



KTO EXCHANGE

WHITEPAPER | 2024



It is no secret that the cryptocurrency market has grown exponentially with every passing year since its inception. Currently, there are more than 18,000 different cryptocurrencies are on the market.

Daily trading volume reaches billions of US dollars regularly, with retail and institutional investors continuously expanding their positions.

Though cryptocurrency laws and regulatory aspects are still being established, cryptocurrencies are already becoming recognized and adopted by governments worldwide. This recognition also means that cryptocurrency cannot remain an ambiguous space which is known to be used for nefarious activities, including fraudulent data collection, money laundering, and tax evasion. This was true in 2022, and it's still happening today. As a result, centralizing certain aspects of our project is critical to ensuring that we remain secure, resilient, and compliant well into the future.

This is the KTO Exchange whitepaper. It is an introduction to our team, the ERC-20 token (\$KTO), our Non-Fungible Tokens (NFTs), and how they all play significant roles in our upcoming centralized exchange (CEX).

ORIGINS

Kounotori, the oriental white stork, is believed to be a symbol of prosperity and longevity in Japanese culture. As recounted in folklore from the area, storks would be seen diving into the water, only to return with a mouthful of treasures instead of fish. This imagery made us believe the Kounotori was the perfect symbol for our brand, as we aimed to build a decentralized staking platform with unique tokenomics that would provide passive rewards, not red herring. Yet, just as the stork plunges into the lake's murky depths only to burst forth, its beak glistening with treasure, so too did we dive headlong into our research – which brought forth the unexpected gift of new ideas.

EVOLUTION

As we dove deeper into the metaphorical lake and entered the research stage of our project, it became apparent that expansion and evolution at hand. A stream of dysfunctional cryptocurrency projects were being produced each day, with the masses being hyped-up to token launches that would later be revealed as scams and rug pulls. Thus, we asked ourselves, 'Why do people assume that decentralized finance (De-Fi) is inherently 'good' or 'safe'?' The stark reality is that De-Fi goes wrong more often than not, and no one is willing or able to right those wrongs. With the ever increasing awareness and popularity of cryptocurrency, the De-Fi sector is facing additional scrutiny and regulation from governments and authorities on a global scale. Eventually, 'know your customer' (KYC) certification will be required for most De-Fi services, eliminating one of the core benefits De-Fi has over centralized finance (Ce-Fi): anonymity.

DEDICATION

From these revelations, we concluded that adopting elements of centralization into Kounotori would be essential to our longevity as a serious and competitive contender in the currently oversaturated cryptocurrency market. This pivot, coupled with our recent rebranding, has been in preparation for the development and launch of our very own centralized exchange. We are dedicated to ensuring its security, stability, and ability to provide sustainable staking returns for our holders for years to come. We are confident that this strategy will propel us toward a new goal of becoming one of the biggest centralized exchanges in the De-Fi space.

To ensure the quality and functionality of our upcoming CEX is of an exceptional standard, we have partnered with Tech Alchemy, a London-based, award-winning development studio. As the developers of our CEX, Tech Alchemy have been working closely with our team and community to make our CEX the best it can be.

For more information about Tech Alchemy please visit www.techalchemy.co



We have also partnered with the following companies for various services on our Platform:



Digital Asset Management



Advanced Charting Tools and Technical
Indicators



Web Based Cloud Services

We are a team of passionate crypto enthusiasts, all sharing a frustration with deceitful rug-pulls, treacherous honeypots, and developers who abandon their communities. Our goal is clear: to establish a new standard of honesty and transparency in the crypto world. We're committed to creating a project that not only listens but actively champions the voices of its community. Because we know that real success comes from the unwavering support of our community, steadfast investors, and brave souls willing to push the boundaries and think outside the box.



MIKE
Chief Executive Officer



JOHN (Krammit)
Chief Innovation Officer

OUR VISION AND CORE VALUES

At Kounotori, our vision is to pioneer a future where financial opportunities are universally accessible, driven by innovation, security, and community collaboration. We aspire to create a revolutionary cryptocurrency exchange platform that seamlessly blends the reliability of centralized systems with the transformative potential of decentralized finance (De-Fi). Our commitment to integrity, innovation, community focus, and security forms the bedrock of our mission.

