



DIAMCO

Blockchain ecosystem for tokenizing diamonds

www.diamco.io

Annotation

We create liquidity and return consumer appeal to the diamond industry by standardization and turning diamonds into commodity in analogy with precious metals and oil markets

The first product of the platform is AL'COIN token, 100% backed by real diamonds with a set of standard characteristics and predefined quality – DIAMCO Standard (1-1.05 carat, Colorless (D,E,F), Clarity - IF/VVS1/VVS2, Cut/Polish/Symmetry – Excellent, Fluorescence – none, GIA certified, no synthetics)DIAMCO platform is a blockchain ecosystem for efficient issue, logistics and storage of diamonds with its own internal payment tool – DIAM token. By means of DIAM token emission we do the fundraising campaign for DIAMCO platform development and promotion.

Summary

DIAMCO platform is a blockchain ecosystem and associated offline infrastructure for efficient purchase, logistics and storage of diamonds of specified quality.

The goal of the project is to create liquidity for the diamond industry by launching DIAMCO Standard and its subsequent tokenization.

DIAMCO Standard is represented by diamonds with the following characteristics:

- **Weight** – 1-1.05 carats
- **Color** – colorless D / E / F
- **Clarity** – IF / VVS1 / VVS2
- **Cut** (CUT, POLISH, SYMMETRY) – Excellent – XXX
- **Fluorescence** – none
- GIA Certified
- Strictly natural origin

DIAMCO will accept crypto and fiat currencies for purchase of tokens backed by DIAMCO Standard, issued via specialized auctions with the possibility of redeeming the tokens for diamonds in any place of the world in duty-free locations, special distribution centers and – later – vending machines, which are all parts of DIAMCO platform.

The project is developed in partnership with the Maximilian London jewelry house, experts from the world of banking investments and large international funds management, an independent administrator company, and custody storage.

The DIAMCO project is created in two stages:

1. Launch of the blockchain platform after token creation and series of private sales of the DIAM token, which is the "fuel" of the future ecosystem. For now, DIAM token is planned to be on Ethereum ERC20 standard. DIAM - is a utility token. For the full compliance to the regulation tendencies in the USA, the exemption from registration according to the Regulation S or/and Regulation D is going to be applied to DIAM token. The companies of the DIAMCO corporate structure are to be incorporated in Liechtenstein, Dubai or other country if the ongoing operations will need so. The DIAM token will be used:
 - a. as an internal payment instrument for transaction fees, goods, and services on the platform

- b. for customer protection and the platform stability protecting the fulfillment of obligations of platform participants through a special reserve fund and a special prepayment system
 - c. as a means of mandatory cashbacks and discounts for purchase, sale, or exchange of diamond tokens into real stones and to compensate the difference in prices arising due to small fluctuations in weight and characteristics of DIAMCO Standard diamonds in a custody storage.
2. Launch of blockchain-based multi signature auction (which is itself a smart contract) system to process the sales of DIAMCO Standard diamonds, as a result of which the platform generates AL'COIN tokens backed by real diamonds of set quality with strict accounting and regular audit: 1 AL'COIN = 1 diamond

Standardization of the diamond market will create a depth as in the case of the market of precious metals or other commodities, such as crude oil. The issuance of a digital token backed by real diamonds solves a number of issues such as:

- Lack of a stable coin with transparent audit and physical value backing in an extremely volatile and immature cryptocurrency market
- Convenient purchase, logistics, storage, exchange, and sale of diamonds on the market conditions without additional credit risk
- Effective taxation due to the possibility of non-cash and crypto payment, as well as not having to import physical diamonds into the territory of residency and pay additional fees and VAT

This document discloses in full detail the problems described above, the methods proposed to solve them with the DIAMCO blockchain platform, as well as details of the creation, generation, distribution, and purchase of DIAM and AL'COIN tokens.

Keywords: alternative investments, commodities, diamonds, cryptocurrencies, stable coins, blockchain

Terms and Definitions

Term	Definitions and references
DIAMCO	The general name of the platform to be developed within the framework of the project to which this White Paper belongs and all legal entities making this platform work. A detailed description of the platform, its properties, working principles and characteristics are available in the section " <u><i>DIAMCO – Our Solution</i></u> "
DIAMCO Standard	Specification for diamond standard, which includes a maximum of the nine different types of stones that are used to back AL'COIN tokens generated on the DIAMCO platform; the details of the standard are available in " <u><i>DIAM token</i></u> ") and the subsequent generation of a stable AL'COIN token (more details in the section " <u><i>AL'COIN token</i></u> "), backed by diamonds, with the ability to redeem AL'COIN and exchange it 1:1 for a physical diamond of DIAMCO Standard at distribution points in duty-free zones or at an independent custody storage partner. DIAMCO Standard" section
DIAM	Internal token of the DIAMCO Platform, which is the "fuel" of the ecosystem being developed and created initially through private rounds of sales to raise funds for the project; the essence of the token and its characteristics are described in detail in the " <u><i>DIAM token</i></u> " section
AL'COIN	This token is the first market product of the DIAMCO platform, produced after the launch of the blockchain platform into commercial operation; AL'COIN token is a coin, 100% backed by DIAMCO Standard diamonds with strict compliance of the number of AL'COIN tokens generated to the market with the number of diamonds located in DIAMCO's independent protected safe custody partner; AL'COIN is not a means for fundraising and does not exist at the stage of creation of DIAM tokens; details of the AL'COIN generation are described in the " <u><i>AL'COIN token</i></u> " section
DIAMCO Standard Index (DSI)	Price index determining the price of the AL'COIN token when it is redeemed and exchanged for a real diamond at distribution points; details of calculating this index, as well as AL'COIN redemption and subsequent exchange for a DIAMCO Standard diamond, are available in the " <u><i>DIAMCO Standard Index (DSI) and pricing of AL'COIN token</i></u> " section

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1. Introduction

For many decades, diamonds have been a means of preserving capital. During the days of political, economic and military crises, high-net-worth individuals (HNWI) were the first to leave the conflict zone in search of a "quiet harbor;" however, during migration from a hot spot, they could carry only as much as they could fit in their hands. In this regard, diamonds have the highest unit cost per gram of weight in comparison with precious metals and other types of alternative investments ([1] [2] [3] [4]).

At the same time, despite their historic increase in value ("Appendix 1. Historical price chart of 1 carat* diamond from 1960 to 2016"), diamonds lost their investment attractiveness due to the lack of secondary liquidity in this market ([1] [5]): although purchasing a diamond is relatively easy, it can be extremely difficult to sell it without significant loss in value.

This is primarily due to the fact that the market for diamonds is closed and uncommoditized, as compared to precious metals or crude oil markets, which today are the most liquid and financially capacious means of alternative investments ([6], "Appendix 2. Volume of commodities market for 2015").

Gold and oil, too, were not always liquid, and the rapid growth in the market data is more associated with commoditization and the emergence of financial instruments that allowed them to be included in portfolios of financial institutions and connected to trading on exchanges. The industry, in turn, received an understandable market indicator (benchmark) for transparent price valuation.

It would seem that commoditization is the key to success for the diamond market; however, there is an important characteristic of any commodity – standardization. For the gold market, the standard is a 99.99% of fineness, for the crude oil market – Brent, which in fact is a mixture of four different varieties ([7]), but it remains the key benchmark for assessing other varieties of crude oil.

For the diamond market, these details proved more difficult: a wide spread in specifications of the stones, their physical indivisibility, and lack of depth made it almost impossible to work out a standard, turning diamonds into a subject of auction and retail, but not a financial or investment tool. If one were asked to buy gold for USD 10 million today, it would be easy to determine what precise kind of exchange instrument should be involved. Yet, if one were asked to buy diamonds for USD 10 million, the process would be much more complicated due to their variety. The customer would wonder which particular diamonds are needed.

In 2017-2018, the cryptocurrency market became very popular as an addition to alternative investments. Blockchain technology has allowed us to take a different look at the world of digital assets, significantly reducing transaction costs and providing easy tools for tokenizing physical and virtual entities. Nevertheless, the cryptocurrencies market is extremely immature today, which makes it difficult for large institutional funds and private investors to enter it.

Each of the three listed industries carries a number of unresolved issues and problems, in particular:

- For diamonds – lack of liquidity and transparency in pricing and logistics
- For cryptocurrencies – lack of stability and maturity in the presence of a high level of transaction risk
- For the financial and investment market – a small selection of alternative investment forms for portfolio diversification

The DIAMCO project aims to build an ecosystem that offers a number of revolutionary tools at the intersection of the diamond industry, crypto currency market and financial investments. Before moving on to a solution, we'll look at each of the directions in detail in order to more subtly and accurately understand the problems that the DIAMCO project is solving.

2. Problems

2.1. Problems of the diamond market

When purchasing a diamond, one must keep in mind the following issues:

- **Location of the purchase.** Searching for a seller is not an easy task because the market is closed for regular buyers and accessible only to the professional dealers.
- **Credit risk.** You should keep in mind that you give quite large sums of money upfront. The higher the reputation of a broker / dealer, the more expensive the cost of the stone will be for you, which negatively affects its consumer appeal.
- **The purchase price.** The market is extremely opaque and uncommoditized (i.e. there is no reliable source of pricing). The only recognized benchmark today is the Rapaport table ([8]); however, it is based on sales data of the largest dealers in the industry rather than on market exchange instruments of supply and demand.
- **Security and confidentiality of purchase.** Right at the moment when the purchase of a stone is made, the owner does not want anyone to know about it. In addition, in recent decades, developed countries have undergone a process of demonetization. In practical terms, this means that less and less private cash remains on the market. This fact significantly complicates the procedure of buying diamonds with personal funds without the risk of losing confidentiality of the purchase.
- **Logistics and Storage.** As diamonds are a precious item, transporting and storing them is an expensive and tenuous procedure, involving a huge number of risks and costs.
- **Inefficient taxation.** At the time of importation of the acquired diamond into the buyer's country, there is a need to file a declaration, which requires that customs duties and VAT be paid. Given the acquisition of diamonds for cash that has already passed all stages of taxation, this process is seen as extremely unprofitable and inefficient.

Today, there are a number of services that provide solutions to some of the problems mentioned; however, there is no single service that simultaneously addresses all the issues due to the complexity and unsystematic nature of the diamond industry.

That said, the greatest problem still remains: the lack of secondary liquidity. After purchasing a diamond, you will later need a means to sell it. There are several ways:

1. Contact a broker. For a commission of 10-45%, he can look for a buyer in the professional market. In addition to direct financial losses, the issues of security, confidentiality, and trust are still not addressed [1].

2. Contact a pawnshop. In this case, losses can be up to 70% from the original cost, and the stone will almost certainly be resold to professional participants.
3. Participate in an auction. This path is possible only for very rare stones with a minimum value of USD 1 million and is certainly not applicable to the mass jewelry and investment segment.

Diamond is primarily an instrument for long-term allocation of funds. According to the classical theory of investment, at least 10% of the portfolio should be allocated to an alternative investment ([2] [1] [3] [6]); however, institutional funds are very limited today in terms of investment in diamonds owing to additional reasons for the problems mentioned above.

2.2. Problems of the alternative investment market

The key problems of funds are related to the opacity of pricing and unclear nature concerning how to show diamonds on the fund's balance sheet:

1. Given the lack of transparency of pricing and the absence of the secondary market, it is unclear how to assess the effectiveness of the investment. This fact also significantly complicates the procedure for revaluation of open positions and investment decisions.
2. A diamond is a tangible asset that does not have a financial instrument-substitute, such as a golden certificate or ETF for gold, and working with non-financial instruments contradicts the declaration of most funds.
3. Strict KYC rules imposed by funds make it even more difficult to find the right vendors in terms of reducing financial and regulatory risks. Funds impose excessive demands on dealers in providing evidence of trustworthiness, and not each dealer may pass such a check.

2.3. Problems of the cryptocurrency market

Another industry inextricably linked with the world of finance and investments today is the cryptocurrency market, particularly prevalent with the development of blockchain technology. Cryptocurrencies, being one among many types of alternative investments, also have a number of outstanding issues to date, impeding the access to them for major institutional funds and HNWI.

Despite the growing popularity and total capitalization of USD 270 billion (as of June 2018), which reached a peak of over USD 700 billion (as of December 2017), one can single out the following problems:

1. The market is still immature and unstable: the volatility of the key currency Bitcoin reaches hundreds of percent over short periods of time, and the alternative currencies, the so-called "Altcoins", can vary in price by hundreds of percent within a few minutes.
2. The market still lacks a "stable coin" with confirmed audit and universal trust. One of the most popular stable coin as of today is USDT, which has a lot of questions regarding real backing and transparency of the emission to the market. Other currencies that position themselves as "stable" do not usually guarantee 100% collateral or do not fully answer the question of how to withdraw from the coin into a physical asset.
3. For large funds, there is no real instrument to control its Sharpe ratio – one of the key indicators of fund effectiveness: that is the risk / return ratio, when not only profit is taken into account, but also the appetite for the accepted risk from the fund
4. During the market downturns, using fiat as a "safe haven" entails payments of income tax, and there are no options to convert to another cryptocurrency.

3. DIAMCO – Our Solution

DIAMCO is a complex infrastructural and technological solution based on blockchain technology for the generation, purchase, possession, and subsequent resale of tokens that are 100% backed by real diamonds of a pre-determined quality and specification.

DIAMCO offers:

2. **Creation of liquidity for the diamond market** through the creation of its own standard, which will be commoditized to provide the depth for the market of diamonds of given standard, becoming a new market benchmark. We call our standard the DIAMCO Standard

3. **The use of blockchain technology** to increase the transparency of the generation of diamond-backed tokens and the possibility of secondary circulation of these diamonds. Assuming that the data recorded to a decentralized ledger cannot be changed or deleted, the ownership of the token will be accurately stored without the possibility of forgery, and the procedure for issuing and transferring ownership will be determined by independent mechanisms without the participation of a third party.

4. **The opportunity to purchase diamonds using cryptocurrency** as a means of opposing demonetization and returning the function of private money. The owners of crypto assets will be finally provided with a real physical instrument with high intrinsic value.

DIAMCO implements the solution in the form of a platform based on the internal DIAM token (more details in the "[*DIAM token*](#)") and the subsequent generation of a stable AL'COIN token (more details in the section "[*AL'COIN token*](#)"), backed by diamonds, with the ability to redeem AL'COIN and exchange it 1:1 for a physical diamond of DIAMCO Standard at distribution points in duty-free zones or at an independent custody storage partner.

3.1. DIAMCO Standard

For the standard, we use diamonds of jewelry quality, which are in high demand among the best brands. The analogy of our approach is the standardization of the precious metals and crude oil market (Brent, WTI), proving that commoditization is needed to provide liquidity through deepening the market.

At one time, the introduction of Brent standard created the increase in liquidity of the oil market in dozens of times. It is important to note that Brent is a mixture of several grades of oil, rather than one specific grade [7].

DIAMCO Standard consists of diamonds of a strict specification with the following characteristics (the procedure of redeeming AL'COIN token and exchanging for a real diamond is described in the section "Procedure of redeeming an AL'COIN token for a diamond"):

- **Carat weight** – 1-1.05 carat
- **Color** – Colorless D / E / F
- **Clarity** – IF / VVS1 / VVS2
- **Cut** (CUT, POLISH, SYMMETRY) – Excellent (XXX)
- **Fluorescence** – None
- GIA certified
- Strictly natural origin

It is anticipated that through the cooperation and close partnership with the GIA laboratory, diamonds will be placed in an individually sealed package with DIAMCO branding:



Figure 1. Individual packaging of DIAMCO Standard diamonds

More detailed rationale for the choice of this specification is available in the "Appendix 4. Rationale behind the specification of DIAMCO Standard".

