

**tokeny** *The Trusted ICO Platform*

# The sustainable ICO protocol.

A proposed Certification Methodology for Initial Coin Offerings

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## **YDENTITY** SICOP Report

V.0.9.1 - April 2018

**tokeny** *The Trusted ICO Platform* - [www.tokeny.com](http://www.tokeny.com) - [contact@tokeny.com](mailto:contact@tokeny.com)



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# General Purposes

The Sustainable ICOs Protocol (SICOP) defines a methodology to conduct successful, secure and sustainable Initial Coin Offerings (ICO) by standardizing good practices and ethical rules.

This purpose of this report is to analyze Ydentity's project and Token Sale/ICO in order to verify whether or not the project meets the standards of Tokeny's SICOP. Tokeny has studied all of the available documentation and technology made available to them by Ydentity in order to come to a consensus on whether or not the project meets the SICOP specifications. Tokeny also discussed the project with Ydentity's founders in order to answer questions more clearly and offer advice that would make the project more aligned with the SICOP. Projects that are found to align with the SICOP will have the ability to have their ICO operational on Tokeny's ICO network.

**DISCLAIMER:** This report does not constitute financial or legal advice. Any person seeking financial or legal advice should hire their own certified professional. This report is meant for informational and educational value only. Tokeny's role and objective in producing this report is to verify the veracity and completeness of the main information provided by Ydentity.

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Project Name: Ydentity

Person in charge: Dr. Fred Jumelle, CEO

Applicable jurisdiction: HK SAR

Website: Ydentity.org

White paper: [https://Ydentity.io/documents/Ydentity\\_whitepaper\\_eng.pdf](https://Ydentity.io/documents/Ydentity_whitepaper_eng.pdf)

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*We would like to thank the following people for their work:*

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GLOSSARY	
<b>SICOP</b>	The proposed Sustainable ICOs Protocol (SICOP) defines a methodology to conduct successful, secure and sustainable Initial Coin Offerings (ICO) by standardizing good practices and ethical rules.
<b>Project Leaders / Issuer</b>	Project Leaders / Issuer refer to the representatives of the team launching an ICO.
<b>Contributors</b>	Contributors are the project community members buying tokens during the initial coin offering. They purchase tokens for financial utility or for application utility.
<b>Advisors</b>	Advisors are all the individuals providing advice to the project leaders regarding marketing, legal or technical aspects.
<b>Regulators</b>	Government issued authorities regulating local or global financial markets.
<b>Community</b>	The community is the group of people following, interacting or participating in the project development. It could be Contributors, Advisors, Partners, Project leaders, team members and even Regulators.
<b>White Paper</b>	A White Paper is an informational document issued by Project leaders to explain, promote or highlight the features of their solution. Even if they explain the tech considerations of the project, White Papers are sales and marketing documents used to entice or persuade contributors of the utility and sustainability of their token. A Whitepaper is a marketing tool before a sale, it is not a user manual and has a limited juridical value.
<b>Smart contract</b>	A Smart contract is a computer protocol intended to facilitate, verify, or enforce the negotiation or performance of a contract. More so, smart contracts not only define the rules and penalties around an agreement in the same way that a traditional contract does, but also automatically enforce those obligations.
<b>Token</b>	A token is a private key which represents the right to perform some operations through a smart contract.
<b>KYC</b>	Know Your Customers (KYC) is the process of a business identifying and verifying the identity of its clients.
<b>AML</b>	Anti-money laundering (AML) refers to a set of procedures, laws and regulations designed to stop the practice of hiding the source of illegal income.

