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Coss Project Review (coss.io)

ICO dates (08.08.2017 – 06.09.2017)



I C O R A T I N G

Web: icorating.com

Email: info@icorating.com

Twitter: [@IcoRating](https://twitter.com/IcoRating)

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1. RATING ASSESSMENT

We rate the COSS Project at “Stable+“. Our opinion is that the COSS token price may well be high in the long run. We rate the COSS tokens investment highlights at “overweight” in the long run. We recommend investors participate in the ICO. It is a chance for income receipts similar to those of FIAT assets. It is better to buy COSS tokens within the initial ICO period which offers a 15% bonus.

The COSS Project will function in a market with considerable future opportunities. The project is already developed to a high level, and qualifications of the staff and advisors of The Company are proven.

Of course the project carries risks, shown in our current Rating Review. Risks are less than in many other cryptocurrency projects however.

We believe that during the start period, income from COSS tokens is little, a negative point for the cryptocurrency trading community. Nevertheless, the tokens' future regarding price increase and returns, is more than typical dividends from traditional FIAT instruments e.g. dollar ones. The developers say the aim of COSS is to promote the cryptocurrency market among the general public, including investors dealing with traditional financial assets. Our opinion is that COSS token purchase is worthwhile for such investors.

2. GENERAL INFORMATION ABOUT THE PROJECT AND ICO

The full name of the COSS project is *Crypto One Stop Solution*. It is a single platform unifying all economic features of crypto currency intercommunication: the payment gateway/ POS, exchange, merchant list, market cap rankings, marketplace, e-wallet, various coin facilities and mobile platform. The COSS Project's goal is to promote cryptocurrency among the public. For this purpose it aims to develop a user-friendly service.

ICO Start: August 08, 2017 at 8:08 PM, Singapore time (01:08 AM GMT)

ICO period: until September 06, 2017 at 8:08 PM, Singapore time (01:08 AM GMT) (30 days) - or earlier if the tokens are sold before the fixed date.

Currency: ETH (ICO minimum amount is 0.001 ETH)

Total issue amount: 200 000 000 COSS tokens. 25 000 000 COSS tokens were sold during the pre-ICO period. 130 000 000 COSS tokens are to be issued in the ICO – it is 65% of the total issue.

ICO price: 1ETH = 600 COSS tokens. COSS tokens will be released and tradable no later than September 20th 2017 (they are going to be listed in the HitBTC, Poloniex, Bittrex, LiveCoin, and C-CEX Stock Exchanges).

Bonus Program:

Day 1-5 = 15% Bonus Tokens
Day 6-10 = 10% Bonus Tokens
Day 11-15= 8% Bonus Tokens
Day 16-20 = 6% Bonus Tokens
Day 21-25 = 4% Bonus Tokens
Day 26-30 = No Bonus

Distribution:

65,0% (130 000 000 COSS) of all tokens are available for purchase at ICO;
15,0% (30 000 000 COSS) - Developers, Staff, Strategic Partnerships*, Operations;
12,5% (25 000 000 COSS) – sold at pre-ICO with +25% bonus;
5,0% (10 000 000 COSS) - CAP (COSS Affiliate Program);
2,5% (5 000 000 COSS) - Shareholders*/Board of Directors*/Advisory Board**.

* COSS tokens allocated to Developers, Staff, Strategic Partners, Shareholders and Board of Directors will be locked for 180 days;

**COSS Tokens allocated to the Advisory Board will be locked for 90 days.

Escrow System: All ETH from the ICO will go into a Multi-Sig Wallet with 3 Signatories. The Release Procedure from the Escrowed ETH Wallet will take place annually based on the approved budgeting presented by the COSS Management: 34% - 2018 Budget, 33% - 2019 Budget and 33% - 2020 Budget.

3. COSS SERVICES AND THEIR USAGE

Blockchain technological solutions are being developed, the number of different kinds of crypto currency is increasing, and additional services are being introduced for market operations. However only a relatively small number of professional users are able to enjoy them. For beginners, for example investors dealing with traditional securities, it is very difficult to navigate the large quantity of available services.

The market suffers from an absence of unifying, easy to use services. Many people do not understand the process of cryptocurrency purchase, storage, usage and sale; the COSS Project provides a solution.

The COSS developers say their purpose is to unify all processes of cryptocurrency intercommunication into a single infrastructure, and to make the process of dealing with cryptocurrency for users and business representatives easier. The main goal of the project is to eliminate current restrictions and make cryptocurrency transactions easier and more intuitive, so users begin working with tokens as well as fiat currency.

COSS is developing an ecosystem which consists of «must have» instruments both for entrepreneurs planning to sell products for crypto currency use, and buyers purchasing the products using cryptocurrency.

