Paper Trader

Our Mission

To improve
trade execution and risk control

For
the physical commodity markets

Resulting in a
efficient and transparent
price matching tool

reshaping the face of markets

Why us, with whom?

➢ Founders are experienced leaders in the physical commodity industry, bringing in unmatched market networks

➢ Paper Trader was created to fix the pain points that we personally encountered while executing trades

➢ Our investors and advisors include current and former leaders from Cargill, COFCO Agri, Unilever, LDC, BHP Billiton, Repsol, Maersk, ABN AMRO, StoneX, and DLT Ledgers

➢ Testing is supported by top brokers in Asia and Europe as well as with clients globally for various product types

Why now?

➢ Increased focus on compliance after a range of defaults

➢ COVID19 caused remote trading in non-controllable environments

➢ Work-From-Home: missing control tools and system for traders and middle office due to office closures

➢ Trade finance requirements changes by financial institutions

Code of Best Practices
Commodity Financing – Nov 2020

Commodity Trade Finance is the lifeline of any trading business, without access to capital, a commodity trading business is unsustainable

To provide commodity finance, under the CBP, lenders now need to

1. Understand the traders' corporate governance, risk management practices, business and transactions through due diligence and policy requirements; and

2. At a transactional level, obtain sufficient transparency and control over the financed transactions, goods and receivables

See link to Association of Banks Singapore

reshaping the face of markets

The Pain Points

➢ Trade execution and price discovery

➢ Changes in commodity trade finance requirements

➢ Market transparency

➢ Monitoring credit, market & counterparty risk

➢ Lack of oversight, corporate and regulatory

➢ Communication inefficiency

Solution: Paper Trader

A bespoke price matching and
deals facilitation platform

For commodity forward paper,
swaps and basis markets

Providing a digitized tool
for transparent price discovery

With pre-match credit controls
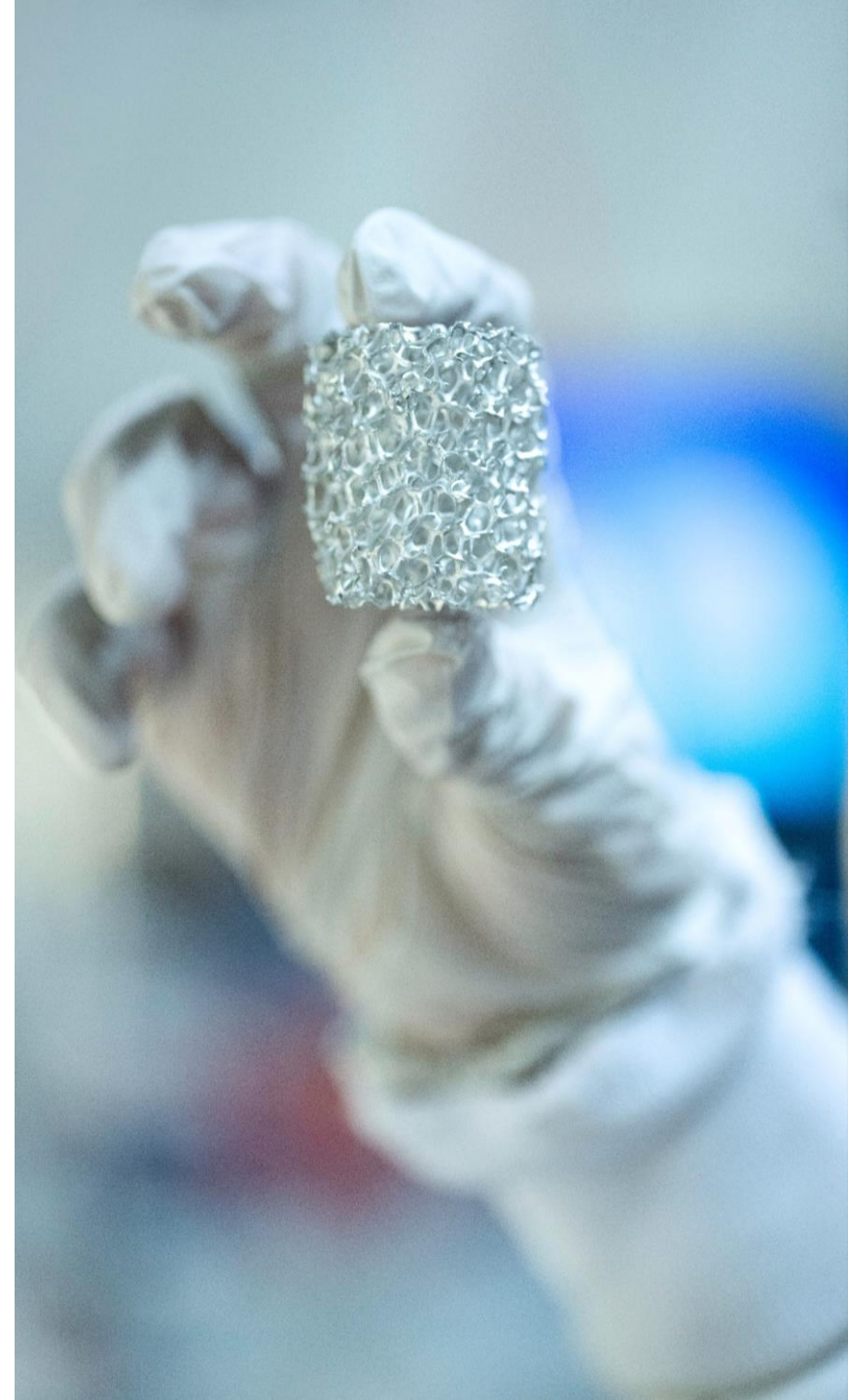on a fully secure, compliant
and expandable platform

