



BBOD WHITEPAPER 2019

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About BBOD

[BBOD](#) is a non-custodial, zero-fee cryptocurrency derivatives trading platform for retail and institutional clients, offering a secure and transparent marketplace to trade Bitcoin and a wide range of Altcoins futures contracts with a TUSD-stablecoin collateral.

Unlike many exchanges and crypto projects who are issuing a coin offering, our trading platform is already [live](#) and onboarding new clients. We opened BBOD for business in October 2019 and already list 17 perpetual futures contracts.

Our goal is to grow to the level of Bitmex and Huobi within the shortest possible time frame. We want to grow our technology department, acquire new users, grow our volume up as quickly as possible and build an engaged community of traders, therefore we will be conducting a pre-listing offering of our existing tokens to help us reach the next level of growth.

Team and technology

Incorporated in the Republic of Seychelles, BBOD's team consists of [35 people](#), including 25 in-house software developers in [London, UK](#) and Poland and has sales & marketing teams in Hong Kong and Seoul. Our core team consists of technologists and traders with 10+ years experience each from companies like State Street, Deutsche Bank, Coinone and University College Dublin.

BBOD partners with one of the most reputable electronic exchange operators worldwide - [GMEX Group](#), who has developed and will host and manage the state of the art low-latency, high-throughput matching engine exclusively for BBOD. To get to know more about GMEX, please [watch our interview with Hirander Misra](#) – Group Chairman & CEO of GMEX Group and this [interview with Tony Harrop](#), CIO & Director of GMEX Technology to find out why BBOD is going to offer the fastest and most reliable, high performance multi-asset matching engine in the cryptocurrency industry.

The landscape and problems

Crypto exchange hacks

For the past decade, [crypto exchanges have faced the wrath of hackers](#). More than \$1,600,000,000 USD has been stolen from crypto exchanges during the period of 2011 - 2019. You might have noticed that the exchanges are at major risk of hacks. To combat this, crypto exchanges have tried to use various techniques like storing funds in cold wallets. However, as exchanges operate over the web, some funds are also need to be stored in hot wallets.

The alarming trend in the crypto exchange market is that, within the first 7 months of 2019, the industry has experienced the same number of hacking attacks as in the entire of the previous 2018 year, and cyber security gaps in 2019 were mainly experienced by the established crypto exchanges.

Lack of transparency

One of the core problems with cryptocurrency exchanges, aptly demonstrated by QuadrigaCX, which was believed to be Canada's largest cryptocurrency exchange, is transparency.

Transparency primarily involves proof of solvency, which is critical because investors need to know if in an extreme case an exchange may meet all withdrawal requests. In other words, an exchange needs to prove its assets' equal liabilities.

In January 2019, Ernst & Young reported that Quadriga did not have a bank account and apparently had no formal accounting system. In February 2019, the exchange ceased operations and the company was declared insolvent and bankrupt with C\$215.7 million in liabilities and about C\$28 million in assets. It was clear that Quadriga was insolvent for a long period of time and nobody noticed it before the bankruptcy.

Expensive trading for high-frequency traders

One downside of trading Bitcoin and other cryptocurrencies is the high transaction fees for high-frequency traders. The problem with charging commissions on trades is that the most active traders are penalised and the exchange is cashing in more money on these users than it does from the regular mid or long-term investors.

Lack of a marketplace to trade smaller coins with leverage

If you search for a reliable marketplace where you can go long/short on a wide range of altcoins with high leverage, there are not many options to explore. Bitfinex offers a wide range of alts on the spot margin market but limits leverage to 3.3x. Bitmex offers contracts on 9 major underlying digital assets with relatively high lev (20-33x). Currently, the most diverse crypto derivatives market is FTX with perpetual contracts on 25 underlying assets. You can explore this situation [here](#).

Separate margin wallets for each contract

Collateral is needed to be posted separately for different coins: BTC for BTC/USD futures, ETH for ETH/USD futures. This solution requires traders to hold separate margin wallets for each trading pair which is tiresome to operate and results in the invested capital fragmentation across many distinct coins and margin wallets.

