HNC REVOLUTION

Hellenic Coin Revolution (HNC) Whitepaper
Version 4 (March 2021)

Contents

Definition of White Paper

“A white paper (sometimes referred to as a white book) is a report or guide that informs readers concisely about a complex issue and presents the issuing body's philosophy on the matter. It is meant to help readers either understand an issue or solve a problem or make a decision” (https://en.wikipedia.org/wiki/White_paper)

Executive Summary

Nowadays more and more people tend to enjoy the benefits of a cashless society. Furthermore - as security and safety come first in terms of digital usability - the use of the Blockchain technology is inevitable. As we strongly believe in the technological breakthrough of the cryptocurrency economy, we have created a cryptocurrency that is able to offer the safety, the speed and the transparency of the blockchain technology as well as the usability of the conventional banking currency.

At the moment these lines are being written more than a few thousand of cryptocurrencies already co-exist around the global crypto-economy. We believe that a cryptocurrency should function as its name states, as a currency. We strongly believe that it should have an even better usability than the fiat money.

HNC makes the difference in usability, in transaction speed and security. HNC has been built on state-of-the-art technology in order to make a reality today, the future of digital means of payment.

HNC can be used as a means of payment in the global digital world. It can be the key for digital payments, including merchant payments and cross-border currency exchanges/transfers. HNC aims to bridge the gap between traditional and digital money. This goal will be achieved within the reward program and the earnings each customer will get back when using the HNC Debit Card as a means of payment in the real economy. And what is the most important is that the HNC is available to everyone – from everyday consumers to businesses of all sizes. All the above make HNC unique and revolutionary.

Blockchain Summary

HNC was developed in February 2015 and it is a fully decentralized peer-to-peer protocol with its own blockchain. Currently and after its latest hardfork in 2021, its name has been changed into HNC Revolution and its blockchain has migrated to “Proof of Service” X11 SHA3 Dash algorithm. The HNC Revolution aims to provide a fully transparent Dual Asset which combines an extremely fast and secure alternative means of payment as well as an investment asset.

HNC Revolution open-source code will be available on “Github” within Q2 of 2021.

X11: What is it exactly?

X11 is a crypto algorithm designed in such a way that it uses a sequence of different hash functions and it aims to offer the best possible security to cryptocurrency mining. At first, X11 was implemented into the Darkcoin protocol in 2014 (currently known as DASH). X11 was selected and developed for DASH in order to offer better privacy, native anonymity and make the cryptocurrency more resistant to specialized mining devices like ASICs (Application-Specific Integrated Circuits)

Unlike Bitcoin that uses the SHA-256 algorithm, X11 is not a single hash function mining algorithm. X11 combines 11 scientific hashing algorithms for the proof-of-work. This is why the processing distribution remains fair. The main idea behind this is to make it more complex for ASICs to complete mining, thus giving the users using CPU’s and GPU’s the chance to remain competitive. This aims to make it more resistant to centralized mining.

How it works:

When a value is submitted, the first function produces a hash which is then submitted to the following function to produce another hash. The X11 algorithm is comprised of the following hash functions:

1. BLAKE
2. BLUE MIDNIGHT WISH (BMW)
3. Grøstl
4. JH
5. Keccak (An algorithm whose variant gave rise to SHA-3)
6. Skein
7. Luffa
8. CubeHash
9. SHAvite-3
10. SIMD
11. ECHO

All of the algorithms above were entered into the U.S National Institute of Standards and Technology (NIST) open competition in order to develop a new hash function - SHA-3 - that was more secure than the previous generations: SHA-1 and SHA-2. Out of the 64 algorithms that were entered into the competition, all the X11 hash functions were accepted as first-round candidates. Out of the 14 second-round candidates, all the X11 algorithms were once again accepted, with the only following functions making it into the final 5: BLAKE, Grøstl, JH, Keccak and Skein. Keccak would then be the function to win the competition.

In short, the involvement of these functions in what was a 5-year long competition, speaks to their security and credibility (https://www.mycryptopedia.com/x11-algorithm-explained/).

- **Advantages of X11**

A higher level of security compared to hash functions like SHA-256. This is because several hash functions are used and not only one. This provides a higher degree of protection against attacks.

Environmentally friendlier. X11 is less demanding in terms of computing power. The mining process requires significally less energy.

The algorithm is open to configuration to use more hash functions than the specified 11. Additional hash functions can be added, like X13 or X17.

- **Disadvantages of X11**

No longer ASIC's resistant. Although it was launched at first to be more resistant to ASIC's mining systems, nowadays there are several ASIC miners on the market that can offer high mining power for X11.

Dual Consensus: Proof of Work & Proof of Service

HNC - like most other cryptocurrencies - is based on a decentralized ledger for all transactions, known as a blockchain. A blockchain is consisted by blocks. These blocks contain information about the transactions that have been verified by the network. As in the case of Bitcoin, the network verifies the blocks through the mining process and the blockchain is secured through a consensus mechanism known as Proof of Work. In HNC's case, another system works simultaneously to secure the blockchain: Proof of Service. The objective of this dual system is to capture the benefits of each different system and combine them in order to balance the weaknesses they have.

Proof of Work: What is it exactly?

Proof of Work (PoW) is a system commonly used to prevent double-spends. It is widely used by several cryptocurrencies as their consensus algorithm and it is a way of securing the cryptocurrency's ledger. PoW is complex (time-consuming, expensive) to produce and its purpose is to check if calculations were indeed conducted during creation of a new block of cryptocurrency.

The widely known cryptocurrency Bitcoin uses the so-called "Hashcash" function as evidence of work carried out to solve complex mathematics in order to create a new block. The difficulty for the PoW to be solved is varied in order to control the discovery frequency of new blocks. The algorithm works in such a way that one new block is created every 10 minutes on an average scale.

The blockchain consists of different blocks. Each block has its own hash address that derives from the information it contains, including the hash address of the previous block (parent block). Due to the fact that the network verifies the blocks, it is impossible to alter information in an already created block because this means that its hash would have to change. But if its hash changes this means that also the hash of the following block in the chain has to change because it must contain the new hash of its parent block and so on. As this is a very difficult task, this protects the blockchain from unsanctioned access and double-spending attacks.

