ALGOBOT
WORLDWIDE ALGO-TRADING

Algorithmic Trading Ecosystem:
Creating Financial Freedom

Abstract:

This paper will focus on the AlgoBot ecosystem—a holistic platform designed for the algorithmic (algo) trading community to achieve financial freedom. The paper will give a brief background of the algo trading industry and market, then introduce AlgoBot, the company behind the ecosystem, and its vision. The ecosystem will be supported by a four pillar strategy: 1) code-to-earn platform, 2) brokers network, 3) learn-to-earn platform, and 4) AlgoBot Foundation and DAO. This strategy will fundamentally depend on the application of blockchain technology, such as NFTs, crypto tokens, and smart contracts. The paper will also describe AlgoBot's products, services, and token economy. Lastly, the conclusion will provide a glimpse into the future of what it's like to be a part of the ecosystem.

https://algobot.hk

List of Figures and Tables

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- changes in interest rates and exchange rates of fiat currencies and cryptocurrencies;
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- changes in the availability and fees payable to AlgoBot in connection with its business and operations;
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Algo trading: an overview

Algorithms are a sequence of written directions designed to solve a problem. They are the formulaic foundation for algorithmic trading (also known as algo trading), a computer-automated trading process that executes orders on exchanges using a pre-programmed code (algorithm). These defined instructions are the rules and artificial intelligence written by software developers to account for several variables, such as quantity, price, and timing.
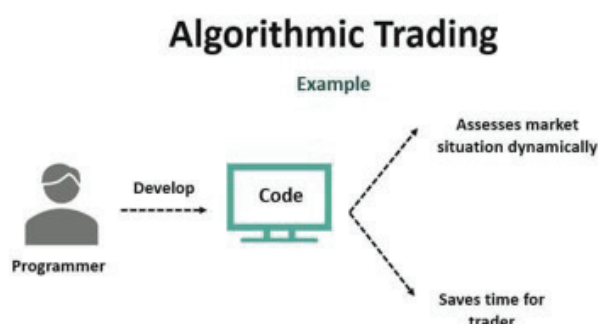
Figure 1: Algorithmic trading process (Source: WallStreetMojo)

Although algorithmic trading has its pros and cons, its advantages far outweigh its disadvantages (see Table 1 below):

Table 1: Pros and cons of algo trading

Advantages	Disadvantages
Faster than manual trading because algorithms are pre-written and executed instantaneously	High-speed algorithmic trading can lead to a flash crash if multiple orders are simultaneously executed
More accurate because a computer program is automatically executing trades	Potential loss of liquidity caused by instantaneous buy and sell orders, reducing chances to profit from arbitrage
Lower transaction costs because trades can be executed without human supervision	
Lack of human emotions, such as fear and greed, due to trades only being executed within the limits of predefined directions	
Ability to backtest allows developers to test algorithms based on past data and simulate to run it live	

Since the 1970s, when computerized trading systems were popularized in Wall Street, algorithmic trading has become increasingly popular. Its advantages show why it is the most preferred form of trading today.

In 2019, studies done by the U.S. Securities and Exchange Commission showed that algorithmic trading accounted for roughly 70-80% of all U.S. equity trading (Algo Trading Report 2020).

Due to the recent popularity of algo trading, there are even contests for developers/creators to see who can write the most profitable algorithms. For example, the Algo Challenge Association (ACA) is a non-profit organization, which hosts global algo trading contests in collaboration with higher education institutions and professional communities. The contests provide a platform for creators to create a high return-risk ratio, profitable and stable algorithm and hone the skills necessary to maintain a competitive edge in the market.

Market research

In 2020, the algo trading market was valued at around USD$ 12 billion. Moving forward, it is expected to grow with a compound annual growth rate (CAGR) of 11.23% and projected to reach USD$ 30 billion by 2028 (Allied Market Research 2021). Currently, the largest market is North America, whereas the fastest growing market is Asia-Pacific.

Figure 2: Algorithmic Trading Market - Growth Rate by Region (2022-2027)

The Problem

Everyone wants financial freedom. They want to escape the shackles of a mundane nine to five job, and spend their money and time doing things they actually want to do. However, not many people know how to achieve financial freedom—let alone economic freedom.

Additionally, centralized financial institutions, such as central banks, credit unions, and brokerage firms, make the masses dependent on them, ultimately limiting their financial potential.

People want to learn how to realize their financial potential, but also want guidance, a framework, and a community to help them achieve financial freedom.

To resolve this problem, AlgoBot has formulated a solution to disrupt the traditional finance industry, address its limitations, and create a brand new ecosystem via algo trading.

Introduction

What is AlgoBot

AlgoBot is a disruptive tech company that aims to build a marketplace for algorithm trading strategies in the form of automated copy trading and automated funds. It will provide services and platforms to connect algo creators from coding labs with algo investors who wish to execute trades automatically via brokers. Lastly, AlgoBot also aims to become a learning hub that provides online education about programming and developing algorithms. Moving forward, AlgoBot is positioned to become the leading company for Code-To-Earn and Learn-To-Earn business models.

Management

AlgoBot is comprised of a world class team with deep expertise and a proven track record in their respective areas:

Rex Tsang, CFA
Co-Founder & CEO

SFC Licensed Fund Manager. Founder and chairman of Algo Challenge Association. Founder of Robo-Advisor AO Summit. Former index arbitrageur at Société Générale Former portfolio manager at Shanghai Commercial Bank with a MF in Financial Engineering from HKU. Strong background in both finance and engineering. Deep understanding of the algo trading market, in addition to robo-advisors and the auto-trading system.

Tony Lam, FRM
Co-Founder & CIO

Extensive background in mathematics, statistics, and data mining from experience as a former algo developer, risk manager, and system engineer from BOCHK, DBS, and WorldQuant, respectively. Holds a MSc in Computer Science from HKU. Expert in quantitative and algo trading. Holds three U.S. and Japanese patents related to A.I. and big data management.

Twinsen Tsang
CTO

12 years' experience as a chief programmer at Aastocks. Specialized in backend programming. Expert in financial data analysis. data management, big data storage, and data architecture. Knowledgeable in trading protocols and execution.

Tim Tsang
Head of Product & Ops

10 years' experience as a backend developer. 8 years' experience as a senior programmer and system analyst for a data vendor company. Masters in Ecommerce from HKPolyU. Multi-disciplinary background in SaaS design, financial data analysis & storage, and customer success.

Board of Advisors

Behind the AlgoBot management team is a renowned group of industry leaders, providing support as our Board of Advisors, in areas ranging from marketing, CSR, business development to blockchain and crypto:

Fonia Wong
Multi-Disciplinary

Senior Director and Head of Business Development (South Pacific) at EBSHK Private. Co-founder of the Hong Kong Digital Asset Society. Director of the Securities Dealers Association. Charter President of Rotary Club of HK. Multifaceted background in B2B marketing, community management, crypto, asset management. Passionate about CSR and volunteering.

George Chu
Blockchain & Web3

Founder & CEO of FiO Technology. Co-founder of ZW Data Tech (NASDAQ: CNET). Co-founder of EdgeMatrix, the world's first mobile browser. MBA from Harvard Business School. EMBA from Peking University. Comprehensive background in all aspects of blockchain and Web3, including on-chain transactions, NFTs, token development, and DAOs.

Ivan Yeung
Crypto & DeFi

CEO of QuantBlock. Co-founder of Convergence Finance. Former manager at Liquefy. Former Product Development Lead at Axon Driver Solutions. Former IT Analyst at IBM. Strong background in all aspects of cryptocurrencies and DeFi. Deep understanding of ICOs, IDOs, investing, staking, and token development.

Strategic Partnerships

AlgoBot has established an elite strategic partnership portfolio with prominent companies in the financial and tech industries to co-create innovative solutions:

Contrendian

First-ever InvestTech platform empowering individual investors to manage their own portfolio professionally

Alphalex

Asset management firm based in HK providing investment advice and investment management services to professional investors

Microsoft

AlgoBot is Microsoft Partner, enjoying the cloud resources and network from Founders Hub. With Microsoft Azure, our financial market data are the fuel to the entire ecosystem and SaaS copytrade platform.

QuantBlock

Quantblock is a team of 20+ experienced blockchain enthusiasts, with the passion and expertise to incubate innovative solutions in the DeFi and blockchain space.

Topaz Capital

Subsidiary of Topaz Investment Strategy Ltd. providing asset management services to institutional and high net-worth clients

The Vision

AlgoBot's mission is to create financial freedom worldwide via an algorithmic trading ecosystem. AlgoBot seeks to not only develop and democratize both the Code-To-Earn and Learn-To-Earn ecosystems, but also bring 100 million people into the Web 3 space by 2027. It will start as a DeFi project, and ultimately become a decentralized autonomous organization (DAO).

