

NAPOLEONX

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.

NAPOLEONX 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

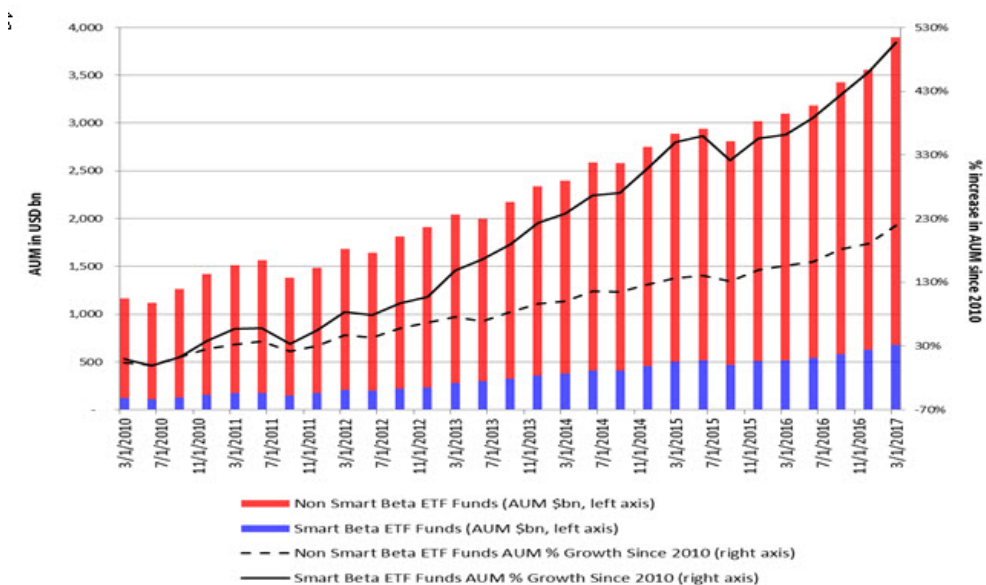
Our vision is that, within a few years, **most of today's real assets will be tokenized** implying that most of the Stock Exchanges will authorize the issuance of shares in crypto-currencies. Consequently, it will be possible, for instance, to buy Coca-Cola company's or Apple's shares directly in crypto-currencies. 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

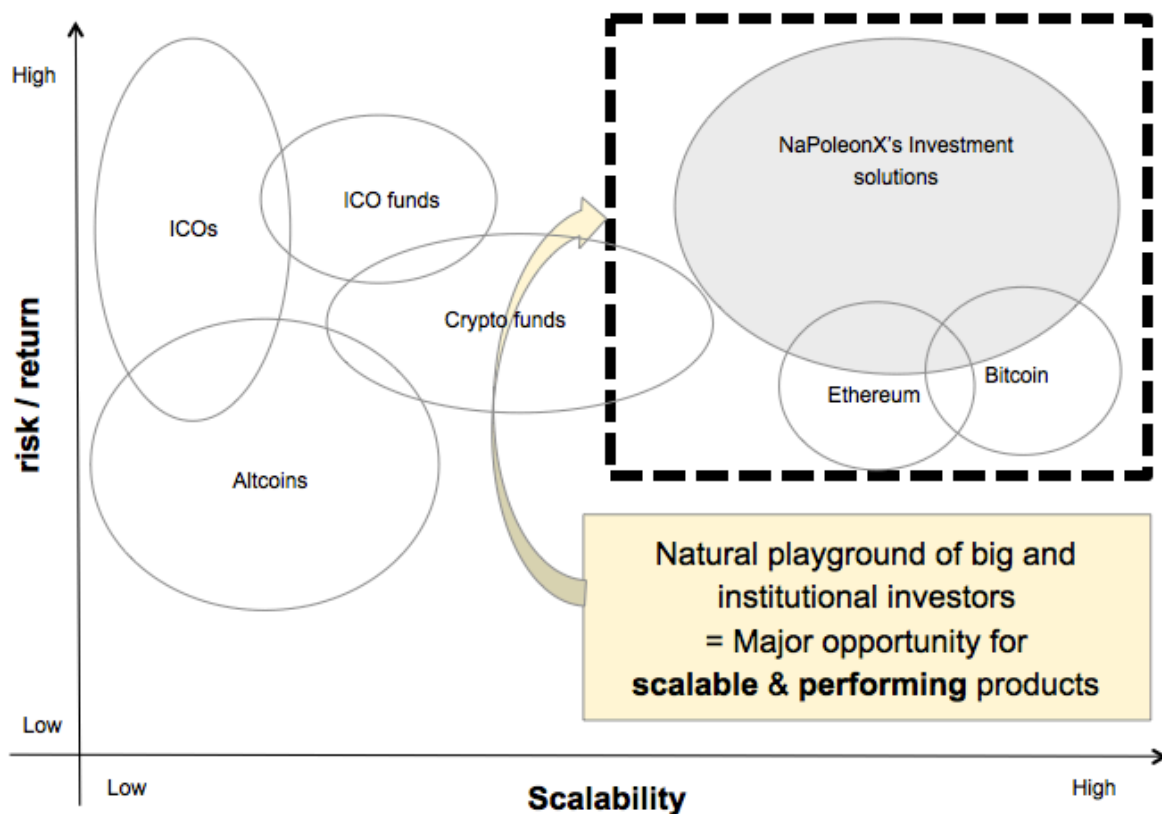
3. Extending the investment universe to real assets enables to transfer value and liquidity from the “real” world to the crypto ecosystem

