



COINECTION

Connection to Crypto

The Coinection Protocol



The Coinnection Protocol

The Coinnection Protocol is based upon the logic that a simple, but well-engineered transaction apparatus will reliably protect and secure transacting parties, while outperforming the high-risk, overcomplicated, and expensively ambiguous cryptocurrency sale and purchase methodologies currently available. The protocol protects, secures, and mitigates the seller's and buyer's risk of catastrophic loss caused by a nefarious or incompetent counterparty.

Such mitigation is accomplished through a clearly defined, step-by-step transaction protocol, which includes the deployment of a longstanding and proven financial instrument frequently used in the global trade of commodities – a bank issued payment guarantee bond.

A bank issued payment guarantee bond, such as a bank guarantee, is a formal guarantee of payment issued and delivered by the buyer's bank to the seller's bank. In a bank guarantee, the buyer's bank attests that the buyer has a specific amount of money on deposit, that the funds are of non-criminal origin, and have been irrevocably blocked or set aside by the buyer's bank to support a specific sale and purchase agreement, for a specific period of time.

In the bank guarantee, the buyer's bank agrees that if, after the seller has delivered a commodity for inspection, settlement, and payment, the buyer does not independently send payment in full; then, after being notified by the seller's bank, the buyer's bank will use the buyer's blocked funds to send payment in full to the seller, within a set time period.

After a buyer's bank issues and delivers a bank guarantee, a now fully protected seller is able to securely deliver the commodity being sold and purchased to the buyer's designated point of delivery for inspection, settlement, and payment. The seller is able to deliver its asset without concern, but with certainty that if the buyer does not make payment, the buyer's bank will. The bank issued payment guarantee bond is a standardized best practice in the global delivery, inspection of, and payment for several trillion dollars of commodities per annum.

The bank guarantee creates a framework of security wherein a buyer is not required to prepay for goods prior to delivery and inspection, and by virtue of the bank guarantee, the seller's risk of loss is fully mitigated.

As such, with a bank guarantee in place, if the seller delivers any Bitcoin and the buyer does not make payment in full; then, the seller's bank simply notifies the buyer's bank, who becomes irrevocably obligated to send payment to the seller using the buyer's blocked funds, within one banking day.

The Coinnection Protocol ensures the intended outcome of the transaction is realized for the seller, buyer, and brokers while simultaneously mitigating prevalent industry friction, failure, and fraud centers. Furthermore, it balances the cutting-edge technology and volatility of cryptocurrency with the security of transacting within a compliance supported institutional environment. **The Coinnection Protocol is the safest way to securely sell or purchase Bitcoin!**

The protocol is initiated by a seller and/or the seller's attorney speaking with the buyer and/or the buyer's attorney. The purpose of this communication is to jointly confirm that both parties are ready, willing, and able to transact.

After the preliminary conference, the seller completes a simple, one-page Transaction Overview and emails it to the buyer for review. If the parties decide to proceed after due diligence, transaction agreements are executed via DocuSign and the seller completes a jointly agreeable Proof of Coin & Wallet Control.

Upon the successful completion of the Proof of Coin & Wallet Control, the buyer's bank issues and delivers the bank guarantee. The seller's bank receives and confirms the bank guarantee. The seller then delivers a tranche of Bitcoin worth approximately 95% of the face value of the bank guarantee to the buyer for **the same-day settlement and payment of the entire tranche**.

***Note.** The purpose of the 'approximately 95%' delivery to value, is to protect the seller from market price fluctuations during the delivery, confirmation, settlement, and payment process and to keep the number of Bitcoin delivered to whole numbers instead of fractions of Bitcoin.

The guideline is to deliver of an approximate amount such as 1,475.0000 Bitcoin, instead of an exact amount, such as 1,484.3731 Bitcoin.

Once six (6) confirmations on the blockchain have occurred, the tranche is divided into lots with a maximum of 500 Bitcoin each. Lot & tranche settlement occurs through a back-to-back 20-minute to 30-minute confirmation, settlement, and payment process, completed via Zoom.

***Note.** Lots are utilized in the sale and purchase process to ensure payments sent via bank wire are generally less than \$50,000,000.00, for efficiency of most operator's internal compliance and financial control policies; and, to facilitate the bridge between margin-based and cost-basis investment strategies.

