



# DOWCOIN WHITE PAPER

“An e-currency based on cryptographic proof, without the need to trust a third-party middleman, creating secure and effortless transactions.”

Satoshi Nakamoto, **Bitcoin Developer**



# Table of Contents

1. INTRODUCTION
2. NEED FOR STABILITY
3. CRYPTOCURRENCY FOG
4. INTRODUCING DOWCOIN
5. WHAT IS ETHERIUM?
6. A NEW WAVE OF CRYPTOCURRENCY TO WATCH OUT FOR
7. WHAT IS DOWCOIN?
8. PURPOSE OF DOWCOIN
9. DOWCOIN IN ETHEREUM
10. WHY USE DOWCOINS?
11. MOTIVATION BEHIND THE CREATION OF DOWCOINS
12. TOKEN DISTRIBUTION
13. ICO PARAMETERS
14. CONCLUSION
15. TIMELINE
16. TEAM



# INTRODUCTION

The growth of cryptocurrencies has led to a lot of attention and demand from traditional investors who would like to invest in a new type asset. However, a lot of these investors do not have a grasp of the various technical differences between currencies, which can create many unforeseen liabilities. This becomes even more complex when these investors diversify their portfolio beyond just one cryptocurrency.

*Traditional investors in the stock market diversify through index or mutual funds, but these methods of investment do not exist in the realm of cryptocurrency.*



## 1.1 THE NEED FOR STABILITY

Obviously, the cryptocurrency marketplace is extremely volatile, with wild swings on either side of the pendulum happening daily. The need for a cryptocurrency index that serves as the market indicator is quite apparent. Without such an indicator, wild swings will corrode the sustainability of the system as a whole.

**DowCoin** will follow the price movements of the top 30 cryptocurrencies with the largest market cap. This will help investors to consolidate their gains from the overall upward trend in this market, despite any extreme fluctuations by individual coins.

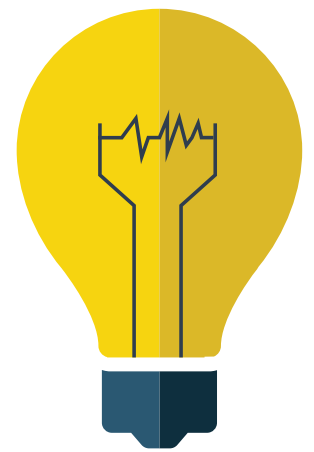


## 1.2 CRYPTOCURRENCY FOG

*The number of cryptocurrencies on any given exchange continues to rise over the course of time. For investors with little knowledge of these currencies, choosing which to invest in becomes very complicated, very quickly.*

Most investors will choose to purchase only few well-known currencies such as Bitcoin, Ethereum, Dash and Litecoin. Unfortunately, these investors will fail to realize the presence of hundreds of small cap cryptocurrencies that are more financially beneficial investments.

These smaller cryptocurrencies, while not as popular as the bigger players, can still be very stable and even more profitable. Due to a lack of information, investors usually end investing large amounts of capital for smaller gains.



The popular cryptocurrencies have a very high valuation, which typically increases daily. Hence, their demand is very high. Nonetheless, changes to these valuations cannot be easily predicted therefore investors cannot maximize their investments. As a result, there is a desire in the marketplace to invest in assets which have a higher rate of return overall. There is little information available to the public about the cryptocurrency market index; which can be used to make investment decisions and also to track the market movements and because of this, there needs to be a better solution.



# INTRODUCING DOWCOIN

DowCoin will be created with two specific end goals; to make transactions more secure, and to give ease access to cryptocurrency portfolio diversification. Our cryptocurrency token will be based on the Ethereum network and will have the same benefits and technology use cases as the Ethereum platform.

## WHAT IS ETHEREUM?

Ethereum is the second largest form of cryptocurrency in the world. It is currently the most prominent altcoin on the market today. Ethereum is an open source, decentralized platform, that allows the implementation of smart contracts. Smart contracts allow users to interact in a trustless environment because the terms of agreements automatically transfer assets between parties when certain conditions are met. Many trust that this system will replace the current budgetary systems because of its simplicity and open access utility.

