

LUNU

# Practical Guide for Retailers



LUNU

Lunu introduces the revolutionary Processing service, Mobile Terminal, Online Widget and Crypto Wallet that allow customers to spend their cryptocurrencies immediately as local currency at the point of sale in retail transactions without expensive exchange commissions.

For more details please refer to [lunu.io/company/about](https://lunu.io/company/about)



### Lunu Processing service

Processing service with decentralized exchange rate and unlimited liquidity that conducts instant auctions through the proprietary Lunu Arbitrage System, based on a pool of independent arbitrageurs

### Lunu Terminal

The proprietary, elegant, mobile Lunu Terminal processes a wide variety of crypto currencies as well as credit cards and NFC payment systems in swift, secure, in-store transactions.

### Lunu Wallet

The Lunu Wallet is equipped to hold a wide variety of cryptocurrencies to use in retail transactions or to exchange cryptos for local currency online at low commissions.

### Lunu Widget

The Lunu Widget facilitates the same processing and exchange functions for crypto customers online as the Lunu Terminal offers in-store.



## Lunu Terminal: all in one device



No need for smartphone and additional devices to accept bank cards



Smartphone



Swipe Reader



Contactless and Chip Read



mPos App



Accepts most credit cards as well as contactless payments using NFC



Accepts a potentially unlimited number of cryptocurrencies





# Lunu Processing – how it works



For more details please refer to [lunu.io/company/technology](https://lunu.io/company/technology)

## Crypto currency users represent a massive and largely untapped opportunity

- 101 mn users of blockchain wallets
- turnover of crypto is \$800bn, yet only 1.3% of it is used for payments

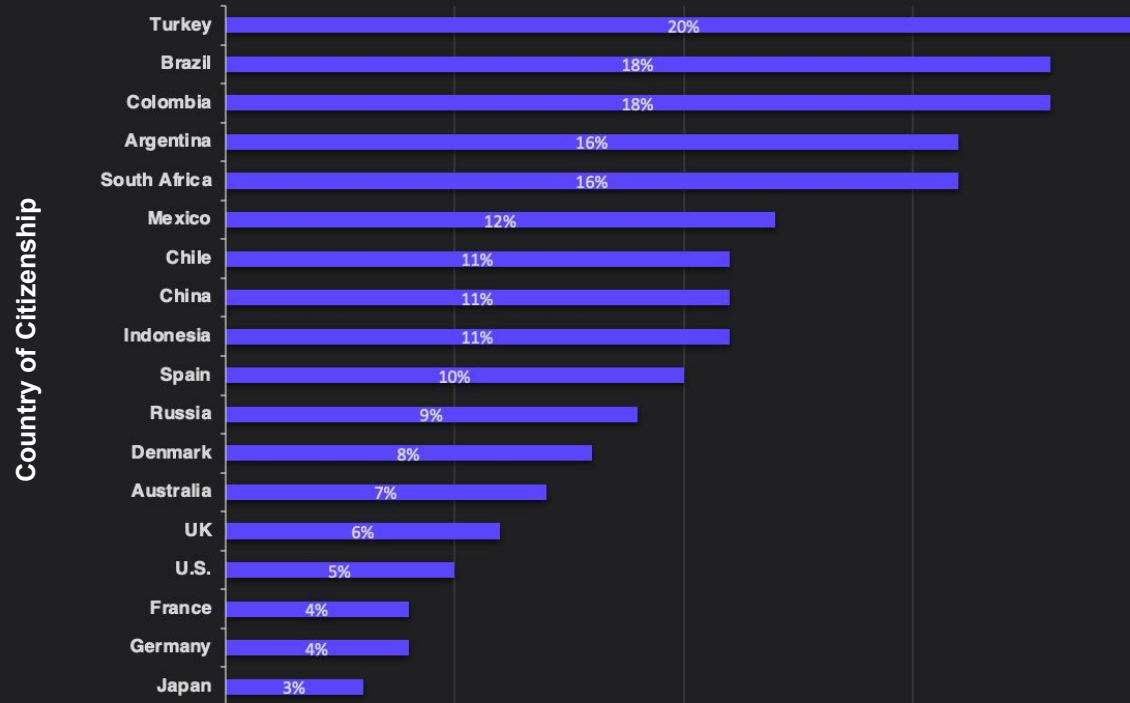
### Number of Blockchain wallet users worldwide from 3rd quarter 2016 to 3rd quarter 2020