The Competitive Landscape

Direct competition / what we replace

➢ WhatsApp / WeChat

➢ Bloomberg or Reuters Chat

➢ Email

➢ Phone

Who we augment / help improve

➢ Voice Brokers

➢ Exchanges

➢ Data Providers / S&P Global

➢ Banks & Financial Institutions

The Market Potential
Target Users

- Traders
- Brokers
- (Risk) Managers

- Service providers
- Network effects
- Digitalization

Annual brokered agricultural commodities market size

Total Available Market (TAM) annually =
+/- 3,800mt @ average $0.35/mt revenue

Serviceable Available Market (SAM) =
+/- 35% of TAM

Serviceable Obtainable Market (SOM) =
+/- 50% of SAM @ average 7.5% revenue fee

TAM +/-
$1,3 bln

SAM +/-
$465 mln

SOM +/-
$17.5mln
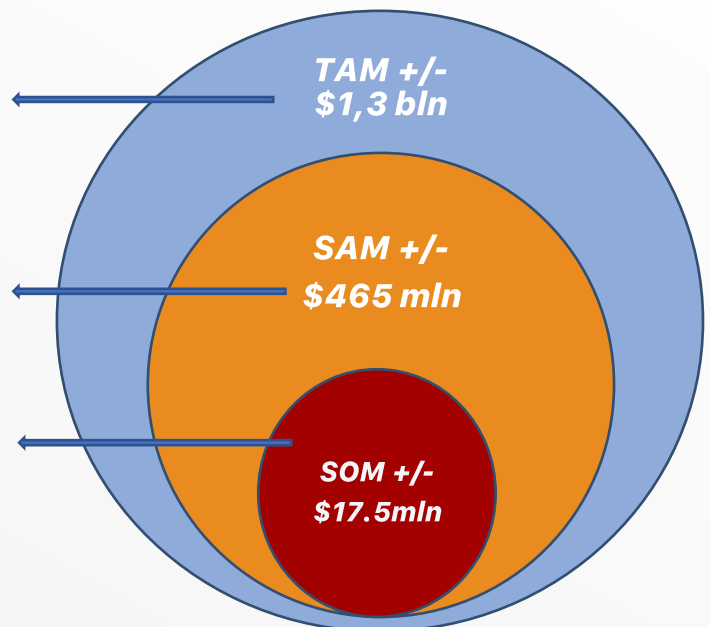
Our Vision

In 2025 Paper Trader

- Will be participating in at least **20% of all broker traded physical commodity deals** globally
- Will be active in at least **10 different product** groups including non-agricultural ones