The cryptocurrency “Ether” (ETH) is utilized both for payments on the network, and as a store of significant value, similar to Bitcoin, however with a few things to note about Ethereum in comparison to Bitcoin is that it’s substantially quicker, and transaction fees are significantly less. Leading companies around the world in finance (Santander, JP Morgan, ING), technologies (Microsoft, Intel, Samsung), and retail (BP, Toyota) enterprises are putting resources into this system, and are even moving their entire business infrastructure over to blockchain.



# A NEW WAVE OF CRYPTOCURRENCY TO WATCH OUT FOR

Since 2009, when Bitcoin was launched, there have been numerous other cryptocurrencies on the market that exponentially rise in value. Based on the initial assessment of the marketplace, we can assume that cryptocurrency utilization will only continue to rise and in 2017 we will likely see a continued spike in blockchain interest levels; along with the further maturing of cryptocurrency as an asset.

Even though bitcoin is the front-running of cryptocurrency and accounts for just under 70% of overall market capitalization today, the altcoin boom is predicted to outpace Bitcoin in the upcoming years.



Based on the Elliott Wave theory, the prediction posited is that the cryptocurrency altcoin markets would increase to over \$6 Billion in market capitalization. This marker has already been far surpassed when compared to the total market capitalization.

Recently, the cryptospace has seen an unprecedented bull run across almost all coins with the price of Bitcoin climbing up to an all-time high. This trend seems not to be stopping and is pulling up the other altcoins with it. While the Bitcoin price increase alone is very impressive, many other altcoins such as Ether, XRP etc. are making even greater leaps and their market caps have increased at exponential rates.

Many of these price jumps happen overnight and can be very volatile, although they are all trending upward on the whole.

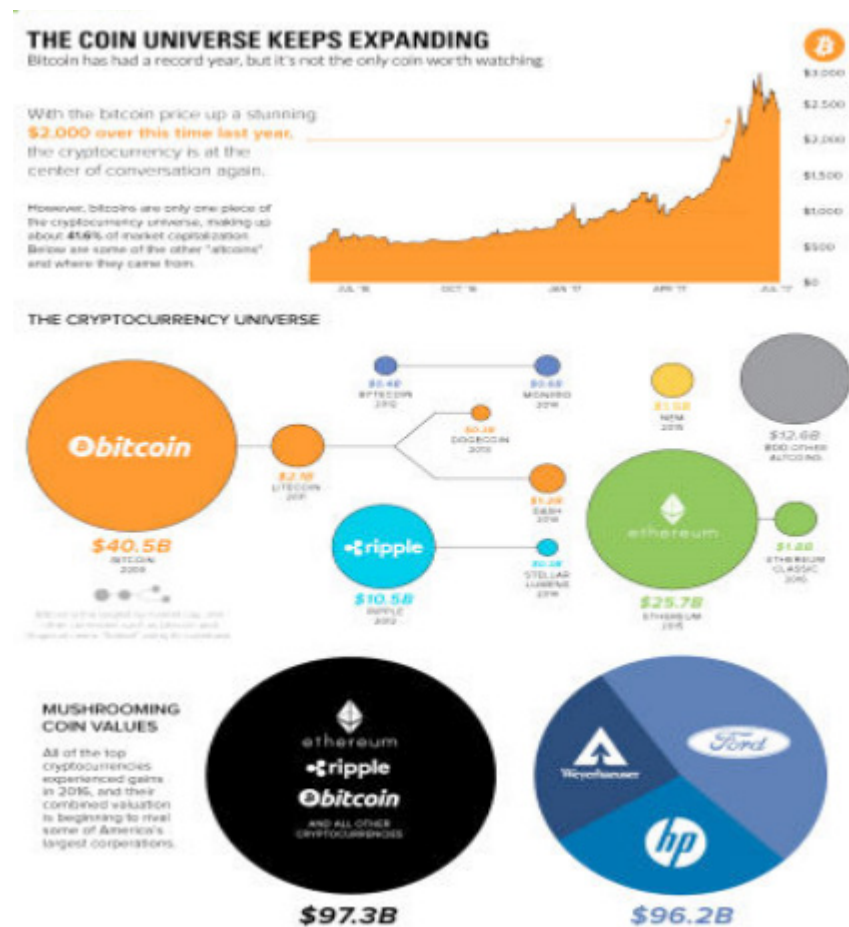


While this crazy bull run has pushed up the entire cryptocurrency market cap to more than 100 billion dollars for the first time according to the [coinmarketcap.com](https://coinmarketcap.com), the Bitcoin dominance rate has sharply fallen to the all-time low now nearing 50%. This essentially means that altcoins are gaining traction in the marketplace.

