

WHITE PAPER



THE NEW PARADIGM OF INTERNATIONAL BUSINESS



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changes in political, social, economic and stock or cryptocurrency market conditions, and the regulatory environment in the countries in which the PrepayWay conducts its respective businesses and operations;

the risk that the PrepayWay may be unable or execute or implement their respective business strategies and future plans;

changes in interest rates and exchange rates of fiat currencies and cryptocurrencies;

changes in the anticipated growth strategies and expected internal growth of the PrepayWay;

changes in the availability and fees payable to the PrepayWay in connection with their respective businesses and operations;

changes in the availability and salaries of employees who are required by PrepayWay to operate their respective businesses and operations;

changes in preferences of customers of PrepayWay;

changes in competitive conditions under which PrepayWay operate, and the ability of the Token Generator or Platform Operator to compete under such conditions;

changes in the future capital needs of PrepayWay and the availability of financing and capital to fund such needs;

war or acts of international or domestic terrorism; occurrences of catastrophic events, natural disasters and acts of God that affect the businesses and/or operations of PrepayWay; and other factors beyond the control of PrepayWay.

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Accuracy of information, no consent of parties referenced in the

White Paper

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Changes to Platform

The Platform is still under development and may undergo significant changes over time. Although PrepayWay intends for the Platform to have the features and specifications set forth in the White Paper, changes to such features and specifications may be made for any number of reasons, any of which may mean that the Platform does not meet expectations of the Purchaser.

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Executive Summary

Global commerce is burdened by unreliable and largely manual paper-based processes characterized by a lack of transparency and an absence of secure, trusted information. As a result, suppliers, buyers, and transporters involved in international transactions suffer cash flow delays, payment disputes, and difficulty in maintaining liquidity. However, the advent of blockchain technology can eliminate these difficulties, ensuring the validity and security of transactions involved in the global movement of goods and delivery of services. Moreover, by automating payment methods such as letters of credit, it can eliminate inefficiencies, streamline business processes, reduce operational complexity, and reduce transaction costs.

The PrepayWay's mission is to remove the aforementioned burden by integrating decentralized blockchain and self-executing smart contracts with business processes to introduce a new paradigm in international commerce. Specifically, PrepayWay offers the following:

- legally binding contract templates developed by legal experts in accordance with the appropriate national laws and regulations and translated into multiple languages;
- self-executing smart contracts containing coded terms and conditions of the contracts;
- an integrated gateway for digital and fiat currency transactions powered by licensed escrow partners;
- cross-border decentralized financing solution;
- secure storage of records of smart contracts and transactions on a blockchain;
- efficient and enforceable dispute resolution by SmartArb, the International Smart Mediation and Arbitration Institute.

No single company can unlock the potential of blockchain alone. The PrepayWay Blockchain Ecosystem integrates blockchain with existing business functions, leveraging it to generate value and accelerate growth. The resultant synergy will result in opportunities for strategic partnerships and access to innovative technology.



Introduction

The State of International Trade

One consequence of the 21st-century sustained-globalization wave has been highly interconnected value chains. Manufacturing processes now commonly cross borders, with a production process deconstructed and dispersed geographically so as to be as cost effective as possible. However, whether transporting intermediate goods from one production facility to the next or finished goods to their ultimate customers, every step along the supply chain consumes time and drives up costs, thereby financially harming both the businesses involved and consumers. To date, international trade, including its financing, has employed an archaic 19th-century structure involving a series of paper-based performance confirmations. Financial, transportation, insurance, and storage companies all rely on trust between parties, validated by paper trails and hand-written signatures.

Several attempts are currently underway to leverage newly available technological capabilities to both speed up and improve accuracy in the business of international trade, replacing the traditional paper- and trust-based system with a fully digital alternative. One technological capability being employed relies on blockchain technology.

The Impact of Blockchain on International Business

Employing blockchains allows value exchange without the need for trust or the involvement of a central authority. Multiple third-party confirmations of transaction details, recorded as blocks in a chain, replace multiple phone calls and countless papers, deliver immutable data verification, and assure the key parties involved in a contractual relationship that the terms of the contract have been fulfilled and that the transaction that the contract governs has been completed.

Whenever a party chooses not to or fails to fulfill its contractual obligations,

the resultant dispute can affect all parties involved in a transaction, driving up costs even further. In this case, blockchains facilitate dispute resolution by making immutable contract and transaction records accessible to all parties on the blockchain. Both businesses and consumers benefit from the time and cost savings that this type of process automation ensures.

