

Bytom Economic White Paper (v1.0)¹

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¹ *Translator's Note:* While I consider this translation to be an accurate representation of the content and context of the original economic white paper published in Chinese on the Bytom website, I don't represent the Bytom team so please view this as an unofficial translation.

One, Overview

1. Background of Bytom

Bytom (The Bytom Blockchain Protocol) will not be another Bitcoin, nor will it be Ethereum 2.0. Bytom is an intermediary connecting generalized blockchains with specialized blockchains. In the past, there has not been a complete and effective blockchain protocol for the purpose of exchanging diversified digital assets. Bytom is designed to be the public blockchain specifically for the area of asset management in an attempt to solve the following problems:

- What kind of blockchain is needed to carry digital assets.
- How to establish the mapping relationship between physical and digital assets², and resolve compliance issues.
- How to bridge the gap between the physical and digital worlds to promote effective flow of assets on-chain and off-chain.

2. Mission of Bytom

The mission of Bytom is to bridge the digital world and the physical world, and to build a decentralized network where various digital and physical assets can be registered and exchanged. The goal of Bytom is to become the world's largest dedicated public blockchain platform, connecting various asset classes to the blockchain, enhancing the liquidity, security, and value of these assets.

Bytom will greatly promote the exchange and flow of "byte information" and "byte assets" with value attributes, and via contract and configuration create new "byte assets". Bytom is also a type of intermediary, becoming an economic body generating profit from data and an amplifier to the performance of digital assets. In the future, these digital assets will not only be used in daily life, but can also be artificial intelligence, provide "digital food³" for equipment in the Internet of Things, and to increase the influence of the digital world on the physical world.

² In the official English technical white paper, they use "atomic" in place of "physical", and "byte" interchangeably with "digital". The name "Bytom" is from combining the words "byte" and "atom" representing the bridge.

³ Can't find any references to "数据食物" so that's the literal translation. It appears that they are suggesting that the Bytom blockchain can be a data interchange for web connected physical objects.

Two, Bytom Native Assets

1. Bytom Coin Basis of Value

Bytom Coins are the native asset on the Bytom Blockchain. Bytom Coin's value comes from its ability to easily characterize and measure the digital economic activity on the Bytom Blockchain. Bytom Coin represents both the ownership of the Bytom Blockchain and the right to use it: use of the Bytom Blockchain will incur a fee in Bytom Coin, reflecting the right of usage characteristic of Bytom Coin; holding Bytom Coins represents owning a piece of the Bytom Blockchain, essentially being a shareholder of the Bytom Blockchain, and therefore able to participate in the highest-level governance of the Bytom Blockchain, reflecting Bytom Coin's ownership characteristic. (For the specific structure of management, refer to "Three, Management of Bytom".)

Distributed Autonomy⁴ is one of the most important concepts of blockchain technology. Distributed Autonomy is essentially a computer program that executes through a set of publicly known and fair rules⁵. With all current public blockchains, none have clear property rights, and it is not stated which subjects should be responsible for the public blockchain. The architecture of top-level management is blurred, which has led to the ineffectiveness of public blockchain management, which leaves hidden dangers for future applications of the blockchain.

As a public blockchain project, Bytom has specifically declared property rights from the start. Bytom Coin owners have complete ownership over the Bytom Blockchain. Ronald Coase (founder and supporter of the modern theory of property rights) believes that property rights are a system of incentives and constraints that assist with allocating resources and coordinating efforts. The clarity of the rules of property rights not only can protect freedoms, but also provides space for higher levels of economic activity. Because the Bytom Blockchain has clear property rights, Bytom Coin holders have an internalized incentive to maintain the order of the Bytom Blockchain, protecting the internal economic operations and efficient allocation of resources.

⁴ Also known as "Decentralized Autonomy"

⁵ Also known as a smart contract.