- Will be seen as the **leading price matching platform** for paper and physical commodities
- Will be used by producers and consumers as their **go-to risk management** and **analytics tool**
- Will be **mandated by banks, risk-managers** and **compliance officers** for its enhanced security offering in order to receive financing
- Will be used by financial service providers as the **main source of trade data** into their digital trade finance registry based on their code of best practices
- Will be **required to be used** by private lenders and regulators for execution
- Will be earning an annual free cash flow of at least **USD $7.5mln**
- Will be approached for a **potential exit** by parties like Bloomberg, Thomson Reuters, S&P Global, Marex Spectron, the CME Group, ICE, NYMEX, and the large banks
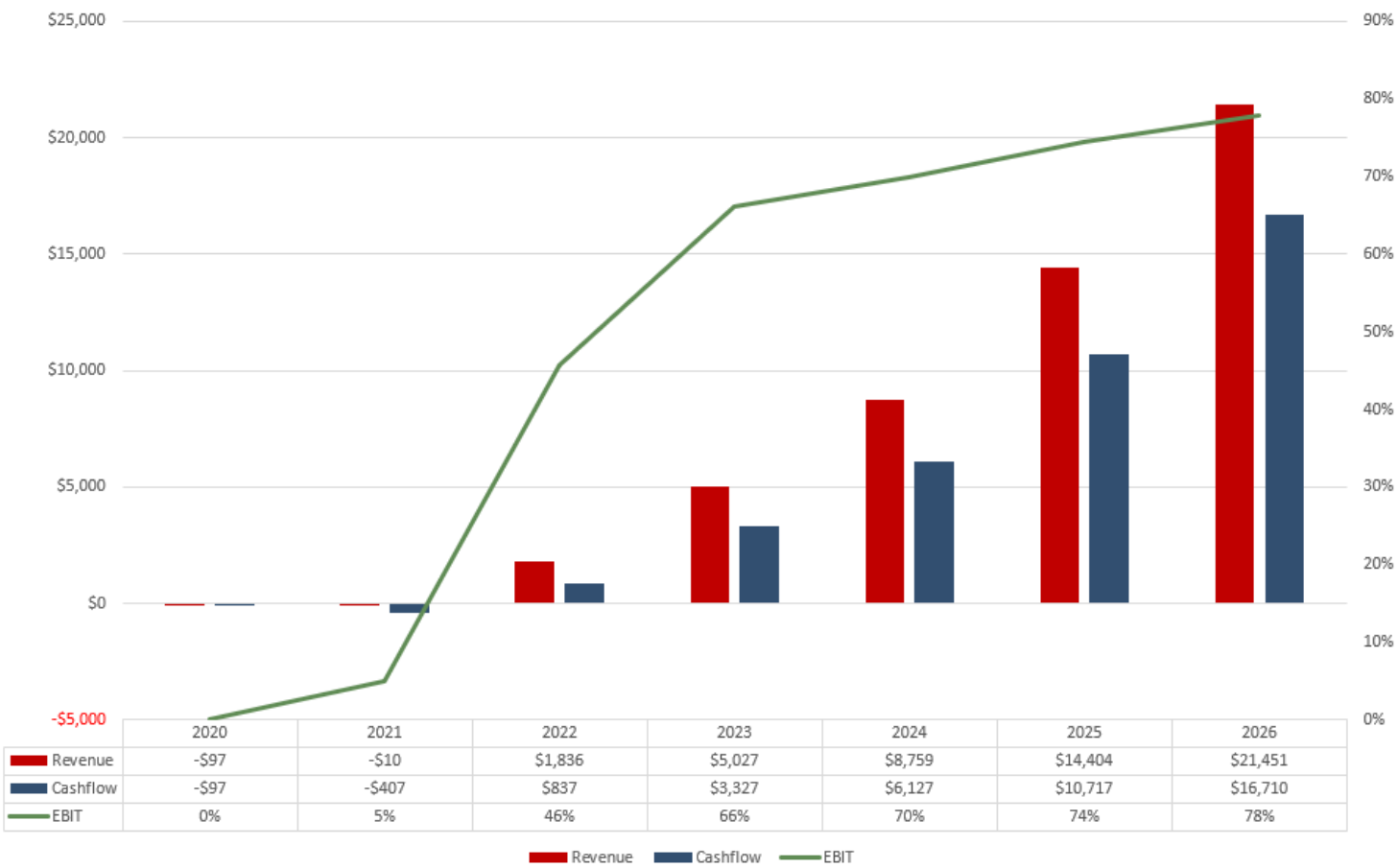
Seed Funding USD $750k-$1mln

