



Token Sale Summary

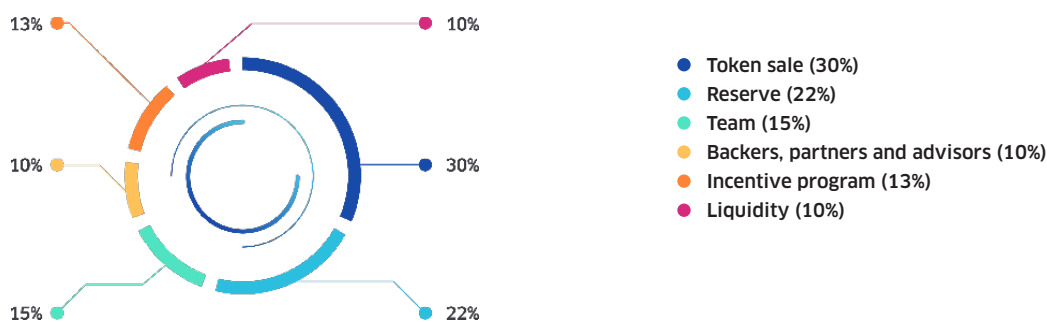
Updated: April 2, 2018

Introduction

In order to launch and grow the COTI decentralised network, COTI is undertaking a token sale that will provide institutional and individual contributors with the opportunity to participate in the COTI project. This document presents key information pertaining to the structure and terms of the token sale.

Token supply and allocations

For all intents and purposes, the total supply of COTI tokens during the formative stages of the network will be limited to 2,000,000,000 COTI. Tokens will be allocated in accordance with the chart below.

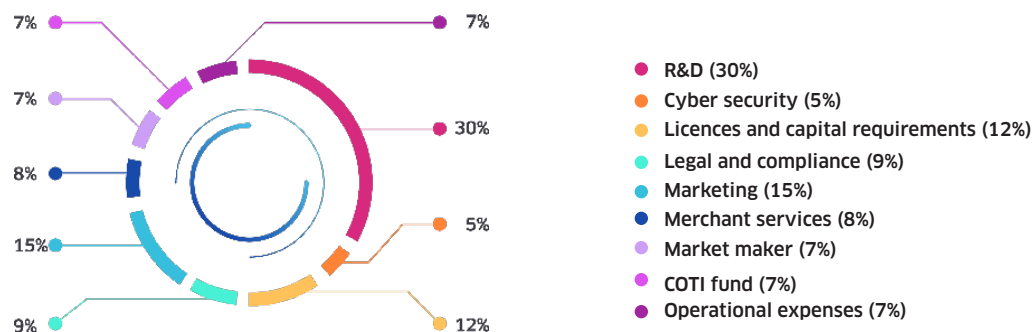


Token allocation	Intended use	Lock-up period*	COTI amount	Allocation percentage
Token sale	Covers the private and public sale	6, 12 or 24 months required for the private sale	Up to 600,000,000** Hard cap: 30,000,000 USD	30%
Reserve	Will be used to fuel the development and stability of the COTI ecosystem. COTI holders may be able to acquire future releases of COTI from the reserve at a discount to the market rate.	Not applicable	440,000,000**	22%
Team	The team will be allocated tokens as compensation for early involvement and to incentivise continued engagement in the network.	24 months: Locked up for the first 6 months, then released proportionally every quarter	300,000,000	15%
Backers, partners and advisors	Token allocation in recognition for the resources and efforts contributed by key partners towards the COTI project.	6,12 or 24 months (required)	200,000,000	10%
Incentive program for partners, merchants, validators and users	Incentive program for partners, validators, merchants and users that is intended to support the COTI network and encourage early adoption.	Not applicable	260,000,000	13%
Liquidity	Provides liquidity measures to support a thriving COTI market.	Not applicable	200,000,000	10%

*For further information on the lock-up periods and respective discounts, please refer to page 5.

** As discounts impact token pricing, we estimate that the amount of tokens sold in the token sale will range from 350,000,000 to 550,000,000. Unsold tokens will be allocated to the reserve.