Double-spending is used almost exclusively in a digital money system and it is a potential issue where the same digital money or assets are spent to two different recipients at the same time. Basically it ensures that users aren't spending money that they don't have the right to spend. If no countermeasures are taken to prevent double-spending, users have no way to verify that the funds they have received, have not already been spent elsewhere. That would lead to the digital currency's collapse.

Advantages of PoW

- Rewards for each valid block
- It is not necessary for someone to have much computational power in order to verify that a block is valid.

Disadvantages of PoW

- It is very expensive for the average user to mine in most cases
- It has become a very unfriendly technique environmentally as it consumes a lot of electric power

Proof of Service and Masternodes: What is it exactly?

Certain accounts that fulfill the appropriate criteria - in terms of performance, functionality and coin ownership - can become a masternode. In HNC's case, every node that owns 1.000.000 HNC, has the option to become a masternode. A masternode has a full copy of the HNC blockchain and performs tasks such as block validation, PrivateSend and InstantSend (PrivateSend is a function that enhances user's privacy by obscuring the origin of funds and with InstantSend the user is able to instantly send to another wallet up to 2.000 HNCs). The masternodes will receive payments for the above mentioned services. This whole procedure is called Proof of Service and it works simultaneously to the Proof of Work done by miners to secure the blockchain.

Furthermore, the masternodes will have the option to vote on the governance and funding proposals of the whole project. Due to the fact that certain business decisions have to be taken we believe that the most democratic way is to carry out a voting process among those who have something to benefit from the project and also something to lose. As earlier said, everyone can become a masternode as long as they fulfill the appropriate criteria. Each masternode can have one vote. If the majority of the masternodes have a positive vote then the proposal is accepted and vice versa.

There is a distinction between masternodes and miners. The masternodes do not mine and mining computers cannot serve as masternodes. The miners' power enables sending and receiving of funds as well as prevent the double - spending while the masternodes provide the services for PrivateSend, InstantSend and the governance.

Initially 10 masternodes are going to be created on behalf of the HNC Project that will provide services for the PrivateSend, InstantSend and governance services. The masternodes are going to be paid by the network for their services with 99% of the block reward. The rest 1% will be paid out to the miners. With the earnings from the reward system the project will have the option to fund certain acts such as advertising, blockchain developing, cooperation with third party companies in order to satisfy the best interest of the project etc.

Mining

Proof of Work (PoW) & Proof of Service is the dual consensus algorithm that HNC uses. Mining is the process through which transactions get verified and added to the public ledger - known as blockchain. Throughout the mining process miners reward themselves with new HNCs.

When a transaction is about to be executed it gets listed among other ones that have already been submitted within a cryptographically-protected block. So each block includes information regarding its transactions. Miners try to check the validity of these transactions through Proof-of-Work. They solve rather complex mathematical problems passing the data within a block through the algorithm until their collective power finds a solution. They also check incoming transactions against previous transactions on the blockchain and - if no double-spending is detected - then the miners create and verify the new block which contains all the new transactions and add it to HNC's existing blockchain. Each new block is then being sent to the network's nodes. The nodes use the miners' work in order to continue to verify and transmit transactions across the network.

As stated earlier, 99% of the block reward from the mining process goes to the Masternodes and 1% goes to the miners.

Current Landscape

Since its inception in 2009, the cryptocurrency market has marked a tremendous growth. Within the last 12 years the market capitalization of all cryptocurrencies and coins has risen to $1 trillion (January 2021), easily dwarfing almost every corporation in the “S&P 500” as well as the GDP of many countries. It is widely accepted that blockchain is world’s most innovative technology as well as that cryptocurrencies will be defined as assets by the authorities.

Banks, corporations, funds and big investors have changed amazingly their point of view towards the cryptocurrencies and they have become more crypto - friendly by investing huge amounts in cryptos. Governments are planning to digitalize their fiat currencies too.

Top cryptocurrency exchanges - in terms of trading volume - have already started to work towards forming a regulated environment in order to support legit services based on safety and security, providing trading pairs with fiat money as well as bank services, like SEPA transfers and swift. Lots of such exchanges offer services such as cryptocurrency custody. Wall Street offers future contracts on cryptocurrencies. Furthermore, many platforms also provide Crypto - CFDs services and many top regulated and licensed exchanges offer the option to use margin for trading Cryptocurrencies.

Nevertheless, the huge growth of bitcoin and altcoins have led to a new financial era. When Bitcoin appeared back in 2009 there wasn’t any regulatory framework at that time. Nowadays, governments and Central Banks have recognized the advantages of the blockchain technology and have accepted the importance of cryptocurrencies. The global imprint of the crypto-economy is so big that it needs to be regulated and controlled. The reason behind this is simple: everybody needs to act with safety and if problems occur there have to be rules, so that solutions can be found.

Government regulation is inevitable

Government reactions to cryptocurrencies have ranged from aggressive to indifference with investors and speculators cautiously monitoring international developments. Just recently the Head of the International Monetary Fund (IMF) – Ms. Christine Lagarde - stated that regulatory action upon cryptocurrencies is "inevitable“ on behalf of the international community. Regulators globally have moved fast and at an accelerated pace during the last two years to clarify the regulatory landscape for Digital Assets. The Financial Conduct Authority (FCA) has provided a comprehensive guidance on Digital Assets in July 2019 while at the same time several other European regulators provided clarifications and guidance on how Digital Assets will be regulated. FCA together with many other European regulators have introduced a registration regime for companies that are active in crypto currencies, which require them to demonstrate to the regulators that comply with AML rules.

Very importantly, the lack of harmonization in the regulatory treatment at European level is being tackled by the European Commission, which in December 2019 launched a public consultation on the future EU framework for markets in Digital Assets. On the other side of the Atlantic, Securities Commission in the USA is moving fast to provide a detailed regulatory framework. In April 2019, SEC issued a “Framework for Investment Contract Analysis of Digital Assets”, with the House of Representatives introducing in December 2019 the “Crypto-Currency Act of 2020”. Very importantly, SEC announced in January 2020 that it will put the Digital Assets market in its examination priorities for 2020. Several initiatives have been also taken from other countries globally. Japan’s new legislation to regulate Digital Assets was recently passed by the Japanese House of Representatives and will be in effect as of May 2020, while even IMF issued in January 2020 a paper on the “Regulation of Crypto Assets”.

There is an issue of inheritance

The unregulated nature of Bitcoin means that without the private keys - needed to view someone's digital wallet - there is no way of accessing his/her funds if they are about to pass away.