3.1.1. DIAMCO Standard Value Scale

Due to the inability to provide a sufficient depth of the diamond market today with strictly one set of characteristics, we have introduced a scale of values for DIAMCO Standard, which is represented as follows (Color-Clarity, in order of decreasing quality, starting from top):

1. D-IF
2. D-VVS1

3. D-VVS2/E-IF
4. E-VVS1
5. E-VVS2/F-IF
6. F-VVS1
7. F-VVS2

This scale lays down the procedure for buying diamonds after the auctions right before AL'COIN is generated for free circulation (see section *“Diamond Purchase Procedure after DIAMCO Auction”*), while also having effect on the further procedure of redeeming AL'COIN tokens and exchanging them for any of the diamonds according to this scale (see section *“Procedure of redeeming an AL'COIN token for a diamond”*)

3.2. How the DIAMCO platform works

The DIAMCO business process starts at the moment when a Company-issuer (herein after - SPV) of AL'COIN token (see *“AL'COIN token token”*) initiates an auction (for details, see the *“DIAMCO auction rules and AL'COIN”*) to deliver DIAMCO Standard diamonds in the specified volume. In the beginning, the planned monthly volume is USD 5 million with planned growth of up to USD 25 million per month during the first year. The auction is considered to be started when the SPV deposits 15% of the auction volume in DIAM tokens (see *“DIAM token”*) to a special smart contract. 10% is to ensure the issuance of a guaranteed cashback to AL'COIN buyers and 5% to pay commissions in favor of DIAMCO.

The full cycle of operation of the blockchain ecosystem and the offline infrastructure of the DIAMCO platform is shown below:

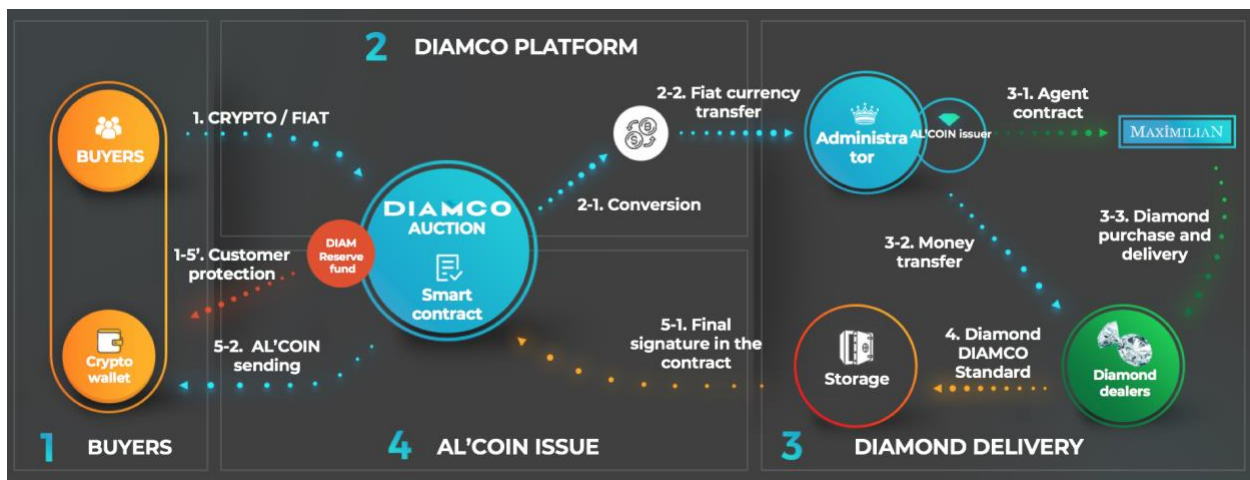


Figure 2. DIAMCO platform operation chart

1. Buyers of the diamond token AL'COIN transfer deposits (bids) to the auction smart contract with desired amounts of purchase: using cryptocurrencies and DIAM or only in DIAM when using fiat currency.
2. Upon completion of the auction bidding, DIAMCO converts the cryptocurrency received to fiat at the current rate and sends the money to the bank account of the SPV under the control of an independent administrator, assigned under the terms of the trust declaration. Simultaneously, an auction reserve fund in DIAM is formed to protect buyers from default of obligations on behalf of the SPV. The fund is formed from prepaid DIAM for the auction from SPV and a part of the reserve fund DIAM formed at the stage of creation of the DIAM tokens and fundraising (see "DIAM Reserve fund").
3. The funds go to the SPV account, which employs an agent-partner company (Maximilian London) or another to purchase and deliver diamonds; while all funds are completely under the control of SPV and the Administrator, and payments to counterparties are made directly by the SPV. The purchase is carried out strictly for a set of stones that correspond to DIAMCO Standard according to the mechanism described in the section "Diamond Purchase Procedure after DIAMCO Auction".
4. Under the supervision of the SPV and the Administrator, suppliers deliver polished diamonds to an independent safe custody located in one of the perspective partners of the DIAMCO project: Dubai Bank or Dubai Diamond Center - DMCC. There is a possibility to use other independent depositories if approved by the administrator.
5. When the diamonds arrive to the safe custody, the Administrator puts the last signature in the auction's smart contract, as a result of which:
 - The DIAMCO platform generates AL'COIN tokens in exact accordance with the amount of incoming diamonds in the depository;
 - The reserve fund of the auction in DIAM is released;
 - The auction participants receive AL'COIN tokens to their wallets in accordance with the requested amount (if requested, the values can be fractional);
 - Buyers who paid 100% in cryptocurrency receive 10% cashback for the purchase amount in DIAM tokens
 - The DIAMCO platform takes 5% commission from transactions in DIAM according to the terms of the "DIAM business model".

The use of blockchain technology in the DIAMCO platform avoids a number of problems that would be difficult to solve without the technology:

1. **Strict audit of token generation** and further redemption of AL'COIN. By means of a multi-signature smart contract, the AL'COIN generation to the market is carried out strictly after passing the whole chain of purchase and delivery of diamonds of DIAMCO

Standard to an independent depository. Similarly, with the help of another smart contract, in the event of the AL'COIN token to be redeemed and the physical diamond received, AL'COIN token is to be nullified. Now you can be sure that for each generated AL'COIN, there is strictly one diamond in the depository and vice versa, for one diamond at each time there is strictly one AL'COIN

2. **Independent possession without the possibility of counterfeiting data.** Once recorded in the decentralized ledger, information on the generation of the AL'COIN token to its owner secures all ownership of the asset without the possibility of a counterfeit by a third party. Moreover, even in the event of a negative scenario and the DIAMCO platform leaving the market, the owner of AL'COIN will still be able to manage her token without restriction to her ability to redeem the token at a DIAMCO-independent depository.
3. **Existing infrastructure for token exchange and cross-conversion.** Due to the high level of development of exchange instruments based on blockchain technology, the owner of the AL'COIN or DIAM token may have a possibility to instantly sell, transfer, or exchange the tokens into another crypto asset. Also, an important property of the existing trade and tokenization is the ability to buy parts of an indivisible diamond, which is quite difficult to achieve in the classical market.
4. **Automated protection of client liabilities.** Due to the introduced internal DIAM token and the established auction rules, implemented into the business logic of the corresponding smart contracts, including a specially created reserve fund and a prepayment system, site participants are able to significantly reduce their risks with the automated payment system in the event of a negative scenario without influence of the human factor.

3.3. DIAM token

For the development of the ecosystem and infrastructure of DIAMCO, we conduct a multi-round private sale of special token DIAM, which is the "fuel" of the future platform.

- Token name – DIAM COIN
- Token ticker – DIAM
- Maximum supply – 10 billion coins
- Decimal – 8
- Token type – ERC20
- Base price of 1 DIAM – 0.01 USD
- Blockchain platform – expected to be the Ethereum
- the US Regulation D and/or Regulation S
- Minimum purchase amount DIAM during private rounds – USD 100 000

- Soft Cap – USD 15 million
- Hard Cap – USD 50 million

The key functions of the DIAM token are:

1. Payment of all transaction fees on the DIAMCO platform and additional services, such as shipment of a diamond when AL'COIN is redeemed at a non-standard point of distribution
2. Cash back of 10% for AL'COIN token purchase for the payments 100% made with cryptocurrencies. That is, if the buyer of the diamond token AL'COIN, during the auction on the DIAMCO website, fully paid for participation with cryptocurrency (100% of the transferred funds was spent in ETH / BTC), then upon the generation of AL'COIN token, she will receive a 10% cashback in DIAM (more details about the auctions process are described in section "DIAMCO auction rules and AL'COIN")
3. An additional 10% discount when purchasing AL'COIN token with a 10% prepayment in DIAM equivalent. That is, if the buyer of the diamond token AL'COIN made an advance payment of 10% of AL'COIN value in the DIAM tokens during the DIAMCO auction, she receives an additional 10% discount with the need to pay only 80% of AL'COIN value in the selected currency (cryptocurrency or fiat currency). It is important to note that if the buyer of AL'COIN intends to participate in the auction using fiat currency, advance payment in DIAM tokens is obligatory.
4. Protection of customers (buyers and auction organizers) at the expense of a special reserve fund and a prepaid system (described in more detail in the auction function and the section "DIAM Reserve fund")
5. Compensation of surplus in DIAM to cover the difference between the cost of the resulting diamond DIAMCO Standard type of storage and prices AL'COIN (described in more details in the section "DIAMCO Standard Index (DSI) and pricing of AL'COIN token")

The initial token for sale is DIAM COIN, which is an ERC20 standard token. After finalization and launching of DIAMCO platform, it may be necessary to make some technical adjustments to the platform's core token (i.e. DIAM COIN) in order to meet the platform's requirements of transactions speed, cost and quantity. To meet such requirements, we reserve the right to convert (and, respectively, burn) all DIAM COINS created as a result of the token sale to tokens with the same name and functionality at the rate 1:1.

3.3.1. DIAM sale and distribution terms

The maximum supply of the DIAM token is 10 billion tokens. Free circulation of the tokens will be possible no earlier than the first version of DIAMCO platform is launched. Additional generation of DIAM tokens is prohibited. Current plans do not provide for a public ICO;

however, this option is not excluded after all private rounds are finished for the purpose of additional marketing and promotion of the DIAMCO product.

A distinctive feature of DIAM token sale is that no person or company can receive it for free, i.e.:

1. Payments to all counterparties in DIAMCO project business model are made strictly in fiat currency according to official contracts between legal entities.
2. All individuals affiliated with the DIAMCO project (team members, partners and advisers) do not receive any DIAM tokens for free, but only get the option for the right of redemption tokens following the tokens' creation under special conditions:
 - a. The date of option completion – upon successful sale of DIAM token
 - b. Basic discount – 50%
 - c. Base lockup period – 12 months
 - d. No limit on the minimum purchase
 - e. Maximum purchase amount is USD 1 million
 - f. Maximum option pool is 2% for the team and 4% for the advisors and partners respectively.

Thus, we exclude the perception of DIAM tokens as free coins and negligent attitude toward its value by any of the owners and the will to get rid of them as fast as possible. The motivation of the project team is not artificial remuneration at the expense of early buyers, but rather bringing the business to the market with a subsequent increase in its market capitalization and turnover.

The first round for the private sale of 3% of the total DIAM generation is already closed (as of July 1, 2018).

For the early participants of the token sale (team, advisers, early buyer), the tokens DIAM will be locked for 12 months following the distribution of the tokens. Upon the expiry of each month following the distribution of the tokens DIAM, 10% of the locked tokens (including bonus tokens) can be gradually released from the lock-up.

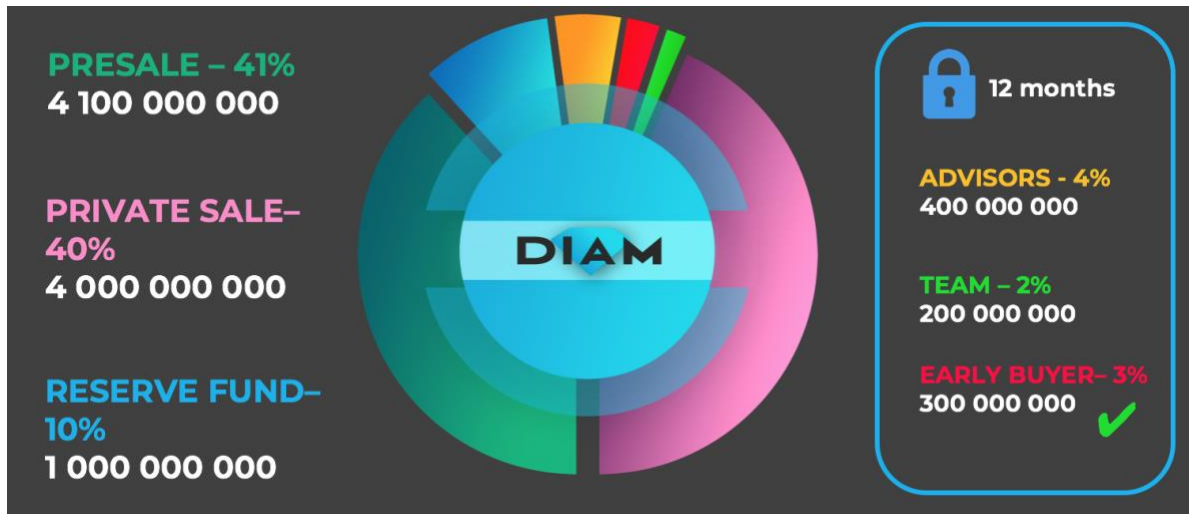


Figure 3. Distribution of DIAM tokens

The planned minimum amount of fundraising (Soft Cap) is USD 15 million, and the maximum amount (Hard Cap) is USD 50 million. The difference in the volume of fundraising affects the completeness of the provided services and DIAMCO site functionality, as described in more detail in the section “*DIAM business model*”.

A part of DIAM token supply in the amount of 1 billion tokens will be reserved by the DIAMCO system as a reserve fund. More details about the mechanism on its functionality are written in the section “*DIAM Reserve fund*”.

In the event that the Soft Cap is not reached, the attracted funds will be returned in full.

3.3.2. Discounts system during DIAM token sale

Discount for the purchase of DIAM depends on several factors:

1. **Token sale stage.** At the private pre-sale, the basic discount is 30%, and at the stage of the private sale – 10%.
2. **Lockup period** of acquired tokens from the moment of their issue. This approach eliminates speculative pools and further reduces the risks of managing the exchange value of DIAM after placement on trading platforms. Only 3 options are available:
 - a. 3-month lockup – an additional discount is not provided
 - b. 6-month lockup – an additional 10% discount is provided
 - c. 12-month lockup – an additional 20% discount is provided
3. **Amount of the purchase:**
 - a. Amounts from USD 100,000-1 million – an additional discount is not available
 - b. Amounts from USD 1-3 million – an additional 5% discount
 - c. Amounts from USD 3-5 million – an additional discount of 10%.

- d. If the amount of purchase exceeds USD 5 million, an 18-month lockup period is automatically imposed on the tokens purchased.

Thus, the maximum discount for a lockup of 12 months and a purchase amount from USD 3 to 5 million at the stage of private pre-sale can reach 60% or 0.004 USD for 1 DIAM. The full set of options and discounts are shown in the table below:

Таблица 1. Discount system for DIAM token sale depending on the purchase amount, lockup period and the stage of private sale

STAGE 2: PRIVATE PRE-SALE, BASIC PRICE FOR 1 DIAM - 0.007 USD, STAGE DISCOUNT 30%			
	USD 0.1 - 1 million	USD 1 - 3 million	USD 3 - 5 million
3 months	30%	35%	40%
6 months	40%	45%	50%
12 months	50%	55%	60%
STAGE 3: PRIVATE SALE, BASE PRICE FOR 1 DIAM - 0.009 USD, STAGE DISCOUNT 10 %			
	USD 0.1 - 1 million	USD 1 - 3 million	USD 3 - 5 million
3 months	10%	15%	20%
6 months	20%	25%	30%
12 months	30%	35%	40%

3.3.3. DIAM Reserve fund

In case of successful creation and sale of DIAM tokens, DIAMCO allocates a reserve pool of 10% of total supply in the amount of 1 billion DIAM tokens.

This reserve pool will be used to protect the interests of buyers of AL'COIN tokens at the time of auctions on the DIAMCO site: in case of non-delivery of diamonds, the auction participants will receive automatic compensation through a special smart contract from the reserve fund.

