

HitBTC Utility Token (HIT) Whitepaper



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Summary

Founded in 2013, HitBTC maintains its status as one of the major trading powerhouses in the digital asset space. With an unparalleled track record of reliability from day one, when digital assets have been available only for a narrow circle of enthusiasts, we have developed an industrial-grade technological platform. Today we offer access to some of the industry's deepest and most liquid books across a wide range of digital assets.

The purpose of this paper is to shed light upon the launching of HitBTC Token (HIT), thereby elaborating upon its core mechanics, tokenomics, and technological nature, as well as its value, added to the HitBTC ecosystem.

About the Exchange

Our Values

Our values are based on three tenets: security, reliability, and performance. With our deep understanding of technology innovation and finance, we have created one of the most sophisticated and technologically advanced trading platforms in the industry.

We believe in a future with digital economies and a self-sustainable internet at its core. For many years, we are committed to creating the vital infrastructure needed for this future.

About Us

HitBTC is one of the longest-standing digital asset trading platforms in the world.

Nearly a decade ago, when our first customer made the first trade, digital assets space was fundamentally different - it was fragile. Exchange hacks, where hundreds of thousands of Bitcoin were lost, advanced trading and MD connectivity have only been the resort of high-frequency traders, and uptime of 99.999% for many venues was, and still is, only an ambition.

Since that time, we base our culture of innovation upon 3 core values:

1. **Security** - We believe that security is everything. Even a rumor of a data leak, let alone one happening, may be sufficient to destroy permanently the reputation of any exchange, while loss of funds in the majority of cases is the point of no return.
2. **Reliability** - over the past eight or so years, we have observed countless spikes in market volatility and during each of them, few venues managed to handle the stress on their systems. The procyclical nature of liquidity demand implies that under a load of volatile market conditions depraves traders of the ability to trade exactly when it is needed the most.

3. **Performance** - living up to the expectations of veterans from the traditional equities or derivatives markets is challenging. Their requirements for state-of-the-art architecture and robust connectivity can only be met by building a system that inherits these properties from the start.

For these reasons, our system has been built to maintain uptime of all core system components close to 100%, regardless of volatility, while ensuring that our institutional clients (such as market makers, quant funds, and brokers) can trade with less than 800 milliseconds average execution latency with colocation. Furthermore, our rigorous approach to security led us to develop a system able to withstand the most sophisticated of attacks and, as such, we have never been compromised.

Leadership Through Technology

Our goal is to drive the development of the digital assets space through technological excellence in all systems we architect to build a robust trading platform.

1. **Redundancy and Speed** - our exchange technology achieves sub-800 microseconds average door-to-door latency for colocated traders and synthetic matching engine throughput capacity of over 150,000 tps. Our institutional clients can trade and get robust and efficient MD feed through a variety of advanced protocols (binary multicast, FIX, REST, and Websockets).
2. **Liquidity and Microstructure** - with an average order book depth of more than 12,000 BTC and average spreads as low as 0.005% we offer abundant liquidity across more than 800 trading pairs. HitBTC provides trading and MD connectivity to over 200 major service providers that today reshape the financial services landscape of tomorrow.
3. **Robustness and Security** - the risk-based approach employed when designing our architecture as well as the processes and procedures ensures that it is impossible to compromise the system.

Products & Functionality

Spot Liquidity

Unparalleled liquidity across the more than 800 coins and advanced connectivity options for service providers.

Margin Facilities

Margin trading facilities for the core digital assets utilizing isolated margin functionality.

Vast Variety of Order Types

To suit the needs of all traders, we have developed a wide range of order types - stop market and limit with the post-only option, scaled as well as multiple time-in-force instructions - FOK, IOC, GTC, GTD, DAY.

Advanced Connectivity

We treat robust and efficient market data dissemination and trading protocols as one of our key services. HitBTC systems are built on resilient architecture to allow for instant failover as well as a harmonized feed with high availability provided via FIX and binary multicast protocols.

Sub-Accounts

Accommodating the needs of institutional traders, HitBTC has recently introduced subaccount functionality allowing for different access levels, permissions, and segregated reporting within one master account.

Liquid Trading Interface

The flexibility of the trading interface allows full customization of the layout enabling deep personalization following the needs of all traders.

System Monitor

Transparency of system and network performance is of utmost importance for traders, especially those employing arb strategies. Addressing the issue of system transparency, [system monitor](#) provides key metrics for the on and off-chain system performance, including statistics of incoming and outgoing transactions.

The Vast Variety of Order Types

HitBTC provides different order types for its users: Market, Limit (GTC, IOC, FOK, Day, GTD/Time), and Scaled.