The ecosystem consists three main elements plus many additional ones. The main elements are:

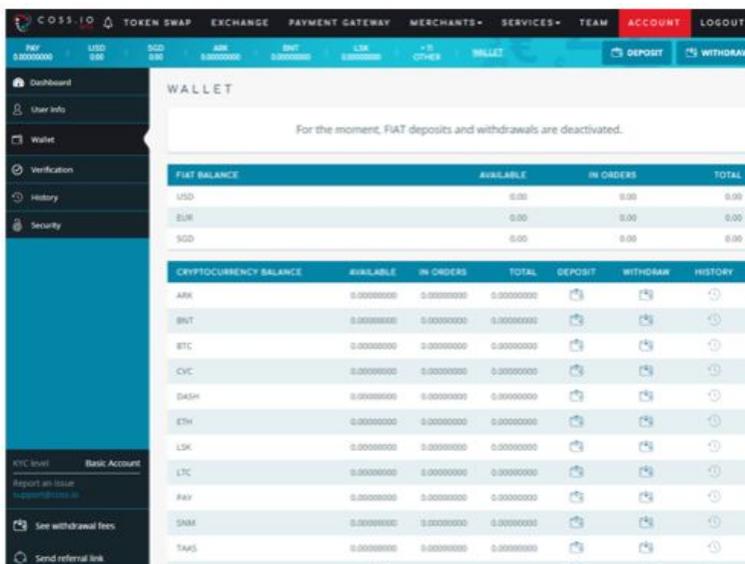
1. Multi-Currency Wallet;
2. Payment Gateway;
3. Cryptocurrency Exchange.



Other current main services are implemented under the above mentioned main systems:

- **Wallet.** Storage and balance of both the user's cryptocurrency and FIAT currency. Enables deposits and withdrawals into/from the COSS Exchange and third party resources.
- **Merchant Platform.** The merchant platform on COSS includes a payment processor that enables businesses to send and receive transactions in a large number of cryptocurrencies. This module allows users to create and to configure merchants' accounts. A merchant can select cryptocurrencies he/she would like to accept for each of the branches (e.g. shops, locations, businesses).
- **Payment Gateway / POS.** The payment gateway is an e-Commerce merchant service allowing COSS users to authorize online payments sent through the platform. It is an effective marketing tool that supports multiple currencies, integrates the exchange rates, and has speedy KYB process, reporting, integration and payment mechanisms.
- **Exchange.** The COSS platform has an integrated Exchange developed to handle both crypto- and FIAT currencies. The users can trade currencies directly from their COSS wallets. Merchants cannot trade on the Exchange. In order to exchange their funds, stored in cryptocurrencies into FIAT, merchants are required to withdraw these funds to their personal user accounts, which allow them to trade.
- **Market cap listing.** This enables allocation of crypto-tokens of other companies on The COSS Exchange. Clients will be provided with full information on each token, namely: the whitepaper, token turnover, historical value, and so on.
- **Proof-of-development.** A mechanism that analyzes and lists blockchain, cryptocurrency, DApps, smart contracts and DLT developers, helping individuals and businesses to hire the approved devs.
- **News feed.** Posts from CoinTelegraph, updates from COSS and twitter posts.

Currently the team offers several services. After signing into a personal account¹ on the project website there is an opportunity to deposit various cryptocurrencies:



The service is currently at BETA-level development so there are some issues with usability. For example, several parts of the menu do not operate and captcha often appears. The developers assure us the errors will be corrected in future releases. In the near future the team will introduce the following options: enter/ withdrawal, conversion, and FIAT currency trading.

4. THE MARKET

The COSS Project is operating in a fast developing market. More and more people are interested in blockchain technology and cryptocurrency, with a huge increase within the last six months. Among them there are many nonprofessional users. The number of search operations is increasing, with new cryptocurrency prices at a high level.

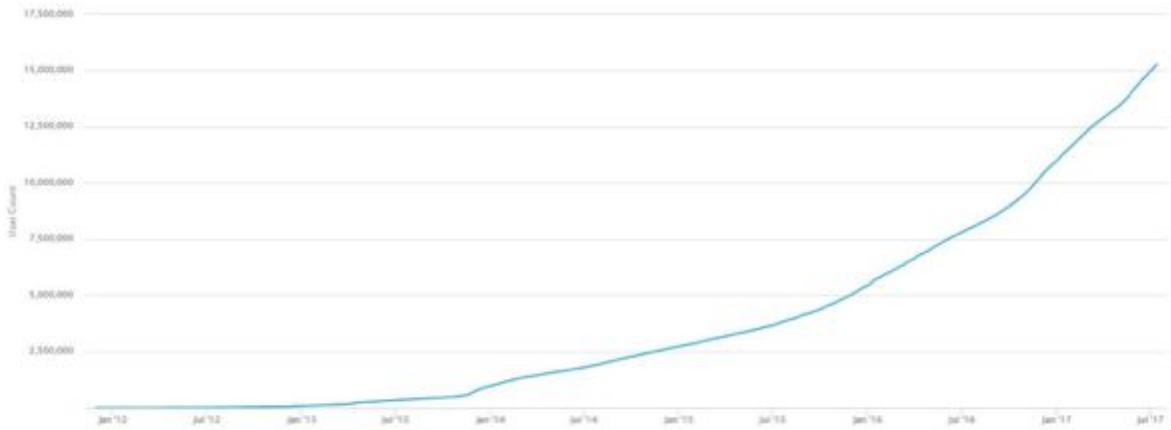
By the end of June in 2017, total cryptocurrency capitalization was more than \$110 billion. It is six times more than the showings for January 01, 2017 and 15,5 times more than the showings as for January 01, 2016. Currently, cryptocurrency market capitalization is comparable in size with the capitalization of the stock market in Qatar, or Ireland, for example.