BUSINESS	
Project Relevancy	
Vision	<p><i>The founders should communicate on a long-term vision. The Mission of the company is well defined.</i></p> <p>The Yidentity vision is to convert Cognitive Neuroscience discoveries into identity and assurance tokens to be used in multiple business sectors</p> <p>The company's mission is based on applying cognitive neuroscience research protocols and results to active token design that will help users learn about their interactive capacities and limits for making better decisions and choices. Yidentity aims to give members the opportunity to self-assign an alternative type of sovereign identity called Yidentity for authentication and onboarding projects and services while promoting self-protection against web threats, frauds and identity thefts.</p> <p>Yidentity has committed to a long-term vision which is clearly defined throughout their white paper.</p>
Problems	<p><i>Malfunctions of the market and their causes are well identified.</i></p> <p>Other forms of risk profiling exist in existing systems and in social media for use in financial services underwriting and matching of people. However they are based on behavioural science and not subject to psychometric test measurement. Online current identity is not based on science but only on standard given information. Through cognitive neuroscience research, Yidentity adds a scientific element to people's identity, thereby solving the problem of true identity</p> <p>Yidentity has identified some malfunctions and the causes thereof in the identity market, as described in the Whitepaper.</p>
Value proposition	<p><i>The value proposition is simple and understandable by anyone. The proposed solutions can be implemented and there is no insurmountable barrier such as legal issues or strong monopole on the market.</i></p> <p>There is a clear value in bringing into the market another variation of identity and risk management for business and insurance sectors based off cognitive sciences. Yidentity will provide alternative means of risk management and identification.</p> <p>Yidentity's value proposition is well explained and the solutions can be implemented without a clearly identifiable insurmountable barrier thanks to blockchain technologies.</p>
Revenue model	<p><i>The company must explain how it will benefit from the use of the network to earn money and be able to finance its future developments.</i></p> <p>The initial launch price for the Yidentity utility token is USD 0.25 with a monthly fee for security and account maintenance as part of the membership program which will help finance future developments.</p>
Network effect / Fat protocol	<p><i>The token sale allows the company to solve a chicken-egg problem and to reach the critical size needed to incentivize each participant of the network.</i></p> <p>Yidentity has identified their token mechanism as a membership-based program where members can sell tokens to each other on a peer-to-peer platform, as a way to create the necessary liquidity in the marketplace. This causes a marketplace where everyone is rewarded for their participation in the token</p>

	<p>sale. When a token is “activated” to be linked to one single person, it will reduce the number of available tokens on the market and increase it’s scarcity. It will generate positive network effects for token holders.</p>
Market size	<p><i>The market should be big and open enough to attract worldwide Contributors.</i></p> <p>Yidentity has identified a very large market that includes the entire global reach of adults and businesses interested in risk management and is designed to attract worldwide contributors.</p>
Timing	<p><i>The market should be ready to adopt the disruption brought by the project. Also, some external events can impact the project's relevance (new law, etc.) and these risks should be identified.</i></p> <p>Yidentity has identified a market where identity is being recognized as something of paramount importance due to digitisation and the fact that identity theft is a major international issue. Blockchain technologies are now ready to help users protect their identities.</p> <p>Yidentity is also designed to meet the requirements of the multiple privacy acts that are now being implemented across the world in 2018 (GDPR for example) and will continue to become more strict in the future.</p> <p>For external events Yidentity has identified some legal issues in privacy laws that they could face.</p>
Competitors	<p><i>Competitors trying to solve the same issues have to be on the market as well. The project should have a competitive advantage on these competitors (secret sauce).</i></p> <p>There are some competitors on the market. Most of them are young but well funded projects:</p> <ul style="list-style-type: none"> <li>• Civic - Market Cap of Approx. \$148M. Identity based company with well established founders and partners. Appears to target the main identity market and KYC management.</li> <li>• Selfkey - Market Cap of Approx \$28M. Identity based system used for integration with financial marketplaces for easier and more secure ID processes.</li> <li>• TheKey - Market cap of approx \$86M. TheKey is building Identity Verification systems to be used on the blockchain exclusively for governments.</li> </ul> <p>The major distinction between Yidentity and these projects is that Yidentity will be extremely unique in its use of cognitive behavior in establishing identities for risk factor markets.</p>
<b>Token Economics</b>	
Token Utility Value	<p><i>The issued tokens should have a strong utility value within the network and are not only a fundraising or payment system. The associated rights have to be clear and should be usable from day one of the token issuance.</i></p> <p>The Yidentity tokens produce a finished product which is a true identity profile based on the results of the questionnaire which has an underlying psychometric system based on neuroscience. The Yidentity token will enable like-minded affinity groups or communities to work together on a peer-to-peer basis, to have access to services, financial and social media services that will open better choices and decision making in their daily life.</p> <p>Once the Yidentity ecosystem is up and running the tokens are a vital part of the operation of the ecosystem. Basically, the ERC20 Yidentity meta token can, through a tradable API, power a member’s identity across multiple user services, eg. insurance, banking, investment, dating, and other services requiring matching of risk profiles and alignment of the member to a peer-to-peer community.</p> <p>The ERC20 tokens that will be issued during the token sale are not the tokens that will power the system: they will be exchanged on a 1:1 ratio with the tokens from the new blockchain when it becomes Operational.</p> <p>Yidentity is only for personal or corporate use for the purpose described in this white paper. It is not</p>