As platform accumulates profits from its operation, part of the profits will be allocated to the Reserve Fund in fiat currency. When the accumulation of reserve funds in a fiat currency reaches an amount equivalent to USD 5 million, the reserve fund will be formed solely with Fiat currency and the DIAM used for the Reserve Fund will be released and become available for the community.

Unlocking of the fund will be carried out in parts that do not exceed 10% of the basic size of the fund, i.e. the minimum period for issuing reserve DIAM tokens on the market will be from 10 months depending on the market situation.

3.3.4. DIAM business model

To conduct DIAMCO's operations and product development, all transactions on the platform (within the auction or marketplace) are subject to an additional fee, and:

- All services and commissions on the platform are paid strictly in DIAM tokens. The rate of recalculation of DIAM in USD is always carried out according to the following rule:
 - The base rate on which calculations are made on the DIAMCO platform remains fixed and equal to 1 DIAM = 0.01 USD.
 - During the platform development and increase in operations with DIAM token DIAMCO platform will accept DIAM token based on average rate during these operations for the last three days
- The size of the auction commission is 5% of the entire amount of the auction conducted, which is paid by the auction organizer. So, for example, with an auction amount of USD 5 million, the DIAMCO site will receive a one-time payment of USD 250,000 in DIAM.
- Additional services on the site (such as delivery to a non-standard point of issue) are paid according to a separate price list of DIAMCO marketplace.
- 1/3 of the commission for services provided are withdrawn from circulation by DIAMCO's smart contracts automatically, i.e. when paying a commission of USD 250 thousand, USD 75 thousand in DIAM will be withdrawn from free circulation.

Based on the principle of the auction for the generation of AL'COIN (see the section "*DIAMCO auction rules and AL'COIN*") and the general process the DIAMCO Platform (see section "*How the DIAMCO platform works*"), the following tendency should be expected: the more operations on the website are processed and the higher the volume of auctions conducted for the generation of AL'COIN and other DIAMCO services, the higher the demand for DIAM tokens to ensure the normal functioning of the blockchain ecosystem and its smart contracts.

At the same time, based on the described business model, which assumes the withdrawal of 1/3 of commission in DIAM from circulation, the total quantity available on the market will first

be greatly reduced, but in a certain period of market saturation and its stabilization, the total decrease in volume of DIAM tokens will be insignificant and uncritical.

During increase of operations on DIAMCO platform because of planned auction and other operations volume increase the amount of DIAM tokens needed for normal DIAMCO functionality will increase in proportion to this volume.



Figure 4. Chart showing DIAM token free circulation during increase of operations on DIAMCO

3.3.5. Soft Cap and Hard Cap: use of funds

Based on our calculations, the basic functionality of the platform can be launched already at fundraising starting from USD 10.4 million; however, in our opinion, the platform in such form is extremely unviable if we do not give the crypto community the possibility of buying AL'COIN tokens using cryptocurrency. "Complete set" of DIAMCO platform might have the following functionality:

- Possibility to purchase with cryptocurrency
- Distribution centers for issuing diamonds in key duty-free zones around the world
- Internal marketplace
- Vending machines for issuing diamonds at duty-free points
- The possibility of adding manufacturers of jewelry manufacturers and watches to DIAMCO Platform to create specialized unique tokens with reference to specific jewelry or watch models.
- Legal framework and IT infrastructure for using AL'COIN and DIAM as the Platform payment instruments within the duty-free zone in Dubai

At the same time, the project team is fully aware that the project is essentially a start-up, which means that its implementation and, accordingly, budget expenditures for specific articles, can undergo significant changes as compared to those originally planned. This process is interactive and for each new step will include an analysis of the information received in the previous steps and the necessary adjustments to the strategy. At the same time, some of the planned activities at the moment may eventually lose their relevance and will not be implemented. In this context, the following figures of the original plan should be considered (Table 2).

Table 2. Use of funds for the development of DIAMCO project according to the functional and service capabilities (USD)

	Basic functionality	+ Full crypto block	+ Duty Free issuance centers	+ Internal marketplace	+ Diamond vending machines	+ Jewelry and watches	+ infrastructure for receiving tokens as a means of payment in Dubai Duty Free
Legal framework	750 000	350 000	100 000	100 000	250 000	500 000	250 000
IT and infrastructure	1 800 000	750 000	500 000	350 000	1 000 000	1 500 000	2 000 000
Software and hardware	200 000	100 000	500 000	500 000	10 000 000	500 000	1 000 000
Staff	2 300 000	450 000	250 000	250 000	750 000	1 000 000	250 000
Administration	150 000	75 000	150 000	50 000	500 000	250 000	100 000
Marketing and promotion	2 500 000	1 000 000	800 000	500 000	700 000	2 500 000	2 500 000
GR	800 000	250 000	500 000	0	500 000	250 000	1 000 000
Token creation operations	500 000	500 000	0	500 000	0	0	0
Operating expenses	500 000	700 000	200 000	100 000	400 000		
Reserve (10%)	900 000	347 500	280 000	225 000	1 370 000	650 000	710 000
TOTAL	10 400 000	4 522 500	3 280 000	2 575 000	15 470 000	7 150 000	7 810 000
WITH THE GROWING TOTAL	10 400 000	14 922 500	18 202 500	20 777 500	36 247 500	43 397 500	51 207 500

	AL'COIN only					AL'COIN + Jewelry and watch tokens	
	No internal marketplace			Internal Marketplace			
	Purchase only for the currency of exchange	Purchase for crypto currency and fiat					
	Delivery in only one bank in Dubai		Repayment of AL'COIN in 1-2 banks Dubai and outlets in Dubai Duty Free		Repayment of AL'COIN in 1-2 banks Dubai and points of redeem in Dubai Duty Free + vending machines	Redemption of AL'COIN in 1-2 banks Dubai and points of issue in Dubai Duty Free + vending machines, redeem points in Amsterdam and Hong Kong (Duty Free)	
	Storage only in one bank Dubai		Storage in 1-2 depositories Dubai			Logistics and storage from partners in Dubai, Amsterdam, Hong Kong (Duty Free)	
	Without vending machines				Installed vending machines in Dubai Duty Free, Dubai Free Zone and Jumeirah	Installed vending machines in Dubai / Amsterdam / Hong Kong Duty Free, Dubai Free Zone and Jumeirah	
	Without presence in duty free		The presence in Dubai of Duty Free			Presence in Dubai / Amsterdam / Hong Kong Duty Free	

	Payment only by cashless transfer	Non-cash transfer in fiat and cryptocurrency		Non-cash transfer, payment by cards, crypto			
	DIAM token creation and usage operations	AL'COIN token creation and usage operations					

3.4. AL'COIN token

The first product of the DIAMCO platform is AL'COIN token, 100% backed with DIAMCO Standard diamonds.

At the initial stage, AL'COIN emission is carried out strictly through specialized auctions on DIAMCO platform with the starting price of the auction bound to Rapaport table.

In the view of the fact that DIAMCO Standard is represented by a possible set of 9 different stones (see section "*DIAMCO Standard*"), we introduce a special index that plays a key role in the pricing of AL'COIN and is the basis for the correct accounting during the exchange for a diamond at the redemption of AL'COIN - DIAMCO Standard Index (DSI).

3.4.1. DIAMCO Standard Index (DSI) and pricing of AL'COIN token

DSI is the average price of the Rapaport table prices of all diamonds in the DIAMCO system, which determines the value of AL'COIN when it is redeemed (exchanged for a diamond) or during the generation at the time of the particular auction within the purchased set of diamonds.

DSI is continuously calculated and published on the DIAMCO website.

The formula for calculating DSI is as follows:

$$DSI = (\sum_1^N XiPi) / N, \text{ given}$$

Xi – A diamond of the given quality from DIAMCO Standard set, for example, D-IF / FL

Pi – Price of the diamond Xi

N – Total amount of diamonds in the DIAMCO ecosystem

Detailed example of use and calculation of DSI can be found in "*Appendix 5. Example of calculation of DSI during the N-th auction and its use to pay off AL'COIN*".

3.4.2. DIAMCO auction rules and AL'COIN generation

1. Auctions are held monthly. The volume of the auction is determined based on the market situation by the organizer (company SPV), but at the start it is expected to start with auctions totaling USD 5 million. The starting price for the auction is determined in advance according to the Rapaport table.

2. By the time the auction starts, the participant must place an order on the DIAMCO platform, specifying:
 - Maximum purchase price in dollars; this price determines the maximum cost of AL'COIN, with which the participant agrees (since we can't know in advance the value of AL'COIN in the auction, which is determined by the DSI value depending on the purchase of diamonds made)
 - Consent / disagreement to take a fractional amount of AL'COIN
 - Payment currency (fiat or crypto)
3. A bid for an auction can't be less than 1 AL'COIN (based on the current basket in DIAMCO system), and the purchase price can't be less than that declared by the DIAMCO platform (according to the DSI index).
4. Before the start of the auction, in regard of the currency of payment:
 - In the case of an application using cryptocurrency (the list of supported cryptocurrencies will be determined at the moment of launch of the site, at the moment we focus on ETH / BTC), the entire amount of the bid at the rate to the dollar at the time of transfer should be transferred to the address of the auction smart contract, with:
 - 10% of the expected value of AL'COIN **can be transferred** with DIAM; Thus, at the end of the auction and the conversion of the cryptocurrency into fiat, we are protected against non-fulfillment of the purchase order by the participant, compensating for possible fluctuations in the exchange rate by providing an additional discount of 10% (DIAM is accepted at the rate of 1 to 2)
 - Surpluses of the cryptocurrency after conversion will be returned to the buyer. For example, 100% was transferred to the ETH, and 10% of DIAM, at the time of the conversion rate has not changed and 10% DIAM paid off 20% of the AL'COIN cost, it will return to the buyer 20% of the cost in the ETH / BTC)
 - In case of an application in fiat (accepted currency will be defined by accounts opened with SPV banks) 10% of the application **must** be transferred to the address in the auction in DIAM to the auction smart contract. The necessary quantity of DIAM can be purchased on the internal site for the fiat or on the exchange, which will have DIAM token trading pairs.

5. Not later than within two weeks after the beginning of the Auction, its volume and price are settled (during this time, the agent negotiates with potential sellers for the purchase of diamonds)
6. All winning bids are satisfied at one price – the auction price, defined as the average price according to the Rapaport table (DSI – internal index in the auction basket of diamonds)
7. If the number of successful bids is greater than the volume of the auction, the bids are satisfied in the order of the time of filing (those who passed at the maximum price for AL'COIN)
8. After auction results are summarized, depending on the currency of payment:
 - a. If the applications are made in cryptocurrency:
 - For winning bids, cryptocurrency is converted into fiat at the market rate taking into account if DIAM is used as part of the payment
 - Surpluses of the cryptocurrency are returned to the owners
 - If there is a lack of cryptocurrency and sending an integer number of AL'COIN is impossible, the balances are also returned to the owner. AL'COIN will not be generated except for cases where the person indicated that she is willing to receive a fractional AL'COIN (the sum of all fractional parts should be STRONGLY integral to all produced AL'COIN within the auction)
 - b. If the application is made in fiat:
 - For winning bids, the equivalent amount of fiat has to be transferred not later than within 3 working days. Prior to the transfer, the transaction can be terminated and DIAM returned.
 - In case of no transfer within 3 business days, the transaction is terminated and the prepaid DIAM is withheld as penalty.
 - After receiving the transfer in fiat, the purchase of diamonds is confirmed
 - c. AL'COINs will be generated either immediately with a lockup on the contract and lockout upon arrival of diamonds to the safe custody storage, or generation and transfer will be performed simultaneously with the arrival of diamonds into the custodian.
1. For losing bids, DIAM is returned to the owner

3.4.3. Diamond Purchase Procedure after DIAMCO Auction

- As part of the first auction, purchases of diamonds will be made evenly on the Value Scale of DIAMCO Standard (see section "*DIAMCO Standard Value Scale*").

- Starting with the second auction, the diamonds will be purchased so that the DSI within the current purchase does not differ from the DSI of the entire vault by more than 10%.
- Within all auctions, the purchase of extreme positions of the value scale is always carried out in pairs (i.e., for example, the purchase of D-IF should always be carried out strictly in conjunction with F-VVS2).
- If the pair purchase opportunities are exhausted, diamonds are bought in a such way that final distribution of diamonds in slots in the auction result so that the shares in equidistant slots from the ends of the quality scale do not differ by more than 10 percentage points.
- In any case, the purchase is made in such a way that the DSI within the current purchase does not differ from the DSI of the entire storage by more than 10%.

This approach leads to a distribution close to normal in the final perspective. Holders of AL'COIN are insured against price fluctuations at each auction due to the discount provided by DIAM. This creates additional reason to use the Platform token and encourages making purchases with DIAM.

This procedure can be adjusted depending on the market situation, but in any case, it will be based on the principle of symmetrical distribution of diamonds in slots in the total number of DIAMCO diamonds.

3.4.4. Procedure of redeeming an AL'COIN token for a diamond

- When AL'COIN is redeemed and a particular diamond is given, the difference between the Rapaport price of the selected diamond and DSI is calculated; the difference is paid to the buyer / is compensated by the buyer strictly in DIAM tokens.
 - For example, if a person wants to acquire a D-IF with a price of USD 20,000, and AL'COIN now costs USD 15,000 according to DSI, then USD 5,000 must be additionally paid in DIAM tokens
 - NOTE: if a person bought AL'COIN for USD 13,500 with a 10% discount using DIAM, and then, when redeeming, requested the most expensive diamond from the basket D-IF for USD 20,000 and paid USD 18,500 in total, it will account not for a 10% discount, but for 7.5%; However, if a person requests the cheapest diamond for USD 12,000, having received compensation of USD 3,000 in DIAM, then it will cost him USD 10,500 in total and the discount from USD 12,000 will be not 10%, but 12.5%. This situation we consider the offsetting and fair

- The amount in DIAM will be either credited to the owner of AL'COIN at the moment of AL'COIN redemption and exchange for a diamond (if the difference is negative) or deducted from the wallet of the AL'COIN owner (if the difference is positive).
 - Issuance of diamond is carried out:
 - At the start in bank of Dubai
 - Then in vending machines in the duty-free zone
 - Then at the points of retail distribution in duty free
 - After Dubai, expansion to key centers in Amsterdam and Hong Kong

4. Technical implementation

DIAMCO Platform protocol intends to build the ecosystem that allows businesses to build decentralized marketplaces on the blockchain, with an initial focus on Diamond industry and, further, jewelry and watches. The DIAMCO Platform enables buyers and sellers of tokenized assets and services to transact on the decentralized, open web. Using the Ethereum blockchain, the Platform and its community participants are decentralized, allowing for the creation of services and goods without traditional intermediaries.

4.1. Technical Design Overview and Philosophy

This chapter examines our intended technical proposals for designing the DIAMCO decentralized application (DApp), and the DIAMCO protocols that collectively power the DIAMCO Platform.

As our software is actively being developed, we highly recommend visiting our GitHub repositories¹ for the latest public part of engineering architecture and implementation information.

The DIAMCO Platform is going to be built on the Ethereum blockchain, the most widely-adopted cryptocurrency platform that enables smart contracts to execute on the blockchain at this time. Critical transactional data such as pricing and availability are stored directly on the blockchain. Other metadata such as descriptions, images, personal information are stored on the server-side infrastructure and cryptographically linked to the contract. We also investigate technical and economic incentives to store metadata on independent distributed systems such as Interplanetary File System (IPFS). This allows for better scaling and minimizes the expensive computing and storage costs associated with doing everything on chain.

We anticipate several upcoming major advances in Ethereum (e.g. Plasma² and Sharding³) that will improve our Platform's scalability and usability over time.

We have three overarching goals in our architecture design. First, we intend to keep everything as distributed and trustless as possible while balancing the need for performance and scalability. We intend to avoid single points of failure of our architecture like relying on a single centralized provider like Amazon Web Services. Second, we intend to always carefully balance performance and computation efficiency with user experience. Lastly, we intend to develop the Platform in accordance with the latest security standards and is subject to a Continual Improvement Process. This applies in particular to the security updates within DIAMCO Smart Contracts.