2. Distribution of Bytom Coin

Bytom Blockchain's tokens: Bytom Coin (English Symbol BTM), total of 2.1 billion, split in the following way:

Bytom Coin Distribution⁶	Allocation
Private Equity Investors	7%
ICO Distribution	30%
Reserved for Bytom Foundation ⁷	20%
Business Development	10%
Mining	33%

7% of Bytom Coin will be distributed to Private Equity investors including angel investors and institutions. Primarily for providing resources and technical expertise in early development.

30% of Bytom Coin will be distributed during the ICO. The BTC/ETH received during the public sale will be used for funding startup operations of Bytom Blockchain including development, cryptographic audits, marketing, legal, financial affairs, third-party audits, as well as the initial computing power⁸ needed to deploy the blockchain.

20% will be reserved for the Bytom Coin Project Foundation. This amount will be used for project development incentives; furthermore, upon successful completion of the ICO these funds will be frozen for one year. Afterwards the funds will be unfrozen over four years with 5% unfrozen each year. At the same time, the initial hash power deployed through funding by the Bytom Foundation will also act as incentive for development operations and the continued support of Bytom Coin.

10% will be reserved for Bytom Coin business development. Business development funds will mainly be used to pay exchange listing fees for Bytom Coin, developing commercial applications of the technological standard, maintaining the ecosystem of the Bytom Blockchain, and so on.

33% will be reserved for mining rewards. Bytom Blockchain consensus operates by the POW mechanism, mining rewards will halve every four years until no new mining block reward is produced. In the first four years from when Bytom Blockchain is released, 86.625 million Bytom Coins will be mined each year. In years five through eight 43.3125 million Bytom Coins will be mined each year, and so on. 1% of Bytom Blockchain mining yields will be donated to foundations and non-profit organizations researching the ethics of artificial intelligence.

⁶ Pie Chart in original Chinese Whitepaper

⁷ "Bytom Foundation", "Bytom Blockchain Foundation", "Bytom Founders", etc.

⁸ Or "hash power"

3. ICO Rules

The ICO will distribute 630 million Bytom Coins (BTM).

ICO is divided into five stages:

Early Bird stage:

Time: 6/20/2017 1:30pm to 6/22/2017 1:30pm⁹ Total of 2 days

Exchange Rules: 1 BTC for 75000 BTM; 1 ETH for 10900 BTM

First Week:

Time: 6/22/2017 1:30pm to 6/29/2017 1:30 Total of 7¹⁰ days

Exchange Rules: 1 BTC for 71000 BTM; 1 ETH for 10355 BTM

Second Week:

Time: 6/29/2017 1:30pm to 7/6/2017 1:30 Total of 7 days

Exchange Rules: 1 BTC for 67000 BTM; ETH exchange rate will be announced within 24 hours of the start of the second week.

Third Week:

Time: 7/6/2017 1:30pm to 7/13/2017 1:30 Total of 7 days

Exchange Rules: 1 BTC for 63000 BTM; ETH exchange rate will be announced within 24 hours of the start of the third week.

Fourth Week:

Time: 7/13/2017 1:30pm to 7/20/2017 1:30 Total of 7 days

Exchange Rules: 1 BTC for 59000 BTM; ETH exchange rate will be announced within 24 hours of the start of the fourth week.

⁹ I assume this was in Beijing time.

¹⁰ The Chinese white paper shows 2 days here, which is likely a typo.

Three, Management of Bytom

1. Instructions for Structure of Management

The Bytom Blockchain has a groundbreaking program for the governance of the blockchain, similar to a corporate governance structure, but with completely different internal operations. Bytom Blockchain is a decentralized business built in the blockchain world using blockchain technology, with a new type of enterprise system and property rights relations.

Bytom governance utilizes the Bytom Blockchain to have a three-tier governance structure including the Bytom Coin-holder Assembly, the Autonomous¹¹ Committee, and the Executive Committee.