How is BBOD solving these issues?

Non-custodial accounts

If you hold coins at any derivatives exchange (Bitmex, FTX, Bybit), please be advised that the owners of the exchange have full control and responsibility to keep the coins safe. The owners hold private keys to your coins.

At BBOD custody of cryptocurrencies is completely [separate from the exchange](#). As a result, our platform does not hold private keys to the client's balances, instead each client holds their funds in a decentralised smart contract account. No private keys are created therefore the keys can not be stolen by hackers.

Transparency

All user balances are updated daily and visible on the Ethereum blockchain. This means that every day a user's off-chain balance matches the on-chain balance (an ethereum contract account).

The public may monitor:

- the total amount of funds at the exchange as a sum of all user balances
- the number of users registered as a number of contract accounts created
- daily amount of funds [settled on the blockchain](#) (realised PnL, fees, funding payments)

- all user balances

This design allows BBOD to pass proof-of-solvency and proof-of-reserves audits using solely publicly available data.

Zero-fee leveraged trading

BBOD will be the first Zero-Fee Crypto Futures trading venue. There will be no transaction fees (zero) on the BBD-settled futures markets (eg. BTC/BBD or ETH/BBD perpetual contract). Traders need to use BBD token as a collateral. Balances and PnL is denominated in BBD. The price of e.g. BBD/TUSD will be fixed during the day and set as the close price of the previous day. During the trading session, BTC/BBD index will be the same as the BTC/TUSD index.

Advanced tech to offer leveraged altcoins trading

The cryptocurrency derivatives space still lacks professional, secure and reliable marketplaces to trade small and mid-cap altcoins with relatively high leverage (10-25x). Due to low volume and high volatility of the smallest coins, an exchange is imposed on frequent and unpredictable liquidations. At BBOD we applied our proprietary smoothing technique in the index calculation which greatly reduces unnatural price spikes related to liquidity drainage.

We hope that our sophisticated index calculation algorithm will allow us to become the most diverse, liquid and reliable marketplace to trade micro/small/mid-cap altcoins with high leverage, with the aim to list perpetual futures contracts on +50 cryptocurrencies by Q2/2020 and +100 by Q4/2020.

Every new cryptocurrency contract will be chosen by our community. We will organise a poll every week on Twitter and Telegram to ask our community which new contract they would like to be listed on our exchange next.

USD-based stablecoin settlement

Nowadays, at almost all exchanges traders need to post different collateral to be able to trade the whole range of products. An example of this is at Bybit with 4 collaterals (BTC, ETH, LTC, EOS) or Deribit with 2 collaterals (BTC, ETH). Universal USD-based collateral is a standard at established exchanges like CME, CBOE where most of the products are quoted in USD. You deposit USD to your broker and you can trade all the products using one universal collateral.

BBOD futures contracts are settled in USD-based collateral (currently TUSD). This means that profits, losses, account balances and margin requirements are denominated in the stable cryptocurrency. All the underlying assets may be traded using one universal collateral.

BBOD Green Trading

The BBOD Team believes in 'Healing Corporations' – i.e. making the world a better place through business and their profits, as we are strongly convinced that business should be a catalyst for a better world. [We decided to donate up to 15% of our all trading fees](#) to selected foundations, and you, as a BBOD trader will automatically participate in the contribution just by trading on our platform. Starting on Q1/2020, from every month onwards we will organise a monthly poll on our Twitter and Telegram to ask our community to pick a charity organisation which will receive donations from BBOD. In the beginning of our journey we would like to support two foundations that truly touched our hearts; [Plant-for-the-Planet](#) and [One Humanity Care](#).