Progressive Fee Tiers

We treat liquidity as a core product offered by an exchange. Our generous fee tiers are built to incentivize liquidity provision attracting professional participants.

Growth Strategy

As we strive to deliver ever better services to the digital asset space, our goal is to expand the HitBTC product suite across several key dimensions.

Our main goal is to make crypto accessible to everyone whether it is an individual investor or an institutional client. Our product roadmap proceeds following these key steps:

1. Provide more trader tools such as derivatives (perpetual swaps, classic futures, and many more).
2. Attract retail clients through enabling intuitive interfaces for fiat support, fast and user-friendly customer services, and a superior affiliation program.
3. Build one of the deepest liquidity pools in the space, by introducing the staking rewards option.
4. We intend to expand our business towards building a decentralized exchange.

The HIT Token

Advantages

HIT will become the foundation of the HitBTC ecosystem. We have designed HIT with incentives set to facilitate the demand for the token through a built-in deflationary mechanism - HIT monthly burns. The HIT holders will enjoy the benefits of the HitBTC ecosystem and technological platform including trading fees discounts, low commissions for HIT trading pairs, and other benefits associated with current and upcoming features.

Trading Fee Discounts

HitBTC traders will be able to reduce their trading fees by up to 45% by holding a certain amount of HIT tokens on their accounts. The discount distribution will be as follows:

For Tier 1 and 2 traders:

| HIT Token Holdings | Trading Fee Discount |
|--------------------|----------------------|
| 500 | 3% |
| 5,000 | 5% |
| 50,000 | 10% |
| 250,000 | 15% |
| 500,000 | 20% |
| 1,000,000 | 25% |
| 4,000,000 | 30% |
| 8,000,000 | 35% |
| 16,000,000 | 40% |

For Tier 3 to 10 traders:

| HIT Token Holdings | Trading Fee Discount |
|--------------------|----------------------|
| 50,000 | 5% |
| 250,000 | 15% |
| 500,000 | 20% |
| 1,000,000 | 30% |
| 4,000,000 | 35% |
| 8,000,000 | 40% |
| 16,000,000 | 45% |

You may find the current fee structure [here](#). The trading fee is calculated based on cumulative 30-day trading volume and 24-hour minimum HIT token holdings. Please note that HIT holdings cannot decrease taker fees below 0.02%.

HitBTC reserves the right to amend the terms of service, including enabling or disabling the service at our discretion.

Trading Fee Discounts per Pair

HitBTC traders will be able to get low commissions for HIT trading pairs regardless of their trading volumes or held HIT tokens.

| | Maker Fee Discount | Taker Fee Discount |
|--------------------|---------------------------|---------------------------|
| First Week | 100.00% | 100.00% |
| First Month | 50.00% | 50.00% |
| Afterward | 25.00% | 25.00% |

This discount is implemented automatically for all pairs featuring the HitBTC token and will not sum up with other HIT token benefits. The discounts are calculated from the first public trading date.

Future Incentives

HitBTC will continue integrating HIT token into settlements system on the HitBTC exchange constantly increasing token's value and influence, delivering new demanded features, and proposing further upcoming benefits to the holders, offering:

1. Lower margin interest and higher leverage limits on margin trading.
2. Decreased fees for the upcoming futures contracts.
3. Higher Staking rewards for the HIT token holders, when the Staking is introduced on the platform.
4. Higher Affiliation program rewards, when the new affiliation program is launched.
5. Governance right on future token listings for HIT holders allowing the community to be engaged in the development of the platform.
6. Using HIT tokens as Futures and Margin contacts collateral.

Issuance, Allocation, Distribution & Burn

Distribution

The HIT is an ERC-20 token issued by the HitBTC exchange.

The total supply is 2Bn tokens.

The tokens will be sold publicly. There is no pre-sale of HIT to private investors.

Allocation

| % | Amount (HIT) | Participant |
|----------|---------------------|--|
| 30% | 600,000,000 | Exchange Listing |
| 20% | 400,000,000 | Founding Team Locked for 3 years (every year 1/3 is unlocked) |
| 50% | 1,000,000,000 | Development of the HitBTC Ecosystem |

Exchange Listing

The public sale will be done on HitBTC exchange, with many trading pairs available from day one. HIT token is not restricted to the HitBTC platform and may be traded on multiple platforms around the world.

Founding Team

Initially, the Founding Team tokens will be locked on a separate account. Every year $\sim\frac{1}{3}$ of the total amount will be unlocked.