	<p>designed for investment purposes as clarified in the disclaimer. It will be sold directly to users, whether individuals or business.</p>
Token Price	<p><i>The token prices must be the result of a formula based on market facts and taking into account the anticipated supply and demand fluctuations.</i></p> <p>Ydentity will have a total active token cap of 1 billion. 44% will be sold in token sale rounds and late offerings of which 6% will be for the first presale, 8% for the second presale, 20% for the public sale and 10% for late offerings. 28% of the total tokens will be retained by Bright Nation Limited and its partners. 28% will be allocated to incentivize the ecosystem.</p> <p><i>There is a mechanism to ensure a programmed inflation rate on the token.</i></p> <p>Each time a token will get activated it will reduce the total amount of tokens available on the market.</p> <p><i>The price of the token must be controlled by a smart contract during the ICO.</i></p> <p>The price of the token will be defined in USD and the number of allocated tokens will be automatically defined depending of the exchange rate at the moment the payment is received. Payments made in ether (ETH) will go directly to the smart contracts. However, payments in Bitcoin (BTC) will go to the Ydentity wallet and thanks to an inject function the tokens will be created.</p> <p><i>Bonus conditions have to be transparent. Referral bonuses as well.</i></p> <p>Ydentity has clearly stated that all bonus conditions or referral bonuses will be disclosed. 2000 free tokens per Airdrop participants will be distributed.</p>
Earnings	<p><i>Future earnings associated to the tokens must be detailed in the White Paper and coded in the Smart contract.</i></p> <p>The tokens will be exchanged in a 1:1 basis when the product will be ready. Ydentity agrees that the full utility of the token will be coded in the smart contract in the new tokens.</p> <p><i>Project leaders must indicate which entities or persons will benefit from the project earnings in case of success or who will assume the loss in case of failure.</i></p> <p>The project leaders and advisors will get 7.5% of the tokens and those tokens vest over 18 months. In case of success or failure of the company, the identified project leaders will be responsible under the terms of the jurisdiction of the company. As a reminder, the company is based in Hong-Kong.</p>
Supply & Demand	<p><i>Liquidity conditions and rules related to the tokens creation/destruction must be clearly explained. Also, tokens should respect standardized protocol to facilitate their liquidity (ERC20, Waves, Neo, etc.) on third-party services.</i></p> <p>The tokens issued during the ICO will be ERC20 tokens. The number of tokens will be capped.</p> <p><i>Before the ICO, Project leaders must define the number of tokens issued and the minimum and maximum tokens to purchase per Contributor.</i></p> <p>There will be a total total supply of 1 billion Ydentity tokens. Minimum and maximum individual caps will depend on the ICO phase.</p>
<b>Team and Governance</b>	

<p>Founders</p>	<p><i>Project leaders must comply with KYC requirements and should be experienced professionals in their market.</i></p> <p>Project leaders can be identified through Ydentity’s website and documents. Only the main project leader has passed the KYC checks. His IDs were verified and his profile was compared with international watch lists.</p> <p><i>They have to demonstrate that they are able to manage, control and conduct their business effectively with due skill, care and diligence. They should engage themselves to take in high consideration the risks related to their business and customers.</i></p> <p>The founders are well experienced professionals in the neuroscience field.</p> <p>The tokens of the ICO are created by a third party company and via security audited smart contracts. Ydentity will use the funds of the ICO to recruit an experienced team in blockchain technologies.</p> <p><i>Project leaders must sign a Chart of Ethics, which can be recorded on a Blockchain (Proof of Ethics).</i></p> <p>Ydentity has committed to signing and developing a Chart of Ethics at this time.</p>
<p>Team</p>	<p><i>A complementary team should be in place and already working on the product for a minimum of 3 months.</i></p> <p>The core team has been involved with the project since July, 2017 and the development and management team have been working together for over a decade</p> <p><i>Project leaders must ensure necessary human, technological and capital resources to guarantee a proper and secure service to Contributors.</i></p> <p>Ydentity has funding in place including a \$200K marketing budget that will not endanger the project. The leaders have put together a good team with technological and capital resources that will provide secure services to Contributors.</p>
<p>Advisors</p>	<p><i>The ICO documentation should describe the participation of each Advisor.</i></p> <p>The Advisors are listed in the whitepaper and their experience and participation is also listed.</p> <p><i>If the Advisors will receive any kind of remuneration for their advice it should be mentioned.</i></p> <p>Ydentity will allocate 150,000 Ydentity tokens of the total supply to award advisors, those awards vest for 180 days.</p>
<p>Early Contributors / Investors</p>	<p><i>Previous investors, incubators, accelerator or advisors can be mentioned.</i></p> <p>Investors, advisors, and partners are mentioned in the whitepaper.</p>
<p>Governance</p>	<p><i>Effective corporate governance mechanisms such as a voting process should be defined: Nominating a board with 4-10 persons is a good practice. At least one member of the board should not be part of the company as a shareholder.</i></p> <p>The Ydentity Board of Directors will be responsible for ensuring the vision of the white paper is adhered to and funding the development and support of the community. The Board of Directors will be led by the Chairman of the Board, Dr. Fred Jumelle, and may be expanded in the future.</p> <p>Ydentity will guarantee and warranties that it will not pivot from the definition in this white paper and that the ICO will address the purpose described here.</p> <p>Ydentity will also guarantee that any unsold token from an ICO would not be burned (destroyed) but</p>