The Bytom Coin-holder Assembly has the highest authority on decision making, with coin holders having the right to vote in the Bytom Coin-holder Assembly;

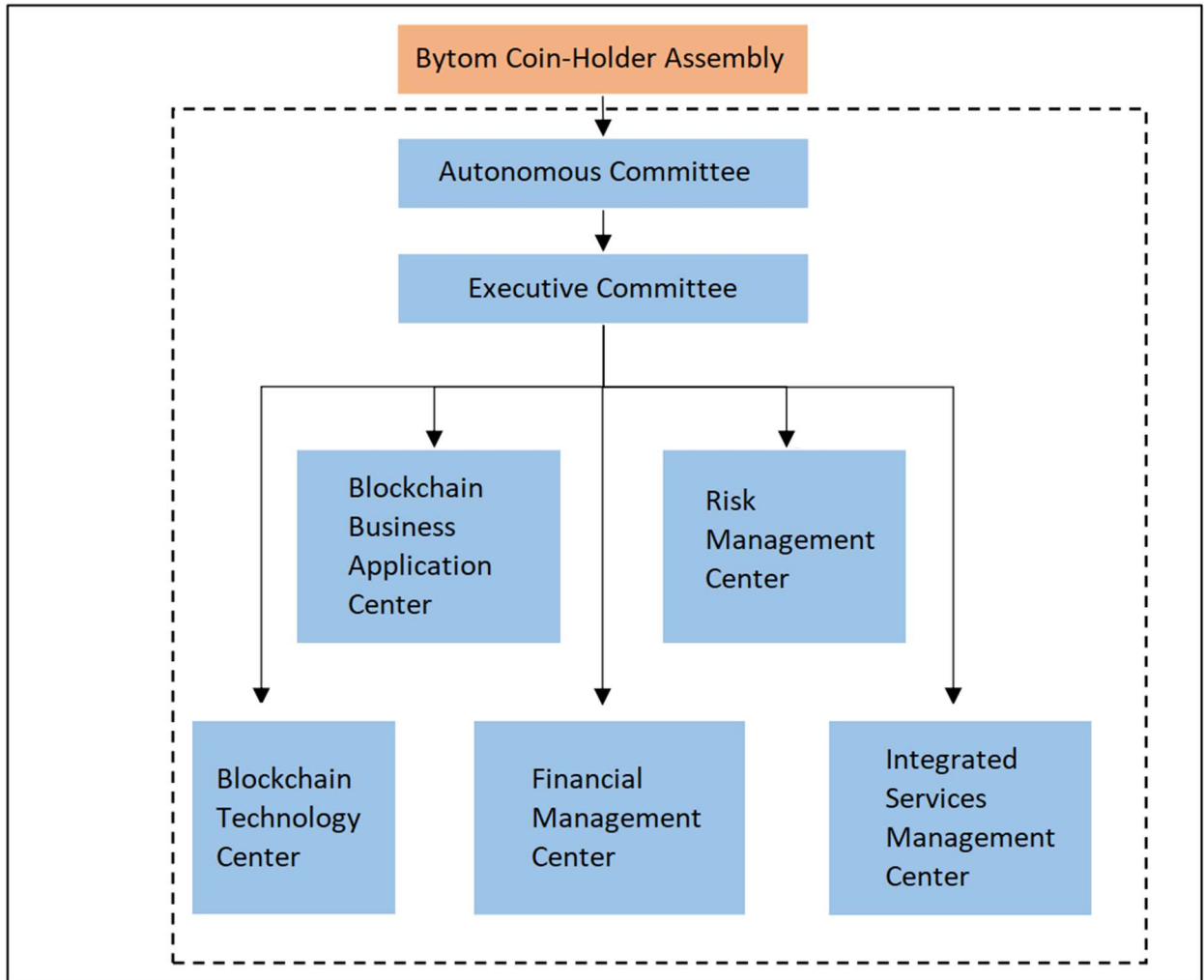
The Autonomous Committee is held responsible by the Bytom Coin-holder Assembly, elects members of the Executive Committee, and supervises the work of the Executive Committee;

The Executive Committee is responsible for the daily operational matters of the Bytom Blockchain. The Executive Committee will create a number of management centers¹², including a blockchain technology development center, a blockchain business application center, a financial management center, a risk management center, and an integrated services management center. Each management center will carry out their corresponding work under the guidance of the Executive Committee.