As an example, Barclays' CEO for personal and corporate banking, Ashok Vaswani, revealed the lender had opened discussions with UK regulators about adopting cryptocurrencies. "We have been talking to a couple of fintechs [financial technology companies] and have actually gone with the fintechs to the FCA [the Financial Conduct Authority, the UK regulator] to talk about how we could bring the equivalent of bitcoin, not necessarily bitcoin, but cryptocurrencies into play," Vaswani told CNBC at a conference in Copenhagen, Denmark.

On 19 June, 2017, the International Monetary Fund issued a staff discussion note stating that banks should consider investing in cryptocurrencies, saying: “Rapid advances in digital technology are transforming the financial services landscape, creating opportunities and challenges for consumers, service providers and regulators alike.”

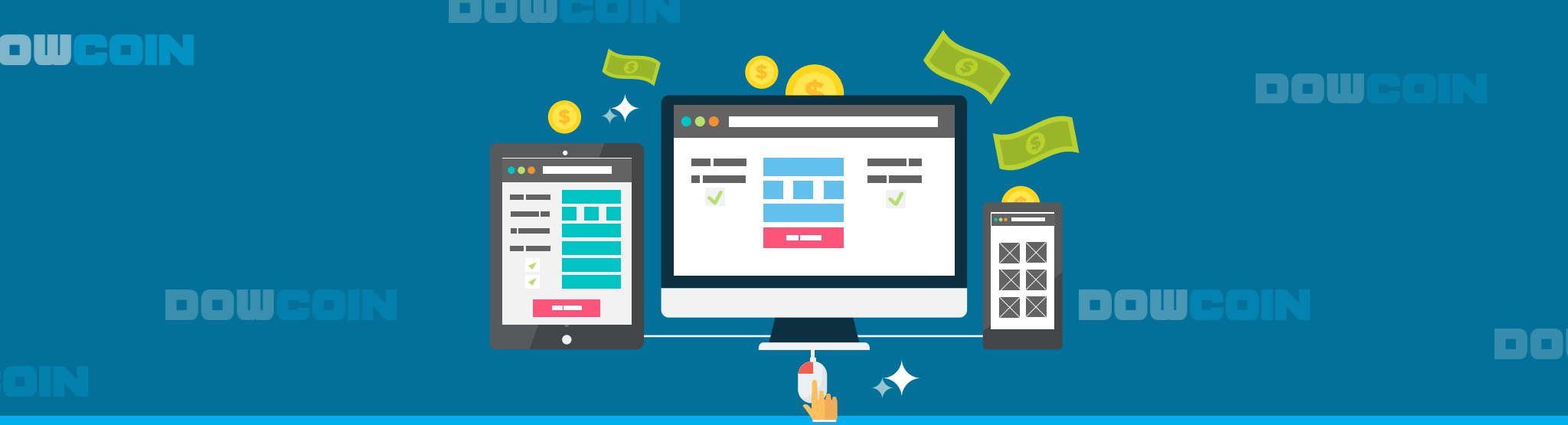
At the root of cryptocurrency, blockchain technology shows we don’t need a centralized solution for many traditional systems and with “decentralization” the implications are huge. The cryptocurrency economy is free of all government oversight and monitored by a peer-to-peer Internet protocols. There are now close to 800 cryptocurrencies and many hold great potential for growth.