	<p>will be put on ice with a dated blockchain smart contract for a defined period so as not to disrupt the market cap table of Ydentity</p> <p>Ydentity also guarantees that it will formally refuse any investors from countries where regulations have not been addressed in the ICO. This is of paramount importance to compliance.</p> <p><i>One corporation or person must be designated to represent and take responsibility for the team.</i></p> <p>Currently, Dr. Fred Jumelle will represent the Ydentity project and take responsibility for the team.</p>
Spending	<p><i>Before the ICO, Project leaders must edit an exhaustive list of the distribution of the funds raised (taxes, future developments, reserve, project leaders remuneration etc.).</i></p> <p>Ydentity has provided some insight into how funds will be used to develop the ecosystem and blockchain and will also be reserved in a pool for future development.</p> <p><i>After the ICO, all expenses superior to 500,000 euros that did not appear in the pre-ICO forecast should be published to token holders. Quarterly Spending communication by the Foundation to all members</i></p> <p>It is estimated that USD 6 million will be required on the first round to make Ydentity happen as in the token sale. 30% of the budget will be applied to development, 10% to security, 10% to regulatory and compliance and 50% to marketing. USD 1.5 million will be required to get to the MVP stage.</p> <p>After the ICO, Ydentity will provide quarterly updates of spending and forecasts and will be communicated to all token holders. Use of Funds will be provided in the report as well as a forecast of Use of Funds.</p>
Team tokens	<p><i>Tokens allocated for Project leaders, Partners and Advisors must be locked up for a minimum of 180 days posterior to the ICO end date.</i></p> <p>Yes, Ydentity has committed to locking in tokens to Founders, Leaders, Advisors for 180 days.</p> <p><i>Project leaders should not be able to buy or sell their tokens during at least the 15 days prior to the announcement of the quarterly management reports to avoid insider trading practices.</i></p> <p>Ydentity has agreed to these limitations on token sales in their Code of Ethics.</p>
<b>Key Partners</b>	
Partners	<p><i>Partners within and outside the industry must be highlighted. In case partners logos appear on any commercial material, a clear explanation of the relationships between the two entities must be given.</i></p> <p>Ydentity is committed to listing partners within and outside the industry and will include their logos and information on the website.</p>

**TECHNICAL**

<b>Project Technical Feasibility</b>	
<b>State of the Art</b>	<p><i>The underlying technology is described and commented on, by professional and scientific researches/ reports, proving the theoretical feasibility of the project.</i></p> <p>Ydentity extensively outlines the various underlying technology that will be used for the project and shows that it has been well tested.</p> <p>Further information on technical design is available in the Ydentity Technical Design document, <b>available only on documented request</b> and completion of a non-disclosure agreement (NDA).</p>