Cryptocurrency capitalization changes. Source: Coinmarketcap.com

This year historical peak prices of popular cryptocurrencies increased from 150% to 4000%. By the end of June in 2017, capitalization of eight cryptocurrencies was more than \$1 billion. According to information from the CoinMarketCap website, the number of crypto-assets has been more than 1000 (828 currencies and 182 tokens). This includes assets listed on one stock exchange at least, with the non-zero trade volume.

These market trends help the COSS project's development. The number of people planning to deal with cryptocurrency is constantly growing. This is shown by the data given in <https://blockchain.info>:

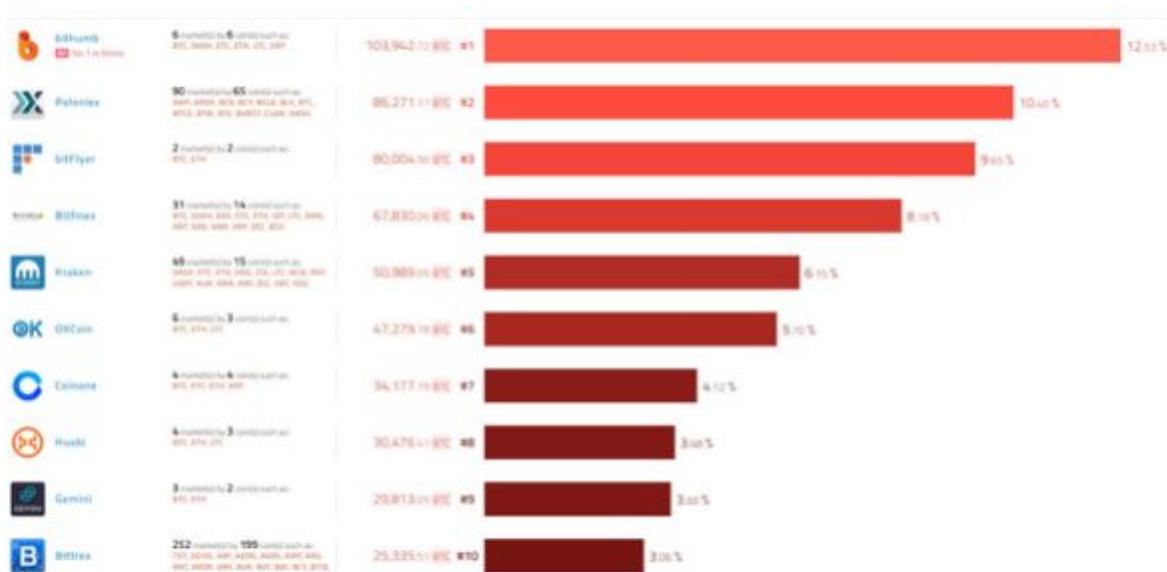


Historical changes in the number of the Blockchain Wallet Users. Source: blockchain.info

Most COSS Project services are connected with cryptocurrency trading or cryptocurrency conversion. So the main competitors are other stock exchange platforms.

5. COMPETITORS AND THE PROJECT'S COMPETITIVE EDGE

The COSS project lists its competitors in the Competition Chapter of the Business Plan document. Among them are Poloniex, Kraken, Bitstamp and others. We examined the ranking of digital currency exchange volume of the large-scale exchanges using data from <https://www.coinhills.com>.



Digital Currency Exchanges Volume Ranking. Source: <https://www.coinhills.com/market/exchange/>

116 companies took part in the ranking. At the time of writing the total proportion of the volume of the top 10 companies is 67% from total volume at 813 000 BTC (≈\$2,2 billion). Bitstamp ranks 17th. Its volume is at 15 000 BTC. It has 1.8% of market volume. Poloniex ranks second, occupying 10.4% of the market. Its volume within the last 24 hours is 86 250 BTC. We find it unhelpful to put these stock exchanges in a list of equal level competitors because of these different showings.

The exchange market is a very competitive one. There are many participants occupying less than 0.5% of the market. The top 20 companies occupy 90% of total trade volume. Many participants have long experience in the market, and very difficult to take their market share.

In the leading exchanges, operations are secure and transaction processing is fast. They set standards that other companies should meet. It is doubtful that COSS can bring something new to the process at least within its starting period. The founders have to meet the standards of the competitors. Regarding market share, COSS can claim it by other methods such as a uniquely user-friendly interface. We are confident that the developers will create a

really comfortable service. They already have detailed and accurate issuing documents, and an excellent website. The whitepaper is comprehensive and has answered most of our concerns.

