



NAPOLEONX

WHITEPAPER

2017

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SMART COLLABORATIVE INVESTING

The first 100% algorithmic crypto asset manager surfing on two exponential trends: the quantitative management wave and the crypto currency universe's expansion. Founded by ex-multi-billions asset managers in tier 1 banks, it will propose all-weather performing investment solutions for crypto holders, through Decentralized Autonomous Funds (DAFs).

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Abstract: Investment solutions are still limited within the blockchain ecosystem, restricting investors to manage most of their savings outside the cryptocurrency environment. We believe that the feasibility to invest in a large spectrum of performing assets, through tokenization of the financial markets, would be the game changer for the massive adoption of cryptocurrencies. Indeed, so far cryptocurrencies have mostly been contained as a mean of payment. It is now time to accelerate the "store of value" beyond the simple appreciation against fiat currencies.

We propose the **first solution of smart collaborative investing** dedicated to cryptocurrencies holders, through the creation of **Decentralized Autonomous Funds (DAFs)**. Each DAF will be a crypto-fund whose investment strategy shall be governed by a blend of trading bots. At first, each DAFs will be created for a unique underlying assets. In a second stage combination of underlying assets might be allowed in the DAFs.

The NaPoleonX token (NPX) holders, by participating to the selection of the trading bots, will benefit from (i) the rights to use for their own personal account the trading signals provided by the first trading bots and (ii) a revenue share from the Rental Fees (referred to as "Botons" in this Whitepaper) paid by the DAFs for the use of the trading bots. Botons will be equal to 25% of gross performance. The NPX token holders will get 85% of these Botons for the 10 first DAFs that Napoleon Crypto will create.

DISCLAIMER

This draft White Paper is for discussion and pre-information purposes only. The information contained herein is subject to change. No part of this White Paper is legally binding or enforceable, nor is it meant to be, until it has been discussed, reviewed and revised by Napoleon Crypto SAS' board of directors, board of advisors and lawyers. Please do not copy or disseminate any part of this White Paper without including this disclaimer. The final version of this White Paper will be published as soon as adopted.

The Initial Coin Offering (hereafter, the "ICO") project presented by Napoleon Crypto SAS (hereafter, the "Company") is an unregulated fundraising operation. It poses several risks to buyers, in particular, that of losing all amounts traded for NPX.

You acknowledge and agree that there are risks associated with purchasing, holding, and using NPX in connection with the Company's product, services and platform developed for such products and/or services (hereafter, the "Platform"), as disclosed and explained in this White Paper and in the Terms and Condition available at ico.napoleonx.ai.

If you have any questions regarding these risks, please contact us at customer@napoleonx.ai.

BY PURCHASING NPX, YOU EXPRESSLY ACKNOWLEDGE AND ASSUME THESE RISKS.

Only people who are fully aware of these risks should participate in the ICO. Note also that the ICO excludes certain groups of people such as "U.S. Person" (within the meaning of "Regulation S" of the Securities Act 1933 under U.S. law) and private individual acting on a non-professional basis as a simple consumer (within the meaning of EU Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights).

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WHITEPAPER

INTRODUCTION

The Satoshi's whitepaper and the creation of Bitcoin have been one of the most significant events since the creation of internet. By giving access to cryptocurrencies to anybody, lowering the fees of any transaction and freeing the protocol from the "old" banking system, the blockchain protocol is undoubtedly leading us to a disruptive evolution.

Yet, the expected massive adoption is still on its way. We do believe that this is due to the fact that one core brick is missing: the investment brick. Today, even the most enthusiastic cryptocurrency holders are stuck within the classic banking system to manage their own savings! To reach global adoption, ETH, Bitcoin, and cryptocurrencies in general, need a large spectrum of listed assets that coin holders could invest in, including classical assets such as ETFs, stocks, fixed income, currencies, commodities, etc.

We think that two concomitant elements are creating a new paradigm that will completely redefine the investment industry, to the benefit of the community, while giving anyone access to the best investment strategies. On the one hand, we assist to the emergence of new governance schemes enabled by smart contracts (and the corresponding DAOs, DACs, etc) and on the other hand, we observe the omnipresence of the investing quant strategies and bots in the best hedge funds and banks. Combining these two growing elements allows people to get their complete freedom back on their investments, far from the current investment scheme controlled by the (old)

banking system. Thus, instead of being advised by a banker, maybe more interested in selling its own products, investors would have direct access to a set of Decentralized Autonomous Funds to optimize their risk/return profile. Indeed, they will decide on the investment strategy (financial leverage and trading bots choice) within a growing selection over time to best fit their own needs.

Besides this revolution per se, we think that creating seamless access to a **large set of tangible performing asset classes** will also accelerate the massive use of cryptocurrencies in general. If any cryptocurrency holder could seamlessly manage one's savings to invest in crypto assets, real assets or financial markets, it would be **a game changer, for both the cryptoworld and the traditional asset management industry!**

OUR VISION

1. Tokenization opens the door to DAFs

Our vision is that, within a few years, **most of today's real assets will be tokenized** implying that most of the Stock Exchanges will authorize the issuance of shares in crypto-currencies. Consequently, it will be possible, for instance, to buy Coca-Cola company's or Apple's shares directly in crypto-currencies. At such point, **the crypto-ecosystem will become the new normality, leading to a mainstream status.** From this vision, we have created the DAF (Decentralized Autonomous Fund) concept to give investors access to robust investing strategies on any real or crypto assets diversifying their investment returns.

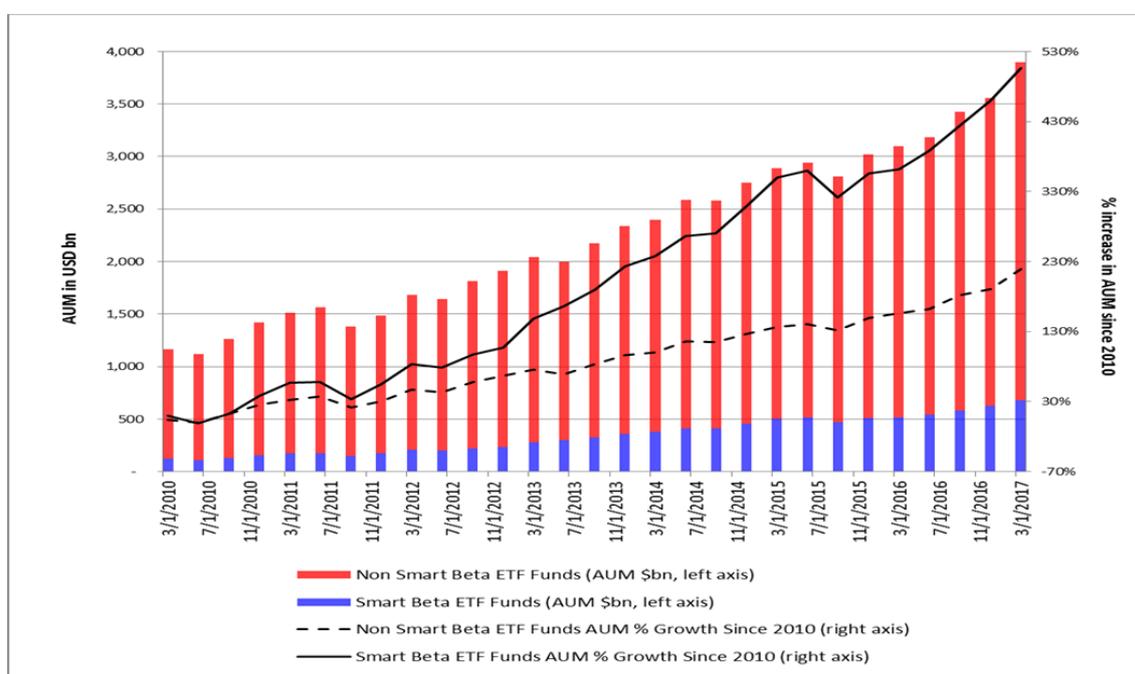
*Once any investment will be accessible to the crypto world, it will be possible to **embed quantitative investment strategies (i.e. trading bots) within smart contracts**, creating the ultimate investment vehicle.*

2. Bypassing the traditional asset management system

The asset management industry has been dominated, in an oligopolistic manner, by large banks or financial institutions for ages. They have collected huge amounts of fees while delivering poor performance. This

has been done on the back of investors, whom are the real risk takers, and it is even more true in a very low rates environment typical of the last decade. Consequently, they have started being challenged by trading bots which are very cost effective. Over the years, algorithms will become smarter and more efficient. They will reduce all these undue expensive management fees down to more acceptable levels.