Tech stack	<p><i>The main technologies used to build the product should be described.</i></p> <p>Ydentity will be implemented on Hyperledger Fabric, a secure, enterprise grade, permissioned blockchain, using a smart contract service interface to interact with client wallets, distributed ledger infrastructure, and external systems. The consensus algorithms are pluggable. On-chain data is simply a hash of its off-chain profile information. This guarantees Ydentity's scalability, throughput and performance through ERC20 compatibility. The Ydentity system and data security is built upon defence grade technology.</p> <p>The tech stack includes an application layer wallet, a service layer smart contract, token, identity and oracle; a distributed data layer with global state, blockchain, transaction and consensus; virtual platform layer with virtual machine and sandbox container; network layer with P2P and overlay networks; infrastructure layer with public cloud, private cloud and crypto cloud.</p>
Proof of concept	<p><i>A MVP (minimum viable product) must be shared with the Contributors, at least in Alpha version.</i></p> <p>A prototype of Ydentity is available on Ydentity.org</p>
<b>ICO Smart Contract</b>	
Accessibility	<p><i>The smart contract source code must be available and easily shareable within the community: The smart contract is an agreement between the Project Leaders and the Contributors and everybody should be able to understand it properly.</i></p> <p><i>The smart contract must be available on blockchain scanners (etherscan for example).</i></p> <p><i>It must be commented on and explained: The functions within smart contracts must be explained using proper comments, for easy understanding.</i></p> <p><i>The documentation of the ICO project should include a report on the smart contract features: A clear english translation of the detailed review by experts on the contract's features, including the power held by its owners, token features and upgrade mechanisms.</i></p> <p>For the ICO smart contracts, Ydentity has committed to respecting the SICOP good practices. Ydentity has committed to having the smart contract audited by a third party.</p> <p>There is fairly clear documentation as to how the contracts will work, how the tokens will flow and the power and functionality of the token owners. The features of the the smart contract are well described.</p>
Transactions	<p><i>Every single transaction during sale and presale must be recorded on the Blockchain.</i></p> <p>Ydentity will accept ETH and BTC during the ICO. Therefore, every transactions will be recorded on the blockchain.</p>
Payments handling	<p><i>The information on token price in the blockchain currency must be provided (during event or transaction).</i></p> <p>The token price is based on USD and the exchange rate will be determined at the point of sale.</p> <p><i>A transaction notice should be shown to contributors after payment.</i></p> <p>Ydentity has committed to respecting these engagements. A confirmation page with an order number will be shown to the token buyers.</p>
Payment methods	<p>The Contributors should be able to pay their tokens with the currency of the blockchain protocol used for the ICO.</p> <p>Contributors will be able to pay in ETH and BTC.</p>

	<p><i>The Project leaders can facilitate payments by proposing bridges with other currencies. When payments are done with other currencies, exchange rates, fees, methods and service providers have to be as transparent as possible.</i></p> <p>Yidentity will not accept any other currencies than ETH and BTC.</p> <p><i>If the ICO's smart contract accepts other currencies whether crypto or fiat, then another smart contract must be set up to handle said currencies and maintain transparency on the blockchain.</i></p> <p>If the ICO's smart contract accepts additional currencies besides ETH and BTC, Yidentity may forego to the other parties the costs of specialized developers, solutions and smart contract oracles for the various currencies involved in the crowdsale.</p>
Escrow system	<p><i>Raised funds must be locked up in an escrow system during sale and pre-sale to ensure and protect contributors rights.</i></p> <p>At this point there is no escrow system described in the documentation. ETH payments will remain in the smart contract vault until the end of the ICO. BTC payments will arrive on Yidentity's wallets.</p>
Min cap / Max cap	<p><i>The ICO should have a min cap (goal) and a max cap. Min cap is the minimum amount required to carry on with the project. Max cap represents the maximum amount the project will need.</i></p> <p>Yidentity proposes to raise \$50M with a minimum cap of \$6M (1,625,000 USD or 10,000,000 tokens for the pre-sale).</p> <p>Yidentity is working with an advisory board on token economics.</p> <p><i>The ICO contract should stop the crowdsale once the max cap is reached, continuing the sale can lead to token devaluation.</i></p> <p>The sale is expected to end when the hard cap is met or at the deadline if the min cap has been reached. It will be coded and made public in the Smart contract.</p> <p><i>The ICO contract should refund contributor's money in case they fail to reach their goal.</i></p> <p>All unsold tokens will be put into a Smart Contract with a future date to maintain the market cap of the business.</p>
Period	<p><i>ICO start and end conditions must be controlled by a Smart contract.</i></p> <p>Yidentity has committed to respect this guideline. For the moment, only the "presale" dates are known.</p>
Prepare for failure	<p><i>The code must be able to respond to bugs and vulnerabilities gracefully:</i></p> <ol style="list-style-type: none"> <li>1. <i>Pause the contract when things are going wrong ('circuit breaker').</i></li> <li>2. <i>Manage the amount of money at risk (rate limiting, maximum usage).</i></li> <li>3. <i>Have an effective upgrade path for bugfixes and improvements.</i></li> <li>4. <i>Test contracts thoroughly, and add tests whenever new attack vectors are discovered.</i></li> <li>5. <i>Provide bug bounties starting from alpha testnet releases.</i></li> </ol> <p><i>Upgrades to the latest version of any tool or library have to be done as soon as possible.</i></p> <p>Yidentity has committed to respect these good practices. An Exception handling mechanism will be in place as circuit breaker, and smart contract sets limits on token usage and transfer. The Yidentity platform will be implemented using iterative and incremental software engineering best practices for integration, testing, bug fixing, upgrade and deployment.</p>