Use of proceeds



- **R&D (30%)**: Development program encompassing the base layer protocol, the exchange, the consumer and mediator client applications, merchant integration tools and more.
- **Cyber security (5%)**: A multi-tiered security architecture will be implemented to safeguard the COTI network.
- **Licences and capital requirements (12%)**: Used to build a robust global licencing footprint for a number of services, including the consumer wallet, currency exchange and payment services.
- **Legal and compliance (9%)**: Covers various legal and compliance expenses that will be incurred by COTI.
- **Marketing (15%)**: Marketing to merchants and consumers will be a key aspect of fueling the COTI network and building acceptance of the COTI coin.
- **Merchant services (8%)**: Covers the delivery and maintenance of non-software merchant offerings, such as hedging services.
- **Market-maker (7%)**: COTI's automated market-maker will be seeded with capital to establish a healthy functioning market for COTI and other currencies flowing through the network.
- **COTI fund (7%)**: A portion of the proceeds will be set aside to invest in, and assist, other ventures that build upon COTI's technology.
- **Operational expenses (7%)**: Covers various operational expenses that will be incurred by COTI.

All proceeds will be securely stored by COTI and disbursed in accordance with pre-established directives. COTI may invest unused proceeds from time to time as it sees fit and may sell the proceeds in exchange for fiat currency and/or digital assets.

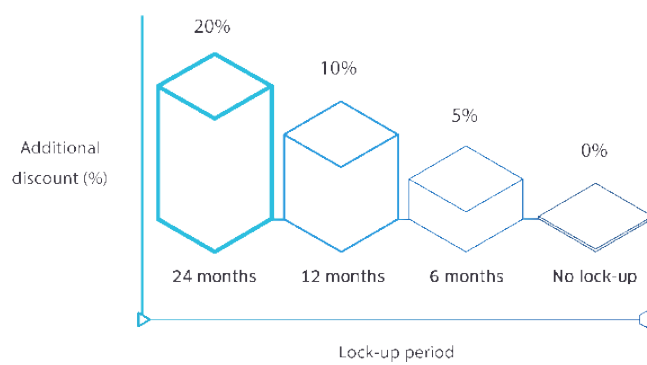
Token sale pricing and mechanics

- The token price will be set at USD 0.1 per COTI*.
- The token sale will consist of the private and public sale. The minimum contribution in the private sale is USD 50,000, or the equivalent in other currencies.
- COTI's intention is to enable a broad base of community members to participate in the token sale. As the total number of tokens available in the private sale will be capped, COTI cannot guarantee that all prospective purchasers from the community will be able to acquire their desired allocations during the public sale.
- All of the token sale contributors will be awarded additional discounts based on their lock-up choice (detailed on page 5 of this document).
- Further information regarding timelines, discounts, KYC procedures, restricted countries and supported payment methods will be made available on COTI's website as the public sale draws closer.
- ERC-20 tokens will be issued for the purpose of providing an official record of tokens sold. Following the launch of the COTI main net, the ERC-20 tokens will be converted into coins issued on the COTI network's transaction ledger with or without prior notice, at COTI's sole discretion.
- The ERC-20 tokens will be issued following the launch of COTI's alpha net and post-listing in COTI's exchange (expected August 2018, but no later than the end of September 2018).
- To further fund the development of the network, COTI may occasionally initiate additional token sales from the reserve.

*COTI's price is denominated in USD for ease of use, however COTI will not be accepting USD payments during the token sale.

Lock-up discounts

- In the interest of creating long-term alignment, contributors will be offered the opportunity to receive additional discounts as a reward for committing to longer lock-up periods.
- Private sale contributors must commit to a lock-up period of 6-24 months on 50% of their tokens, while the team, early backers and advisors must commit to a lock-up period of 6-24 months on the entirety of their tokens.
- Notwithstanding the incentives, it should be emphasised that public sale contributors have no obligation to commit to any lock-up period
- Lock-up periods will commence once the ERC-20 tokens have been issued.



The release of additional reserve tokens

- Due to the directed acyclic graph (DAG) structure and the decentralised nature of the COTI network, it will not be possible for additional COTI tokens to be created following the genesis transaction.
- In order to ensure that the COTI network is able to introduce additional tokens into the supply at a later stage, an additional 2,000,000,000 COTI will be created and locked in reserve, so the maximum supply of the token will be 4,000,000,000 COTI.
- Reserve tokens will not be released prior to the launch of COTI's main net.
- The reserve tokens will be unlocked only under circumstances that would add additional value to the network and maintain its flexibility. For example, reserved tokens may be released for the purposes of collaborating with other networks.
- Any release of reserved tokens will require the majority approval of COTI mediators. COTI as a company will not control the release of tokens from the reserve and will not be entitled to receive any portion of the reserve tokens.

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