From a broader perspective, quantitative strategies have gained exponential interests for the last years. As an example, the graph below shows the growth in assets under management for systematic strategies called Smart Beta (black plain line), which are strategies of relative low intelligence, yet exponential interest by traditional investors:



Source: Morningstar, Wells Fargo Investment Institute Global Manager Research, May 2017

3. Extending the investment universe to real assets enables to transfer value and liquidity from the "real" world to the crypto ecosystem

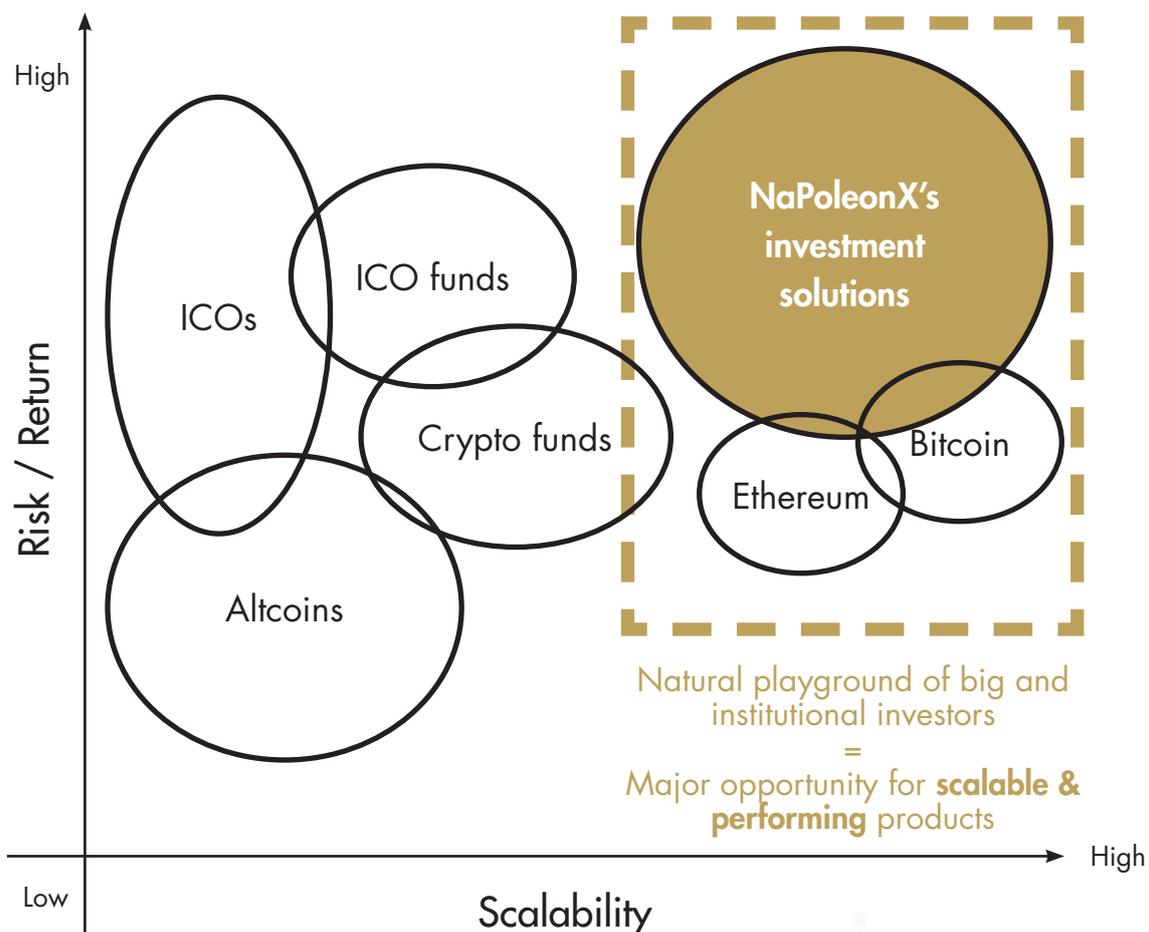
To trade crypto-assets is very convenient since it may benefit from the full power of smart contracts with a completely seamless structure within the crypto environment. However, we are convinced that restricting investments to these assets only would be a mistake, for the following several reasons:

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- Volume
 - Even with the recent market capitalization records, BTC and ETH are still a fraction of the largest asset markets (equities, fixed income ...). Giving the possibility to invest in real assets would allow to **manage larger amounts of funds from day one than simply trading altcoins and bitcoin.**
- Value Transfer
 - With efficient trading strategies, lots of value can be seized from the real world and transfer back to the crypto ecosystem. Such value transfer shall fuel the growth of the crypto world and accelerate its journey towards general acceptance (virtuous cycle).
- Diversification
 - Portfolio management intrinsically relies on diversification. Creating numerous DAFs will offer this possibility.

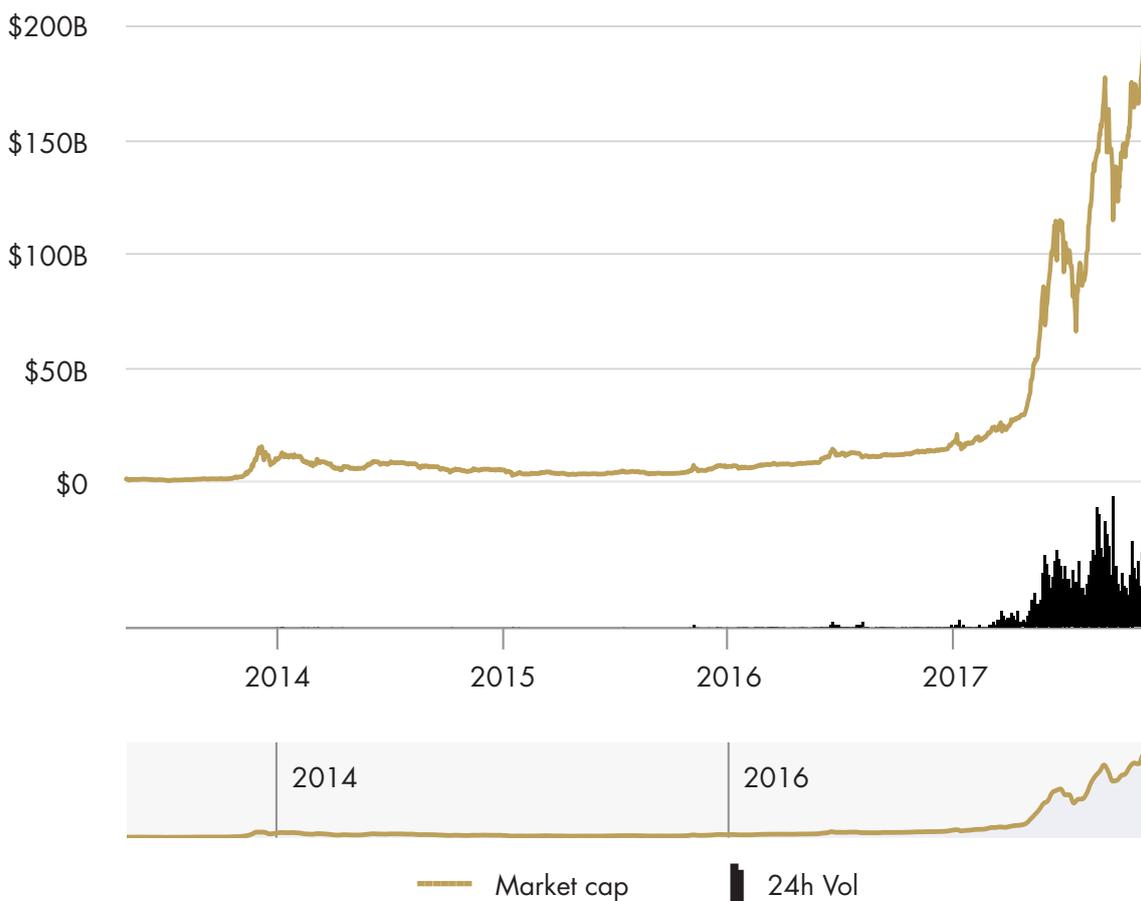
The **NaPoleonX** project has been launched because we believe **we should contribute to the tokenization of real assets happen rather than wait for it.**

The way we are seeing the crypto-market universe of investment solutions:



4. Boosting exponential rise in crypto market capitalization

Total market capitalization for all crypto currencies has experienced an exponential rise due to the beginning of democratization among fiat holders. To develop further there will need to be several conditions including some kind of regulatory framework and the development of investment solutions.