The COSS Project's most significant goal is to attract clients who are nonprofessionals in cryptocurrency as well as non IT-specialists. As well as the interface, another strength of the project is the chance offered clients to earn through loyalty and referral programs. The COSS Project is not limiting the number of its services either; in future the platform will be augmented by different services and applications. The founders intend to introduce 3-5 new features each quarter.

Conclusion: The COSS Project has too many competitors, thus capture of market share will be difficult and time consuming. This is one of the risks that must be taken into account while investing in COSS tokens.

6. STAFF

The team is not anonymous, and is active on a number of social networks. All information provided is from the project's official website, public sources, as well as the team member's LinkedIn profiles. Team representatives communicated well with us while preparing our review, answering questions promptly.

The staff consists of many specialists from different countries as far apart as Singapore, USA and Romania. There are 12 members and 12 advisors. The Whitepaper details all necessary information about key members of the project. All necessary reference links proving the specialists' qualifications are available as well. Examining public sources, we have not found any negative information concerning the members.

The key Project members are:

Managers

Dan Cearnau, ([LINKEDIN](#)), Team Leader and co-founder

Dan manages the technical aspects of the COSS system including the intricacies of development and security of the project's information. He is a cryptocurrency enthusiast, blockchain developer and experienced entrepreneur with a background in advising, consulting and IT development of diverse products enhancing the efficiency of startups, companies and organizations. Dan owns a full-stack development company that has worked with Fintech startups, and has successfully implemented smart-contract applications on Ethereum as well as other frameworks.

Desmond Sieow ([LINKEDIN](#)), Financial Manager

Desmond manages accounting, bookkeeping, payrolls and reports. He is a financial professional with 10+ years of expertise and specialization in full sets of accounts, financial and management reporting, data analysis, human resource experience in payroll, HR administration, and staff permit application. Desmond is IT-savvy, and is on the short leg with accounting software as well as possessing a strong business acumen.

Rune Evensen, ([LINKEDIN](#)), Visionary and co-founder

Rune is the project's champion directing and supporting the team. He is a business and start-ups consultant, entrepreneur and public speaker, who has founded and co-founded multiple Internet companies throughout his career, which includes 18-year experience at the top of the field of leadership and collaboration with multinational teams. Rune's expertise lies in the field of New Marketing Strategies, sales and marketing. Rune professionally assists businesses in developing business plans, in applying market strategies, corporation and licensing.

Christopher Bridges, ([LINKEDIN](#)), Compliance Officer and co-founder

Christopher ensures the compliance of COSS policies with applicable state, federal and local laws and regulations. He has over 27 years of experience as notary public, commissioner of oaths and litigator. His field of practice as a General Litigator is wide and varied ranging from Shipping Law to Criminal Law. He is accredited on the List of Leading Counsel maintained by the High Court of Singapore. Christopher has served in various sub-committees in the Law Society of Singapore, and has been recognized by the Criminal Legal Aid Scheme for his contributions. He is also involved in the academic field as Adjunct Lecturer with Murdoch University, where he teaches Law Modules, and is a member of the Singapore Institute of Arbitrators.

Tech

Iulian Oprea , ([LINKEDIN](#)), Technology Officer

Iulian manages the technical design and setting of COSS. He is a Computer Science Engineer with six years' experience successfully creating and delivering a large number of software products to both small and large companies.

Iulian is highly skilled in Software Project Management, Software Development and Financial Management.

Haarek R. Andreassen, ([LINKEDIN](#)), Research and Development Officer

Haarek manages the technical design and setting of COSS. He is a Computer Science Engineer with a six-years' experience in delivering software products. Iulian is highly-skilled in Software Project Management, Software Development and Financial Management. He has been a developer for several years having successfully created and delivered a large number of software products to small and large companies.

Advisors

Stefan Neagu, ([LINKEDIN](#)), Blockchain Technology Advisor

Stefan worked for ABN Amro and RBS as IT Infrastructure officer gaining extensive expertise in banking-related applications such as core banking, payment systems, card

management and internet banking. Stefan re-discovered crypto during the Ethereum ICO and the emergence of Lisk. Seeing blockchain as the next revolution, Stefan started to get more and more involved in the blockchain ecosystem, now acting as Lisk Country Ambassador and part of the team that launched the ARK blockchain platform in just 4 months. Stefan is Innovation Enabler for Societe Generale Shared Service Center in Bucharest, Blockchain Consultant, Innovation Banking and Business Strategy Advisor.