The Bytom Blockchain governance structure is shown below:

¹¹ Could also be translated as the "Independent" or "Self-governing" Committee

¹² Could also be considered "business units"



The Bytom Blockchain team will establish the Bytom Foundation outside of China, the Foundation will serve as the governing body of Bytom Blockchain, have full responsibility for the implementation of the Bytom Blockchain Shareholders¹³ Assembly, standardize the management of technological development and application development for the Bytom Blockchain, protect the rights of Bytom Coin-holders, market the Bytom brand, and so on.

¹³ They used shareholders here, interchangeable with Coin-holders I assume.

2. Bytom Coin-holder Assembly

The Bytom Coin-holder Assembly is entirely composed of Bytom Coin holders, and has the highest authority over the Bytom Blockchain project. The Bytom Coin-holder Assembly shall exercise the following authority:

- 1) Modifying the Bytom Blockchain structure of management;
- 2) Supervising the implementation of the Bytom Blockchain structure of management;
- 3) Electing and changing the members of the Autonomous Committee (considering the special case of the startup of the Bytom Blockchain, the first members of the Autonomous Committee will be selected by the Bytom founders);
- 4) Undoing unsuitable decisions made by the Autonomous Committee;
- 5) Approving matters regarding major changes.

Items 1 – 5 above are made as a resolution, subject to the approval of holders by vote with the amount of Bytom coins and age of coins used to calculate voting power.¹⁴

The Bytom Blockchain management charter is the self-made constitution of the Bytom Blockchain, the management charter will be publicly available on the Bytom website. The Bytom Blockchain management charter will be published within half a year of the Bytom Blockchain test-net coming online. The first edition of the management charter will be developed and published by the Autonomous Committee.

The Coin-holder Assembly will meet once every three years. If the Autonomous Committee deems it necessary, or if proposed by one-fifth of Bytom Coin holders, there can be a provisional meeting of the Coin-holder Assembly.

3. Autonomous Committee

The Autonomous Committee is responsible for managing the operation of the Bytom Blockchain, and held to this responsibility by the Bytom Coin-holder Assembly. The Autonomous Committee must execute the important decisions made by the Bytom Coin-holder Assembly.

The Autonomous Committee shall exercise the following authority¹⁵:

- 1) Responsibility for convening the Coin-holder Assembly and reporting issues to the Coin-holder Assembly;

¹⁴ It isn't specified how exactly this voting power is calculated.

¹⁵ http://www.npc.gov.cn/wxzl/gongbao/2014-03/21/content_1867695.htm Law of the PRC

- 2) Implementing the resolutions approved by the Coin-holder Assembly;
- 3) Appointing or dismissing the CEO of the Executive Committee, appointing or dismissing other members of the Executive Committee on recommendation of the CEO, and deciding on matters of remuneration;
- 4) Deciding on the fundamental management system of the Bytom Blockchain;
- 5) Creating resolutions regarding major issues on the open source code and use of funds for the Bytom Blockchain;
- 6) Responding to emergencies regarding the Bytom Blockchain.

The Autonomous Committee will be composed of 5 to 19 members, with one appointed as the chairman. Committee members serve a term of three years, and can be reelected. The chairman of the Autonomous Committee is elected by vote of the committee members.

Resolutions made by the Autonomous Committee must be passed by vote of the committee. The Autonomous Committee must convene at least once a year, providing all committee members notification 15 days before the set meeting time. The meeting will convene as long as at least half of the committee members are present or upon proposal by the Chairman. All resolutions by the Autonomous Committee will be announced on the official Bytom website.

