

Dear Lykke friends,



The past 3 weeks were exciting. We have selected the winners of Lykke Design Competition and formed a core team of Lykke. We are quickly moving forward and plan to launch the first prototype of the Lykke Wallet and Lykke Exchange in February 2016.

## International News



### New Kids on the Block(chain)

The Inntribe session on SIBOS conference in Singapore organized by Swift is a landmark for the global acceptance of blockchain as a major technological breakthrough, see <https://www.youtube.com/watch?v=mLWhU3fOxlc&feature=youtu.be&t=5m27s>. The mega-conference was inspirational for the participants; they understood that a major transformation even

bigger than the Internet itself is under way. The hype about blockchain is in stark contrast to the vagueness of views of how blockchain technology will actually be used. Everyone seems to search for a good use case that will become a run away success. The Lykke business model is an answer: use the open asset protocol to turn any financial asset into a colored coin and build a global marketplace for all asset classes and instruments using blockchain.

### Revolution is around the corner

Giant market players report their progress with blockchain experiments. VISA Europe is in the middle of their 100-days plan to build POC of blockchain-based platform for remittances. Payments in the POC are processed in a testing environment set up by Epiphyte and sent cross-border over the bitcoin blockchain and received on Visa devices. As VISA officials explained in an interview: "A payment that would go from fiat currency and be received in [Kenyan mobile money service] M-Pesa, but it would be facilitated through one of the blockchain providers that enables transfers of those funds.", see <http://www.coindesk.com/visa-europe-remittances-bitcoin-blockchain/>

### Cryptocurrencies and AML

AML/CFT risk of cryptocurrencies is at the center of new report issued by SWIFT. The report notes the lack of convincing arguments to include virtual currencies under the EU's current legal frameworks, set by the revised Directive on Payment Services (PSD2) and the fourth European anti-money laundering directive (AMLD4), see [SIWP No 2015 001 AML Risks of the Third Party Payment Providers FINAL](#). The report concludes that "stronger international cooperation can be held to be imperative in order to successfully impose and enforce AML and CFT [Counter Terrorism Financing] rules for virtual currencies." Lykke's approach is to build a green-node network, where all the colored coins issuers and wallet holders undergo sufficient KYC. Lykke mobile Wallet will provide Touch ID, front camera selfie, point of address check-in and social ID features, accompanied by strong market surveillance procedures will minimize the risk of abuse and compliance.

## Local News



### Russia Risk Conference

Lykke has partnered XI Russia Risk Conference – the largest risk event that took place in Moscow on 13-15 November and attended by 170 people. Richard Olsen shared his vision on how to rewire the world financial system using the blockchain. Risk managers of financial institutions have raised questions of the responsibility they need to take to implement blockchain-enabled technologies.

### Blockchain Hackathon

In Hackathon organized by Higher School of Economics 25 teams were competing in development of blockchain-based applications, while 200 people attended master classes. The colored coin payment gateway solution developed by Alexander Daurkin was awarded a special Lykke prize.

### Lykke Competition: Mission Accomplished

Lykke Design Competition is successfully finished. The winners of the competition are Demetrios Zamboglou, Andrey Migin, Arseniy Steblyuk; Benjamin Cordes; Shahpour Moavenat. The proposed solutions cover the main features of the Lykke marketplace from the price-spread-time priority queuing system to colored coin matching and settlement plus the Lykke asset protocol. The proposed solutions complement each other; we have decided to skip the third phase of the design competition and directly move to the implementation of the marketplace as a joint team project. The results of the competition are available on Lykke City web-site <https://wiki.lykkex.com/>.

The team next milestone is to launch the prototype of the first prototype of Lykke Wallet and Lykke Exchange in February 2015 to provide the convenient mobile platform for buying and selling colored coins based on the Open Asset protocol extension to enable safe DvP settlement.

## Lykke Welcomes New Citizens

We welcome the following citizens:

*Alexander Daurkin* is a winner of Lykke prize on Moscow Blockchain Hackathon; we appreciate your effort.

*Andrey Migin* will lead the development process of the Lykke marketplace; Thank you very much for being a part of Lykke success.

*Anosh Zahir, Sergey Strikov, Naveen Segaran* thank you for joining Lykke.

Wish you all the best,

Richard Olsen, Lykke City founder