Four Pillar Strategy

AlgoBot will achieve its mission through a four pillar strategy. These pillars will provide a strong foundation in order to achieve our goals and milestones. This section will provide a summary of each pillar; the next section will provide more comprehensive details about each pillar in the framework of the overall solution.

Pillar A: Code-To-Earn Platform

AlgoBot marketplace platform (https://algobot.hk/marketplace) was launched in 21Q4. Jointly with the Algogene coding lab, this platform will provide the tools and services for algo creators to essentially "code-to-earn."

Blockchain technology will be the backbone of the code-to-earn platform. The IP of algo creators will be minted and protected as NFTs. Additionally, algo performance, including overall score and other statistics, can be recorded, tracked, and verified on the blockchain. Authenticating the track record of an algorithm's performance on the blockchain makes the data immutable. For creators, the higher score an algorithm receives equals higher token rewards–paid monthly in the platform's native token AlgoCoin ($ALGC), which we will explain in detail in a later section.

In 22Q4, these features of the platform will go into beta: wallet security, payroll automation, and algo publishing.

Pillar B: Brokers Network

Broker connections with leading crypto and traditional asset exchanges, such as Binance, Eqonex, and InteractiveBrokers, will go into beta in 22Q3 and 22Q2, respectively. Copytrade of algo strategies will be executed automatically via brokers. Additionally, algo in the form of NFT automated funds will trade automatically via brokers. This will allow us to create immediate economic impact, expand across the globe (from 7 to 20 countries), and diversify across asset classes.

Pillar C: Learn-To-Earn Platform

Online education will be provided in 23Q1. Educational materials provided by AlgoBot will be exported to educational institutions and coding lab partners via API. Learners need to create algorithmic code and submit answers in the AlgoBot coding lab. Essentially, learners will be paid in crypto for learning transferable skills (e.g., math, programming, or even how to build a metaverse). Features from the Code-To-Earn platform will accelerate the development of this pillar.

Pillar D: AlgoBot Foundation & DAO

The AlgoBot Foundation is essentially the nonprofit branch of the Algo Ecosystem. The foundation will execute nonprofit initiatives that focus on creating economic freedom for members of the Algo Ecosystem. It will be spearheaded by two initiatives: advisor-led initiatives and community-led initiatives. By 23Q3, the AlgoBot Foundation will have transitioned into the AlgoBot DAO to allow the Algo Ecosystem community to participate in the decision process for the direction of the ecosystem.

Our Metaverse:
AlgoBot Ecosystem
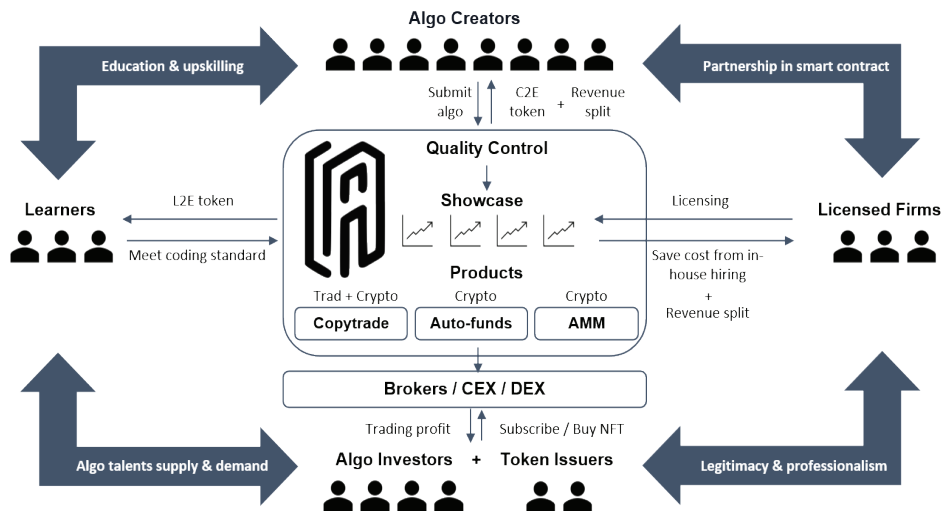
Figure 3: The AlgoBot Ecosystem

We are bringing the world to algo trading. Algo creators can showcase their masterpiece algorithms with IP protection using NFT technology. Licensed financial institutions can save costs from direct recruitment with an algorithm's proven track record on blockchain. Investors can have a wide variety of legitimate robo-advisors to choose from. Learners can hone their skills to meet coding standards, and ultimately enter the fintech and financial services industries.
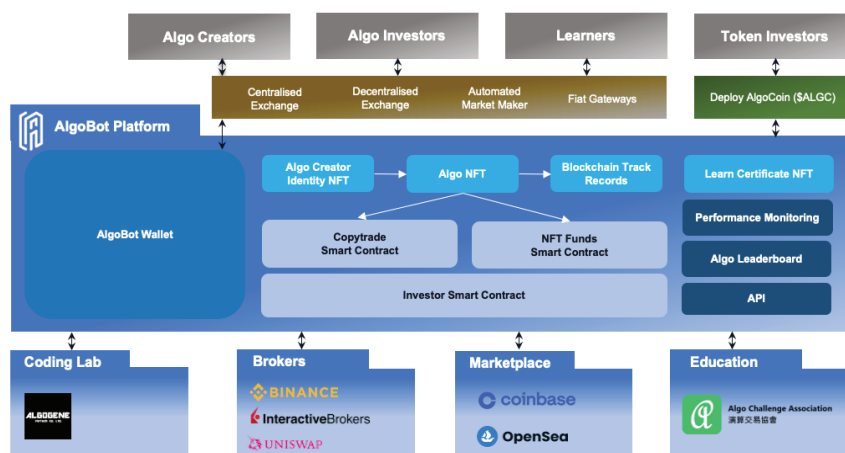
Figure 4: Code-To-Earn & Learn-To-Earn Platforms in the AlgoBot ecosystem

The AlgoBot ecosystem will be based on the framework of **decentralized finance (DeFi)**. For people to achieve economic freedom, they need an ecosystem to thrive in. Blockchain and DeFi can power and develop the Algo Ecosystem. This section will break down each pillar of the strategy to accomplish our vision, introduce AlgoBot's other products and services in the ecosystem, and break down how these individual parts will contribute towards the broader solution.

AlgoBot Account

The AlgoBot Account serves as a client's personal identity within the ecosystem. It will be the primary mechanism to access all ecosystem platforms, including Algogene and the Algo Challenge Association—the respective research and educational branches of the ecosystem. Users with an AlgoBot Account will be able to use AlgoBot services as an algo developer, algo investor, and learner through a single log-in. Lastly, to increase security and convenience, AlgoBot will partner with LoginID, after which there will be password-less, biometric authentication for the AlgoBot Account.

Pillar A: Code-To-Earn Platform

Monthly Token Rewards

A monthly reward (i.e. 1,000 $ALGC tokens) system will be created by 22Q4 to encourage algo creators to submit algorithms. In 21Q4, the AlgoBot marketplace went live to connect with the first coding research lab partner Algogene. Algo creators can write code in Algogene and submit the algorithm to the AlgoBot marketplace. Then, the algorithm's performance is evaluated, given an overall score, and live tests using the algorithm can be conducted for months.

In order to earn, creators need to pass two assessments: overall score and live test. Only the algo with a score over the threshold (>50) will get the pro-rata rewards.

Overall Score

The relative performance of an algo will be presented in a radar chart, judged by six factors: activeness, predictability, robustness, consistency, profitability, and recovery.