Mike Costache, ([LINKEDIN](#)), Strategy / Investments

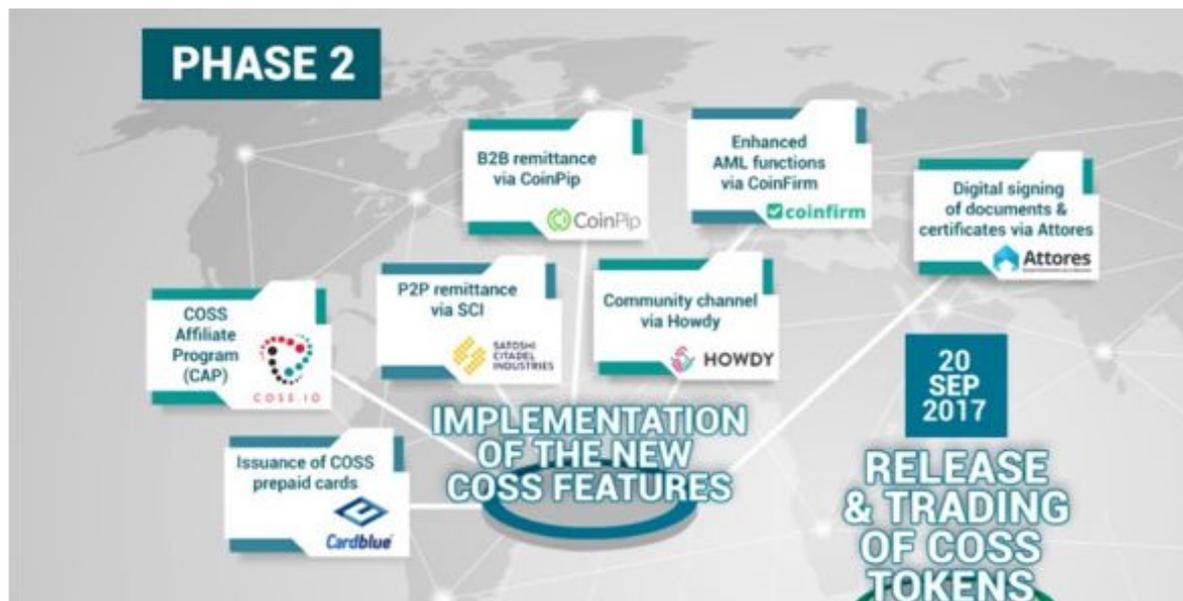
Mike always liked out-of-the-box thinking, so the last 20 years he has kept himself busy as an entrepreneur, investment banker, author, professor, speaker, angel investor and charity fundraiser. Currently, as founding CEO he has been engaged with Krowd Mentor (crowdfunding project), Chargeback Armor (credit card chargeback representation & analytics platform) and TimeWare Solutions (smart home & office automation). Mike is on the Advisory Board of Token-as-a-Service (TaaS), the first ever-tokenized closed-end fund dedicated to investments into blockchain assets. TaaS tokens are currently traded on Liqui, LiveCoin and HitBTC.

The project is available to the public via [Twitter](#), [Facebook](#), and [LinkedIn](#). You can talk to the developers via public chat on [Slack](#). They reply to users' questions there. The team is participating in several big crypto-events and conferences such as BlockCon, Romania in June 8, 2017.

7. DEVELOPMENT STRATEGY AND ROADMAP

In April 2017 the project released a BETA-version of the COSS.io platform. Many services are currently available. Among them there is a Cryptocurrency Wallet offering FIAT-money credit transactions and an Exchange platform for trades using cryptocurrency for settlements with online shops. It is the first phase of the project's development.

The next step is to increase the number of services on the COSS.io platform. The second phase is shown in the chart below:



Let us examine the COSS Affiliate Program (CAP) in detail. The COSS Program launches a 1-tier affiliate program to stimulate further growth of the platform and to reward contributors. The CAP has two levels:

- Level 1:

It is difficult to describe the essence of the program with a simpler language than in WP, so we include an extract from the company's document:

All COSS users have a referral URL displayed in their account. By sharing the link and inviting new users to the platform, they can reduce their own transaction fees on the COSS Exchange. All users start with a standard trading fee of 0.2%. One's own trading volume counts for 100% towards the milestones, whereas the volume of all invited referrals counts for 10% of their volume added to the affiliate's personal volume. Trading Volume Levels are as follows:

- 0 - 5000 USD - 0.2% FEE
- 5001 - 10,000 USD - 0.18% FEE

- 10,001 - 25,000 USD - 0.16% FEE
- 25,001 - 50,000 USD - 0.14% FEE
- 50,001 - 100,000 USD - 0.12% FEE
- 100,001 - 250,000 USD - 0.1% FEE
- 250,001 - 500,000 USD - 0.08% FEE
- 500,001 - 1,000,000 USD - 0.06% FEE
- 1,000,001 - ONWARDS - 0.04% FEE

- - Level 2:

COSS aims to educate its customers about the functionality of the platform and its marketing tools, by issuing a certification course that will ensure the seamless integration of the POS to merchants' online stores. This certification will also allow COSS token holders to take advantage of the reward system by inviting new users to the platform. By becoming Certified Affiliates (CCAP), users can also earn transaction fees derived from the COSS payment gateway / POS system.

