A MEMBERSHIP PLATFORM THAT ENABLES A NEW WAY TO LEND AND BORROW ANY CRYPTO-ASSETS

Celsius is a new global P2P financial platform that seamlessly connects holders of crypto-assets with borrowers. It allows the crypto-holders to earn fees on their assets in the form of coins or get a dollar margin loan against their crypto. The platform also enables margin traders (hedge funds and crypto funds) to borrow crypto-assets for: hedging, shorting, deferring taxes and locking in profits. Celsius does not take any positions and does not act as a counterparty to any trade. Our primary purpose is to facilitate transactions between lenders and borrowers, creating a liquid order book and maximizing return on capital on pledged assets.

This is a live document that will change as we build the Celsius prototype and simulators. We seek and appreciate all comments, please send your feedback to: dev@celsius.network

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Version date: January 5, 2018
Abstract

Celsius Network is developing a new foundation to drive the emerging crypto-assets based economy. It provides a new way for crypto-assets holders (Lenders) to leverage their holdings and get rewarded simply by transferring their assets under management to the Celsius platform wallet from their current wallet or cold storage device. Furthermore, they will be able to get a fiat-currency loan using their crypto coins as collateral. Celsius also allows margin traders, such as hedge funds and crypto funds, to hold a short or long positions on cryptocurrencies using actual coins borrowed from the Celsius pool of Lenders. The top 20 crypto-assets may be accessed for the shorting or purchased for leveraged margin trades.

The system protocols are optimized to provide the most value for both lenders and borrowers (traders) by utilizing advanced algorithms to maximize matching of bid and ask contracts and optimize profitability to its lender community. Celsius uses a modified Black-Scholes\(^1\) algorithm to generate the amount of deposit required from borrowers for each coin. The interest paid for each coin is produced algorithmically, but borrowers may compete for a better chance to loan coins by bidding in a reverse auction market.

Celsius thus is opening a new liquid market with easy to use agile trading tools to crypto borrowers which will have a much lower costs than the proposed futures and options markets planned by the CME\(^2\), CBOE\(^3\) and NASDAQ\(^4\). Celsius will provide a large and robust

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\(^1\) https://en.wikipedia.org/wiki/Black-Scholes_model
\(^2\) https://www.ft.com/content/8ed7fe5f-ed2f-3390-a977-2d489f995cd5

Celsius Confidential Information
crypto-assets pool from lenders allowing borrowers to leverage margin trades. Celsius offers various incentives for lenders to keep their assets in the pool, for example, cash surplus will be used to enable dollar margin loans to lenders against their crypto assets which helps offset the short only positions opened by borrowers and lock in coins from leaving the platform.

Platform Overview

The Celsius framework is composed of personal and framework hosted accounts placed with trusted custodian organisations and is designed to minimize transfer of crypto-assets outside the environment. This, along with technical measures, allows for maximum security and minimum risks from collection, fraud, or theft, to stakeholders.

The Celsius mobile wallet application allows Lenders to track and manage their crypto-assets. The app will provide a clear view of the account status, including: assets managed, assets hold time, earnings over time, projected future earnings, debt tracking (in case a margin-loan was made), and more. The wallet will also allow transfer of crypto-assets in and out of the Celsius account as in common wallet solutions.

A set of tools used by borrowers (margin traders) will be available in the form of web-apps, mobile apps, and future API based integration with third party trading solutions. Borrowers do not need to have to be crypto savvy or hold any crypto accounts. They can initiate trades in any of the top 20 coins by just placing a limit buy or sell orders. Borrowers have to place dollar deposit with a Celsius custodian financial institution which will serve as collateral against any potential losses. Risk analysis algorithms, based on real-time and historical market analysis, will determine the allowed leverage and stop limits allowed for positions taken.

The Celsius economy is based on the Celsius Degree Token (CEL), which is bought by borrowers (or on behalf of the borrowers via the Celsius platform) and used to pay fees to the lenders community and Celsius. CEL tokens are paid out as membership reward to crypto lenders daily, based on fees collected from trades.