>   1. Activeness measures the trading frequency of a strategy over different time horizons to determine the applicability of a strategy for practical use.
>
>   2. Predictability measures the accuracy of each trade in making profits.
>
>   3. Robustness is based on the capital utilization rate and margin safety level over the trading horizon to determine the sustainability of a strategy.
>
>   4. Consistency measures the similarity and stability of how a strategy performs over different time horizons.
>
>   5. Profitability is a risk-adjusted measurement to evaluate how much profit is earned compared to the amount of risk taken.
>
>   6. Recovery measures how quickly a strategy can recover from losses.
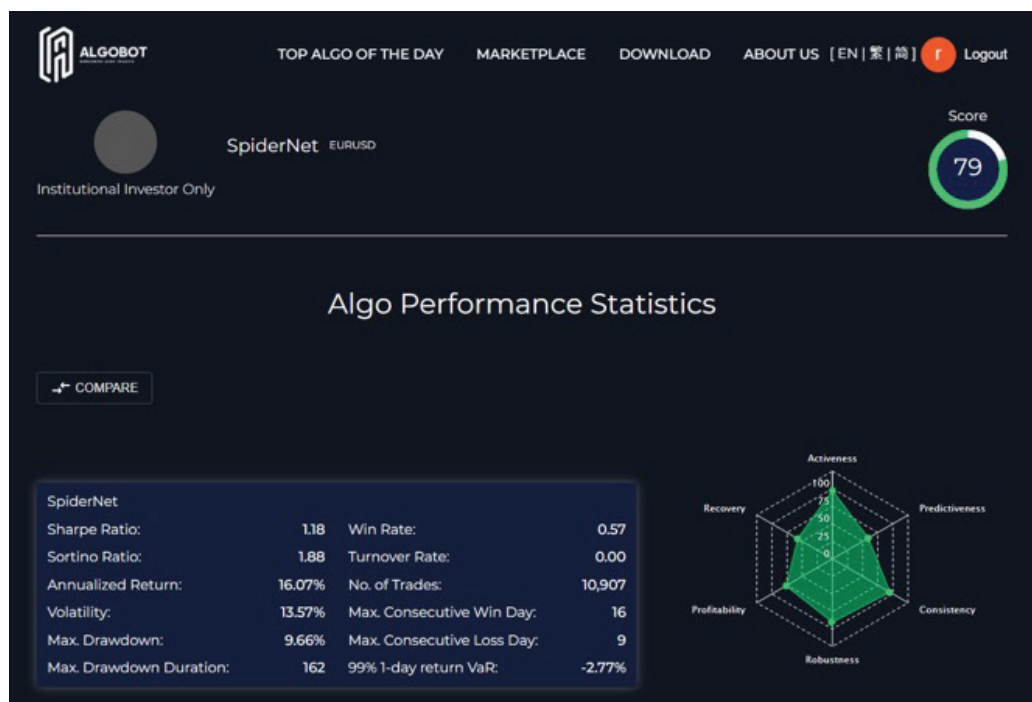
Figure 5: Algo Performance Statistics

Both completed back tests and forward tests are assigned with an overall score ranging from 0–100. It is an equally weighted average that accounts for the aforementioned 6 factors, in order to ease comparison among different strategies. A higher score means an opportunity to earn more token rewards.

Live Test

AlgoBot will run the algo using live data feed and update the algo's return, performance statistics, and score on a daily basis. The live return is labeled as "live trade" in light green while the back test return is labeled as "back test" in dark green (as seen in Figures 5 and 6 below).
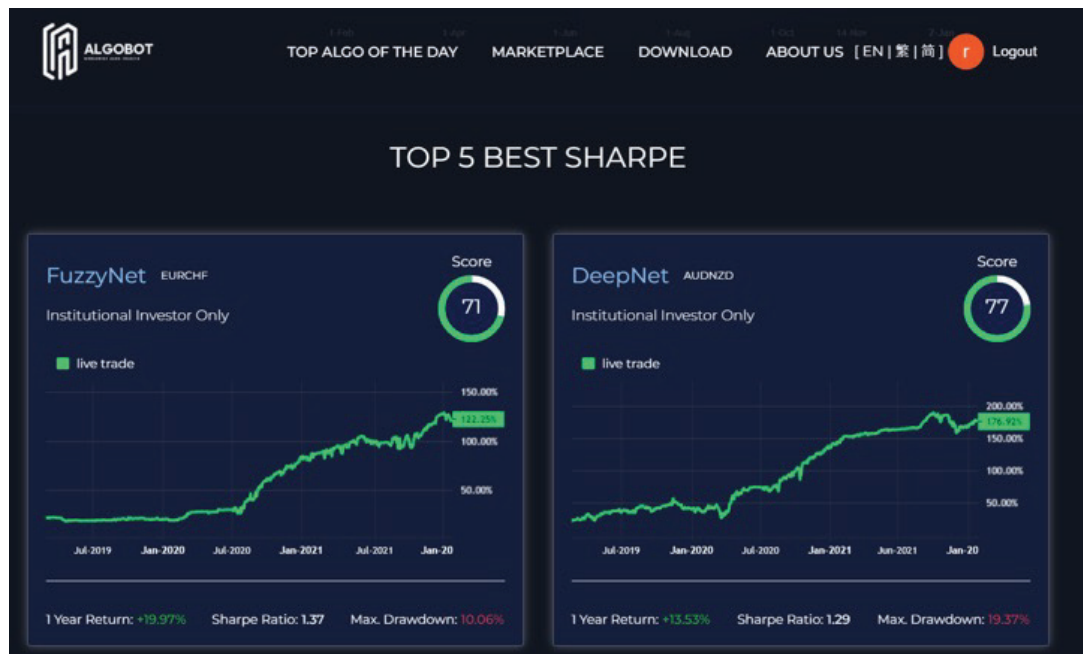
Figure 6: Live trade page
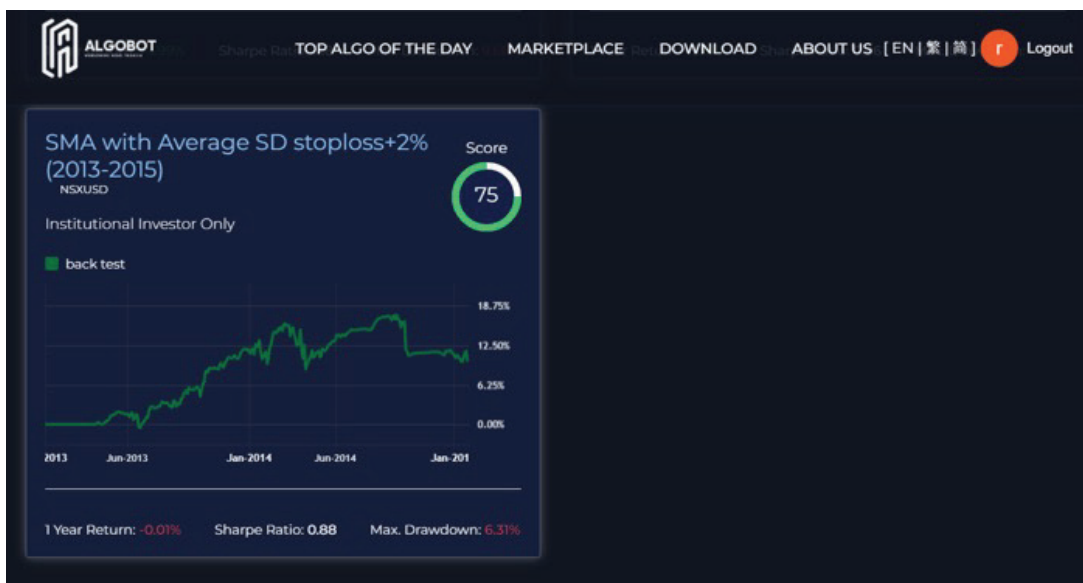
Figure 7: Back test page

Assuming a 1,000 $ALGC token reward is set, Table 2 shows how an algo creator is eligible to receive pro-rata token rewards after a 2 month live test with an overall score over the threshold (>50).

Table 2: Basis for algo creators to receive token rewards

Algo Creator	Algo Score	$ALGC Token Rewards	Remarks
A	70	218.75	1,000 x 70/320
B	80	250	1,000 x 80/320
C	90	281.25	1,000 x 90/320
D	80	250	1,000 x 80/320
E	40	0	Score < 50

The algo staking feature is designed for algo creators to enjoy a higher than standard APY%. An algo with a score of 50 is entitled to a standard APY%, whereas an algo with a score of 100 can have 2x APY%.

In addition to token rewards, algo creators are entitled to automated (a) copytrade and (b) NFT funds by providing qualified algos with scores greater than 50.

