Questionnaire - Xank

Questionnaire

Note: you can decline to answer certain questions (like marketing / go to market) which may be trade secrets and we will put in "declined to answer due to current trade secret".

a. General

    i. **Which blockchain / DLT are you building on top of?**

    We have forked Dash, the first masternode network with self-funding treasury, and adding new features to making it fiat price stable and more decentralized.

    ii. **How does the stablecoin work?**

    Stablecoin is a coin that is pegged to some fiat value for their entire coin supply. Xank goes beyond stablecoin and it competes in the stablecoin space. It is a free-floating currency that features a Stable Pay mechanism. This mechanism fixes the exchange rate between Xank and other currencies on demand, providing a non-volatile stable currency.

    iii. **What is the purpose of your coin? What does it aim to achieve, and which problems does it solve?**

The purpose of our coin is to replace fiat currency. Government induced fiat currency could have dramatic effect global economy. The purpose of our coin is to replace fiat with stable currency that is unhindered by any government. Stablecoins are intrinsically limited in that their ultimate goal is to mimic fiat currency with minimal tracking error. This means that the underlying fiat is superior to the stablecoin. We believe that people seek stable **transactions** rather than a bad fiat imitation. Xank is trying to do what no one has tried before. Xank is free-floating cryptocurrency just like Bitcoin so you can invest in the network. Xank is self-funding and self-governing, so it is fully decentralized. Xank has both Instant and Private Pay features, so it's scalable and has privacy functionality. We are using only a small fraction of our coin supply as our reserve to service stable transactions that people WANT.

iv. **When we say something is stable what do you think it means? And when it comes to monetary policy specifically?**

Stability in relation to currency means low volatility (relative to other currencies and consumer price index) and enduring purchasing power.

v. **What is your revenue model?**

Since we are trying to build a company but a decentralized stable currency, we do not have revenue model per se. When users engage in Stable Pay, a 0.1% fee is charged and Xank reserve will be accumulating 15% of block rewards of entire coin supply. After the Xank coin is launched, we plan to build a new business model around easy to use wallet and decentralized exchange services.

b. Launch & marketing
   i. **What does the market need to be confident in the stability of your token?**

The industry has experienced an explosive growth in use and adoption. Tether, which is a fiat proxy stablecoin and a major player in the industry have been vulnerable to price volatility and inflationary pressures due to it being pegged to the USD. In contrast, Xank Stable Pay mechanism will simulate pegging to the IMF's SDR only to retrieve data, but is not pegged to any fiat currency. The IMF SDR, composed of the world's dominant currencies (USD, EUR, RMB, JPY, and GBP) will assure the stability of Xank further than other single-fiat backed coins such as Tether. As more users, businesses, communities and the general population as a whole, rely on Xank stablecoin functionality, we can logically assume that the network will grow. This increased demand will inevitably increase the price of Xank coins.

ii. **How are you bootstrapping to that level of confidence?**

Funding will not be needed because we are not pegging our entire coin supply. We are currently negotiating with a potential partner for business to consumer (B2C) use.

iii. **What are your go-to-market strategies?**

Redefine what a cryptocurrency is by introducing a stable cryptocurrency that is non-pegged. Our primary strategy is to reinvent the wheel and create a new standard. Xank will primarily compete in the Stable Currency vector, and although its features and functions are designed to overcome cryptocurrencies' primary weaknesses, Xank can be compared and positioned as a forerunner in this industry. Xank can operate as a traditional cryptocurrency with a free-floating market price. However, Xank users will benefit from its stablecoin functionality which will perform Stable Pay transactions. Stable Pay is a Xank exclusive feature, which fixes the price of Xank to fiat currency during a transaction. It ensures stability by adopting the characteristics of an FX forward contract without a specified end date.

c. Economics
   i. **What is your coin stable with respect to?**

The IMF SDR, composed of the world's dominant currencies (USD, EUR, RMB, JPY, and GBP) will assure the stability of Xank further than other single-fiat backed coins such as Tether. In the long run, when people use

coins to purchase goods and services, the system can peg to a consumer price index (CPI) by uploading the price of a predetermined basket of goods instead of the coin to SDR exchange rate to the blockchain.

ii.   **How much volatility can this peg withstand? Is that the same for upwards and downwards pressure? How wide is the band of behavior it can support?**

Our currency is unhindered by any volatility due to it not being pegged to any fiat currency. Therefore, any upward and downward pressure is inconsequential. Moreover, the band of behavior it can support is irrelevant. We are currently conducting statistical analysis with Yonsei University to determine the magnitude of volatility that Stable Pay can withstand. Sustained price decline over years will place pressure on Xank.

iii.   **How easy is it to analyze the band of behavior from which it can recover?**

It would need a significant amount of computation power, statistical modeling and assumptions to derive the behavior bands from which it can recover.

iv.   **How expensive is it to maintain the peg/stability mechanism?**

Since Xank is using only fraction of our coin supply to support stability, it is inexpensive to maintain our stability mechanism. Our Stable Pay mechanism is entirely self-funded from block rewards.

