

Barty Cryptographic Distributed Exchange

Mr Raymond Ng & Mr Yuan Hang

raymond@katalystcoin.com

<https://katalystcoin.org>

Telegram : @raymondngkh

25 November 2017

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Abstract

Cryptographic exchanges all over the world typically incorporate fiat currencies and in the process giving themselves an administrative and regulatory nightmare. As it is inherent in all countries that fiat related activities in an exchange often get the most attention. When fiat currency interactions are separated from the working of a distributed exchange, Barty comply with most countries' jurisdiction with democratically elected governments. By separating the fiat based operations from its distributed exchange, it is able to expand quickly all over the world complying with most jurisdictions and where it concerns fiat based operations, Barty would work quickly with a local partner most strongly poised to achieve regulatory compliance. With this distinct Unique Proposition, we believe that Barty would be one of the fastest growing cryptographic distributed exchanges in the world.

At the same time, centralized cryptographic exchanges have failed in numerous times - resulting in loss of funds for many of its users. Various famous examples are Mt Gox. Mt Gox, as a custodian of Bitcoins for its customers have lost over 200,000 Bitcoins - amounting to USD 2 billion according to the value of Bitcoin on November 2017. In July 2017, Korean cryptographic exchange Bithumb has been hacked as well. **Numerous security and blockchain experts believe in fixing a broken system, we however believe decentralization as a method to solve the problem - if the cryptographic exchange never gets to store any cryptographic balances, there is nothing to hack / compromise.**

Non Fiat Cryptographic Exchange - Full Compliance with Almost All Countries

On 26 November 2017, there are about 124 cryptographic exchanges all over the world as recorded on <https://cryptocoincharts.info/markets/info>. All cryptographic exchanges to date has been setup so that Bitcoin can be traded. The trading is for users to be able to buy bitcoins with fiat currencies, or for users to sell their Bitcoins for fiat currencies.

The exchanges typically also feature other cryptoinventory (often misnamed as cryptocurrencies by popular media) trading pairs like Ethereum. However, the main purpose of those exchanges is still mainly for the trading of those cryptoinventory with fiat currencies.

Do note that regulatory activities mainly deal with the fiat part of the cryptographic exchanges. Where it deals with fiat currencies - whether it is depositing / withdrawal - regulatory activity would set in. In most jurisdictions, it would mean that the identity of the user has to be confirmed via the user's passport and information about their residential address.

Where the activities do not deal with fiat, regulatory activities generally do not set in. Republic of Singapore is one of the first legal regime in the world to explicitly acknowledge this formally in writing in a

guide published to elaborate and to clarify the manner in which the Republic’s Securities & Futures Act is to be interpreted and read insofar as it concerns cryptographic tokens.

On “A Guide to Digital Token Offerings” [1], case study 6 mentions the following,

“Company F is planning to set up a virtual currency exchange platform that allows users to exchange virtual currencies (such as Bitcoin) that do not constitute securities, to fiat currencies. In its initial years of operation, the platform will be configured such that trading of digital tokens constituting securities will not be allowed. This restriction may be lifted after a few years.

