



## **R-Solutions Ltd**

Company registered in England and Wales: 10032489

250 South Oak Way, Green Park, RG2 6UG Reading, Berkshire, UK

[arbitrage@r-solutions.co.uk](mailto:arbitrage@r-solutions.co.uk) | [www.r-solutions.co.uk](http://www.r-solutions.co.uk)

# Cryptocurrency Arbitrage Investment Fund

## Terms and Conditions

### 1. Definitions

- 1.1. Cryptocurrency (“crypto” for short) – for the purpose of this document the definition of cryptocurrency is simplified to a digital currency using blockchain as the underlying technology, eg. Bitcoin (BTC), Ethereum (ETH).
- 1.2. Fiat currency (“fiat” for short) – a currency issued by a central bank and backed by government’s legal tender laws, eg. US Dollar (USD), Pound Sterling (GBP), Euro (EUR).
- 1.3. Arbitrage – a simultaneous purchase and sale of an asset to profit from an imbalance in the price. It is a trade that profits by exploiting the price differences of identical or similar financial instruments on different markets or in different forms. Arbitrage exists as a result of market inefficiencies and would therefore not exist if all markets were perfectly efficient.
- 1.4. Bull market – a condition of a financial market (cryptocurrency market in this case) in which prices are generally rising for an extended period of time.
- 1.5. Bear market – a condition of a financial market (cryptocurrency market in this case) in which prices are generally falling for an extended period of time.
- 1.6. Capitalisation Interval – interval of time over which profits are calculated for every stakeholder. The Capitalisation Interval for The Fund is one calendar month.

### 2. Investment product

- 2.1. Arbitrage opportunities often arise on cryptocurrency markets as a result of friction in moving funds between markets and high volatility of the underlying assets. At R-Solutions we’ve developed a fully autonomous trading bot which monitors markets for such opportunities and executes trades

accordingly turning an instant and non-speculative profit. Cryptocurrency Arbitrage Investment Fund (later referred to as “The Fund”) is an alternative to simply investing and holding cryptocurrency in hope of a price appreciation. With The Fund part of the portfolio is exposed to cryptocurrency volatility and we allow our customers to take the full advantage of it by denominating our portfolio in respective cryptocurrencies rather than in fiat. We also do that to eliminate The Fund’s exposure to price volatility and focus our strategy on maximising arbitrage profits. The cryptocurrencies are employed to work together with the fiat part of The Fund (comprising of a basket of fiat currencies denominated in US Dollar) in a multi-market, multi-currency arbitrage operation. The objective is to generate a stream of non-speculative revenue for our customers.

- 2.2. The Fund’s portfolio is typically diversified into a range of crypto and fiat currencies in a 1:1 ratio. Large price swings in cryptocurrency markets may knock our portfolio significantly out of balance, at which point we will have to rebalance it. Depending on which way prices go we will have to either sell or buy some cryptocurrency in order to restore the 1:1 balance between crypto and fiat. Such action will have a direct effect on the composition of our customers’ portfolio. Our customers will be given an opportunity to withdraw their funds in whole, free of charge should they not wish their portfolio to be rebalanced.
- 2.3. Ensuring The Fund’s cryptocurrency holdings remain constant is a key design feature of our trading engine (except for 2.2.). This way we ensure we can meet our liabilities towards our customers regardless of the price fluctuations in the cryptocurrency markets.
- 2.4. The investment in The Fund is open-ended. This means there’s no expiration or settlement date. Our customers can stay invested in it for as long as they like.

### 3. Beta phase

- 3.1. The system The Fund is running on is in its beta phase. As such it is still in development, may change or be discontinued. The beta phase is planned for Q4 2018 – Q2 2019.
- 3.2. The amount of capital that will be accepted during the beta phase is capped at \$500,000 and from no more than 20 customers.

### 4. Suitability of The Fund

- 4.1. The Fund is best suited for investors who already hold cryptocurrency or would like to gain exposure to it. By investing in The Fund our customers keep all the benefits of holding cryptocurrency (as outlined in 7.2.) while using it to participate in a pooled arbitrage operation and enjoy a steady non-speculative profit on top of the capital gains (in a bull market) or offsetting the capital losses (in a bear market).

### 5. Investing in The Fund

- 5.1. We accept cryptocurrency transfers in BTC and ETH only.
- 5.2. The minimum investment amount is an equivalent of \$10,000 (US Dollars), evaluated at the start of investment. This entry threshold is likely to be reduced after beta phase is concluded.