The Celsius Network system is a membership organization that relies on existing regulated institutions to comply with all state and federal laws. The platform is designed to minimize risk exposure to Lenders, Borrowers and itself, as it is a fee driven platform that mitigates risk using dynamically adjusted thresholds for margin and cash requirements based on volatility and trading volumes of each coin. The Celsius AI algorithms utilizes market fluctuations and trading volumes during operations to minimize risk to the lender community by adjusting deposit and escrow requirements or limiting the trading volumes to not create too much selling or buying pressure on any coin or any exchange. Margin calls, if should occur, will be covered by managed borrower dollar reserves and margin lending provided to coin lending.

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3 https://www.investing.com/currencies/cboe-bitcoin-futures
Celsius rewards Lenders with ETH and BTC payments as well as Celsius Degree Tokens (CEL) using a customized Proof-of-Stake (PoS)\(^5\) algorithm. Earnings will be allocated daily based on amount available, seniority, coin market popularity, market volatility, and Celsius surplus management. The token earnings will be transferred directly into the Lender’s wallet. Traders are obligated to deposit a fee, in CEL, to initiate the loan of coins and execute their position. As the CEL token will also trade on open crypto exchange markets, the Celsius system will generate continuous cycle, from purchasing borrowers to Lenders and Celsius Treasury, and create new demand by Traders on our platform and speculators using our trading volumes to predict demand for CEL tokens.

A Celsius wallet holder may be qualified for a margin loan using the managed crypto assets as a collateral. Such collateral will be shown on the user’s account as ‘held’, with the loans terms stated, including: payments schedule and possible penalties. The loans can be used via debit cards issued on behalf of Celsius or transferred into holders’ linked bank accounts. If the loan is not paid, Celsius may sell the collateral to cover the defaulted amount and penalties. In case of a coin valuation drop is determined to be of a risk by the Celsius predictor algorithms the user is notified to act by either covering the loan or adding more coins to the collateral. If the user fails to act on time, Celsius may sell some of the collateral to cover the potential loss.

Surplus of currency, including the CEL tokens and fiat, will be used as a base-economy for:

1. Enabling Lenders to access most fiat currencies as margin loans against their crypto-asset holdings in Celsius.
2. Margin buying and selling of the top 20 coins to Borrowers (margin traders).

Celsius strictly adheres to all federal rules and regulations. Lending and borrowing Members will be checked for KYC/AML compliance as required by law. All borrowers have to be accredited investors or SEC registered funds. Celsius does not intend to sell any coins but only accept transfers from KYC verified sources such as CoinBase, Gemini and other exchanges.

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Diagram 1: Celsius overview

Diagram 1 describes the operation of the Celsius distributed platform. The Lenders make their crypto-assets available to Celsius and get back token interest or a dollar margin-loan. Traders can borrow from the lended assets in order to short the crypto-asset. Degree tokens are used as a payment and reward currency, thus creating a supply and demand on crypto exchange markets.

**System Flow Design**

To describe the flow design of the Celsius platform we can track how the three core currencies - Celsius Degree Token (CEL), crypto-assets (illustrated using ETH), and fiat-currency (illustrated with $ or FIAT), are used between the various elements of the system. The key players of the Celsius architecture are: Lenders (crypto holders), Borrowers (Traders), Celsius (Platform Services), and external coin exchange markets. An ordered chain of events in the Celsius platform will look like this:

1. The Lenders transfer their ETH to Celsius management. The combined ETH available to Celsius is considered as a crypto lending reserve pool. Celsius then deposits such ETH with a custodian.
2. A Trader (Borrower) deposits FIAT into his Celsius account managed by a custodian. This account is the base capital for all trades and risk reserves.
3. A Trader (Borrower) seeks to short ETH, and makes a request by placing a limit sell order. The request includes time and price limits, as well as a minimum (base) fee and a bid for added fee he is willing to pay to get preferred access to crypto assets. If a trade prolongs additional fees may be charged.
4. During the trade setup Celsius checks if there is an adequate amount of ETH from Lenders to perform the order - if not the amount available will be indicated.