When the immutability, increased transparency, security, speed of settlement, reduced risk of fraud, and automation of contracts secured on the blockchain are taken into consideration, employing blockchain technology across several stages of a transaction has the potential to unlock tremendous value for all the parties involved. Embracing blockchain technology can significantly compress execution times while dramatically increasing performance and security.

Current solutions designed to hedge risks, such as letters of credit (LCs), involve an intermediary, a bank or other financial institution, that alleviates the burden on all parties involved by assuming many types of business risk. Nevertheless, employing LCs is costly, and processing of contractual terms may nonetheless be delayed or even cancelled; for instance, according to the World Bank^[1], in certain industries up to 50% of LCs may be denied.

Blockchain-enabled trade networks can benefit all stakeholders by reducing friction from logistical and operational inefficiencies across the trade value chain. In the short term, employing blockchain technology optimizes business processes by reducing redundancies and implementation inefficiencies.

[1] <http://documents.worldbank.org/curated/en/747241468329432546/pdf/402640Finance11Giovannucci01PUBLIC1.pdf>

PrepayWay Value Proposition

PrepayWay is an all-in-one solution for international contracting, financing, payments, and dispute resolution.

PrepayWay combines the functions of lawyers, banks, escrow agents, and arbitral institutions.

PrepayWay - simple solution for complex processes.

PrepayWay Blockchain Ecosystem

Businesses from various industries join PrepayWay Blockchain Ecosystem and integrate the blockchain technology with their traditional business processes, creating and by developing tailor-made innovative business solutions to suit specific requirements and address specific needs. Every solution developed by PrepayWay smoothly integrates the core elements of PrepayWay Blockchain Ecosystem with traditional business processes. Driven by the token economy, our self-evolving Ecosystem will continue to grow and develop.



PrepayWay Real Estate

Contracting and escrow tool for real estate transactions

[Learn More](#)



PrepayWay Global Trade

Collaboration, contracting, and payments platform for global trade

[Learn more](#)



SmartArb

Dispute resolution with our International Smart Mediation and Arbitration Institute

[Learn more](#)