( In millions )



## Cryptos are widely spread across the world

Share of respondents who said that they used or owned Cryptocurrencies



## What do Retailers get via Lunu?

- Access to new, dynamic, tech-savvy audience with disposable income
- Possibility of cross-border transactions in emerging markets
- Image association as a dynamic, innovative, technologically advanced brand
- Additional publicity: retailers will be mentioned by Lunu in all its marketing/PR activities (offline and online)
- Instant and safe payment in fiat money from the crypto paid by customers (Fiat money is government-issued traditionally used currency that is not backed by a physical commodity, such as gold or silver, but rather by the government that issued it - USD, EUR, GBP, etc..)
- Low and transparent costs - 1% of the transaction value



# Cryptocurrency legal context — in France and other countries in E.U.

Cryptocurrency is legal in all E.U. countries, including France, where The French Ministry of Finance issued regulations on 11 July 2014 pertaining to the operation of virtual currency professionals, exchanges, and taxation.

[proxy-pubminefi.diffusion.finances.gouv.fr](https://proxy-pubminefi.diffusion.finances.gouv.fr)

[Lunu legal Compliance](#)

Further development of the legislation to govern crypto in France with the recent adoption of the Pacte Act in 04'2019 has made France to be considered one of the “blockchain/crypto-friendly” countries in Europe.

However, in any case retailers do not participate in the crypto-currency turnover — it's taken care by Lunu.

## Retailers are dealing with:

- Selling the goods/services as they usually do
- Receiving EUR to their IBAN from a European bank account

**From the KYC/AML/Source of wealth perspective cryptocurrency is considered an analogue of cash.**

**For large transaction amounts Lunu will follow the applicable AML regulations as well as existing practices of a Retailer.**

# Overview of the legal framework of Lunu Processing for Retailers

Lunu ensures crypto currency acquiring from Customers, currency exchange within Lunu Processing and safe and instant delivery of funds to Retailers.

As a final result, Retailers get the preferred currency (EUR, USD, GBP etc.) from a banking partner of Lunu.

All transactions are traceable, identifiable (per each transaction) with history stored by Lunu and available to Retailers.

No special licenses or permits are required from Retailers to be onboarded by Lunu.

# Simple flow of steps to get powered by Lunu

## 1. Onboarding

Register at Lunu Console with compliance similar to opening of a bankaccount

[console.lunu.io/sign-in](https://console.lunu.io/sign-in)

## 2. Integration

Order Lunu Widget or Lunu Terminals via Lunu Console

[console.lunu.io/start](https://console.lunu.io/start)

## 3. Receiving money

Receive preferred currency to the Bank account

# 1. Onboarding / 1

- Retailer needs to appoint an Authorized person from its team to onboard (and later access) Retailer's account at Lunu Console.
- Lunu will appoint an Account manager to guide and help you with the onboarding.

## Retailers are on boarded via Lunu Console:

- Onboarding process is similar to what one shall expect when opening a bank account.
- Retailers needs to prepare the following information (in form of answers, info and/or confirmation docs):
  - **First and Second name of an Authorized Person**
  - **Physical Address of an Authorized Person**
  - **Phone No. of an Authorized Person**
  - **Source of Wealth - for the Retailer's legal entity - there is a drop-down menu with several options**
  - **Company's name**
  - **Company's IBAN**
  - **First and Second Name of each Ultimate Beneficial Owner (UBO)**
  - **who owns not less than 25% of the Company's equity**
  - **For each of the UBO:**
    - indicate whether he/she is a. USA-related person or b. Non-USA related person
    - if the answer above is "USA-related person" then the relationship is to be explained in the space provided
    - confirmation whether such a UBO (or any directors or authorized representatives of the Company) is a PEP (Politically Exposed Person)
    - accept the "Legal & Privacy" policy