Augur is a promising altcoin as it is presenting a new concept for decentralized market predictions. STEEM also holds enormous potential as it is by far the most successful decentralized social network. MaidSafeCoin’s price can also skyrocket during the upcoming months as it is supporting a new concept of crowd-sourced internet. Dowcoin, being a new player in the market will also add to the varied types of altcoin’s available but with the added function of being able to be utilize market forces in a far more practical and varied way than most of the other altcoins.







# HOW WILL DOWCOIN WORK?

DowCoin is a token that represents ownership of underlying assets that make up the market index. The value of this token is derived from the existing cryptocurrency assets and is expected to vary according to the values in the current markets. The index number and the index coin value indicate the status of the market based on the performance of the top 30 coins at any given time. Therefore, the coins in this index will vary over time, and can be replaced severally over each period.

Dowcoin will only feature coins in this index that have been on the market and exchanges for the last six months. As a further barrier to entry, our qualifying Dowcoin top 30 will have to have been amongst the top 100 coins in the market cap for at least 90 consecutive days. In addition, these coins should have an active and viable public project scope.

Through this position in the market, Dowcoin will dictate due influence on the market and the decisions of investors. It will allow the market to naturally self-regulate and promote coins that are less volatile and to ensure that investors are diversified for long-term market sustainability.

Our index will in essence become a sort of default “market maker” like you would have on the traditional stock market. Which will help to bring stability to a volatile marketplace.



# PURPOSE OF DOWCOIN

A key purpose of DowCoin is to promote diversification within the very volatile cryptocurrency market. Through this, investors will have the ability to invest in the entire cryptocurrency space without the problems of having coins in different wallets or exchanges and without the risks of betting in a single coin. The high number of coins in the market leads to some coins having a very low value as compared to others. The goal of DowCoin is to manage an index fund of the coins that have a weighted average of the top 30 coins in the market.

The qualifications of a top performing coin might be subjective but the goal for DowCoin is to minimize the risks of investment and maximize the returns investors might get from their investment

To achieve this, the creation of negatively correlated or un-correlated coins that have the highest possible expected return and the possibility of replacing coins within the top 30 indexes is necessary. With some coins being highly unpredictable, highly correlated and also having non-zero probability of unforced failure, there are competing metrics for which investors can optimize a portfolio towards maximizing their expected returns versus minimizing unpredictability.

Therefore, DowCoin has a goal of maximizing the Sharpe ratio, which can be described as the ratio of expected portfolio returns over the portfolios standard rate of deviation.



In the selection process, a simulation of millions of possible future single market prices is conducted, which is based on the notable historic instability and correlation of returns. These figures are correlated using data from the past twelve months. In addition, a penalty is used on the new coins with less previous data and also a bigger chance of impulsive failure by use of a proprietary scoring function; which is based on the lindy effect.



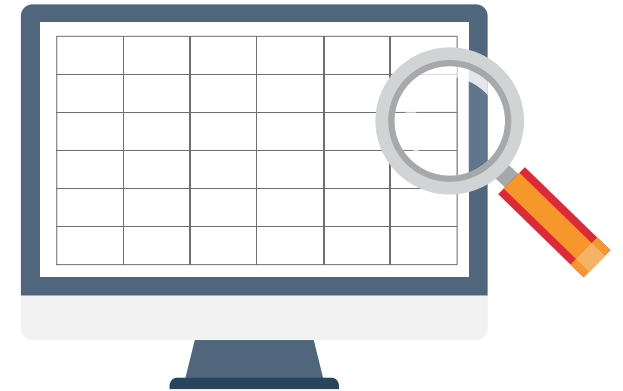
The lindy effect states that future life expectancy or probability of failure is comparative to both the existing permanence and health of entity of interest. This shows that old things tend to remain while trends fade more quickly.

Consequently, those coins that have been in the market for a longer period and have more historic data have a higher likelihood of getting the near zero spontaneous failure, while the newer coins in the market, which have a lower volume, contain a higher likelihood of instinctively becoming worthless. The probability that a coin can fail in a single day is therefore defined by the percentage of coins in circulation, the market cap, sentiment and also longevity.

