



MEMORY HIGH COIN

1. EXECUTIVE SUMMARY

SMHC's ambition is to create a world in which all payment needs can be satisfied with cryptocurrency. Our goal is to entertainment and businesses around the world.

In order to achieve this, we've developed a game online, one that can accept multiple cryptocurrencies and will be installed free of charge.

SMHC terminals enable cross-border use of cryptocurrency, doing away with intermediaries between clients and merchants. There are zero transaction fees and merchants can exchange cryptocurrency for fiat money in real time. SMHC receives a 0.5% commission from each exchange ransaction; a cost that's added to the average exchange rate and paid by the buyer.

SMHC will operate as a blockchain-based multi-sided platform and issue S-MHC Coin; creating an ecosystem for merchants, their clients, and cryptocurrency exchanges. S-MHC Coin will also become an instrument for interaction between platform participants.

To reach these goals, we'll hold an ICO between April 02th and May 18th 2018, intending to raise 12,5 million MHC, which will be used to build a viable global infrastructure for crypto.

2. IDEA

SMHC's ambition is to create a world in which all payment needs can be satisfied with cryptocurrency.

We propose to create a global infrastructure that will allow the use of cryptocurrencies as a method of payment everywhere in the world. We envisage millions of SMHC virtual terminals functioning around the world. SMHC virtual terminals will be installed free of charge, giving all businesses access to cryptocurrency. Merchants will be able to accept and exchange cryptocurrency for fiat money without interruption. And consumers will be able to pay for goods and services with cryptocurrency.

SMHC terminals make intermediaries between clients and merchants obsolete and ensure that cryptocurrencies can be easily traded across international borders.

3. TODAY'S PROBLEM

Buyer issues:

Today, the market capitalization of cryptocurrency exceeds \$120 billion USD. It is expected that this will double by the end of 2018, due to an increase in existing coins' value and as a result of new Coin being issued. The problem is that cryptocurrency holders are not able to use it because few merchants accept cryptocurrency payments. Traditional payment solutions, like bank transfers and debit/credit cards, also have significant disadvantages. When making money transfers or paying internationally with traditional money, there are significant losses due to transaction fees and exchange rates.

Merchants' issues:

Merchants can't currently join the fast growing cryptocurrency economy, for several reasons:

- They lack the specialist knowledge needed to accept cryptocurrency payments.
- The large number of cryptocurrency exchanges and different rates are confusing for new users.
- There are big risks related to cryptocurrency volatility.
- It's difficult to record cryptocurrency payments in traditional accounting systems.

However, merchants also face issues with traditional payment gateways:

- High transaction fees: up to 9%.

4. SMHC's SOLUTION

SMHC is developing an independent decentralized multi cryptocurrency platform based on blockchain technology. The SMHC blockchain will comprise flawless cryptocurrency payments, exchange and reward processes.

SMHC's platform is designed to:

- Allow cryptocurrency holders to use cryptocurrency as a mean of payment.
- Help merchants accept any traded cryptocurrencies with zero transaction fees.
- Minimize the risk of cryptocurrency volatility for merchants by allowing them to exchange it for fiat money in real time.

4.1 SMHC virtual terminal

The main advantages of using a SMHC terminal are:

- Easy installation. The terminal is a piece of software that can be installed on any device (PC, tablet, mobile phone or Point-of-Sale terminal) or incorporated into a website – no specialist knowledge required.
- Multi cryptocurrency. SMHC's virtual terminal allows merchants to accept any exchange-listed cryptocurrency as payment for goods and services, and swap it for fiat money.
- Zero transaction fee. Merchants don't pay commission for any cryptocurrency payment received from their customers.
- Decentralization. There is no payment processor. Payments are made directly from the customer to the merchant. All cryptocurrency is placed directly into SMHC's cold electronic wallet.
- Immediacy. Payments are received within minutes, depending on the type of cryptocurrency.
- User-friendly interface. The process of adding an order for payment, billing and payment confirmation occurs in a few clicks.

SMHC virtual terminals consist of two parts:

- An interface to receive payments; the part that's installed on a device and used by cashiers to accept payments. Several users can be added, and each can work on several devices simultaneously.
- An electronic cold wallet; used by a business owner to manage received cryptocurrency.

The SMHC exchange is a software that facilitates communication between both merchant and cryptocurrency exchanges in real time; allowing merchants to accept cryptocurrency, exchange it, and receive fiat money in their bank accounts.

User Case 1: Customer - Merchant cryptocurrency transaction

- Bob gets a haircut and decides to pay with Ethereum (ETH).
- The hairdresser opens their SMHC virtual terminal and adds an order: for \$15.
- In the terminal there is an order line which contains all the necessary information for payment in multiple cryptocurrencies.