We prioritize transparency, honesty, and ethical conduct, fostering trust and credibility in all our interactions. By relentlessly pursuing innovation, we aim to redefine the cryptocurrency landscape and empower individuals to take control of their financial future. Our community-centric approach ensures that every voice is heard and valued, guiding us as we implement robust security measures to protect the assets and data of our users. Together, we are shaping the future of finance, one secure and community-driven step at a time.

PHASE 1:

- Kounotori Conceptualization ✓
- Social Media/Website Creation ✓
- Initial Community Building ✓
- Litepaper Release ✓
- Certik Contract Audit ✓
- Solidproof KYC Audit ✓
- Coingecko Listing ✓
- CoinMarketCap Listing ✓
- Marketing/Influencer Reach ✓
- Initial Research ✓

PHASE 2:

- Kounotori NFTs ✓
- Low Tier Exchange Listings ✓
- Staff Expansion ✓
- Brand/Website Redesign ✓
- Whitepaper V1 Release ✓
- Exchange R&D Phase ✓
- Marketing/Influencer Reach ✓
- Listing On De-Fi Platforms ✓
- Create KTO Exchange LTD ✓

PHASE 3:

- Listing On Top 50 CEX ✓
- Public Alpha testing ✓
- Partnered Discord Server ↻
- Pitch Deck Completion ↻
- Exchange Development ↻
- Cross Project Collaborations ↻
- Infrastructure Revamp ↻
- Secure Affiliate Programs ↻

PHASE 4:

- Listing On Top 25 CEX ✓
- Marketing Campaign ✓
- Beta Testing ✓
- Vetting Smallcap De-Fi Projects To List
- Exchange Launch
- Board Of Directors Formation
- Exchange Audit

PHASE 5:

Listing Smallcap De-Fi Projects

Staking Launch

Set \$KTO Tax To Zero

NFT Staking Launch

Exchange Mobile App

Google Pay Implementation

Apple Pay Implementation

Recurring Deposits

PHASE 6:

Set Up Board Of Directors For KTO LTD

Listing On Top 10 CEX

Kounotori Payment Card

Blockchain Development

Migrate \$KTO To Blockchain

Stablecoin Launch

\$KTO Contract Address: [0x616ef40d55c0d2c506f4d6873bda8090b79bf8fc](#)

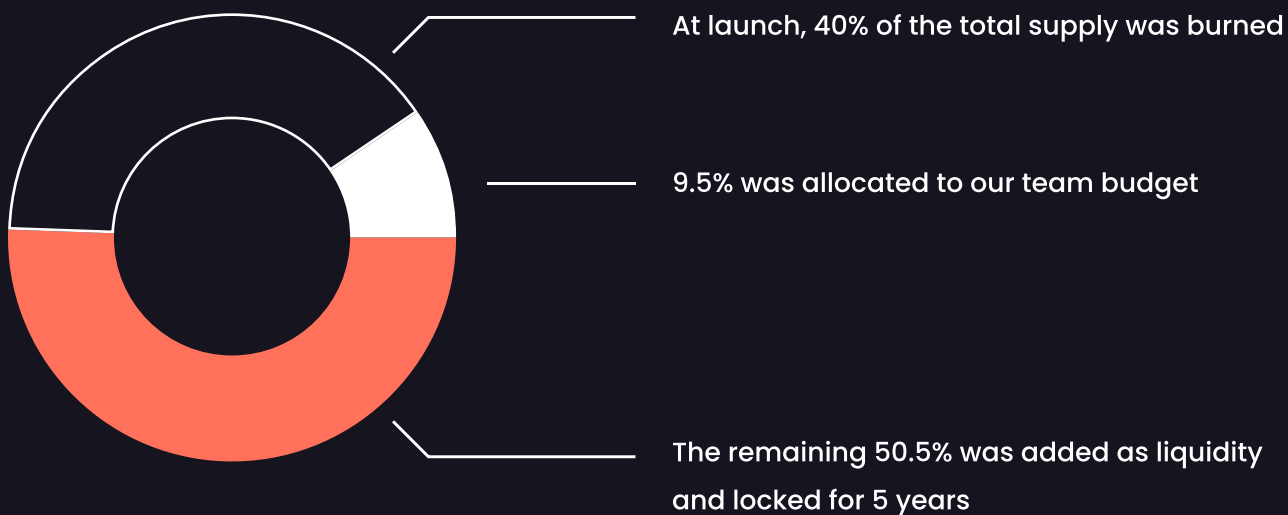
Kounotori (\$KTO) is an ERC-20 token that launched on the Ethereum network in December 2021 with a total supply of 1 quadrillion (1,000,000,000,000) tokens.