Source: [www. coinmarketcap.com](http://www.coinmarketcap.com)

Our vision is that in a few years time, large institutional investors will start diversifying their investment portfolio in order to incorporate these new assets in their allocation. Before that, Family Offices, Private Bank and Wealth Management Bank clients will also start allocating some of their portfolios into crypto assets.

NAPOLEONX - THE FIRST 100% ALGORITHMIC CRYPTO ASSET MANAGER

1. The project

● NaPoleonX will be the first 100% algorithmic crypto asset manager. The project is founded by ex-multi-billions asset managers in Tier 1 banks, who have already designed, created and traded performing trading bots for the past 15 years.

The NaPoleonX smartcontract will be deployed by Napoleon Crypto SAS, a French company. This company will hold or benefit from the intellectual property over the trading bots for the first 10 DAFs that are proposed in this project. This intellectual property will be shared with NPX token holders according to two modalities: the diffusion of trading signals used by the DAFs and a revenue share over the DAFs bots' rental fees

Napoleon Crypto SAS or a fully owned subsidiary may apply for an asset management license in a EU country as soon as the ICO has been completed. At this stage, France and Luxembourg are strongly considered as potential candidates as both Stéphane Ifrah and Jean-Charles Dudek have managed French and Luxembourg funds during their previous job at BNP Paribas Asset Management and Natixis Asset Management.

As of today, more than 20 performing trading bots are available. A first batch of 10 DAFs will be launched at predefined conditions and only based on Napoleon Crypto intellectual property. After that, a negotiation will be set up between NPX token holders, Napoleon Crypto and potential external strategy provider for each new DAF.

2. The NPX token

● As participant to the NaPoleonX ICO, each subscriber will be attributed some NPX tokens. Essentially, the NPX token is a token giving right to:

- the personal usage of the trading bots signals of the trading bots that will be implemented in the 10 first DAFs. Corresponding signals will be transmitted to the NPX token holders through a mechanism that shall ensure that NPX tokens are needed to access this information. In

addition, there will be a mechanism so that the more tokens are held, the sooner the information is delivered. The usage will be at the sole discretion of the NPX token holders.

- access to rental fees (“Botons”), for the first 10 DAFs . These Botons, which represent a rental fee over the proposed bots, will be payable on a monthly basis and equal to 25% of the positive performance. NPX token holders will be granted 85% of these Botons and Napoleon Crypto SAS 15%. Last but not least, these Botons will be payable in new DAF tokens issuance for the corresponding value.

Besides, the NPX token holders shall have access to a Platform enabling them to access their own account and reporting on DAF tokens received as Botons. This Platform shall also enable anyone:

- to access the updated audits of the several trading bots, to check the latest performances of bots
- to monitor the token events and performance of each DAF,
- and to have access to relevant documentation on trading bots.

3. DAF concept (see Appendix for more details)

DAFs are the ultimate investment vehicles since they intrinsically give access to the latest trading techniques and algorithms (bots). Napoleon Crypto SAS will make available its existing library but will also give access to any future development. Each DAF will use one or a combination of trading bots.

From a legal point of view, DAF may take the form of discretionary mandates, funds or other adequate legal form. From a conservative point of view, Napoleon Crypto SAS (or a subsidiary) may candidate for an asset management license in a EU Country, that shall be preferably France or Luxembourg, mainly due to the asset management experience of the founders in both countries.

Due to their underlying legal structuring (as mandate or fund for instance), DAFs may be restricted to some specific categories of investors, such as qualified investors. However, even if DAFs may be very interesting for retail investors, the main target of investor is qualified investors with large investment capacities (and needs). It is reminded that, so far and to the founder’s knowledge, NaPoleonX will be the first entity to offer very scalable investment solutions, i.e. able to handle very large amounts of investments (> 100 m€).

New DAFs may be regularly proposed by Napoleon Crypto SAS or any other Strategy Provider (as defined further) to the NPX token holders. In order to be attractive to a large range of investors, DAF may be created with different governance models, Botons' consumptions or even underlying blockchains (including BTC).

Any Strategy Provider proposing a DAF, shall present the set of eligible trading bots and the governance model enabling to select the trading bots that shall be used together with the financial leverage. It shall also indicate the Botons' consumption, and the portion of the Botons collected that shall be ultimately affected to the NPX token holders.

Botons shall be paid by each DAF on a monthly basis, by the issuance of new DAF tokens, matching the value of the Botons consumed on the previous month. At payment dates, the Net Asset Value of a DAF token is computed (the NAV price), and the amount of the Botons consumed is issued at the NAV price to the benefice of the NPX token holders, the Strategy Provider and Napoleon Crypto SAS.

4. Revenues assumptions

A base case scenario based only on the 10 first DAFs detailed on the Blackpaper can be drawn.

Taken the following hypothesis:

Global hypothesis

Nb of NPX tokens detained	100
Nb of NPX tokens issued	10 000 000

1) Use of trading signal

Beginning date	1/4/2018
Personnal investment in ETH (hyp.)	10

2) Revenues share from trading bots

SCO each x months	6
Botons (Perf Fees)	25%
To NPX	85%

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DAF N°	Yearly gross perf (hypothesis)		Use of trading signal	Revenues share of Botons from 10 first DAFs		
	Yearly gross perf (hypothesis)	Monthly gross perf	Personal Investment (hypothesis)	ICO month post AM License	AuM in ETH	AuM per SCO
DAF1	50,00%	4,17%	1	2	40 000	80 000
DAF2	25,00%	2,08%	1	3	40 000	80 000
DAF3	40,00%	3,33%	1	4	40 000	80 000
DAF4	10,00%	0,83%	1	5	40 000	80 000
DAF5	30,00%	2,50%	1	6	40 000	80 000
DAF6	15,00%	1,25%	1	7	40 000	80 000
DAF7	45,00%	3,75%	1	8	40 000	80 000
DAF8	10,00%	0,83%	1	9	40 000	80 000
DAF9	50,00%	4,17%	1	10	40 000	80 000
DAF10	20,00%	1,67%	1	11	40 000	80 000

We get the following:

	Base Case NAPOLEONX				
	2018	2019	2020	2021	2022
1) Personal usage of trading signals					
Performance for 100 NPX	2,51	4,68	6,92	10,39	15,76
2) Revenues share from 10 firsts DAFs					
Raised through DAF's ICO/SCO (in ETH)	600 000	1 560 000	1 600 000	320 000	0
Performance generated (in ETH)	68 053	520 674	1 328 693	2 337 545	3 491 236
Asset under management (in ETH)	649 584	2 676 608	5 525 276	8 102 672	11 477 964
Botons to NPX (in ETH value)	14 461	110 643	282 347	496 728	741 888
Botons for 100 NPX	0,14	1,11	2,82	4,97	7,42
Total for 100 NPX	2,66	5,78	9,75	15,35	23,18

5. The Team

5.1 The Founders

The NaPoleonX's project is born in the brains of ex-finance executives who have each more than 15 years of experience in the finance sector.



STÉPHANE IFRAH

.....

Stéphane started developing algorithmic strategies more than 10 years ago at BNP Paribas. Stéphane headed an investment team managing EUR 4.0bn until 2013. He then turned to entrepreneurship and participated in the launch of a Hedge Fund. He has built a more than 20 long standing scalable strategies library over the years. More recently, he has started developing for the crypto currency world. He graduated from the best MS in France (École Polytechnique) and holds another MS degree from ENSP. He also holds a Data Science certification from École Polytechnique.



JEAN-CHARLES DUDEK

.....

