

ICO Review: FIC Network (eFIC)

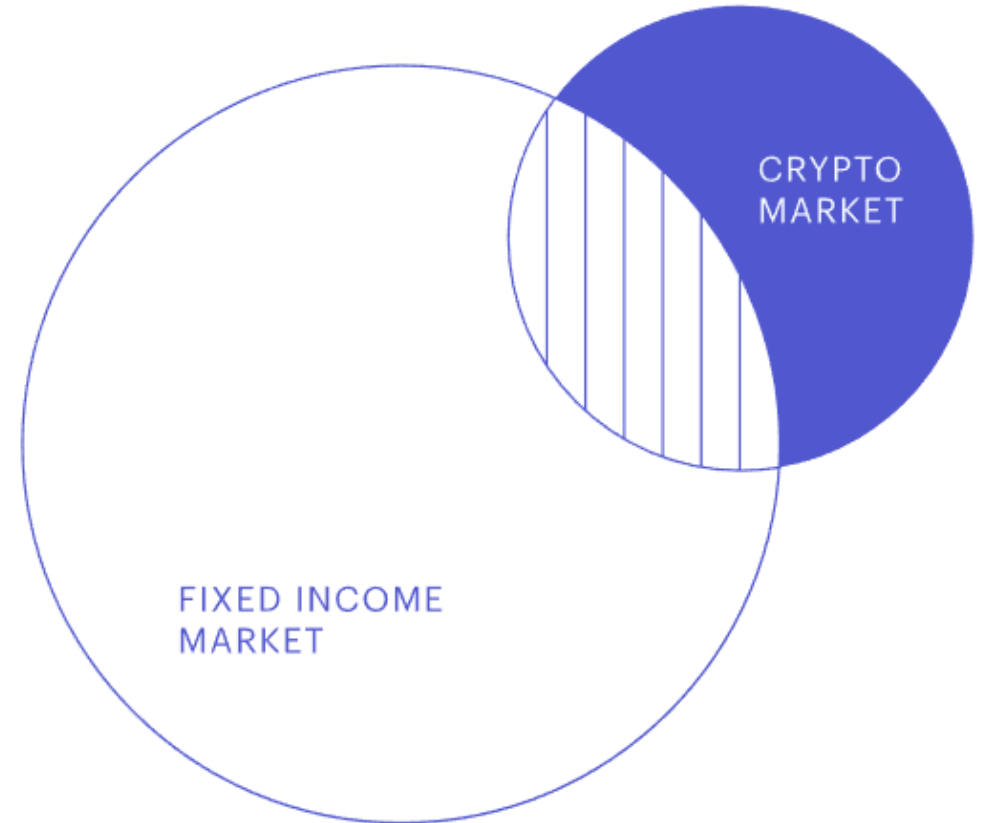
Fixed Income for Blockchain Assets

March 8, 2018



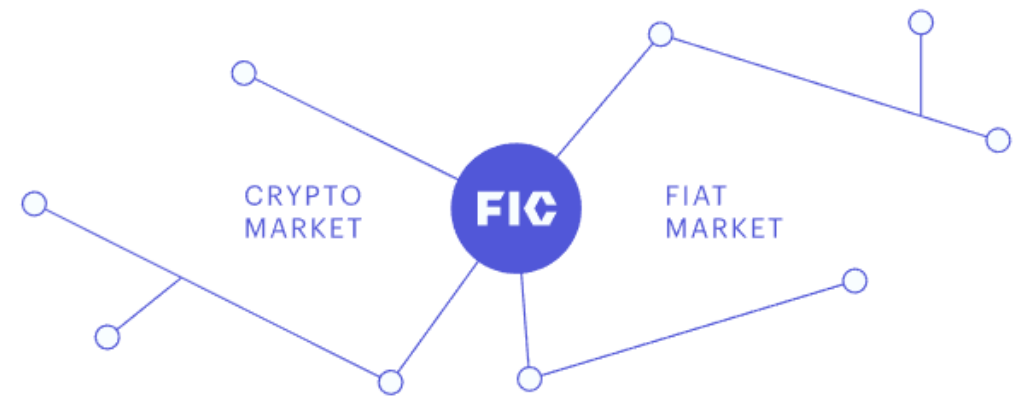
What is FIC Network?