To prevent early whale manipulation, the following restrictions were applied at launch:

Maximum transaction: **0.2% of total supply**

Maximum quantity per wallet: **0.5% of total supply.**

The maximum transaction limit will remain in place until further notice, but upon reaching a total market cap of USD\$50,000,000 (\$50m) the maximum quantity per wallet will be increased to 1% of total supply.



As part of our goal to ensure transparency between our team and the community, we have communicated several changes to how the team budget is allocated, predominantly due to the creation of new roles and review of existing ones. There have also been minor changes in personnel and levels of responsibility among the team. As we grow and continue to expand, there will undoubtedly be a need for us to broaden our collective skillset as a team, which may again result in further changes. Ultimately, we are extremely grateful for all the talented people within the Kounotori community who have offered their skills and time to help make our collective vision a reality. We will always endeavour to ensure such efforts are rewarded and any changes explained to our community accordingly.

A DIFFERENT KIND OF TRANSACTION TAX

Kounotori (\$KTO) is built upon the imaginings of a token that would look after not just itself, but its investors as well. It is a project where the rewards increase as the token grows, yet it also has the ability to recover should it flounder. It is this very vision that led to the tokenomics outlined below.

For Kounotori to begin with a healthy marketing and development budget, we implemented a scalable 10% tax on transactions



As we continue to grow, these reflections gradually increase for holders, and decrease for the marketing wallet to form the ultimate reward:



The unique value of this scalable tax has been demonstrated in its power to combat a decrease in the value of \$KTO, during market lows, AKA a 'dip'. In these 'dips', the transaction tax is adjusted as needed to ensure the marketing wallet has the funds required to get the project back on track. This increase in available funds has facilitated a number of token buy-backs, used for the benefit of the project. To protect the interests of both the developers and holders, the maximum scaling of the marketing tax will not exceed launch figures.

ETH MARKETING REFLECTIONS

Though many teams typically hold a store of their own project's token for development, this also requires the token to be sold, thus affecting its price. To avoid the positive usage of project funds being overshadowed by a subsequent decrease in token price, the team has chosen to retain our marketing fund in the form of Ethereum (ETH).

Given Ethereum's significance and growth, this should ensure funds are always available to improve upon the project, without negatively impacting \$KTO's performance, and its investors' pockets. As we do not have a marketing wallet in \$KTO, the ETH wallet is also used to purchase tokens for burns, giveaways, promotions, and even to buy the tokens required to provide liquidity for any exchange listings.

OUR BURN MECHANISM

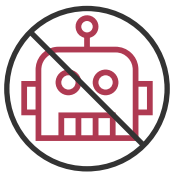
Because the burn wallet is considered a generic holder, it receives reflections the same as anyone else. This means that depending on the current transaction tax, it will always receive a minimum of 3% and maximum of 8% in reflections, and therefore burns, with every transaction.

FEATURES AND CERTIFICATIONS

Due to the necessity for us to maintain the scalability of the \$KTO transaction tax, we were not able to renounce the contract. As such, we acknowledge that this can be off-putting to many investors, and to counteract this, our development team is fully 'doxxed' and contract audit completed by Certik.

In addition to sharing our identities with the world, every transaction made by the marketing wallet is publicly available to the community, to ensure our ongoing transparency. The marketing wallet is further protected by a Gnosis Safe 2/4 multi-signature (multi-sig) protocol, and the liquidity of \$KTO has been locked to Unicrypt for five years.

We have also made an effort to have additional security features implemented into our \$KTO contract, to make it a safer, more attractive option for investors, when compared to competing tokens.



Anti - Sandwich Attack

\$KTO is immune to sandwich attacks, which is the process where a bot will make two quick transactions just before and after another transaction in order to make a profit. Our contract limits each address to only being able to make one transaction per block.



Anti - Honeypot

Setting the maximum transaction amount to zero would prevent everyone from being able to sell, AKA a honeypot. Our contract will reject any efforts to set it at zero, meaning you will always be able to sell tokens. The lowest amount that can be set is 0.1% of total supply (or 1 Trillion tokens).



Anti - Tax Manipulation

Some projects have scammed users by setting the transaction tax to 100%, which means that all of your money is taken and you receive no tokens. Our contract will not allow reflection taxes to be set above 8%, meaning you will always receive tokens when you purchase \$KTO.