As the project develops and new services and functions are applied, the third level will be launched. In 2018-2019 the project will focus on:

- Strategic Partnerships with innovative companies from Fintech, the blockchain and related areas;
- Mergers and Acquisitions (M&A): start-ups that have powerful concepts and the potential to increase technological and the market value will be able to merge with or be acquired by COSS;
- The COSS Business Development Plan includes establishing COSS Regional Offices worldwide in accord with the team's growth;
- Development of new features: the flexible structure of COSS allows adding new features to the system continuously, staying up-to-date with industry requirements and customers' needs.

The third level is characterized by the launch of the Smart Contracts as a Service (SCaaS). SCaaS is a segment of COSS which allows businesses to create and execute smart contracts within their system in order to simplify and automate their actions. Besides that it is intended that the project will be powered by DAO for maximal decentralization. Currently the platform is operated by COSS Pte Ltd. registered in Singapore, and is therefore centralized.

Conclusion: The project development plan fully satisfies the idea of creating a single platform encompassing a wide range of functions for users. The project is a large-scale one with large-scale plans, and thus has a large potential audience.

8. MARKETING STRATEGY

According to given information, Maria Popova is responsible for the marketing strategy of the project. She also promotes the project in the mass media. It is good that the project has a dedicated marketing specialist; she is able to explain matters clearly. This will help to attract non-specialists into the cryptocurrency world. The more hype created, the greater ICO success.

The project documents do not include a dedicated marketing strategy description. However, as the project has many partners, a specialist responsible for marketing strategy, and a developed CAP referral program, the project does have a clear marketing strategy. Here is a list of media- and other partners:



We asked the founders why they did not take part in the Bitcointalk public forum. They replied: «On this topic we are fully aware that we are running late, but bitcointalk will be up this week along with a full bounty program that will run till the end of the token swap (September 6th). COSS vision/mission is to bring crypto to the masses, but of course we understand the importance of also having a strong presence in niche communities such as bitcointalk». COSS added the following links to the forum while we were preparing the review:

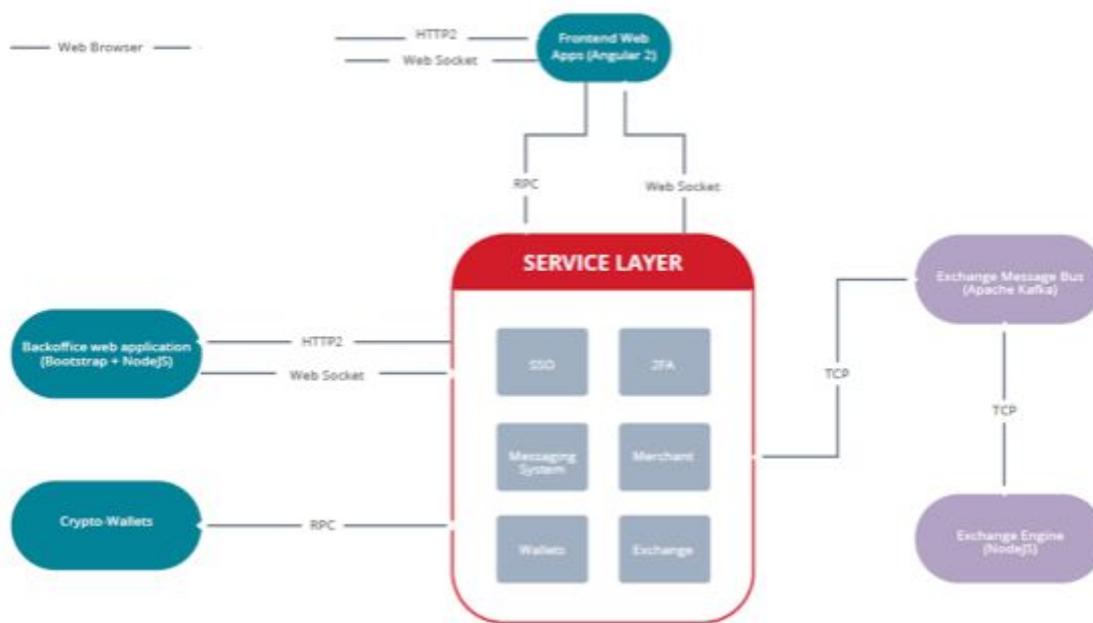
- <https://bitcointalk.org/index.php?topic=2050735.0>
- <https://bitcointalk.org/index.php?topic=2050831>

There are plans to spend 10% of receipts during the ICO. If the tokens are allocated successfully they will raise \$5 million at ETH=\$230 current rate. Taking into account the three-year period of distribution and use of ICO funds, the yearly marketing budget is about \$1.5million.

Conclusion: the marketing budget is sufficient for any marketing strategy arrangement, amendments or even a reconsideration. Of course, we would like to examine some detailed planned provisions from the marketing strategy, but taking into account the market competition we understand why the founders do not wish to disclose their plans.

