



White Paper



EMEX

Committed to creating the fairest and just
Comprehensive digital financial derivatives market

White Paper

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Summary

EMEX is committed to improving the industry ecology of blockchain asset transactions, providing the most professional blockchain asset contract transaction services for global blockchain asset enthusiasts, and creating the most fair and equitable comprehensive digital financial derivatives trading market.

Since the birth of blockchain assets in 2009, from Bitcoin to Litecoin, Ethereum, Quantum Chain, etc., many blockchain assets have increased by hundreds of times, thousands of times, and individual currencies have even seen millions of times the increase in investment has attracted a large amount of investment and speculative funds from around the world. The blockchain asset trading market is known as the market with the best investment returns in recent years. Statistics from the "Wu Xiaobo Channel 2017 New Middle-Class Report" show that the investment in blockchain assets represented by Bitcoin has reached 2.5% of the new middle class! In the process of blockchain asset trading gradually becoming popular, due to the needs of investors for the allocation of mainstream blockchain assets, contract transactions for hedging have emerged, which has greatly promoted the development of the blockchain asset trading market. development of. A major event in the development of the blockchain asset contract trading market, on December 18, 2017, CME Group, the world's largest futures exchange, officially launched Bitcoin futures trading. However, in the current contract transactions, due to various reasons such as severe centralized control and frequent delivery, the situation of artificially created market conditions has intensified, resulting in a large number of users being "fixed-point liquidation", which has seriously affected the user's contract transaction experience and discredited The image of contract trading has led to fewer and fewer users participating in contract trading, resulting in the delay in contract trading volume and open interest, which restricts the healthy development of the contract trading market. The EMEX professional contract trading platform will avoid the centralized manipulation of contract transactions through

scientific product design, enabling the majority of contract trading users to implement contract transactions like spot transactions, making long-term investment in contract transactions possible, and effectively avoiding settlement. The risk of currency price fluctuations, contract profits can be settled in real time, and there will no longer be system losses evenly distributed, etc. It will greatly change the status quo of the contract trading market, provide users with a better contract trading experience, and promote a substantial increase in the volume and open interest of the contract trading market.



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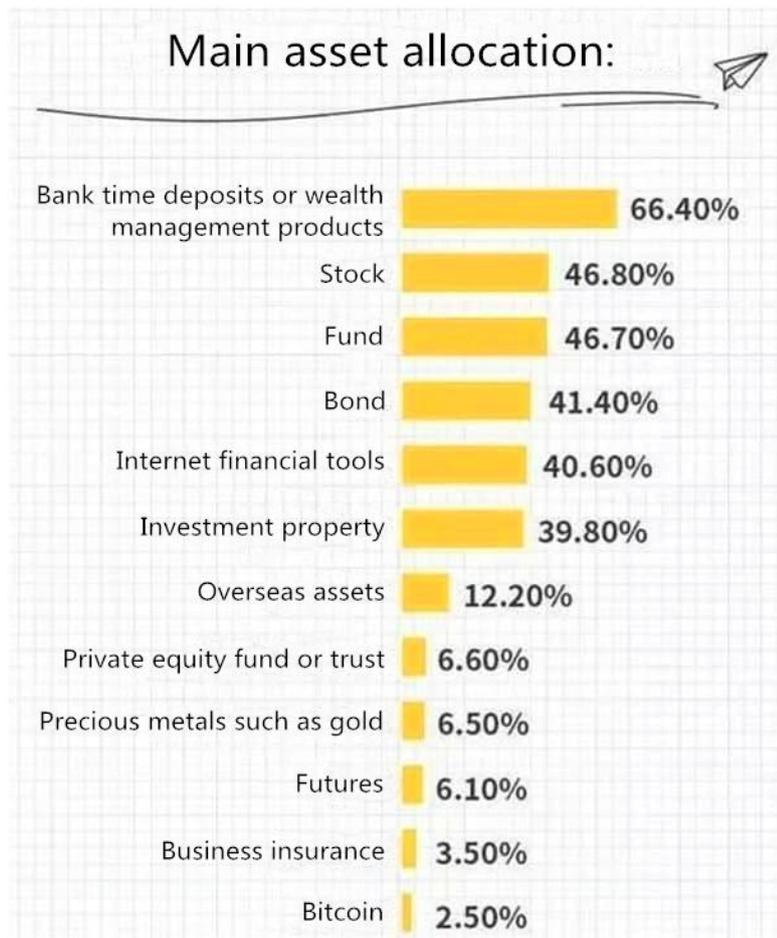