¹ <https://github.com/DiamcoPlatform>

² <https://plasma.io>

³ <https://github.com/ethereum/wiki/wiki/Sharding-FAQs>

Design Decision #1: Survive Failures of Underlying Blockchains

Our architecture does not put any limitations on which blockchain can be used with it. Any blockchain can be used, as long as it provides total ordering of operations (which all blockchains do), and Turing-complete smart contract language, but the security and reliability properties are of the most importance to us. We believe that enabling the ability to migrate from one blockchain to another is important as it allows for the larger system to survive, even when the underlying blockchain is compromised. We are currently conducting research on some upcoming alternatives to Ethereum, i.e. EOS, GoChain and QuarkChain networks. overview when elaborating on switch to another blockchains. Though at the moment we believe that Ethereum provides best combination of performance and reliability for our needs.

Design Decision #2: Keep Complexity and Logic Outside of Blockchains

Many blockchains, like Namecoin or Ethereum, implement both the control logic and the data storage plane at the blockchain level (although they leave open the possibility of using external data stores in the future). We believe that not using blockchains for data storage is necessary for scalability and keeping complex logic outside of blockchains is important for both security and scalability. The abstraction of business logic of operations, on top of the underlying blockchains serves as the “narrow waist” of our architecture and keeps complexity outside of blockchains.

4.2. The DIAMCO Platform

The DIAMCO Platform is the infrastructure backbone system for DIAM and ALCOIN tokens, allowing decentralized access for all participants.

Platform is planned to consist of:

Software:

- DIAMCO Protocol — Smart Contracts for
 - our DIAM and ALCOIN tokens (extension of ERC20 standard)
 - Tokenized Asset Auction smart contract
- DIAM Mobile app for end users (DIAM and ALCOIN owners)
- Decentralized User Id management, facilitating KYC and AML
- Server-side infrastructure

Services:

- Operations, Logistics and storage
- ALCOIN auctions management

DIAMCO Decentralized Application

The DIAMCO decentralized application (DApp) is an open-source Web and mobile application that enables investors to transact on the platform. The DApp further allows investors a user-friendly way to manage, validate and transfer digital assets. The DApp will use web3.js for smooth integrations with popular browser clients like Mist, MetaMask, and Toshi.

DIAMCO Protocol

The Protocol consists of Solidity smart contracts on the Ethereum Blockchain. These smart contracts define the core functionality of DIAMCO Platform. The design philosophy of the Protocol closely follows the approach postulated by ConsenSys in their “Ethereum Smart Contract Security Best Practices” article series¹ on the topic of smart upgrading and smart contract robustness.

Smart Contracts

The DIAMCO smart contracts include the logic and functionality for users to

- Validate and Transfer DIAM and ALCOIN tokens
- Participate in Tokenized Asset Auctions (ALCOIN)
- Get delivery of diamonds for corresponding amount of ALCOIN tokens

These smart contracts also implement an oracle of DIAMCO Standard Index valuation model which transparently defines the price of the diamond entering the system.

Finally, these smart contracts ensure checks and balances to maximize security of the DIAM users: they enforce that the actions of independent 3rd party authorities in the value chain (examples: Gemological Institute of America (GIA) for grading, IIDGR (De Beers) or AWDC diamond office for diamond inspection) are reflected on the Blockchain.

The DIAMCO Platform will also include a series of open-source smart contracts that define standards for marketplace functionalities like tokenized asset auctions, user identity and transaction stages.

These protocols are enabled by Solidity smart contracts. For example, we intend to use the ERC-7259 identity standard² in conjunction with the DIAMCO User Registry to enable user identity on DIAMCO-enabled marketplace.

¹ <https://consensys.github.io/smart-contract-best-practices/>

² <https://github.com/ethereum/EIPs/blob/master/EIPS/eip-725.md>

Engineering details

The DIAMCO client is a central component. It will first be available as a web client and will then be developed for current mobile operating systems beginning with phase 2 of the project. The client is used to realize the P2P interaction between transaction partners and consists of several modules:

- The Claim Module is used by DIAMCO users in order to redeem token for an asset
- The Seller Module offers the seller a simple way to start auction on the DIAMCO DApp.
- The Buyer Module offers a comfortable search mechanism for participating in auctions within the DIAMCO DApp.
- The Payment Wallet Module has access to the DIAMCO user's Ethereum address, where the user has exclusive access to his private key, because it is encrypted on the client side. The user can either import his existing address or create a new Ethereum address. The user sees their wallet balance in DIAM and ALCOIN tokens and can view their transaction history. In the future, we will be adding crypto exchange functions to allow for the exchange of DIAM and other crypto tokens.
- The Transaction Data Module is used for the transaction process and is always active in the background.

Ethereum Gate

The Ethereum Gate is responsible for the actual interaction with the Ethereum network. This gate is used to transfer the data to the DIAMCO Smart Contracts. We will use the INFURA API in the first phase. As things develop, we plan to create our own Ethereum node API.

Ethereum Network

Ethereum is a p2p network that provides a platform for implementing Smart Contracts and is based on its own public blockchain. Ethereum uses the cryptocurrency Ether as a means of payment for the computing power that participants provide to the distributed system. The Smart Contracts are written in the programming language Solidity which has been specifically developed for Ethereum.

The DIAMCO Main Auction Smart Contract has been developed to ensure everything runs smoothly during the auction process. This Smart Contract is a template. A Smart Contract specific to the auction is generated from this template when an auction is initiated.

DIAMCO DApp – High Level Architecture

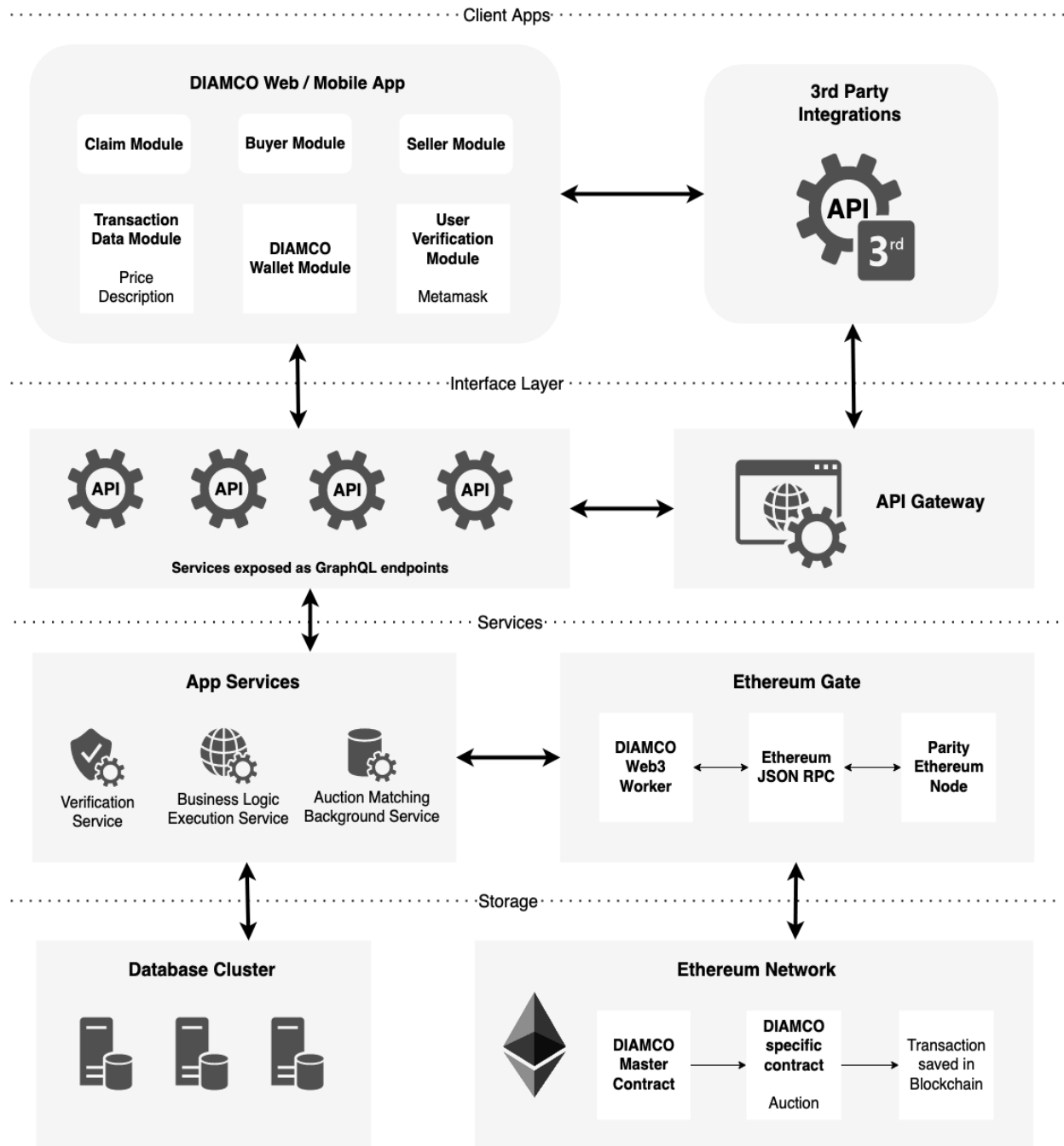


Figure 5. Schematic depiction of the architecture of the DIAMCO DApp

From high-level view DIAMCO DApp can be deconstructed into following layers:

Client apps layer

- Client applications (Web & Mobile)
- Third-party integrations are exposed through an API

- Front-end applications will consume third-party services like external exchange price
- Client applications will React and React Native apps for respective mobile apps
- Web3 JS injected through MetaMask

Interface layer:

- Internal Services are exposed as GraphQL endpoints
- API Gateway to track requests to third-party systems
- Interface services are designed based on microservices model and are auto-scalable

Services Layer:

- App services for all business logic execution
- Distributed and auto-scalable hosting

Storage and Blockchain layer:

- SQL Databases for storing all data points and logs along with transaction signatures
- Ethereum Blockchain for storing and executing DIAMCO Protocol smart contracts.

Blockchain Technology considerations

The blockchain technologies that emerged in recent years offer a qualitatively different solution to the problems faced by companies and individuals in the process of managing physical assets. The concept requires the existence of an agreement between two parties, a smart contract would be meaningless without the consent of both parties to the transaction. This agreement will be verified by complex algorithms. The validation process can happen without the existence of a third-party witness to the agreement. This fosters confidence in both buyers and sellers, creating a robust and active platform which thrives on a healthy interaction between all stakeholders.

In fact, open blockchains such as Bitcoin or Ethereum have a number of properties that distinguish them from any centralized database solution typically used to store and provide information. While they cannot be considered uniformly better or worse, some relative advantages might be win-win consensus building, low cost of transactions, data immutability and security

Summary

With the emergence of the Ethereum platform, the fundamental building blocks are now in place to enable decentralized commerce in the real assets' economy. DIAMCO is launching the DIAMCO DApp, and the DIAMCO protocols to allow buyers and sellers to connect without middlemen.

5. DIAMCO Roadmap

DIAMCO project as an idea appeared in September 2017, and since then, it has managed to achieve the following:

1. Pick the right team
2. Formalize the concept and legal framework, the relevant norms of the legislation of the countries where DIAMCO project is going to be presented
3. Meet the key market leaders (AWDC, DMCC)
4. Describe the business processes and conduct a series of public events

Current road map (with regard to the startup nature of the project and comments made in the section "Soft Cap and Hard Cap: use of funds") can be represented and indicated by the following key dates

- STAGE 1
 - Forming the international team and key concepts of DIAMCO business processes
 - Launch of DIAMCO development
 - Elaboration of a marketing campaign and the project architecture
 - Entering into an agreement with partners from the jewelry and finance industry
- STAGE 2
 - Holding three of private rounds for creating of the DIAM token
- STAGE 3
 - Development of the DIAMCO platform
 - Establishing of the first SPV to conduct auctions for diamonds of DIAMCO Standard
- STAGE 4
 - Launch the DIAMCO platform into commercial operation
 - First auction and the generation of AL'COIN
 - Organization of diamond distribution for AL'COIN in the depository
- STAGE 5
 - Expansion of distribution points in Dubai Duty Free
 - Increase in the volume of auctions for the AL'COIN generation
- STAGE 6
 - Creation of vending machines for redeeming tokens into diamonds
 - Accepting new products and suppliers to the DIAMCO Platform: watches, jewelry.
 - Participation in Dubai EXPO 2020.

Top-level evolution of the DIAMCO platform will include the following key events:

- Launching of the blockchain ecosystem system for AL'COIN generation and the issuance of diamonds from the storage.

- Expansion of the blockchain ecosystem with non-standard logistics and the possibility of redemption at the points of issue and vending machines.
- Conversion of AL'COIN into a full legal tender used in duty-free zones, which is fully backed by diamonds.

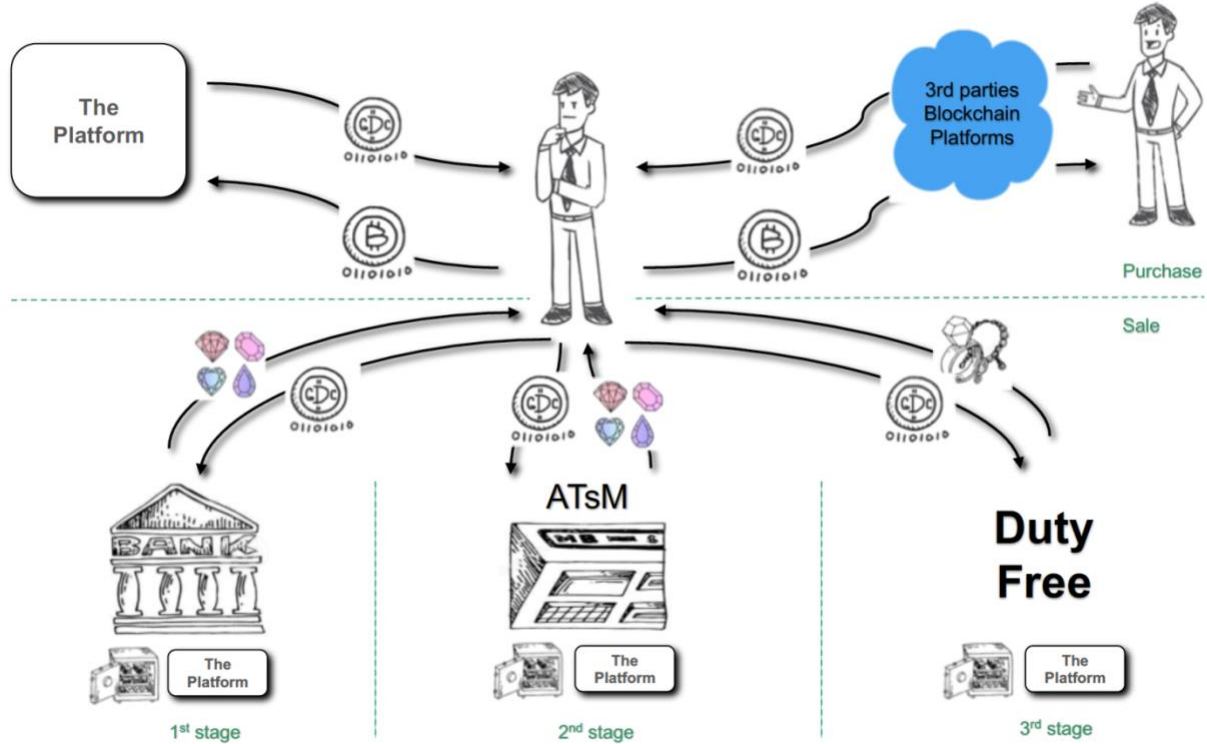


Figure 6. Evolution DIAMCO platform

6. Market overview

6.1. Target audience and value proposition

The most important advantages created by the DIAMCO platform are:

- For the crypto industry and foundations:
 - Truly stable coin with transparent audit and generation process, backed by a physical diamond; consequently, it is possible to use AL'COIN as a so-called "safe haven" during times of market decline as well as for reducing the Sharpe ratio
 - Opportunity to withdraw from virtual cryptocurrency into a physical asset.
- For diamond buyers:
 - Possibility of impersonal confidential ownership of diamonds through AL'COIN
 - Convenient logistics and storage: no need to hold physical assets
 - Effective taxation since the stone does not cross the border, thus eliminating the need for payment of duties. Another important fact is that it is possible to pay by cashless payment to an organization / fund, rather than buying strictly for cash which has already undergone taxation.
 - The ability to sell the asset at any time on the secondary market
 - Security of possession through the use of blockchain technology and reliable storage
 - Reducing credit risks through a special DIAM Reserve Fund
- For diamond dealers
 - Protection of buyers' obligations by means of prepayment mechanisms in DIAM or cryptocurrency to an auction smart contract
 - Increase in sales by creating a new depth of the market
 - Receiving the turnover capital prior to the delivery

6.2. Competitors

Today, there are projects on the market which partially address these problems, mentioned in the section "Problems", and for each market they are:

- As for the diamond market, we can name such online platforms for the purchase of diamonds as diamondas.com, jamesallen.com, bluenile.com; however, they do not cover all the aforementioned problems.

