

ANCHOR



Investing in The Future of Economy

LITEPAPER

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Abstract

The contemporary global economic ecosystem is plagued by instability, market volatility and inflation.

The value of your holdings in all existing currencies, whether you are a business or individual holding onto fiat or crypto, is always at risk and in constant decline. The result is an atmosphere of fear, anxiety and a constant need for short-term speculation through currency trading and hedging in order to maintain the value of what you own.

This affects everyone.

- **Individuals** who are saving for retirement, personal investment or insurance;
- **Businesses** looking to accumulate their capital into a safe store of value;
- **Markets and economies**, needing a stable and predictable peg of value as a referential point for their operation; and,
- The entire **global economic ecosystem** that sorely needs a way out of the perpetual and volatile cycle of recession and recovery.

We believe that whatever you have earned in your life as a human being should not lose value.

Our Mission is to create a currency that preserves and enhances the value of people's holdings, and a financial standard for businesses, markets and entire economies that need a stable foundation for growth.

The key difference that Anchor brings to the table is that, at its core, it is a platform and an enabler of long-term financial stability and incremental, but steady accumulation and enhancement of value.

Our Vision is to create the foundations for a sustainable and healthy global economy by bringing stability, transparency, predictability and trust to the global financial system.

Creating a Truly Stable Currency

The first step on the road towards the Anchor's Vision is to create a truly stable currency.

The Anchor, designed as a stable currency, provides a solution to the central issues of the global macroeconomic system - **transparency, guarantee, predictability and trust** - by:

- Introducing the **Monetary Measurement Unit (MMU)**, the most accurate available measure of the current value and future trend of the global economy based on real-time validated data, as a value pegging mechanism;
- Using Anchor's proprietary algorithmic formula which secures a **stable matching of the Anchor Token to the Monetary Measurement Unit (MMU)** to which it is pegged, with the additional benefit that the MMU is expected to appreciate over time, as opposed to fiat currencies, that are all prone to inflation;
- Pegging the value of the **Anchor Token**, the main currency and payment token, to the MMU through a **unique two-token model** - Anchor's hybrid token economy, comprised of **Anchor Tokens** and **Dock Tokens**, designed to ensure that the value of the **Anchor Token** remains pegged to the MMU; and
- Developing and growing Anchor as a truly stable currency. In each phase of the **Anchor Economy**, stakeholders will be highly incentivized to participate and contribute to its overall growth and development, protected by Anchor's **Safety Net** consisting of **Six Pillars**.

By developing into a stable currency, Anchor will become:

- An accurate and dependable measurement unit of monetary value in the world;
- The most trusted stable cryptocurrency on the market; and,
- A global financial standard for products, services and platforms.

This will ensure that the stakeholders in the Anchor Economy **preserve and enhance the value of their holdings over time**, and are able to rely on **a stable and predictable value peg** as a platform on which they can build their products and services, with reduced risk and profit from participation in the system.

Anchor's key stakeholders - investors, validators and partners - are additionally incentivized with **presale discounts** for their crucial role in the early stages of Anchor's development.

Who Should Invest In Anchor and Why

Everyone

What makes Anchor unique and exciting is that it offers investors **the best of two worlds** – a stable currency with a strong Safety Net AND the strength of an algorithmic token, without the usual pitfalls of the multiple-token economy, such as trust issues, auditing problems, third party problems and inflation.

As a dependable hedge against crypto volatility and inflation, Anchor is a perfect solution for *investors, traders, banks, hedge funds* and other *investment institutions*. *Exchanges* and *traders of cryptocurrencies* are expected to appreciate the offer of a stable currency that is immune to inflation, as well as *ICOs*, who could use Anchor to hedge their risk.

Another promising application of Anchor is the utility in providing a stable bridge for assets moving from traditional financial markets into crypto, which, in addition to the above mentioned prospective institutional investors, opens the door for *financial services*, offering them a reliable way of entering crypto markets for immediate exposure to a plethora of cryptocurrencies.

In order to ensure the proper functioning of the Anchor system at the time of and in the months following the market release, Presale purchases will be conducted in **Dock Tokens**, which will be redeemed for **Anchor Tokens** 1-for-1 after the waiting period. The reasons for this are the following:

- 1) Anchor wants to ensure the stability of the system by gradually releasing Anchor Tokens onto the market during the waiting period; and
- 2) Anchor wants to reward the Presale investors, since these Dock Token purchases double the investor's share when the Anchor Token airdrop happens.

One of the goals for the Anchor system is for it to be governed by entities that will ensure its long-term growth and sustainability, represented by **20 Validator slots** which will be allocated only to highly reputable entities (e.g. financial institutions, auditors, banks, insurance companies, universities, investment funds, etc.), while the **21st slot** is reserved for the Anchor Company.