CERTIK CONTRACT AUDIT

In this section, one of our former lead developers provided a breakdown of the two issues that CertiK flagged as “major” in their audit report for the \$KTO contract. These were the most ‘severe’ items that CertiK raised, and as such, he has also outlined the security measures we have put in place to minimise these risks as much as possible.

1 - CENTRALIZATION RISK

A ‘centralization risk’ was raised in reference to the contract not being renounced and us therefore being able to change the values of contract variables, such as tax percentage, marketing wallet, owner wallet, max wallet, max transaction, etc.

While this issue would be entirely eradicated if we were to renounce the contract, that would mean our scalable tax tokenomics would be rendered useless, and there would be no more double reflection events, no tax-free Tuesdays, and no big CEX listings. If we were to renounce the contract, we would not be able to completely disable the tax in future, which would in-turn prevent us from being listed due to the impact of transactional taxes on large CEX’s profits. Possible exploits of this risk are as follows.

Set max transaction to 0 tokens, wait 5 years for LP lock to expire and then rug pull. Fortunately we cannot do this, even if we wanted to, because the contract refuses any value below 0.1% (1T tokens) as a transaction limit. This therefore makes it impossible to reduce the transaction limit to 0 tokens.

Change the marketing wallet to a personal one, set marketing reflections to 100%. The contract also refuses any value above 8% for marketing reflections, so no one is able to “rugpull” the project in this manner.

The worst-case scenario for this risk, is for the contract to fall into the hands of an evil person, who then changes the marketing tax to 8%, the marketing wallet to their own, and renounces the contract. In such an event, the team would be faced with no ongoing funding for marketing, development, or platform-building. However, it poses minimal risk to our holders within the community, as they would still be able to exit their positions and recover most of their investment value.

2 – CENTRALIZATION RISK IN ADDLIQUIDITY

In order to add liquidity for \$KTO, we sent Ethereum (ETH) to the \$KTO contract address (not the deployer wallet but the actual contract address) before launch and then the contract itself added liquidity to Uniswap. This means that the \$KTO contract received the corresponding LP tokens, which act as proof of ownership (a receipt) of the liquidity provided. As we have not renounced our contract, this means that the 'owner' of the LP tokens can theoretically withdraw the liquidity at any time (aka rugpull).

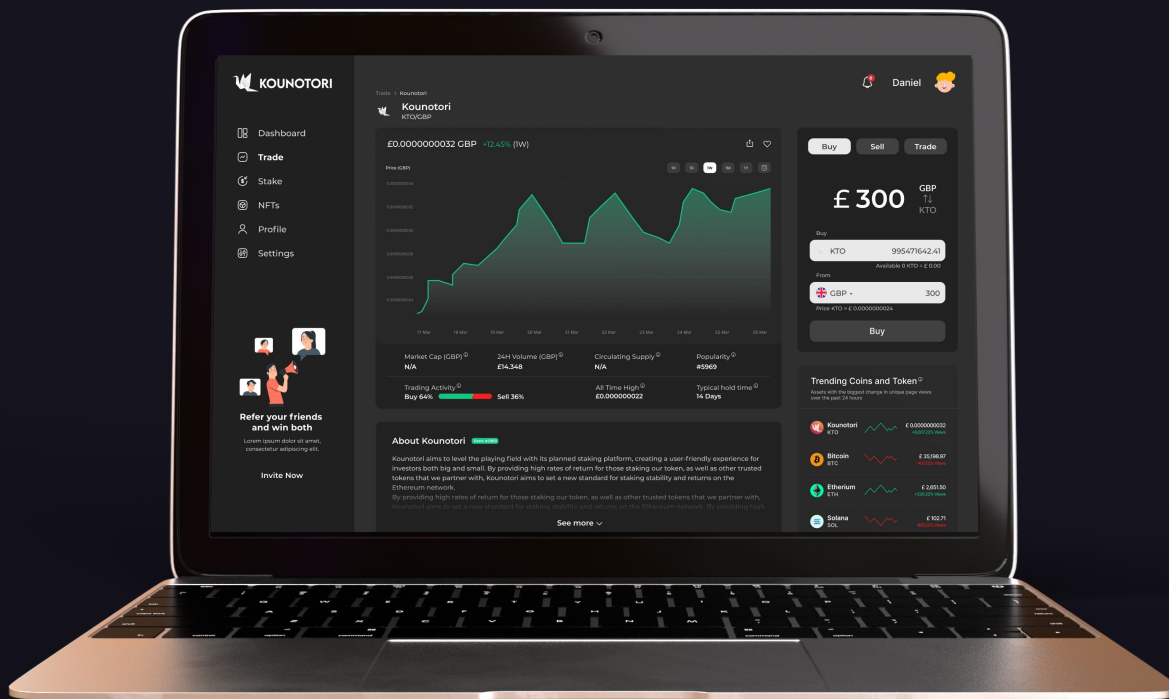
The specific function that CertiK have raised an issue with, involved the \$KTO contract sending the initial LP tokens to another of our wallets, which was then locked via Unicrypt to ensure that no one could carry out the above mentioned 'rugpull' scenario. This was raised by CertiK as an issue, however it is now considered 'partially resolved', as we have provided them with proof of the liquidity lock. The reason that this was not marked as 'fully resolved' is because CertiK also considers that the current lock is only for a duration of five years. This means that the risk will return after five years, in the event that we do not extend the lock before its expiration.