Jean-Charles is an experienced banker with more than 12 years in Tier 1 banks. As former Head of Active Protected Fund Management at BNPP AM (heading 3 experienced portfolio managers), he managed more than 3bn€ of AUM for several years. Jean-Charles has a long standing experience on both sell and buy sides. He met Stéphane when they both worked at BNPP. Stéphane asked Jean-Charles to join the project and to bring his management and structuring strong expertise to the crypto universe. Jean-Charles studied Bank, Finance and Insurance in Paris IX Dauphine and Paris X Nanterre.



ARNAUD DARTOIS (PHD)

.....

After several years working as a private equity investor, mainly in the health and waste business, Arnaud became independant advisor and entrepreneur. He's got interested in Blockchain since 2015 and met Stéphane during the Data Science Program organized by École

Polytechnique (French MIT). They formalized the DAF concept in December 2016 and decided to launch NaPoleonX afterwards, to revolutionize the emerging blockchain investment universe. Arnaud holds a MS from École Polytechnique and PhD in Computer Science (Algebraic combinatorics) from École Polytechnique and ENS.

5.2 The Team

STEFAN DUPREY (PHD)

.....

Stefan has a strong and mixed profile being a quantitative developer with extensive expertise in derivatives pricing, electronic trading and asset management but also extensive programming knowledge ranging from C/C++, java up to python and R. Stefan got recently hooked up to smart contract programming and is a blockchain enthusiast. He has been the recipient of a PhD thesis from INRIA at the meeting point between applied mathematics, computer science and physics.

ALEXANDRE COUTOULY

.....

Alexandre is a Software Engineer. He started his career as responsible of several Trading tools on the Listed Products Trading Desk at Société Générale CIB before joining Ernst & Young as a Senior Consultant where he met Stephane. He holds a M.Eng. from Ecole des Mines de Douai.

RÉMI HASSAN

.....

A software engineer with an extensive background in finance. Rémi started his career as a market risk analyst at Crédit Agricole CIB before joining Société Générale CIB as a software engineer. Within delta one trading desk, he was responsible of several tactical tools and automatons.

CARLOS RODRIGUEZ

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Carlos is student at École 42, a school based on a peer-to-peer learning model founded by Xavier Niel, also founder of StationF, the world biggest startup campus. He has great skills in C language and an autonomous, polyvalent profile. He loves blockchain, computer languages and philosophy.

DIANE GUILLEMIN

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After numerous experiences in both international and small companies, Diane developed a keen interest in entrepreneurship and joined NaPoleonX in April 2017 as CMO. She graduated from Panthéon-Sorbonne University in Paris with two Master's Degrees: one in Applied Mathematics and the other one in Banking and Finance.

MARIEN IRZYKIEWICZ, CAIA

.....

Marien holds a Bachelor degree in economics and a Master in finance. He is a CAIA charter holder and a CFA level 3 candidate. After several experiences in investment and risk management, he wanted to dedicate his career to a new challenge, driven by his deep passion for crypto currencies and blockchain revolution.

JIANFEI ZHANG

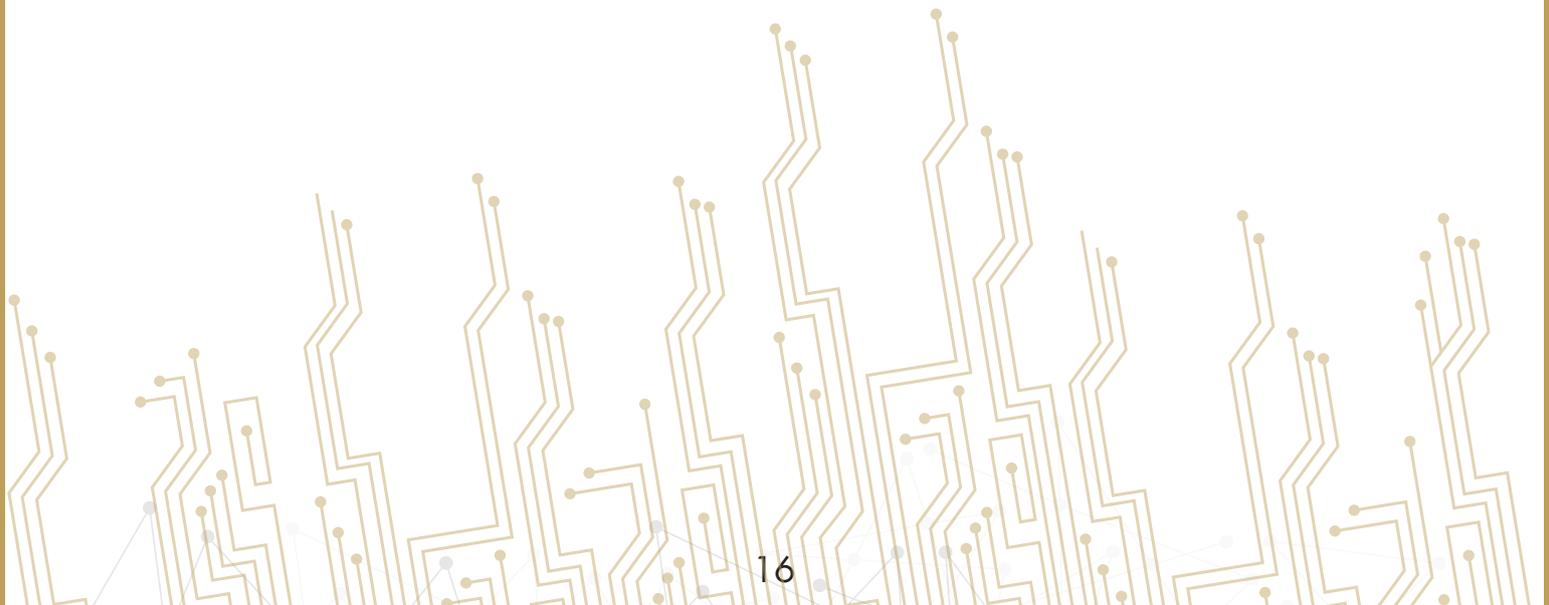
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Jianfei has got a bachelor's degree of Southeast University in Information Engineering and is studying applied mathematics and computer science at École Polytechnique. With experience in web development and deep learning, he is passionate about all kinds of innovative technologies related to computer science.

KUN XU

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Kun is an engineer student at École Polytechnique (French MIT). He has obtained a Bachelor degree in Mathematics in China and he currently works for NaPoleonX as an analyst. He is interested by the Blockchain technology and he prepares himself to participate in the revolution of cryptocurrency.



THE INITIAL COIN OFFERING AND THE FOLLOWING STEPS

1 NaPoleonX ICO

Any crypto-investor will have the opportunity to participate in the NaPoleonX project through an ICO to be launched on 4th December 2017 on the Ethereum blockchain.

NaPoleonX will launch its ICO by issuing **NPX tokens** and is aiming to collect 40 000 ETH that will be sold by Napoleon Crypto SAS, in order to:

- Acquire or rent the required asset management licenses to launch DAFs
- Develop a Platform:
 - to publish indices based on proposed strategies for performance monitoring
 - for NPX token holders to get access to the trading signals of the DAFs
 - for NPX token holders to manage their private account (including collected DAF tokens as payments of Botons) and vote on collective decisions,
 - for future DAF subscribers to manage their portfolio of assets,
 - for DAFs to manage ICO and successive SCOs
- Promote the NPX tokens,
- Promote the DAFs' creation and performances,
- Finance the R&D to create new performing trading bots

There is no minimum amount below which (once the BTC- and EUR-denominated purchases have been converted to ETH using the appropriate daily conversion rate based on the closing values provided at coinmarketcap.com), the Company undertakes to repay each purchaser for the amount received for the purchase of NPX. However, the Company may decide at its sole discretion to repay each purchaser for the amount received for the purchase of NPX (provided that the Company shall not indemnify purchasers for the gas and fees spend for their purchase and repayment). If repayment is not decided, the Company shall issue and deliver NPX to each purchaser.

Hardware wallet and multi-sig:

A hardware wallet will be set up so that all raised amount will be transferred to it after the successful ICO. Solutions proposed by Ledger will be preferred. The aim will be to transfer all amount to a multi-sig smart-contract that will be controlled only from hardware wallets. Such multi-sig contract will be a 4/6 multi-sig, so that the validation of 4 private keys among 6 is necessary to transfer funds from it, except for a small amount per day (20 ETH) as conceived by Consensys on its multi-sig template contract.