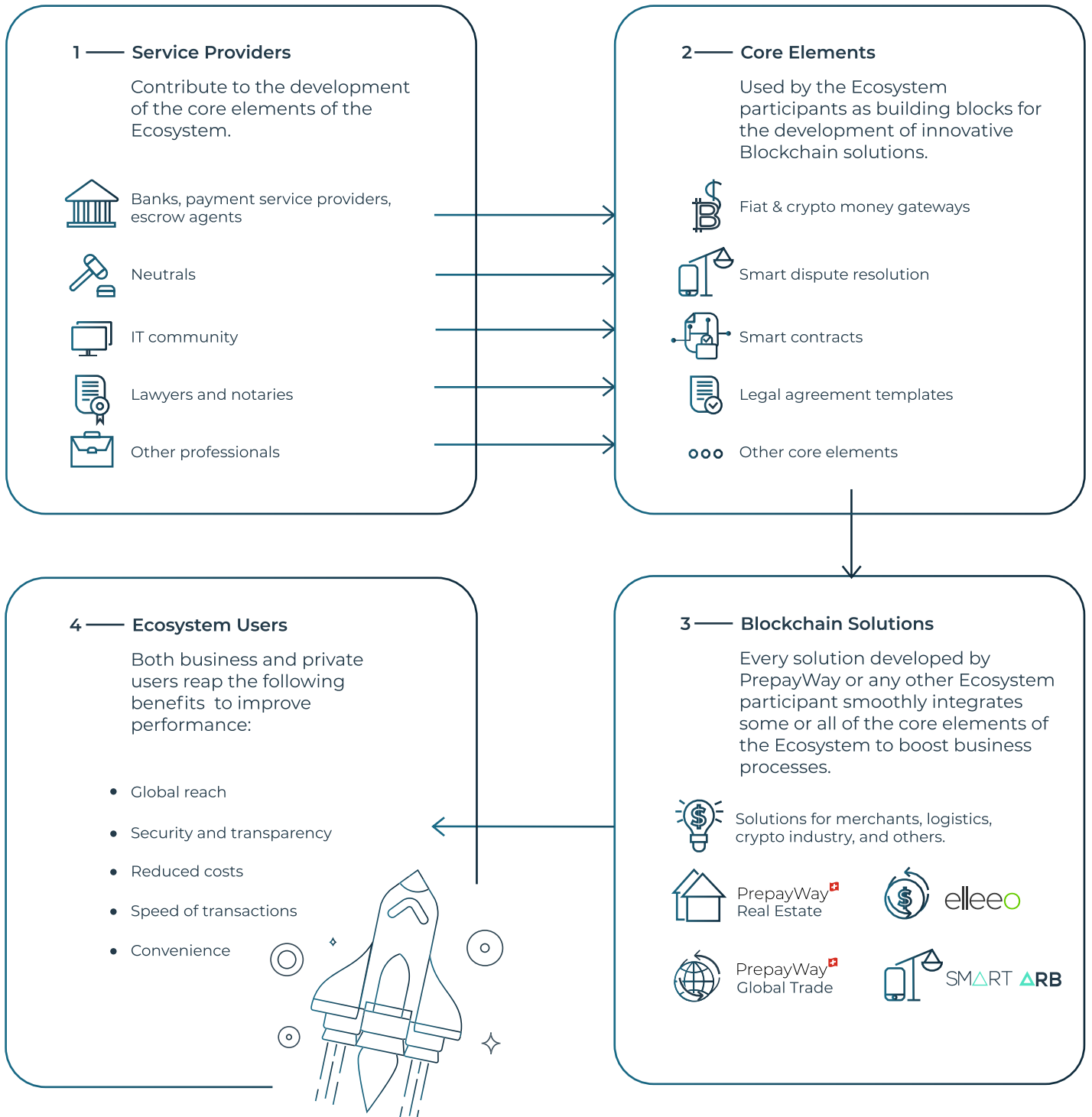
Elleeo

Cross-border decentralized financing platform;

[Learn more](#)

How PrepayWay Blockchain Ecosystem Works

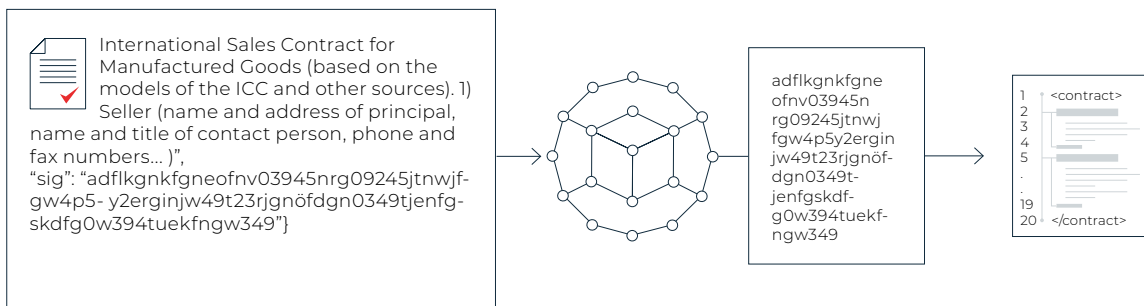
The PrepayWay Blockchain Ecosystem has been designed to be self-expanding and effortlessly scalable to support all types of international business operations, ranging from real estate to global commercial trade, with market size of up to 15 trillion.



Detailed Description of the Core Ecosystem Elements

Legal Contract Templates

PrepayWay provides standardized yet customizable legal and enforceable contract templates prepared by legal experts and translated into multiple languages. Instead of employing lawyers and translators and spending significant amounts of time and money preparing contracts and writing up terms and conditions, trade-related contracts can be easily created and signed on our online platform, recorded on the blockchain, and easily referenced along with other transaction details. Transparency and trust accelerate the speed of transactions, reduce transaction costs, and minimize the likelihood of fraud. The frequency of disputes is also significantly reduced.



Smart Contracts

Once signed, the agreement is saved in three formats: a signed and encrypted document, data in the database, and smart contract variables. The terms and conditions of the contract are coded in a smart contract – a self-executing set of codes that contains electronic clauses that trigger processes according to the contract’s terms and conditions.