We are raising funds to enable our High Growth Strategy

Paper Trader Platform High Growth Budget

	2020	2021	2022	2023	2024	2025	2026
Revenue	-$97	-$10	$1,836	$5,027	$8,759	$14,404	$21,451
Cashflow	-$97	-$407	$837	$3,327	$6,127	$10,717	$16,710
EBIT	0%	5%	46%	66%	70%	74%	78%

Utilization of Funds:
- Financial runway up to end 2022
- Securing Financial Stability

Costs	Description
Team expansion USD $500k	Hiring financial controllers, marketing staff and inhouse tech developers
Product Development USD $150k	Continuous enhancements & improvements to the tool
Marketing & Sales USD $150k	Travel and Promotional expenses
New Verticals Development USD $200k	Market research and reach out for new products to be launched

The Paper Trader Team

Paul Bloemendal
Founder – CEO
https://www.linkedin.com/in
/paulbloemendal/

Guillaume Catella
CTO – Partner
https://www.linkedin.com/in
/guillaumecatella/

Akshay Balsaver
Founder – COO
https://www.linkedin.com/in
/akshaybalsaver/

Srinivas Samudrala
Founder - Advisor
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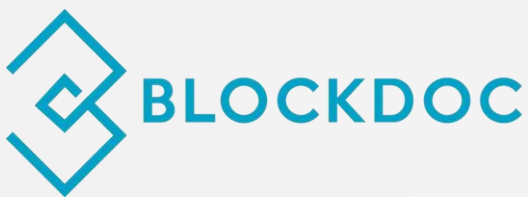
Venture Builder
Founding Entity

Venture Builder
Technology Partner

Creatella

Paper Trader
appendices

Supporting Quotes from Partners

"It is great to see **Paper Trader** bringing in the must needed pre-trade controls for the physical commodity markets. Transparency in price discovery and trade execution will be enhanced by increased communication efficiency.

All this will help the industry in following the regulators and financial sector **requirements to better understand the traders' corporate governance, risk management practices, business and transactions**."

Arnoud Balhuizen
former Global CCO BHP Billiton

"At #dltledgers we help corporates, banks, and SMEs to **digitise end-to-end physical trade** and supply chain finance execution. We grew 300% in 2020, thanks to a surge in digitisation initiatives, like the trade finance "code of conduct" from the Association of Banks in Singapore, and Singapore's Electronic Transactions Act.

What's been missing until now is digitisation and control within the pre-trade process. Paper Trader is filling this void. We are looking forward to integrating with them, further strengthening Singapore's position as a global leader in commodity trade and finance innovation."

Samir Neji
Founder, #dltledgers

"**Paper Trader** is bringing in some much **needed change** in the way how we **communicate and execute** in the brokerage business.

We welcome this, as it enhances the value of our product offering by becoming even more secure, transparent and complaint to the ever increasing regulatory requirements that we as brokers have to adhere to"

Govindbhai G Patel
Owner GGN Group

Paper trader is bringing a great concept to provide a platform for buyers and sellers for **best price discovery**, especially for non liquid/non transparent cash markets.
Risk management and traceability are added tools available which are absent in conventional trading.
We see this as **a gap filler** between today and the future on many aspects of trading.