WHY A CENTRALIZED EXCHANGE (CEX)?

As mentioned earlier, our research has led us to believe that many people assume decentralized platforms are just as safe as centralized ones. This misconception, in addition to the notion that De-Fi is more progressive than Ce-Fi has spurred on the recent trend of creating and utilizing decentralized trading platforms instead. The sad reality, however, is that decentralized platforms rarely have the support or insurance in place to reimburse investors, should they be the subject of a hack or exploit resulting in financial loss. Furthermore, centralized exchanges are expected to be fully compliant with all relevant laws and regulations, while DEXs are not. Though many perceive centralized exchanges as greedy and self-centred, the reality is that they are still extremely beneficial to investors due to their lower fees, instant transactions, and ability to make cross-chain and FIAT-related transactions with relative ease.

Our CEX will ensure its users' safety through the employment of audits, insurance and high-end security management services, while offering a user friendly and streamlined experience, including the option to switch between "pro" and "basic" layouts. Both layouts will be free to use, but the former will include more complex functionality and features.

Note - The display shown below is an early mock-up and is subject to change.



EXCHANGE FUNCTIONALITIES

Our CEX is still a work-in-progress, and as such the initial features will be expanded and new ones added over the course of its development. Currently, these include but are not limited to, NFT perks, an NFT marketplace, a futures market, staking, payment cards, and more. The platform itself will also support typical elements such as user settings, activity logs, trade reports, FIAT banking support, and referral code opportunities for promoting our CEX.

We have taken measures to ensure useful features have been included, such as several trading pages that will display a variety of charts, data, and supporting information for different markets (USDT, BTC, ETH, FIAT, etc). Each market view will feature breakdowns of all listed cryptocurrencies within them and allow you to navigate between your favorite investments with ease. Buy and sell orders will be supported, and you will be able to monitor your open, closed and cancelled orders. You may also leave comments on each cryptocurrency and sort them using a variety of methods including coin/token-specific tags.

To further ensure the security of the platform and your assets, our CEX will utilize 'Know Your Customer' (KYC) certification. This means that you will be required to confirm your identity through the provision of personal identification and/or supporting documentation. As previously mentioned, we understand that one of the appealing factors of De-Fi is the anonymity, however we believe that the benefits of being a secure and compliant CEX far outweigh the benefits of anonymity, particularly when it comes to recovering any lost or stolen funds.

LISTING REQUIREMENTS

As part of the future success and expansion of our CEX, we will be seeking to list other De-Fi projects that are aiming to provide their investors with a centralised, gas-free, trading option. All prospective listees will be required to undergo a thorough security evaluation prior to listing, as discussed in-depth below. We understand that CEX listings can be expensive for new projects, so listings will not involve an up-front cost, and will instead be paid for using a percentage of the listing projects' native token.

The reason we require a KYC certification from the project leaders of prospective listings, is to ensure all investors are protected in the event of any malicious activity, such as a 'rug pull'. The information provided through KYC certification allows us to be better positioned to undertake the necessary legal action(s) against the responsible parties and reimburse or compensate affected investors. Furthermore, we believe that having a higher standard of security in our listing requirements will set us apart from other exchanges and ensure we are able to adapt easily to any future changes in cryptocurrency regulation.