After 1 year: 33% (132M)

After 2 year: 33% (132M)

After 3 year: 34% (136M)

Development of the HitBTC Ecosystem

The funds may be used for, but not limited to developing the HitBTC platform and making system upgrades, such as development, team training, and recruitment, as well as marketing, and branding initiatives, promotion and education campaigns, drawing active users to the platform, improving loyalty programs, emergency spendings to deal with the unforeseen circumstances, etc.

The funds will be used for following purposes:

Ecosystem growth - 60%

Marketing and community incentives - 20%

Stability fund - 20%

Burn

We will reduce the token supply on the monthly basis by purchasing and destroying HIT tokens. The amount repurchased starts from 20% and up of the exchange's monthly trading fees revenue, but this amount overall will not exceed 50% of the total emission.

These fees are net of any referral-related fees, discounts, and other costs incurred as a result of collaboration with third-party vendors. Monthly burns will be reflected on the HIT token landing page. The tokens will be burned until only 50% (1Bn tokens) remains.

Legal Restrictions

HitBTC Token is not in any way an analog of shares (direct or indirect), legal claims, interests, participation interests, legal titles, or liabilities related to the HitBTC Exchange or its affiliates, or any other enterprise, institution, or company. HitBTC Token does not entitle its owners to any promises of unconditional income, dividends, payment, investment income or profits, and isn't intended to secure the issue of securities in any jurisdiction.

Subject to the terms of the issuance, HitBTC Token:

1. IS NOT refundable and cannot be traded for cash by HitBTC Exchange or any HitBTC affiliate;
2. DOES NOT imply any rights under a contract for differences or any other contract whose goal or intended goal is to make a profit or prevent a loss;
3. IS NEITHER a loan to the HitBTC Exchange or any of its affiliates, neither a debt of the HitBTC Exchange or any of its affiliates;
4. DOES NOT represent securities, commodities, money (incl. digital money), debentures, bonds, or any other type of investment or financial instrument;
5. DOES NOT represent or grant the token holder any rights in relation to the HitBTC Exchange (or any of its affiliates), or their assets or revenues, including, with no limitation, any right to collect revenues, dividends, ownership, or interest, distribution, security, voting, liquidation, redemption, or property (incl. intellectual property or license rights in all forms), or other legal, financial or equivalent rights, or any other forms of participation in or with respect to the HitBTC Exchange;
6. Other than the right to use HitBTC Token as an instrument to interact on the HitBTC Exchange, ownership of HitBTC Token confers no other privileges, implied or express. The HitBTC Token may also serve as an incentive for users to participate in the HitBTC ecosystem.

Terms of Participation

All registered users of the HitBTC Exchange who are 18 years or older will be given access to public HitBTC Token sales if they meet the following criteria:

1. the user is not located in, nor is a citizen or resident of, any restricted jurisdiction mentioned below;
2. the user has not previously been restricted or banned from using HitBTC services.

Jurisdiction Restrictions

Users of the HitBTC Exchange are prohibited from participating in public sales if they:

- are U.S. citizens or residents, or a legal entity in which a U.S. citizen or resident has a 10% or greater participation interest;
- are tax residents, residents, and/or citizens of one of the following jurisdictions: Algeria, Albania, Afghanistan, Australia, Bangladesh, Bahamas, Bosnia and Herzegovina, Botswana, Bolivia, Burundi, Canada, Cambodia, Central African Republic, People's Republic of China, Cuba, the Democratic Republic of the Congo, Cote d'Ivoire, Ethiopia, Ecuador, Guinea, Ghana, Guinea-Bissau, Indonesia, Iceland, India, Iraq, Iran, Japan, Hong Kong, Kyrgyzstan, Kosovo, Lebanon, Laos, Libya, Liberia, Mali, Malawi, Morocco, Malaysia, Myanmar (Burma), Mozambique, Nepal, Namibia, North Korea, New Zealand, Republic of Macedonia (FYROM), Pakistan, Somalia, Sudan, Serbia, South Korea, South Sudan, Sri Lanka, Syria, Thailand, Tanzania, Trinidad and Tobago, Timor-Leste (East Timor), Turkmenistan, Tunisia, Uzbekistan, the United States of America (including all of its territories), Uganda, Venezuela, Vanuatu, Vietnam, Zimbabwe, or Yemen;
- are on the U.S. Department of Commerce's Prohibited List;
- are residents, citizens, and/or tax residents of one of the countries or territories where cryptocurrencies are banned or have no legal status, or where users are unable to participate in public sales due to various tax and regulatory issues;
- are designated as "Special Category Person" by the Office of Foreign Assets Control, or are otherwise included in Sanctions Lists in any jurisdiction;
- are tax residents, residents, or nationals, of any FATF blacklisted country;
- are on economic or trade sanctions lists, such as the UN Security Council Consolidated List
- if participation in any bidding is prohibited or restricted by the Office of Foreign Assets Control, the Hong Kong Monetary Authority, the Hong Kong Customs and Excise Department, the European Union, or any other administrative law enforcement agency.