2. ICO Mechanism and Issue of NPX tokens

ICO Mechanism

The ICO smart-contract will be used to track all the contributions made by the several subscribers. Due to (i) the founders' past experience, (ii) to the ambition of the NaPoleonX project, (iii) to the early investors considerations, (iv) to the several alerts made by diverse regulators around the world and (v) to the numerous risks of being too borderline, a strong emphasis on the compliance of the ICO process with the local regulation (France) has been decided.

As such, advised by Chaineum and Hubert de Vauplane from Kramer Levin Naftalis & Frankel LLP, it has been decided to follow the following process:

- Contributions will be accepted in ETH, but also in EUR and BTC. For each subscription in fiat or BTC, a daily conversion rate will be applied, ex-post, through the closing values given by coinmarketcap.com.
- Contributions will be received through three (ETH, BTC and EUR) escrow accounts
 - For ETH and BTC contributions, each participant will receive a customized address to send its contribution to, once a KYC/AML process has been cleared, as more detailed below.
 - For EUR contributions, a payment by credit card will be available on top of the regular fund transfers.
- Contributions will be subject to:
 - A minimal amount of 1 ETH or 0,1 BTC or 1000 EUR

- Not being from the following countries:
 - USA (for citizenship or residency)
 - North Korea
 - Iran
 - Iraq
 - Lybia
 - Syria
 - South Sudan
 - Cuba
- Not being a terrorist or a politically exposed person
- A KYC/AML process will be conducted including
 - the declaration of:
 - First and Last Name
 - Date and Location of Birth
 - Current address
 - Purchaser's citizenship and country of tax residence;
 - A copy of:
 - Passport or ID card

This full mechanism may be subject to change. Please refer to our website to get the fully updated process.

Issue of NPX tokens

One hundred Napoleon Coin (NPX) token will be issued for 1 ETH: 100 NPX = 1 ETH. 1 NPX token will be decimalized with 2 decimals.

The smart-contract is a classic ERC20 contract, based on templates by OpenZeppelin and following recommendations of Consensys. It shall be audited by at least two third parties auditors.

Bonus Program

A Bonus Program will reward early subscribers with a maximum 20% bonus, according to the following table:

Bonus	Until the soonest of the two following events	
	Time after ICO launch	ETH raised
20%	24 h	20 000
10%	-	40 000
0	-	60 000

However, each contribution validly registered during the Pre-ICO (as described below) will have access to a 30% bonus rate regardless of the amount. However, Pre-ICO bonus program will be limited to the first 40 000 ETH or equivalent.

If during the Pre-ICO an amount X is committed, this bonus program will start at X and not 0.

Bounty Program, Advisors and miscellaneous

A Bounty Program will be used to pay for external resources (ex: PR), external Advisors or miscellaneous that accept NPX tokens as payment during the pre ICO phase. The Bounty Program will be capped at 15% of the sold NPX tokens, including bonus. Unallocated amounts will be used at the discretion of the Founders. In particular, it would be used to contribute to NPX sale success.

NPX tokens granted to external Advisors shall be blocked for a 3-months period.

Reserve for Founders and Team

Founders and Team will get 15% of the NPX tokens.

To ensure that the Founders and Team will look forward to increase the value of the NPX tokens, they won't be allowed to sell their NPX tokens for a minimum period of 6 months.

3. Uses and Sources

Global Uses and Sources

The target to develop the project is of 40 000 ETH. A max cap of 60 000 is also set up.

Uses	ETH	Sources	ETH
Asset Management license and operational dedicated infrastructure	10 000	ICO token sale	40 000
Set up cost (legal, ...)	2 000		
Napoleon Crypto Platform (including website, Index publisher, Reporting system and Voting system)	4 000		
HR cost	8 000		
Overhead costs	5 000		
Data acquisition	6 000		
PR / Marketing	5 000		
TOTAL	40 000	TOTAL	40 000

If the ICO is successful, Napoleon Crypto SAS shall receive the total raised amount to deploy the program indicated above.

4. Pre-ICO and Green List

As several ICOs have experienced a tremendous interest, the Ethereum Blockchain have suffered high peaks of transactions demand, putting at risk the network itself and jeopardizing subscribers' opportunity to participate in the project.

To cope with this risk, it has been decided to organize a Pre-ICO. To access the Pre-ICO with a 30% bonus, potential subscribers shall have registered

on the Green List (at: <http://bonus.napoleonx.ai>), and notably indicate their Minimal Contribution Intention (in ETH or equivalent) and their email.

For the Pre-ICO, bonus will only be available to people having registered on the Green List. **Contribution and access to a 30% Bonus Program are fully granted** to these subscribers subject to total Pre-ICO bonus limited to the first 40,000 ETH or equivalent.

This will be specified on our crowdsale.napoleonx.ai payment website.

Please, check the following website: <https://www.napoleonx.ai>, for updates about the process. You can also send an email at contact@napoleonx.ai.

5. Roadmap and first DAFs proposed by Napoleon Crypto

The complete roadmap may be seen on the website at: www.napoleonx.ai. It consists in setting up the regulatory and legal framework to launch and run the DAFs and then to propose the first DAFs.

Napoleon Crypto SAS has already more than 20 performing strategies enabling the quick creation of 10 DAFs, as more detailed in the Blackpaper.

For such DAFs, the variables shall be the followings:

- **Strategy Provider:** Napoleon Crypto SAS
- **Underlying Asset:** depending on the strategies (cf Blackpaper for more info)
- **Currency:** mostly ETH and BTC, but cf Blackpaper for more info
- **Min Size:** 20 000 ETH or equivalent in BTC
- **Max Size:** 250 000 ETH or equivalent in BTC
- **Redemption Threshold:** 75% of DAF token
- **Botons' consumption:** 25% of Performance
- **SCO Day:** last day of the month, every 6 months after Launch Day

ACKNOWLEDGEMENTS

The Napoleon Crypto team would like to thank Chainium, Kramer Levin Naftalis & Frankel LLP, Bity, the Asseth and Ethereum France for their comments and suggestions.

LEGAL DISCLAIMER

Any buyer purchasing the Company's products or services expressly acknowledges technical and market uncertainties which are inherent in any business development project as presented in this White Paper (see below for risk factors) and that this project may therefore never come to fruition or may have to be abandoned, without the NPX being used. In such a case, the buyer expressly acknowledges and accepts that it will not be entitled to sue or bring any direct or indirect legal action before the courts, the arbitration bodies or any alternative dispute settlement body, either in France or abroad, against the Company, its directors, shareholders, employees or subcontractors in the event of the non-performance, non-deployment or non-implementation of the project, even in cases where its NPX have lost some or all of their value.

In addition, the Company may not be held liable for any of the following:

- i. use of services that are not compliant with the applicable terms;
- ii. non-performance, failure, malfunction or unavailability of the services due to a third party, the buyer, a third-party product, or the buyer's breach of its obligations;
- iii. indirect damages such as business loss or disturbance, loss of orders, operating loss, infringement of the trade mark, loss of profits or clients (e.g. improper disclosure of confidential information concerning said clients due to failure or piracy of the Platform, third-party proceedings against the client, etc.);
- iv. loss, disclosure or unlawful or fraudulent use of user sign ons by the buyers or third parties;
- v. suspension of access or temporary or permanent suspension of services (in particular, arising from a request issued by an appropriate administrative or judicial authority, or notification received from a third party);
- vi. loss, alteration or destruction of all or part of the content (information, data, applications, files or other items) hosted on the infrastructure, insofar as the Company is not responsible for managing the continuity of buyers' activities, and data backups in particular;
- vii. mismatch between the services and the buyer's needs (in particular, with regard to the sensitivity of the relevant data);

- viii. security incidents relating to use of the Internet, concerning in particular the loss, alteration, destruction, disclosure or unauthorized access to the buyer's data or details on or via the Internet; and
- ix. damages to systems, applications and other items installed by the buyer on the infrastructure.

General warning

This White Paper does not constitute an offer or an invitation to sell shares, securities or rights belonging to the Company or any related or associated company.

None of the information or analyses in this White Paper is intended to provide a basis for an investment decision, and no specific investment recommendation is made. Accordingly, this White Paper does not constitute investment advice or an invitation to invest in any security or financial instrument of any nature whatsoever.