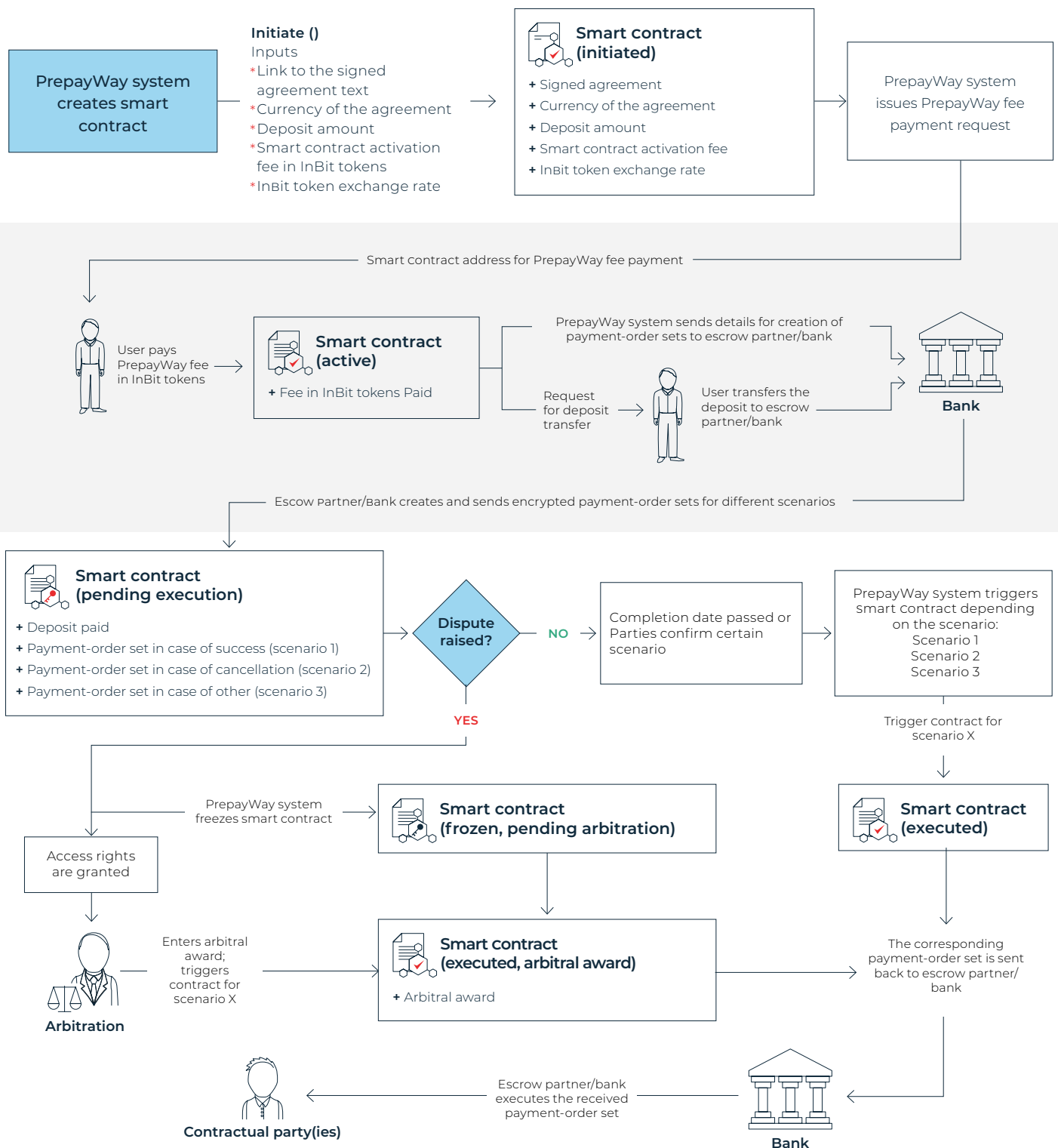
A smart contract activation fee is payable either in InBit tokens or by traditional payment methods. An activated smart contract sends out contract orders, and parties then fulfill their contractual obligations. As soon as proof of fulfillment is uploaded, the smart contract validates this proof and releases funds according to the contract’s terms and conditions.

Should a dispute arise, the smart contract is “frozen” until an independent

arbitrator's decision is issued. The smart contract is then automatically executed in accordance with the arbitral award.

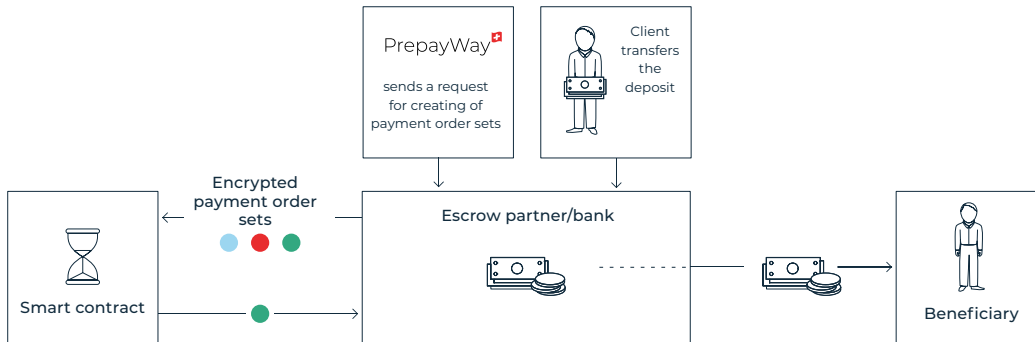
With our smart contracts, suppliers are assured that buyers will not default on payment and that they will be paid. Likewise, buyers do not have to worry about paying the supplier or about not receiving their order in time.