Candidates for the Validator role must meet certain prerequisites in terms of expertise, reputation and capacity to successfully perform validation activities in the Anchor System, for which they are rewarded with four levels of incentivization:

1. A 50% ROI for Dock Tokens in Presale for a minimum investment of \$2 million, that will subsequently be exchanged for Anchor Tokens 1-for-1 after the waiting period;
2. Share of the stability fee collected for all transactions in and out of the system's main currency;
3. Greater probability of getting expansion Anchor Tokens airdropped to their account after all outstanding Dock Tokens are redeemed; and,
4. Participation in the System Governance.

The design is, and it is in everyone's interest, for the Validators/Oracles to be gradually empowered over time, as they are key to decentralized governance for two primary reasons:

- They form a decentralized entity gathered around the system's core information (e.g. value of the MMU, price of Anchor, etc.), and;
- They guarantee transparency of the system's actions (financial audits, purchasing of sovereign debt, etc.), or data (e.g. market cap, daily trade volume, number of issued Dock Tokens, etc.).

Eventually, this body may even become recognized as an entity that represents a **Single Point of Truth** that could offer its validation and governance expertise and services to other decentralized projects.

Investors who are not interested in applying for the Validator positions will be offered an incentive of 42.86% ROI for Dock Tokens purchases in Presale, with a minimum investment limit of \$50 K.

How It Works: Anchor Tokenomics

As outlined above, the Anchor currency is stable owing to the fact that it is pegged to the true value of the global economy, expressed through the **Monetary Measurement Unit**, by the works of its unique **two-token mechanism** and with the support of a **six-pillar safety net**.

The Monetary Measurement Unit (MMU): The most dependable currency peg available

The concept behind the MMU is to develop a formula that will produce a **true representation of the global economy's value**, in the form of a numerical index that all other currencies can be pegged to, including the Anchor.

The formula will use a proprietary algorithm to process global macroeconomic indicators, validated by carefully selected Validators/Oracles with an international reputation of reliability and transparency.

In its current iteration, the **basis for the calculation of the MMU** relies on the **growth of real GDP** as an objective measure that excludes volatile effects of inflation and regional market instability, and provides a precise measure of each country's influence on the economic growth of the world economy.

The intrinsic stability of real GDP growth makes it more suitable for the purpose of providing a value peg than any individual national currency. Consequently, the MMU provides **a stable peg for the Anchor, or any other currency** for that matter, on the strength of the predictability and sustainability of global economic growth.

The Two-Token Model

Anchor's unique hybrid two-token model serves to keep the value of the Anchor Token, the main currency and payment token, pegged to the Monetary Measurement Unit. The Two-Token model consists of the Contraction Phase and the Expansion Phase.

The entire Anchor Economy is kick-started by the primary token issue and its allocation, described in detail below.

Contraction Phase

If the exchange rate for the Anchor Token is below the value of 1 MMU (i.e. $ATRP_{\text{current}} \leq MMU$), an open auction will be initiated for purchasing Anchor Tokens from holders in exchange for new Dock Tokens, at preferential rates for holders, that will be redeemable for Anchor Tokens at a 1:1 ratio at some point in the future, if certain conditions are met. This will effectively stabilize the $ATRP_{\text{current}}$ to the MMU, and reward holders appropriately for their participation.

The number of Anchor Tokens that will be burned to reduce the market cap can be calculated according to the following formula:

$$\Delta A_{\text{circ}} = ((MMU_p - ATRP_{\text{current}}) * A_{\text{circ}}) / MMU$$

A_{circ} – circulating supply of Anchor Tokens that has to be reduced by ΔA_{circ} to keep the peg

Dock Tokens purchased during the auction will be placed in the Contraction Phase Queue. They will be converted to Anchor Tokens either after their respective waiting periods or earlier, provided that a sufficient number of Anchor Tokens is generated during the Expansion Phases that occur after the auction.

The Contraction Phase Queue

All the issued Dock Tokens are tallied and ordered based on their release dates. This ordered sequence of Dock Tokens belonging to their respective users is referred to as the Contraction Phase Queue (CPQ). Dock Tokens with shorter waiting periods will be exchanged for Anchor Tokens earlier than those with longer waiting periods.

Expansion Phase

When the exchange rate for the Anchor Token is above the pondered value of 1 MMU (i.e. $ATRP_{\text{current}} \geq MMU_p$), new Anchor Tokens will be issued:

$$A_{\text{EP}} = \Delta A_{\text{circ}} = ((ATRP_{\text{current}} - MMU_p) * A_{\text{circ}}) / MMU_p$$

A_{circ} – circulating supply of Anchor Tokens that has to be increased by ΔA_{circ} to keep the peg. This will again stabilize the $ATRP_{\text{current}}$ to the MMU.