BBOD Trading Features

Spot / Futures markets

BBOD offers:

- perpetual futures markets TUSD-settled, eg. BTC/TUSD.
- perpetual futures markets BBD-settled, eg. BTC/BBD (to be launched on December 10, 2019)
- spot markets BBD/TUSD, BBD/ETH, ETH/TUSD (to be launched on December 10, 2019)
- fixed-date futures markets (to be launched on Q2/2020)

Vanilla futures contracts

The bulk of existing derivatives exchanges (Bitmex, Deribit) offer inverse futures - a futures contract quoted in one currency (e.g. USD) and settled in the other (e.g. BTC). This approach complicates the PnL calculation and selecting the size of the contract. BBOD offers [vanilla futures contracts](#) quoted and settled in one currency TUSD. This makes the PnL calculation straightforward: (Exit Price - Entry Price) times the number of contracts in the base currency.

Multi assets platform

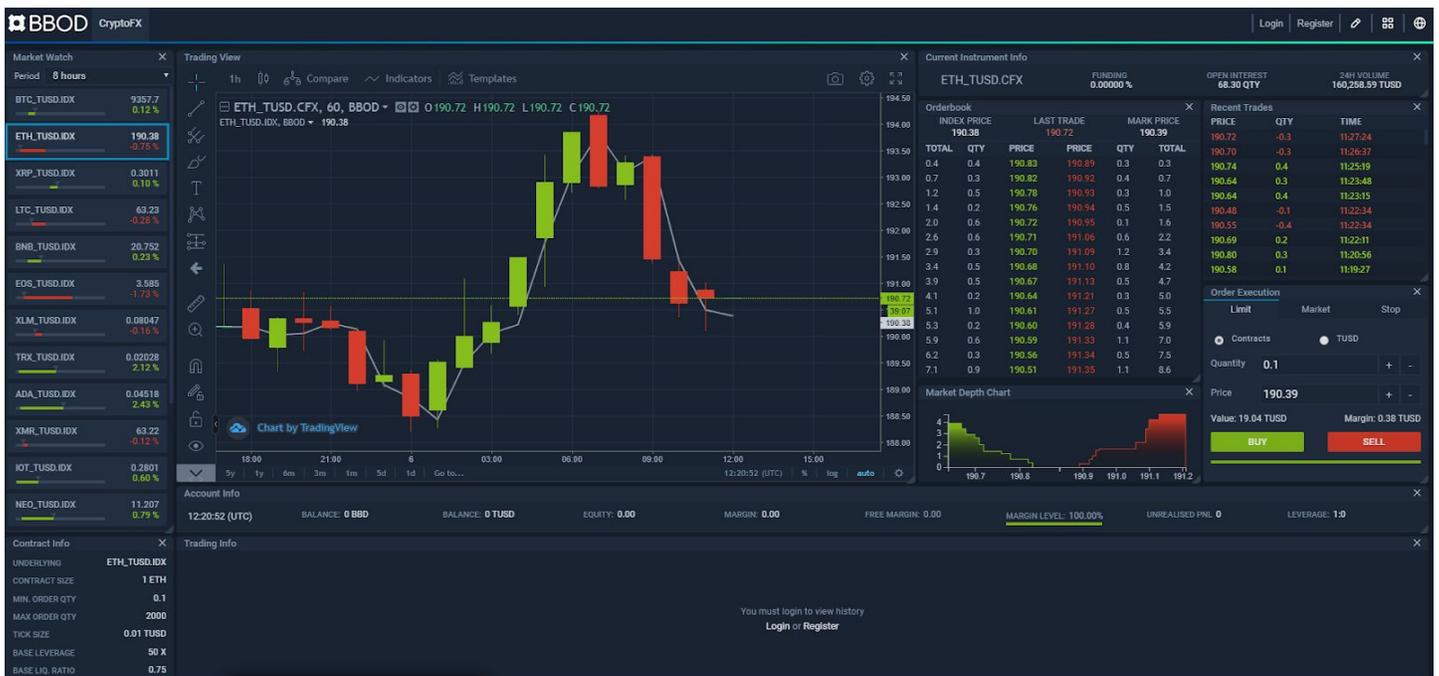
BBOD will list both crypto futures and traditional equity, fixed income, commodity and currency futures.

