



## HC NET

### HC NET OVERVIEW

The challenges in current market scenario specially in disruptive technology can be addressed with HC NET, the blockchain technology platform on which HC Remit, the remittance product operates. There are other products as well which works on HC Remit platform- HC Trade Finance, HC Commerce, HC Market Maker and HCX. The Blockchain network is trusted by Banks, currency exchanges, corporate houses, Fintechs, Global Merchants and payment networks.

Introspecting into deeper aspects HC NET, the platform works on a decentralized network. A decentralized network consists of peers that can run independently of each other. The power to transmit information is distributed among a network of servers, instead of being driven from one primary source. This means that the HC network is independent on multiple entities and work on single entity. The idea is to have as many independent servers participate in the network as possible, so that the network will still run successfully even if some servers fail. The ledger within HC NET records lists of all the balances and transaction in a similar way to that of traditional ledger.

Any entity can run a HC NET server. The servers all together form a decentralized network, allowing the ledgers to be distributed as much as possible. The server's sync and validate the ledger by consensus mechanism. The servers communicate and sync with each other to ensure that transactions are valid and get applied successfully to the global ledger. This entire process of coming to consensus on this network occurs approximately every 3-5 seconds, which is a real-time settlement of the assets. The real-time settlement occurs with any of the assets present on the blockchain network. The assets can be the HC Network Native asset-HCX, Fiat Currencies, USD, EUR, Crypto currencies like BTC, ETH etc. and Central Bank issued cryptocurrencies.

The Anchors play an important role in HC Network. Anchors are simply entities that people trust to hold their deposits and issue credits into the HC Network for those deposits. They form a bridge between different currencies and the HC network. All money transactions in this network occur in the form of credit issued by anchors.

### ANCHORS DO TWO THINGS

- They take your deposit and issue the corresponding credit to your account address on the HC network ledger.
- You can make a withdrawal by bringing them credit they issued.

You have to trust the anchor to honor your deposits and withdrawals of credit it has issued. Anchors exist in the traditional payment system. For example, to use a wallet, you deposit money in from your bank account, prefunding. The wallet then gives you credit the wallet. You can now send that wallet credit to anyone that trusts the wallet, anyone who trusts the wallet. Someone that received your wallet credit can convert it to fiat money using the wallet by withdrawing it to the bank.

Anchors portrays almost the same functionality there. The difference is, all the wallets and other anchors are operating on the same network so they can all transact with each other now – this makes the system way more powerful. People can now easily send and exchange all these different anchor credits with each other. The HC NET is flexible in terms of operability. It is interoperable with other networks as well. HC NET interoperates with blockchain networks and domestic payment networks. It works with other platforms as well, for instance, Ripple, Stellar, Corda, sawtooth, Fabric etc.

The HC NET ledger is able to store offers that people have made to buy or sell currencies. Offers are public commitments to exchange one type of credit for another at a pre-determined rate. The ledger becomes a global marketplace for offers. These offers are defined to what is known as order book. There is an order book for each currency/issuer pair.

## ESSENTIALS

The HC NET is the decentralized network which facilitates the transaction on a real time basis with a visibility on the documentation on a real time basis. The distributed ledger technology makes the documents sharing more transparent and secured. The transactions which involved a lot of trusted parties and documents can be transacted blockchain technology.

### HCX- THE CRYPTO ON HC NETWORK:

HCX forms the native assets on HC NET. Asset is defined as an item value that is stored on the ledger. One HCX forms the unit of digital currency like any other digital currency such as Bitcoin. The HCX, forms the medium to move money around the world and to construct transactions between different currencies quickly and securely.

HCX is further fragmented at the base level in units called JOTs. A JOT can be defined as the one -tenth million of HCX, i.e., 10 millionth of HCX equals to a JOT.

The HC NET platform offers all of the innovative features of a shared public ledger on a distributed database—often referred to as *blockchain* technology. The native asset of HC NET, HCX broadly serves two purposes:

For instance, if you want to exchange Commerz Bank-EUR for Bitstamp-BTC you should look at the particular order book in the ledger to see what people are buying and selling it for. This allows people to not only buy and sell currencies in way as the authorized dealers work but also to convert currencies seamlessly during transactions.

This network also allows you to send any currency you hold to anyone else in a different currency through the built-in distributed exchange. People can receive any currency through an anchor they added.

## HERE'S A FEW POSSIBLE WAYS THE TRANSACTION CAN HAPPEN

- The network finds an offer on the internal USD/AED exchange for someone wanting to buy AED for USD and automatically makes the exchange between the two parties.
- Using HCX as an intermediary currency, HC NET will look for offers on the network asking for USD in exchange for HCX (the native — purely digital — currency). It will simultaneously look for an offer asking for HCX in exchange for AED. The network makes those exchanges and sends beneficiary the credit.
- If there are no explicit relationship between offers to buy and sell, HC NET tries to find offers from the network that will lead a chain of conversions from AED to USD. For example, AED to AUD, AUD to BTC, BTC to XLM, XLM to USD.

## TRANSACTING USING HCX

The HC NET is free to use. If a person has to trade on the live network, the person needs HCX or the native cryptos to ensure coverage of the base fees of the transaction. Eventually, transaction on HC NET platform is very low.

The initial HC network will hold 100 billion HCX at its root account. Then there will be allocation to different exchanges with an initial amount of say 1million to each exchange across geographies. For instance, say 1 million HCX is funded initially to exchanges like PayBito India, PayBito US, Kraken etc. One should be aware at this point about the risk associated with all digital currency including complete loss of value.

When a transaction is initiated on the HC NET using HCX, the transaction draws HCX from HC NET, leaving the transaction fee in terms of JOT to HC NET platform. The transaction then reaches to an exchange, for instance, PayBito India or PayBito US where the traders trades. Based on the reserve of HCX the exchanges are holding, and the position of the traders, the demand in the market will determine the value. When the majority of the traders take a long position in the market, there will be reduction in HCX in HCX reserve in the exchanges and consequently the HCX value will be more. On the contrary, if there are more short positions in the market, that is, the traders are selling more HCX cryptos, there will be more HCX cryptos available in the market with the exchanges and eventually the value of HCX will reduce. The value of HCX is determined by the market mechanism.

## HCX DISTRIBUTION

Let us analyze the use of HCX in organizational purpose. HCX can be used in banks, currency exchanges, corporate houses and wallet providers, payment service provider, E-commerce merchant icon. On looking into deeper aspects, with HCX, Banks do cross-border settlements in real-time at a lower cost without the need for locking funds in Pre-funded Nostro Accounts With HCX, Currency Exchanges manage liquidity efficiently, settle funds in real-time for their customers and discover new remittance corridors. The corporate can benefit with the HCX, PSPs can operate on this network without the need for an acquiring bank. For the E-commerce merchants, With HCX, merchants can cut down the cost of receiving payments considerably and receive money instantly.

## THE OTHER POINTS WHICH DIFFERENTIATE HCX AND MAKE IT MORE TRADABLE ARE THE FOLLOWING PARAMETERS

Wide Applications: HC products which operate on HC NET are used for Remittance, Corporate Payment, Trade Finance, Commerce and Forex deal. These are mainly: HC Remit, HC Trade, HC Market Makers and HC Commerce. Wide Acceptance: HC Products are used by Global Banks, Currency Exchanges, Payment Service Providers, Corporate Houses and E-commerce



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