5. If fees and other parameters are matched and approved by Celsius, the platform locks the quoted margin loss amount in the Celsius dollar escrow account with the custodian.

6. Celsius also collects a fee as percentage of the dollar value of the order translated to CEL, according to the current CEL token market value. The percentage is decided using an algorithm that takes into account the volatility of the coin, trading volume, amount being shorted and current market conditions.

7. If the Sell limit order can be executed the borrowed ETH is sold on one or more exchanges and is turned into FIAT and held at a custodian.

8. The ETH amount is repurchased from the exchanges when time limit is met, a margin call is made, or when the Trader sends buy to cover order.

9. The borrowed amount of ETH is returned to the Celsius lending pool.

10. Any gains due to a drop in the ETH price, plus the held escrow, are released back to the Trader. In case the ETH value went up the losses will be deducted from the account, and the remainder, if any, will be released to the Trader account.

11. Each day the system will allocate CEL tokens for distribution to Lenders. The total CEL allocated is based on parameters such as expired trades minus Celsius fees, trade and other exchange fees, over-time distribution, and surplus management. The distribution algorithm accounts for amount and lending-age, similar to proof-of-stake (PoS) mining.

12. The deposited, unlocked, ETH is available to be withdrawn upon request to lenders external wallet at any time. If they wish to pull ETH from the pool lenders will lose seniority rights and be pushed to the end of the waiting list (lending-age will be set to 0) when CEL are rewarded, thus reducing their future daily earnings.

13. The Lender may wish to margin-loan FIAT using the managed crypto assets as collateral. The Celsius algorithms will inform on the maximum loan amount, interest and fees, and the payments plan. These will be calculated based on parameters such as: the current managed assets value, market status analysis, calculated costs and more. The FIAT loan may arrive to the user either as a debit-card or a direct bank transfer.

14. The Lender will be notified when a payment is due. Payments will be made via a bank transfer/wire or other fiat payment methods. Celsius will remind and alert the user when a payment is due, giving ample time to respond. However if late payments may carry penalties such as added interest or assets liquidation.

15. In case payments are delinquent Celsius may liquidate held assets to cover costs.

16. If the market value of the assets held is nearing the value of the unpaid sum the system will trigger a margin call in the form of alerts. The user may elect to cover the remainder of the loan or add more coins to the account.

17. In case a margin-call was not properly answered Celsius may liquidate the assets to cover costs.
Diagram 2: Funds flow overview
Lender

A Lender is a crypto-assets holder who chooses to participate in the Celsius lending pool, using the Celsius wallet app. The Lender is offered earnings in return to transferring holdings of any of the top 20 crypto-assets from his current wallet or storage to Celsius. The coins remain liquid and available as there will be an option to withdraw unlocked coins at any time. However, the system accounts for lending-seniority when allocating daily interest and a Lender who withdraws crypto-assets from the Celsius account will lose seniority privileges, thus earning lower daily sums when they return to the platform. Deployed (lent) coins can also be withdrawn as long as other members undeployed coins are available to replace the lender’s position in any existing contract on Celsius.

Each day the Celsius platform calculates the amount of ETH, BTC & CEL tokens that are available for distribution. An algorithm will calculate the amount to be released by borrowers and distributed, based on Celsius surplus, expensess, market risks and other parameters. All Lenders participating in the pool will receive a pro rata share of CEL based on the amount of crypto-assets the Lender holds in the pool and the time passed since the contract was initiated. Each lender also is recorded with an increase or decrease in seniority from onboarding or last withdraw of any crypto-assets compared with other lenders.