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- As for the cryptocurrency market, one can single out the most liquid stable coin USDT; however, there is no certified audit of the security of the cryptocurrency issued. Later, we will also look at similar projects that declared the implementation of stable cryptocurrency in the comparison table.
- For the alternative investment market, of course, such competitors are gold and oil; in this regard, diamonds cannot currently compete with them.

Table 3. Comparative analysis of diamond crypto projects

Project	DIAMCO	Cedex	Carats.io	D1 Coin	Kela	XID coin
Feature \ Main idea of the project	Tokenized Diamond Standard	Tokenized diamond exchange	Diamond pricing and trading solution	D1 Coin backed by 1/1000th of a diamond	Trading Platform using IDXUSD	Japanese diamonds trading protocol
Stable coin with clear collateral	✓	✗	✗	✗	✗	✗
GIA certified	✓	✓	✓	✓	✗	✗
Asset Logistics	✓	✗	✗	✗	✗	✗
Independent Storage	✓	✓	✗	✓	✗	✗
Independent audit	✓	✗	✓	✓	✗	✗
Discounts & cashbacks	✓	✗	✗	✗	✗	✗
Up to 20% lower than RPP	✓	✗	✗	✗	✗	✗
Pick up points for diamonds and vending machines	✓	✗	✗	✗	✗	✗
Stable blockchain based	✓	✓	✓	✓	✓	✗

Legend	Description
Stable coin	One of the project's product is a coin, the value of which is linked to a valuable physical asset
GIA certified	Diamonds used in the project are all 100% GIA certified
Asset Logistics	Project covers all the expenses for transportation of physical assets to a storage facility/pick-up points
Independent storage	Physical assets are stored in investment-grade independent storage.

Independent Audit	Periodical audit of the stored assets by third-party independent certified company
Discount & cash back program	Project has a discount/bonus program to encourage customer loyalty
Up to 20% lower than RPP	The ability to purchase real diamonds with up to 20% discount from Rappaport price
Pick up points for diamonds and vending machines	Coins can be redeemed to a real asset in pick-up locations and ATMs
Stable blockchain based	Token/coin/system/project infrastructure is built using production-ready blockchain

6.3. Volume of the target market

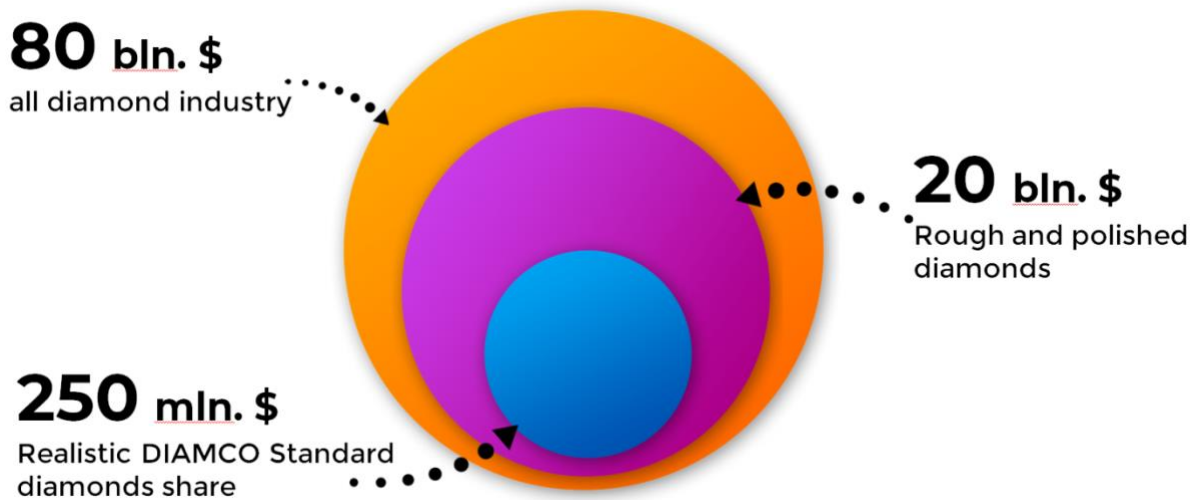


Figure 7. TAM-SAM-SOM for the target market of diamonds

According to market analysis [9] [1] [2] [10], the total volume of the market for raw diamonds, cut diamonds, and jewelry products is USD 80 billion per year. At the start, we focus on producing tokens strictly for diamonds of a certain quality (DIAMCO Standard), the projected volume of which on the market allows us to provide a monthly auction depth of USD 25 million. We believe that once the demand for cut diamonds of the new standard can be created and reached, the storage capacity of more than USD 1 billion, the industry will adjust to more mass production of diamonds of this standard, which will lead to a multiple increase in volumes and make it possible to compete with the investment attractiveness of the markets of other commodities for large funds and HNWI.

7. Team, Advisors, Partners

7.1. Management team

Dan Artsinovich – Chief Executive Officer, Global



LinkedIn: <https://www.linkedin.com/in/denis-artsinovich-85497261/>

Facebook: <https://www.facebook.com/dartsinovich>

Business: <https://maximilian-silver.com/>

Dan is a former Director at Renaissance Capital company – leading emerging and frontier markets investment bank providing access to 43 markets. After 10 years of experience in the finance industry, Dan launched his own jewelry business – MaximiliaN Silver brand as a part of Jewelry House MaximiliaN London. Having both expertise in investments and the jewelry industry, Dan is capable of truly guiding DIAMCO on its way of disrupting the diamond industry, thus bringing a new set of alternative investments to the finance industry

Amy Kristen Yuen – Chief Strategy Officer



LinkedIn: <https://www.linkedin.com/in/amykristeny/>

Amy Kristen Yuen is an experienced executive, strategist, investor, mentor and advisor for tech / blockchain startups across varies industries. She previously served as a digital innovation lead, Senior Director – Head of IoT and Big Data for Hitachi Data Systems, currently renamed as Hitachi Vantara, who helped driving digital transformation for the Fortune Global 500 customers. She has been sponsor and mentor in startups accelerator program – B4B Challenge, co-organised by Cyberport, which aims to drive Big Data and AI innovation and adoption in the Greater China market. Prior to that, Amy Kristen has possessed decades of experience in technology and private investment industries. She served as regional executive management for the Nasdaq listed tech firms, such as Intuit, BEA Systems/Oracle, Compaq Computer/HP, and Software AG from Germany. She has built a track record of creating high growth for companies, providing consulting services and enterprise solutions for global customers. She held different

influential leadership positions in the region, drove top line of businesses, with strengths of helping organizations to drive new strategic initiatives, develop go-to-market strategies, identify new business opportunities, operations management, sales, marketing, strategic partnership management, community and ecosystem development.

In addition to her long-time experiences in the technology spectrum, her direct engagement in the private investment market, along with investor relationship in close association to equity partners and funding parties, which leads her to a unique position in the digital transformation arena. She is the Founder and Managing Partner of I:digital Ventures, an advisory company which provides consulting services for tech / blockchain startups, advising and assisting in the process of business acceleration and fundraising for projects. It also provides investors a platform to access a new digital asset class, with a portfolio investment in crypto and blockchain projects. Her engagement experiences in digital innovation including areas of UX enhancement, Smart Cities, Cloud service, Fintech, Insurtech, Blockchain, IoT, machine learning, AI, predictive and advanced data analytics technology deployment.

Gary Sum – Chief Executive Officer, Asia & China



LinkedIn: <https://www.linkedin.com/in/drgarysum/>

Business: Swiss Capital Group

Gary Sum has been Chairman of Swiss Capital Group since 2006, a Swiss heritage multi-family office with investment banking capabilities domiciled in 25 locations comprising group's WOFE financial holding investment bank in China among twelve subsidiaries, totaling tens of billions of dollars in assets globally. Gary is a world-acclaimed international Swiss banker with 25 years' experience, a Chinese Merchants Award recipient, and Patriotic Banking

Professionalism recognition; founding president of a China state private bank and senior executive in two Swiss banks; a serial entrepreneur and investor; executive vice chairman of HK International Blockchain and Financial Association; strategic advisor and stakeholder of various disruptive crypto-enterprises; a recognized chairman and keynote speaker in international financial summits such as Ask Satoshi. Gary obtained a cultural-political vantage point on China's multifaceted development with his senior public offices in China, Greater Bay, and the influential Chaozhou community globally. Trained as a blue blood computer engineer in HKU only to later pursue a Swiss banking career, Gary had his first publication on "a hybrid neural network for function approximation" at ICNNSP in 1993. Gary is an inaugural patron donor of the King's College leadership award and a tenor in classic repertoire.

Simon Je, Co – Chairman, Asia & China



Linkedin: <https://www.linkedin.com/in/simonje7898/>

Business: Galaxy Treasure Financial

Mr. Simon Je is an experienced entrepreneur with extensive knowledge in Global Financial & Wealth Management industry. Mr. Je has established the SFC licensed Investment Bank & International Wealth Management Company for global family offices, Institutional investors & retail clients. He has ample knowledge on digital asset management and created the latest FinTech & unique financial portfolio with high investment yield. Simon is also an advocate to the Blockchain industry & Cryptocurrencies. He is the Founder & Chairman of the Hong Kong International Blockchain & Financial Association (HKIBFA), CO-Founder & Vice Chairman of Youth Innovation & Development Alliance (YIDA), Founder & President of the West African Chamber of Commerce (WACC), Founder & Chairman of International Blockchain Development Institute.

Zhanel Bekmukhanbetova - Chief Business Development Officer, South Korea



Linkedin: <https://www.linkedin.com/in/zhanel/>

Facebook:

<https://www.facebook.com/profile.php?id=100007446675506>

Experienced Business Development Manager.

Blockchain Enthusiast.

Expertise in Strategic Planning and Financial Analysis.

Specializes in Business Development and Investment

Banking, Consulting, Fundraising and Mergers &

Acquisitions, Product Management, Market Segmentation and Customer Need Analysis.

Actively traded in the cryptocurrency markets since early 2017, arbitrage exchange and currency pairs to maximize returns

Good understanding of smart contracts, crypto-economics, and blockchain technologies generally

Anton Trantin - Chief Operational Officer



Linkedin: <https://www.linkedin.com/in/atrantin/>

Facebook: <https://www.facebook.com/anton.trantin>

Business: <https://yorso.com> , <https://innosoft.pro>

At the age of 30, Anton got his second higher education – Master’s degree in the MSIT SE Carnegie Mellon program and was ranked as #1 graduate. Anton has earned a name for himself as a serial IT entrepreneur by successfully bringing to the market international system Yorso and IT company Innosoft with proven traction and fundraising into both companies.

Anton has nine years of hands-on experience as a developer, architect, and project manager for more than 10 national-level projects in such companies as Beeline, RusAtom, Moscow Airport Domodedovo, Winter Olympic Games in Sochi in 2014, SKB Kontur. Anton is an accredited instructor on blockchain technology in RANEPa, author of many lectures and online courses on blockchain technology for project managers, frequent speaker and judge during ICO competitions and heads the blockchain accelerator for the VC fund

Mikhail Sergeev – Chief Marketing Officer



Linkedin: <https://www.linkedin.com/in/muxacr/>

Facebook: <https://www.facebook.com/muxacr>

32 years old; Professional MBA certificate from the Open University of Great Britain and the Bachelor of International Economic Relations of South Ural State University.

Began his career in 2006 in the top Russian food retail company "Magnit" working on projects that aid in the automatization of corporate services and overall customer experience. Successfully launched goods accounting services projects that helped to save millions of dollars in company expenses and significantly speed up goods flow.

Has 3 years’ experience in digital marketing and has managed the development of more than 30 projects. In one of the largest ICO projects of 2017, Mikhail oversaw the creation of the community from the start. As a result, a community of more than 50,000 members was built, and the project reached a cap of 85,000 ETH.

As Chief Marketing Officer in DIAMCO Mikhail is striving to create an efficient and transparent infrastructure for the diamond industry using blockchain technology.

Arthur Tazhitdinov – Chief Technology Officer



Linkedin — <https://www.linkedin.com/in/arthur-tazhitdinov>

Facebook — <https://www.facebook.com/arthur.tazhitdinov>

Master's degree for the MSIT SE Carnegie Mellon program
Innopolis University.

10 years of software development related experience, acting as a hands-on software engineer, product and technology manager. Special expertise in financial, billing and blockchain-based systems and technologies. Leading groups into successful executions, while focused on driving growth and increasing profitability. Author of the blockchain course for solidity developers, does deep consulting on Ethereum perspective architectural approaches. At DIAMCO Arthur is responsible for development and execution of the technology roadmap as well as the management of the overall Information Technology and Operational Technology enterprise architecture.

7.2. Advisory board

Colin Wu – crypto & finance industry advisor



Linked In: <https://www.linkedin.com/in/colin-wu-78545227/>

Current business: <http://us-cn.org>, Vice Chairman

Mr. Wu is Chairman of Hong Kong Intellectual Property Exchange and executive vice chairman of the Board of Directors at US China Business Association (USCN). In his executive role, Mr. Wu is responsible for building and expanding USCN's relationships with key strategic partners, including financial institutions, business sectors, governmental and educational entities, and he is a member of the USCN strategic planning and development team.

Mr. Wu has extensive knowledge in diplomacy, government procurement, intellectual property, history, language and arts. It has built him into a visionary with business acumen. His personal contacts with celebrities and high-level government officials and executives of fortune 500 companies prove to be valuable assets to any projects and organizations he is committed to serve. Because of his commitment and service to the Republican Party, he was awarded "Ronald Reagan Presidential Award" in 2004. Mr. Wu was

appointed to serve in 2005 as Illinois honorary co-chairman of the Business Advisory Council of the NRCC.

Mr. Wu set up an online government procurement service website Bid8.com in 2005 and served as CEO of the company. Under his leadership, Bid8.com grew to be a multi-billion dollar online procurement platform and a recognized market leader in government procurement information, a concept that the company pioneered. In 2007, Bid8.com was later successfully merged with the federal government procurement website.

In 2007, Mr. Wu was invited by Yiwu Municipal Government to help implement the government policy of “Selling to the World, Buying from the World”. Mr. Wu set up the Imported Commodities Market at Yiwu via his worldwide procurement network, thus changing the landscape of Yiwu as a distribution hub of exclusive Chinese commodities to one of global commodities.

In 2009, upon recommendation by Shenzhen Municipal Government, Mr. Wu teamed up with Shenzhen United Property and Share Rights Exchange and launched Shenzhen Innovated Technology Rights Exchange, a trading platform based on instruments of global technologies and patents, and with Chinese manufacturing sectors as its target market. The exchange was open for business in May 2011. At the end of 2011, Wu suggested establishment of exchanges for intangible property with intellectual properties as core products of trading in order to strengthen and further develop Hong Kong’s financial status in the global settings of new knowledge economy. Wu serves as the Chairman of Hong Kong Intellectual Property Exchanges Ltd. from 2012. From June 2017, Wu become a member of the NRSC.