After the creation of A_{EP} new Anchor Tokens, they are used to redeem the first $D_{\text{EP}} = A_{\text{EP}}$ Dock Tokens from the CPQ. The required number of new Anchor Tokens is then created and distributed to Dock Token owners by converting Dock Tokens into Anchor Tokens 1-for-1 according to their order in the CPQ. After conversion, all the redeemed Dock Tokens are burned.

If there are no more outstanding Dock Tokens, any remaining new Anchor Tokens are distributed by airdropping them to users by means of random picks with pre-specified statistical probabilities. All users participate in the process, and the probabilities are determined by the following criteria:

- ❖ Users who purchased more Dock Tokens overall have better chances of getting new Anchor Tokens airdropped to their account;

- ❖ Users with more Anchor Tokens have better chances of getting new Anchor Tokens airdropped to their account.

The Anchor Safety Net

The **Anchor Safety Net** is supported by **Six Pillars**. To ensure that the Anchor's value is consistent and stable, our system is backed by Safety Net concept that prevents volatility.

The Global Economy Pillar

The price of the Anchor Token is determined by the MMU algorithm. This algorithm is based on the stable growth of global economy, which has on average been around 2.5% per year over the last 25 years.

The Daily Adjustment Pillar

The MMU is adjusted daily based on the FX indicator, which includes the exchange rates of 20 countries with significant share in world GDP (participation of over 1%).

The Investment Pillar

The capital in cryptocurrency and fiat that enters the Anchor System is invested in more stable capital assets, such as sovereign debt. As a result, this brings stability and trust to the Anchor ecosystem.

The Reinvestment Pillar

The treasury bonds and assets acquired via the Investment Pillar generate interest that the system receives periodically. This interest is then reinvested into more such assets without issuing new Anchor Tokens, which ensures greater token stability, and acts as a defense against inflation and devaluation.

The Algorithm Pillar

When inflation occurs, the system uses a validated formula to re-adjust the value accordingly to keep the Anchor's price stable.

The Two-Token Model

If all previous buffers fail to prevent fluctuations of the Anchor Token's value (mostly in case of a downward trend), our utility token, the Dock Token, comes into play. Dock Token is the system's stabilization token that is issued in order to back the Anchor token and keep its value stable.

Tokenomics Revenue Streams

Tokenomics revenue streams are accessible for all types of Anchor system participants - Validators, Investors and Traders.

Revenue from participating in Anchor ⇌ Dock Stabilization

Every Anchor holder has the opportunity to participate in the Anchor-Dock stabilization mechanism, i.e. in the Contraction and Expansion phases of the two-token model, and profit from it.

In the Contraction phase, there are two types of discounts - Volume and Quickness. The more Anchor Tokens exchanged for Dock tokens, and the quicker the user responds, the discounts are better. Additionally, Volume and Quickness discounts are compounding. When Dock Tokens are redeemed 1-for-1 for Anchor Tokens in the **Expansion phase**, the specific amount of revenue depends on the initial discount earned from Volume and Quickness compounded discounts.

An Example of Contraction Phase Tokenomics

In the Contraction Phase, the reported value of the Anchor Token falls below the currently defined Contraction Phase Threshold (CPT), set by the Validators, due to market conditions. Consequently, the Anchor System notifies the Validators that the CPT has been breached and recommends to schedule a Contraction Phase Auction (CPA).

Let us take the example that the Anchor System CPA has been initiated with the requirement to burn \$1M worth of Anchor Tokens in exchange for Dock Tokens.

The Anchor system will, therefore, notify all current Anchor Token Holders that a Contraction Phase Auction has been initiated, after which the Holders have an option to respond and commit Anchor Tokens to the system, for burning, in exchange for Dock Tokens under favorable conditions.

Let us say that the First Responder decides to offer \$650K worth of Anchor Tokens to the System, for burning in the Contraction Phase.

As the First Responder, their Response Discount is 10% (Discount Coefficient 0.9), while their Volume Discount is 4% (Discount Coefficient 0.96), based on the Volume Discount Table for the Contraction Phase ([full whitepaper](#) for more information). Their compounded discount is, then, $0.9 * 0.96 = 0.864$, or 13.6%.

As a result, our First Responder will be getting $\$650K/0.864 = \$752.3K$ in Dock Tokens.