Smart Contract Lifecycle



Payments

PrepayWay offers integrated payment solutions for transactions in both digital and fiat currencies powered by licensed escrow partners.



Digital Currency Transaction

The buyer of a product or service deposits the appropriate amount of InBit tokens into the smart contract, where the tokens are held until the other party uploads proof of fulfillment of the contractual conditions. At that point, the smart contract will trigger the release of the tokens to the receiver.

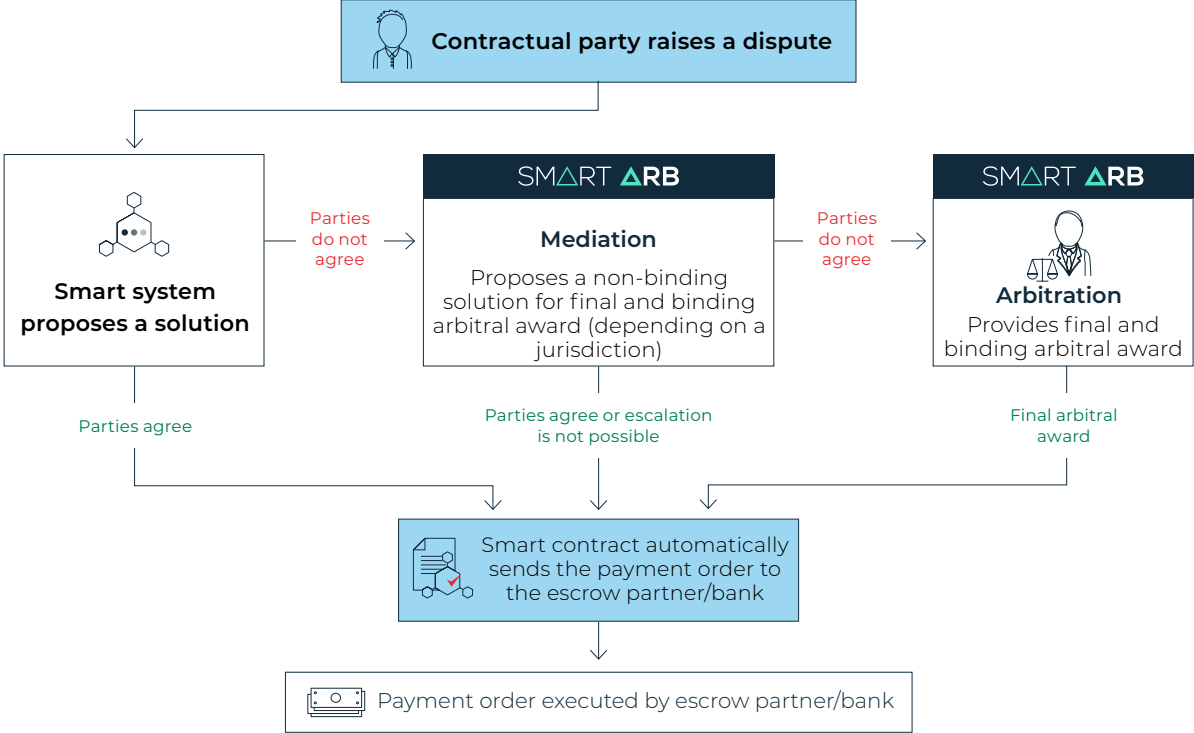
Fiat Currency Transaction

Once the contract is activated, the buyer of the product or service transfers the contractual amount to the PrepayWay's partner escrow account. The escrow partner/bank creates and encrypts the sets of payment orders and records them in the smart contract. When the other party uploads proof of fulfillment of the contractual conditions, the smart contract triggers the release of the money from the escrow account to the receiver.