In the first stage BBOD will list the following perpetual contracts on 17 cryptocurrencies: Bitcoin, Ethereum, Ripple, EOS, NEO, Tron, Binance, Litecoin, Stellar, Cardano, IOTA, Monero, NEM, ICON, Elastos, Decred, Digibyte, all contracts vs. TUSD.

Platforms and Connectivity

Currently we offer a mobile “responsive” web App. In the next stage we will offer native Android App and native iOS App in Q2/2020. REST and WebSocket APIs will be offered in Q1/2020.

Preview of the platform UI



Competition

Below is an overview of **top derivatives exchanges features**:

	BBOD	Bitmex	Deribit	FTX
Crypto Futures	✓	✓	✓	✓
Leverage	25-50x	Up to 100x	Up to 100x	Up to 100x
Collateral	TUSD, BBD	BTC	BTC, ETH	USD Stablecoin
Zero-Fee trading	✓	✗	✗	✗
Non-custodial accounts	✓	✗	✗	✗
Transparency	High	Low	Low	Low
Proof-of-Solvency	✓	✗	✗	✗
# of underlying assets	17	9	2	25

Below is a comparison of **specifications of BTC/USD perpetual contracts** at other platforms:

Exchange	BBOD	Bitmex	Deribit	Bitfinex	Kraken
Min. tick size	0.1 TUSD	0.5 USD	0.5 USD	0.1 USD	0.5 USD
Min. contract size	0.001 BTC	1 USD	10 USD	0.001 BTC	1 USD
Settlement	TUSD	BTC	BTC	USD	BTC
Taker Fee	0.0675%*	0.075%	0.075%	0.075%	0.075%
Maker Fee	-0.025%	-0.025%	-0.025%	-0.02%	-0.02%

* Assuming you can buy 500 BBD tokens during the public token offering for $500 * \$0.26 = 130$ TUSD, and you can enjoy a life-time 10% discount on takerfees

BBD Token

BBD overview

BBD is the exchange token of BBOD. BBD is an ERC20 token. You can find it on etherscan [here](#).

BBD tokens will be listed on BBOD on 10th December 2019.

- Total supply: 117,399,409 BBD (341 addresses)
- Max. supply: 275,803,582 BBD (356 addresses)

Note: Max. supply is higher than total supply because BBOD executed a 'token migration' in 2018. BBD token-holders migrated the tokens from the old contract address to the current contract address. As a result, BBD token-holders received additional BBD tokens. The split ratio was 100-for-1.

The old contract address: 0x5ca71ea65acb6293e71e62c41b720698b0aa611c

Below is an overview of **top exchange platform tokens**:

Exchange	Type	Volume (mln)	Token	Price	T. Supply (mln)	MarketCap (mln)
Binance*	Spot/Futures	2,700 mln	BNB	\$20.50	187 mln	3,843 mln
Huobi*	Spot/Futures	4,550 mln	HT	\$3.83	500 mln	1,915 mln
Bitfinex	Spot/Futures	122 mln	LEO	\$0.94	999 mln	944 mln
Okex*	Spot/Futures	5,000 mln	OKB	\$3.02	300 mln	906 mln
FTX	Spot/Futures	244 mln	FTT	\$1.42	349 mln	495 mln

* Volume includes spot and derivatives marketplaces

** Market Data from coinmarketcap.com (spot, token) and coingecko.com (derivatives) as of 29 Sept 2019, 9:00-10:00 AM UTC

BBD utility

- **Collateral:** BBD is used as collateral for margined positions on the BBD-settled futures market (eg. BTC/BBD perpetual contract.) This increases utility and demand for BBD.
- **Zero-Fee trading:** There are no transaction fees (zero) on the BBD-settled futures markets (eg. BTC/BBD perpetual contract).
- **Fee Discounts:** Users pay reduced trading fees on the TUSD-settled futures market based on their BBD balance and daily trading volume. Staking tokens slows down the velocity of the coin and increases its value.
- **Rewards:** Earn more in trading competitions when you hold the BBD Token. Gain access to a premium affiliate link.