Simplicity of code	<p><i>Contracts should remain simple. Complexity increases the likelihood of errors. The code should be modularized to keep contracts and functions small.</i></p> <p><i>Already-written tools or code (such as Zeppelin-Solidity) should be used where possible.</i></p> <p><i>Clarity should be preferred to performance whenever possible.</i></p> <p>Yidentity appears to be utilizing code, tools, and software that is readily available and tested and used by other businesses.</p> <p>The Smart contracts will also respect these principles.</p>
<b>Blockchain within the project</b>	
General use	<p><i>Project leaders have to use the blockchain only for the parts of the system that require decentralization.</i></p> <p>Yidentity will only be using the blockchain when necessary for decentralization and encryption of datasets. The team understands the advantages and disadvantages of using a blockchain.</p> <p><i>The project must have a globally distributed node network.</i></p> <p>The project will be using a custom permission blockchain and all stakeholders in the ecosystem will have an authenticated identity.</p>
Trustless practices	<p><i>Token holder rights must be protected in a trustless way.</i></p> <p>The tokens will be defined by the Smart contracts during the ICO. Yidentity has committed to a smart contract that will be written to protect holder's rights once the platform is ready.</p> <p><i>Digital Records: All the transactions must be part of a digital record system, which is accessible to all and maintains transparency for the users.</i></p> <p>Yidentity is implemented on Hyperledger DLT, and Yidentity token will be ERC20 compatible. As a reminder, the token of the ICO won't be the token used to validate your identity. It will be exchanged when the product will be production ready.</p> <p>The Ethereum blockchain will be used for the ICO so transactions will be accessible publicly.</p> <p><i>Secure: By using a blockchain (which is virtually unhackable), it must be impossible for the Project leaders to add, remove or edit data without being detected by others.</i></p> <p>The system will use blockchain to make the data as immutable as possible. As this data is stored in a decentralized manner, third parties are able to prove that each top hash added to the Yidentity Blockchain is accurate and unchanged. However, Hyperledger is a private blockchain so it's not sure the public will be able to see if the system is really used by Yidentity customers.</p> <p><i>Decentralized: All transactions must be verified by a consensus, not by any central authority.</i></p> <p>Yidentity's Consensus ensures that all nodes sharing the exact same data, thus prevents malicious actors including central authority from manipulating the data. Yidentity 's Blockchain will be based on Hyperledger pluggable consensus architecture which can support following algorithms:</p> <ul style="list-style-type: none"> <li>● Proof of Stake (PoS) and Delegated Proof of Stake (DPoS) by validators, include Proof of</li> <li>● Deposit and Proof of Burn</li> <li>● Proof of Elapsed Time (PoET) by random wait time lottery on first-come-first-serve basis</li> <li>● Proof-of-Authority (PoA) by authorities used for permissioned ledgers</li> </ul> <p>It's not clear yet which consensus will be implemented.</p>

	<p><i>Removing Intermediaries: The best effort should be done to disintermediate middlemen by replacing costly third parties with decentralized and immutable counterparties, who can independently transact and verify the data on a ledger.</i></p> <p>This will be one of the main advantages of Yidentity over the existing centralized competition. Yidentity's main goal is removing intermediaries and relieving the system of costly third-parties.</p>
Must Do's for Developers	<p><i>Project leaders should:</i></p> <ul style="list-style-type: none"> <li>- <i>Be aware of the tradeoffs between send(), transfer(), and call.value()). Until very necessary use transfer().</i></li> <li>- <i>Favor pull over push for external calls. This helps with solving the problem of Reentrancy in Solidity. Pull means there should be a function for users to pull their investments from the smart contract. In Push, Smart contract owner will push contributors investment to him.</i></li> <li>- <i>Use assert() and require() properly, assert() is to check invariants and require() is to check incoming parameters.</i></li> <li>- <i>Beware of rounding with integer division and division by '0'. This will be solved in later versions of solidity.</i></li> <li>- <i>Remember that Ether can be forcibly sent to an account (using selfdestruct() function).</i></li> <li>- <i>Keep fallback functions simple. As gas assigned to transfer can only be used to log an event.</i></li> </ul> <p>Yidentity has committed to respect these good practices.</p>