9. ENGINEERING SOLUTION

The following system model is shown in the technical documentation:



« The web proxy server communicates with the front-end applications, which are based on Angular2, VueJS and NodeJS. Communication is done via the HTTP2 protocol and Web-Sockets. The Service Layer manages the SSO (Single-Sign-On), 2FA (2-Factor-Authentication), the messaging system (email sending service), user profiles, merchant profiles, wallets and the Exchange. The exchange engine is powered by Node.js and is a high-speed single-threaded application. The communication layer between GETH and the front-end application is implemented by means of Node.js, which uses an event-driven, non-blocking I/O model allowing it to manage communications between the users and the COSS system. »

The system modules include three groups:

Core Application

This is responsible for intercommunication and the operation of client services, verification, and wallets.

Let us discuss the wallets separately. The COSS Project offers a unique assets storage method, with three levels of storage: «Hot wallets», «Warm wallets», and «Cold wallets». Every level provides an increasing index of protection including the storage is carried to the

air-gapped PCs in the COSS office in Singapore («Cold wallets»). The algorithm of asset distribution among the storage types is secret for security reasons.

Taking into account the majority assets are stored in «Cold wallets» we foresee a low speed of transaction processing and high fees because of necessity to increase personnel. The team decided to follow this method to keep an improved index of protection. This service will be in demand among clients ready to bear some limitations in order to ensure safety.

Payment gateway/POS

The team does not disclose full information on the technological process of the Payment gateway / POS, explaining the necessity to keep the process under wraps for now. The founders assure us they will be disclosing the information in further publications of the Whitepaper by September, 2017.

Exchange

The COSS Project is going to implement cryptocurrency exchange services providing trading both with cryptocurrency pairs and with fiat currency. Trade systems are fully independent and separated from other systems: «The COSS Exchange is based on a separate, independent custom-developed trading engine. This trading engine communicates with the web-server through an internal API. The trade takes place automatically based on the orders available on the exchange in the real time.»

From a safety point of view the method is valid, but speed of the transactions processing is clearly an important aspect as well.

Later we would like to see a more detailed description of technical solutions. It is also necessary to have public trials. It is difficult to understand all technological opportunities the project offers without such trials; as a result it is difficult to have full confidence.

A very important technical aspect of the project is the announced DAO integration. This is the instrument for income distribution: «COSS will run a DAO (Distributed-Autonomous-Organization) that shares revenue with its holders. The DAO is sustained by the COSS token, a cryptocurrency built on top of the Ethereum platform that proves rights of revenue share inside the COSS application. 50% of the revenue generated by the DAO is shared among token owners.»

Taking into account the fact the first blockchain-community introduction to DAO was not successful the team is very brave. This fact makes the developers more attentive to security. Soon the developers promise to provide an audit of the security of DAO codes. Another positive point is the announcement of the bug bounty program for third-party developers who are able to find security weaknesses within the DOS algorithms.

There are restrictions on entering the site enter via some Internet providers. While the ICO is in process, the investor probably needs a VPN connection.

10. THE PROJECT ECONOMICS

The receipts after ICO are distributed as follows:

- 50% - IT Development, User Experience, Roadmap Completion;
- 25% - Mergers and Acquisitions;
- 10% - Marketing Plan;
- 10% - Operations;
- 5% - Shareholders, Board of Directors, Advisory Board.

So, 95% from total receipts after the ICO is held within the COSS Project. At the time of writing this is about \$50 million.

The future economy of the project platform is founded on three main kinds of income:

- Withdrawal fee: the platform uses this means to fund the cost of transaction processing.

- Exchange transaction fee: - exchange commission fee at 0.04% - 0.2% taken from both parts of the transaction. It is a typical amount compared with fees on leading exchange platforms. The rate will depend on the transaction amount in US dollars. If the cost estimate is under \$5k the fee is at 0.2%. If the cost estimate is over \$1 million, the fee is 0.04%. Half of income received from fees is distributed to token holders. Another part is used for project operations and further project development.

- Payment gateway: the trading platform takes 0.75% from both parties in a purchase transaction. As previously, half of the income is used for COSS Project needs, and the other half is for repayments security of fulfilled investments of token holders.

We like such an approach. As fees are charged to both the seller and the purchaser of crypto-assets or goods, COSS's income is a double fee from the total turnover of the platform.

It is difficult to foresee volume of trading, but we are able to foresee total asset turnover inside the COSS platform. If the developers create a product able to occupy 1% of the market, (\$2,2 billion – the market turnover per a day), everyday receipts are at about \$8.8k-44k (yearly - \$3.2-16.1 million) depending on fee rates. We believe this is enough to fund operational activity.

Conclusion: fees constitute sufficient to fund COSS operational activity. As a result, project stability does not depend on received funds from the ICO. So we do not see any fundamental economic risks for implementation of the project overall.

11. PROJECT RISKS

As mentioned above we do not foresee essential economic risks for project implementation. This is rare for a cryptocurrency start-up company. Regarding technical risks, as mentioned above, we would like to see public trials. After face-to-face communication, COSS representatives stated that an independent audit would be carried out in the very near future, minimising this risk.

A risk of not being able to implement the project is not altogether absent; this is the case with every start-up company. As the developers have launched a BETA-version of the platform before the ICO, such risks are fewer in comparison to many other cryptocurrency start-up projects.