Public sales participation will also be prohibited for users who:

- reside in any other jurisdiction in which HitBTC, has prohibited participation in the public sales at its sole discretion, or are tax residents or citizens of such jurisdictions;

- are citizens or residents of any state, country, territory, or other jurisdiction that is subject to comprehensive, geographically targeted sanctions by the UN, the Monetary Authority of Singapore, or OFAC, or that is classified as a "call to action" jurisdiction in the Financial Action Task Force's list of high-risk jurisdictions and other monitored jurisdictions, and/or subject to the U.S. embargoes;
- reside in, or are citizens or tax residents of, any state, province, territory, or other jurisdiction where participation in the public sales would be illegal or otherwise in violation of any applicable law.

Conclusion

We are truly grateful for the inexhaustible belief extended to us by our community throughout the past eight years. As in the past, it is our commitment to continue to deliver exceptional services above and beyond our client's expectations. With the HIT token, it is our pleasure to welcome everyone to join us on our way towards building an ever better exchange.

Disclaimer

Forward-Looking Statements

This whitepaper and other publicly available documents relating to HIT and our representatives may from time to time make, "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: "anticipate," "intend," "plan," "goal," "seek," "believe," "project," "estimate," "expect," "strategy," "future," "likely," "may," "should," "will" and similar references to future periods.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations, and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy, and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements.

Any forward-looking statement made by us in this whitepaper and other publicly available documents relating to HIT is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments, or otherwise.

HitBTC reserves the right to amend the terms of service, including enabling or disabling the service at our discretion, with the advance notification to the exchange's users through official channels.

Risk Factors Related to Digital Assets

Digital assets such as Bitcoin were only introduced within the past decade, and the value of digital assets is subject to a number of factors relating to the capabilities and development of blockchain technologies and the fundamental characteristics of digital assets.

Digital assets are part of a new and rapidly evolving industry, and the value of HIT depends on the development and acceptance of this industry.

A determination that HIT or any other digital asset is a “financial instrument” may adversely affect the value of HIT.

Risk Factors Related to HIT

The value of HIT may be influenced by a variety of factors unrelated to the market for HIT.

The value of HIT may be influenced by a variety of factors unrelated to the market for HIT and the utility of HIT that may have an adverse effect on the value of HIT.

Holders of HIT do not have the protections associated with ownership of equity in HitBTC.

HIT is not an equity investment in HitBTC and does not represent any ownership of HitBTC. Consequently, holders of HIT do not have the regulatory protections provided to investors in companies.

There is no guarantee that an active trading market for HIT will develop.

While HIT will be listed for trading on HitBTC, there can be no assurance that a trading market for HIT will develop or continue to be maintained if a market does develop. In addition, HitBTC may halt the trading of HIT for a variety of reasons. To the extent that HitBTC halts trading in HIT, whether, on a temporary or permanent basis, investors may not be able to buy or sell HIT, which could adversely affect the value of HIT. If an active trading market for HIT does not continue to exist, the market prices and liquidity of HIT may be adversely affected.

The lack of full insurance and holders' limited rights of legal recourse against HitBTC expose holders of HIT to the risk of loss for which no person or entity is liable.

HitBTC is not a banking institution and, therefore, deposits held with or assets held by HitBTC are not subject to the protections enjoyed by depositors with banks or similar institutions. In addition, HitBTC does not directly insure HIT. HIT holders' recourse against HitBTC is limited. Consequently, a loss may be suffered in respect to HIT that is not covered by insurance and for which no person is liable in damages. As a result, the recourse of the holders of HIT under applicable law is limited.

Risk Factors Related to the Regulation of HitBTC and HIT

Regulatory changes or actions may alter the nature of an investment in HIT or restrict the use of HIT or the operation of HitBTC in a manner that adversely affects the value of HIT.

Potential conflicts of interest may arise among HitBTC or its affiliates and holders of HIT. HitBTC and its affiliates have no fiduciary duties to holders of HIT, which may permit them to favor their own interests to the detriment of holders of HIT.

Holders cannot be assured of HitBTC operations, the discontinuance of which may be detrimental to HIT.