- A decentralized fixed income securities network that enables the listing, exchange, and securitization of fixed income financial instruments including corporate bonds, syndicated loans, asset-backed securities, and more.
- Transactions will be immutable, and users will also enjoy lower costs from the removal of intermediaries in their market. Users will also benefit from the speed of transaction settlement, as exchanges can be done in seconds as opposed to days or even weeks.



What is FIC Network?

- The primary new feature that FIC Network aims to bring to the fixed income securities market is the introduction of Expected Cash Flows (ECF) as tradeable repayment options. ECFs allow investors to slice the cash flows of the loans any way they want (by maturity, interest or principal portion, etc.).
- Therefore, they can select specific repayments across several loans to diversify risk or fine-tune their cash flow requirements to specific payout periods.



How it works



Demo screenshot



Development roadmap

2016

Q2: Prototype idea drafted; Factory Inc. incorporated; Startupbootcamp NYC Top 10 team worldwide

Q3: Funding from BoostVC



2017

Q1: European reach: subsidiary formed; core team hired

Q3: Testnet and Alpha version launched; Newblock fund & fintech angels invest



2018

Q1: Tests with Network Participants on Testnet

Q3/Q4: Launch of FIC Network for loan trading; app launch



2019-2020

2019: Cryptocurrency implementation; ability to trade single ECF separately; listing and trading of corporate bonds

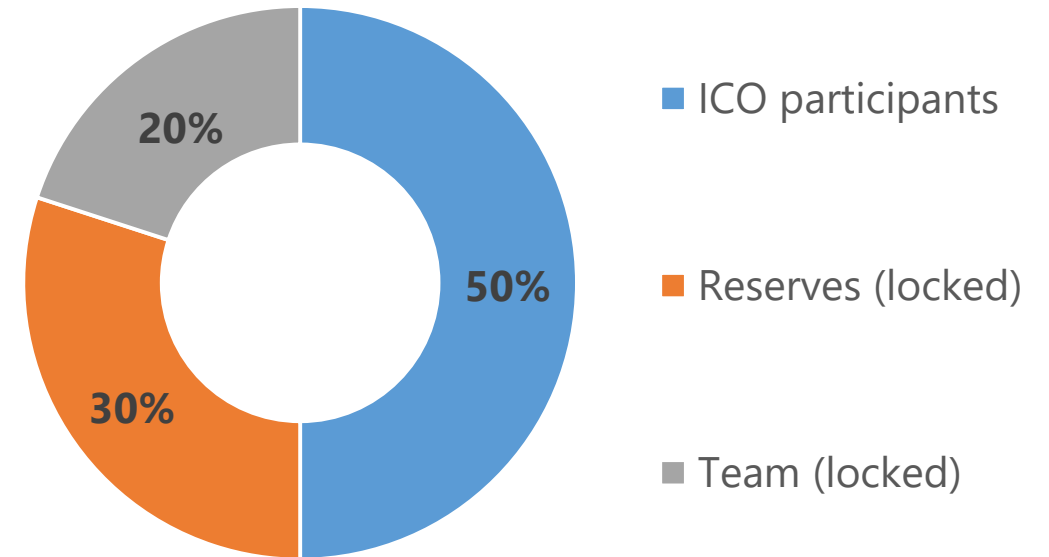
2020: Listing and trading of other financial instruments

eFIC token sale summary

ICO SUMMARY

- **Project name:** FIC Network
- **Token symbol:** eFIC
- **Website:** <https://ficnetwork.com/en>
- **Hard cap:** US\$16M
- **Conversion rate:** 1 eFIC = \$0.10
- **Max market cap at ICO (fully diluted basis):** US\$32M
- **Bonus structure:** Private sale received 60% bonus, presale receives 30% bonus
- **Presale or white list:** Presale ongoing, whitelist here: <https://ficnetwork.com/en/token>
- **ERC20 token:** Yes (initially, will move to its own Stellar-forked blockchain in future)
- **Countries excluded:** Presale for US accredited investors only, public sale TBA
- **Timeline:** Presale ongoing, public sale begins April 16, 2018
- **Token distribution date:** After public sale

