



## BLOCKCHAIN TRADE PLATFORM LETTER OF INTENTION

REV.01  
10.05.2019

### 1- SUMMARY

Blockchain Trade Platform, BTP, is being developed by ATEZ Software Technologies; (resides in 15 Temmuz Mahallesi, Gülbahar Caddesi No:20/21, 34212 Güneşli, İstanbul, Turkey) with the technology support of Chain & Chain Technologies Ltd. (resides in 55 Baker Street, Marylebone, W1U 7EU, London, UK). BTP is a blockchain based platform software, that provides transparent, secure, opensource platform to enable bidirectional cross-border trade for all participants within their scope of work and granted permissions. It is also possible to develop and publish distributed applications <sup>(1)</sup> of third parties for their value-added non-core cross-border related services.

Amongst the most critical problems faced by both importers and exporters for their cross-border operations are; optimising their supply chain, optimised stock management, lack of common integration between service providers and government institutions and lack of trust for supply chain services. On the government side; invoice fraud (overstating the value of the goods for money laundering or understating the value of the goods for tax evasion), masking the true origin of the goods to avoid trade policy measures, physical tracking of the movement of the goods and complexity of controls to comply with rules of customs union and free trade agreements are the most challenging issues.

Cross-border movement of goods also creates risks for environment, public health, animal and plant life, protection of intellectual property rights and combatting international terrorism and organised crime. When recent protectionism waves are added up to this already complex picture, it becomes clearer that the need for a solution, where the trust itself comes from the technology used, is uprising. The solution must also be immutable, secure and be able to create "single point of truth" data source, where all participants can reach within their granted permissions and provide data they create during the lifecycle of the goods movement. At this point, it is almost certain that a system to resolve above issues can be created with blockchain technology, while the technology itself is still evolving for the better. The solution must also focus on true digitalisation by using the data elements instead of scanned documents. When the legal framework supports this data element approach to replace current paper-based trade documents, a true paperless digital trade will be possible. A common platform using blockchain technology and its trust-based functions will also shorten the lead times and also avoid non-compliant transactions through smart contracts. Those three main factors will significantly reduce the landed cost of products in international trade.

Because all data and transactions will be managed through smart contracts, reflecting the business contract rules and legislation in force, and because document will be created from a common "single point of truth" dataset, intentional or non-intentional errors on documents will be avoided and each and every party will benefit from cost savings, those relate to document exchange and multi integration requirements. This will significantly reduce the administrative overhead for all parties as well.

### 2- PROJECT TARGETS

BTP aims to make it possible for all of its participants to easily run their businesses by integrating only to the platform so that they can receive the date and events they need to take actions for their roles in the lifecycle of cross-border movement of commodities. The lifecycle is created by BTP's functions in accordance with the facilitation statuses of the participants (AEO etc.), certain properties of the goods, their origin, destination country, transport mode, delivery terms, HS Codes and CPCs. All of the above is obtained from the responsible party directly to create the single point of truth concept for error free procedures and prevention of replicating data.

BTP will be measuring key performance indexes of service providers depending on the contracts they have to measure and detect cost increasing factors to have a better supply chain management in bottlenecks of the created flows. It will also improve capacity optimization and finally make a true paperless cross-border environment possible while interoperating with other Blockchain platforms.

(1) *Distributed Application: code development tracked applications (those interact with chain-codes) in accordance with the government model and granted permission to be deployed only after approval procedures of audits done by authorised parties under pre-defined rules to make sure the code will do no harm to users or manipulate systems.*

### 3- CURRENT STATUS OF THE PROJECT

BTP is being developed by ATEZ Software Technologies together with Chain & Chain Tech. Ltd under IBM Blockchain experts' counselling and the Project has reached its final stage now before production after completion of design thinking, MVP development, PoC developments and tests. Currently important factors like governance model, IBP 2.0 migration, TPS optimization and cloud component setup is ongoing to lead the project to its final testing stage. The first available components are believed to be land exports and their dependencies like IPR, OPR, Domestic Payments, KPI Reporting and NCTS functions. Once these functions are combined and tested BTP will be live with its first public version and next versions will include other transport modes (Sea, Air, Rail & multimodal) together with transit, customs warehousing, temporary admission, home use, end use, free zones, investment incentive functions. On the payments side it is expected to have L/C and BPO functions together with cross-border payments.

### 4- INTENT OF PARTICIPATION

We; .....(company name).....  
residing in .....(company address).....

hereby express our interest to join Blockchain Trade Platform Project, given the fact that; this letter of intent is not legally binding for both sides under no circumstances and brings no obligations whatsoever. Our intention to join BTP is limited to below stated roles<sup>(2)</sup> and we will try to collaborate with ATEZ for pre-production tests and systems integration in our available capacity. We hereby also agree that we will not be sharing the contents of this letter with 3<sup>rd</sup> parties.

NETWORK ROLE	PARTICIPATE	NETWORK ROLE	PARTICIPATE
01 Exporter		15 Corporate Digital ID Services (TR)	
02 Importer		16 Inland Transportation Services (EU)	
03 Inland Transportation Services (TR)		17 Customs Brokerage Services (EU)	
04 Customs Brokerage Services (TR)		18 Warehouse Services (EU)	
05 Warehouse Services (TR)		19 Bonded Warehouse Services (EU)	
06 Bonded Warehouse Services (TR)		20 Freight Forwarding Services (EU)	
07 Freight Forwarding Services (TR)		21 International Carrier Services (Land)	
08 Port Operating Services (TR)		22 International Carrier Services (Sea)	
09 Certificate/Permit Services (TR)		23 International Carrier Services (Air)	
10 NCTS, Carnet TIR Services (TR)		24 International Carrier Services (Railway)	
11 ACC Services (TR)		25 Transport Software Services	
12 Domestic Banking Services (TR)		26 Customs Software Services	
13 Trade Documentation Services (TR)		27 E-Invoice Software Services	
14 Free Zone Operating Services (TR)		28 Other Trade Related Software Services	

Name- Surname  
Title

Company/Institution Name  
Company Stamp / Signature

(2) Please write "YES" next to the network role under "PARTICIPATE" if you wish to participate for that role.