To increase your chance of being one of the first projects to be listed on our CEX, we recommend implementing some of the below features/functionalities:

- KYC certification for all team members
- Fully 'doxxed' team members
- Locked liquidity
- Completed audit of token/coin contract(s) by a reputable company
- Multi-sig protocol in place for project wallet(s)
- A renounced contract
- No manual blacklist functions
- Limitations on max transactions
- Limitations on tax functions

GREEN VS BLUE

Trading fees will be represented by a dual-tier system categorizing tokens as either "green" or "blue". "Green" tokens, which are newly listed and carry higher risks, will be subject to a 1% trading fee. Initially, all new tokens will be classified under this category. On the other hand, "blue" tokens, which meet certain risk-lowering criteria, will enjoy a reduced trading fee of 0.1%. The specific requirements for a token to qualify as "blue" are yet to be finalized and might include factors such as market cap, trading volume, number of holders, liquidity lock, and the age of the token. Prominent tokens such as USDT, BTC, ETH, and USDC are to be classified as "blue" from the outset, although the final list will be confirmed closer to the exchange's launch.

NFT FEE REDUCTION

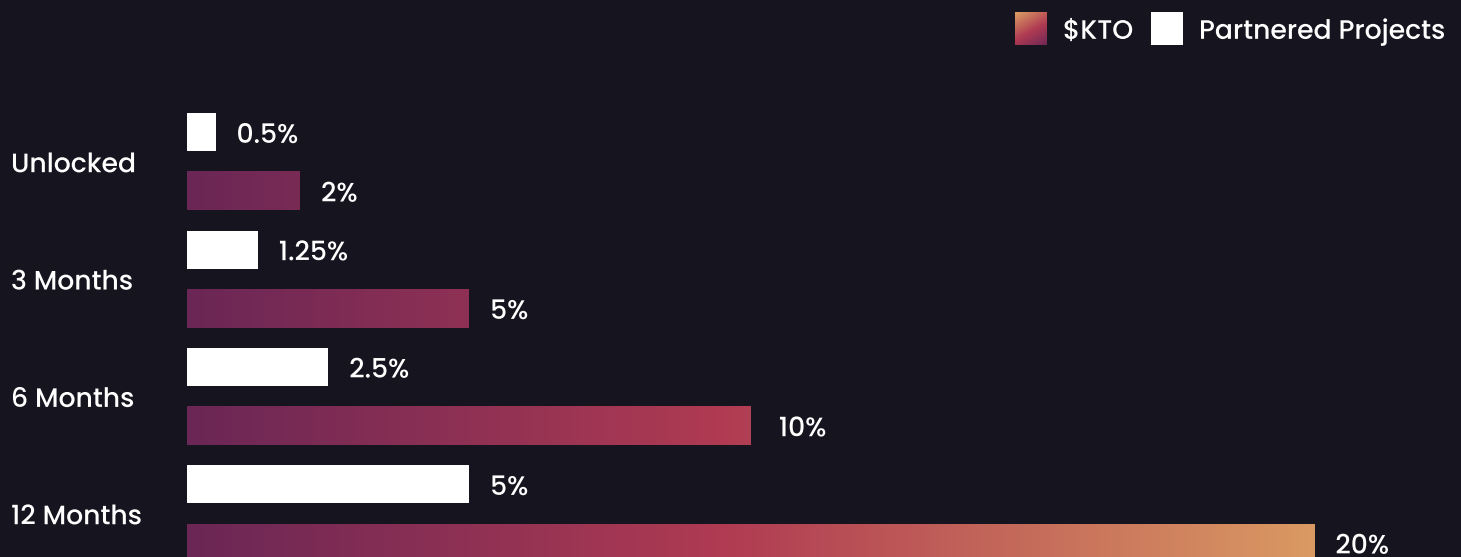
Another exciting feature that stems from our De-Fi roots is staking. Staking on our CEX will be available in two different models; locked and unlocked. If you participate in unlocked staking, you will be rewarded in a stablecoin such as USDT/USDC each month for retaining a minimum balance of the specified cryptocurrency. If you participate in locked staking, you will have the ability to 'lock' specific cryptocurrencies for three, six or twelve months and earn interest based on the corresponding APR. This interest is also paid in a stablecoin such as USDT/USDC and is claimable at maturity, with the 12-month lock currently slated to provide the highest APR. While the concept of 'locked' staking implies that you will lose the ability to withdraw your funds, this is still an option, however it is instead considered an 'early withdrawal' and will prevent you from earning the rewards you otherwise would at maturity.