# 1. Onboarding / 2

- **For each of the UBO and an Authorized Person:**
  - Scan of ID front & back
  - Proof of address (not older than 3 months)
- **For the Company:**
  - Certificate of Incorporation or Registration
  - Memorandum and Articles of Association
  - Constitution / By-Laws
  - Confirmation of the Director(s) of the Company (not older than 6 months)
  - Confirmation of the active status of the Company - usually it's a Certificate of Good Standing (not older than 6 months)
- **As part of the onboarding process Retailer will have to read and accept several legal agreements.**
- **For more details please refer to [lunu.io](https://lunu.io)**
- **Once the onboarding process is finished, Retailer will get access to its Lunu account.**
- **Lunu can also assist in onboarding Retailer on its behalf (provided it can share the requested docs with Lunu's Account Manager). In this case Lunu's Account Manager will share temporary login credentials to Lunu's Console once the onboarding is finalized.**

## 2. Integration

### a / Online transactions via Lunu Widget

- Lunu Widget is integrated with the most commonly used CMS - please refer to [lunu.io/plugins](https://lunu.io/plugins)
- To see how it will look like on your website: please follow the link [shop.lunu.io](https://shop.lunu.io) to select an item, put it in the cart and proceed to the checkout to see “Lunu Pay” payment option
- For any other CMS not mentioned above Lunu will develop the plug-in to this CMS and unique engine
- **For this Lunu needs from the Retailer:**
  - Web-site address
  - Detailed description about the CMS, including webshop software and their versions

### b / Offline integration via Lunu Terminal

- Lunu Terminal integrates with Retailer’s cash registers
- Please note that Lunu Terminal does not integrate with Retailer’s ERP, Billing, Inventory management system, etc.
- For integration Lunu needs to know:
  - **Type/model of cash register machines used in-store and their connection protocols (bluetooth, etc.)**

### c / PSP integration - Whitelabel solution

- Add crypto as a new payment method to your payment gateway and capture transactions from more customers.
- Our technology can easily be integrated on any payment stack. We also enable full white labelling of our technology.
- Merchants and end-users payment process is intuitive and seamless. Crypto payment also remove completely chargebacks.
- Let your merchants know that they can easily accept cryptocurrency as any other payment method
- Settlement in local currency removes any price volatility risk.



# Legal Purchase flow

Processing area

License area



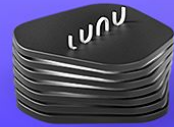
**Lunu is being selected in an online-shop or at the POS**

Customer wants to pay with crypto



**Lunu Widget / Terminal**

Receives customer's request to pay e.g. 100 € in BTC



**Lunu Processing**

Lunu will do verification of transaction in Blockchains and Mempools



**Custodian account (Crypto)**

Customer's crypto hits Lunu's buffer account (Master Account) that holds liquidity for all processable cryptos, e.g. BTC, ETH, LTH,... Licensed Custody Provider has created a custody sub-account per retailer under the Lunu Master Account for holding cryptos and Fiat. Note: Lunu uses its liquidity to mitigate currency volatility.