1.   **How transparently can traders observe the true market conditions?**

This is quite easily done by observing multiple exchanges via Stable Pay transactions which will not be publicly available until after transaction is conducted.

v.   **Which monetary theory (theoretical) assumptions do you think are not true and how does your protocol account for that?**

I am not a fan of pure Quantity Theory of Money and the excesses created by quantitative easing. Our protocol accounts for none of that. It recognizes that we live in a fiat world controlled by central banks. We are creating a cryptocurrency that is decentralized, Proof Stake and Merit based, offers anonymity and **usable** by offering a stable payment method.

vi.   **Does your stablecoin supply scale in response to demand? If so, how?**

Xank money supply will be distributed in a binary logarithmic manner with no theoretical maximum. However, when demand exceeds supply, the coefficient of functions within the coin supply algorithm could be adjusted by consensus reached by meritocratic governance.

vii.   **Who provides the capital to maintain exchange rate peg? How are they compensated / Why do you think they would continue to lock up capital, given other investment opps?**

Stable Pay is funded by 30% block rewards that are placed into the Xank Reserve. This is determined by Xank protocol and cannot be changed without network consensus. The rest of block rewards of 70% will be distributed to Stakers and Masternode operators. In Xank, capital funding is not required since all the funds required are attained from decentralized block rewards.

viii.   **An eventuality plan in case of a "black swan" event.[1,2] The 1% case will happen eventually.**

Xank Treasury has a minimum limit set to 5% of the total circulating supply of Xank. Therefore when Xank Treasury falls beneath that level, it algorithmically halts further funding. Due to the nature of Stable Pay, it is understood that Xank at equilibrium will retain 15% of the total circulating supply during normal operations. In the advent of extreme volatility, the first level of Extreme Volatility Safeguard (EVS) is implemented (when there is a 50% price drop occurring in a single day). If this occurs, Xank Treasury will inject the supplementary funds needed into the Reserve automatically. The second level of EVS will be set at 70% price drop occurring in a single day. When this occurs the Reserve will acquire funds from the Voters' masternode collaterals, automatically. The third level of EVS will be set at 90% price drop occurring in a single day. When this occurs, the Reserve will acquire all funds from Xank Stakers' staking collaterals

automatically. As a further safeguard measure, 30% of Xank Reserve Pool will be atomically swapped with top 5 coins basket at all times in prorated percentages, reviewed every year as an extra safety net. When normal operations resume, all collaterals from Xank Stakers will be returned first and subsequently Xank Voters as well.

d. Tech

    i. **Are any novel consensus mechanisms used, over and above the underlying blockchain?**

    To become a masternode operator with voting rights, the 3 factors of Proof of Service, Merit and Social must be attained. Proof of Service requires pledging 1,000 Xank coins as collateral. Proof of Merit is based on 1-10 rating by other masternode operators regarding that person's contribution to the network. Proof of Social is based on non-network actions that benefit humanity and the environment.

    ii. **What transaction throughput can the blockchain currently handle and how does it plan to scale? Do its plans coincide with your plans for your estimated demand?**

    Instant Pay functions by setting a flag on the transaction, causing deterministic selection of a quorum of 10 masternodes for each input spent in an Instant Pay transaction. The masternodes examine the input, and if a majority determines it has at least six confirmations, they then accept the transaction. The input is then locked until the transaction has been confirmed in six mined blocks, at which point the output can be used as an input in another Instant Pay transaction. This differs from inputs used in normal transactions, which can be spent after just one confirmation regardless of whether the Dash was received using Instant Pay or not. A higher fee will be charged for Instant Pay transactions, according to the fee schedule. Note that the receiving wallet must also be aware of Instant Pay in order to be able to immediately continue with the transaction or display an appropriate notification that the transaction should be considered locked. If the receiving wallet is not aware of Instant Pay, it will simply appear as a normal transaction and you will need to wait for standard block confirmations.