This White Paper does not constitute or form part of, and should not be construed as, an offer for a sale or subscription, or an invitation to buy or subscribe securities or financial instruments. This White Paper, or any of its component parts, does not constitute the basis for, or should not be used as a basis for, or in connection with, a contract for the sale of securities or financial instruments or a commitment to sell securities or financial instruments of any kind.

The Company expressly disclaims any liability for any direct or indirect loss or damage of any kind arising directly or indirectly from:

- i. any reliance on the information contained in this White Paper;
- ii. any error, omission or inaccuracy in said information; or
- iii. any resulting action that may be brought.

This White Paper has been constructed in accordance with the applicable EU regulations.

A NPX does not represent an investment

in a security or a financial instrument within the meaning of EU Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 relating to markets in financial instruments: NPX confer no direct or indirect right to the Company's capital or income, nor does it confer any governance right within the Company;

A NPX is not proof of ownership or a right of control

Control over a NPX does not grant the controlling individual any asset or share in the Company, or in the Platform. A NPX does not grant any right to participate in control over the Company's management or decision-making set-up, or over Platform.

A NPX is not an electronic currency

within the meaning of EU Directive 2009/110/EC of the European Parliament and of the Council of 16 September 2009 relating to access to and pursuit of the business of electronic currency institutions: NPX are not accepted outside the Platform and do not have a fixed exchange value equal to the amount delivered at the time of its issue;

A NPX is not a payment service

within the meaning of EU Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 relating to payment services in the internal market, nor within the meaning of EU Directive N° 2015/2366 of the European Parliament and of the Council of 25 November 2015 relating to payment service 2 (DSP 2): the ICO does not involve the purchase and/or sale of NPX and the Company's business does not consist in receiving currencies against the delivery of NPX; as such, a NPX is not a means of payment either.

A NPX is a cryptographic token used by the Platform.

A NPX is a crypto-currency, i.e. an unregulated digital asset issued and controlled by its developers and used and accepted by the members of a given community.

Sales restrictions

Participation in the ICO is restricted to natural or legal persons acting within the scope of their professional activities. Any private individual acting on a non-professional basis as a simple consumer, within the meaning of EU Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights, is excluded from the ICO.

Documents linked to the ICO may not be transmitted or distributed to a "U.S. citizen" or to mail or email addresses in the United States of America. It is prohibited to transmit, distribute or reproduce documents linked to the

ICO to or for a “U.S. citizen” or within the territories of the United States of America, in whole or in part.

To ensure their eligibility for the purchase of NPX, buyers expressly declare that they are not a “U.S. citizen” (within the meaning of “Regulation S” of the Securities Act 1933 under U.S. law), i.e.:

- i. any private individual resident in the United States of America;
- ii. any partnership or business organized or established under U.S. law;
- iii. any property of which the executor or administrator is a U.S. citizen;
- iv. any trust of which a proxy is an American citizen;
- v. any agency or branch of a foreign entity located in the United States of America;
- vi. any non-discretionary account or similar account (other than a trust or property) held by a trader or other trustee for the benefit of or on behalf of a U.S. citizen;
- vii. any discretionary account or similar account (other than a trust or trust) held by a trader or other trustee, that is organized, established or (if a private individual) resident in the United States of America; and
- viii. any partnership or company if:
 - a. it is organized or established under the law of a foreign jurisdiction; and
 - b. it is formed by a U.S. citizen primarily for the purpose of investing in securities not listed under the U.S. Securities Act, unless it is organized or established, and owned, by accredited investors who are not private individuals, trusts or properties.

Warnings on the risks inherent to the ICO

Risk of loss of access to a NPX due to loss of credentials

Until it is distributed to the buyer, the said buyer’s NPX may be linked to a Company account. You can only access the Company account using the credentials selected by the buyer. The loss of these credentials will result in the loss of the NPX. Good practices advise buyers to store their credentials securely in one or more backup locations that are geographically separated from the work location.

Risks Associated With the Ethereum Protocol

Both NPX and the Platform are based on the Ethereum protocol. Therefore, any malfunction, unplanned function or unexpected operation of the Ethereum protocol may cause the Platform or NPX to malfunction or operate in a way that is not expected. Ether, the native Ethereum Protocol account unit, may itself lose value in a similar way to NPX, and also in other ways.

For more information on the Ethereum protocol, see
 > <http://www.ethereum.org/>

Risks associated with the buyer's credentials

Any third party that obtains access to the buyer's credentials or private keys may be able to use the buyer's NPX. To minimize this risk, buyers must protect themselves against people gaining unauthorized access to their electronic devices.

Legal risk and risk of adverse regulatory intervention in one or more jurisdictions

Blockchain technologies have been reviewed by various regulatory bodies around the world, including within the European Union. The ICO has been structured to comply with EU law applicable at the time of the offer.

The operation of the Platform and of NPX may be impacted by the passing of restrictive laws, the publication of restrictive or negative opinions, the issuing of injunctions by national regulators, the initiation of regulatory actions or investigations, including but not limited to restrictions on the use or ownership of digital tokens such as NPX, which may prevent or limit development of the Platform.

Given the lack of crypto-currency qualifications in most countries, each buyer is strongly advised to carry out a legal and tax analysis concerning the purchase and ownership of NPX according to their nationality and place of residence.

Risk of an alternative, unofficial Platform

Following presales and development of the original version of the Platform, there is a possibility that alternative platforms may have been established using the same open-source code and open source protocol that underlies the Platform. The official Platform may find itself in competition with these alternatives, unofficial platforms based on NPX, which could potentially adversely impact the Platform and NPX.

Risk of a lack of interest in the Platform or distributed applications

There is a possibility that the Platform may not be used by a large number of companies, individuals and other organizations, and that there may be limited public interest in the creation and development of distributed applications. Such a lack of interest could impact on the development of the Platform and, therefore, on the uses or potential value of NPX.

Risk that the Platform is not developed

The main right associated with NPX is the right to receive the Botons from, and to use the trading bot signals of, the 10 first DAFs implemented on the Platform. The value of the NPX is therefore heavily correlated with the existence of such Platform and/or such DAFs, which have not yet been implemented. NPX may lose part or all of their value if the Platform and/or DAFs are never fully developed.

Risk of non-performance of the DAFs

The main right associated with NPX is the right to receive the Botons from, and to use the trading bot signals of, the 10 first DAFs implemented on the Platform. The value of the NPX is therefore heavily correlated with the performance of such DAFs. Such performance is not guaranteed, and NPX may lose part or all of their value if the DAFs do not perform as expected.

Risk that the Platform, as developed, does not meet buyer expectations

The Platform is currently under development and may undergo significant redesign prior to its launch. For a number of reasons, not all buyer expectations concerning the Platform or NPX's form and function may be met on the launch date, including changes in design, implementation and execution of the Platform.

Risk of theft and piracy

Hackers or other malicious or criminal groups or organizations may attempt to interfere with the Platform or the availability of NPX in several ways including, but not limited to, denial of service attacks, Sybil attacks, mystification, surfing, malware attacks, or consensus-based attacks.

Risk of error in the source code

The distribution of NPX to each purchaser may be adversely affected by various human and technical errors in the source code of the Smart Contract System or in the source code of the escrow accounts mentioned above.

Risk of security weaknesses in the Platform's core infrastructure software

The Platform's core software is based on open source software. There is a risk that the Company team, or other third parties, may intentionally or unintentionally introduce weaknesses or bugs into the core infrastructure elements of the Platform, by interfering with the use of, or causing loss of, NPX.

Risk of weakness or exploitable breakthrough in the field of cryptography

Advances in cryptography, or technical advances such as the development of quantum computers, may present risks for crypto-currencies and the Platform, which could result in the theft or loss of NPX.

Risk of a NPX mining attack

As with other decentralized cryptographic tokens and crypto-currencies, the blockchain used for the Platform is vulnerable to mining attacks, including but not limited to, dual-expense attacks, powerful mining attacks, selfish mining attacks, and critical competition attacks. Any successful attack poses a risk to the Platform, the expected performance and sequencing of the Company's markets, and the expected performance and sequencing of Ethereum contract calculations. Despite the best efforts of the Company's team, the risk of known or new mining attacks exists.