The SMHC terminal uses an average exchange rate to convert the amount in fiat money to the equivalent cryptocurrency amount.

- The hairdresser selects the ETH option and a QR code displays.
- Bob opens his ETH wallet, scans the QR code, and pays.

- Payment confirmation is displayed in the order line.
- The owner of the hairdresser opens his SMHC electronic wallet and sees that new ETH has been added to his account.

4.2 SMHC exchange service

To operate a business, you still need fiat money. Therefore, SMHC virtual terminals have a built-in cryptocurrency-to-fiat money exchange function. Advantages include:

- The merchant doesn't pay any commission for the customer's crypto-to-fiat exchange. They receive the exact amount of local currency indicated in the order.
- Risk minimization: the fact cryptocurrency can be exchanged for fiat, reduces the impact of crypto's volatility. Plus, using the terminals, merchants don't need to worry about rate fluctuation.

If merchants do not want to store/save cryptocurrency, they can choose to operate SMHC terminal in exchange mode. To do this they must first register and complete a verification process in order to comply with AML policies.

When an exchange order is created, the SMHC terminal transfers the cryptocurrency to the exchange converting it to fiat cash and deposit it into the merchant's bank account. If no exchange at that time can convert cryptocurrency to cash, SMHC's system simply rejects the transaction.

User Case 2: Customer - Merchant cryptocurrency-to-fiat transaction

- Bob gets a haircut and decides to pay with Ethereum (ETH).
- The hairdresser opens their SMHC virtual terminal and adds an order: for \$15.
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The SMHC terminal uses an average exchange rate to convert the amount in fiat money to the equivalent cryptocurrency amount.

- The hairdresser selects the ETH option and a QR code displays.
- Bob opens his ETH wallet, scans the QR code, and pays.
- Payment confirmation is displayed in the order line.
- The owner of the hairdresser opens his SMHC electronic wallet and sees that new ETH has been added to his account.
- However, the owner doesn't want ETH, so he sells it using SMHC's built-in exchange, and receives fiat money in his current bank account instead.

4.3 Additional services

Not only will SMHC's blockchain and smart contract function create an ecosystem for a wide range of financial and non-financial services. It also aims to become a platform for MHC token usage. Businesses and customers will benefit from these, as well as terminal functions: such as SMHC's electronic wallet, reputation system, bonus programs, warranty receipts, accounting system integration, and many other paid services others that can be created using smart contracts.

SMHC Wallet. SMHC will develop a multi cryptocurrency wallet that will integrate with all other platform services. The wallet will serve as a SMHC platform interface, allowing users to store, receive, send and swap multiple cryptocurrencies – including MHC Coin. It will provide all other services and any future functions that are deployed in the platform.

Bonus Programs. Every SMHC merchant will be able to create a bonus or discount program using the platform. Bonus programs will be available for customers via the SMHC wallet interface, who will be able to use them and exchange them with other buyers.

Warranty Receipts. Upon completion of the payment, the customer receives a warranty receipt: a QR-code with a hash signature showing the address and order amount. A warranty receipt can be used to confirm any given purchase. Sometimes purchased goods are of improper quality. In this case, a merchant and a customer can conduct a return transaction. The merchant sends the seller a warranty check and gives a refund. In these cases, each party is still subject to local legislation on consumer rights protection.

Reputation System. Any commodity-money exchange process requires a certain level of trust between the participants. Trust is built on the reputation that parties earn by participating honestly in transactions. When choosing a place to make a purchase, buyers will preferably choose merchants with a high reputation. As a result, trustworthy merchants will benefit from a higher reputation, attracting more clients. To prove their reputation, both the merchant and the buyer identify themselves on SMHC system and publish information on all successfully completed transactions. This involves:

- The seller publishing the requisites for payment.
- After a successful transaction, both parties receive a reward in the form of a reputation score. Since SMHC works with multiple cryptocurrencies, it allows users to build a cross-blockchain reputation system, meaning that their score is visible across different crypto transactions.

Accounting Software Integration. While the SMHC team are working on an interface that allows direct integration with accounting software, it's still possible to upload transaction information in Microsoft Excel or Word.

4.4 SMHC blockchain

The SMHC blockchain will store information on participants' reputation and provide a whole host of additional functionality. We've chosen the DPoS (Delegated Proof-of-Stake) consensus algorithm for SMHC's blockchain as it needs little infrastructure hardware making it possible to assign the most productive network participants as witnesses. Witnesses are those participants who add new blocks and receive a reward for it. This is an elected position, and any member of the network can become one: if their SMHC blockchain reputation is high enough.

There is a zero transaction fee in the system. This is done in order to make SMHC platform affordable for everyone. The payment instrument in SMHC network is the MHC token, which can be used for paid network services. Each member of the SMHC blockchain has keys that are used when working in the system. All keys are generated when the terminal software or wallet first opens. Their public key is placed in the blockchain, but the private key is stored on the user's device.