Smart Dispute Resolution

PrepayWay offers an intelligent system for alternative dispute resolution (ADR) services for international business disputes. Any smart contract can use the SmartArb mediation and arbitration clause in code form to add a layer of security to any smart contract to ensure that disputes will be resolved quickly and fairly. SmartArb encompasses a network of independent certified experts in international mediation and arbitration and provides a

tiered system of fair, efficient, and reliable dispute-resolution services for businesses worldwide.



PrepayWay Blockchain Ecosystem: Business Model

The PrepayWay Ecosystem's P2P business model provides the environment and payment methods to facilitate matchmaking between businesses and individuals offering a service and those who wish to use that service, simultaneously generating value by charging a small commission.

	International Contracting	Payments and Financing	Dispute Resolution	Grand Total
Existing Problems	Expensive and obsolete	Today there is no solution for using fiat in smart contracts, encrypting different cryptocurrencies to a single smart contract and financing deals via blockchain.	Dispute resolution for small and medium deals can become very expensive and time-consuming. Today there is no framework to solve disputes arising from smart contracts.	Lack of cost-effective and universal solutions for international business
Our Solutions	PrepayWay Real Estate PrepayWay Global Trade	PrepayWay Elleeo Technical and legal solution: fiat to smart contract different cryptocurrencies to a single smart contract	SmartArb	Effective infrastructure for collaborating, contracting, and payments
Benefits for Partners – Service Providers	Legal partners get a % of transaction value each time their contract templates are used	Escrow and financial partners get a % of transaction value	Neutrals receive compensation for their services. A new opportunity niche for the IT sector	Additional revenue and access to global markets
Benefits for Clients	Secure, cost-effective contracting, global reach	Reduced costs, access to global investor base, possibility of using both fiat and different crypto assets in a single solution	Fast and cost-effective alternative dispute resolution	Convenience, reduced costs, global reach, increased speed of transactions, security
Benefits for PrepayWay	Infinitely scalable, low fees: 0.5-2% of each contract value	Infinitely scalable, high volumes (any project can use this service), low fees: 0.5-2% of transaction value	Infinitely scalable, fees per case	0.5% - 4% fee for complete transaction support 0.5%-2% for using selected services

PrepayWay Blockchain Ecosystem: Benefits for Participants

Both businesses and private users of the Ecosystem benefit from business process optimization, reduced costs, and a safer business environment.

Efficiency

Blockchain technology reduces the need for intermediaries, thereby reducing costs and speeding up transactions.

Versatility

Transactions in both fiat and digital currency are supported.

Transparency

All transaction data are recorded on the blockchain to ensure accuracy, consistency, and transparency.

Security

Data immutability on the blockchain in combination with self-executing smart contracts minimizes the risk of data tampering and fraud.

Efficient dispute resolution

Professional dispute resolution services developed for smart contracts deliver arbitral judgments judicially enforceable in 159 countries.

A Use Case of PrepayWay Blockchain Ecosystem: Solution for Real Estate

Introduction

Despite the economic crisis, real estate continues to be an attractive option for international investors. Over 500 million title transfer agreements are signed every year for properties collectively worth over US\$7.5 trillion. However, foreign real estate reservations and purchases can be complex, risky, expensive, and time-consuming procedures. If you have already found

an attractive house or apartment and have agreed with the seller on the price, your next step is likely to be the conclusion of a reservation agreement to reserve the right to purchase the property for a period of time at a price set at the time of the payment of the reservation deposit. To secure a holiday home or short-term rental booking you have likely never seen in person, you must pay a hefty booking deposit.

What Is Wrong with the Current Reservation Process?

Both buyers and tenants can find fully understanding the content of foreign language agreements and ensuring legality of all these agreements' provisions difficult. However, the services of independent translators and lawyers are costly, and a misunderstanding of the terms will most likely have negative consequences, possibly including litigation. Given that, in most cases, the seller, landlord, or intermediary proposes the terms and conditions of a reservation agreement, fully understanding the terms of the deposit payment and its refund is especially important in order to protect oneself as much as possible.

Both buyers and tenants fear losing the earnest money that they transfer to an unfamiliar owner, landlord, or intermediary after signing a reservation agreement. Escrow services are costly and are rarely, if ever, used for rental deposits. In some countries, banker's checks and lockboxes are used for earnest money deposits, requiring the personal presence of the buyer and making the process lengthy and expensive. Finally, if something goes wrong, a tenant may have to go to court to reclaim a deposit, thereby entailing loss of time and money in addition to worry.

