

May 2013 Report

Vircurex

Summary

The month of May, our first 3 months of operation, has seen the following main events:

- March to April total collected trading fees of ~500BTC
- Addition of further currencies: BBQ, NVC, YAC, CNC, FRC, FTC
- Passed vote on change of dividend payment to increase net asset value
- Security breach on 10th of May 2013

Security Breach

On 10th of May a security breach led to an unauthorized withdrawal from our hot and warm wallet, the following are the withdrawn amounts and the respective destination addresses and transaction IDs:

	Amount	Address	Transaction ID
BTC	706	17gPdCyzEMRXdNTBpHrUhsM4FaiWMHhx2Q	cbce6bd1e274a9ea9d6946feaf4a1b0f80a5885a8482f4ebf3caa052f22bb4bf
	748	1PWQJu9AskoXEBYMod1KqPE6TTG4VYNz1P	85489430661f3041608749acb3019a1dcbf07a60f22e4bc43acfd05b46496cc9
TRC	130,263	1Mu1wbyfkrRarPveiihy5iuceLGC91Z4T	33011a0e26fe1c3515c699eecd9d7550218779ae72fe7af063fffc80361d64
	95,000	1MeY3VVudFUV91gxVZsaY92TguRWy7eQbE	90239779a08243883f54bdb2503f4f40be2541487c2ef2383ef4d8277660e88b
LTC	23,400	LV8VnCDYJzd3FYNwn6n3Kyil17PB2MvXPo	30231aee25900b9cb1fba16f1a8923a0cd866d60b01e542be1a4b26f92d9d10f

The total losses of the security breach are

1454 BTC

225,263 TRC

23,400 LTC

Overview of incident

The attacker has acquired login credentials to our VPS control account with our hosting service provider and has then asked for the root password reset of all servers which – unfortunately – the service provider has then done and posted the credentials in their helpdesk ticket, rather than the standard process of sending it to our email address (which has 2FA

protection), also the security setup of allowing only our IP range to login to the management console was not working. It was an additional security feature the provider offered but was obviously circumvented by the attacker.

As a result out of this incident we have moved all our services to a new provider who offers 2 factor authentication for all logins as well as other verification processes that we hope will make similar attempts impossible in the future.

Consequences

The loss of the funds will be recovered out of the monthly dividends. Dividends will be used to purchase back the missing funds in the coming months. Depending on the trading volume development this is expected to take 9 to 12 months.

Additional currencies

We have added the following currencies to the trading platform:

- BBQ
- NVC
- YAC
- CNC
- FRC
- FTC

Some of these currencies have declined drastically in trading volume within only two weeks of listing and we will closely monitor their development, possibly delisting those that are technically too risky to maintain or volume wise financially not viable to host.

Considering that rather large number of currently listed currencies and the lack of any innovation of most other recent released coins it remains unlikely that further coins will be added soon. Should we do decide on listing another currency then we will setup a vote for it with a 3 days voting period hence allowing our shareholders to participate in the decision.

Vote #16

On 25th April the vote for changing the dividend payment scheme has passed with 1870:550 votes.

Thus going forward, the dividend payment will be 70% of the net profit while 30% of the net profit will be retained to increase the net asset value to 0.25BTC.

Financials

	Feb 2013	Mar 2013	Apr 2013	May 2013
Number of shares		28,700	28,700	28,700
Free float shares		8,612	8,612	8,612
Revenue		125.63	252.44	130.65
Paid Dividend		125.63	252.44	0
Cost of operations		520 USD	1,541 USD	730.30 USD
Book value	2149.77 BTC	1,937.99 BTC	1,485.70 BTC	-102.33 BTC
NAV	0.749 BTC	0.0675 BTC	0.0518 BTC	-0.0036 BTC

Fees, Services and Special Offers

Options

We have suspended the service for creating new options. The trading volume is too small to upkeep this function. We are evaluating on redesigning the options trading functionality.

Special Discounts

Freicoin demurrage:

We offered a 0% demurrage fee on Freicoin for the month of May, we will be extending this till end of June to attract more Freicoin holders.

Withdrawal fees

The withdrawal fees will remain on the current level. Many users are using Vircorex's accounts as mining deposit addresses and we accumulate a considerable amount of very tiny deposits, many as low as 0.000001

This requires us to regularly "defragment" the wallets which incurs not only a considerable amount of effort but also transaction fees.

We are considering stopping accepting small deposits, e.g. deposits below 0.01. Once we have proposal on hand a vote will be raised for shareholders to decide upon.

Outlook

This section describes the topics we are working on, the timelines will be officially announced in the News section on Vircorex and the forum on Bicointalk.org.

Any-2-Any Trading

It was initially planned to cancel the any-2-any trading. Due to a considerable amount of feedback requesting us maintain the feature we have decided to continue offering this feature until further notice. Should the trading volume of non-BTC to non-BTC be consistently below 5% of the total exchange's trading volume then we will put up a vote and ask the shareholders to decide on this.

Technical Developments

API

Changes are made to the API to incorporate the new trading engine version. Users on the API communication list have been informed but we will send out several more announcements as and when we come closer to the release date.

A further future improvement will be a non-HTTPS API for general inquiries (e.g. Orderbook, highest bid, lowest ask, etc.). This will reduce the system load associated with the HTTPS protocol and allow for more bots to query Vircorex without us having to upgrade the infrastructure.

Trading Engine

An updated version of the trading engine is in the final stages of testing. There will be no impact to the user, this is merely a technical optimization of the trading engine, increasing trading speed by 30% to 50% and considerably lowering the system load.

GUI / Layout

Step by step we will be converting the GUI to a more Bootstrap aligned layout.

Security Features

2FA / Google Authenticator

We are working on integrating 2 factor authentication via Google Authenticator or OpenID.

IP Address whitelisting

The month of May has shown 3 user accounts who claim to have been hacked. After reviewing the log files, in each and every case the other person seemed to exactly know the user's password, as we track failed logins we can see if the user logging in is trying to brute force attack a users password in which case we trigger a re-Captcha.

Nevertheless we will implement an IP Whitelist feature. Whenever a user logs in successfully from an IP address from which he has never before logged in, the system will send out an email to the user requesting him to confirm the new IP address. Only if the user confirms the link in the mail will the new IP address be allowed to login. This feature will be set to active per default for all existing users as well as all users registering. The user can deactivate the feature in the user settings if they wish to do so.

BOT trading

A number of complains have reached us about BOTS making manual trading difficult from time to time as the BOTs tend to undercut the physical trader constantly. We see the BOTS as an integral part of the economy and as such will retain the API that allows trading via computer programs. Nevertheless the issue is on our radar and we might implement restrictions if this gets out of hands, e.g. 1 Minute caching of all values. A request for vote will be raised once we plan to initiate anything in this area.

The Vircorex Management

5th June 2013, Beijing