TOKEN ALLOCATION



Use of eFIC tokens

- eFIC tokens are used in order to publish financial instruments as well as bid for ECFs on FIC Network. For certain actions (creating firms/users, listing loans, etc.), staking tokens are required while for other actions (sell whole loans), eFIC tokens will be spent and gone forever.
- eFIC has a fixed supply, so as usage of FIC Network grows, demand for eFIC increases which can lead to an increase in the price of eFIC tokens.
- As more users and lenders exchange financial instruments on FIC Network, the price of eFIC should appreciate.

THE TEAM

Team and advisors



Arturs Ivanovs

CEO and Co-Founder

Ex-Marketing executive and senior project manager at Porter Novelli Latvia, Advisor to Turing Funds, previously worked at Latvia's Ministry of Economy. Holds LLB in Law and Business from Riga Graduate School of Law.



Alvar Soosar

COO and Co-Founder

20+ years of experience as an investor, Managing Director and Co-founder of Fisher Row Capital, previously managed a \$7.8 billion portfolio of fixed income securities, MBA from University of Oxford.



Aigar Staks

Senior FIC Network Architecture Advisor and Co-Founder

Managing Director of Agile & CO, previously worked as a Strategy Consultant at Microsoft and was a Senior Consultant at PWC. M.Sc. in Computer Science. MBA from Riga Business School-University of Buffalo joint program.

The opportunities

- The credit market is huge. It is not as much talked about as the equity (stock) market but it is actually bigger. According to The Motley Fool, the global bond market beats the stock market in both size (\$100 trillion vs. \$64 trillion) and daily trading volume (\$700 billion vs. \$200 billion).
- We believe tokenization of credit instruments is just as viable as equity securities. FIC Network has the first mover advantage in this huge market.
- FIC Network has attracted 3 institutional investors, meaning that the company/team has passed the scrutiny of these investors.
- The company is showing good business traction with multiple institutions already testing out the Alpha.
- The team and advisors are solid with a balanced mix between entrepreneurs, finance executives who can help drive adoption of the platform, and developers.

Our concerns

- As bonds are securities, transactions around the underlying cash flow are also subject to regulations, which differ country by country. FIC Network needs to comply with each country that it operates in, so this could make expanding the platform and driving more users/bond listings slower than planned.

For flipping: **Positive.**

- The idea, team and advisors, token metrics, and development progress are all outstanding. We believe the hard cap is very compelling for the idea.
- The bonus amount is up to 60% which looks high in the first glance, but (1) it is only for less than 20% of the hard cap, and (2) public presale has 30% bonus, which effectively nets out the private presale bonus to 23%.

For long-term holding: **Positive.**

- Security token is believed to be (one of) the next big thing coming to crypto. It has the potential to catapult the overall cryptocurrency market size exponentially because basically every asset (stocks, real estate, commodities, bonds, etc.) can be tokenized.
- However, the market is paying all the attention to the equity side (giving token holders the same rights as equity holders). Tzero, which is backed by Overstock, is in the process of raising \$250 million, and Polymath has a market cap of \$168 million.
- Very little (if any) attention is paid to the credit side, even though the credit market is actually bigger than the equity market.
- FIC Network has been in the works since 2016 – it has been a blockchain company from day 1. It has a first mover advantage with less competition compared to the equity side. Therefore, we believe it has a good chance to succeed.
- We believe the upside is tremendous and fits well with the overall trend of where cryptocurrency is going.

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