There is a Security Risk

Crypto - exchanges are digital and therefore vulnerable to hackers, operational glitches and malware.

By hacking a crypto – exchange, hackers can gain access to thousands of accounts and digital wallets, where the cryptocurrencies are stored into. One infamous example was the Mt. Gox's hacking incident in 2014. After this hacking the Japanese exchange stopped its operation and millions of dollars in Bitcoin were stolen. This risk has made clear that a custody service that can provide a secure environment for the safe keeping of digital assets is more necessary than ever.

Low Storage & Transfer Cost

Compared to the traditional banking services, cryptocurrencies have no storage cost. In the aspect of money transferring, cryptocurrencies are safer, quicker and - most importantly - cheaper to transfer than fiat currencies.

Its division allows small transactions

You can execute the smallest portions of transactions very easily. In the case of fiat currency this is not possible.

Zero government interference

Cryptocurrencies take the form of coins and exist on distributed and decentralized ledgers. This means that cryptocurrencies cannot be controlled by central authorities, governments or countries.

Impossible to falsify

Fraudsters cannot create fake cryptocurrencies. That is because it is a digital currency and not a paper currency, like fiat money. Cryptocurrencies are based on blockchain technology and all the details of each and every transaction are recorded inside the blocks of the chain.

Utility of a coin

All cryptocurrencies face the challenge of usability in the real economy. Most of them want to be accepted as a means of payment for goods and services. A cryptocurrency may become successful when it succeeds to be adopted by consumers and businesses as a means of payment and exchange, thus replacing or acting parallelly to fiat money. Currently the majority of cryptocurrencies is only traded speculatively - presenting high volatility instead of stability. Almost all of the cryptocurrencies follow the same trend as they tend to have similar characteristics.

Advantages of Cryptocurrencies over Fiat

Transactions are irreversible

Due to the way the blockchain technology works, it is not possible to reverse a transaction or alter its characteristics. Since there is no central authority, the transaction cannot be undone.

Payments are decentralized

No banks or central authorities take action during a transaction. This means that each individual using this decentralized system of exchange has equal authority.

Security and anonymity

Cryptocurrencies use complex mathematics and computer engineering in order to mask the true identity and the sensitive personal data of the user, so that the transaction may become as anonymous and secure as it can get. The users secure the network with consensuses that also check the possibility of double-spending and prevent this incident from happening.

Low fees in transfers and transactions

If someone wants to transfer fiat money using the traditional banking system he/she has to pay the necessary fees that each bank specifies. On the contrary, when using cryptocurrencies, the fees are very low (if not almost zero) even for very large amounts of currencies.

Disadvantages of Cryptocurrencies

Security issues

Cryptocurrencies are often set as the target of hackers. Several crypto - exchanges have already been the victims of such attacks, while crypto-assets worth of several millions in USD have already been stolen globally. Furthermore, multiple ICOs have gotten breached. Nevertheless, new and enhanced cybersecurity measures are being used in order to offer protection against such attacks.

Price Volatility

Cryptocurrencies have been widely connected and characterized as a bubble, mainly due to their price volatility. Price volatility mainly depends on news' events. Up until now and because of some infamous news the values of cryptocurrencies had been driven down rapidly against the values of fiat currencies. Such events were the bankruptcy of

"Mt. Gox" in 2014 and the use of bitcoin in illegal transactions.

Other factors that affect the price volatility may be the taxation policy of a country, the high inflation of a nation and the uncertainty about the future cryptocurrencies' value. Furthermore, the fact that large proportions of the total outstanding float of the currency may belong to a few holders - thus they can affect the market when they liquidate.

Of course, many investors believe that such occasions may be opportunities to invest in and earn back a profit that can be multiplied.

Mission: to change the way everyone uses cryptocurrencies

HNC's unique mission is to enter into the real economy and become a well - trusted alternative means of payment for goods and services on a global scale. HNC aims to provide a Dual-purpose Asset, fully transparent, which combines an extremely fast and secure alternative way of payment as well as an investment asset.

Additionally, HNC's main goal is to become the catalyst of a new ecosystem bridging the digital and conventional world. By using traditional banking methods (e.g using a Visa Debit Card), HNC aims to solve the issue of demand that all cryptocurrencies face since their creation. HNC will create a perpetual demand day by day & year by year through its unique business model – a challenge that no other cryptocurrency has never overcome so far.

Our Solution: HNC Revolution, a dual-purpose cryptocurrency

HNC aims to exploit all the advantages that a cryptocurrency may offer while overcoming its disadvantages. The main goal is to bridge the gap between crypto - economy and traditional fiat money, as HNC is going to serve two main purposes: To be a globally accepted means of payment on the one hand as well as to be an investment asset on the other hand.

The following aspects will be highly taken into consideration in order for this goal to be fulfilled:

- USABILITY: High usability of HNC. Simple and effective ways of using HNC with the help of latest technology platforms

- REGULATED: HNC aims to be operational in a fully regulated environment where KYC, AML and compliance with the upcoming laws and the general legislation are going to be of top priority. At present, a fully licensed legal entity to offer services in crypto currencies is being established, so that HNC will be able to enter into agreements with global market – leader companies in order to succeed in its goals. The HNC Revolution Exchange Market that is going to be established and also the Masternodes, are going to be under the new Legal Entity's Supervision,

- SECURED: Strong partnership is going to be initiated with global market – leader custodian company in order to safely store the assets. There is a preliminary agreement with a top custody company at the moment and the official announcements are going to take place when a final agreement has been reached. That agreement paves the way for investments from institutional portfolios, which are expected to grow rapidly. We strongly believe that without a state-of-the-art security for the assets, the success of HNC Revolution may be compromised. Security comes first, not only for every individual user but for the whole project too.

- EVERYDAY USAGE: The use of a Visa Debit Card that is going to offer an everyday access and the option of paying for goods and services with HNC. A partnership with "Excelon" (www.excelon.io) has already been announced for this purpose and the HNC debit card leads to a new era of crypto-payments, both for consumers and businesses at the same time. The "Excelon" Visa Card will be available for pre-ordering in May 2021 and its shipping is going to start in June 2021.