Samir Desai
COO Premium, Director Goodhope
& board member PORAM

Business Model

COMPETITIVE ADVANTAGES

- A unique price matching engine

- Come for the tool, but stay for the network

- Not disruptive in terms of negotiation and price matching experience vs current work flow

- Embedded counterparty and credit risk management

- Auditable and transparent price matching for future reference and regulatory purposes

- Compliant to the needs of the market to increase productivity in a secure environment

- Providing comfort to regulators and financial institutions

FINANCIAL BUSINESS MODEL

- Revenue is based on volume executed

- Brokers pay a % of the actual $ they charge

- Traders will pay no additional fee besides registration

- (Risk) Managers pay a SaaS fee

- Data subscribers pay a subscription fee

- Rapid competition after activation is unlikely as the first-mover advantage will be very strong due to

    - The perceived niche market size

    - The complicated, bespoke price matching engine

COMPETIVE APPROACH

- Increased product variations

- Unlimited expansion possibilities to new markets, products, ports

- Personal network utilization

- Partnerships with brokers

- Market independent ownership

- Data integration with existing systems and tools

- Effective network effects

- Remain completely digital

- Offering a Software enabled Marketplace (SEM)

User Stream Value Analysis

Brokers

- Enhanced product offering
- Access to block trades
- More value added services
- Reduction in costs
- Reduction in office staff needs
- Charges: variable based on revenue created

Risk Managers/Management

- Pre-trade control on counterparty credit and market risk
- Post-trade risk management exportable tools to existing CTRM systems
- Instant deal completion and deal capture data availability
- Built-in separations of duties with clearly defined roles and responsibilities
- Charges: SaaS + registration

Traders / Shippers

- Significant time saving in price discovery and price matching
- Embedded pre-trade counterparty credit approval checks
- Efficient negotiation views
- Live order book with updated mark to market on positions
- Secure login with authentication and audit functions
- Charges: none + registration

Financial Institutions

- Independent validation of deals and market price assessments
- Exportable data for integrations with CTRM tools
- Charges: data subscription

Data Analytics Providers

- Independently assessed curves for physical and forward swaps in non-core commodity markets
- Charges: fixed monthly fees
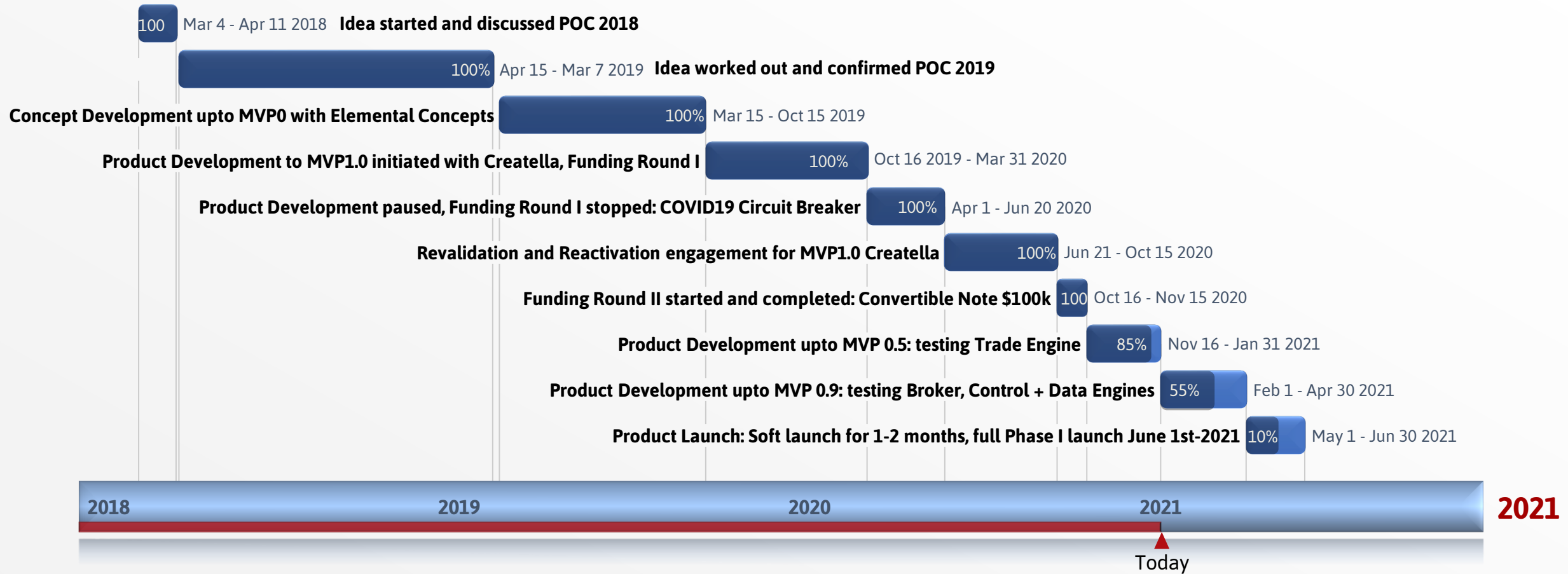- Long term potential exit partners