    iii. **What tradeoffs does your protocol make and why did you make those tradeoffs? (supply/demand, temporarily peg breaking) (censorship resistance) (privacy tradeoffs) (accuracy of present market data and ease of manipulation of the data feed protocol uses (responsiveness of market and ease of manipulation)**

    We don't have smart contacts in our platform. We feel that although Ethereum is leading the way in this domain, it has yet to prove itself as a scalable technology, and this goes for other Ethereum based platforms. Instead, Xank seeks to adopt technologies that are feasible and scalable in the long term. Xank is closely following the development of second layer smart contract functionality that does not burden and bloat the underlying blockchain and is open to adopting these technologies as they become viable.

    iv. **Are there any centralized components of your system? Would any of these be easy for govs to shut down?**

    All network activity is decentralized and such government intervention would be deemed impossible.

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[1] https://en.wikipedia.org/wiki/Black_swan_theory

v. Does your protocol require information outside the blockchain such as a feed of price data? If so, how does this oracle work? Who manages it, what are the incentives for managing it, and what happens if the data they provide has a glitch?

Oracle System

These feeds will be provided by purpose-built Oracles that will function autonomously and transparently. Oracle input streams will be known, and their code will be made publicly available and open to scrutiny. This level of transparency and autonomy will assure that they are tamperproof and trusted. The Oracle system will be implemented at the Xank Masternode level ensuring that the feeds will be supported by a robust network infrastructure.

Oracle Feed Redundancy

Should any of the public feeds that the Oracle System rely upon experience failure or permanent loss of data, such as in the case of a sustained denial-of-service attack, regional IP censorship or geo-blocking, permanent shutdown of data feed, or any other temporary or permanent feed interruption, the masternodes will be able to further rely on multiple layers of redundancy; Masternode Feed Aggregation, Masternode Direct Manual Feed Input and Staker Oracle Feed Data Corruption Assurance.

vi. Which participants can see which transactions? What is the data and metadata available, and to whom? How does this impact privacy?

Xank has implemented a well-known highly-vetted protocol called Zerocoin with many custom enhancements allowing blockchain-level transaction anonymity in the way of unlinkability. We call this Private Pay, where Private Pay is an optional functionality of Xank. What Private Pay provides is a protocol-level coin mixing service using zero knowledge proofs to sever the link between the sender and the receiver with 100% anonymity and untraceability. This means that each coin that gets sent using Private Pay is 100% fungible as it has no determinable history attached to them.

vii. Are you doing anything with formal verification? Smart contracts used?

Clarification required. Smart contracts are not supported in Xank.

viii. What is the rebase period? (Length of time between currency adjustments.)

Clarification required.

ix. Can we make this automated?
   1. Do we use a smart contract, or network rules of the blockchain operators?

Clarification required.

e. Regulation

i. What are your perceptions of local and global regulation in supporting stable coin, asset backed token economies?

Even though Xank has stablecoin functionality, it behaves just like other cryptocurrencies in the market such as Bitcoin and Dash. However, unlike other stablecoins, Xank is not pegged and freely fluctuates based on market supply and demand, concurrent with other cryptocurrencies. Xank stablecoin functionality, named Stable Pay is optional which ensures fiat currency value retention during the life of a transaction.

ii. What could be done to improve regulation in terms of speed, quality, value for your company?

The fears of money laundering and illicit activities using cryptocurrency have been a concern in the industry. The moment cash is converted to digital, which is considered a "wash" enables the user to engage in regular banking or cryptocurrency activities. Cash is still considered the most untraceable currency form.

f. Testing

i. **What kind of simulations have you done and what have they helped you learn? (simulating broad array of market conditions)**

1. **Mental models for simulations**

    Xank maintains constant vigilance to arbitrage opportunities and endeavors to have consistent security protocols and SOP's to test the system. In the cryptocurrency market, aggressive investors are dominant players, but when the market stabilizes, many will want to invest conservatively and steadily. We did statistical analysis for individual's investment pattern and the sum of personal gains are always bigger than total system's added values.

2. **Econometric models**

    The issuance of Xank coins decreases with time, but the total amount of money is designed to increase without limit.

3. **Agent-based Modelling / Computer simulations**

    Since ABM(Agent based modeling) is NOT accurately proven methodology we rather use statistical analysis.

4. **Other (Please describe)**