Mr. Wu was a teacher of English at Dr. Sun Yat-sen University during 1989-1992, and a host of an English program at Guangdong Television Station for many years.

In 1980s, Mr. Wu was a veteran diplomat of Foreign Affairs Ministry of the People’s Republic of China, where he worked and traveled to many countries. He also worked as a senior interpreter for Chinese and foreign state leaders for many years.

Eugene Morozov – Compliance and business advisor, USA



Linkedin: <https://www.linkedin.com/in/eugene-morozov-38666938/>

Current business: <http://standardcapitalgroup.us>

Experienced C-Level executive, Ex-JPMorgan, Deutsche Bank, Renaissance Capital. Currently Partner at SCGI, specialist in compliance and US markets, deep experience in blockchain projects.

Mr. Morozov graduated from Lomonosov Moscow State University in 1990 and University of Illinois Graduate School with degrees in economics and accounting. He is a Certified Public Accountant in the US.

Mr. Morozov has more than 18 years of experience in equity markets, commercial and investment banks and in real estate in the US, Russia, Ukraine, China, UAE.

He was employed by such companies as Coopers and Lybrand, JPMorgan, Deutsche Bank, Renaissance Capital and others. Main responsibilities - audit, securities trading, corporate finance, real estate development.

Mr. Morozov managed a 2 billion USD portfolio at GazpromInvestHolding LLC. He also directed Red Square 5 development project and was CEO of M+ retail bank.

Alex Sizov – Finance advisor



Linkedin: <https://www.linkedin.com/in/alexei-sizov-b620a0a5/>

- 20 years in the investment banking and finance industries
- CEO and partner at MH Fund Management & Advisory, the investment company, specializing on emerging markets
- Former Partner and Managing Director at Renaissance Capital, the leading Russian and Emerging Markets investment bank
- Former Managing director at JP Morgan and UBS
- Former co-founder and CEO of Ukrainian Agrarian Investment, the Top-3 Ukrainian agricultural producer (sold recently)

7.3. Partner Companies

- Maximilian London - <http://maximilianjewelry.com> - a key partner with 20 years of experience in the diamond and jewelry industry
- Innosoft - <https://innosoft.pro> - technology partner company that has already launched a number of technological products, based on the blockchain, and also won a number of the largest hackathons in the blockchain industry
 - <https://yorso.com> - online b2b trading platform with document turnover based on Ethereum blockchain
 - <https://investore.club> - tokenization of commercial real estate on the blockchain
 - Consultant of the Ethereum Russia Central Committee on adaptation of perspective development to the Plasma
- NSP Law - <http://nsplaw.com/en/> - legal support
- Swiss Capital Group Asia - <https://www.facebook.com/swisscapitalag/> - private banking and wealth management consultations

8. Legal notice

8.1. DIAMCO Corporate Structure

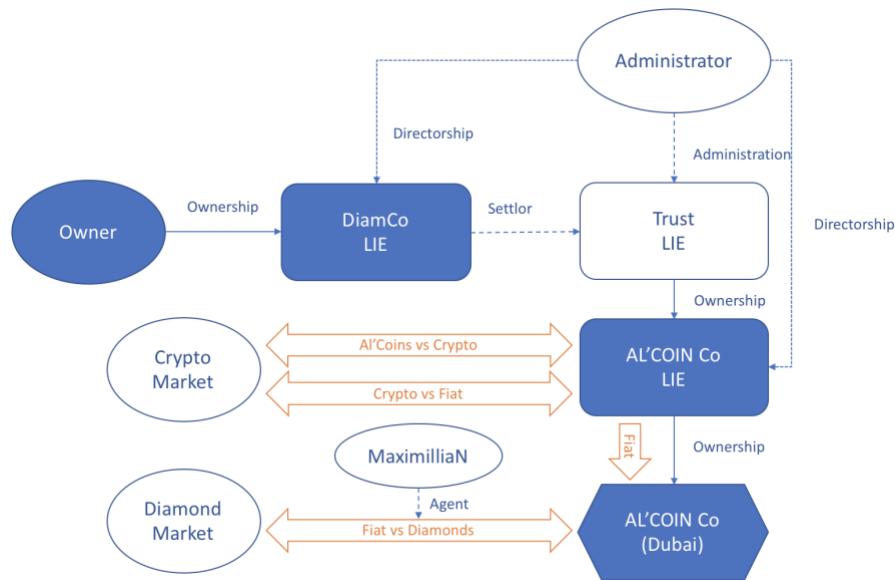


Рисунок 8. DIAMCO Corporate structure scheme

Principally, the corporate structure of DIAMCO project is intended to include the following companies:

- Owner - beneficiary of DiamCo company
- "DiamCo", which is a business company incorporated in accordance with the laws of the Liechtenstein. The main purpose of the DiamCo is to organize and conduct a process of DIAM tokensale (i.e. DiamCo is a DIAM issuer). In particular, the DiamCo will create DIAM tokens and distribute them to the community. Besides, the DiamCo will contract with entities and agents for the development of the DIAMCO platform and its underlying software, as well as for marketing of the DIAMCO ecosystem in order to foster a community around it; DiamCo consolidates profit from DIAMCO platform operations;
- DiamCo is also a settlor of Trust to ensure proper assets administration. The Trust will be settled by DiamCo in accordance with the laws of Liechtenstein and is planned to hold AL'COIN Co and makes sure that AL'COIN Co is completely independent (from everybody, including DiamCo), does not conduct any business except for holding diamonds for AL'COIN holders. Trust is an orphan holding structure and is managed by Administrator
- Administrator – licensed independent Liechtenstein administrator which:
 - Sets up DiamCo, Trust and (at the second stage) AL'COIN Co (Liechtenstein)

- Is a director of DiamCo and AL'COIN Co (Liechtenstein)
- Is (one of) Escrow Agents (see below), responsible for approving KYC files on buyers during creation of DIAMs. Issues affidavit to Bank (if required by Bank) confirming that required KYC procedures have been followed
- Administers Trust according to the Trust declaration. Administrator also manages KYC of clients willing to exchange AL'COINs into real diamonds
- All operational work related to logistics of buying and moving diamonds is done by MaximilliaN as a contractor under control of Administrator.
- AL'COIN Co (Liechtenstein) - Liechtenstein subsidiary, created by DiamCo and contributed to Trust by DiamCo as a settlor. Generates AL'COINs, trades them for crypto and fiat currencies and converts crypto into fiat currencies for the purpose of buying diamonds for fiat via Dubai subsidiary
- AL'COIN Co (Dubai) – Dubai subsidiary of AL'COIN Co (Liechtenstein), the only role of which is to buy and hold diamonds for the benefit of AL'COIN holders, until holders redeem their AL'COINs into diamonds of DIAMCO Standard

Escrow Agent (one of the functions of Administrator):

- It is recently becoming common for creation of tokens (especially those recognized/registered as security tokens) to use Escrow agent – a legal company who:
 - Supervises the process of creation of the tokens via private token sale or ICO
 - Together with Issuer conducts all required procedures on token buyers (KYC, etc.).
 - Collects proceeds (both crypto and fiat) to its own “escrow” wallet (for crypto) / bank account (for fiat), before disbursing it as one payment to wallet/bank account of Issuer upon successful closing of token sale
 - Confirms to Bank that crypto/fiat has been collected by issuer via private token sale/ICO, with KYC-compliant way, thus providing proof of source of funds for the Bank.
- KYC process for Escrow Agent is facilitated and automated:
 - There is web-based token holder cabinet, where potential DIAM buyers register and can upload necessary documents: ID, proof of residence, etc. The DIAMCO platform staff then checks provided documents and compiles KYC files for approval of Escrow Agent. The exact list for KYC compliance will be provided in the token holder cabinet
 - Can be partially outsourced to a 3rd-party KYC providers if required.

Bank accounts:

- Both DiamCo and AL'COIN Co (Liechtenstein) open accounts with Liechtenstein bank, which is familiar with crypto operations and is comfortable with the described structure of the project
- Bank account of DiamCo will be used:
 - To get fiat proceeds from private token sale/ICO from Escrow Agent or directly
 - To get fiat proceeds from sale of crypto funds raised via private token sale/ICO (this can be both OTC or exchange transaction – based on Bank's requirements)
 - To pay bills/expenses related to operations of DiamCo and service other operational cash flow of the company.
- Bank account of AL'COIN Co (Liechtenstein) will be used:
 - To get fiat proceeds from regular auctions for AL'COINs from Escrow Agent or directly
 - To get fiat proceeds from sale of crypto funds raised via regular auctions for of AL'COINs

- To trade raised crypto for fiat currencies
 - To transfer fiat to AL'COIN Co (Dubai), which it will then use to buy diamonds
- AL'COIN Co (Dubai) will not require new accounts to be opened with Liechtenstein bank, it will use Dubai bank account.

It should be noted that the DIAMCO project is intended to exist for a long-term period, that means that the corporate structure and the companies' roles described above are not binding for the DIAMCO management team and can be restructured or adjusted from time to time.

For instance, the new regulation is going to be applied for the token sale procedures in the Liechtenstein which may lead to changing initial plans for legal structure and changing the jurisdiction of DiamCo company until regulation is approved.

8.2. Legal Status of DIAM Tokens

- DIAM Tokens (the "Tokens") do not grant participation in the DIAMCO or its assets. The Tokens do not provide token holders with any ownership or other interest in the DIAMCO. Acquisition of the Tokens does not present an exchange of cryptocurrencies for any form of shares in the DIAMCO or the DIAMCO's assets, including intellectual property. Token holders are not entitled to any guaranteed form of dividends, revenue distributions, and voting rights.
- The Tokens do not represent a loan to the DIAMCO. The Tokens neither debt instrument or bonds of any kind nor any other form of loan advanced to the DIAMCO. Acquisition of the Tokens, whether through the Token sale or otherwise, does not grant to Token holders any right of claim on DIAMCO's financial or any other assets.
- The Tokens are not securities in any jurisdiction. This White Paper does not constitute a prospectus or offer document of any sort, is not intended to constitute an offer of securities or a solicitation for investment, does not pertain in any way to an initial public offering or a share/equity offering, and does not pertain in any way to an offering of securities in any jurisdiction. The Tokens are not intended to be marketed, offered for sale, purchased, sold, or traded in any jurisdiction where they are prohibited by applicable laws or require further registration with any applicable governmental authorities. We do not recommend buying the Tokens for speculative investment purposes.
- The Tokens do not represent any other financial or investment instrument. In particular, the Tokens are not and shall in no case be understood, deemed, interpreted or construed as:
 - **(i)** any form of financial derivatives;
 - **(ii)** any commercial paper or negotiable instrument;

- **(iii)** any form of investment contract between the relevant holder and any other person;
 - **(iv)** any commodity or asset that any person is obliged to redeem or purchase;
 - **(v)** any note, debenture, warrant or other certificate that entitles the holder to interest, dividend or any kind of return from any person;
 - **(vi)** the rights under the price difference (margin) contract or any other contract whose purpose or its intended purpose is to ensure profit or avoid losses; or
 - **(vii)** structural units in the collective investment mechanism or in the institution of joint investment, including trusts and investment funds.
- The Tokens are not currencies in any jurisdiction. The Tokens are not currencies issued by any central bank or national, supra-national or quasi-national organization, nor is it backed by any hard assets or other credit.
 - The Tokens are non-refundable. Unless otherwise is provided by applicable legislation or strictly set out in the legally binding documentation on sale of the Tokens, the DIAMCO is not obliged to provide Token holders with a refund related to the Tokens for any reason, and Token holders will not receive money or other compensation in lieu of the refund.

8.3. Legal Status of AL'COINs

- AL'COIN is a token, which gives the right to its owner to contact the Independent administrator (either directly or via an automated system, such as, for example, automated diamond vending machines, which may be developed and installed according to the business model described in section "Soft Cap and Hard Cap: use of funds") at any time and have it 1:1 exchanged into DIAMCO Standard diamond (the exact procedure which takes into account small differences in quality and weight of diamonds within the Standard is described in the section "Procedure of redeeming an AL'COIN token for a diamond").
- The AL'COIN will represent the right to receive a diamond from an independent custody, by allowing its owner to join the original purchase of the diamond by AL'COIN Co.
- A detailed description of AL'COIN token, its structure and specific features of its functioning, will be presented in a separate White Paper, which will be prepared and provided to interested parties in the process of DIAMCO platform implementation and will be based on the fundamental principles described in the current document.

Appendix

Appendix 1. Historical price chart of 1 carat* diamond from 1960 to 2016

* The price is quoted on a 1-carat diamond with the following characteristics: Color-D, Clarity-IF / FL, Cut / Polish / Symmetry-Excellent, Fluorescence - none