Automated Copytrade

Automated copytrade will be launched in 22Q3. The algo creator will be given an identity, minted as an NFT, to help categorize his or her algo collection. Each algo will not only be encrypted, but also minted as an NFT on the same blockchain where live trade records are also stored. The algo creator's IP will be protected as an NFT, whereas the algo performance will be verifiable by blockchain.
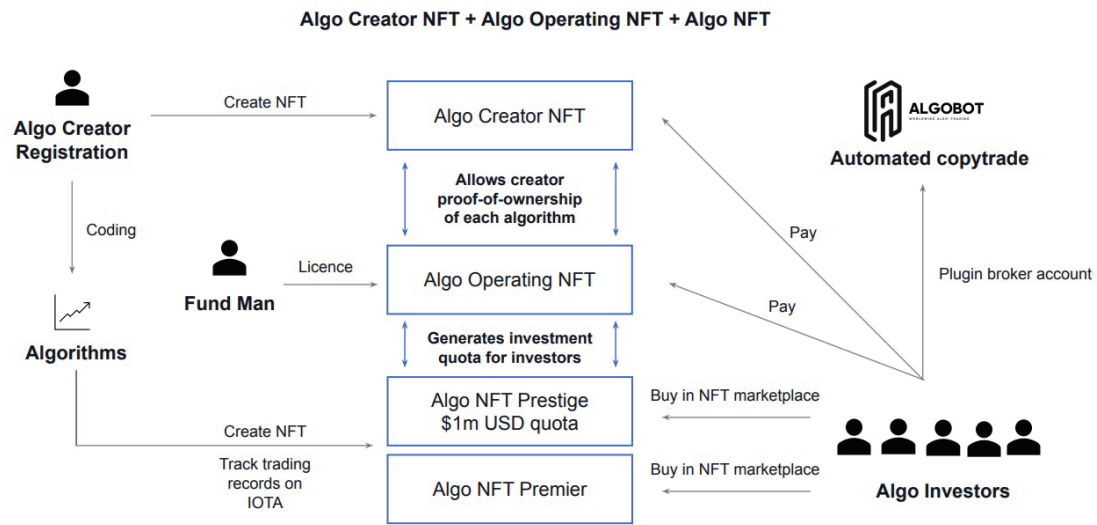
Figure 8: Mechanism of the Algo Creator NFT, Algo Operating NFT and Algo NFT

The algo trade records are transparent and updated daily. Additionally, algo investors can pay $ALGC to subscribe to the algo NFT and connect their broker account for automated copytrade on the AlgoBot platform. Finally, the algo creator will also receive compensation from the subscription revenue.

Figure 9: Algo return chart and trade record

The benefits of NFTs include an increase in the principal cap, participation in AlgoBot DAOs and leaderboard games, higher staking APY%, resale option, and no expiration date.

Table 3: Benefits of Algo NFTs

	Basic Subscription	NFT Prestige	NFT Premier
Principal Cap Per Algo	50,000 USD Equivalent	1M USD Equivalent	No Cap
Suggested min. Principal per algo	20,000 USD Equivalent	20,000 USD Equivalent	20,000 USD Equivalent
Period of Time	1 / 3 / 6 / 12 Month	No Expiration	No Expiration
Refund	No Refund	Option to Re-sell NFT	Option to Re-sell NFT
Supply	Unlimited	200 NFTs per Algo	10 NFTs per Algo
Payment	Credit Card	Metamask	Metamask
DAO Participation	No	Yes	Yes
Staking Yield	Standard	Higher-than-standard	Highest
Leaderboard Game	No	Receive rewards from guessing best algo every quarter	Receive rewards from guessing best algo every quarter
ICO Whitelist	No	Yes	Yes

Algo Operating NFT

Each algo will only have one Algo Operating NFT that connects with the revenue stream from an investor's copytrade subscription (see Figure 9). To ensure a legally licensed product, the NFT will only be allowed to trade among licensed fund managers. Moreover, these fund managers will be able to not only use the Operating NFT as a right to copytrade with the algo, but also sell the NFT to another fund manager, who will then be the new owner of the NFT and entitled to the revenue stream.
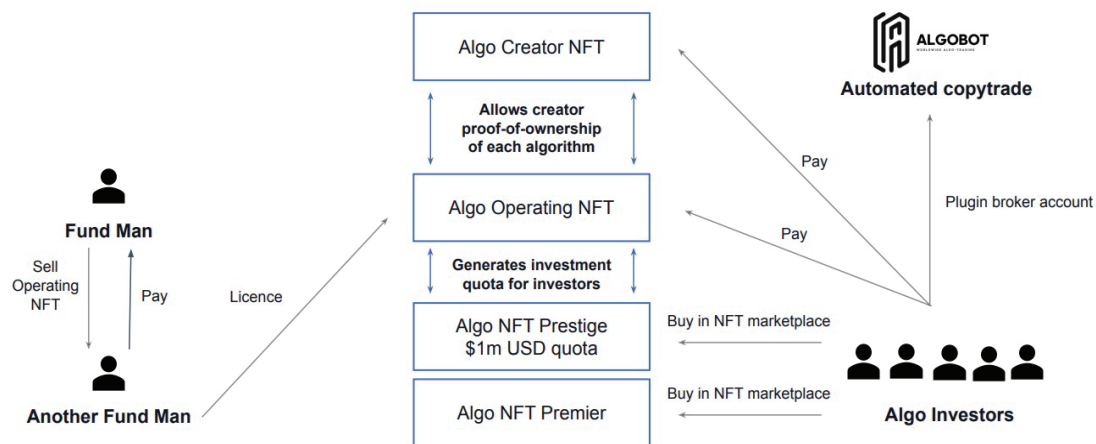
Figure 10: Algo Operating NFT for Fund Managers

Fund Manager Compliance Solution

Licenses are mandatory for fund managers, in addition to other regulatory requirements. An example of a regulatory activity is an advisory on securities like gaining revenue from providing algo strategies for investors to copytrade with traditional assets.

It is illegal for Algo Creator to solely provide strategies for copytrade to the public, unless AlgoBot finds a licensed fund manager to partner with. If the licensed firm understands the strategies well, regulators can do due diligence. AlgoBot will provide enough information to assist fund managers with regulatory compliance.

For example, let's say an outstanding algo is created by a non-licensed A.I. expert. Then, a prominent asset management firm decides to partner with the algo. The algo could be jointly named with the brand of the asset management firm. Investors will feel confident because the algo will not only be licensed, but also endorsed by a licensed fund manager. Finally, both the asset firm and A.I. expert will receive the revenue split from investor subscriptions.

The solution is designed with regard to these four significant factors:

1. Governance and oversight

- Support kill switch functionality which serves as an independent control and algo management function

2. Development, testing, and approval

- Portfolio-level backtesting with 20+ years of full tick history
- 2-month live forward testing with out-of-sample data sets to ensure model consistency and smooth algorithm operations
- System integration with bank/broker's user acceptance testing (UAT) for accounts

3. Risk monitoring and control

- Provide a comprehensive evaluation of trading algos, including performance statistics, profit-and-loss (PnL) analysis, capital usage, and various risk scoring measurements
- Support stress testing of trading algos over hypothetical scenarios (e.g. market shocks) to ensure stop-loss mechanism operates as designed

4. Documentation

- Detailed trading proposal describing the trading methodologies, risk management mechanism, etc.
- Full system audit trails logging version changes and code updates throughout the life cycle of algos in case of legal requirements, otherwise not disclosed to any third parties including licensed fund managers
- Recorded transactions on blockchain to ensure the highest integrity of auditing

Automated NFT Funds

Algo NFT funds will be launched in 23Q2.

As AlgoBot's customer base grows, the algo asset management services can also be applied. Any algo with a score over 70 can be selected to become an automated NFT fund. This means the algo NFT will have its own digital wallet to pool funds when algo investors buy the NFT.

Algo will trade the pool funds and performance will be displayed. The NFT bid–ask price will be calculated based on the net asset value (NAV) of the portfolio in the wallet. Management fee and performance fee will be divided to compensate the algo creator, AlgoBot Foundation, and algo investors when investors redeem the NFT. The AlgoBot Foundation will accumulate a portion of its revenue split and buyback $ALGC when $ALGC has dumping pressure.

AlgoBot Wallets for 4 Parties

Algorithm #1 NFT
Funds Wallet

Management &
Performance
fee

Invest
USDT

Redeem
USDT

Platform fee

Algo Investors
Wallet

ALGOBOT

AlgoBot
Wallet

When invest algo NFT funds:
Investor wallet > USDT > Buy NFT
> Funds wallet > Algo trades the
USDT pool

When redeem algo NFT funds:
Funds wallet > mgmt fee & perf fee
split > Algo creator, investor wallet,
AlgoBot wallet

Figure 11: Flowchart for automated NFT funds

Staking Feature

To increase the product's appeal in the beginning, AlgoBot will include a staking feature. Algo investors will be able to stake $ALGC to earn a higher-than-standard APY% with an option to pay with USDT to subscribe to the NFT funds.

Downside Protection

To algo creators with a highly profitable algo (score > 85), AlgoBot will give $ALGC tokens, as a collateral, worth a certain portion of the max drawdown value. If the max drawdown value, with respect to its entry price, is reached, the principal will be automatically redeemed and $ALGC will be given to compensate part of the loss.