Risk of the Platform failing to be used or adopted

While NPX should not be considered an investment, their value is bound to change over time. This value may be limited if the Platform is not sufficiently used and adopted. In such a case, there could be few or no markets at the Platform launch, which would limit the value of NPX.

Risk of a tight market for NPX

There are currently no exchanges or trading facilities on which NPX can be traded. If such exchanges or trading facilities do develop, they will probably be relatively new and subject to poorly understood regulatory oversight. They may therefore be more vulnerable to fraud and default than the established

and regulated exchanges that exist for other products. Should exchanges or trading facilities that represent a substantial part of the NPX trading volume be involved in fraud, security failures or other operational problems, the failures of such exchanges or trading facilities may limit the NPX value or liquidity.

Risk of an uninsured loss

Unlike bank accounts or accounts in other regulated financial institutions, funds held through the Company or Ethereum network are generally uninsured. At present, there are no public or private insurance agents providing buyers with coverage against a loss of NPX or a loss of value.

Risk of winding-up of the Company's project

For a number of reasons including, but not limited to, an unfavorable fluctuation in Bitcoin value, an unfavorable fluctuation in NPX value, the failure of business relationships or competing intellectual property claims, the Company project may no longer be a viable activity and may be dissolved or simply not launched.

Risk of malfunction in the Platform

The Platform may be impacted by an adverse malfunction including, but not limited to, a malfunction that results in the loss of NPX or market information.

Unforeseen risks

Crypto-currencies and cryptographic tokens are a new, untested technology. In addition to the risks stipulated above, there are other risks that the Company's team cannot predict. Risks may also occur as unanticipated combinations or as changes in the risks stipulated herein.

Recent regulatory actions

As mentioned above, operations of the Platform, the DAFs and the NPX may be impacted by future restrictive laws, regulations, opinions, decisions, injunctions, actions or investigations by national regulators and lawmakers.

Some regulators have already initiated formal or informal proceedings related to the regulation of ICOs and tokens, some of which are listed hereunder. This list is provided for information purpose only and do not constitute legal advice.

- The United States Securities and Exchange Commission (SEC) issued (i) a report dated July 25, 2017 stating that tokens offered by the company The DAO were securities within the meaning of the 1933 Securities Act, and (ii) an “investor bulletin” informing potential investors on ICOs.
- The United Kingdom Financial Conduct Authority (FCA) issued a statement on September 12th, 2017 warning potential investors about the risks associated with ICOs.
- The Canadian Securities Administrators (CSA) issued a “staff notice” dated August 24th, 2017 in which it states that ICOs might be governed by Canadian securities laws (knowing that tokens would, however, not always constitute securities for the purpose of such laws) or by Canadian derivative laws (if the products issued qualify as derivatives).
- The Israel Securities Authority (ISA) published a statement dated August 30th, 2017 announcing that it would organize a committee to study the applicability of securities law to ICOs.
- The People’s Bank of China, together with other Chinese regulators, issued a statement dated September 4th, 2017 prohibiting token fundraising transactions. Companies that have already launched an ICO are required to refund the tokens issued.
- The Monetary Authority of Singapore (MAS) released a statement dated August 1st, 2017 concluding that some tokens might be qualified as securities within the meaning of the Singaporean Securities and Futures Act.
- The Securities and Futures Commission (SFC) of Hong Kong made a declaration on September 5th, 2017 in which it stated that tokens may qualify as securities under the Securities and Futures Ordinance.
- The Financial Supervisory Commission (FSC) of South Korea declared, on September 3rd, 2017, that it established a “joint task force meeting” to discuss crypto-currencies regulatory framework.
- The Financial Market Supervisory Authority (FINMA) of Switzerland, in a press release dated September 29th, 2017, announced it was investigating various ICOs. The FINMA specified, in Guidance 04/2017 published on the same day, that ICOs are susceptible, depending on their structuring, to be governed by (i) AML/KYC regulations (ii) banking monopoly provisions (iii) securities and derivatives trading regulations and (iv) collective investment schemes regulations. As mentioned by the FINMA, “due to the close proximity in some areas of ICOs and token-generating events with transactions in conventional financial markets,

the likelihood arises that the scope of the application of at least one of the financial market laws may encompass certain types of ICO model”.

- The Australian Securities and Investments Commission (ASIC) recently published the Information Sheet 225 as guidance about the potential application of the 2001 Corporations Act to businesses conducting ICOs. According to this document, an ICO, depending on how it’s structured, could be qualified as a managed investment scheme, as a public offer and/or as an offer of derivatives.
- Abu Dhabi’s Financial Services Regulatory Authority (FSRA) released guidelines on crypto currencies and ICOs dated October 8th, 2017, in which it specified that (i) existing KYC would be applicable to ICOs and (ii) some tokens, on a case-by-case basis and depending on how they are structured, may be classified as securities while others may be classified as commodities.
- The French Financial Markets Authority (AMF) launched on October 26th, 2017, (i) an ICO assistance and research program dubbed “UNICORN” to provide issuers with a framework for their ICO and to explore potential future regulatory actions, and (ii) a public consultation on ICOs, in which three regulatory options are presented: issuing guidelines on ICOs without changing the existing regulations, placing ICOs under the regime applicable to public offers of securities, or enacting a new, specific regulation for ICOs.
- The Japanese Financial Services Agency (FSA) published an investor alert on October 27th, 2017 underlying the “high risks” associated with ICOs (i.e. token volatility and likelihood of fraud) and warning issuers and investors that ICOs, depending on how they are structured, may fall within the scope of the Japanese Payment Services Act and/or of the Japanese Financial Instruments and Exchange Act.
- New Zealand Financial markets Authority (FMA) published a statement dated October 25th, 2017 on ICOs, explaining that the specific characteristics and economic substance of an ICO will determine if the token should be classified as a financial product. More importantly, the FMA specified that “all tokens or cryptocurrencies are securities under the FMC Act – even those that are not financial products”.

Know your customer procedures (KYC)

As part of the Know Your Customer procedure (KYC), anyone wishing to acquire NPX will have to provide the Company with the following details via the dedicated ICO website prior to purchasing NPX:

- The declaration of:
 - First and Last Name
 - Date and Location of Birth
 - Current address
 - Citizenship
- A copy of:
 - Passport or ID card

Applicable law and jurisdiction

This White Paper and any contractual relationship arising in relation with the products and services sold by the Company are governed exclusively by French law, the Company's commitment being subject to this clause.

The Parties agree to seek an amicable settlement prior to bringing any legal action. Failing this, any dispute, of any nature whatsoever, will be brought expressly before the courts of Paris, as no document can effect a novation or waiver of this jurisdiction clause.

APPENDIX

DAF: THE FUTURE OF INVESTING

1. Implementation of the 10 first DAFs by Napoleon Crypto

Napoleon Crypto SAS has decided to propose its first DAFs according to the features described below. However, from a global point of view, a DAF may be created with less constraints and **any smart-contract able to handle trading bots and to pay Botons shall be eligible as DAF to be proposed to the NPX token holders**. As such, the NPX token holders may benefit from a wide range of investment vehicles.

The 10 first DAFs to be created by Napoleon Crypto SAS, shall consist in a smart contract characterized by a predefined feature and a set of global variables.

Global variables correspond to the investment philosophy behind the initial DAF concept, and consists in the following:

- **Strategy Provider:** the legal entity aimed at proposing quantitative strategies to the DAF
- **Underlying Asset:** the underlying asset the strategy should invest in
- **Currency:** the currency on which the investors want to be exposed
- **Min Size:** the minimal size of the funds at inception

- **Max Size:** the maximal size of the funds
- **Redemption Threshold:** 75% of the DAF tokens
- **Botons' consumption:** 25% of Performance
- **Voting Period:** from 10 calendar days to 3 calendar days before SCO Day
- **SCO Days:** every six months, the subscription may be opened to additional investors through dedicated Secondary Coin Offerings (SCOs).

Besides, a redemption feature corresponding to the possibility to terminate the DAF if the percentage of DAF tokens voting such redemption is above the Redemption Threshold, will be implemented.

2. Global variables

Strategy Provider

The Strategy Provider is any legal entity able to:

- propose a set of performing trading strategies corresponding to the Underlying Asset,
- implement such strategies for the account of the DAF and its subscribers. For this, an asset management license may be required.