Our discounts are one of the most attractive in the crypto derivatives industry. Up to 20% discount, and the minimum needed to get a 10% discount is just 500 BBD (\$130 worth / \$0.65 per BBD).

If you are an active trader (+\$100,000 volume/day) and you purchased 10,000 BBD tokens during the public sale for 10,000 * \$0.26 = 2,600 TUSD you can enjoy a life-time discount of 20% off the fees and expect that the BBD token's value will increase vs. USD.

If you are a less active trader, e.g. you trade once a week, then you can buy 500 BBD tokens for 500 * \$0.26 = 130 TUSD, enjoy a life-time 10% discount on fees and expect that the BBD token's value will increase vs. USD.

For comparison, you will need \$1,300 of funds – that you can't trade – in OKB (at Okex) just to qualify for a reduction in taker fees from 0.075% to 0.072% (4%).

The table below presents the current **fee discount structure**.

Level	Daily Trade Volume		BBD holdings	Discount
0	≥ 0 TUSD	or	≥ 0 BBD	0.00%
1	≥ 0 TUSD	and	≥ 500 BBD	10.00%
2	≥ 10,000 TUSD	and	≥ 1,000 BBD	12.50%
3	≥ 20,000 TUSD	and	≥ 2,000 BBD	15.00%
4	≥ 50,000 TUSD	and	≥ 5,000 BBD	17.50%
5	≥ 100,000 TUSD	and	≥ 10,000 BBD	20.00%

The table below presents **trading fees comparisons** for Bitcoin/USD contract across top derivatives exchanges.

Exchange	BBOD	Bitmex	Deribit	Kraken
Maker fee	-0.025%	-0.025%	-0.025%	-0.025%
Taker fee	0.075%	0.075%	0.075%	0.075%
Taker fee (10% discount)	0.0675%	-	-	-
Taker fee (20% discount)	0.0600%	-	-	-

BBD Pre-listing Token Offering

The offering details

BBOD decided to offer 8 mln tokens with discount for the public sale ahead of the first listing. This non-dilutive secondary offering does not dilute tokens held by existing token holders because no new tokens are created.

BBD vs. TUSD will be listed on the BBOD exchange on December 10th, 2019. BBOD is aiming to list the BBD token at 0.65 TUSD per 1 BBD. We also will list BBD tokens on two additional exchanges by the end of Q1/2020.

Total tokens left for sale	8,000,000 (3% of Max. supply)
The sale starts	November 19th, 2019 at 9pm HK time
The sale ends	December 9th, 2019 at 9pm HK time
First listing BBD price	0.65 TUSD
First listing time and date	December 10th, 2019 at 9pm HK time
Accepted currency	ETH
Minimum size	1 BBD

The prices for BBD tokens are displayed as an 'estimated price in USD'.

The public offering schedule with details is presented in the table below:

Start	End	Amount BBD	Discount	Price
19 November 2019	25 November 2019	8,000,000	60%	\$0.26
26 November 2019	2 December 2019		30%	\$0.455
3 December 2019	9 December 2019		10%	\$0.585
Listing BBD/TUSD at BBOD - December 10th, 2019		-	0%	\$0.65

Intrinsic value estimation

Exchange tokens exhibit heterogeneity in terms of token economics which drives a wide range of absolute valuations ranging from a couple of \$million to \$3 billion (BNB token). There are many factors which impact the price of an exchanges' tokens including its token utility, brand trust, an exchange age and trading volume at the exchange.

We decided to find the most similar exchange to gauge the potential value of BBD, by taking into account the following factors:

- products offering
- age
- token economics

Our pick is FTX (ftx.com). This exchange is relatively young - it was launched in May 2019, and similarly offers numerous futures contracts on Bitcoin and Altcoins which are stablecoin-settled. Token economics assumes offering a substantial fee discount for FTT holders.

There are 350,000,000 total FTT tokens. On 29th July 2019, the price of the FTT token at the close of the first day of listing was \$1.65 (based on the ftx spot market). This means that market capitalisation based on a fully diluted number of tokens was $350,000,000 * 1.65 = 577,500,000$ USD.