Pillar B: Brokers Network

Centralized exchanges are growing rapidly in parallel to DeFi. Centralized exchanges will not only be the gateway to our brokers network, but it can also bridge centralized institutions with decentralized services. Imagine an algo developer from Australia creates an algo, which is connected with an U.S. broker account managed by an institutional asset management firm in Hong Kong. The asset firm could use the decentralized algo IP and offer centralized automated asset management services.

Centralized exchanges offer a comprehensive list of in-house products and services along with the opportunity to build out specific third-party applications on top of their existing architecture.

In regards to automated copytrade, Binance and Interactive Brokers will be the first broker partners connected via API for crypto and traditional assets, respectively. Because these two networks already have a large user base, our decision to partner with Interactive Brokers and Binance is to ultimately ease the onboarding process for investors. Investors will not need to deposit funds directly to the AlgoBot platform, but instead AlgoBot will connect to their existing trading accounts automatically. Since it is a copytrade, AlgoBot will not be involved in the custody of an investor's liquidity. Additionally, to attract more algo investors, paper accounts will be allowed to connect as a free trial. Referrals will also be available.

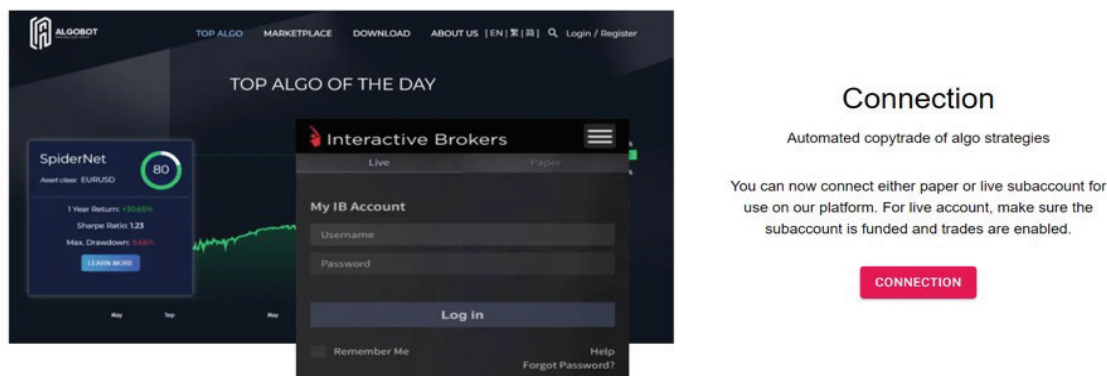*Figure 12: Brokers Network connection page*

In regards to automated funds, only crypto exchanges will be compatible as the reward pool will consist of crypto tokens. Smart contracts will govern the ownership, custody, and revenue split of the pool. Here is our product development priority:

> 1. FX (in development)
>
> 2. Crypto (will be developed in 22Q3)
>
> 3. Stock (will be developed in 23Q3)

Pillar C: Learn-To-Earn Platform

Algo supply is the upper stream of the algo trading ecosystem. The algo strategy supply depends on the supply of algo creators. Education is important to cultivate not only the algo trading ecosystem, but also the algo trading market.

The learn-to-earn platform will be an incentive for beginner algo creators and those curious about algorithm trading or economic freedom to enter the ecosystem. Learners will essentially learn to earn token rewards by taking courses provided by AlgoBot, in addition to participating in algo contests sponsored by the Algo Challenge Association.

Worldwide Online Algo Contests

AlgoBot, along with the Algo Challenge Association (https://algochallenge.org), has co-organized and hosted three online algo contests during the past two years. Participants were from not only Hong Kong and Singapore, but also other regions worldwide, showing the global interest in algo trading. Moreover, the latest contest is supported by prominent companies in the FinTech industry, such as InvestHK, Cyberport, HKSTP, CFA, Microsoft, IBM, IFTA, and HKAI Lab.

The latest contest is the first-ever worldwide algo contest incorporating blockchain and NFTs. The champions will be allowed to mint their algos as NFTs, and do live paper trading on the AlgoBot marketplace in 22Q2. To incentivize more talents to join the global contest, token rewards will be provided in addition to existing awards to winning teams by 22Q4.

Figure 13: Algo Challenge NFT

Online Courses

Feedback from the contests have shown that many people are interested in joining the contest, but not always have a programming background. To meet the current demand for education, AlgoBot, in collaboration with the Algo Challenge Association, has been developing educational training programs and courses for anyone interested in algo trading and related topics.

The learn-to-earn platform, consisting of online education with token rewards from AlgoBot, will launch in 23Q1. Educational materials will be provided by Algo Challenge Association and coding lab Algogene via API. Learners who pass course exams with a higher difficulty level will earn more token rewards. Lastly, certificates of completion will be minted and given as NFTs to be verified on-chain.
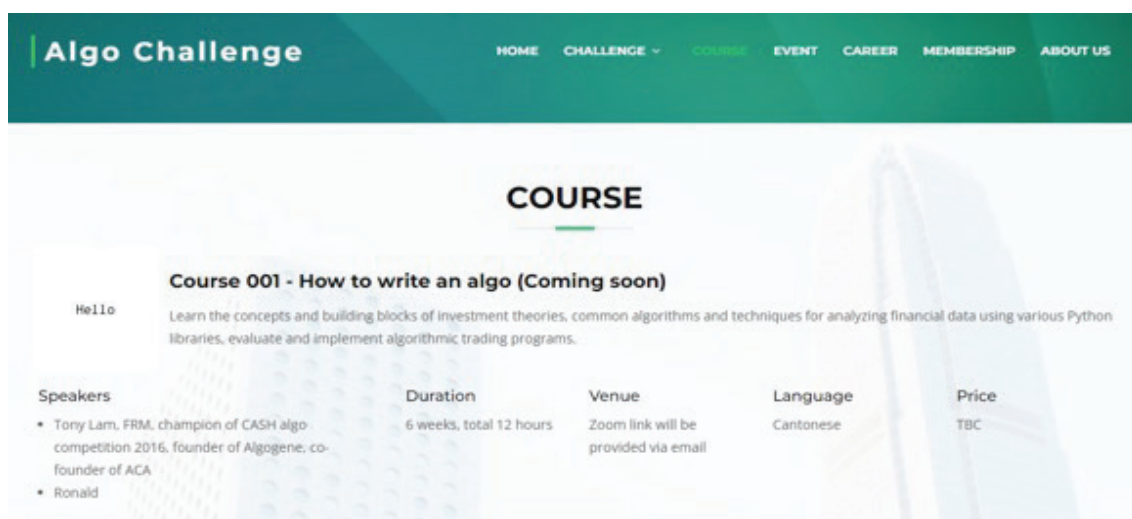
Figure 14: Learn-to-earn platform course selection page

Educational Content

All courses and assessments will be based on programming and coding. Our coding lab partner Algogene will provide support for both trading and non-trading coding environments, in addition to testing, solving natural language processing (NLP), image recognition, and other machine learning content. Lastly, robots and applications will be incubated.

Examples of course content:

- Basic programming – e.g., basic python, debug concept, functions
- Backtests - e.g. data collection, optimization
- Machine learning – e.g., build model, regularization, hyper parameters tuning

Ultimately, the goal is to launch a Learn-To-Earn platform where independent creators can produce their own educational content (e.g. Skillshare with Crypto). We believe that some of the best content will come from these future creators, who will teach topics that we haven't articulated yet.

Pillar D: AlgoBot Foundation & DAO

The AlgoBot Foundation (later to become Foundation DAO) is essentially a nonprofit organization.

The objective of the foundation will be to create a self-sustainable foundation that can continue to provide funds for charitable initiatives driven by the foundation advisors and AlgoBot community. The initial target to achieve sustainability is creating a community of 1,000 algo creators. To achieve this, AlgoBot will provide the starting capital and know-how to achieve this. With the support of the advisors and community, the AlgoBot Foundation will work independently from AlgoBot Ltd.

The foundation will support two initiatives: advisor-led initiatives and community-led initiatives.

Advisor-Led Initiatives

Advisor-led initiatives will be supported by AlgoBot's advisors who will have a significant role in the foundation's direction. As a member of the Foundation DAO, each member can vote on important decisions regarding the foundation.

AlgoBot will allocate up to 30% of total revenue from the foundation for advisor-led initiatives. AlgoBot Foundation will empower advisors to realize their visions regarding how AlgoBot can positively impact the world. These initiatives will follow a certain set of criteria to ensure that the funds are used properly and effectively.