STAKING

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STAKING REWARDS



KTO STAKING GUARANTEE

When you stake \$KTO using the 'locked' model, you will be granted a number of special perks based on the dollar value of the tokens locked. As part of our special KTO staking guarantee, these perks will remain available to you until the staking term is over, regardless of any price fluctuation during the staking term.

Keep Your Eyes Peeled For Special, Limited-Time Events With Partnered Tokens Offering Higher APR For Their Duration

NFT OVERVIEW

As we discussed in our Medium article [Bulletin From the Nest #2](#), we stand behind our belief that NFTs are not just JPEGs.



The Kounotori NFTs (Kounotori Valley Storks) have a deep folkloric significance relating to Japanese culture that synergises beautifully with our existing imagery and origin. They are a continuation of our storyline, and yet, they are only the beginning.

You can view each of our collections on OpenSea:

<https://opensea.io/collection/kounotori-valley-storks>

<https://opensea.io/collection/og-kounotori-valley-storks>

<https://opensea.io/collection/nintai-kounotori-valley-storks>

<https://opensea.io/collection/kounotori-christmas-collection>

NFT UTILITY

The Kounotori Valley Storks are divided into three tiers:

STORKHOLDER

For those that held at least \$100 USD of KTO at the time of snapshot

OG

For those that qualify for Storkholder AND bought KTO before December 12th, 2021 00:00 GMT

NINTAI

For those that qualify for Storkholder and OG AND have never sold KTO

If you qualified for Nintai, you also received OG and Storkholder NFTs.

NFT REDUCTION RATES

Each of our official NFT collections are available for trading on OpenSea, with each tier of the Valley Storks boasting its own unique qualities and utility for use on our CEX, as demonstrated below.

	STANDARD RATE	VALLEY	OG	NINTAI
GREEN TOKENS	1%	0.90% (10% REDUCTION)	0.80% (20% REDUCTION)	0.60% (40% REDUCTION)
BLUE TOKENS	0.1%	0.09% (10% REDUCTION)	0.08% (20% REDUCTION)	0.06% (40% REDUCTION)
\$KTO MAX APR	20%	20.1% (0.1% INCREASE)	20.2% (0.2% INCREASE)	20.4% (0.4% INCREASE)
DISCORD ROLE	⊖	✓	✓	✓
CHATROOM	⊖	⊖	⊖	✓

Trading fee reductions are now set based on the specific type of NFT staked, and each type is applicable only once per account. Staking a Nintai NFT results in a 40% reduction, an OG NFT in a 20% reduction, and a Valley NFT in a 10% reduction. When one of each type of these NFTs is staked, the total trading fee reduction accumulates to 70%. Similarly, the staking Annual Percentage Rate (APR) adjustments have been calibrated to align with the trading fee structure. A Nintai NFT boosts the APR by 0.4%, an OG NFT by 0.2%, and a Valley NFT by 0.1%. Staking one of each type of NFT leads to a total APR increase of 0.7%, ensuring a balanced reward system that supports the exchange's operational integrity and sustainability.

NFT INSPIRATION

For the Kounotori Valley Storks collection, we chose to draw inspiration from Katsushika Hosukai, one of the most prominent artists of the Edo period. In fact, some of his most iconic works, including "36 Views of Mount Fuji", "The Great Wave of Kanagawa" and "Tsukada Island" have been recreated as backgrounds for some of our NFTs.

Just as Japanese folklore depicts storks bringing wealth for generations to come, these pieces of historical artwork have continued to inspire multiple generations of artists and philosophers. We believe the symbolism and values of Hosukai's artwork align perfectly with our mission to deliver something truly meaningful that will last for generations.

**DISCLAIMER:**

At the time of this publication, the information contained in this document is current and accurate to the best of our knowledge. However, this document does not constitute financial advice and should not be treated as such. It is important to conduct your own research, investigation, and risk assessment, or consult with a licensed professional, before making any investment decisions.

By purchasing \$KTO, or by extension any related assets in the \$KTO ecosystem, you acknowledge that the team is not liable for any potential losses or taxes that may arise due to fees, market positions, regulatory issues, policies, or legal considerations. If you are uncertain and have not obtained adequate advice, we advise against making any investments, as the Kounotori team cannot ensure compliance on your behalf.

Kounotori reserves the right to update or modify the information in this document at any time, at their sole discretion.



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