- REWARDS: Furthermore, reward programs are going to take place in the near future. As a big “thank you” for the commitment every holder shows by using HNC as a means of payment, HNC will give a reward that is going to act as an incentive for the next purchase. The HNC Visa Card loyalty policy will be funded by the HNC Revolution Masternodes reward.

- EXTRA SERVICES: Taking advantage of the benefits of X11 algorithm: PrivateSend and InstantSend services mean that an individual will be able to transfer amounts up to 2,000 HNC instantly, enjoying the high privacy it offers.

- TRADING: It is within the HNC project’s future plans to get listed in Tier 1 cryptocurrency exchanges.

- ATM’S: Furthermore, it is within HNC project’s future plans to enter and be exchangeable into the Crypto - ATM market.

Furthermore, HNC is already supported by “Coinomi” e-wallet as well as by a native e-wallet for Android & iOS, which has been developed for storing, sending & accepting HNCs.

HNC Association

Taking into consideration that more and more people tend to discover, not only the advantages of Blockchain technology, but also the usability of cryptocurrencies, the HNC Association is going to be established in order to serve the following needs:

- To create an independent association with main goals to study, promote and expand the use of blockchain technology in everyday life of public and private sector

- To unite all those individuals who are affiliated with the blockchain technology

- To expand the knowledge to newcomers who wish to get informed about blockchain technology, including individuals and businesses from the private and public sectors

- To take initiative in social acts about using the blockchain, research and development of blockchain, using blockchain in real economy and everyday society

- To support innovations that promote the use of blockchain technology

- To act in the best interest for HNC by taking critical decisions regarding its management (e.g to change the percentage of the number of coins released each year regarding the wallets that will take part into the swap etc.)

Usability of HNC in various sectors

One of our main concerns is to introduce HNC in various sectors, such as Tourism. Both Consumers and Merchants will be incentivized to accept HNC as a means of payment, due to the reward program in the form of cashback. Currently merchants who are affiliated with tourism, usually pay high fees (15-20%) to globally well-known platforms, in order to get listed so that they can approach more customers. We intend to form partnerships with Market Leader Platforms, so that they will accept HNC as a means of payment.

We propose to the merchants, to adopt HNC as an accepted means of payment and they will get a reward in the form of cashback (thus reducing the fees they pay). The same goes to consumers too. They will also get rewards in the form of cashback for using HNC as a means of payment.

HNC Debit Card Usability Case Study

Perpetual demand

HNC plans to be accepted by millions of merchants on a worldwide scale. Undeniably, HNC entering into the real economy will give a tremendous value to its investors as well as a perpetual demand will be created at the same time through its partnerships with groups of large chain stores and Key – Accounts.

We estimate that for the year 2021 about 20,000 HNC Debit Cards are going to be issued as well as in 2022 another more 20,000 HNC Debit Cards and so on.

We assume that 30% of the total issued cards is going to be used as a means of payment in everyday life. This means that for 2021 about 6,000 HNC Debit Cards are going to be used on a daily basis.

We also assume that each individual spends about $25 on a daily basis by using the HNC Debit Card - in today's value about 11.6 HNCs where 1 HNC equals $2.16.

According to the above assumptions a Debit Card owner spends $9,125 or 4,224 HNCs on an annual basis ($25 x 365 days = $9,125). This means that 3,000 Debit Cards will create a total turnover of $27,375,000 or 12,673,611 HNCs.

Taking into consideration the above-mentioned numbers, there is a huge potential for HNC. As individuals use their Debit Cards they will gain more and more rewards from their purchases and so the demand for HNC will rise simultaneously . In the near future - where the loyalty program will take effect, both the consumers and the merchants will have high incentives for using and accepting HNC as a means of payment.

Coinomics

- **Total Supply**: ≈ 100,000,000 HNCs
- **Circulating Supply**: 93,000,000 HNCs
- **HNCs Allocation**:

  - 70,000,000 HNCs Revolution swapped with previous HNCs 2015 Version 1/1

  - 10,000,000 HNCs collateral for 10 Masternodes (*Collateral / Masternode: 1.000.000 HNCs)

  - 13,000,000 HNCs provided to the HNC Project Legal Entity. These Coins will ultimately fund all the purposes of the project, for example the loyalty policy and the reward programs, the several deals with other Market – Leader Companies, the developing of the blockchain, the funding of hardware - software requirements etc.

  - 7,000.000,HNCs available for mining

- In order to offer the highest possible stability to HNC's price, a predesigned plan will take effect for every user who has swapped HNC 2015 with HNC Revolution. A certain number of HNC from the total amount of the coins that are going to be swapped, will be restricted from trading and only a predefined percentage will be available on a daily basis for a time period of five years, according to the following pattern:

1. First year's availability of HNCs for trading will be the 5% of the total swapped coins of an HNC wallet - starting on May 17th 2021.

2. Second year's availability of HNCs for trading will be the 10% of the total swapped coins of an HNC wallet - starting on May 17th 2022.

3. Third year's availability of HNCs for trading will be the 15% of the total swapped coins of an HNC wallet - starting on May 17th 2023.

4. Fourth year's availability of HNCs for trading will be the 25% of the total swapped coins of an HNC wallet - starting on May 17th 2024.

5. Fifth year's availability of HNCs for trading will be the 45% of the total swapped coins of an HNC wallet - starting on May 17th 2025.

- The 5% / 365 will be automatically released on a daily basis from the HNC Revolution Exchange to each HNC wallet and will be available to the users for the 1st year with a minimum number of 10 HNCs per day, the 10% / 365 for the 2nd year, the 15% /365 for the 3rd year, the 25% / 365 for the 4th year and the 45% / 365 for the 5th year.
- Important Notice: In order to offer the highest possible security, the restricted coins will be secured to a Global Market-Leader Custodian.