Real estate agents are eager to work with overseas agents to grow their global partner network in order to offer overseas properties to their clients. However, some worry about whether they will, in fact, receive their referral fees and commissions.

"The PrepayWay Real Estate combines all of the core elements of the PrepayWay Blockchain Ecosystem to make the real estate reservation process time- and cost-efficient, transparent, and secure."

How It Works

PrepayWay solves the problem of navigating foreign agreements by providing valid and enforceable country-specific agreement templates developed by our trusted local lawyers and notaries in different countries. Our simple and user-friendly interface provides detailed explanations of terms and conditions, unusual clauses alerts, and suggestions. Both agreement templates and instructions are provided in multiple languages. Thus, for instance, an English-speaking client can read and understand the English-language version of the agreement that he is signing to reserve a vacation home in Italy, and a German-speaking buyer can read and understand the German-language version of the agreement to purchase a factory building in Poland.

PrepayWay also solves the trust issue. The terms and conditions of reservation agreements are coded in smart contracts, and both the text of the agreement and the smart contract are recorded on the blockchain. After the smart contract is activated with the payment of InBit tokens, it verifies and controls the fulfillment of contractual obligations and automatically releases the earnest money deposit only when the agreement conditions are met. All data associated with the transaction are stored on the blockchain and are completely tamper-proof.

PrepayWay resolves the issues of cumbersome payment methods and security of earnest money deposits. PrepayWay fees for smart contract activation, earnest money deposits, and real estate agency fees are payable in either fiat (through a network of licensed escrow partners) or digital currency. The distribution of funds is controlled by self-executing smart contracts, and these funds are released only when all contractual terms and conditions have been fulfilled.

PrepayWay offers dispute resolution for disputes arising out of smart contracts. If a dispute arises, the smart contract is frozen. Certified arbitrators from the SmartArb Institute are available to provide fair and enforceable smart dispute resolution services.

InBit Token

The InBit token is a utility token and the lifeblood of the PrepayWay Blockchain Ecosystem. The only mechanism by which a user may obtain access to the Ecosystem's services, it is required to activate each PrepayWay smart contract and to access Elleeo financing platform and SmartArb dispute resolution services. The number of InBit tokens required to access each of the various Ecosystem services is determined by the following factors:

- the running exchange rate of the InBit token to the currency of the transaction;
- the contract price (either the total price or the deposit amount, depending on the type of contract);
- a fixed percentage of the contract price charged as a fee for using PrepayWay Blockchain Ecosystem.

Example:

Alice buys a property in Switzerland worth 1,000,000 EUR with an earnest money deposit of 5% of the property price. Assume that the InBit token currently trades at 100 EUR. In this case, the number of InBit tokens required to activate the smart contract is $1'000'000 \text{ EUR} \times 0.05 \times 0.015/100 \text{ EUR} = 7.5$ InBits. The PrepayWay fee is thus $7.5 \text{ InBits} \times \text{the } 100 \text{ EUR exchange rate} = 750 \text{ EUR}$.

Users already having the required number of InBit tokens can deposit them directly into the smart contract and enjoy special discounted PrepayWay fees. Users who do not already have the required number of InBit tokens can use traditional payment methods; the PrepayWay system automatically converts the fiat-currency value of fees into InBit tokens according to the market exchange rate and locks it into the smart contract until its execution.

As long as the contract remains in force and effect (i.e., until its execution), the PrepayWay service fee paid in InBit tokens is encrypted in the smart

contract. When the contract is fully executed, the PrepayWay service fee in InBit tokens is transferred to PrepayWay.

Token Generation Event (TGE) Overview

A Token Generation Event will be conducted in compliance with KYC regulations. Citizens or residents of restricted jurisdictions are not eligible to participate.

TGE Overview	
Token type	Utility
Token standard	ERC-20. May be swapped at a later stage.*
Token generator(s)	PrepayWay AG subsidiaries
Initial InBit price in TGE	1 InBit = 0.01 EUR
Sale hard cap	50 000 000 EUR
Sale soft cap	None

**The InBit token is an ERC-20 utility token. When the Proof-of-Use (PoU) mechanism is launched and the proprietary blockchain is developed, the initial ERC-20 tokens may be swapped for tokens of the PrepayWay proprietary blockchain.*

Distribution Overview	
Sale limit (including private and presale discounts)	6,500,000,000* InBits
Company reserve	3,900,000,000 InBits
Advisors, community	1,378,787,879 InBits
Team members	984,848,485 InBits
Total Supply Limit	12,763,636,364 InBits