### 6. Investment process

- 6.1. As soon as we receive our customer’s funds, we transfer them to one of our partnering cryptocurrency exchanges. The funds are then diversified into a basket of crypto and fiat currencies

to match The Fund's portfolio and as such they become part of The Fund. We choose the composition of The Fund's cryptocurrency portfolio based on what is optimal for the highest arbitrage returns. Typically, we choose cryptocurrencies with the highest trading volumes.

- 6.2. Our customers will receive an exact breakdown of their portfolio at the start of the investment - this will constitute a reference point for calculating the profits over the first Capitalisation Interval.
- 6.3. We will keep our customers informed about the performance of their investment through regular reports sent out to every customer individually. Initially we will do it at the end of every Capitalisation Interval. In the future we will be looking to issue more frequent reports.

## 7. Customer's profit structure

- 7.1. The arbitrage profits will accrue to the fiat side of our customer's portfolio (denominated in US Dollar). It is on our agenda to make it possible to accrue profits to the cryptocurrency side in the future.
- 7.2. It is also possible our customers will profit from capital gains on the cryptocurrency side of the portfolio, however this is a highly speculative gain and as such is not part of The Fund's strategy. We let our customers keep 100% of the capital gains.

## 8. Our revenue

- 8.1. At this point we have two main streams of revenue:

8.1.1. Performance-based compensation will be calculated and charged at the end of every Capitalisation Interval based on any profits made during this interval according to the table below.

<b>Total evaluation of customer's investment</b>	<b>Portion of the customer's profit we take as compensation</b>
\$ 1000 or more	50%
\$ 5000 or more	40%
\$ 10,000 or more	35%
\$ 25,000 or more	30%
\$ 50,000 or more	25%
\$ 100,000 or more	20%

8.1.2. We reinvest part of our profits back in The Fund.

- 8.2. Flat Fee - investment funds typically charge a flat fee at 1-2% per annum regardless if any profits have been made. We waive the flat fee entirely for the customers who join us during the beta phase. These customers will be able to keep this benefit for the entire duration of their investment, even after the beta phase is concluded.

## 9. Compliance

- 9.1. Investment in cryptocurrency remains unregulated in the UK where R-Solution is registered. Nevertheless, we choose to comply with Know Your Customer (KYC) and Anti-Money-Laundering (AML) rules. We require our customers to provide a copy of their ID and a recent proof of address (utility bill or a bank statement).

- 9.2. Customers who wish to invest an equivalent of \$10,000 or more are required to provide an adequate proof of income.
- 9.3. We are committed to keeping our customers' data safe. We will never share it with any unauthorised parties.

## 10. Risks

- 10.1. Arbitrage trading strategy requires all funds, both crypto and fiat, to be deployed on a number of on-line exchange platforms. We recognise the exchanges we are using are centralised and can become a target for hacking attacks or go out of business for whatever reason. We are making every effort to ensure we only work with those exchanges who can offer minimum risk while being suitable for arbitrage trading. Further, we diversify our arbitrage operations across a range of exchange platforms thereby diluting the liability of any single one. R-Solutions assumes no liability in cases where it becomes impossible to recover the funds from our partnering exchanges. Losses incurred this way would be distributed to all investors in proportion to their stake, including our own funds.
- 10.2. Part of customer's funds is permanently held in the form of cryptocurrency, as per The Fund's portfolio. This part of The Funds will be exposed to cryptocurrency price volatility for the duration of the investment. It is entirely possible that all the profits generated through arbitrage were more than offset by the losses resulting from the depreciating price of the cryptocurrency holdings resulting in a net loss. R-Solutions assumes no liability for losses resulting from cryptocurrency price depreciation.

## 11. Withdrawal

- 11.1. There is no lock-in period on the investment. Customers are free to request partial or total withdrawal of their funds at any point.
- 11.2. We are committed to processing all withdrawals in no longer than a week. It typically takes up to two business days to process a withdrawal request.
- 11.3. There is a fixed withdrawal fee of \$50 (except for 2.2. and 13.1.).
- 11.4. Only cryptocurrency withdrawals are possible. Customers may choose which cryptocurrency they'd like their withdrawal processed in. Possible choices are specified in 5.1.
- 11.5. At this point we cannot offer regular profit withdrawals. This is something we will work on in the future. Until this is possible, profits will simply accrue to the customer's balance and will be reinvested.

## 12. Tax on profits

- 12.1. Paying appropriate taxes on profits obtained through our investment product is the customer's sole responsibility. We do not get involved in tax affairs of our customers.

## 13. Final considerations

- 13.1. The Terms and Conditions outlined above may change. Customers will be notified about any amendments ahead of time. Every customer is guaranteed the right to withdraw their funds in whole free of charge should they be unhappy about the revised Terms and Conditions.