Community-Led Initiatives

Community-led initiatives can be proposed, voted on using tokens, and executed by community members who have reached a certain level of participation within the DAO. AlgoBot Foundation will provide a framework for tracking the progress and ensuring that the funds are used properly (e.g. Donate-to-Earn and Volunteer-to-Earn).

Ultimately, the AlgoBot Foundation will allow us to execute initiatives that focus on creating economic freedom without concern for generating profit.

DAO Governance

AlgoBot DAOs will aim to democratize the metaverse investment industry in 23Q3. DAO governance will revolve around a community composed of four roles, each with its own DAO: algo creators, investors, learners, and asset managers.

Overview

At AlgoBot, we believe in:

- Providing equal opportunity to those who struggle because of socioeconomic inequality
- Algo creators risk losing IP to employers under employment
- Investors do not have exceptional algos to choose from because algo creators hide exceptional algo to not lose the IP

- Revenue split may tend to favor employers
- Enabling others to provide an opportunity for those in need
- Advocating for equal participation
- Encouraging the principle of "Doing Well By Doing Good" and the notion that spending power does not equate to voting power

We have structured our Decentralized Autonomous Organizations (DAOs) to reflect these values.

Key points regarding AlgoBot DAO:

- AlgoBot DAO will have a fund manager ranking list, in addition to an algo ranking list.
- Each algorithm will have a NFT representing the operating license for asset management firms to purchase.
- An asset management firm will need to purchase an AlgoCoin ($ALGC), the utility token for the AlgoBot ecosystem, to enter the fund manager ranking list. Every year, the worst fund manager is entitled to a chance for the top algo on the algo ranking list.
- After one year, the exclusive operation NFT must be listed on an NFT marketplace, according to its smart contract, to let other fund managers purchase via auction. The original asset management firm can bid the highest to retain the NFT, or sell it and split evenly with the buyer.
- There will be two auction windows every year–summer and winter. An algo older than one year can be freely auctioned on an NFT marketplace, and any profit made from the sale must be evenly split as well.
- Investors are not affected because the rules follow the algorithm and smart contract.
- Holders of AlgoCoin, DAO tokens, or NFTs have voting power to change any feature of the DAO.
- Investors must purchase the NFT Prestige or NFT Premier package for investment quota.

Proof-of-Participation (PoP)

While staking tokens grants voting power, participation also matters. The distribution of voting power is not only about tokens held, but also how much token holders use our products.

We strongly believe that unless you get your hands dirty, you will not be able to help us make the best decisions to help move the technology and ecosystem forward. In a typical DAO, community members with high spending power (a.k.a. whales) can dominate the ecosystem and be the main determinants of the outcomes. This is problematic because they may not be the group of people who are most affected by the results. This may frustrate the community or drive the product in the wrong direction.

For these reasons, we will introduce Proof-of-Participation (PoP) NFTs, which are rewarded to community members based on the length and level of their participation, and correlated with their voting power in a DAO.

Code-To-Earn Platform DAO

Being both a platform and a guild, one question that often came up is about conflict of interests. For example, in an event that there are multiple features requested by AlgoBot Guild and other guilds, which one has a higher priority? How do we solve this?

The DAO process will be based on 3 factors:

- Length of participation (i.e. How long have you been using the AlgoBot Platform)
- Level of participation (e.g. For guilds: number of algo created and features used)
- Amount of $ALGC staked

In terms of participants in the platform DAO, this will include all stakeholders. The more relevant they are to the topic on the ballot, the more voting power they receive.

AlgoBot Guild DAO

We want our algo creators, investors, learners, and asset managers to have a say in how AlgoBot Guild operates. Some example situations include:

- AlgoBot platform functions expansion
- Changes to our commission structure
- New data and asset class to enable
- Algo contests (e.g. algo contest rewards, contest judging criteria, contest format, etc.)

In this case, the DAO process will be based on the following factors:

- Whether you are a part of the AlgoBot guild
- Amount of $ALGC staked

You may have noticed that this is very different from how other DAOs operate. Although non-guild members will have the opportunity to shape the future of the DAO, we believe that the stakeholders who are affected most by decisions should have the strongest voice: our algo creators.
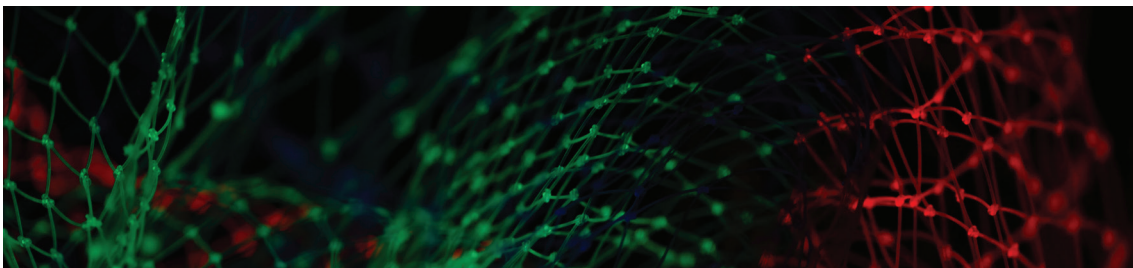
AlgoBot Foundation DAO

The AlgoBot Foundation is essentially a nonprofit guild, so this DAO will inherit some of the characteristics of the AlgoBot Guild DAO. However, there are unique aspects to support the nonprofit initiatives which can be divided into 2 categories:

- Advisor-led initiatives. We have onboarded many advisors who will run a nonprofit project as part of the AlgoBot Foundation or continue to run one they are already working on. As a member of the Foundation DAO, each member can vote to continue to support the effort.

- Community-led initiatives. These types of initiatives will be nominated by DAO members who have reached a certain participation level. Other members can participate in the voting process.

In this case, the DAO process will be based on the following factors:

- Prior participation in the DAO process

- Prior participation in real-world contest such as on the Algo Challenge Association Algo Trading Contest

- Amount of $ALGC staked

Although we intend to have the process independent of our decision, the initiatives are bound to certain basic rules to avoid breaking laws or any other infringement.

AlgoBot Wallet

AlgoCoin ($ALGC) is the governance token for the algo trading ecosystem. Algo creators, algo investors, and learners can spend $ALGC tokens on platforms within the ecosystem, including Algogene, AlgoBot, and the Algo Challenge Association.

AlgoBot Wallet will be the core product supporting payment management services and $ALGC to become the universal Code-To-Earn and Learn-To-Earn currency. Each AlgoBot Account will be associated with an AlgoBot Wallet. This is where all of the tokens and NFTs that are deposited or earned through our platform will be held.

Essentially, it is a custody wallet that eliminates the need for private keys, passphrases, or hardware wallets. It incorporates layers of built-in security by prominent security solutions companies like CYBAVO, LoginID, and Lossless, and fully compatible with centralized exchanges, decentralized exchanges, and fiat gateways to enable seamless conversions of in-game tokens.

What sets the AlgoBot Wallet apart from its competitors is its within-wallet conversion functionality, which allows users to exchange any supported assets with a simple click of a button. Supported assets include:

- Fiat Currencies
- Stablecoins
- $ALGC Tokens
- Algo Creator NFT (algo creator identity)
- Algo Operating NFT (algo operating license for asset managers to purchase)
- Algo NFT (investment quota for investors: NFT Prestige & NFT Premier)

AlgoBot Wallet is being developed to eliminate the complexity that comes with the management of cryptocurrencies, in addition to help accelerate the adoption of Code-To-Earn, Learn-To-Earn, and Web 3.

Centralized Exchange Integration

AlgoBot Wallet will be integrated with popular centralized exchanges like Binance and Kucoin and utilize their swapping services within the wallet.

Decentralized Exchange Integration

AlgoBot Wallet will be integrated with popular decentralized exchanges like Uniswap and Sushiswap and utilizes their Automated Market Maker (AMM) mechanisms to ensure smooth swapping within the wallet.

Fiat Gateways

AlgoBot Wallet will be integrated with fiat gateways like traditional banks, so that users may seamlessly swap between their crypto tokens and fiat currencies.

Security

Overview

AlgoBot prioritizes security above all else. This includes all participants in our ecosystem, including our own core team, algo creators, investors, and other community members. AlgoBot believes that mass adoption of Code-To-Earn, Learn-To-Earn, and Web 3 in general can only be achieved if people feel safe investing in these disruptive business models and tech. AlgoBot will establish partnerships with several prominent security solutions companies, such as CYBAVO, LoginID, and Lossless, to ensure that any security concerns are addressed.

CYBAVO

CYBAVO is a blockchain cybersecurity company building the future of secure digital asset management. CYBAVO VAULT offers a suite of tools that integrates the most cutting-edge cryptography and security infrastructure with emerging blockchain layer 1 & 2 applications, DeFi, and NFTs. It is more than an institutional wallet; it is a comprehensive, secure digital asset operations platform.