Roadmap 2021

Q1 2021

- Creation of a Legal Entity for HNC's multiple activities
- Creation of HNC Revolution Exchange (HNC Markets)
- Creation of HNC Association
- Official release of the new HNC Website

Q2 2021

- Official launching of HNC Revolution Era
- Trial period of "Excelon" – HNC Debit Visa Card & its official launching
- Official delivery of Legal Opinion (Version 2.0)
- Co-operation with major Digital Asset Custodian
- Listing on more crypto - exchanges

Q3 2021

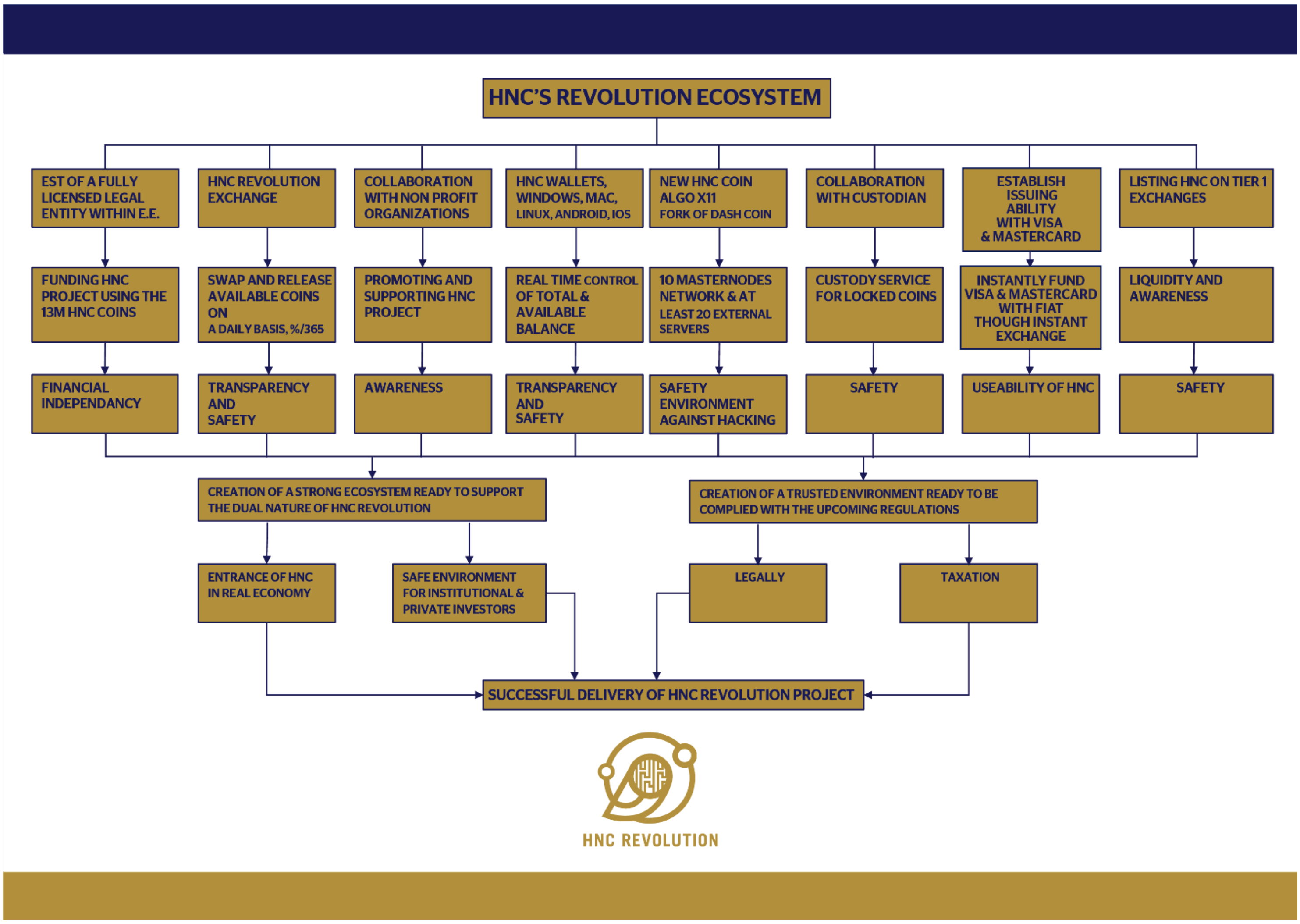
- Cooperation with “Glafka Capital” & creation of a Crypto-fund
- Completion of Security Audit
- Aggressive promotion & marketing campaign in the Greek market
- Focus on Tourism, Shipping sector & Retail Market
- Use of HNC in more than 61.000.000 merchant locations globally

Q4 2021

- EMI’s starting licensing procedure
- HNC listing possibilities on major Tier - 1 Exchanges (for example “Kraken”, “Binance” etc)
- Integration of HNC in the European Crypto – ATM industry
- Release of Roadmap 2022

A new ecosystem

A new ecosystem is going to be created around HNC. The fuel of this ecosystem will be HNC and it will link all intermediate goals, in order to fulfill its ultimate goal. To create an ecosystem, where its dual nature as a means of payment and as an investment asset will be in a balance with everyday life.



Legal Opinion (Version 1.0)

I was asked by "**Hellenic Coin**" (HNC) to express an opinion on its legal standing and the current and future prospects of the financial domain the company is participating in.

On that my opinion is the following:

Set-up and functioning of Hellenic Coin

HNC is a peer-to-peer digital currency ("crypto-currency") which enables cross-border on- line payment transactions on a fully decentralized environment, non-subject to regulation or control. It operates as a private blockchain, using an advanced blockchain hybrid technology protocol (Script Hybrid PoS/PoW).

HNC was established in 2015 and functions as an open-source global payment network supporting all sorts of payment transactions executed by means of a cryptographic system that uses pairs of keys: a public key, which is publicly known and essential for identification, and a private key, which is kept secret and is used for authentication and encryption. In order to be used, it necessity at es the existence of a personal mobile electronic wallet, which is a mechanism to store public and private keys and to allow users to send and receive crypto-assets and monitor their balances. Currently HNC trades - as such or in exchange for fiat currencies or other crypto-assets - on various specialized digital platforms (crypto - exchanges), like "p2pb2b.io", "Probit.com", "Altilly.com". More specialized digital platforms (crypto - exchanges) will support HNC trading in the future.

The digital platforms (crypto - exchanges) are operated by a group of specialized professionals, who are not part of HNC's team or the project from a business perspective.

HNC's public site is www.helleniccoin.com. The aims for the near future are to amplify payments via HNC, to connect with retail firms and generally to expand its use as a digital currency.

HNC plans to execute payments using mainly the following means:

POS Terminal Gateway: customers will send payments in HNC either from their exchange accounts or from their computer (HNC native wallet) or from their mobile device (mobile wallet like "Coinomi") directly to a payment HNC address. POS Terminal Gateway will display the invoice on the POS device. The customer will pay the invoice at a locked-in exchange rate. Customer 's payment will be converted into local currency. POS Terminal Gateway will initiate bank settlement - transfer into bank account in local currency - which takes place within 24 - 72 hours- or store the amount in HNC wall et. Only blockchain (for nodes) transaction fees are to be requested.