After both the seller and buyer are connected via a Zoom meeting, the buyer initiates 'Lot Settlement' by obtaining the 'Market Price' of Bitcoin as per blockchain.com and applying the 'Purchase Discount,' which calculates the 'Purchase Price' of one Bitcoin. The Purchase Price is then multiplied by the number of Bitcoin in the lot to calculate the 'Lot Purchase Price.' The buyer then promptly posts the Market Price, Purchase Price and Lot Purchase Price into the chat window of Zoom for the seller's approval. Assuming the seller accepts the buyer's calculation, their acceptance is confirmed by the seller posting 'Accepted' into the chat window within twenty (20) seconds. The buyer acknowledges the seller's acceptance and immediately completes, signs, and sends a simple one-page 'Lot Settlement Statement' via DocuSign for the seller's countersignature; after which, the buyer makes payment via bank wire or SWIFT MT103 within ten (10) minutes and emails a jointly agreeable 'Proof of Payment' to the seller. The process is repeated back-to-back until settlement and payment of all lots has occurred. Any Bitcoin rejected for cause will be returned.

After payment for all lots of a tranche have been sent, the buyer completes, signs, and sends a simple one-page 'Tranche Settlement Statement,' via DocuSign for the seller's countersignature. The seller does not sign the statement until after all payments have posted to the seller's bank account. If the buyer's payment does not arrive, the seller simply contacts its bank to call the bank guarantee to receive payment, in this case – within one banking day.

The Coinection Protocol is supported by five primary agreements, which include the: **Sale and Purchase Agreement**, and supporting appendixes, which include the seller's and buyer's Corporate Information Summary, the jointly agreed verbiage of the bank guarantee, and the Tranche & Lot Settlement Statements.

The protocol is also supported by the **Seller's Affidavit** and **Buyer's Affidavit**, which are compliance required affidavits in which the seller attests to the non-criminal origin of its Bitcoin and the buyer attests to the non-criminal origin of the purchase funds. The broker's fees are identified, protected, and distributed through the **Fee Protection Agreement**.

As the protocol organically limits the non-broker parties involved to the seller, buyer, and their respective retained counsel and bank officers, risk is further mitigated by eliminating the need for the involvement of a third-party escrow or exchange and the potential damages and expenses caused by a mistake or nefarious act.

The Coinnection Protocol is scalable to manage the sale and purchase of Bitcoin valued at least approximately \$500,000.00, via a one-time transaction or thousands of Bitcoin through the reoccurring delivery and settlement of multiple tranches.

The Coinnection Protocol is deployed through the following twelve (12) steps:

Protocol Step 1 – Introduction to Coinnection

The Seller receives and reviews the Coinnection Corporate Profile.

Protocol Step 2 – Introduction Call

If a Seller is interested in selling Coinnection their Bitcoin via the Coinnection Protocol, the Seller is introduced to a Coinnection Transaction Director via a Zoom meeting.

Protocol Step 3 – Transaction Proposal

If the Seller and Coinnection agree to the general terms and conditions, such as total quantity and purchase discount, the Transaction Director emails the Seller a comprehensive Transaction Protocol.

The Transaction Proposal is a comprehensive overview of the proposed transaction. It includes a Letter of Intent, the Coinnection Protocol, and template transaction agreements, which include:

1. Sale & Purchase Agreement
2. Seller Affidavit (for AML)
3. Buyer Affidavit (for AML)
4. Fee Protection Agreement
5. Transaction Overview

Protocol Step 4 – Seller Engagement

After reviewing the proposal, if the Seller elects to proceed, they will email the Transaction Director the following:

1. Seller Corporate Information Summary
2. Seller Signatory Passport (institutions exempt)
3. Completed Transaction Overview

The Transaction Director receives and reviews the Seller's email and forwards to Compliance.

Protocol Step 5 – Compliance

Compliance completes the Seller Approval Process. After Compliance approval, a Compliance Director will:

1. Notify the Transaction Director and Seller via email.
2. Create and share a Transaction File with Transaction Team and Seller
3. Assign a Transaction Reference Code.
4. Prepare the clean copy of the Sale and Purchase Agreement.
5. Prepare the clean copy of the Seller Affidavit.
6. Prepare the clean copy of the Buyer Affidavit.
7. Prepare the clean copy of the Fee Protection Agreement.
8. Send the clean copies to the Transaction Director for review and approval.

Protocol Step 6 – Transaction Agreements

Upon the Transaction Director's approval, a Compliance Director signs and sends the Transaction Agreements to the Seller via DocuSign for countersignature.

The Seller countersigns the Transaction Agreements via DocuSign.

Protocol Step 7 – Proof of Coin & Wallet Control

The Seller, Transaction Director, and Transaction Controller/Transaction Counsel complete a Proof of Coin & Wallet Control.

Protocol Step 8 – Payment Guarantee

The Payment Guarantee issued, delivered, and confirmed.

