchange, cryptocurrency exchange, a wallet, a mobile bank etc.
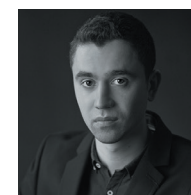
Ivan Shcherbakov
Russia

A co-founder of Cryptorobotics[9], a terminal for trading in cryptocurrency markets, which has wide possibilities of algorithmic trading and an application of digital intelligence. An experienced investor in the cryptocurrency market. He has been keeping an eye on the blockchain world as from the "Big Bang", i.e. from the moment bitcoin started gaining popularity. There are tens of thousands of successful deals and close business contacts all over the world. Advisory work with many large companies in his arsenal. Now, Ivan Shcherbakov is a member.

[6] www.concertvr.io/ru/index.html
[7] www.icoheadstart.com
[8] www.c3x.cx
[9] www.cryptorobotics.io

Partners

DEEX Exchange[10]

BitShares blockchain-based decentralized exchange.

3C Exchange[11]

 cryptocurrency exchange.

Cryptorobotics[12]

cross-platform trading terminal for cryptocurrency exchanges.

ConcertVR[13]

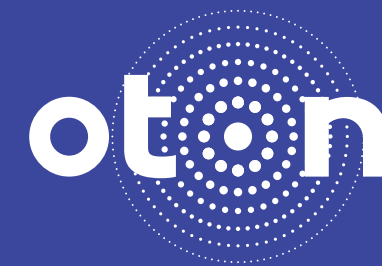Blockchain platform for VR content of music and entertainment industry.

Easy Business Community[14]

international Internet community and platform for exchanging knowledge among people.

Cryptonoid[15]

analytical tool for trade automation at cryptocurrency exchanges.

**wp@oton.technology
www.oton.technology**

[10] https://deex.exchange
[11] https://c3.exchange
[12] https://cryptorobotics.io

[13] https://www.concertvr.io
[14] https://www.easy-bizzi.com
[15] https://www.cryptonoid.io