## LEGAL

Incorporation & Jurisdiction	<p><i>Project leaders must explain their choice of jurisdiction regarding the country of incorporation of the existing or future entity.</i></p> <p>Bright Nation Limited, owner of the Yidentity project is legally established in Hong Kong.</p> <p><i>Project leaders must designate the competent court in case of litigation.</i></p> <p>The Yidentity Foundation is duly incorporated and validly existing under the laws of the HKSAR and has the power and authority to own, lease, and operate its properties and carry on its business as now conducted.</p>
Legal Reviews & Consulting	<p><i>Project leaders must get a legal opinion regarding the choice of jurisdiction to run the ICO and the nature of the issued tokens.</i></p> <p><i>Project leaders could record the legal opinion on a public Blockchain as a proof of legal compliance.</i></p> <p><i>Project leaders should be transparent regarding the law firms and legal advisors associated with the project.</i></p> <p>Yidentity has a legal officer on their advisory team and has also obtained the services of respected and experienced law firms: Haldanes, Hong Kong.</p>
KYC & AML	<p><i>A compliant process to collect and verify information of the Contributors must be implemented in the registration process for the ICO (identity and watch lists verifications).</i></p> <p>Yidentity will do KYC checks for each Contributor as necessary:</p> <ul style="list-style-type: none"> <li>● Identity check: It verifies an applicant's name, address and date of birth by cross-referencing their details against a range of verified databases. This includes a database of 1.2m stolen identities.</li> <li>● Document check: It consists of a visual image scan which analyses passports and other identity documents to verify that they are valid. The technology will also identify whether the document has been recorded as lost, stolen or compromised.</li> </ul>

	<ul style="list-style-type: none"> <li>● Watchlist check: It will identify whether your applicant is listed on any global watchlists. This includes: <ul style="list-style-type: none"> <li>○ Government Sanctions Lists</li> <li>○ Politically Exposed Person Lists</li> <li>○ Anti-Terrorism Watchlists</li> <li>○ Anti-Money Laundering (AML) Watchlists</li> <li>○ CIA Watchlists</li> <li>○ Global</li> <li>○ Disqualified Directors</li> </ul> </li> </ul>
Accounting and Taxes	<p><i>The Project leaders should describe the tax system they will apply following the ICO.</i></p> <p>Yidentity doesn't precise any tax recommendation for Contributors but they will be using a well established company that does tax work and recommendations for crypto related businesses.</p>

## ICO ORGANIZATION

<b>Raising Process</b>	
Community	<p><i>Communication channels must be set up and animated by the Project leaders. Social media, newsletter and chat system are essential to communicate properly with Contributors.</i></p> <p>Twitter, Quora, Bitcointalk, Telegram, Medium, LinkedIn, Facebook and more are available to discuss the project and get the latest news.</p> <p><i>Rules should be setup to motivate good behaviour among the Community and to penalise the bad ones.</i></p> <p>Yidentity is regularly pinning the rules of the community on Telegram.</p>
Participation	<p><i>Contributors must comply with KYC requirements. This rule ensures the identification of Contributors to detect and disclose financial crime risks such as anti-money laundering (AML) and countering terrorist financing (CFT). It also ensures that all Contributors belong to authorized jurisdictions defined by project leaders.</i></p> <p>Yidentity plans to utilize recognized KYC and AML solutions for all contributors. Politically exposed persons won't be allowed to participate. Also, Citizens and residents from USA, North Korea, Cayman, Somalia, Yemen and Saudi Arabia are not allowed to participate.</p>
Privacy policy	<p><i>A privacy policy should be available on the ICO participation website.</i></p> <p><i>Project leaders engage themselves to ensure privacy of Contributors unless they receive specific demands from authorities.</i></p> <p>The Privacy Policy, Cookies Policy and Terms and Conditions are available on the website.</p>
Marketing Practices	<p><i>Project leaders must ensure a proper communication before, during and after the ICO. Communication must be fair, clear and not misleading.</i></p> <p>Yidentity plans to be as fair and transparent as possible during their communication. They commit to expressing their value proposition to the token buyers without making false promises or unclear statements. They recognize the need to build a user base in order to build out the ecosystem and to market to that user base properly.</p>