AlgoBot will deploy CYBAVO solutions from day one. To take preventive measures, AlgoBot will tackle any potential risks upfront rather than patching our platform later as issues arise. AlgoBot will collaborate with CYBAVO to utilize their Wallet SDK to extend the offering to the algo ecosystem community.

The solution leverages a robust security infrastructure that separates the rights to use private keys from the responsibility of keeping them secure, effectively mitigating threats from hacking, phishing, and other loss. The system runs in a custom security-hardened environment, leverages proprietary NIST-certified encryption algorithms, enhanced Multi-Factor Authentication (MFA), and cutting-edge Multi-Party Computation (MPC) private key generation algorithms to remove any single point of failure. Finally, it is also one of the few private key management platforms to be insured by a global S&P AA-rated insurance underwriter.

LoginID

AlgoBot will partner with cybersecurity company LoginID. LoginID provides authentication security without compromising usability. With the support of LoginID, AlgoBot aims to replace the exclusive use of passwords, one-time codes, and SMS with significantly more secure biometric authentication mechanisms that are protected by cutting-edge public key encryption techniques.

LoginID is also pioneering the next generation of payment integrity. Combining payments with strong authentication and strong identity will allow algo developers, algo investors and learners to record and track their transactions.

Lossless

We will partner with Lossless. The Lossless protocol halts counterfeit transactions through various methods of fraud identification and reverses any stolen tokens back to the original owner.

AlgoBot will integrate its smart contract code into the AlgoBot token and will provide security to the AlgoBot flows throughout multiple guilds, C2E platforms and marketplaces. AlgoBot ecosystem players will always have a token minter at their disposal, giving anyone the freedom to quickly and easily create a utility token using the Lossless security plug-in.

AlgoBot has selected Lossless as its security partner because both companies share the same vision of assisting non-crypto savvy people. With AlgoBot's extensive experience in enterprise software and the help of Lossless's security infrastructure, AlgoBot will provide the safety and security to make crypto transactions more accessible for all. By partnering with Lossless from the token offering event, AlgoBot will have a strong foundation to build upon in terms of security.

Token Utility

The AlgoBot Token called AlgoCoin ($ALGC) will have an array of different utilities, which will bolster demand for the token.

$ALGC as the Universal Currency for Code-To-Earn and Learn-To-Earn

As the Code-To-Earn space grows, more algo for copytrade/funds and tokens will be released. As this happens, take note on these key features of the tokens:

- Algo developers, algo investors, learners, and asset managers spend tokens on platforms within the ecosystem, including Algogene, AlgoBot, and Algo Challenge Association.

- The bill of data package in Algogene, copytrade subscription, and training courses will be settled using $ALGC tokens.

- The AlgoBot Wallet which is fully integrated with the Code-To-Earn marketplace that will allow users to manage their earnings in one application.

- A functionality to exchange to another crypto asset within the AlgoBot wallet

- The ability to cash out to the desired fiat currency

DAO Participation

AlgoBot token holders will have the right to vote for certain operations within the AlgoBot marketplace. We will launch many initiatives and allow all token holders to be part of the decision-making process.

AlgoBot will have DAO Governance that represents its various components: Code-To-Earn Platform, AlgoBot Guild, and the Nonprofit Foundation. The AlgoBot token will carry voting rights in any of these DAOs. For example, voting rights in the Code-To-Earn Platform DAO will allow AlgoBot token holders to influence the Code-To-Earn Platform roadmap. The voting power of an entity will be proportional to the number of tokens staked as well as their level of participation in the DAO.

Staking, Yield Farming, and Lending

A portion of AlgoBot's ecosystem fund will help establish standard APY% staking products in 22Q3. A higher-than-standard APY% feature will be bundled in algo NFT funds in 23Q2. APY% will be enhanced by $ALGC liquidity mining additions. AlgoBot will partner with other tokens to give more choices for staking to investors.

Collect Fees, Rewards, and Referrals

Users earn coding and learning rewards or earn passive $ALGC income through user referral rebates to AlgoBot automated copytrade and funds products.

Enterprise Product Payment Discounts

Enterprises enjoy access to enterprise-grade features like AlgoBot's in-depth signal API and WebSockets to build out their own integrations and trading tools.

Tokenomics

The AlgoBot ecosystem has a hard cap of 500,000,000 tokens (see Table 3). All tokens will be minted and allocated to their respective segments, without any "buy and burn" gimmicks. Tokens can be retrieved from markets if an allocation is depleted or still under vesting terms.

Table 4: Token Distribution Model (%)

| Allocation	%	Token	Usage
Ecosystem Incentives	27.90%	139,500,000	Allocated to ecosystem incentives like rewards, referrals, liquidity mining
Algobot Foundation	27.90%	139,500,000	Held by the AlgoBot Foundation to promote ecosystem expansion through growth initiatives and grants.
Market Liquidity Pool	8.00%	40,000,000	Remain unlocked for liquidity provisions on both decentralized and centralized exchange market trading pairs.
Fundraising Rounds	14.40%	72,000,000	Allocated for our several fundraising rounds. The fundraising breakdown table is available below.
Public Sale - IDO	0.80%	4,000,000	Allocated to our public sale IDO round. These tokens are fully unlocked and available after sale to all users.
Team Vesting Allocation	18.00%	90,000,000	Vested to bring further excellent talent into our community to support scaling efforts.
Partnerships & Advisors	3.00%	15,000,000	Vested to help reward our growing advisory and partnership committee. (Legal, Marketing, Integrations)
Total	**100.00%**	**500,000,000**	
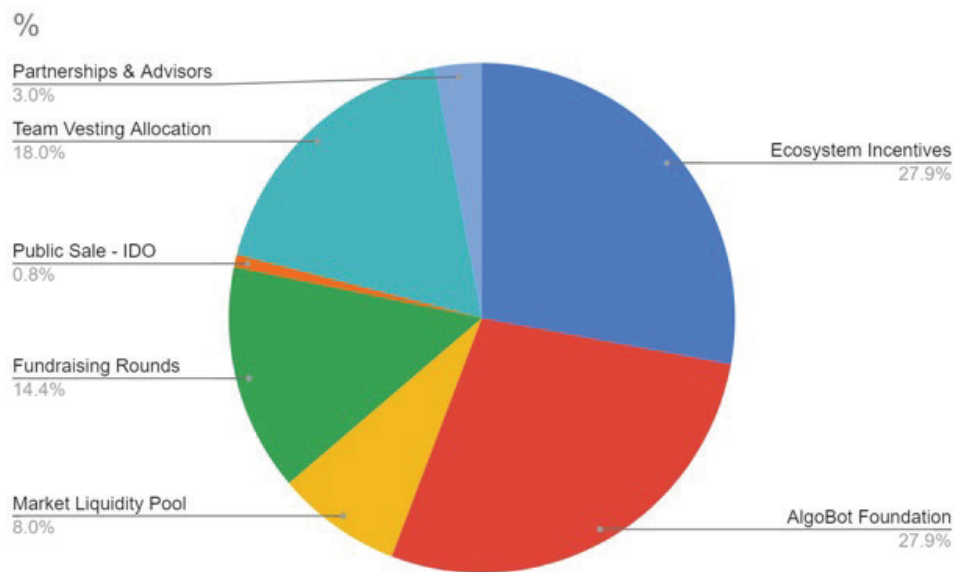
Figure 15: Token Distribution Model (%) visualization

Ecosystem fundraising has been broken down into three different segments (see Table 4).
Percentages display segmented breakdown of the available 76,000,000 $ALGC used for fundraising.

Table 5: Fundraising Rounds (Allocation Breakdown)

Stage	%	Token	Token price (USD)	Raise amount	Valuation	Vesting period
Strategy A	28.95%	22,000,000	0.06	1,320,000	30,000,000	10% available on TGE followed by 6 months cliff and daily unlocks for 24 months.
Strategy B	65.79%	50,000,000	0.075	3,750,000	37,500,000	10% available on TGE followed by 6 months cliff and daily unlocks for 18 months.
Public Sale – IDO	5.26%	4,000,000	0.09	360,000	45,000,000	These tokens are fully unlocked and available after sale to all users.