Crypto - ATMs: Procedures have also begun for the integration of HNC in the Crypto -ATMs' field - both in the Greek and European market - which will facilitate users to buy and sell HNC coins with ease and security. Customers will insert fiat currencies in the slot of Crypto - ATMs, a real - time price of HNC will appear on the screen - along with the corresponding amount of HNC coins - and then the customer will receive a receipt with the HNC address and the amount of HNC coins printed on it.

Visa/ Mastercard: Potential integration of HNC in a Prepaid MasterCard and/or Visa, which will allow the exchange of HNC coins into fiat currencies and vice versa within a certain Mobile application and/or its desktop edition. After the exchange, the consumers will be able to add funds (fiat currencies) to their prepaid Mastercard / Visa and use such funds and/or withdraw money from Banks' ATMs worldwide.

The existing institutional framework:

Crypto-assets are a type of digital assets that depend primarily on cryptology and distributed ledger technology (DLT). In the European Union, even though there is no official or legally binding definition or classification of crypto-assets, a three-type distinction can be made: a) payment/exchange type tokens, the so-called "virtual currencies", such as Bitcoin, but also HNC, b) investment-type tokens, which provide ownership rights and/or entitlements similar to dividends, and may or may not qualify as "financial instruments" under the relevant EU legislation, c) "utility-type" tokens that enable access to a specific product or service

From a legal viewpoint the crucial distinction is between crypto-assets that qualify as either "financial instruments" or as "electronic money" and are regulated respectively by MIFID II (2014/ 65 EU) and the Electronic Money Directive (EMO 2, 2009/110 EU), and crypto-assets, considered as constituting the vast majority, falling outside above regulatory scope. Wallet- providers, crypto-exchanges and crypto-exchange trading platforms unambiguously belong to the non-regulated entities.

"Financial instruments”

The crucial notion of "financial instruments" is defined in Article 4 (1) (15) of MIFID II as those "instruments specified in section C of Annex I" therein, i.e "transferable securities", " money-market instruments", " units in collective investment undertakings" and various derivative instrument s. Concerning crypto-assets the only relevant category would be that of "transferable securities".

"Transferable securities" are defined, under Article 4 (1) (44) of MIFID II, as those "classes of securities which are negotiable on the capital market" (said provision goes on by giving the examples of "shares or other securities equivalent to shares", "bonds or other forms of securitized debt", "any other securities giving the right to acquire or sell any such transferable securities or giving rise to cash set tlement determined by reference to transferable securities"), with one important exception: "instruments of payment".

Based on above definition, in order for crypto-assets to be possibly, according to MIFID and its national implementation, considered as " financial instruments", they need to be hybrid "investment-type" instrument s and not constitute pure payment-type crypto assets. HNC, based on its characteristics described in A above, and taking into consideration that the Greek implementation of MIFID is identical to the MIFID definition of "financial instruments", unambiguously falls in the pure payment-type crypto-asset category.

Where crypto-assets qualify as "financial instruments", other than MIFID II, the Prospectus Regulation (2017/1129), the Transparency Directive (2013/50 EU), the Central Security Depository Regulation (909/2014), the Settlement Finality Directive (98/26 EC), as well as the Market Abuse Regulation (596/2014) and the Short Selling Regulation n (236/2012) would apply. Those rules do not, however, apply to crypto-assets falling outside such regulatory scope In the Greek legal remit, following the introduction of the latest AML law (4734/ 20), the notions of "crypto-currencies" and "crypto-wallet custodian" have been introduced and the supervisory authority, exclusively regarding anti-money-laundering purposes, has been attributed to the Hellenic Capital Markets Commission (HCMC). Said Commission, by virtue of the same law, will in the near future set into place a Register for all crypto-service providers performing in Greece.

"£-money"

EMD 2 defines, in Article 2, "electronic money" as follows: "electronically, including magnetically, stored monetary value ... which is accepted by a natural or legal person other than the electronic money issuer", said issuer being subsequently defined as "entities referred to in Article 1 (1)", i.e. credit institutions, e-money institutions, post office giro institutions, the European Central Bank and national central banks when not acting in their capacity as monetary authority and member-states or their regional or local authorities when acting in their capacity as public authorities. From above provisions it unambiguously emerges that the defining characteristic for entry in the electronic money remit is provision of services by either a public authority or an authorized electronic money institution, characteristic which is clearly lacking in the case of private crypto-assets like HNC.

For "electronic money institutions ", EMD 2 puts into place specific prudential rules, including authorization. Because they operate as " quasi-banks", they may (by virtue of Article 6 of the

EMO 2), in addition to issuing electronic money, provide payment serv ices, grant credit related to payment services, assure closely related ancillary activities in respect of the issuing of electronic money or the provision of payment services and execute other related business activities -all of which do not apply and are not allowed for pure-payment crypto- assets.

"Unregulated" Crypto -Assets

Crypt o-assets outside the scope of above EU rules, operate legally under the proportionality principle governing the financial sector: what is not forbidden is allowed under the general rules of competition, level-playing field, respect of the rule-of law. Regulatory authorities may decide to ban or restrict use of " national “crypto-currencies, but only when a breach of law has taken place (regarding, for example, anti-money-laundering obligations) or a systemic risk is being considered as having taken place or as imminent. Otherwise, national regulators allow such activities, possibly providing instructions or clarifications on how they may take place within a particular jurisdiction.

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Another important tool used by national regulators are the so-called "sandboxes", whereby innovative financial technology, including crypto-asset technology, may be tested in a protected, but not regulated, environment under the auspices of public authorities. In the Greek financial environment such a "sandbox" exists within the Bank of Greece.

Currently there is no EU definition of what constitutes a crypto-asset, nor is it clear how the existing financial services regulatory framework applies: the only existing " rule" is a case-by-case examination based on above unofficial types of crypto-assets, the characteristics of each one of the assets used and possibly national laws and implementations of relevant EU directives. Bespoke national regimes to regulate crypto-assets are permitted and have in some cases been put into place (f. ex. Malt a) or are being considered. Greece has no bespoke legislation or known plans to impose one.