CTRM/Post Trade platforms

- Exportable data to CTRM systems as value added service
- Integrations with external post-trade trade finance platforms

Paper Trader Timeline: History

100   Mar 4 - Apr 11 2018   **Idea started and discussed POC 2018**

100%   Apr 15 - Mar 7 2019   **Idea worked out and confirmed POC 2019**

Concept Development upto MVP0 with Elemental Concepts   100%   Mar 15 - Oct 15 2019

Product Development to MVP1.0 initiated with Creatella, Funding Round I   100%   Oct 16 2019 - Mar 31 2020

Product Development paused, Funding Round I stopped: COVID19 Circuit Breaker   100%   Apr 1 - Jun 20 2020

Revalidation and Reactivation engagement for MVP1.0 Creatella   100%   Jun 21 - Oct 15 2020

Funding Round II started and completed: Convertible Note $100k   100   Oct 16 - Nov 15 2020

Product Development upto MVP 0.5: testing Trade Engine   85%   Nov 16 - Jan 31 2021

Product Development upto MVP 0.9: testing Broker, Control + Data Engines   55%   Feb 1 - Apr 30 2021

Product Launch: Soft launch for 1-2 months, full Phase I launch June 1st-2021   10%   May 1 - Jun 30 2021

2018   2019   2020   2021   **2021**

Today

Technology Used (tech stack)

ReactNative, by Facebook. Most widespread, widely acclaimed.
Javascript, ES6 or ES7
Forge, for Server Provision and management
Vapor, for serverless application deployment

PHP, the most popular BE language. Easy to find new skilled developers
Laravel, to optimize our PHP framework. For scalability and strong architecture
MySQL, most widespread relational database management system
Golang, is fast growing and has excellent performance

AWS, for high scalability
Google Cloud, for world leading cloud solutions
Gitlab & Github, for modern development infrastructure and repository
Nginx, (superior to Apache)
Sentry, and other tools for monitoring, error coverage

Pusher, to power real-time experiences for mobile and web notifications, chats, messaging
Twilio, to build programmable video and voice as well for SMS messaging, WhatsApp integrations

Firebase, by Google, for native mobile app push notifications.
Google Analytics and **Google Tag Manager**, to track user acquisition, behaviour, interactions on our website and applications

Cloudflare, world's largest DNS provider, also provides our DDoS protection and CDN service.

Information Security Standards (ISMS)

DPTM

- We are aiming to get the Data Protection Trustmark Singapore after the ISO27001 certification, meaning:
  - DPTM companies have sound data protection policies and practices to manage and protect your personal data, in accordance to the certification framework
  - the DPTM certification framework requires demonstrated accountability in ensuring that personal data is used appropriately with proper protection and disposal measures

- More information here

ISO27001 / ISO22301

- We are implementing the ISO27001 standards in all our technology designs in partnership with Advisera
- We are aiming to be fully compliant before we go live, and
- We are aiming to be certified before Q4-2021, meaning:
  - ISO/IEC 27001:2013 specifies the requirements for establishing, implementing, maintaining and continually improving an information security management system within the context of the organization.
  - It also includes requirements for the assessment and treatment of information security risks tailored to the needs of the organization.

- More information here

IOSCI compliant

- We aim to be fully compliant to the IOSCI Principles, meaning:
  - Putting in place appropriate and robust internal frameworks, policies, and procedures commensurate to the risks involved, to ensure the accuracy, integrity, reliability and transparency of Paper Trader as a benchmark
  - Appropriately designed control procedures to insure that the Principles are complied with
  - Set up in accordance with IOSCI Principle 5

- More information here

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