Less than 15% of the total 500,000,000 $ALGC are unlocked within the first year (see Figure 14). Most allocation distributions are accompanied by strict on-chain vesting lockups, except Public Sale.
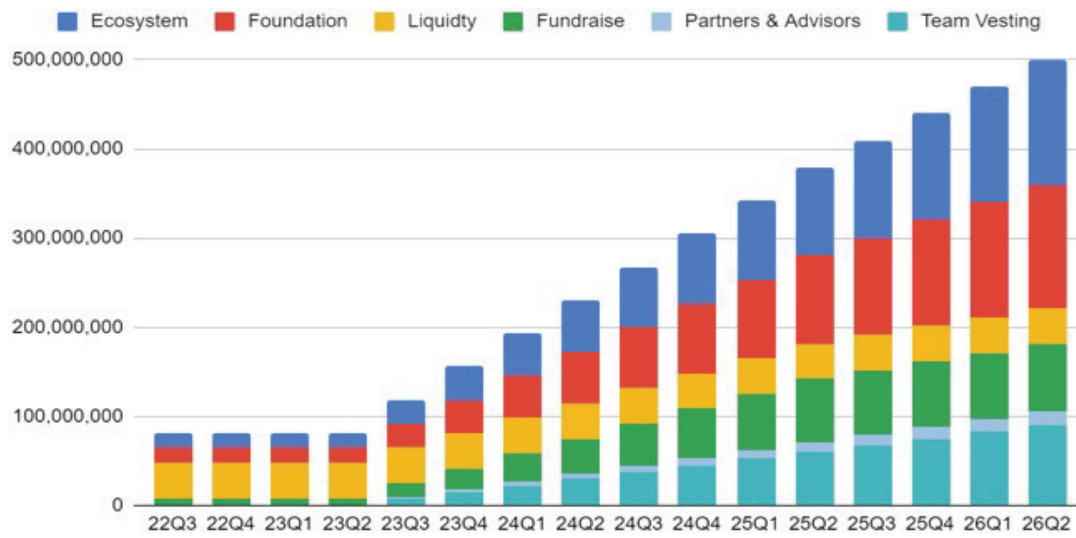

Figure 16: $ALGC Vesting And Lockup Release Schedule

Algobot Roadmap

Q2 2022 → **Q3 2022** → **Q4 2022** →

Q2 2022

1. Minted winning algo NFTs of Algo Challenge on OpenSea

2. Launch oauth login across ecosystem platforms, including Algobot, Algogene, ACA

3. Establish connection with traditional asset exchanges

Q3 2022

1. Launch algo product to trade

2. Launch copytrade product

3. Launch basic staking product

4. Establish connection with crypto exchanges

Q4 2022

1. Launch code-to-earn platform

2. Award tokens to first group of algo contest winners

3. Support more broker API connections

4. Establish wallet connection & security

Q1 2023 → **Q2 2023** → **Q3 2023**

Q1 2023

1. Launch learn-to-earn platform

2. Export online course materials to educational partners

3. Mint NFT certificate to learners

Q2 2023

1. Launch automated algo NFT funds with higher-than-standard APY% staking feature

2. Launch mobile version

Q3 2023

1. Launch algo product to trade underlying stocks

2. Launch AlgoBot Dao

Conclusion

Let's take a glimpse into the future.

Case 1

Pinya is a young, hard-working algorithm developer from Thailand whose goal is to achieve financial freedom. During college, she majored in finance, and minored in computer science. She used her free time to improve her programming skills. After graduation, she took an online course provided by AlgoBot's learn-to-earn platform to further educate herself on algo coding.

Through the course, not only does Pinya earn extra income via $ALGC token rewards, but she also manages to receive the supplemental education she needed to create an algorithm with great potential. She also meets new peers with whom she decides to create a team to participate in the global algo contest hosted by the Algo Challenge Association.

Her team wins first place in the algo contest. She decides to mint her algo as an NFT to protect her intellectual property. Now, on-chain records will show the algo is a winning algo from a global algo contest and that it officially belongs to Pinya. Using her algo, she finally reaches her financial goals.

Because she wants to give back to the algo community, Pinya decides to join Algogene and become a full-time educational creator. Through the platform, she hopes to educate future algo developers to reach the same success she has achieved.

Case 2

Manuel is a licensed fund manager from Guatemala. Although he has tons of experience in asset management, there was a maximum drawdown of his portfolio due to geopolitical risk and interest rate hikes, causing him to become the worst fund manager this quarter.

To improve his portfolio performance, he joined AlgoBot's fund manager ranking list and partnered with the champion algo created by Pinya. Manuel was entitled to the operating NFT of Pinya's algo; therefore, his portfolio was automatically managed by the champion algo. Ultimately, Manuel's portfolio improved significantly and he became the top fund manager in the next quarter.

After a year, Manuel's portfolio achieved an outstanding return. He decided to keep the algo operating NFT. However, Sofia, another licensed fund manager, bid on the NFT for USD $1m. Both Manuel and Pinya decided to split the NFT sale proceeds, and Pinya then partnered with Sofia. Finally, Manuel used the proceeds to bid on another algo operating NFT on the Coinbase NFT marketplace with the goal of finding another good algo.

By holding algo operating NFTs, $ALGC utility tokens, and DAO tokens, Manuel was able to propose–within the AlgoBot community–a vote to increase the code-to-earn rewards to further incentivize algo developers and increase the supply of algorithms.

Case 3

Abiola is a successful and talented investor from Nigeria. For years, he made investment decisions manually, which began to take a toll on him mentally and physically. He realized the investment process was tiring and time-consuming, especially when the market fluctuated from geopolitical risk and interest rate hikes.

While searching for passive investment opportunities from a licensed asset management company, Abiola discovered the online AlgoBot community, where he learned about Manuel's story from worst fund manager to top fund manager in one quarter. He joined AlgoBot and successfully bid on the investor NFT Prestige package with a USD $1m investment quota via a NFT marketplace.

This NFT enabled Abiola to copytrade from Pinya's champion algo, which was also licensed by Manuel's asset management firm. Abiola received an outstanding return. Although Pinya's champion algo was purchased by Sofia (the fund manager from Case 2 who bid on Manuel's NFT) the copytrade was not affected. Abiola's return was still the highest on the algo ranking list.

Then, Abiola joined the AlgoBot automated fund, a portfolio composed of various champion algos. Both its management fee and performance fees were governed and automated by smart contracts. Compared to a single algo subscription for copytrade, the AlgoBot automated fund was not only significantly more diversified, but also its performance was more stable.

In conclusion, all three cases were able to attain a win-win situation from AlgoBot's algorithmic trading ecosystem to achieve financial freedom. These future cases are what AlgoBot is all about—the ultimate goal is to give back to the community and grow the ecosystem into a self-sustaining model that proliferates economic freedom.

Glossary

Term	Definition
Algo Challenge Association (ACA)	A nonprofit organization, which hosts global algo trading contests in collaboration with higher education institutions and professional communities
Algogene	A FinTech company providing one-stop solutions for algorithmic trading
Algorithm trading	a computer-automated trading process that executes orders on exchanges using a pre-programmed code (algorithm)
Arbitrage	An investment strategy involving investors buying and selling an asset at the same time in different markets to take advantage of the price difference between markets and generate profit
Automated Market Maker (AMM)	Protocol that allows decentralized exchanges to facilitate transactions between two users without an intermediary
Automated funds transfers	A banking system that allows transfers from a client's account to be made periodically
Back testing	Method to see how well a trading strategy performs using historical data
Code-to-earn	Each Algo developer gets rewarded tokens by coding the algo at our lab partner, Algogene. Once the algo passes the threshold score and a 2-month live paper test, it will be listed on our marketplace.
Copy trading	A trading strategy that allows traders to copytrades, positions, and portfolios of another investor; more specifically, it links a part of the copying trader's funds to the account of the copied investor
Drawdown	Decline in investment's value from its peak to recovery back to peak
Decentralized Finance (DeFi)	A disruptive financial system that utilizes blockchain technology (e.g. cryptocurrency) to removes the need for intermediaries to conduct financial transactions
Flash crash	A swift decline in the price of an asset or market due to order withdrawals, followed by a swift recovery

Forward testing	Simulation of trading in actual live market conditions
Learn-to-earn	AlgoBot defines a coding ability test of developers and they learn and complete the test to prove they learnt it, there are token rewards.
Natural language processing (NLP)	A branch of computer science, linguistics, and AI that encompasses teaching computers the ability to understand text and human speech
Robo-advisor	Platforms that provide automated, algorithmic investment services with minimal human supervision
Time horizon	Investing timeline; how long investors plan to hold an asset before selling
Underlying stock	The actual stock related to an option (right to buy or sell stock at a particular price by or on a future date)
User acceptance testing (UAT)	Also known as application or end-user testing. Final validation based on requirements to determine whether the system is acceptable or not