1. Project background

1.1 The development of the blockchain asset trading market

Since the birth of blockchain assets in 2009, from Bitcoin to Litecoin, Ethereum, Quantum Chain, etc., many blockchain assets have increased by hundreds of times and thousands of times, and individual assets have even increased by millions of times. The increase has attracted a large amount of investment and speculative funds from around the world, and the blockchain asset trading market has been hailed as the market with the best investment returns in recent years. It has also become a "wealth-making artifact" in recent years and the birth of the myth of rich wealth More areas.

In particular, with the emergence of some blockchain asset varieties with good transaction liquidity, such as Bitcoin, Litecoin, Ethereum, etc., blockchain asset investment has become an asset allocation method, and it has become more and more popular. Favored by many investors. Statistics from the "Wu Xiaobo Channel 2017 New Middle-Class Report" show that the investment in blockchain assets represented by Bitcoin has reached 2.5% of the new middle class!



And this ratio may be just the beginning. With the rise of the blockchain boom, more and more investment funds, VCs and other investment institutions and individual investors will participate. A recent report released by the Cambridge Innovation Finance Center shows that people's awareness of blockchain assets is broader than expected. It is estimated that more than 3 million people are actively mining, accumulating and storing blockchain assets, and they are still growing. The world-renowned investment bank Goldman Sachs Group also admits that it has become increasingly difficult for institutional investors to ignore the blockchain asset trading market.

1.2 Contract transactions arise at the historic moment

In the process of blockchain asset trading gradually becoming popular, due to the needs of investors for mainstream asset allocation, contract transactions for hedging have emerged, which has greatly promoted the development of the blockchain

asset trading market.

The so-called contract transaction refers to a standardized transaction agreement established by the contract transaction platform. The agreement stipulates that the holder of the contract can settle the price difference of the specific blockchain asset held at a specific price on a certain day in the future for delivery. The main differences from the spot transaction of blockchain assets: First, the direct objects of the transaction are different. The direct object of spot transaction of blockchain assets is the blockchain asset itself, while the direct object of contract transaction is a certain blockchain asset contract, which is how many blockchain asset contracts are bought or sold. Second, the margin requirements are different. Spot trading of blockchain assets is a 100% margin requirement, and contract trading has leverage, which can amplify trading fluctuations. Third, the settlement method is different. Blockchain asset spot transactions are cleared when the goods arrive and are settled all at once. Due to the implementation of the margin system, contract transactions need to be cleared only when the position is closed or forced to settle.

A major event in the development of the blockchain asset contract trading market is that on December 18, 2017, CME Group, the world's largest futures exchange, officially launched Bitcoin futures trading.

1.3 The main problems in current contract transactions

As mentioned in 1.2, the emergence of contract transactions has greatly enriched the trading forms of blockchain assets. The majority of investors can be short-selling, leverage can be expanded with small gains, and those with expected spot demand can achieve hedging, which is positive the effect is also obvious.

But why has contract trading been criticized so far and the transaction volume has not increased since its development? The main reasons are as follows.

1.3.1 Serious centralized manipulation

In the current contract transactions, there are often situations of "woke up in the morning, the price has not changed, and the position is gone". The "fixed-point liquidation" incidents frequently occur and are severely manipulated by big players, especially some trading platforms and big players. It has aggravated the emergence of this situation, resulting in a large number of users being maliciously cut leeks, resulting in fewer and fewer users participating in contract transactions, which is the main reason for restricting the expansion of the contract transaction market.

1.3.2 "Delivery" has become "Harvest"

The original intention of the contract design delivery rules is to prevent the excessive deviation of spot prices and futures prices from an institutional arrangement, but due to the short delivery time (such as weekly contracts) leading to frequent delivery, it is regarded as a serious centralized manipulation. The tools used by large investors to slay retail investors force the majority of retail investors' positions to be contracted less, and "delivery" has become "harvest", and the artificially created delivery market" has intensified, discrediting the image of contract transactions.