The Lender is also offered with a margin dollar loan using the managed assets as collateral. The system calculate the maximum loan amount possible, interest, fees, and payments schedule, based on account status and market conditions. The loan will be available as a debit card sent to the user or as a direct bank transfer. If the user is delinquent on payments the system may liquidate assets held to recover the loss. If the coins market value is projected to drop lower than the remainder of the loan, a margin call will be triggered. If the user fails to cover the loan or add more coins the system may liquidate the assets to cover any possible loss.

The Lender’s mobile application provides a clear state of the funds in any of the crypto-asset pool and its earnings potential. An overview will be provided of the Celsius financial ecosystem, CEL distribution over time, and more. The app will also perform as a wallet for CEL tokens so the tokens can easily be traded with other wallet holders, or sold on participating coin exchange markets to borrowers, speculators, or exchanged for other coins.
Lending Stake Pool

A Lending Stake Pool is a Celsius managed account that can back shorting orders from traders when needed. Any Lender may choose to withdraw unlocked funds at any time, but will lose any gained seniority rights. Celsius tracks and oversees the funds by owner, amount, and seniority. Each crypto-asset has its own managed pool in the Celsius platform, thus the overseeing service maintains a private cross-asset ledger of all loans. The loans ledger is designed to support a distribution of funds algorithm that is based on proof-of-stake (PoS) like scheme where the interest paid is based on the total funds pledged by the Lender, and time passed since the first loan or last withdraw were made.

Celsius will focus on crypto holders that match the coins most in demand by borrowers. Celsius plans to provide this liquidity pool to other exchanges to enable their short/borrow operations as well, which will benefit the Celsius economy and increase rewards to the Lenders.

Joining the Pool

A user may join the Celsius pool of lenders by committing crypto-assets to Celsius via the Lending app. A quick registration and KYC/AML verification will establish a Lender account and a CEL wallet that collects the profits from interest and allows full use of the CEL tokens earned. In addition a Lender can withdraw the committed, unlocked, crypto assets back to external wallets when desired. Some of the assets may be ‘locked’ until certain conditions are met, for example: a fiat loan was taken where the assets are collateral. The penalty for withdrawing funds from the wallet is losing seniority, any pending fees, pro rata rights and preferred terms when allocating the CEL earnings.

![Diagram 3: Lenders Joining the Celsius Lending Pool Wallets](diagram.png)
Diagram 3 illustrates the creation of a Lending Stake Pool by combining crypto-assets from many lenders into a Celsius managed account. Each crypto-asset type will be internally managed in a separate account.

Distribution of Earnings

Management of the Lenders pool and the distribution of CEL token rewards among the Lenders is performed in the Fee Distribution Service as part of the collection of Celsius Services. When considering the distribution of CEL tokens among participating Lenders, we use the following assumptions:

- We assume gaussian distribution\(^6\) of lended sums where there are many smaller sum Lenders and a few big sum Lenders.
- Shorting orders, amounts, and timing relate to market conditions and sentiments.
- There is no direct market correlation between amounts shorted and amounts lended.
- Celsius may offer additional future financial services that earn Lenders additional CEL.

User Experience and Expectations

1. Every Lender, regardless of amount or timing, expects to see earnings.
2. A continuous inflow for CEL with no long pauses is desired - preferably short intervals.
3. Discourage Lenders from pulling out assets by providing FIAT margin loans and inflict penalties via seniority.
4. Reward Lenders for staying in for a longer time by increasing rewards for seniority.
5. Encourage Lenders to add more funds to the pool by converting CEL into the most desired coins and offering bonus on FIAT purchases and friends referrals.
6. Celsius will gradually expand to new tokens, coins, and possibly other future derivatives and institutional assets.

\(^6\) https://en.wikipedia.org/wiki/Normal_distribution
Proof-of-Stake

The algorithm for distributing CEL tokens to Lenders is a modified Proof-of-Stake, where time and amount play a key role. In order to create fairness and continuous participation the allocated CEL tokens will be distributed daily in a way that will benefit both small sum Lenders and higher sum participants.