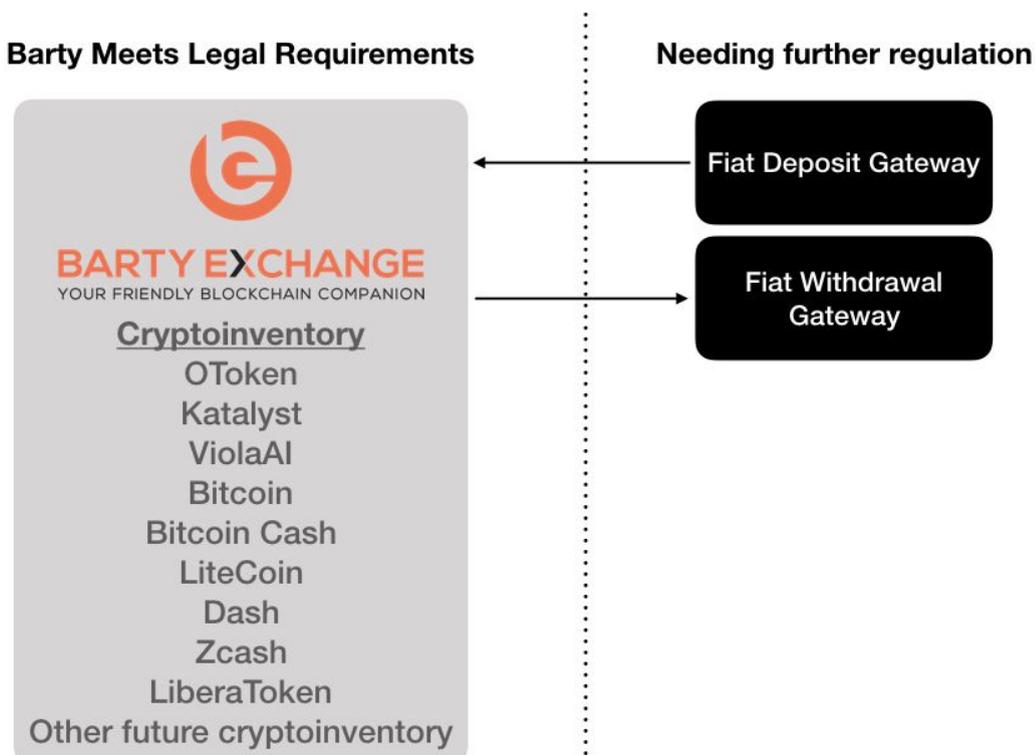
On the basis that Company F’s virtual currency exchange will not allow trading of any products regulated under the SFA, the SFA will not apply (note, SFA is short for Securities & Futures Act. Mainly the Act that deals with Securities behaviour activities)”

The regulatory activities all over the world generally focus fiat component of the exchanges. We believe as far as the Constitution of most democratically elected countries, there is a deep respect for the citizen’s Personal Property Rights. Bitcoins, Ethereum, Litecoin and generally any other cryptoinventories that do not possess securities like behaviour fall under this realm, which any democratically elected government would not regulate nor could it.

The regulatory framework of most democratically elected governments and also the increasing market need for cryptoinventory necessitates the creation of an exchange that focuses exclusively on non fiat & non securities cryptoinventories.

Barty Distributed Exchange

Barty Distributed Exchange is our solution to address the regulatory framework of most democratically elected regimes. With the basic framework designed ground up to deal non fiat related cryptoinventory.



So from ground up Barty Distributed Exchange would qualify to operate in most, if not all, jurisdictions. Barty would function well as a forerunner of enabling a fully compliant exchanges that do not incorporate any form of fiat currency. Being compliant by default in most jurisdiction means that it would function well as first and foremost an exchange for people's store of cryptoinventory. What needs further attention is often the fiat part.

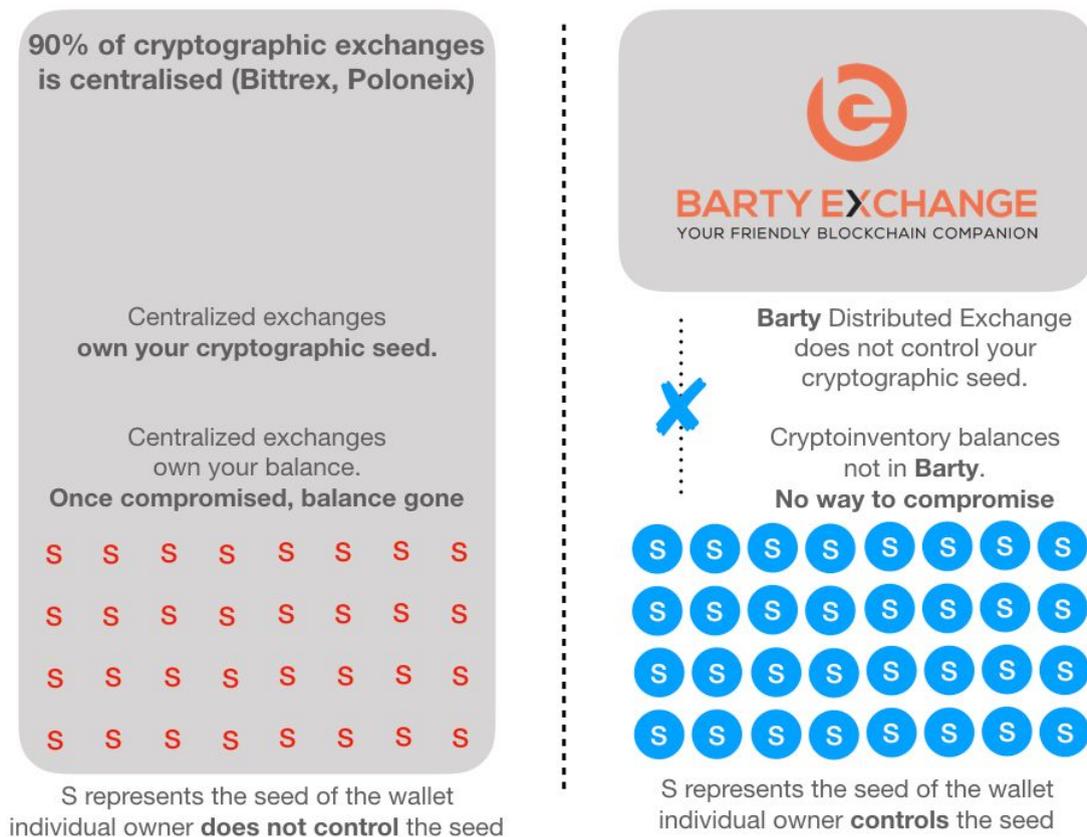
As for fiat based transactions like deposit and withdrawal, Barty Distributed Exchange may choose to work with another company that intends to go through formal regulatory activities to involve fiat based currencies. The fiat based operations shall focus individually on complying to every jurisdiction all over the world concerning fiat based deposit and withdrawal. By designing Barty to be this way, it would make it financially worthwhile for many partners as the most difficult part of the Barty Distributed Exchange has been done for them.