Protocol Step 9 – Confirmation, Settlement & Payment

The Seller delivers their Bitcoin for confirmation, settlement, and payment, which occurs through the following five (5) steps:

Confirmation, Settlement & Payment Step 1

On each weekday during the sale and purchase process, the Seller initiates the delivery of a tranche of Bitcoin valued at approximately 95% of the payment guarantee to Coinnection's wallet for confirmation, settlement, and payment.

Ex: For this example, please assume that based upon the market price of Bitcoin, a tranche of 1,475.0000 Bitcoin has been delivered.

Confirmation, Settlement & Payment Step 2

After each completion of delivery and six (6) confirmations on the blockchain, the tranche is divided into lots with a maximum of 500 Bitcoin each.

Ex: In the example of 1,475 Bitcoin being delivered, there would be a total of three lots with Lot 1 and Lot 2 having 500 Bitcoin each and Lot 3 containing 475 Bitcoin.

Confirmation, Settlement & Payment Step 3

Lot Settlement occurs through the following process:

1. Coinnection's Transaction Controller/Transaction Counsel obtains the 'Market Price' of Bitcoin as per blockchain.com and applies the 'Purchase Discount', which calculates the 'Purchase Price' of one (1) Bitcoin.
2. The Purchase Price is then multiplied by the number of Bitcoin in Lot 1 to calculate the 'Lot Purchase Price'.
3. Coinnection's Transaction Controller/Transaction Counsel then promptly posts the Market Price, Purchase Price, and Lot Purchase Price into the chat window of Zoom for the Seller's approval.
4. The Seller promptly confirms its acceptance by posting 'Accepted' into the chat window of Zoom.
5. Coinnection's Transaction Controller/Transaction Counsel acknowledges the Seller's acceptance and immediately completes, signs, and sends a simple one-page 'Lot Settlement Statement' via DocuSign.
6. Seller countersigns, after which, Coinnection must make payment via SWIFT MT103 within ten (10) minutes and email the Seller a Proof of Payment.

Confirmation, Settlement & Payment Step 4

After the Transaction Controller/Transaction Counsel has emailed the Seller a Proof of Payment for first lot, the Lot Settlement of the remaining lots in the tranche immediately occur.

Ex: In the example of 1,475 Bitcoin, after Lot Settlement for the 500 Bitcoin in Lot 1 has occurred, the Lot Settlement process is immediately repeated with the 500 Bitcoin in Lot 2, followed by the 475 Bitcoin in Lot 3.

Confirmation, Settlement & Payment Step 5

Once confirmation, settlement, and payment for all lots have occurred, Coinection's Transaction Controller/Transaction Counsel sends a simple one-page 'Tranche Settlement Statement' via DocuSign for the Seller's countersignature; which only occurs after payment for all lots of the tranche have posted to the Seller's account.

If Coinection's payment does not arrive, the Seller contacts their bank to call the payment guarantee to receive payment within one day.

Protocol Step 10 – Compliance Review

After the completion of a tranche, Coinection's Compliance completes the Compliance Review Process to confirm the intended results of the transaction for the Seller, Coinection, and brokers were realized.

If an error is discovered, Compliance will notify those involved and ensure the requisite corrective action occurs.

If accurate, the file is sent to Transaction Audit.

Protocol Step 11 – Audit & Archive

After the completion of the Compliance Review Process, a Transaction Auditor completes an audit to confirm the intended results of the transaction for the Seller, Coinection, and brokers were realized.

If an error is discovered, the Transaction Auditor will notify Compliance, who will notify those involved and ensure the requisite corrective action occurs.

If accurate, the file is archived.

Protocol Step 12 – Coinection Cares

After the sale and purchase, compliance, and audit processes have occurred, a mission critical operation remains – Coinection Cares.

Coinection is committed to creating effectual change within the world through Coinection Cares. Working through established non-profits and employing progress-oriented methodologies, Coinection dedicates at least 25% of net income realized by its purchase of Bitcoin via the Coinection Protocol.

Donations are made to initiatives within our passion areas, including clean water & sanitation, affordable nutrition, affordable housing, education, and economic development. We are especially enthusiastic about opportunities that focus on creating effectual change for children, women, and the forgotten in developing nations.

The funds dedicated to Coinection Cares are divided into two categories, with 60% directed to non-profit organizations and 40% engaged in economic development activities.

Non-Profit funding is distributed to well managed non-profit organizations engaged in innovative and effectual change within our passion areas.

Economic development activities assist entrepreneurs in the same communities the non-profit funds are deployed to. Properly supported, mentored, and capitalized entrepreneurs are able to develop and sustain economic opportunities and growth for their communities, reducing the need for external support and creating sustainable progress for generations.