The Celsius system decides daily what amount of CEL tokens should be distributed. The algorithm regulates the distribution by considering system costs, market status, and trade orders volume. A simplified illustration of the daily calculation is as follow:

- Calculated average income from trade fees is **100K CEL over the last 30 days**
- Average costs and fees (e.g. exchange market fees) is **40K CEL over the last 30 days**

⇒
- Expecting **60K CEL** for distribution in the next 30 days
- Therefore 2K should be distributed today \( \frac{60,000\,CEL}{30\,Days} \)

For illustration purposes assume that the Celsius Lender community is made out of 6 lenders in various seniority levels and amounts. The simulated pool distribution of the allocated 2K CEL tokens may look like the following:

<table>
<thead>
<tr>
<th>Amount (assets dollar value)</th>
<th>Seniority (days participating)</th>
<th>CEL to receive today</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1000</td>
<td>2</td>
<td>620.83</td>
</tr>
<tr>
<td>$1000</td>
<td>99</td>
<td>1211.24</td>
</tr>
<tr>
<td>$100</td>
<td>2</td>
<td>62.08</td>
</tr>
<tr>
<td>$80</td>
<td>100</td>
<td>97.39</td>
</tr>
<tr>
<td>$5</td>
<td>90</td>
<td>5.78</td>
</tr>
<tr>
<td>$4</td>
<td>10</td>
<td>2.68</td>
</tr>
<tr>
<td>Total:</td>
<td></td>
<td>2000 CEL</td>
</tr>
</tbody>
</table>

Celsius also plans to implement new blockchain technologies, such as the Casper Protocol for Ethereum, to enable small crypto holders to aggregate under the Celsius proof of stake node to receive GAS distributions. This additional source of income will be in addition for any interest earned and will be offset against any interest charged from users for using the dollar margin borrowing function.
Margin Trader (Borrower)

A Trader is a certified financial trader (accredited US investor or SEC registered fund or foreign verified entity or person) that seeks to margin trade on the crypto-assets market using leveraged short or long positions. A Celsius web dashboard will provide the Trader with tools to review and place the short position using the following parameters:

- Amount in fiat-currency (e.g. US dollar) to short a crypto-assets (e.g. ether)
- High stop limit coin value, in dollar value
- Minimum stop limit (buy to cover), in dollar value
- Optional time limit
- Optional target coin value, in dollars, to begin the short
- Additional fee willing to pay in order to get priority access to coins (reverse auction)
- Full or partial order execution and minimum order size
- Margin call cover or draw down cash account or other open trades
- Price change or volume change notification alerts
- Close all position trade option and supervisor override trade option

The trader account in Celsius will need to maintain a minimum sum of $10K. The Trader may increase this amount as needed to enable larger orders or additional positions. The funds in the account will be used to cover any potential loss and fees that occur in leveraged margin trading.

When a trader seeks to place a short it will be possible to adjust borrow amount and stop limit values. The Celsius algorithms will calculate maximum amounts and values based on funds in the account while considering fees and risks along with availability of relevant assets in the lending pool. After the order was initiated the trader can still adjust values such as low or high stop limits, the system will prevent setting values that exceed risk allowed by funds available. The trade may add more funds to alter the position parameters. Celsius will charge fees and commissions as needed on a daily basis, if the trader account lacks the funds to cover these costs a margin call will be sent to the trader.

In the case the Celsius markets analysis algorithms detect a nearing margin call the trader will receive notification via an alert such as SMS, popup, or mobile app notification. The trader may adjust the position or add funds to the account. If the trader fails to act in time Celsius may automatically close the position and cover costs using funds in the trader’s account.