During the simulation process, a report is generated that contains the maximum expected draw-dawn, expected Sharpe ratio, expected return, maximum days of return and the expected 95th percentile return or loss. An optimal portfolio is developed by the utilization of an optimization process by the use of a generic algorithm. The portfolio is rebalanced after each simulation, through the process of up-weighting top performing assets and down-weighting those that perform poorly until the creation of an optimum portfolio of assets through future settings in terms of maximizing returns and minimizing unpredictability. This portfolio keeps being reweighted in order to move the new top performers in the market in and remove the bottom performers from the list.

Those assets expected to fail due to various reasons such as fraud or hacking are also removed from the list to make way for the next best performing coin. Rebalancing of the numbers on the list is triggered by schedule and information.

When there is information about the likely failure of a certain coin, there should be a rebalancing towards a more stable asset. This rebalancing of a portfolio is scheduled to occur after every seven days. However, a full scope audit and the adjusting of the overall index balance is set to be performed annually.



## DOWCOIN IN ETHEREUM

The DowCoin logical systems will be developed on the Ethereum blockchain. Ethereum is a smart contract based blockchain that enables the development of applications without the headache of building an independent blockchain, therefore, it is a faster, more reliable and more secure than an independent blockchain.

As such, the token will be self-sustaining and can run without any third-party interference. Moreover, Ethereum ensures that security encryption of data on the platform by providing transparency and consistency with cryptographic verifications.

Holders of this coin will have the opportunity to trade in other cryptocurrencies and also transact with other online users.

The development of the technology on the Ethereum blockchain will help investors have scalability benefits that were not present before. This includes the ability to conduct different transactions, receive and transfer assets through the different currencies in the market within seconds.

This is particularly important when the simulations of the assets on the market index show changes and investors would like to invest in the new and successful coins on the index. With this technology expected to be interoperable, investors with any token that follows the Ethereum ERC20 standard will be in a position to work and transfer assets more easily and with the utmost confidentiality.



DowCoin assumes that as the popularity of a coin increases, the market value also rises alongside it. This correlation will translate into predictive returns on investment. Therefore, our coin can increase in value over time and serve as an investment tool for its users.

In addition, users can hold, transfer and exchange their DowCoins for other currencies such as ETH or fiat alternatives without the need of multiple wallets in different currencies. Through this platform, investors will have more options for their investment strategies.



# DOWCOIN

Since Dowcoin is a cryptocurrency as well, it will benefit from the following features.

## WHY USE DOWCOINS?

### ➤ Prevention of Fraud

Cryptocurrencies are digital and can't be forged or turned around subjectively by the sender, as with credit card charge-backs.

### ➤ Prevention of Identity Theft

When you give your credit card to a vendor, you give him or her access to your full credit line, regardless of the possibility that the transaction is for a little sum. Credit cards work on a “force” premise, where the store starts the payment and pulls the assigned sum from your record. Cryptocurrency utilize a “push” component that enables the cryptocurrency holder to send precisely what he or she needs to the vendor or beneficiary with no additional data.



### **Immediate Settlement**

Purchasing genuine property normally includes various outsiders (Lawyers, Notary), postponements, and payment of fees. From multiple points of view, the bitcoin/cryptocurrency blockchain resembles a “substantial property rights database,”. Bitcoin contracts can be composed and upheld to dispose of or include outsider approvals, reference outer actualities, or be finished at a future date or time for a small amount of the cost and time required to finish conventional asset transfers.

### **Access to Everyone**

There are approximately 2.2 billion people with access to the Internet or mobile phones who don't as of now approach conventional exchange systems. These people are prepared for the Cryptocurrency market. Kenya's M-PESA system, a mobile phone-based money transfer and micros financing administration as of late declared a bitcoin device, with one of every three Kenyans now owning a bitcoin wallet.

### **Lower Fees**

There aren't normally transaction fees for cryptocurrency exchanges in light of the fact that the mineworkers are remunerated by the network (Disclaimer: This is the situation at present). Despite the fact that there's no bitcoin/cryptocurrency transaction fee, many expect that most clients will draw in an outsider administration, for example, Coinbase, making and keeping up their own bitcoin wallets. These services behave like Paypal to improve the ease of use factor for lay investors using fiat money or credit card clients.