1.3.3 The price of settlement currency fluctuates sharply

Most of the current contract transactions are based on the idea of currency speculation. Due to the currency used as a margin, there are severe market price fluctuations, which makes it impossible to achieve effective hedging or constant profit and loss, which often results in less time and less profit. Thanks to the loss or loss of time, it seriously affects the user's contract trading experience and is also one of the important reasons for the contract trading volume and open interest.

1.3.4 Profit cannot be settled in time

In current contract transactions, only the transaction principal can be withdrawn in real time, and transaction profits often have a settlement cycle, which also affects the final effect of hedging transactions and the user's contract trading experience.

1.3.5 There is a system loss sharing problem

So far, the contract trading model has explored a variety of system loss solutions. Whether it is the pre-collected amortized fund model, the system loss sharing model, or the combination of the two models, they cannot solve the system loss problem and affect the user's contract transactions. Experience also affects the effect of hedging transactions.

1.3.6 Single trading variety

The current contract transactions are generally only Bitcoin and Litecoin, and the contract transaction needs of some innovative currencies with better liquidity have not been met.

2. What are we going to do

Committed to improving the industry ecology of blockchain asset transactions, providing the most professional blockchain asset contract transaction services for global blockchain asset enthusiasts, and creating the most fair and just comprehensive digital financial derivatives market.

3. Our advantages

3.1 Decentralized price manipulation

In order to solve the serious phenomenon of centralized manipulation of the current contract trading, in the contract trading designed by EMEX, the contract trading price and the price of closing positions will be separated, and to avoid the problem that the platform is both a referee and an athlete. The index price formed by the digital asset spot trading platform, so that even if the contract transaction price in the platform is maliciously manipulated, it will not cause the user to be maliciously penetrated. Instead, it becomes an opportunity for arbitrage traders to send money, which fundamentally solves the contract transaction. The problem of malicious price manipulation.

3.2 Making long-term investment possible

In order to solve the problem of frequent delivery in current contract transactions, EMEX has designed perpetual trading contracts. As long as users do not actively liquidate their positions or are not forced to settle due to insufficient margin, they can hold a certain blockchain asset for a long time like spot transactions. The contract realizes contract trading like spot trading, which saves the capital cost of trend trading, and no longer has to worry about being “harvested” frequently.

- Speculative traders: eliminate the "delivery market", technical analysis becomes more effective;
- Long-term traders: eliminate frequent delivery, do not have to open positions all the time, and can hold positions for a long time;
- Hedging traders: According to the actual date of the spot demand, hedging can be realized more accurately.

3.3 Avoiding the risk of settlement currency price fluctuations

EMEX contract transactions use USDT linked to the U.S. dollar as the trading margin, which not only ensures the constant value of the trading margin, but also avoids the potential risks of direct fiat currency trading.

- Speculative traders: Because the value of the margin is constant, the return on investment can be accurate
- Hedging traders: hedging becomes possible and can be fully hedged
- Programmable trader: can accurately calculate the fund ratio and achieve a trading strategy

3.4 Contract profit can be settled in real time

In the contract trading model designed by EMEX, the contract profit can be settled in time after the user closes the position. Do not wait until the delivery to withdraw the profit, which ensures the maximization of the user's income, which is conducive to the user's reasonable funding arrangement, and it is also conducive to improving hedging. The accuracy of the transaction.

3.5 No sharing of system losses

In the traditional contract trading mode, there will always be system losses. The largest loss in the industry's history has reached a ratio of nearly 50%. As a result, half of the money is allocated, almost for nothing; the hedging seems to

be successful, and the half is divided. After going out, the hedging was seriously distorted and huge losses occurred. In the contract trading model designed by EMEX, there is no longer an even loss of the system, and trend traders and hedging traders can trade with confidence.

- Speculative traders: To maximize profits, the phenomenon of "money divided in half" will no longer exist.
- Hedging traders: Without the loss of the system, full hedging can be achieved and hedging failures can be eliminated.

3.6 Support various blockchain asset deposits and withdrawals

Although EMEX chooses to use USDT as the margin for contract transactions, we have designed a trading model that facilitates the deposit and withdrawal of funds for global users, which can support blockchain asset enthusiasts around the world through various mainstream blockchain assets such as Bitcoin, Ethereum, etc. Deposits and withdrawals.