**Exchanges / Arbitrageurs**

The crypto, being held in the Lunu exchange / arbitrageur account, is being exchanged at independent exchange rates into Fiat money, provided by the parties, through the license of a partner exchange platform or Lunu



**Custodian account (Fiat)**

The Fiat money hits a retailer's custody account of the retailer through a license of a partner exchange platform or Lunu



**Fiat Payout**

The Fiat money is being transferred to the retailer's business bank account, initiated by the exchange platform or banks through a license

**Licenses involved:**

**Legal contract setup:**

**KYC and Onboarding:**

**Rev Streams:**

1. Custody, 2. Brokerage and Settlement. Lunu leverages 3rd party licenses or will leverage own licenses once available

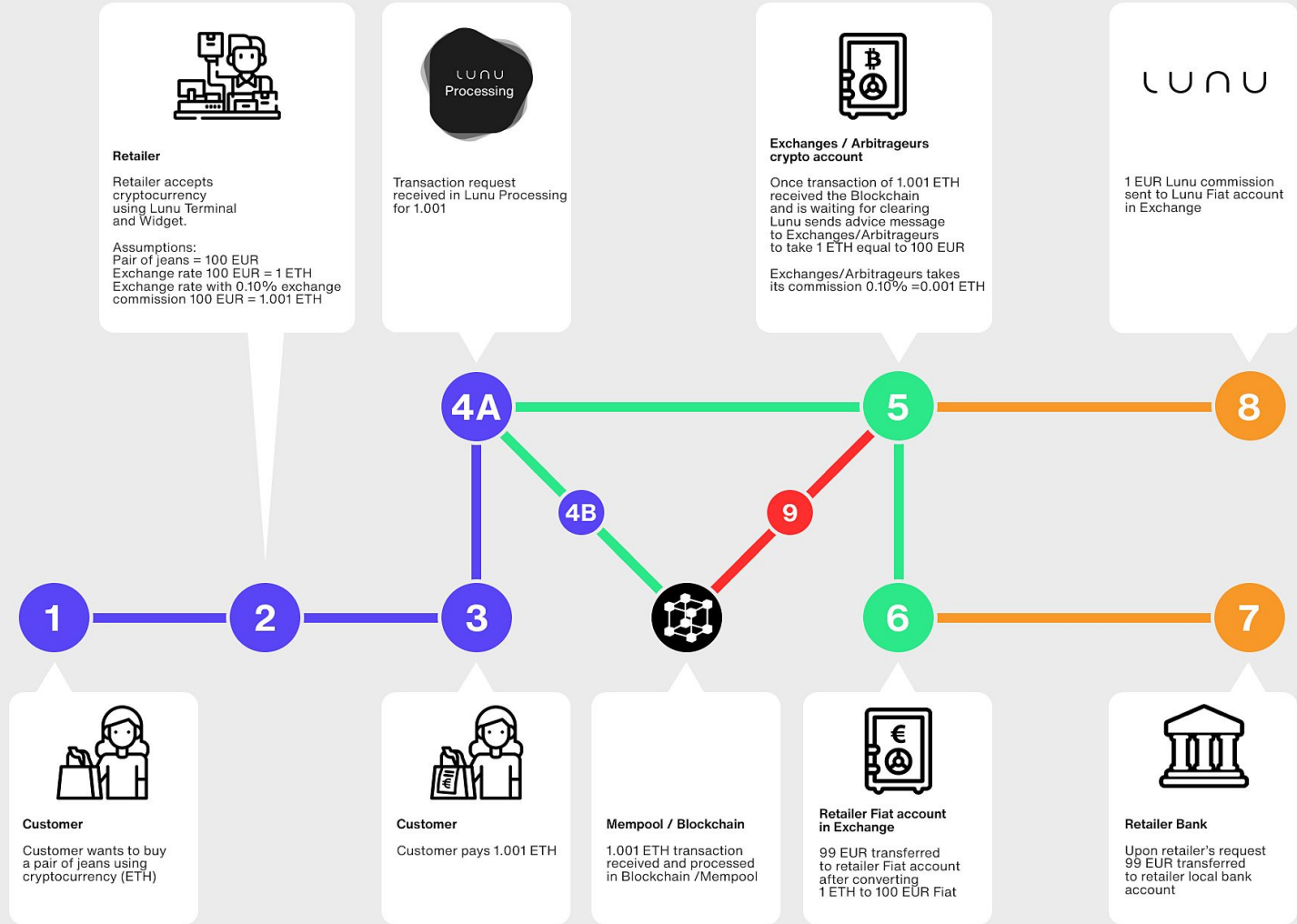
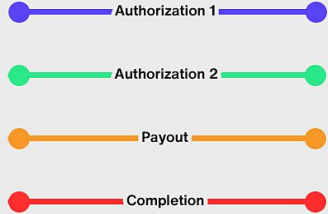
3-party agreement (Lunu - Retailer - Exchanges / Arbitrageurs)