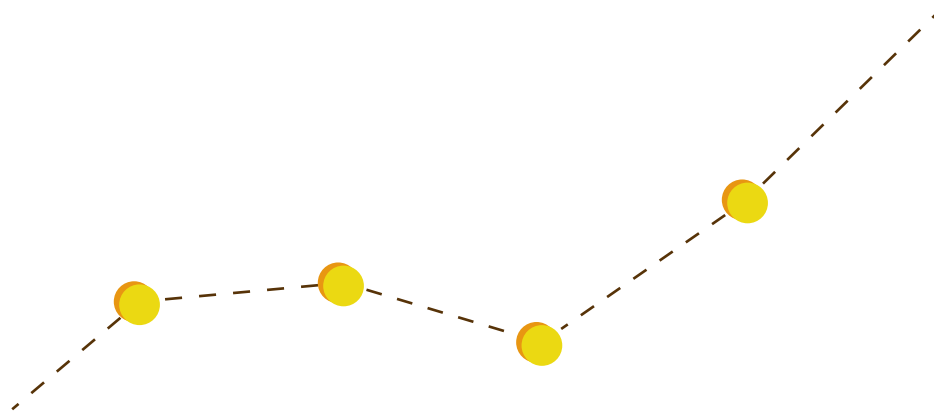
# MOTIVATION BEHIND THE CREATION OF DOWCOINS

Seven years after the creation of Bitcoin, we have seen the rise of another crypto-industry. Ethereum has included a Turing-finish layer to accentuate the ideals of the currencies amongst the general mish-mash, and has expanded the skyline of what is conceivable by a request of greatness. Thus, it has encouraged the creation of another synergistic ecosystem. One that guarantees to topple business models as we know them for more efficient systems that are owned by the people rather than a select few.

Throughout the years, various endeavors have been made to educate the ideals of cryptocurrency to the public, yet, the selection of resources is still unimpressive. These companies and undertakings have neglected to distinguish and address the principle issues witnessed in making mass adoption of digital assets conceivable. The core issues remain:



**SECURITY.** Putting away assets is bulky and unavoidably individuals store their assets under an outsider's control; similar to the workings of an exchange. This defeats one of the best properties of cryptocurrency and opens them to dangers that have predictably turned out to be cataclysmic. A system is required that can safely store assets without a trade-off in terms of ease of use.





✦ ✦ **USABILITY.** Various strides are frequently associated with seeing genuine utilization of one's digital assets. A client needs wallets, exchanges and records on different services. They are required to pull back, store, do KYC and even end up dealing with noticeably novice brokers. A system is required that disposes of these means and offers a consistent solution for the uninitiated that can be incorporated crosswise over platforms.

✦ ✦ **VOLATILITY.** Compelling individuals to utilize an unpredictable asset like Bitcoin is a no-go. The general population have talked about it and it discourages them more than it draws them in; leaving nothing left but those individuals on the wild side of risk assessment. A steady, more sorted asset class is required.

Through the kaleidoscopic energy of Ethereum we now have the correct tool to make the appropriate account stability solutions for the post-banking era. This new system will guarantee comprehensive solutions to these issues while simultaneously outcompeting the customary money partners in flexibility, efficiency and straightforwardness.

DowCoins deliberately targets and overcomes these issues and will position itself at the core of the effort to encourage the standard adoption of the Ethereum network. A system which will most likely rule this next stage in financial history.