Napoleon Crypto SAS will be the initial candidate for the first 10 DAFs. It has already access to a strong portfolio of performing quantitative strategies. More details on these strategies are disclosed in the Blackpaper.

Underlying Asset

Possible Underlying Assets include:

- Equity Index underlying such as: SPXT, SX5E, HSI, NKY, SMI, MXEF, EPRA, etc
- Forex underlying such as: EURUSD, EURGBP, JPYUSD, GBPUSD etc
- Commodities underlying such as: Gold, Silver, etc
- Fixed income underlying such as: TBONDS, BUND, OAT, BTP, etc.
- Cryptocurrencies such as: ETH, BTC, etc.

Each Underlying Asset is anchored to a specific currency, which may be different from the one the investors want their performance to be expressed in.

Currency

As most DAFs should only accept ETH (or BTC) as subscription proceeds, the invariant Currency of the DAF will be chosen between ETH (or BTC) and the currency anchored to the Underlying Asset (referred to as BaseCurr below).

If the chosen Currency was the BaseCurr, it means that the investors could be exposed to the variation between ETH and BaseCurr. In particular, if ETH/BaseCurr earns 20% during a given period, a performance of 10% of the Blend on this period would produce a loss of 12% when viewed as a ETH investment ($-12\% = 1 - (1 + 10\%) * (1 - 20\%)$).

That is why we have decided to denominate the DAFs in ETH with a hedging strategy that will be implemented as follows:

Natural hedging

Strategies developed by Napoleon Crypto use financial instruments (Futures) designed to allow for a substantial leverage (up to c. 8,0x for equities).

To get the target exposure on the Underlying Asset, it may not be necessary to use 100% of the fund cash. An Initial Margin will be calculated by an Exchange that will depend on its nature and underlying volatility. For example, if only 20% of the funds would be required as Initial Margin to achieve a target exposure, 80% of this DAF's fund would remain "unused". They would be kept in ETH. Therefore, part of the DAFs will have a **natural currency hedge**. To calculate the accurate level of fund required, we will use Initial Margin levels from Exchanges together with some headroom management buffers to minimize unnecessary trading between ETH and BaseCurr.

The higher the Financial Leverage is, the lower the natural hedging will be.

Initial Margin hedging

According to the Financial Leverage, part of the investment is not naturally hedged (as described above). However, this remaining part may also be hedged through derivatives listed on some Crypto Exchanges, when such derivatives exist if expressly mentioned within the smart contract.

For instance, with a Financial Leverage of 1, if 20% of the invested amount is not naturally hedged. A derivative hedging such 20% may be bought,

when available, to reduce this currency risk. This will bear costs that should be covered by the performance of the trading bots.

Performance hedging

Even with the best strategies, performance may not be forecasted with precision. The future remains uncertain.

As a consequence, hedging performance against currency risk will be a little bit trickier as performance can come and go. This will induce additional hedging cost but given the volatility in ETH vs BaseCurr this risk may be worth being hedged.

Net Asset Value (NAV)

At any time after its creation, it is very easy to compute the net asset value of the DAF and then of each DAF tokens, since all the assets of the DAF are very liquid and composed of:

- some ETH
- some financial instruments to be exposed to the Underlying Asset
- some derivatives instruments to hedge the BaseCurr

All instruments have at least a daily market value, so that a calculation of a Net Asset Value of the DAF may easily be diffused on a daily basis. The NAV of a DAF token is then computed by dividing the Net Asset Value of the DAF by the number of DAF tokens.

Min Size and Max Size

A minimal size is necessary to preserve the generated performance from execution and fixed costs impacts. Although it may be appreciated on a case-by-case basis, 20 000 ETH is a minimal amount to launch a DAF.

The size of the fund is limited by the capacity of the selected Blend of strategies to generate the same performance when the size is growing. It is most fundamentally linked to the liquidity of the Underlying Asset, but also on the market intervention frequency. Napoleon Crypto will provide **strategies** (mostly low frequency on equity indices) that may **accommodate several hundred million of Euros of investment** without affecting their performances. On the contrary, for less liquid underlying assets (crypto-currencies) or specific trading styles (high frequency), maximum sizes may be very low (less than 50m Euros).

For more details, please refer to the Blackpaper and Goldpaper.

Redemption Threshold

A redemption option is to be offered to let them the opportunity to close a DAF if a sufficient number of subscribers want to. Such option gives an ultimate liquidity to any subscriber whatever the second market may be. The Redemption Threshold is set at 75%.

Botons

To use the trading bots provided by the Strategy Provider, a DAF has to pay some Botons. The amount of Botons is computed from the Performance generated by the blend of trading bots used by the DAF.

Such Performance is computed at the end of each month and paid by the DAF through the issuance of DAF tokens at the NAV of the DAF token calculated on the day before the issuance. For the first 10 DAFs, 85% of such issued tokens will be granted to NPX token holders, whereas 15% will be granted to Napoleon Crypto SAS. Any other Strategy Provider may decide on a different Botons sharing, but the NPX token holders would be the ones deciding at the end to launch or not the DAF proposed by such Strategy Provider.

Net Performance is defined to be the (gross) Performance minus the Botons consumed and any execution costs. Over a given period of time, the Net Performance corresponds to the increase of the Net Asset Value of the DAF tokens.

Botons' consumption is set at the DAF creation and will be 25% of Performance for the 10 first DAFs.

As an example, if, at the beginning of a month, one of the 10 first DAFs has a Net Asset Value of 100'000 ETH, and if there are 100'000 DAF tokens, then the NAV of the DAF token amounts to 1 ETH. If the Performance is 10% at the end of such month, then the gross performance (execution costs excluded) is of 10'000 ETH, of which 2'500 ETH represents the BBotons' consumption (25% of 10'000 ETH). As a consequence, at the end of the month, the Net Asset Value of a DAF token equals $1 \times (1 + 10\% \times (1-25\%)) = 1.075$ ETH. Then, 2'325.5814 DAF tokens ($2'500/1.075$) shall be issued among which 1'976.74419 ($85\% \times 2'325.5814$) shall be allocated to the NPX token holders having participated to the voting sessions involving the eligibility of the trading bots used by the DAF.

High Watermark

Even with the most performing strategies, returns may be negative from time to time. If a given strategy or blend of strategies experienced a negative monthly return followed by a positive monthly return, no Botons may be collected before the highest past net performance is reached. Such level corresponds to a High Watermark below which no Botons are collected.

The table below shows some example, with a Botons' consumption level set at 25%:

Date	High Watermark	DAF token Net asset Value	Monthly Botons' consumption by DAF tokens	Nb of tokens pre issuance of tokens for Botons payment	Nb of DAF token issued for Botons payment
31/01/2017	1	1	0	100	0
28/02/2017	1	0.8	0	100	0
31/03/2017	1 → 1.3	1.3	$0.1 = 25\% \times 0.4$	100	$7.69230769 = 10 / 1.3$
30/04/2017	1.3	1.2	0	107.69230769	0
31/05/2017	1.3 → 1.6	1.6	$0.1 = 25\% \times 0.4$	107.69230769	$6.25 = 10 / 1.6$

Voting Period

After the ICO creating the DAF, voting sessions shall be organized every 6 months for the DAF token holders. The Voting Period is defined as the 10th calendar day up to the 3rd calendar day after the SCO Day.

DAF token holders may decide to terminate the DAF and redeem it. To occur, the number of voting rights deciding such redemption shall be above 75%.

If redemption is decided, then all non crypto-assets in which the DAF is invested shall be liquidated within 5 days. After such liquidation, the corresponding smart contract shall terminate: DAF tokens are redeemed and all crypto-assets are transferred to the DAF token holders in proportion of their share in the DAF.

SCO Day

Each SCO, as defined above, will be proposed at a specific date every 6 months. Such day is defined as the SCO Day. The subscription period will last 7 calendar days starting from the SCO Day.

3. Extension

As detailed above, DAFs are structured to use strategies based on one given Underlying Asset. As such, DAFs may be viewed as elementary investment bricks aimed at being selected to build investment allocation strategies of higher level.

When sufficient DAFs will be created, any asset manager may develop investment strategies using DAFs. Doing so, the volume of invested amounts and the level of performance shall increase so that Botons paid back to NPX token holders shall also increase with time.

DAF may be created on various blockchains, BTC included, as soon as a framework for smart-contract exists (RSK is coming soon on BTC).