Of course there is a competitive risk. This can restrict the business scalability plan, cryptocurrency market legalization and legal support. It is very difficult to gain market share. However, COSS's concept has great potential; it is necessary for them to implement their concept to the highest standard.

The most important and at the same time uncontrolled risk for the project is legal risk. Generally, nobody knows what regulations goods and money relationships within cryptocurrency are going to be subject to in future. There may or may not be legal restrictions on payment for physical goods with cryptocurrency. Governmental bodies may launch their own controlled and only nominally decentralized platforms and instruments; or they may support independent cryptocurrency marketplaces. If governments begin controlling the blockchain infrastructure, this changes the market fundamentally. This kind of risk is taken by all investors dealing with cryptocurrency. This risk should be examined by traditional investors for whom the COSS Project is developing software. We trust that the marketing of the project will explain this risk to new participators in the cryptocurrency market.

Conclusion: we have not found any specific risks for the COSS Project which hinder project implementation. Of course, there are risks. In most cases they depend on the quality of the end-product, which cannot be evaluated at the moment. They depend as well on potential legal issues affecting future markets.

12. TOKEN INVESTMENT HIGHLIGHTS

COSS tokens holders will receive 50% of total fees generated from exchange turnover and payment gateway. In fact, it is a dividend token. Its future price depends on dividend yield. At the same time, the dividend yield depends on the market share occupied by the COSS project.

In the Financial paper the team shows its calculations on the investment capital returns:



The infographic above does not represent the trading value of the COSS token, only the projected return per token on top of any token value appreciation.

Translating the founders' appraisal into relative indicators, we see a calculated return on tokens in USA dollars as follows:

Year	Return on tokens
2018	13,04%
2019	122,61%
2020	221,74%
2021	365,22%
2022	521,74%

The project founders foresee the nominal period for investment return is 2.2 years. We did not audit source materials as to the returns on tokens calculated. In spite of the fact there are examples of cryptocurrency use for payments for services, products, and goods in the real economy, we can take into account this field of activity of the COSS Project only after the successful implementation of this project. Currently, cryptocurrency turnover is legally regulated randomly; sometimes we see tough restrictions and sometimes weak control. Potential return of a half of fee as to the goods payment is an additional driver for token price increase, but later on in time.

The important issue at the moment is in regard to income distribution from fees arising from exchange turnover on the COSS Platform. We evaluate a half of fees charged to the tokens holders at \$8.8k-44k per day and \$3.2-16.1 million per a year, depending on rates, if the COSS Exchange occupies 1% of the market. So, the US dollar equivalent token dividends return is between 4% and 21% per year. Thanks to the 15%-bonus, for those who buy COSS tokens within the first five days of the crowdsale the yield is 5%-24% per year.

We emphasize that:

- the yield is indeed more than 4% and less than 21%, because the average purchase amount in the exchange will not be maximal or minimal;
- the return on tokens is 10.5% per year if the estimate of fee rate of 0.1% is used;
- yield in USA dollars is increasing if the cryptocurrency market develops, because the fee charged from trade participants is in cryptocurrency.

It is important that cryptocurrency market turnover volume increase causes turnover increase within the COSS platform if the project is to occupy and sustain market share. For example, at the end of May 2017, cryptocurrency trade volume was \$4 billion per day. If turnover volume is at this level, return on tokens is increased to 19% per a year, if the average fee rate is 0.1%. This is one of the three most important drivers for the future COSS token price.

The second driver is the second income source – goods selling for cryptocurrency. We did not put these showings into our calculations.

And the third driver is the possible growth of the COSS share in the market. If the COSS Exchange occupies a position among the top 10 companies for turnover volume (more than 3%), the yield becomes 13-64% per a year.

There are good showings compared to FIAT currency trades. For example, according to a Reuters evaluation, the dividend return of the S&P 500 index is 2.4% per a year, German DAX index is at 2.8% per a year, and China Shanghai Comp. is at 2.0%. Nevertheless, the aforementioned showings are not high by the standards of investors dealing with cryptocurrency. That is why the COSS token is an attractive one for investors looking for a large yield in fiat currency.

Conclusion: We understand both the drivers of token price increase and the possible risks. The project aims to help conventional investors in real economy investment

markets get acquainted with cryptocurrency markets. Such investors are potentially able to get a good yield in the long run thanks to this project. In the light of our risk evaluation, we recommend these investors buy COSS tokens within the first five days of the ICO with a 15%-bonus. We rate the COSS tokens at “overweight” level in the long run.

Conclusion: It is known among cryptocurrency community representatives the COSS Project is going to work in a market with great future opportunities. The project is already developed to a high level. The professional qualifications of the staff and advisors of The Company are also proven. Accordingly, we rate the project at «Stable+».

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Our goal is to increase the transparency and reliability of the young ICO market and to minimize the risk of fraud.

We appreciate feedback with constructive comments, suggestions and ideas on how to make the analysis more comprehensive and informative.