The Chairman of the Autonomous Committee shall exercise the following authority:

- 1) Presiding over meetings of the Coin-holder Assembly and meetings of the Autonomous Committee;
- 2) Examining the implementation of resolutions made by the Autonomous Committee;
- 3) Holding the power to veto resolutions made by the Autonomous Committee;
- 4) Signing agreements with external organizations to collaborate with the Bytom Blockchain.

4. Executive Committee

The Executive Committee is responsible for management of daily operations. The Executive Committee has a Chief Executive Officer, who is held responsible by the Autonomous Committee. Individual Executive Committee members are mainly responsible for serving their business unit.

The Executive Committee shall exercise the following authority:

- 1) Managing the daily operations of the Bytom Blockchain and organizing the implementation of resolutions made by the Autonomous Committee;
- 2) Developing the fundamental management system of the Bytom Blockchain;

- 3) Deciding to appoint or dismiss members of the Executive Committee and other senior management members;
- 4) Formulating solutions for issues regarding the open source code or use of funds related to the Bytom Blockchain.

5. Department Responsibilities

Responsibilities for each department are as follows:

- Blockchain Technology Development Center: Responsible for work on the Bytom Blockchain requiring technical expertise. Specific work includes maintaining the open source code, development of the code, modification of the code, testing of the code, review of the code, deployment of the code, fixing bugs in the code, etc.
- Blockchain Business Application Center: Responsible for application related work once the Bytom Blockchain comes online including performing due diligence and compliance review on assets entering the blockchain, disclosing information on assets entering the blockchain, and management of blockchain asset transactions, etc.
- Financial Management Center: Responsible for fundraising, use of funds, the auditing of spending on the project, developing an employee payroll, auditing daily operational expenses, etc.
- Legal and Risk Management Department: Responsible for registration of corporate entities, review of legal agreements, providing professional legal counsel, carrying out training in regards to legal matters, and raising awareness of legal issues in other departments.
- Integrated Services Management Center: Responsible for drafting documents relevant to the Bytom Blockchain, arranging meetings and performing administrative duties; responsible for recruitment of personnel for the entire project, pay and benefits, education and training on the job; setting up and promoting the Bytom brand and its image, building good social and public relations.

6. Obligatory Disclosure

In order to protect the interests of investors, strengthen the management and efficient use of encrypted digital assets, and promote the healthy development of the Bytom Blockchain project, the Bytom Blockchain project is disclosing the following information. The Bytom

Blockchain project founders commit to fulfill their duties in good faith, and manage the ICO crypto assets with prudence and diligence. Through exemplary conduct, Bytom hopes to standardize the management of ICO project crypto funds, improve self-discipline in the blockchain industry, increase the transparency in the management of blockchain crypto assets, and to protect the long-term development of the blockchain industry.

Periodic disclosure of information – prepare and publish annual reports with three months of the start of each fiscal year, and quarterly reports within two months of the end of each quarter. Contents of the reports include but are not limited to milestones and progression in the technological development of the Bytom Blockchain project and in the development of applications and uses, the management of digital assets, performance of team duties, the financial situation, and so on.

Temporary disclosure of information – the Bytom Foundation will deliver timely reports on large collaborations involving the Bytom Blockchain, changes to core team members, and any litigation involving the Bytom Blockchain.

Bytom Blockchain will publish reports on the official website: <https://bytom.io/>

Four, Bytom Financial Affairs

1. Source of Funds

The funds used to maintain the Bytom Blockchain project primarily come from the ICO and the underlying assets of Bytom Coin. When needed, a portion of crypto assets will be converted into fiat currency in order to make payments.