** Unsold tokens intended for sale will be burned. The other numbers are fixed (not decreased proportionally)*

Timeline	
TGE	2019
Whitelist registration starts	Feb. 2019
Presale 1 tier start	H1 2019
Number of tiers	7
Token Distribution	30 days after TGE

** Information about each presale tier will be announced separately. Number of tiers can be changed.*

Vesting Policy

To prevent high levels of volatility in the value of the InBit token, the following restrictions will be imposed on members of the PrepayWay team and on the largest buyers:

1. 50% of the InBit tokens allocated to the team will be vested/locked in smart contracts for 2 years;
2. 25% of the InBit tokens allocated to the company reserve will be vested/locked in smart contracts for 1 year;
3. 25% of the InBit tokens allocated to the company reserve will be vested/locked in smart contracts for 2 years;
4. For contributors of more than 1 mln. EUR, the following vesting schedule applies (applicable rate: 1 InBit = 0.01 EUR):
 - 25% of the amount exceeding 1 mln. EUR vested for 6 months
 - 25% of the amount exceeding 1 mln. EUR vested for 12 months
 - 25% of the amount exceeding 1 mln. EUR vested for 18 months
 - 25% of the amount exceeding 1 mln. EUR vested for 24 months

InBit Token Further Emissions and the PoU Algorithm

PrepayWay has designed an innovative Proof-of-Use (PoU) algorithm,

powered by a new incentive structure, which will be activated as soon as the value of services provided by the Ecosystem, measured in InBit tokens, exceeds the value of 100 mln. EUR. The PoU (as described below) will be implemented only upon migration to the proprietary blockchain.

The primary purpose of new token releases is to tame bouts of price volatility stemming from normal token market activity. Preventing extreme price swings benefits the long-run development of the Ecosystem by providing predictability in the cost structure of the traded services.

As a priori PrepayWay may initially face difficulties to reliably determine how its users perceive the token's role in the Ecosystem, and how their trade priorities are set, a simple and flexible way to address such potential episodes of volatility regardless of the price level is in order.

PrepayWay governance model is established keeping in mind the latest developments in Contract Theory and Mechanism Design. Voting rights are assigned to the Ecosystem participants in relation to their utilization level of the Ecosystem (PoU). One of the key drivers of the utilization level is the volume of business conducted within the Ecosystem, implying that more business will assign more voting rights (tokens themselves and/or a fact of owning InBit tokens does not result in any voting rights). Another aspect which drives the utilization level of the participant is the breadth of the interaction within the Ecosystem. Proportion of the voting rights will constantly change in response to the changes of the centrality relative to other participants.

PrepayWay proposes a release of additional tokens, which is then voted by the Ecosystem participants. A proposal passes only if it receives 50% + 1 support votes. PrepayWay holds no voting rights. PrepayWay will hold the right but no obligation to propose the amount to be released which is either accepted or rejected by the Ecosystem participants. This mechanism ensures that management of the Ecosystem is decentralized and shared with the service providers.

Proposals for new token releases may be put forward at the end of a business quarter and will be related to the previous 3-month trailing volatility of daily price changes. Relevant parameters of the governance model are reviewed

jointly by PrepayWay and the Ecosystem participants every 3 years.

The hard cap for the additional token emissions is set at the amount equal to the amount of tokens released during the TGE.

InBit Token Demand

As long as the contract remains in force and effect (until its execution), the service fee paid in tokens is locked as part of the smart contract. Increased usage of PrepayWay Ecosystem services will increase the number of InBit tokens locked in smart contracts. Less tokens mean higher value. As the Ecosystem grows, the demand for the tokens will also increase. The demand for our smart contracts has a direct relationship with the number of InBit tokens frozen at any point in time. Thus, InBit token price dynamics reflect its usage in the real economy rather than speculative moods.

Inbit Token Demand Key Factors

1. Success of the services delivered by the PrepayWay Ecosystem
2. Development of a proprietary Blockchain
3. Growing volume of transactions concluded in the InBit tokens
4. Expansion of the PrepayWay Ecosystem by attracting businesses from multiple industries and regions

InBit Token Demand Dynamics

1. While the Smart Contract is active, the service fee paid in tokens is locked as part of the Smart
2. Contract The more Smart Contracts are in use at any point in time, the more tokens are locked.
3. The number of the InBit tokens frozen at any point in time has a direct correlation with the demand for our Smart Contracts.

Co-founders of PrepayWay



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[See full team](#)