All trader orders are conducted in fiat currency. Fees for margin trading with leveraged crypto assets are specified in fiat values. Traders should not concern about the market price of a CEL token at any time as they only need to buy enough value (in FIAT) to activate each contract, thus the overall CEL price is dictated by the balance of supply from the Celsius treasury and holders such as speculators and Lenders. Thus a surge in orders to short coins can result in a
very fast increase in price of CEL with no real effect on the Borrowers but big effect on the willingness of Lenders to participate as their payout increase.
Shorting Overview

Shorting Crypto With Fiat

Using the traditional shorting mechanism used with securities, the Celsius protocol allows implementation of short position\(^7\) using crypto-currency such as ether or bitcoin.

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Diagram 5 describes the classic scenario of short selling adapted to digital coins (marked as 'crypto') where the Lender is Celsius - based on the pool of crypto available from Lenders. For example:

1. Celsius (representing the Lenders pool) lends 100 ETH (any crypto-asset can be used: bitcoin, ether etc.) for current market value, say $30,000 plus a fee of $1,500 (5%). Thus the Short Seller is depositing $31,500.
2. The coins are immediately sold by the Short Seller at same market value. At this point, the Short Seller owes 100 ETH to the Lender, but has no monetary deficit (excluding the $1,500 fee).
3. After a time the Short Seller buys 100 ETH to cover his debt to the lender. However, the ETH market value depreciated to say a total of $24,000 to buy 100 ETH.
4. The Short Seller returns the 100 coins to the Lender and receives back the $30,000, thus pocketing $6,000 (less $1,500 fee).

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A More Efficient Short

To explain how the Celsius shorting service provides an efficient, flexible, and agile financial tool, we’ll follow the funds balances using the flow described in diagram 1:

<table>
<thead>
<tr>
<th>Lender (Celsius)</th>
<th>Short Seller</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crypto</td>
<td>Fiat</td>
<td>Crypto</td>
</tr>
<tr>
<td>1</td>
<td>-100</td>
<td>+$30,000</td>
</tr>
<tr>
<td>2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>3</td>
<td>0</td>
<td>+100</td>
</tr>
<tr>
<td>4</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Celsius can execute market transactions on behalf of the short-seller and deposit profits to the Trader’s account, or charge for any losses (in case of appreciation in value of the shorted currency). The system will basically need a buy order and a sell orders from the Trader:

<table>
<thead>
<tr>
<th>Lender (Celsius)</th>
<th>Short Seller</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crypto</td>
<td>Fiat</td>
<td>Crypto</td>
</tr>
<tr>
<td>Buy</td>
<td>-100</td>
<td>+$30,000</td>
</tr>
<tr>
<td>Sell</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Safeguards

Short selling is speculative and risky. In order to protect the Trader and ensure the loss margin is covered, Celsius will ask the short-seller to deposit the maximum amount allowed to lose.

For example, a short-seller may ask to short crypto for $200,000 worth, but will ask for a stop in case the currency appreciate by 10% or more. In order to commit the short, the Short Seller will be asked to deposit $20,000. In case the coin value appreciates toward $220,000, the Celsius system will cancel the position and will use the deposit to cover the loss. In any case of loss, the seller will receive the remainder between the deposit and the loss incurred. If no loss was incurred the full deposit will return to the seller along with the profits.
Celsius Platform Services

There are couple of core Celsius Services which provide all the functionality that Celsius provides:

- Celsius Trading Service
- Celsius Fee Distribution Service
- Celsius Pool Management Service

Celsius Trading Service

The Celsius market trading service performs the short selling, borrow-sell-buy-return operations, on behalf of the Trader (Borrower). The parameters of the order, as requested by the Trader, are sent to this service to set the short-sell order limits and safeguards.

Market Transactions Algorithm

The Celsius market trading algorithm is designed to reduce risk and achieve buy/sell orders to get as close as possible to target prices. As crypto-assets volatility remains high, fluctuation is a major concern to be addressed. A coin price may appreciate or depreciate within a short period of time, thus affecting the financial performance of the service. To mitigate this issue the trading algorithm breaks large trading orders into smaller ones, either prior to placing the orders or
using exchange market tools if available. The size of the ‘chunks’ trade orders is decided using a logarithmic descending amounts to get as close as possible to the value needed. In case the markets cannot fulfill trading requests, for example due to low volume, the system may decide to cancel the short-sell or complete only a partial order, inform the Trader, and return the relative fees and collateral taken.