a) Lunu gathers all documents per retailer and b) the Exchange signs or Lunu off the provided docs and opens up the account, based on their license

1) Lunu receives 1% commission per transaction which will be automatically deducted from the Fiat money to be sent to the retailer and

2) the Exchange Platform / Arbitrageur receives the individual maker/taker fee from the customer (displayed as exchange rate and included in the exchange)

# Purchase Flow



### 3. Receiving money

- Retailer will receive the preferred currency into its bank account - the one provided in the Lunu Console during onboarding
- Lunu Console will allow the Retailer to:
  - **Withdraw preferred currency into its Bank account:**
    - Automatically: once per day and upon reaching the certain amount of accumulated funds at Retailer's account (EUR 1000, by default)
    - Anytime at Retailer's discretion via the button "Withdrawal"
  - **View history of transactions**
  - **Order new Lunu terminals or Lunu widget**
  - **Create, add and administer operators for installed Lunu terminals**

## 4. Refunds

- Lunu is compliant with Customer protection rights in the EU and allows refunds for the purchases made with crypto.
- Retailers can initiate a refund/partial refund request of the original transaction using their CMS system which is connected to Lunu processing via API and deposit transaction amount into Lunu's holding Bank account.
- Lunu then exchanges the preferred currencies (EUR, USD, GBP etc.) into Cryptos at the current exchange rate.
- Lunu sends Cryptos to private customers of retailers to the preferred Crypto addresses.

# Legal Refund flow

Processing area

License area



## Customer returns the item with Retailer

Customer wants to request for refund



## Retailer CMS

Customer submits refund request in retailer CMS and retailer accepts the refund.

Retailer initiates the Fiat transfer to retailer's custodian Fiat account.



## Custodian account (Fiat) Retailer

The Fiat deposit is stored in retailer's custodian account.



## Lunu Processing

Lunu will check the Fiat deposit in Custodian Fiat account and request for Fiat to crypto exchange.



## Exchange

Exchange converts Fiat to crypto upon request from Lunu and store it in Lunu's crypto custody account.



## Custodian account (Crypto) Lunu

The crypto money hits Lunu's custody account. Lunu sends the refund request to Exchange for crypto payouts.



## Refund Payout in Crypto

The crypto money is being transferred to the customer's crypto address.