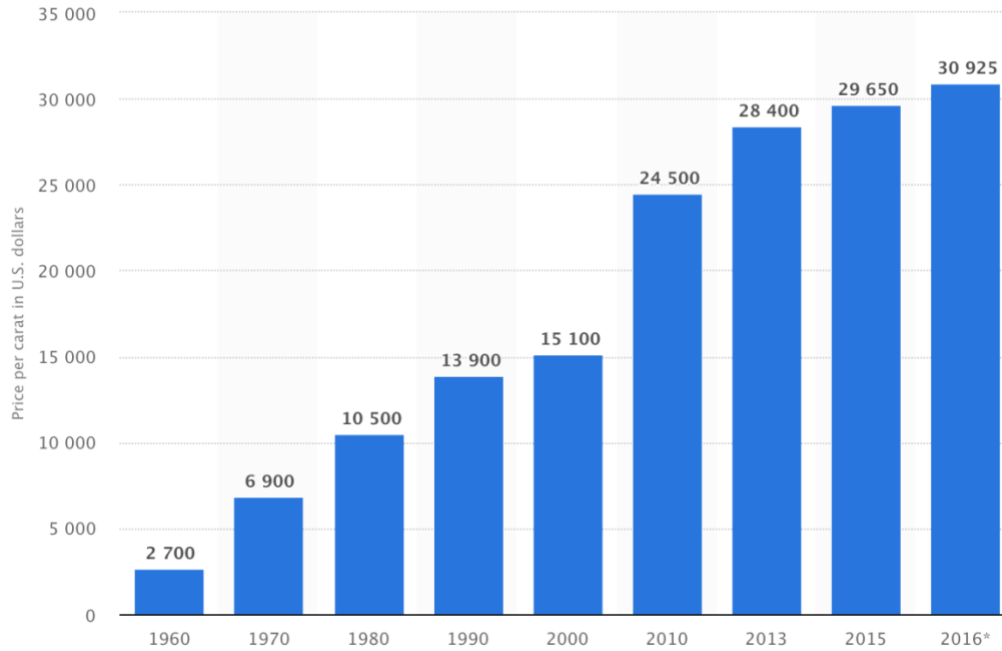


Figure 9. Chart of the price of 1 carat diamond from 1960 to 2016

Appendix 2. Volume of commodities market for 2015

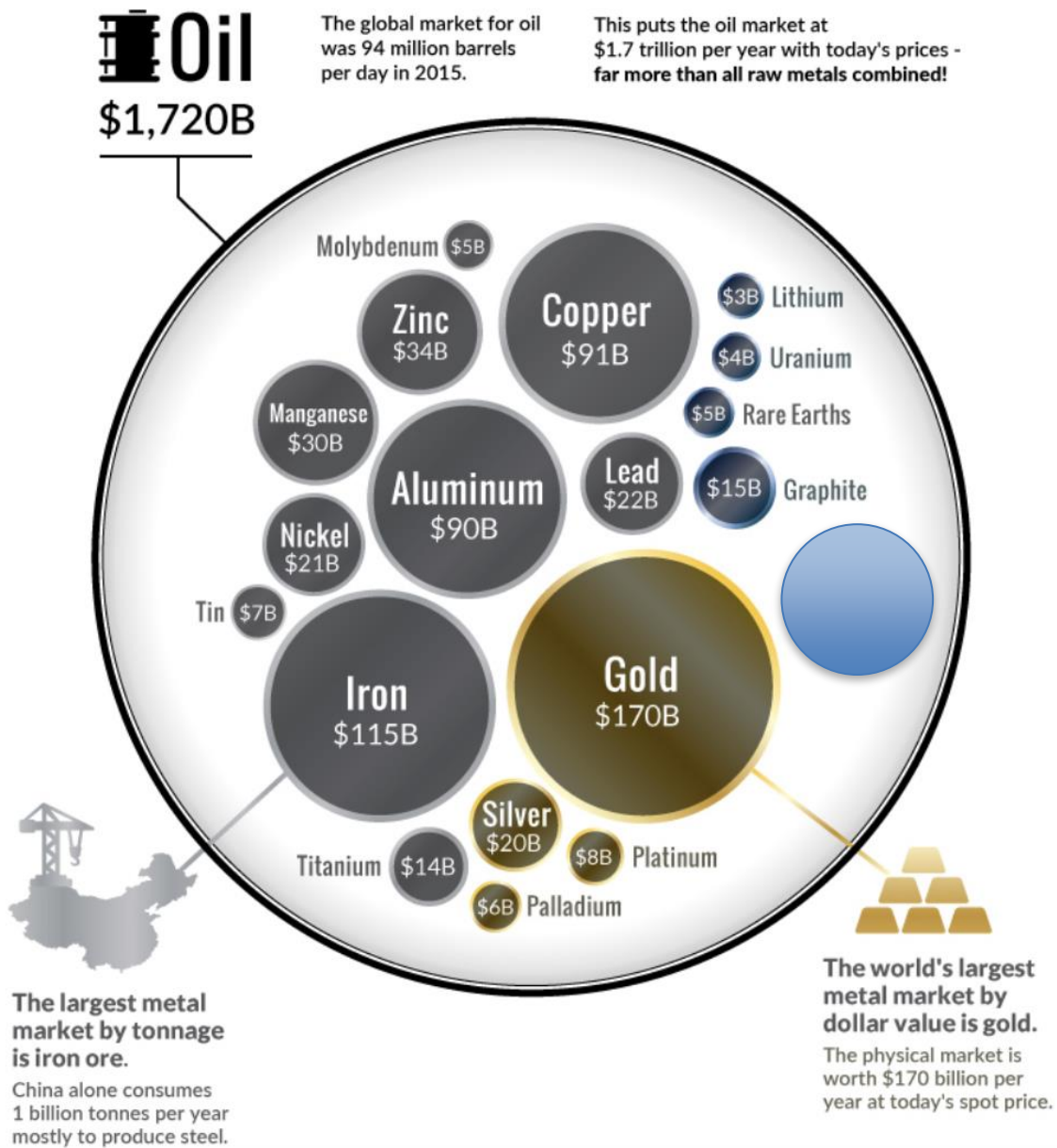


Figure 10. Structure and volume of the market of the most popular commodities

Appendix 3. Comparative analysis of investment qualities of diamonds and gold

Table 4. Comparative analysis of investment quality of diamonds and gold

Group	Specific characteristics	Gold	Diamonds
Value	Homogeneous in nature	Yes	No
	Preserving value if divided or changed in shape	Yes	No
	Objective and simple tools for measurement and price evaluation	Yes	No
Financial characteristics	Transportation is easy and storage is convenient	Yes (in small quantities)	Yes
	Sufficient volume to be used as currency	Partly yes	No
	Liquidity is high enough	Yes	No
	Limited stocks	Yes	Yes
Other indicators	Possibility for mass production	Yes	No
	Aesthetic value	Yes	Yes

Appendix 4. Rationale behind the specification of DIAMCO Standard

This set of characteristics is selected in accordance with the highest demand from the jewelry industry, and by the funds and high-net-worth individuals holding portion of their investment portfolio in alternative tools, such as diamonds.

According to [10] , only 250 thousand carats of diamonds a year are produced on the market. Only 187,500 carats in the range up to 0.47 carats are diamonds for small-scale jewelry industry, and 62,500 carats are elite jewelry and investment diamonds. Amount of diamonds larger than 1 carat is very small and not enough to provide a depth of the market - only about 10,000 carats, and if we consider the specification of the jewelry quality (Colorless, IF / VVS1 / VVS2) - the amount of which is less than 1,000 stones per year, which significantly complicates

the transformation of this set of stones into a commodity / standard, which would then be guided by the investment market.

That is why the choice was made for the weight of 1-1.05 carats: it is easy to remember ("one-carat"), consumer appealing and enough to ensure the depth of the market.

Appendix 5. Example of calculation of DSI during the N-th auction and its use to pay off AL'COIN

1. SPV launched an auction for USD 90,000
2. After the collection of orders, the purchase of a basket of diamonds is carried out according to the procedure described in the "Procedure for the purchase of diamonds after the auction" so that
 - a. 1 x D-IF = USD 20,000
 - b. 1 x F-VVS2 = USD 12,000
 - c. 1 x D-VVS1 = USD 17,000
 - d. 1 x F-VVS1 = USD 13,000
 - e. 2 x E-VVS1 = USD 28,000
3. DSI according to formula = $90\,000/6 = \text{USD } 15,000$
4. 6 AL'COIN are emitted to the market with the base auction price of USD 15,000, which means:
 - a. Those buyers who made 100% payment in cryptocurrency receive strict AL'COIN quantity at a price of USD 15,000
 - b. Those buyers who have made an advance payment of 10% of DIAM, must pay in crypto or fiat currency the remaining 80%, i.e. prepaid DIAM covers 20% of the cost and only USD 12,000 is required from the buyer.
5. Suppose, at the moment, there are already 20 diamonds of different weights (1-1.05 carats) in the storage with an average cost of USD 16,000. After the auction, there will be 26 stones in the depository in total, so DSI will become equal to
 - a. $\text{DSI} = (20 \cdot 16\,000 + 6 \cdot 15\,000) / 26 = 410\,000 / 26 = \text{USD } 15,769$.
6. For example, someone bought AL'COIN token at the price of USD 16,000 at the crypto-exchange and came to the vending machine in the duty-free zone to redeem the token for a diamond. Consider two cases:
 - a. The owner of AL'COIN chose a diamond with a weight of 1.05 carats with characteristics of D-IF with a price per carat according to the Rapaport table of 20,000 USD, i.e. the diamond costs USD 21,000, then:
 - i. The owner needs to pay a difference in the amount of USD 5,231 ($21,000 - 15,769$) in DIAM to DIAMCO platform.

- ii. After the withdrawal of the diamond, the AL'COIN token is destroyed and the DSI changes in price as follows:
 - a. $DSI = 389\,000 / 25 = \text{USD } 15,560$
- b. The owner of AL'COIN chose a 1-carat diamond with F-VVS2 characteristics with a price per carat according to Rapaport 12,000 USD, then
 - i. DIAMCO will credit the buyer's wallet with USD 3,769 in DIAM
 - ii. DSI price will changed to:
 - a. $DSI = 398\,000 / 25 = \text{USD } 15,920$

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Risk factors

An acquisition of the DIAM Tokens and AI'COINS (the "**Tokens**") involves a high degree of risk. Each potential purchaser of the Tokens should carefully consider the following information about these risks before s/he decides to buy the Tokens. If any of the following risks actually occurs, the DIAMCO Platform (the "**Platform**") and the value of the Tokens could be materially adversely affected.

Risks and uncertainties described below in this White Paper may not be the only ones Token holders face. Additional risks and uncertainties may also materially adversely affect the Platform or the value of the Tokens. In such cases, price of the Tokens could decline due to any of considerations, uncertainties or material risks, and Token holder may lose all or part of its Tokens.

Risks connected to the value of tokens

- 1. No Rights, Functionality or Features Other than Strictly Provided Herein.** The Tokens do not have any rights, uses, purpose, attributes, functionalities or features, express or implied, including, without limitation, any uses, purpose, attributes, functionalities or features on the Platform, other than strictly provided in this White Paper.
- 2. Lack of Development of Market for Tokens.** Because there has been no prior public trading market for the Tokens, the sale of the Tokens described in this White Paper may not result in an active or liquid market for the Tokens, and their price may be highly volatile. Although applications may be made to the cryptographic token exchanges for the Tokens to be admitted to trading, an active public market may not develop or be sustained after the Token sale. If a liquid trading market for the Tokens does not develop, the price of the Tokens may become more volatile and Token holder may be unable to sell or otherwise transact in the Tokens at any time.
- 3. Risks Relating to Highly Speculative Traded Price.** The valuation of digital tokens in a secondary market is usually not transparent, and highly speculative. The Tokens do not hold any ownership rights to Company's assets. Traded price of the Tokens can fluctuate greatly within a short period of time. There is a high risk that a Token holder could lose his/her entire contribution amount. In the worst-case scenario, the Tokens could be rendered worthless.
- 4. Tokens May Have No Value.** The Tokens may have no value and there is no guarantee or representation of liquidity for the Tokens. Company Parties are not and shall not be responsible for or liable for the market value of the Tokens, the transferability and/or liquidity of the Tokens and/or the availability of any market for the Tokens through third parties or otherwise. For the purposes of this section of the White Paper, the term

"Company Parties" shall include Company and its respective past, present and future employees, officers, directors, contractors, consultants, attorneys, accountants, financial advisors, equity holders, suppliers, vendors, service providers, parent companies, subsidiaries, affiliates, agents, representatives, predecessors, successors and assigns (hereinafter in this section of the White Paper – "**Company Parties**").

5. **Tokens are Non-Refundable.** Except for the cases strictly provided by the applicable legislation or in the legally binding documentation on the Tokens sale, Company Parties are not obliged to provide the Token holders with a refund related to the Tokens for any reason, and the Token holders will not receive money or other compensation in lieu of the refund. No promises of future performance or price are or will be made in respect to the Tokens, including no promise of inherent value, no promise of continuing payments, and no guarantee that the Tokens will hold any particular value. Therefore, the recovery of spent resources may be impossible or may be subject to foreign laws or regulations, which may not be the same as the private law of the Token holder.
6. **Use of Tokens in Restricted Activities by Third Parties.** Programs or websites banned or restricted in certain jurisdictions, such as gambling, betting, lottery, sweepstake, pornography and otherwise, could accept different crypto-currencies or tokens in their operation. The regulatory authorities of certain jurisdictions could accordingly take administrative or judicial actions against the such programs or websites or even the developers or users thereof. The Company neither intends nor is able to act as a censor to scrutinize to any extent any program or website that uses Tokens with such goals. Therefore, any punishment, penalty, sanction, crackdown or other regulatory effort made by any governmental authority may more or less frighten or deter existing or potential users away from using and holding the Tokens, and consequently bring material adverse impact on the prospect of the Tokens.
7. **Risks Arising from Taxation.** The tax characterization of the Tokens is uncertain. The purchaser shall seek his/her own tax advice in connection with acquisition, storage, transfer and use of the Tokens, which may result in adverse tax consequences to the purchaser, including, without limitation, withholding taxes, transfer taxes, value added taxes, income taxes and similar taxes, levies, duties or other charges and tax reporting requirements.
8. **No exchangeability of the Tokens.** The Tokens may (or may not) be exchangeable sometime in the future on cryptographic token exchanges. However, the Company parties give no warranties or representations that the Tokens will be exchangeable on such exchanges.

Blockchain and software risks

- 1. Blockchain Delay Risk.** On the most blockchains used for cryptocurrencies' transactions (e.g., Ethereum, Bitcoin blockchains), timing of block production is determined by proof of work so block production can occur at random times. For example, the cryptocurrency sent as a payment for the Tokens in the final seconds of the Token sale may not get included into that period. The respective blockchain may not include the purchaser's transaction at the time the purchaser expects and the payment for the Tokens may reach the intended wallet address not in the same day the purchaser sends the cryptocurrency.
- 2. Blockchain Congestion Risk.** The most blockchains used for cryptocurrencies' transactions (e.g., Ethereum, Bitcoin blockchains) are prone to periodic congestion during which transactions can be delayed or lost. Individuals may also intentionally spam the network in an attempt to gain an advantage in purchasing cryptographic tokens. That may result in a situation where block producers may not include the purchaser's transaction when the purchaser wants or the purchaser's transaction may not be included at all.
- 3. Risk of Software Weaknesses.** The token smart contract concept, the underlying software application and software platform (i.e. the Ethereum, Bitcoin blockchains) are still in an early development stage and unproven. There are no representations and warranties that the process for creating the Tokens will be uninterrupted or error-free. There is an inherent risk that the software could contain weaknesses, vulnerabilities or bugs causing, inter alia, the complete loss of the cryptocurrency and/or the Tokens. Moreover, advances in cryptography, or technical advances such as the development of quantum computing, could present risks to the Tokens and the Platform by rendering ineffective the cryptographic consensus mechanism that underpins the Ethereum protocol.
- 4. Risk of New Technology.** The Platform, the Tokens and all of the matters set forth in this White Paper are new and untested. The Platform and the Tokens might not be capable of completion, creation, implementation or adoption. It is possible that no blockchain utilizing the Platform will be ever launched. Purchaser of the Tokens should not rely on the Platform, the Token smart contract or the ability to receive the Tokens associated with the Platform in the future. Even if the Platform is completed, implemented and adopted, it might not function as intended, and any Tokens may not have functionality that is desirable or valuable. Also, technology is changing rapidly, so the Platform and the Tokens may become outdated.
- 5. Risk of Mining Attacks.** As with other decentralized cryptographic tokens based on the [Ethereum] protocol, the Tokens are susceptible to attacks by miners in the course of validating the Token transactions on the [Ethereum] blockchain, including, but not limited, to double-spend attacks, majority mining power attacks, and selfish-mining attacks. Any

successful attacks present a risk to the Platform and the Tokens, including, but not limited to, accurate execution and recording of transactions involving Tokens.

Security risks

- 1. Risk of Loss of Private Keys.** The Tokens may be held by Token holder in her/his digital wallet or vault, which requires a private key, or a combination of private keys, for access. Accordingly, loss of requisite private keys associated with such Token holder's digital wallet or vault storing the Tokens will result in loss of such Tokens, access to Token holder's Token balance and/or any initial balances in blockchain created by third parties. Moreover, any third party that gains access to such private keys, including by gaining access to login credentials of a hosted wallet or vault service the Token holder uses, may be able to misappropriate the Token holder's Tokens.
- 2. Lack of Token Security.** The Tokens may be subject to expropriation and or/theft. Hackers or other malicious groups or organizations may attempt to interfere with the token smart contract which creates the Tokens or the Tokens in a variety of ways, including, but not limited to, malware attacks, denial of service attacks, consensus-based attacks, Sybil attacks, smurfing and spoofing. Furthermore, because the [Ethereum] platform rests on open source software, there is the risk that [Ethereum] smart contracts may contain intentional or unintentional bugs or weaknesses which may negatively affect the Tokens or result in the loss of Tokens, the loss of ability to access or control the Tokens. In the event of such a software bug or weakness, there may be no remedy and holders of the Tokens are not guaranteed any remedy, refund or compensation.
- 3. Attacks on Token Smart Contract.** The blockchain used for the Token smart contract which creates the Tokens is susceptible to mining attacks, including double-spend attacks, majority mining power attacks, "selfish-mining" attacks, and race condition attacks. Any successful attacks present a risk to the Token smart contract, expected proper execution and sequencing of the Token transactions, and expected proper execution and sequencing of contract computations.
- 4. [Failure to Map a Public Key to Purchaser's Account.** Failure of a purchaser of the Tokens to map a public key to such purchaser's account may result in third parties being unable to recognize purchaser's Token balance on the Ethereum blockchain when and if they configure the initial balances of a new blockchain based upon the Platform.]
- 5. Risk of Incompatible Wallet Service.** The wallet or wallet service provider used for the acquisition and storage of the Tokens, has to be technically compatible with the Tokens. The failure to assure this may have the result that purchaser of the Tokens will not gain access to his Tokens.