Fee Distribution Service
Degree Fee Calculation and Distribution Flow

Lending Pool Management Service
Lending Pool withdraw and deposit flow
Diagram 6 provides a deeper view of the Celsius infrastructure and overall architecture. The Celsius Services provider is designed to service both Lenders and Traders as well as interact with multiple coin exchange markets. The server also manages a trusted-wallet using private blockchain nodes. Each blockchain node handles its associated coins, for example an Ethereum node will handle Ether as well as all smart-contract tokens, such as ERC20 compliant tokens. Some cryptocurrencies run on different blockchain infrastructures, therefore as Celsius moves to support additional coins it will extend its array of hosted private nodes.

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8 [https://theethereum.wiki/w/index.php/ERC20_Token_Standard](https://theethereum.wiki/w/index.php/ERC20_Token_Standard)

Celsius Confidential Information
The Celsius Token Economy

Celsius has created a separate set of incentives for its Lenders, Borrowers and CEL Token holders.

The Celsius token economics provide unique continuous demand for CEL tokens from our borrowers.

The token economy cycle is comprised of:

- Lenders looking to earn interest on their crypto holdings,
- Borrowers looking to short the top crypto coins
- Token holders seeking appreciation of the CEL token over time.

Each group has a different set of incentives that drives activity and growth on our platform.

Unlike most existing coins or tokens on the market the Celsius Token serves a clear utility on our platform.

Borrowers, who are mostly accredited investors, crypto funds and hedge funds are required to buy CEL tokens to enable trades. Initially, CEL tokens will only be held by Crowdsale participants and the Celsius treasury.

Borrowers will need to buy a dollar amount equivalent of the required interest prepayment on each smart contract transaction. Borrowers execute trades in dollars and don’t need to see what the price of the CEL token is, as their goal is to get access to the coins and create a short position. This demand from the borrower side creates a very unique economics for the CEL coin.

As more and more contracts are executed and CEL token are released to the lenders and back to Celsius as fees the Lenders join as CEL sellers in the Celsius economy. As this cycle propagates speculators and long term investors will join in as they and use the trading volume and size of contracts to predict the rise and fall of the CEL token.

As Celsius expands its members community and the Degree token value rises, we anticipate a growing dollar and CEL surplus available to support margin borrowing and P2P lending operations, ensure the health of the Celsius network, and expand to new growth products such as options and futures contracts. The surplus of crypto-assets, CEL tokens, and dollars will be used to further expand the Celsius economy and benefit users around the world.
Other immediate service we plan to offer are:

1. Margin dollar borrowing for Lenders against their deposited or lent coins to further lock in coins on to our platform, margin lending also helps us hedge against our borrower open short position and generate healthy interest income.
2. Peer to Peer lending inside the Lender community to enable coin holders to create a blockchain based credit score and credit history.
3. Margin buying and shorting for both Lenders and Borrowers to expand their business activities.
4. Enable other exchanges and financial institutions to underwrite options and futures contracts on top of our platform that can be settled via actual coin delivery.

We believe that a new, fair and honest, credit system is possible in the blockchain era. A credit system that will empower people and provide new hope to honest, hard working people.
The following is a roadmap for the Celsius Network development. This plan is a projection and may change as we progress, including addition or removing of features and changing of dates.

- January 2018 - Lender App + Trader dashboard Beta 1 prototype (private testing)
- Q2 2018 - Extend from ETH to additional coins and full bid ask book
- Q3 2018 - Add coin-based borrowing + CEL selling from the Lender’s app
- Q4 2018 - Integration with third party micro-lenders
- Q1 2019 - Full release covering 20 coins and full lending and borrowing

* Financial model of the first 18 month of operation is available upon request.