### Licenses involved:

### Legal contract setup:

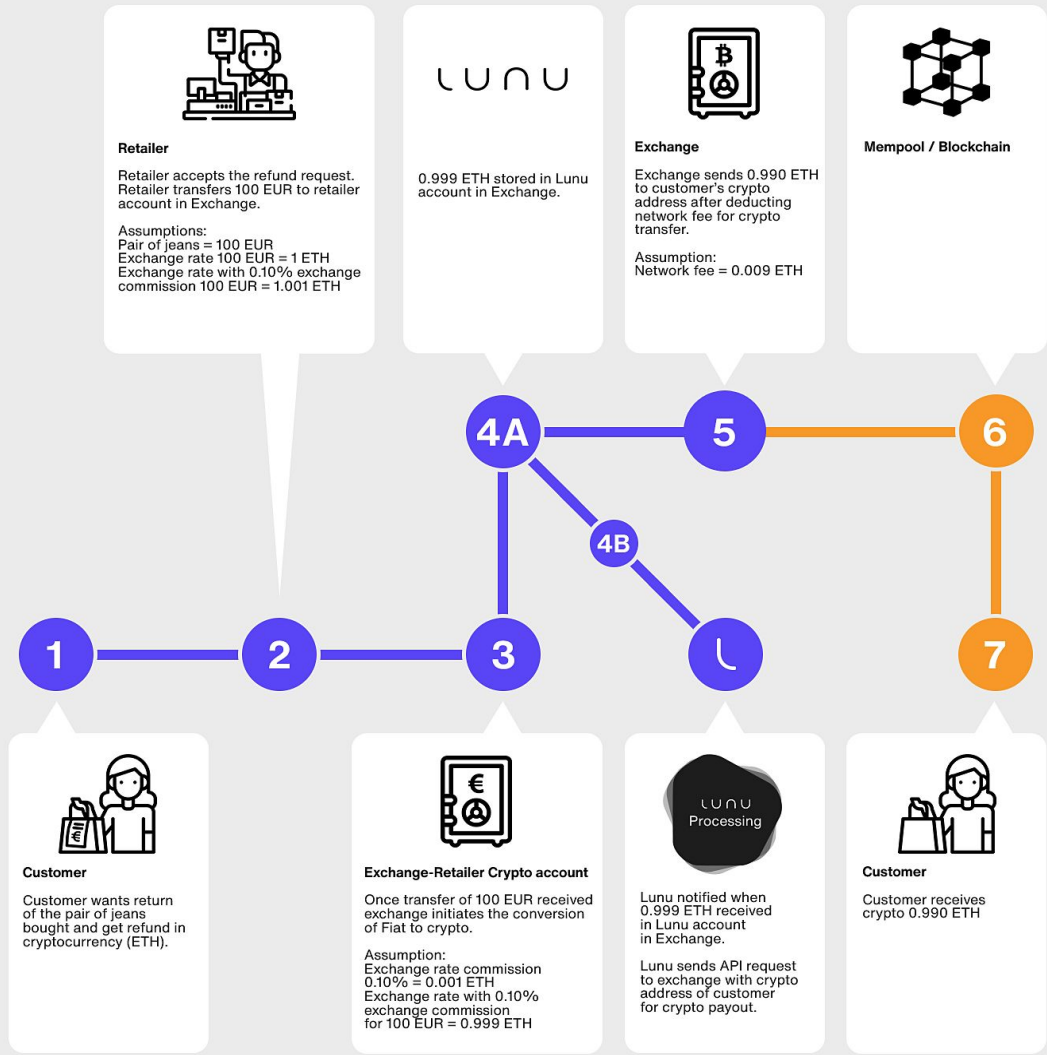
### KYC and Onboarding:

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# Refund Flow



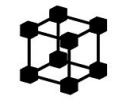
**Retailer**  
 Retailer accepts the refund request. Retailer transfers 100 EUR to retailer account in Exchange.  
 Assumptions:  
 Pair of jeans = 100 EUR  
 Exchange rate 100 EUR = 1 ETH  
 Exchange rate with 0.10% exchange commission 100 EUR = 1.001 ETH

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0.999 ETH stored in Lunu account in Exchange.



**Exchange**  
 Exchange sends 0.990 ETH to customer's crypto address after deducting network fee for crypto transfer.  
 Assumption:  
 Network fee = 0.009 ETH



**Mempool / Blockchain**

1

**Customer**  
 Customer wants return of the pair of jeans bought and get refund in cryptocurrency (ETH).

2

4A



**Exchange-Retailer Crypto account**  
 Once transfer of 100 EUR received exchange initiates the conversion of Fiat to crypto.  
 Assumption:  
 Exchange rate commission 0.10% = 0.001 ETH  
 Exchange rate with 0.10% exchange commission for 100 EUR = 0.999 ETH

3

4B



**Lunu Processing**  
 Lunu notified when 0.999 ETH received in Lunu account in Exchange.  
 Lunu sends API request to exchange with crypto address of customer for crypto payout.

5

7

**Customer**  
 Customer receives crypto 0.990 ETH

6





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Lunu.io