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:

- 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:

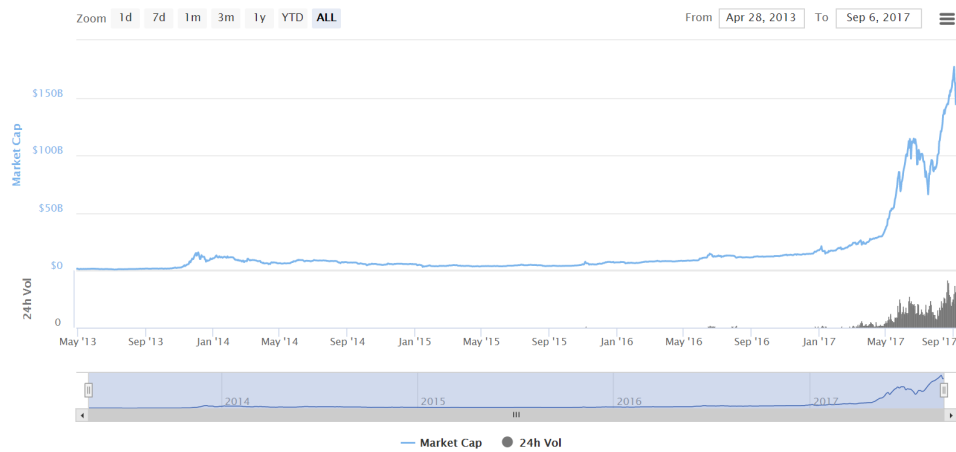


4. Boosting exponential rise in crypto market capitalization

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.

Global Charts

Total Market Capitalization



Source: 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 will 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 hold, the soonest 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 or funds. From a conservative point of view, Napoleon Crypto SAS (or a subsidiary) shall 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), 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
Personal investment in ETH (hyp.)	10

2) Revenues share from trading bots

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

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
DAF 1	50,00%	4,17%	1	2	40 000	80 000
DAF 2	25,00%	2,08%	1	3	40 000	80 000
DAF 3	40,00%	3,33%	1	4	40 000	80 000
DAF 4	10,00%	0,83%	1	5	40 000	80 000
DAF 5	30,00%	2,50%	1	6	40 000	80 000
DAF 6	15,00%	1,25%	1	7	40 000	80 000
DAF 7	45,00%	3,75%	1	8	40 000	80 000
DAF 8	10,00%	0,83%	1	9	40 000	80 000
DAF 9	50,00%	4,17%	1	10	40 000	80 000
DAF 10	20,00%	1,67%	1	11	40 000	80 000

We get the following:

Base case NaPoleonX	2018	2019	2020	2021	2022
1) Personnel 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 throug DAFs' 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.