Types of keys:

- Owner key: used only to change other keys if they're ever compromised.
- Sign key: used to sign any blockchain transaction.
- Warranty key: used by vendors to sign warranty checks. Keys are not tied to any particular algorithm. Instead, multi-keys are used; because of the existence of national standards of cryptography in some countries and recognition of them at a legislative level.

5. MARKET ANALYSIS AND PERSPECTIVES

According to CoinMarketCap, the daily trading volume of cryptocurrencies in August 2017 exceeded \$5.4 billion, and the market capitalization of cryptocurrency rose above \$120 billion. However, the cryptocurrency market still represents a tiny percentage of world trade. According to Deloitte, the aggregate revenue of 250 of the world's largest retail companies in 2015 rose by 5.2% reaching 4.31 trillion dollars. The prospects for the development of a more sophisticated cryptocurrency market remain significant, despite the fact the number of cryptocurrency payments is still negligible. The need to increase the use of cryptocurrency as a mainstream payment method is obvious. Increased usage will be a catalyst for continued growth. The results of Garrick Hileman and Michel Rauchs' research show that the use of cryptocurrency as a mean of payment is apparent in both B2B transactions and C2B transactions. The average B2B payment (among the companies surveyed) was \$1,878. Conversely, the average C2B payment totaled \$210, and the average P2P transfer was \$351. This clearly shows that the cryptocurrencies still have quite some way to go in order to be thought a standard payment facility.

In 2013, financial authorities in developed countries started to observe the impact of Bitcoin's price rise on the world financial system. Due to the lack of interoperability with the modern banking system, Bitcoin posed a risk for regular consumers. Price fluctuated, meaning that the use of cryptocurrencies caused certain regulatory actions.

The Internal Revenue Service (I.R.S) describes cryptocurrencies as "a digital representation of value that functions as a medium of exchange, a unit of account, and/or a store of value [and] does not have legal tender status in any jurisdiction." The IRS treats cryptocurrencies as property and requires gains or losses on an VC exchange guidance paper stating that exchanges and administrators of cryptocurrencies are subject to the Bank Secrecy Act (BSA) and must register as a Money Services Business (MSB). This regulation is applied only to serious cryptocurrency operators, as opposed to regular merchants who accept cryptocurrencies for goods and services.

In July 2017 the Uniform Law Committee prepared a draft of the future model law on cryptocurrencies, which aims to create a statutory structure for regulating the 'virtual currency business activity' of those offering services or products to residents of enacting states. In particular, the act would require licensure of and impose prudential regulations and customer protection requirements on businesses whose products and services include (1) the exchange of cryptocurrencies for cash, bank deposits, or other cryptocurrencies; (2) the transferral of cryptocurrencies from one customer to another.

These provisions will most likely be implemented in 2018-19. SMHC considers the creation of a uniform legislation for Singapore as a promising opportunity for merchants' in terms of legal risk reduction. The regulation will effectively cover only exchange services and host wallet providers.

China, as one of the biggest markets in the world, is a significant player in the blockchain field. However, recently the People's Bank of China banned ICOs (blockchain-based fundraising mechanisms). Chinese regulators then proceeded to attack the industry and imposed a ban on all cryptocurrency exchanges services. This decision was not surprising to many experts. They believe that China will temporarily stop the outflow of capital, regroup, and later impose strict regulation on cryptocurrency operations.

The European Union, as a conglomerate of democratic states, appears to be a good prospective market for SMHC. No state has imposed a permanent ban on cryptocurrency transactions, and in 2015 the Court of Justice of the European Union (CJEU) prohibited the collection of VAT from cryptocurrency transactions, seeing them as a "means of payment." All EU countries may soon require local money services to comply with 4th AML Directive, which is currently only applies to exchange markets. The EU's uniform licensing system provides clarity and will reduce our costs. There is no specific ban or regulation for merchants at a regional level, however some national regulators, such as National Bank of Poland, published warnings about the risky nature of cryptocurrencies.

That said, there are no specific actions or prohibitions for merchants. We consider that the EU to be a good starting point for SMHC.

Ex-British dominion states, like Australia, Hong Kong, Singapore, and Canada, do not restrict cryptocurrency merchant activity. Local watchdogs remind traders and businesses about AML compliance. Canada and Singapore treat cryptocurrencies as virtual commodities and impose VAT on transactions. However, Australia (since July 2017) and Hong Kong do not levy taxes from the turnover. Generally, these countries demonstrate good regulatory dynamics and create regulatory sandboxes for fintech startups – including blockchain-oriented companies. Japan is a pioneer of cryptocurrency regulation. After the Mt. Gox cryptocurrency exchange crash, the court started bankruptcy procedure and distributed the remaining cryptocurrency among its creditors. Then, in April 2017, the Japanese Parliament officially allowed Bitcoin as a mean of payment. As a result, the number of merchants that accept Bitcoin increased considerably. In July 2017, Japan repealed Bitcoin taxation and Japanese consumers are eager to invest in Bitcoin owing to the national currency deflation.