# TOKEN DISTRIBUTION

## ICO

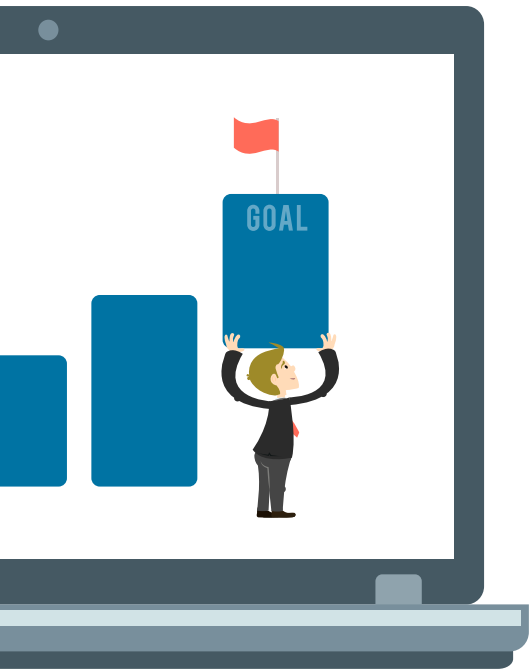
Dowcoin seeks to build a platform that will follow the price movements of the top 30 largest mined cryptocurrencies. Additionally, it seeks to provide a highly valued token that will give investors a value estimate underpinned by a diversity of cryptoassets. At the same time, we will provide information that will help all investors. DowCoin will help those with adept knowledge of the cryptocurrency market and those less informed alike, to make better investment decisions.

In this respect, DowCoin seeks to raise funds that will be used to develop the platform and market the platform to the cryptocurrency communities and interested investors. We will then bring more people on board to harness the benefits that this information on the index cap will bring.

With the Ethereum technology, users of DowCoin will be able to transact and exchange their tokens instantly when the need arises. Additionally, with the expectations that the market is still in its infancy, holders of the token can be assured that their investment will also have the opportunity to grow. Investors be able to stay connected and informed of the changes and expected changes in the market, while also making decisions on which cryptocurrencies to invest in. Through this, new cryptocurrencies will have a platform to grow and attract new target markets. Individuals that would normally be inaccessible will be given the resources to thrive in the current market.

# ICO PARAMETERS

Dowcoin will be pegged on an Ethereum token



- + Total Dowcoin distributed will be 2,000,000,000
- + Token distribution will be as follows
- + Management 25%
- + Team 15%
- + Crowdsale 60%
- + Minimum ICO goal is 15000000 dow
- + Maximum ICO goal is 120000000 dow

Our portfolio will consist of the top 30 coins as per market cap, which will change after a period of seven days. Dowcoin Token will be distributed to all who purchased after the token sale is closed.



# Timeline



## TEAM



**J.J.KOTAK**  
FOUNDER & CEO  
CANADA



**Satyam Agrawal**  
Blockchain developer  
Delhi, India



**Nassim Benz**  
Cryptocurrency consultant  
Ethereum Smart Contract  
designer & ICO + WP  
Trois-Rivieres, Canada



**Austin Lane M.**  
Expert ICO Adviser/ Marketing,  
Devs, Token Making Teams  
Santa Monica, United States



**Fares Akel**

Advisor,Venezuela



**Karimi Manyara**

White Paper Consultant,Kenya.

*Electronic Engineering student, programming knowledge of MCU-PICs, Python, HTML, CSS and recently Solidity for development of Ethereum Smart Contracts and ICOs. I work with free software tools, especially in the Linux environment. I mainly focus on Electronic Hardware project development. I have a technical understanding of English. Additionally, I am a Fire-fighter in the Volunteer Firefighting Corps of the USB (Cuerpo de Bomberos Voluntarios de la USB) and also participated for several years in United Nations Models at university level.*



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**Hamza ATRARI**

Developer Full Stack,  
Morocco



**Zachary Fitzner**

Blockchain and Product  
Developer,  
Middletown, United States



**Wilson Ngari**

ICO, smart contract  
consultant, USA

# CONCLUSION

As you may be able to conclude, cryptocurrencies are the next stage of a global financial revolution.

The best course of action at this point is to utilize the technology in order to solve real world problems. With DowCoins, we believe we can achieve that by increasing market stability and investor success rates alike; while fully utilizing the power of secure transactions.

The background of the lower half of the page is a solid blue color. Overlaid on this is a faint, light blue world map. Scattered across the map are various small, light blue icons: a lightbulb, a shopping cart, a bar chart, a magnifying glass, and a gear. The word "DOWCOIN" is prominently displayed in the center. "DOW" is in white, bold, sans-serif capital letters, and "COIN" is in a bright blue, bold, sans-serif capital letters.

# DOWCOIN

[www.dowico.com](http://www.dowico.com)