Barty Distributed Exchange would then focus on getting more cryptoinventory to be represented. Barty would firstly be populated by OToken related products and services, which OToken is used to redeem. Beyond that, Barty of course is incubating various other projects. In Singapore, ViolaAI, a token that focuses on Artificial Intelligent online bot provides services that keep the romance alive in relationships. Other partners and service providers would also be putting online orchestra tickets that allow you to watch a concert at Singapore's Esplanade. More and more cryptoinventories all over the world would be a part of Barty to give the whole ecosystem utility.



In the above example, it is to show how Barty Distributed Exchange can function as a fully legally compliant exchange for people to exchange and trade some of their own personal assets. This of course can contain the usual Bitcoin, Bitcoin Cash, Litecoin etc. As long as they are cryptoinventory they would qualify to operate within Barty without further regulatory activities from the government.

Barty Distributed Exchange Security Overview



There have been numerous hacks concerning centralized exchanges. Including the infamous Mt Gox which over 200,000 Bitcoins are mismanaged and hacked, the Bithumb are Bitfinex are some of the names of those exchanges that have some hacks before. While some school of thought believe in fixing a broken system by making centralized exchanges more secure, we feel that the safest way is not even to place your cryptographic balances in a centralized exchanges to begin with. **Barty Exchange** is designed ground up to be decentralized with the exchange handling none of the users' cryptographic balances. **Barty Exchange** merely acts as a matcher between a seller and buyer, and upon a match, the balance from the respective wallets are then exchanged immediately between their 2 wallets. At no point of time, the Barty Exchange becomes a custodian of the respective buyer's and seller's cryptographic balances.

We believe that Barty offers to the market the immense clarity that we do not yet have. Out of 124 cryptographic exchanges that are running now all over the world, it seems that they are focusing on the technological implementation of the exchanges and not so much on the elegance of seeing how fiat operations complies with legal and regulatory framework all over the world. By correctly segmenting the various activities, the one that needs regulation (fiat based operations) and one that does not - it allows for massive and quick expansion all over the world. At the same time, partners who may want to implement the fiat based operations and comply with the respective jurisdiction may participate in this growing and thriving barter economy. **Barty is such a solution.**

At the same time, **Barty Decentralized Exchange** eliminates custodian risk shouldered by all other centralized exchanges. It would be a great platform for existing and future users who want to leverage on the Blockchain revolution to benefit financially.

Resources

[1] **A GUIDE TO DIGITAL TOKEN OFFERINGS**, Monetary Authority of Singapore, 14 Nov 2017
<http://www.mas.gov.sg/~media/MAS/Regulations%20and%20Financial%20Stability/Regulations%20Guidance%20and%20Licensing/Securities%20Futures%20and%20Fund%20Management/Regulations%20Guidance%20and%20Licensing/Guidelines/A%20Guide%20to%20Digital%20Token%20Offerings%20%2014%20Nov%202017.pdf>