3.7 Tradable varieties keep pace with the times

The contract trading platform designed by EMEX will promptly reflect the changes in hedging demand in the trading market, keep pace with the times, and promptly introduce varieties and trading models suitable for market needs to promote the development of the contract trading market.

3.8 Lower investment threshold

At present, the threshold for new entrants of some blockchain assets is too high. A typical example is Bitcoin. The current transaction price has reached more than 10,000 U.S. dollars. Although the smallest transaction unit of Bitcoin can be largely divided, for new entrants, it costs tens of thousands to buy less than 1 A currency seriously affects buying confidence. In EMEX's contract trading model, contract transactions are carried out like spot trading, and leverage is used to increase the amount of open interest, thereby lowering the threshold for investors.

3.9 For global investors

The contract trading platform designed by EMEX will continue to support major global languages, provide trading services to blockchain asset enthusiasts around the world, and give full play to the international advantages of blockchain asset trading.



4. EMEX's operating strategy

4.1 Product Strategy

A good product strategy is the cornerstone of a product's success. The following principles will be the basic starting point for our product strategy formulation:

4.1.1 The most scientific product design

Through scientific product design, we avoid the centralized manipulation of contract transactions, so that the majority of contract transaction users can carry out contract transactions like spot transactions, making long-term investment in contract transactions possible, effectively avoiding the risk of settlement currency price fluctuations, and making contracts profitable. It can be settled in real time, and there will be no more system losses evenly distributed, etc.

4.1.2 Product selection that best meets market needs

We are committed to creating the most fair and equitable comprehensive digital financial derivatives trading market. Our product selection will target market demand, keep pace with the times, and continuously enrich trading products to meet diversified market needs.

EMEX contract trading varieties currently include mainstream digital asset contracts such as BTC, ETH, EOS, BCH, XRP, LTC, ZEC, and highly popular platform currencies such as HT, OKB, BNB, and FT contracts, and popular innovative currencies such as NEO, TRX, QTUM, Contracts such as ONT, as well as traditional stock index, commodity contracts, etc.

4.2 Market Strategy

The smell of wine is also afraid of deep alleys, so we will pay special attention to the market promotion of products and continue to expand the audience for the products. details as follows:

4.2.1 Continuously improve transaction liquidity

We will conduct market liquidity diversion through programmatic trading methods to meet the counterparty trading needs of users' transactions. At present, platform currency contracts have the best depth on the entire network, and mainstream currency, stock index, and commodity contracts are advanced in depth, which can fully meet users' transaction liquidity needs.

4.2.2 Gradually promote the market to global users

We will rely on the new market brokerage system, gather the strength of multiple parties, mobilize the private market promotion team, and continuously expand the user group of the contract trading platform.

4.2.3 Continuous marketing activities

We will carry out normalized and continuous industry advertising and market promotion to promote contract trading platforms.

5. EMEX Token ecological overview

EMEX is committed to improving the industry ecology of blockchain asset transactions, providing the most professional blockchain asset contract transaction services for global blockchain asset enthusiasts, and creating the most fair and just comprehensive digital financial derivatives market.

EMEX Token (EMT) is a token issued and managed based on the blockchain ERC20. The platform will use 20% of the monthly transaction fee income as the budget for repurchasing EMEX from the secondary market. There is no deadline; in addition, the platform will follow Will support the use of EMEX Token to deduct transaction fees at preferential prices.

6. The value of EMT

6.1 Use value of EMT

EMT is positioned as the only token used for the EMEX blockchain asset contract trading platform and related ecosystems. This is the most important support point of the use value of EMT. Users who hold EMT can use it to deduct transaction fees and enjoy. Because of the appreciation of repurchase deflation, it can also participate in the subsequent ecosystem construction process of EMEX. With the increasing number of users, transaction volume, and open interest in trading, the demand for EMT will increase.

6.2 Value support of EMT

The value support of EMT mainly depends on its ecological development, which is reflected in the following aspects:

6.2.1 Decrease in circulation

The platform will use 20% of the monthly transaction fee income as the budget for repurchasing EMT from the secondary market. There is no deadline, and the EMT circulating on the market will gradually decrease. As the volume of platform contract transactions continues to grow, this deflationary process will be very obvious.