	<p>Ydentity's marketing plan will be supported by a website, as well as videos, executive summary, press releases, FAQ's, elevator pitches, interviews. On social media Ydentity will use platforms such as Twitter blogs and posts, as well as entries on Telegram, Medium, Facebook and more.</p> <p>Ydentity will utilize:</p> <ul style="list-style-type: none"> <li>- PR Announcement to the informed financial and insurance press of what is being launched in the short term with Ydentity.</li> <li>- Social Media and personal presentations.</li> <li>- Partnerships with various affinity organizations, including NGO's and relevant organizations to its use cases such as the ICMIF, in the case of the insurance industry (AssurCoin).</li> </ul> <p><i>Project leaders must publish a detailed white paper. All the trusted sources and channels of information must appear in the white paper.</i></p> <p>Ydentity has committed to updating their white paper with additional information, documentation, statistics, charts and will work with partners to translate the white paper into additional languages.</p> <p><i>Project leaders must conduct reasonable marketing campaigns and not endanger the company.</i></p> <p>Ydentity has committed to hiring specialized marketing and PR experts as and when required.</p> <p><i>Bonus, discounts and gifts, should be publicly declared.</i></p> <p>Ydentity has committed to disclosing any bonuses, discounts, or gifts to the public. An Airdrop of 10,000,000 tokens will be done.</p>
Customer service	<p><i>Project leaders must run proper customer service and frequently update an FAQ database.</i></p> <p>Ydentity agrees with these statements and will allocate the right resources to customer service.</p>
<b>ICO Safety/Risks</b>	
Security	<p><i>Security access protocols must be maintained to appropriately high standards.</i></p> <p>Ydentity will use third party auditors to increase security and have committed that best security practices will be respected by the team.</p> <p><i>The Smart contract must be audited by a third party to increase security.</i></p> <p>Ydentity commits to get its smart contracts audited by a third party.</p> <p><i>The code should be hack proof through a bug bounty program.</i></p> <p>No bug bounty program is planned for the moment.</p>
Financial risks	<p><i>Financial risks associated with the ICO must be mentioned and highlighted on every single documents promoting the event to Contributors (White Paper, advertisements, emails...).</i></p> <p><i>The risks associated to the market and the volatility of prices have to be cited as well.</i></p> <p>All of the financial risks have been well documented. Tokens issued during the ICO are not a financial product.</p>
<b>Post ICO Management</b>	

Roadmap	<p><i>A clear roadmap must be defined and available for the Contributors, with all the details (timeframe, features, descriptions, etc.).</i></p> <p>Roadmap and Phases are defined in the White Paper and will be updated as needed.</p>
Project milestones	<p><i>The funds raised should partly remain in an escrow system and be unlocked only when pre-defined project milestones are reached and validated by the governance system.</i></p> <p>Use of funds are determined by the Yidentity business plan, as described in the white paper.</p>
Communication	<p><i>Project leaders must edit a quarterly report to inform Contributors regarding the project evolution. This report must contain information about current developments, roadmap forecast vs. reality, financial expenses forecast vs reality, current price of the token, latest updates and board of director meetings reports.</i></p> <p>Yidentity is committed to issuing quarterly and regular reports on the project evolution as well as financial statements. They have also committed to issuing reports on their website as new additions to the project evolve.</p>
Listing on exchanges	<p><i>Project leaders should do their best effort to list the token on exchanges and improve liquidity for their Contributors.</i></p> <p>The Yidentity team has committed to using best efforts in getting their token listed on exchanges and are open to working with partners to achieve these listings in a compliant way. Some exchanges are already identified.</p>



# Conclusion

After reading the information provided by Ydentity and conducting a deep study into their practices, history, and plans for the future, Ydentity has committed to conducting an ICO in accordance with the Sustainable ICO Protocol.

Ydentity's project has identified a clear market that can and needs to utilize blockchain technology and a token economy to better the community identity and risk management process. Ydentity has experienced founders with a successful business history in a variety of industries relative to Ydentity's market. Ydentity has advisors and team members with a recognizable and successful history in blockchain and ICO technology, marketing, and legal areas that will best help Ydentity establish themselves as a major blockchain company. Ydentity already has an operable prototype and customer onboarding system which will be available on the Ydentity website.

Ydentity has committed to safe and secure legal and regulatory practices and will use well established solutions for AML/KYC compliance for the public sale.

Ydentity has committed to receiving input and advice for advancing their market reach for their ICO and the future growth of their token economy.

Based on Tokeny's findings, Ydentity is declared:

**✓ SICOP COMPLIANT**

Ref: TOKENY-U180501  
Date: 2018-04-25

Therefore, with the contract that is signed between Tokeny and Ydentity, Ydentity engage itself to respect the information provided during this analysis and to work closely with Tokeny to protect the Contributors.

DocuSigned by:  
*Luc Falempin*  
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By: \_\_\_\_\_  
Luc Falempin, CEO  
Tokeny

DocuSigned by:  
*[Signature]*  
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By: \_\_\_\_\_  
Dr. Fred Jumelle, CEO  
Ydentity - Bright Nation Limited  
06 May 2018 | 8:30 AM PDT

**tokeny** *The Trusted ICO Platform* - [www.tokeny.com](http://www.tokeny.com) - [contact@tokeny.com](mailto:contact@tokeny.com)



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