All in all, the crypto-asset field is not only known and tolerated in the EU, but also monitored for the sake of financial freedom and customer protection. As of 2018, with the FinTech Action Plan, the European Commission admitted the existence and the importance of innovative business models, including crypto-assets and plat forms, and paved the way for a common typology and a common regulatory approach. ESMA, the EU financial markets regular or, has issued, as already mentioned, advice on "Initial Coin Offerings and Crypto- assets", recognizing the validity and the importance of crypto-assets, highlighting the challenges market participants and regulators face in determining if, and how, existing regulatory frameworks apply to crypto-assets and concluding that the great majority of operating crypto-asset s currently fall outside the regulatory remit.

On the global scene, the Financial Stability Forum (FSB) has issued a "Final report and High- Level Recommendations on Regulation, Supervision and Oversight of Global Stablecoin Arrangements, setting out the main rules of their operation and supervision-“functional basis” and “proportionality to their risks” -, reiterating the most jurisdictions do not currently possess specific regulatory regimes and strongly advocating a regulated approach.

Because of lack of clear rules and also because of the risks (use for fraudulent reasons, market integrity and financial stability, consumer lack of understanding, operational deviations, secondary market trading, safekeeping, risks stemming from the underlying technology) that may be encountered by the use of crypto-assets under the existing regime, currently the discussion in the EU is whether for reasons of legal certainty, facilitation of crypto-asset transactions and harmonization of their operating mode a regulatory approach at EU lev el is required (see under C below).

AML Rules

Considering the very important aspect of money-laundering, since October 2019 the Financial Action Task Force (FATF), which is the global standard-setter in that field, has made it clear that both global "stablecoins", including crypto-assets, and their service providers,would be subject to FATF standards and fall within the scope of anti-money laundering controls. This principle has been included on FATF's Report to the G-20 and enshrined in the existing anti-money -laundering Directive (2018/843 EU), t hu s making abidance to anti - laundering rules a prerequisite for the legal operation of c1ypto-assets and crypto-asset platforms. In most EU and international jurisdictions, including Greece (via law 4734/2020, as already mentioned), national anti-AML legislat ion covers crypto-assets and crypto-platforms.

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The US Market

Crypto-currency does not constitute a legal tender in the US but its sale is legal in most of the States and the price is determined by the supply and demand in the crypto-currency market. The sale of crypto-currencies, similarly to the EU model, is only regulated if it either constitutes sale of a security under State or Federal law (such determination being affected on a case-by-case basis), or is considered money transmission under State law or money- service business und er Federal law.

There is no formal rule-making or uniform definition of crypto-currency at Federal level, though both the Securities and Exchange Commission (SEC) and the Commodities and Futures Trading Commission (CFTC) have some statutory authority to oversee crypto- currencies, if they fall under the categories of "securities" and "commodities" respectively. The Internal Revenue Service (IRS), on behalf of the Department of Treasury, and the Financial Crime Enforcement Network (FinCEN) also act as supervisors for taxation and anti - money laundering purposes, respectively.

At St at e level there is a variety of approaches. There are States favorable to crypto- currencies, like Wyoming, which is considered the most crypt o-friendly in the US; Colorado, which passed a bill exempting crypto-currencies from State securities regulations; Ohio, which accepts taxes being paid in crypto-currencies; Oklahoma, which passed a bill authorizing the use of crypto-currencies. On the opposite side one may find States like Iowa, which has prohibited the use of crypto-currencies; or Maryland and Hawaii, which have emitted warnings regarding the use of crypto- currencies. New York stands at the middle having eased restrictions on the use of crypto-currencies and particularly facilitating firms obtaining a Bitcoin license.

The (Planned) Road Ahead

On the 24th of September 2020, the European Commission unveiled an official proposal fora Regulation of the European Parliament and the Council on "Markets in Crypto-Assets" (MICA). Above proposal benefited from extensive studies and consultation with market participants and has been based, other than the already mentioned FSB, OSCO and ESMA advise, on work carried out by the "EU Blockchain Observatory and Forum" as well as a quantity of reports, surveys, position papers and other relevant documents drawn up by private and public stakeholders.

MICA

Taking the initiative to provide for a specific framework to regulate currently out-of-scope crypto-assets as well as crypto-asset service providers (CASPs), the EU has moved to introduce new rules, within four years (2024), for the use of blockchain and crypto-assets. The importance of the initiative is important and threefold:

The crypto-asset environment and use of its tools is hitherto not only tolerated, but encouraged: in the Explanatory Memorandum to the Proposal, the Commission makes explicit references to the EU " enabling the uptake of the distributed ledger technology (DLT) and crypto-assets in the financial sector" and to crypto-assets' "fully reaping the benefits of the internal market",

The approach is comprehensive: MICA is part of a broader Digital Finance Package; the legal instrument of a Regulation is chosen in order to promote the highest degree of harmonization and to make it possible to provide services under identical conditions across the EU; the four general objectives (legal certainty, support of innovation, consumer and investor protection , financial stability) are broad and all- encompassing; association and consistency is sought with existing policy provisions in the financial services area and with other Union policies; the scope of the proposal is wide,

The move is not theoretical but closely linked to the new economic and financial realities: "new customers should be allowed to start using the new financial services quickly", "the principle of passporting and one-stop shop licensing should apply to all areas which hold a strong potential for digital finance, "instant payments should become the new normal by the end of 2021".

MICA, which may be thought of as "a MIFID of the crypto-world", will provide definitions on what constitutes a crypto-asset as well as various sub-categories. It will lay down rules for a single licensing regime, crypto-asset services (custody and administration of crypto -assets, operation of trading platforms for crypto-assets, exchange of crypto-asset s for fiat currency, exchange of crypto-assets for other crypto-assets, execution of orders for crypto-assets, placing of crypto-assets, providing advice on crypto-assets), operating conditions, digital asset custody, capital requirements, the relationship between token issuers and token holders and the supervisory regime.

In the proposal, crypto-assets are defined as "a digital representation of value or rights which may be transferred and stored electronically, using distributed ledger technology or similar technology". Three crypto-asset types are acknowledged: " utility tokens", issued with non-financial purposes to digitally provide access to an application, service or resource available on DLT networks; "asset-referenced tokens", referencing several currencies that are legal tender, or commodities, or crypto-assets, or a basket of such assets, and subsequently acting as a means of payment or buy goods and services and act as store of value; and "e-money tokens", crypto-assets with a stable value based on only one fiat currency and aiming to function similarly to electronic money.

