



LykkeTimes

#5/2015



Dear Lykke friends,

The New Year has started with turmoil on financial markets – it underlines the urgent need to improve the design of the global marketplace and enhance its resilience.

International News



The sharp selloff on the equity markets at the start of the year puts a negative spin on the global economic environment. Fund managers will need to play a catch up game until the end of the year. Fund managers cannot ride up-trends, because they have to book profits to make up for the losses of the start of the year; this will cap up-moves. The high short-term volatility (-8.5% DAX, -9.2% Hang Seng) document the lack of market liquidity. China introduced new circuit breakers to stem the slide, but failed to prevent a second large price moves and then cancelled the circuit breaker. The high volatility is evidence that we need to improve the microstructure of markets to ensure smooth operations.

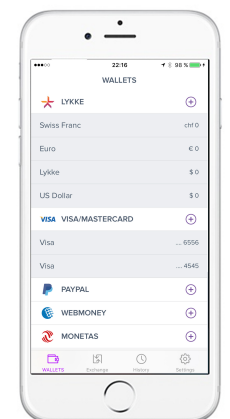
The Bitcoin-blockchain space is changing rapidly; at the start of 2015 blockchain and Bitcoin was a 'non-word' for the incumbents. The sentiment has changed and people start to understand that the true innovation is blockchain. The big banks are gearing up to harness the technology. This has led to a decline of funding of blockchain and Bitcoin ventures, because everyone seems to be unsure of how the journey will continue.

Everyone is waiting for the killer application that will inspire the people. Ingredients for success are simplicity and scale-free business models that are both retail and institutional.

Bitcoin Venture Capital

[Go to article](#)

Local News



Our dev team has made a significant progress implementing the first phase solution prototype: Lykke Exchange (LykkeX) backend is rolled out on cloud architecture of Azure with Blockchain API that enables creating multisig trading wallets and ensures safe settlement over bitcoin network. Lykke Wallet iPhone application is released for internal testing.

To address the challenge of Bitcoin scalability we continue our effort to architect off-chain settlement architecture in a style of Lightning Network. The recent advances will be presented by Mikhail Nikulin — co-founder & CTO of Lykke — in February on Perm Winter School 2016.



Perm Winter School on 4-6 February will provide a playground to discuss open issues of settlement protocols, new marketplace design, recent advances in financial networks, risk management and banking regulation. PWS Labs in Perm museum of modern art PERMM will create experimental multidisciplinary environment to gain insights by mixing researchers, practitioners and artists.

To spread the word Lykke will also speak at the following events:

18th January at 6 PM at the LIMA Bar, Talacker 34, 8001 Zurich Richard will be a key note speaker [at nexussquared event](#).

21st January at 10.15 in Munich at the 22nd Handelsblatt Jahrestagung: [Strategisches IT-Management 2016](#) at the Sofitel Munich Bayerpost, Munich.

Perm Winter School

[Go to site](#)

Business Update

Lykke has initially raised 640'000 CHF to launch the first product release and have sufficient funding for the subsequent 6 months of operations. We are making a capital increase for up to 500'000 CHF in the coming weeks to give us additional room of maneuver.

We have prepared an information package for potential investors.

If you are interested to receive the package, please send us an email.

Lykke Welcomes New Citizens

We welcome the following citizens:

Ivan Subotic from the Digital Humanities Lab of the University of Basle.

Dominic Sood is a real insider of the financial industry; we had a first conversation, where Dominic explained his vision for Lykke. He suggests we should become the crowd source equity funding platform and unlock dormant assets not previously thought to be tradable, from unused portions of homeland/equity built up against a property to vintage wine collections. LykkeX is ideally suitable to change the current state and unleash the value of these assets by becoming a crowd source equity funding platform to exchange 'unused' portions of a bank loan to capital for potential global startups or swaps into direct equity in global businesses.

Dominic's vision is in line with our own plans of creating one global marketplace for all asset classes and instruments. We embrace a crowd based and emergent network organizational structure to be able to respond to an initiative such as to build the crowd source equity funding platform that Dominic is dreaming off.

We will keep you briefed on our plans,

Richard Olsen and Sergey Ivliev,
Founders of Lykke