Fully diluted number of BBD tokens (Max. supply) equals 275,803,582. If BBD tokens were offered at the same valuation, this implies that the BBD token would be offered at the price $577,500,000 / 275,803,582 = \2.0938 or 2.0938 USD per 1 BBD token.

However, we decided to offer BBD tokens with a 70% discount in relation to the FTT valuation at the first day of listing. The BBD tokens will be offered at the base price \$0.65 or 0.65 USD per 1 BBD during the first day of the listing at BBOD. During the token sale, we will offer further discounts of up to 60% for users who will purchase tokens during the round of the sale and they will pay as little as \$0.26 or 0.26 USD per 1 BBD which results in a massive 87.5% discount in relation to the FTT token valuation.

Demand for BBD tokens should increase very steeply

BBOD is the world's first cryptocurrency derivatives exchange which will introduce zero-fee trading on BBD-settled futures contracts (to be launched on December 10, 2019). This kind of trading venue is highly anticipated on the crypto market.

To be able to pay zero fee, traders needs to **buy** BBD Tokens as a collateral for margined positions. This will increase demand for BBD tokens. Additionally, the traders will have incentives to **hold** BBD tokens as a collateral to earn the right to keep trading without fees. This in turn slows down the velocity of the BBD token and increases its value. Velocity influences the long-term, non-speculative value of a token.

Intended use of proceeds

- Development: 60%
- Marketing: 30%
- Others: 10%

How To Purchase BBD

Please go to <https://bbod.io/> and follow the buying instructions on the homepage. There is no KYC but the jurisdictional requirements for buying BBD are the same as those for [trading on BBOD](#).

Roadmap

2018 - Q3/2019

Founded and the development began ■ Private Beta launch

Q4/2019

The official launch ■ Ladder trading ■ Zero-Fee trading ■ Spot exchange launch

Q1/2020

Contracts on +20 cryptocurrencies ■ API release

Q2/2020

Contracts on +50 cryptocurrencies ■ Mobile app (Android, iOS) ■ Fixed-date futures contracts

Q3/2020

Rebranding ■ Adding forex, commodities, equities

Q4/2020

Contracts on +100 cryptocurrencies ■ Vanilla options on perpetual contracts

Disclaimer

You are prohibited from taking part in the token sale you are a resident of Prohibited Location or you may be considered a Prohibited Person.

Prohibited Location means (a) the United States of America, Québec (Canada), and all other jurisdictions where services offered by [BBOD](#) are restricted and Albania, Belarus, Bosnia and Herzegovina, Burma, Central African Republic, Cote D'Ivoire, Crimea and Sevastopol, Croatia, Cuba, Democratic People's Republic of Korea, Democratic Republic of Congo, Ethiopia, Ghana, Iran, Iraq, Kosovo, Lebanon, Liberia, Libya, Macedonia, Moldova, Pakistan, Serbia, Somalia, Sudan, Syria, Tunisia, Venezuela, Yemen, Zimbabwe, and any other country/territory subject to comprehensive trade sanctions or embargoes imposed by the United States, the European Union, the United Nations or any other jurisdiction where the services offered by BBOD are restricted and jurisdiction, which is deemed to high-risk according to Financial Action Task Force.

Prohibited Person means anyone: identified on or otherwise subject to the sanctions imposed by the U.S. Department of the Treasury, Office of Foreign Assets Control through the List of Specially Designated Nationals or Blocked Persons ("SDN List") or any other U.S. government list of restricted or denied persons, including the U.S. Commerce Department's Entity, Denied Persons, or Unverified Lists; on sanctions lists administered by or otherwise subject to designation by the European Union or its Member States; sanctioned by the United Nations Security Council; ; organized under the laws of, ordinarily resident in, operating from, or part of the government of a Prohibited Location (as described in Clause 1.1(b)); sanctioned by any other jurisdiction whose economic laws and regulations apply to the use; or prohibited from engaging in any type of trading platforms by any law enforcement agencies.