- 6. Risks of Theft of the Funds Raised in the Token Sale.** The Company will make every effort to ensure that the funds received from the Token sale will be securely held through the implementation of security measures. Notwithstanding such security measures, there is no assurance that there will be no theft of the cryptocurrencies as a result of hacks, sophisticated cyber-attacks, distributed denials of service or errors, vulnerabilities or defects on the website, in the smart contract(s), on the Ethereum or any other blockchain, or otherwise. Such events may include, for example, flaws in programming or source code leading to exploitation or abuse thereof. In such event, even if the Token sale is completed, the Company may not be able to receive the cryptocurrencies raised and to use such funds for the development of the Platform and/or for launching any future business line. In such case, the launch of the Platform might be temporarily or permanently curtailed. As such, distributed Tokens may hold little worth or value, and this would impact its trading price.

Risks relating to company

- 1. Risks Relating to Ineffective Management.** The Company and Company Parties may be materially and adversely affected if they fail to effectively manage their operations as their business develops and evolves, which would have a direct impact on the Company's ability to maintain the Platform and/or launch any future business lines.
- 2. Risks of Negative Publicity.** Negative publicity involving the Company, the Platform, the Tokens or any of the Company's Parties may materially and adversely affect the market perception or market price of the Tokens, whether or not it is justified.
- 3. Risks Related to Highly Competitive Environment.** The financial technology and cryptocurrency industries, and the markets in which the Company competes are highly competitive and have grown rapidly over the past years and continue to evolve in response to new technological advances, changing business models and other factors. As a result of this constantly changing environment, the Company may face operational difficulties in adjusting to the changes, and the sustainability of the Company will depend on its ability to manage its operations and ensure that it hires qualified and competent employees, and provides proper training for its personnel. As its business evolves, the Company must also expand and adapt its operational infrastructure. The Company cannot give any assurance that the Company will be able to compete successfully.
- 4. Risks Relating to General Global Market and Economic Conditions.** Challenging economic conditions worldwide have from time to time may continue to contribute to slowdowns in the information technology industry at large. Weakness in the economy could have a negative effect on the Company's business, operations and financial

condition, including decreases in revenue and operating cash flows, and inability to attract future equity and/or debt financing on commercially reasonable terms. Additionally, in a down-cycle economic environment, the Company may experience the negative effects of a slowdown in trading and usage of the Platform.

5. **Risks of Non-Protection of Intellectual Property Rights.** The Company relies on [patents and trademarks and] unpatented proprietary know-how and trade secrets and employ commercially reasonable methods, including confidentiality agreements with employees and consultants,] to protect know-how and trade secrets. However, these methods may not afford complete protection and the Company cannot give any assurance that third parties will not independently develop the know-how and trade secrets or develop better production methods than the Company.
6. **Risks of Infringement Claims.** The competitors of the Company, other entities and individuals, may own or claim to own intellectual property relating to products and solutions of the Company. Third parties may claim that products and solutions and underlying technology of the Company infringe or violate their intellectual property rights. The Company may be unaware of the intellectual property rights that others may claim cover some or all of products or technology of the Company.

Risks relating to platform development

1. **Risk Related to Reliance on Third Parties.** Even if completed, the Platform will rely, in whole or partly, on third parties to adopt and implement it and to continue to develop, supply, and otherwise support it. There is no assurance or guarantee that those third parties will complete their work, properly carry out their obligations, or otherwise meet anyone's needs, all of might have a material adverse effect on the Platform.
2. **Dependence of Platform on Senior Management Team.** Ability of the senior management team which is responsible for maintaining competitive position of the Platform is dependent to a large degree on the services of each member of that team. The loss or diminution in the services of members of respective senior management team or an inability to attract, retain and maintain additional senior management personnel could have a material adverse effect on the Platform. Competition for personnel with relevant expertise is intense due to the small number of qualified individuals, and this situation seriously affects the ability to retain its existing senior management and attract additional qualified senior management personnel, which could have a significant adverse impact on the Platform.
3. **Dependence of Platform on Various Factors.** The development of the Platform may be abandoned for a number of reasons, including lack of interest from the public, lack of funding, lack of commercial success or prospects, or departure of key personnel.

4. **Lack of Interest to the Platform.** Even if the Platform is finished and adopted and launched, the ongoing success of the Platform relies on the interest and participation of third parties like developers. There can be no assurance or guarantee that there will be sufficient interest or participation in the Platform.
5. **Changes to the Platform.** The Platform is still under development and may undergo significant changes over time. Although the project management team intends for the Platform to have the features and specifications set forth in this White Paper, changes to such features and specifications can be made for any number of reasons, any of which may mean that the Platform does not meet expectations of holder of the Tokens.
6. **Ability to Introduce New Technologies.** The blockchain technologies industry is characterized by rapid technological change and the frequent introduction of new products, product enhancements and new distribution methods, each of which can decrease demand for current solutions or render them obsolete.
7. **Risk Associated with Other Applications.** The Platform may give rise to other, alternative projects, promoted by unaffiliated third parties, under which the Token will have no intrinsic value.
8. **Risk of an Unfavorable Fluctuation of Cryptocurrency Value.** The proceeds of the sale of the Tokens will be denominated in cryptocurrency, and may be converted into other cryptographic and fiat currencies. If the value of cryptocurrencies fluctuates unfavorably during or after the Token sale, the project management team may not be able to fund development, or may not be able to develop or maintain the Platform in the manner that it intended.
9. **Risk of Dissolution of Company or Platform.** It is possible that, due to any number of reasons, including, but not limited to, an unfavorable fluctuation in the value of Ethereum, Bitcoin or other cryptographic and fiat currencies, decrease in the Tokens utility due to negative adoption of the Platform, the failure of commercial relationships, or intellectual property ownership challenges, the Platform may no longer be viable to operate and the Company may dissolve.

Risks arising in course of company parties' business

1. **Risk of Conflicts of Interest.** Company Parties may be engaged in transactions with related parties, including respective majority shareholder, companies controlled by him or in which he owns an interest, and other affiliates, and may continue to do so in the future. Conflicts of interest may arise between any Company Party's affiliates and respective Company Party, potentially resulting in the conclusion of transactions on terms not determined by market forces.

- 2. Risks Related to Invalidation of Company Parties Transactions.** Company Parties have taken a variety of actions relating to their business that, if successfully challenged for not complying with applicable legal requirements, could be invalidated or could result in the imposition of liabilities on respective Company Party. Since applicable legislation may subject to many different interpretations, respective Company Party may not be able to successfully defend any challenge brought against such transactions, and the invalidation of any such transactions or imposition of any such liability may, individually or in the aggregate, have a material adverse effect on the Platform.
- 3. Risk Arising from Emerging Markets.** Company Parties or some of them may operate on emerging markets. Emerging markets are subject to greater risks than more developed markets, including significant legal, economic and political risks. Emerging economies are subject to rapid change and that the information set out in this White Paper may become outdated relatively quickly.

Governmental risks

- 1. Uncertain Regulatory Framework.** The regulatory status of cryptographic tokens, digital assets and blockchain technology is unclear or unsettled in many jurisdictions. It is difficult to predict how or whether governmental authorities will regulate such technologies. It is likewise difficult to predict how or whether any governmental authority may make changes to existing laws, regulations and/or rules that will affect cryptographic tokens, digital assets, blockchain technology and its applications. Such changes could negatively impact the Tokens in various ways, including, for example, through a determination that the Tokens are regulated financial instruments that require registration. Company may cease the distribution of the Tokens, the development of the Platform or cease operations in a jurisdiction in the event that governmental actions make it unlawful or commercially undesirable to continue to do so.
- 2. Failure to Obtain, Maintain or Renew Licenses and Permits.** Although as of the date of starting of the Token sale there are no statutory requirements obliging Company to receive any licenses and permits necessary for carrying out of its activity, there is the risk that such statutory requirements may be adopted in the future and may relate to any of Company Parties. In this case, Company Parties' business will depend on the continuing validity of such licenses and permits and its compliance with their terms. Regulatory authorities will exercise considerable discretion in the timing of license issuance and renewal and the monitoring of licensees' compliance with license terms. Requirements which may be imposed by these authorities and which may require any of Company Party to comply with numerous standards, recruit qualified personnel,

maintain necessary technical equipment and quality control systems, monitor our operations, maintain appropriate filings and, upon request, submit appropriate information to the licensing authorities, may be costly and time-consuming and may result in delays in the commencement or continuation of operation of the Platform. Further, private individuals and the public at large possess rights to comment on and otherwise engage in the licensing process, including through intervention in courts and political pressure. Accordingly, the licenses any Company Party may need may not be issued or renewed, or if issued or renewed, may not be issued or renewed in a timely fashion, or may involve requirements which restrict any Company Party's ability to conduct its operations or to do so profitably.

3. **Risk of Government Action.** The industry in which Company Parties operate is new, and may be subject to heightened oversight and scrutiny, including investigations or enforcement actions. There can be no assurance that governmental authorities will not examine the operations of Company Parties and/or pursue enforcement actions against them. All of this may subject Company Parties to judgments, settlements, fines or penalties, or cause Company Parties to restructure their operations and activities or to cease offering certain products or services, all of which could harm Company Parties' reputation or lead to higher operational costs, which may in turn have a material adverse effect on the Tokens and/or the development of the Platform.
4. **Risk of Burdensomeness of Applicable Laws, Regulations and Standards.** Failure to comply with existing laws and regulations or the findings of government inspections, or increased governmental regulation of Company Parties operations, could result in substantial additional compliance costs or various sanctions, which could materially adversely affect Company Parties business and the Platform. Company Parties operations and properties are subject to regulation by various government entities and agencies, in connection with ongoing compliance with existing laws, regulations and standards. Regulatory authorities exercise considerable discretion in matters of enforcement and interpretation of applicable laws, regulations and standards. Respective authorities have the right to, and frequently do, conduct periodic inspections of any Company Party's operations and properties throughout the year. Any such future inspections may conclude that any Company Party has violated laws, decrees or regulations, and it may be unable to refute such conclusions or remedy the violations. Any Company Party's failure to comply with existing laws and regulations or the findings of government inspections may result in the imposition of fines or penalties or more severe sanctions or in requirements that respective Company Party cease certain of its business activities, or in criminal and administrative penalties applicable to respective officers. Any such decisions, requirements or sanctions, or any increase in governmental

regulation of respective operations, could increase Company Parties' costs and materially adversely affect Company Parties business and the Platform.

5. **Unlawful or Arbitrary Government Action.** Governmental authorities may have a high degree of discretion and, at times, act selectively or arbitrarily, without hearing or prior notice, and sometimes in a manner that is contrary a law or influenced by political or commercial considerations. Moreover, the government also has the power in certain circumstances, by regulation or government act, to interfere with the performance of, nullify or terminate contracts. Unlawful, selective or arbitrary governmental actions have reportedly included the denial or withdrawal of licenses, sudden and unexpected tax audits, criminal prosecutions and civil actions. Federal and local government entities have also used common defects in matters surrounding the Token sale as pretexts for court claims and other demands to invalidate or to void any related transaction, often for political purposes. In this environment, Company Parties' competitors may receive preferential treatment from the government, potentially giving them a competitive advantage over Company Parties.
6. **Transferability Restrictions on the Tokens.** The Tokens can be offered in reliance upon exemptions from the registration requirements as provided in the applicable legislation. As a result, there can be substantial restrictions on the transferability of the Tokens, in such case, there may be no public market for the Tokens for citizens of, natural and legal persons, having their habitual residence, location or their seat of incorporation in the certain countries, such as the United States of America, People's Republic of China, South Korea and other countries where the turnover of cryptocurrencies or digital assets is or may be restricted.

Anticipated risks

1. Blockchain technologies and cryptographic tokens such as the Tokens are a relatively new and dynamic technology. In addition to the risks included above, there are other risks associated with your purchase, holding and use of the Tokens, including those that the Company cannot anticipate. Such risks may further appear as unanticipated variations or combinations of the risks discussed above.

Disclaimers

1. The information set forth in this White Paper may not be exhaustive and does not imply any elements of a contractual relationship. The content of this White Paper is not binding for Company Parties and Company reserves the right to change, modify, add, or remove portions of this White Paper for any reason at any time before, during and after the Token sale by posting the amended White Paper on the website.
2. This White Paper is a property of the Company and shall not be reproduced, copied, transferred or otherwise distributed to any third party. This White Paper is designed for general informational purposes only, as a guide to certain of the conceptual considerations associated with the narrow issues it addresses.
3. This White Paper does not constitute an investment, legal, tax, regulatory, financial, accounting or other advice, and this White Paper is not intended to provide the sole basis for any evaluation of a transaction on acquiring of the Tokens. Prior to acquiring the Tokens, a prospective purchaser should consult with his/her own legal, investment, tax, accounting, and other advisors to determine the potential benefits, burdens, and other consequences of such transaction.
4. Nothing in this White Paper shall be deemed to constitute a prospectus of any sort or a solicitation for investment, nor does it in any way pertain to an offering or a solicitation of an offer to buy any securities in any jurisdiction. This document is not composed in accordance with, and is not subject to, laws or regulations of any jurisdiction which prohibit or in any manner restrict transactions in respect of, or with use of, digital tokens.
5. The Token is not a digital currency, security, commodity, or any other kind of financial instrument and has not been registered under the Securities Act of 1933, the securities laws of any state of the United States of America or the securities laws of any other country, including the securities laws of any jurisdiction in which a potential Token holder is a resident.
6. [The Tokens are not being offered or distributed to, as well as cannot be resold or otherwise alienated by their holders to, citizens of, natural and legal persons, having their habitual residence, location or their seat of incorporation **(i)** in the United States of America (including its states and the District of Columbia), Puerto Rico, the Virgin Islands of the United States, any other possessions of the United States of America, or **(ii)** in the country or territory where transactions with digital tokens are prohibited or in any manner restricted by applicable laws or regulations. If such restricted person purchases the Tokens, such restricted person has done so on an unlawful, unauthorized and fraudulent basis and in this regard, shall bear negative consequences.]

7. [Company neither offer or distribute the Tokens nor carry on a business (activity) in any regulated activity in Singapore, in People's Republic of China, in South Korea, or in other countries and territories where transactions in respect of, or with use of, digital tokens fall under the restrictive regulations or require from Company to be registered or licensed with any applicable governmental authorities.]
8. Each purchaser of the Tokens is reminded that this White Paper has been presented to him/her on the basis that he/she is a person into whose attention the document may be lawfully presented in accordance with the laws of the purchaser's jurisdiction. It is the responsibility of each potential purchaser of the Tokens to determine if the purchaser can legally purchase the Tokens in the purchaser's jurisdiction and whether the purchaser can then resell the Tokens to another purchaser in any given jurisdiction.
9. This White Paper, the Website of the DIAMCO project, any other information provided by the Company Parties or its' representatives in writing or orally may include forward looking statements. In general, forward looking statements can be identified by the use of words such as "believes", "expects", "does not expect", "is expected", "targets", "outlook", "plans", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or variations of such words and phrases or statements in different languages that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company parties to be materially different from any future results, performance or achievements express or implied by the forward-looking statements. Although the Company parties believe there is a reasonable basis for making such forward-looking statements, Contributors must not place undue reliance on such forward-looking information. By its nature forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predictions, forecasts and other forward-looking statements will not occur.
10. The Company shall reserve the right to refuse selling the Tokens to anyone who does not meet criteria necessary for their buying, as set out hereunder and by the applicable law. In particular, the Company may refuse selling the Tokens to those purchasers who do not meet eligibility criteria established by the Company from to time in its sole discretion.
11. This English language White Paper is the primary official source of information about the project. The information contained herein may from time to time be translated into other languages. In the course of such translation some of the information contained herein may be lost, corrupted, or misrepresented. The accuracy of such alternative communications cannot be guaranteed. In the event of any conflicts or inconsistencies

between such translations, this official English language White Paper, the provisions of this English language original document shall prevail.

Revision history

Version	Date	Author	Comment
1.0	03.07.2018	Anton V. Trantin	First full private version of the document
1.1	02.08.2018	Anton V. Trantin	Added new team members – Zhanel, Eugene, introduced corporate and token structure
1.2	13.08.2018	Anton V. Trantin	Fixed bio description for Simon Je
1.3	06.09.2018	Anton V. Trantin	Added Amy Kristen