<p style="text-align: center;">Stéphane IFRAH</p>  <p>Stephane started developing algorithmic strategies more than 10 years ago at BNP Paribas. Stephane 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.</p>	<p style="text-align: center;">Jean-Charles DUDEK</p>  <p>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.</p>	<p style="text-align: center;">Arnaud DARTOIS (PhD)</p>  <p>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 Stephane 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.</p>
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5.2 The Team

Stefan DUPREY (PhD)	Alexandre COUTOULY	Rémi HASSAN
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 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.	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	Diane GUILLEMIN	Marien IRZYKIEWICZ, CAIA
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.	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 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	Kun XU	
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 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. A Green List is available on bonus.napoleonx.ai enabling anyone to secure its participation in the project and receive a 30% bonus on the NPX token issuing price.

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

The ICO will be declared successful in case of a Minimum Amount of 25 000 ETH raised.

Hidden cap:

Although the project has a formal cap of 100 000 ETH, a hidden cap will be set up. It is an incentive for subscribers to not wait until the end of the ICO to contribute. Indeed, in the case of this hidden cap being reached early, the ICO would automatically end prematurely. **It shall ensure that the NPX token demand will be high, even after the successful completion of the ICO.**

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 hardware wallet as soon as a satisfying solution is available. Such multi-sig account 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.

Minimum Amount and Redemption:

If the Minimum Amount of 25 000 ETH is not reached at the end of the ICO period, every subscriber shall receive back its contribution (gas spent for subscription and reimbursement excluded).

If the Minimum Amount of 25 000 ETH is reached at the end of the ICO period, then the total raised amount shall be sent to an account owned by Napoleon Crypto SAS to set up the compliant legal & regulatory structure to run the DAFs.

Based on the Botons' consumption, Napoleon Crypto SAS has a strong incentive to quickly set-up the compliant legal & regulatory structure enabling the run of the DAFs and launch its first new DAFs. Doing so, the NPX token value shall strongly increase. Amount raised over 40,000 ETH, would be mostly used to launch and promote the first DAFs to generate some Botons for NPX token holders.

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 Chainium 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
 - Citizenship
 - A copy of:
 - Passport or ID card

The NPX tokens will only be issued if the Minimal Amount of 25 000 ETH equivalent (once the BTC and EUR have been converted using the appropriate conversion rate) is raised.

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

Issue of NPX tokens

The ICO shall be successful if the Minimum Amount of 25 000 ETH equivalent is raised. 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% discount, according to the following table:

Discount	Until the soonest of the two following events	
	Time after ICO launch	ETH raised
20%	24h	25 000
10%	48h	40 000
0%	-	100 000

However, each contribution validly registered during the Pre-ICO (as described below) will have access to a 30% discount 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.

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

Reserve for Founders and Team

Founders and Team will get part of the NPX tokens to:

- Align their interest with the success of the NPX tokens
- Keep a reserve to be allocated from time to time to helpers and team’s members on the project

Founders and Team marginal Reserve	ETH raised
15%	40 000
10%	40 000 < < 60 000
7.5%	60 000 < < 80 000
5%	80 000 < < 100 000

Once the final NPX token number is known, a single percentage will be calculated on the whole amount and applied to the ICO. In effect, it will be a weighted average based on the grid above. Thus, the higher the ICO, the higher NPX rights to the ICO subscribers.

Besides, 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 100 000 ETH and a hidden cap are also set up.

USES	ETH	SOURCES	ETH
Asset Management license and operational dedicated infrastructure	10 000	Min Cap = First ICO tranche	25 000
Set up cost (legal, ...)	2 000	Second ICO tranche	15 000
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-Sale, potential subscribers shall register there: <http://bonus.napoleonx.ai>, and notably indicate their Minimal Contribution Intention (in ETH or equivalent) and their email.

For the Pre-ICO, contribution will only be available to people 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.

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	107.692307 69	0
31/05/2017	1.2 -> 1.6	1.6	0.1 = 25% x 0.4	107.692307 69	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).