2. Instructions for Private Key Management

The cryptocurrencies and underlying assets raised through the Bytom Blockchain ICO will be managed by a professional cryptographic asset service provider using multi-signature private key management, and though the process of development steps will be taken to progressively perfect the private key management system.

In the initial phase of the Bytom Blockchain project the multi-signature private keys for assets will be held by several cofounders, with a 2/3 signature threshold. The executive committee will decide if it is necessary to add or remove any multi-signature private key holders.

As the project increases in scope and assets grow, holders of the multi-signature private keys may gradually include but are not limited to the following: representatives of the Bytom Foundation,

representatives of the Bytom Coin-holders Assembly, the hardware wallet vendor, the retained professional crypto asset management provider, auditors, etc.

3. Instructions Management of Finances

The Bytom Foundation will manage financial affairs using the following principles: Coordination of arrangements, overall management; minimizing spending and using cost-effective measures; careful planning and spending in line with earnings.

The Bytom Foundation asset management style includes overall budgeting with the actual operation in mind, and preparing a revenue and expenditures budget. Annual budgets will be reviewed by the Autonomous Committee, monthly budgets will be reviewed by the Executive Committee, and the Financial Management Center will assist with preparation and execution.

Each quarterly financial report will be disclosed on the website <https://bytom.io/>

Digital asset usage permissions:

In cases where a single payment of over 50 Bitcoins is necessary, the CEO of the Executive Committee must approve.

In cases where a single payment of over 100 Bitcoins is necessary, approval must come from an Autonomous Committee meeting.

The Bytom Foundation will be subject to third-party audits, with the auditors inspecting the project's financial operations, funding levels, and providing reports. These reports will be included in the annual information disclosures.

Five, Bytom – Legal

The Bytom Foundation will retain a renowned Chinese law firm to serve as legal consultants for the project, assisting with structural design of digital asset transactions, operational compliance, design of legal risk management framework, international law advisory, and any other such legal services necessary.

Six, Bytom Implementation Plan (Roadmap)

The goal of the Bytom Blockchain is to become the largest dedicated public platform in the world and one of the top five blockchain applications in the world. The critical milestone events on the Bytom Blockchain timeline include the following:

- January 2017
 - Bytom Blockchain project begins
- June 2017
 - Bytom Blockchain completes PE fundraising
 - Bytom Blockchain white papers published
 - Bytom Blockchain public fundraising plans announced
- Q4 2017
 - Bytom Blockchain test net online
- Q1 2018
 - Bytom Blockchain charter published
 - Bytom Coin-holder Assembly convenes for the first time
- Q2 2018
 - Bytom Blockchain v1.0 is released

The Bytom Blockchain project formally begins in January 2017, after a period of preparation work done by the team; in June 2017, private equity funding will be complete, the economic and technical white papers will be published, and plans for public fundraising will be announced; in the fourth quarter of 2017, testing will begin on the Bytom blockchain; in the first quarter of 2018, the Bytom Blockchain will complete the structure of governance, publish the Bytom Blockchain charter, and hold the first meeting of the Bytom Coin-holder Assembly; in the second quarter of 2018, version 1.0 of the Bytom Blockchain will be officially released.

Seven, Warning of Risk

Participants of the Bytom Blockchain ICO, please carefully read the Bytom Blockchain technical white paper and economic white paper, comprehensively recognize the risks of the Bytom Blockchain ICO investment characteristics and technical characteristics, consider one's own personal risk tolerance, and use rational judgment and careful decision making. ICO participants should understand that the Bytom Blockchain project will not provide refunds under any circumstances.

The Bytom Blockchain project team will follow the published white paper contents, use the crypto funds raised by the ICO rationally, standardize project management, and fulfill their duties with honesty and trustworthiness, and diligently and responsibly manage their obligations, but even so the buyer is subject to the risk of loss. In the process of building the project up there exists the risk of policy change, risk of economic cycle change, risk of cybercrime, management risk, liquidity risk, currency fluctuation risk, and other risks.