6.2.2 Deduction of transaction fees

The platform will subsequently support the use of EMEX Token to deduct transaction fees at preferential prices, thereby reducing market circulation and increasing users' use value and holding needs. As the trading volume of platform contracts increases, the number of commission deductions will continue to increase.

6.2.3 Increase in holding users

With the increasing number of platform users, there will be more and more users holding EMT. In addition, we will continue to improve the liquidity of EMT transactions by launching multiple domestic and foreign trading platforms, expand the user group of token holders, and realize the benign interaction between the user group for contract trading and the user group for token trading investment. Develop for mutual promotion.



7. EMT Distribution Plan

EMEX Token is a token issued and managed based on the blockchain ERC20, with a total issuance of 2 billion and will never be issued. The specific distribution ratio is as follows:

Issuance ratio	Issue number	Issued to	Description
30%	600 million	Platform Development Fund	Defrost in 10 years, 60 million per year
20%	400 million	Management team motivation	Defrost in 10 years, 40 million per year
20%	400 million	Marketing	Defrost in 10 years, 40 million per year
10%	200 million	Activity Award	Defrost in 10 years, 20 million per year
20%	400 million	Private placement	Strategic cooperation between qualified investors and institutions

Note:

Unfreezing will start one year after EMEX Token is open for trading.

8. Project schedule

2018

- March, EMEX project started
- May, EMEX beta trading platform is online
- June, EMEX professional blockchain asset contract trading platform goes online for public beta

2019

- June, EMEX token opens private sale
- July, EMEX token is online trading and more spot trading platforms are successively launched
- August, EMEX platform contract trading registered users exceeded 300.000

2020

- June, EMEX trading platform ranks among the top 3 industry contract trading platforms



Attachment: related terms

Hedging

refers to the use of futures contract trading market as a place to transfer price risk, using futures contracts as a temporary substitute for buying and selling commodities in the spot market in the future, buying it now and preparing to sell commodities in the future or needing to buy in the future the price of imported goods is used for insurance trading activities. The basic characteristic of hedging is that simultaneous buying and selling activities of the same type of commodities in the spot market and the futures market in equal quantities but opposite directions, that is, while buying or selling physical goods, selling or buying in the futures market After entering the same amount of futures, after a period of time, when the price changes make the profit and loss in the spot transaction, the loss and profit in the futures transaction can be offset or compensated. Thus, a hedging mechanism is established between "present" and "period", between the short-term and the long-term, so as to reduce the price risk to a minimum. After all, the futures market is an independent market different from the spot market. It will also be affected by some other factors. Therefore, the fluctuation time and range of the futures price may not be exactly the same as the spot price. In addition, there are prescribed trading units in the futures market. The number of market operations is often not equal, which means that the hedger may obtain additional profits or losses when offsetting profits and losses.

Opening and closing a position

Opening a position is also called opening a position or "establishing a trading position" or "establishing a trading position". It refers to the new purchase or sale of a certain number of contracts by investors, which are divided into "buy and open positions" and Sell and open positions".

Contract transactions are the same as spot transactions. One party wants to buy and the other party wants to sell. Closing a position refers to the reverse transaction of the contract in the trader's counterparty, called "closing position" or "hedging". The stop-loss and liquidation measures taken to prevent excessive losses are also called "liquidation".

Long and short

Long means "bullish, buy up", and short means "bearish, buy down".

Delivery

Delivery means that when the contract expires and the user does not choose to close the position in advance, the platform will force the delivery of the expired contract.

Margin trading

When buying or selling a certain contract, a user only needs to pay a certain percentage of the open position of the contract as a margin without paying the full amount. However, the profit and loss are determined according to the actual open position. Make the contract trading profit and loss have a leverage effect. If the trading margin is 2%, 5%, 10%, 20%, 100%, the corresponding leverage ratios are 50 times, 20 times, 10 times, 5 times, 1 time, respectively. Users should be based on market fluctuations and their own the degree of risk appetite chooses the trading leverage that suits you.

Position, position volume

Position refers to the state that the contract trader holds an open position. Open interest refers to the number of open positions held by contract traders