In order to provide crypto-asset services, companies shall need to receive prior authorization from competent member-state bodies, which shall be valid across the EU. Depending on their size and associated risk, service providers (CASPs), having a registered office in a member-state of the EU, will have to fulfill additional requirements pertaining to capital, governance model, staff training, insurance coverage, adequate asset separation, safekeeping of funds, business structure, management qualifications and more. Just as traditional financial instruments need to issue a Prospectus in order to sell securities to the public, issuers of crypto-assets will be required to publish a "white paper" containing the core information, although a "light-touch regime", with less bureaucracy and obligations, will be provided for small issuers.

Prohibitions and requirements to prevent market-abuse are being put into place. While MICA does not directly address Anti-Money Laundering (AML) and Combatting Financing of Terrorism (CFT) risks, the link is rendered explicit by a provision referencing "contribution to the objective of combating money-laundering and the financing of terrorism ". References to the work and recommendations of FATF are added, as well as the obligation of any list of crypto-asset serv ices to encompass virtual asset services likely to raise money-laundering concerns as identified by FATF. Oversight will be carried out by national competent authorities, unless it is of large scale, in which case the Commission proposes oversight by the European Banking Authority (EBA). Thresholds for qualification of the scale are to be determined by delegated legislat ion but, according to the proposal, must not be lower than 2 million customers, 1 bn euros value or market capitalization, 500.000 transactions/10 m euros transactions per day, 1 bn euros in reserve assets and use in seven or more member-states).

"Digital Euro"

Almost in parallel with the MICA proposal, a second and complementary EU initiative of the outmost importance has been launched: by its October 2020 " Report on a digital euro", the European Central Bank {ECB) also took stock of the evolution of the crypto-asset world and paved the way for the issuance of a central bank digital currency (CBDC). Although the introduction of a " digit al euro" needs further examination and is not meant to predetermine or change the course of the " private " crypto-assets regime, the ECB also participates in the same conceptual evolution. Just like the advent of MICA, the " arrival of a central-bank issued digital currency is a matter of when, not if and will undoubtedly further boost acceptance, use and penetration of crypto-assets in the financial world.

As said in the Report, the ECB has "a legal duty to ensure that payments systems work smoothly and to support the general economic policies of the Union". Moreover, the Report makes explicit references to the "digital euro" offering the best available technology to meet the "market's need for programmability". The digital euro will be designed to accompany and facilitate digital transactions, digital contracts, digital money and in general a digital economy, thus naturally enforcing the use of crypto-assets. The effort is both didactic and path-breaking.

The ECB is not the sole central bank or the precursor of such initiatives. The Central Bank of China has expanded a trial run of a "crypto-yuan" and uses it as a method of payment for certain public employees. Thai central bank has recently (5 October 2020) issued a large amount of government bonds on IBM blockchain. The Centra l Bank of Sweden is working towards full digitalization. The Banque de France was ready, before covid-19 arrived, to test securitized lines for digital payments. The Bank of International Settlements has calculated that 80% of world central banks are engaged on research for digital currencies and use of crypto-assets.

The Global Trend

As the financial world is moving towards digitalization, the use of crypto-currencies is spreading. There are over 60 crypto-exchange-platforms in Greece and crypto-currencies are being accepted by over 100 firms at the present moment. The numbers are much higher all over the EU. The US market, totally unregulated and with State divergences, is both booming and in need of harmonization. The crypto-currency market has seen its fastest growth in Asia in 2020, with more and more Asian countries opening the door for crypto-currencies: Japan is already a crypto-currency heaven having legalized crypto-currencies in 2017; China passed the first ever crypto-law effective from January 2020; Singapore has crafted a comprehensive crypto-currency regulatory policy named "Payment Services Act"; the Indian Supreme Court has, at the beginning of 2020, issued a rule lifting a two-year ban on banks facilitating crypto-exchange which has immediately led to a rise of 5% in the crypto industry.

The regulatory stance is keeping pace with the market evolution. Crypto-currencies are not only accepted but encouraged world-wide, with a view to facilitating the use of crypto-currencies, ensuring the most adequate level of customer and investor protection and tackling the use for illegal purposes. The future is now.

Conclusions and Way Forward

From above framework and analysis, it may be surmised that:

A) Hellenic Coin (HNC} may be considered as a crypto-asset ("asset-referenced token" according to the proposed MICA typology) legally operating like similar assets in the EU and internationally,

B) Because of the fact that HNC does not constitute either a "financial instrument" under MIFID, or "e-money", under the EMD, nor is there a bespoke Greek regime governing its use, it falls outside the existing regulatory remit,

C) The tendency towards not only accepting but comprehensively regulating crypto- assets in the EU is unequivocal, as attested by reports from major supervisors (ECB, ESMA, EBA, OSCO) and by the official proposal (MICA) being put forward to that effect,

D) This evolution entails a considerable "first-mover advantage": assets, firms and service providers which will already be in place and operating when the new regulator; framework is put into effect will be the beneficiaries of that evolution business-wise and supervision-wise,

E) The Greek digital market is underdeveloped, Greece ranking third from the bottom in the European Commission technological enhancement list. On the other hand, the need of digitalization and use of crypto-assets is acute and rendered even more pressing by the problems encountered by "traditional" finance and payments with the advent of covid-19. Cryptocurrencies are seen as more modern, thus attractive to the younger and more dynamic customers, they may provide alternatives to the current, and seemingly exhausted, financial system and they also constitute a form of resistance or bypass of an economy generally seen as mired in debt and corruption. For all those reasons, "crypto-players" well organized and with structures already in place stand to greatly benefit from the evolving situation,

F) As a consequence of the above, and given that HNC has expressed the wish to expand and deepen its ties with the "real economy" following the crypto-currency regulatory and business evolutions at the international and domestic level, such expansion, at the current phase, would benefit from participation in an already authorized entity, especially an e-money entity (according to MICA e-money tokens will be treated very similarly to e-money), or generally from collaboration with already operating platforms and entities. It would thus be in an ideal position to reap the benefits of the digital revolution, which has already started.

Athens, 25 November 2020

Dr. Kostas V. Botopoulos

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