Its cantons offer the same provisions in their local legislation systems. Both nations are excellent prospective markets for SMHC.

Developing a cryptocurrency market in Africa could be possible too. Zimbabwe, Nigeria and South Africa declared the legality of cryptocurrency exchanges. Also, BitMari, a project based in Zimbabwe, started providing cryptocurrency services earlier this year. Also, the dominance of mobile payments and the difficulty of accessing banking services, especially in Sub-Saharan Africa, make the continent a great potential market. Being proponents of a greater state control, South American countries prefer to ban or limit the circulation of cryptocurrencies. Ecuador, Bolivia, and Venezuela have explicitly banned them as a method of payment. The rest of the continent has not imposed any specific regulation yet, and Brazil and Argentina have declared an intention to collect VAT from cryptocurrency turnover. To conclude, the further adoption of cryptocurrency payment is inevitable.

AML regulations are creating a new reality and watchdogs tend to reject the outdated Approach of treating cryptocurrencies as commodities and prefer to stimulate fair and lawful trade.

Based on analysis and trends in the world market, we feel that it is necessary to create the future now. By deploying SMHC as a global payment network, we are poised to capitalize on cryptocurrencies' exponential growth and the development of crypto-economy in general.

Based on analysis and trends in the world market, we understand that it is necessary to create the future now. By deploying the global payment network SMHC, we will be ready for an exponential growth in the use of cryptocurrencies as a mean of payment and the development of crypto-economy in general.

6. SMHC BUSINESS MODEL AND MARKETING STRATEGY

6.1 SMHC Business Model

Since cryptocurrency represents just a fraction of the global world's economy, we expect 90% of all SMHC terminal users to work in exchange mode. In this way SMHC will receive a 0.5% commission from each exchange transaction.

This will be paid by the buyer and will go to the company as revenue. Another source of revenue will be additional paid services: such as a subscription. For example, say a merchant wants to participate in a reputation system in order to promote his services in the marketplace. He wants to get attention from buyers who are interested in store reputation. To do this, the merchant can subscribe to SMHC's reputation program and will pay a small monthly fee (in MHC Coin). After the ICO is over, 10% of the collected amount will be used to form a fund to buy back MHC token. This fund will be replenished by the profit received from the activities of the SMHC exchange in the amount of 90% of the net income. MHC can be redeemed at the expense of the fund. After that these Coin will be removed from the system and destroyed. The redemption value of one MHC is equal to the volume of the fund divided by the number of MHCs in the network. Thus, all network members are interested in the fastest

distribution of the network. Despite the volatility of MHC's market value, MHC owners can always count on the minimum redemption value. The longer the owners of MHCs keep Coin, the greater the benefit they receive over time.

6.2 SMHC multi-sided platform (MSP)

SMHC's main goal is to create a network of virtual terminals; that are installed and functioning all over the world.

Our strategy is to become a multi-sided platform: an organization that creates value primarily by enabling direct interactions between two or more distinct types of affiliated customers.

We connect three major user groups: clients with cryptocurrencies, merchants, and cryptocurrency exchanges. The more merchants accept payments with cryptocurrency, the more clients can use this payment option. SMHC will start with one region, attract a critical mass of participants from each group to achieve economies of scale, before moving to new markets.

Our first region of operations will be the Asia. We will focus on Cambodia, Singapore and Myanmar as they're home to a large number of cryptocurrency holders and miners.

6.3 Loyalty program

In order to enter the market and attract merchants (stores, e-commerce, mobile payment systems), the loyalty program is created.

The loyalty program will last until the critical mass of participating merchants is achieved in each region.

6.4 Win-Win strategy

At SMHC, our aim is to create a platform where each participant can benefit from its use. New cryptocurrency issuers will benefit from adding liquidity to a new cryptocurrency. The more cryptocurrency is used as a mean of payment, the more valuable it will become. In this way, the capitalization of cryptocurrency will increase exponentially.

Clients' benefit:

- More outlets accept cryptocurrency.
- No need to exchange crypto for fiat money Merchants' benefits.
- More clients attracted to the store accepting cryptocurrency.
- Client pays with cryptocurrency.
- Merchant receives fiat money if desired Exchanges' benefits.
- A bigger volume of trades.
- More liquidity.

MHC holders' benefits:

- MHC value increase because of SMHC MSP effect.
- MHC liquidity provided by the SMHC fund.
- Additional SMHC platform services using MHC Coin as currency.