Together, we can create sustainable and effectual change!

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12-Step Flowchart



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Introduction to Coinnection

- Protocol Step 1.**
Introduction to Coinnection
1. The Seller receives and reviews the Coinnection Corporate Profile.
 2. Upon request, an introduction call with the Seller and a Coinnection Transaction Director.



Transaction Agreements

- Protocol Step 6.**
Transaction Agreements
1. Upon the Transaction Director's approval, a Compliance Director signs and sends the Transaction agreements to the Seller via DocuSign for countersignature.
 2. The Seller countersigns the Transaction agreements via DocuSign.

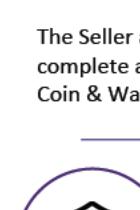


Confirmation, Settlement & Payment

Step 4.

After the Transaction Controller/Transaction Counsel has emailed the Seller a Proof of Payment for the first lot, the Lot Settlement of the remaining lots in the tranche immediately occur.

In the example of 1,475 Bitcoin, after Lot Settlement for the 500 Bitcoin in Lot 1 has occurred, the Lot Settlement process is immediately repeated with the 500 Bitcoin in Lot 2, followed by the 475 Bitcoin in Lot 3.



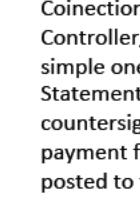
Proof of Coin & Wallet Control

- Protocol Step 7.**
Proof of Coin & Wallet Control
- The Seller and the Transaction Director complete a reasonable and prudent Proof of Coin & Wallet Control.



Payment Guarantee

- Protocol Step 8.**
Payment Guarantee
1. Coinnection's bank issues and delivers a payment guarantee.
 2. The Seller's bank receives and confirms the payment guarantee.

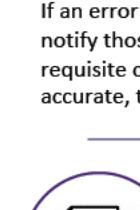


Confirmation, Settlement & Payment

Step 5.

Once confirmation, settlement, and payment for all lots have occurred, Coinnection's Transaction Controller/Transaction Counsel sends a simple one-page 'Tranche Settlement Statement' via DocuSign for the Seller's countersignature; which only occurs after payment for all lots of the tranche have posted to the Seller's account.

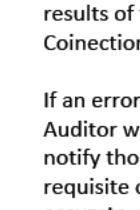
If Coinnection's payment does not arrive, the Seller contacts their bank to call the payment guarantee to receive payment within one day.



Compliance Review

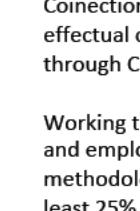
Protocol Step 10.
Compliance Review

After the completion of a tranche, Coinnection's Compliance completes the Compliance Review Process to confirm the intended results of the transaction for the Seller, Coinnection, and brokers were realized.



Audit & Archive

After the completion of the Compliance Post Process, a Transaction Auditor completes an audit to confirm the intended results of the transaction for the Seller, Coinnection, and brokers were realized.



Coinnection Cares

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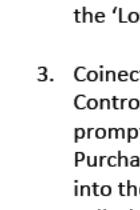


Confirmation, Settlement & Payment

Step 2.

After completion of delivery and six (6) confirmations on the blockchain, the tranche is divided into lots with a maximum of 500 Bitcoin each.

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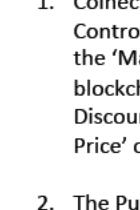


Confirmation, Settlement & Payment

Step 3.

Lot Settlement occurs through the following process:

1. Coinnection's Transaction Controller/Transaction Counsel obtains the 'Market Price' of Bitcoin as per blockchain.com and applies the 'Purchase Discount', which calculates the 'Purchase Price' of one (1) Bitcoin.
2. The Purchase Price is then multiplied by the number of Bitcoin in Lot 1 to calculate the 'Lot Purchase Price'.
3. Coinnection's Transaction Controller/Transaction Counsel then promptly posts the Market Price, Purchase Price, and Lot Purchase Price into the chat window of Zoom for the Seller's approval.
4. The Seller promptly confirms its acceptance by posting 'Accepted' into the chat window of Zoom.
5. Coinnection's Transaction Controller/Transaction Counsel acknowledges the Seller's acceptance and immediately completes, signs, and sends a simple one-page 'Lot Settlement Statement' via DocuSign.
6. Seller countersigns, after which, Coinnection must make payment via SWIFT MT103 within ten (10) minutes and email the Seller a Proof of Payment.

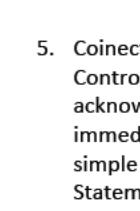


Confirmation, Settlement & Payment

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