The First Responder will then be able to redeem the Dock Tokens received in the Contraction Phase Auction, for Anchor Tokens, in line with their position in the Contraction Phase Queue. The batches of Dock Tokens, acquired during the CPA by burning their Anchor Tokens, are placed into the Contraction Phase Queue into a time-ordered sequence, in line with the following rule:

- \$99.999 worth of Dock Tokens no later than 2 months after the auction;
- \$150.000 worth of Dock Tokens no later than 4 months after the auction;
- \$250.000 worth of Dock Tokens no later than 6 months after the auction;
- and,
- The remaining \$150.001 worth of Dock Tokens no later than 10 months after the auction.

After the First Responder accepted and committed \$650K worth of their Anchor Tokens to the System for burning, of the total amount of \$1M Anchor Tokens that the Anchor System had set for burning in the Contraction Phase, as a corrective measure to direct the Anchor Token's value closer towards the value of the MMU (the Anchor's Value Peg), the Anchor System notifies the next responder in the Contraction Phase Auction Queue (CPAQ) that they are eligible to offer up to \$350K worth of their Anchor Tokens for burning.

The Second Responder, as the next responder in the CPAQ, can react with a decision to burn a certain amount of Anchor Tokens, or to pass and not burn any at all, the same logic is applied to all responders in the CPAQ.

An Example of Expansion Phase Tokenomics

In the Expansion Phase, the reported value of the Anchor Token rises above the currently defined Expansion Phase Threshold (EPT), set by the Validators, due to market conditions.

Consequently, the Anchor System notifies the Validators that the EPT has been breached and recommends to schedule an Expansion Phase Token Generation Event (EP-TGE).

Let's assume that there are 1,500,000,000 Anchor Tokens in circulation, and that their unit price has gone from \$0.67 to \$0.68, based on reports coming from the crypto exchanges. Let's also assume that 1,000,000,000 Dock Tokens have been issued up to that moment, with 2,500,000 Docks still waiting in the Contraction Phase Queue.

Peter, an Anchor Investor and regular trader, has 13,000,000 Anchor Tokens in his Wallet at the moment of the Expansion Phase, and also owned 12,000,000 Docks cumulatively at various points in time during his investment and trading history. What can he expect from the upcoming Expansion Phase?

To get back to the peg, i.e. the unit price of \$0.67, Anchor has to issue \$15,000,000 worth of Anchors, or $15,000,000 / 0.67 = 22,500,000$ ANCH.

Out of the 22,500,000 newly created Anchors, 2,500,000 of them will be used for redemption of the 2,500,000 Docks left in the Contraction Phase Queue. That leaves $22,500,000 \text{ ANCH} - 2,500,000 = 20,000,000 \text{ ANCH}$, which will be airdropped to Anchor holders.

The probable size of **Peter's** portion of the newly created Anchors airdropped to his wallet is calculated by the following formula:

Number of all purchased Docks + Number of Anchors in the wallet / (Number of all created Docks + Circulating Supply of Anchor tokens prior to the Expansion Phase minting) = $(12,000,000 + 13,000,000) / (1,000,000,000 + 1,500,000,000) = 25,000,000 / 2,500,000,000 = 0.01$ or 1%.

Out of the 20,000,000 Anchors that have to be airdropped to the holders, it is most likely that the amount of new Anchors that will be airdropped to **Peter** will be in the ballpark of $20,000,000 \text{ ANCH} * 1\% = 200,000 \text{ ANCH}$, or $200,000 * \$0.67 = \$133,333.33$.

Based on the example given above, it becomes clear that the more Dock Tokens a holder purchases during Presale or Contraction Phase Auctions, the greater the probability of them getting a larger amount of Anchor Tokens during Expansion Phase Airdrops.

Revenue from the MMU Effect on Value of Anchor Token Holdings

Since the Anchor Token is pegged to the Monetary Measurement Unit (MMU), it will align with its value, which generally appreciates over time, reflecting the long-term growth of the global economy. In effect, your Anchor Tokens will:

1. Preserve their value, as a result of being pegged to the MMU, through the workings of the Anchor's unique two-token model.
2. Appreciate in value, as a result of the expected long-term growth of the global economy, currently projected at 2.5% on a yearly basis, and corrections to the MMU for inflation, which is currently about 2.5% for the US Dollar on a yearly basis.

Revenue from Stability Fees

The Anchor System's Stability Fee is applicable only to Validators.

During the Grace period, Validators will be getting the fees from our Treasury, the equivalent of which they would normally be getting from network transactions. The main rationale behind this revenue model is that we want to ensure the system is stable and sustainable in the long run.

Furthermore, besides ensuring said sustainability, we will tweak this model during the Grace period so the Validators are fairly compensated and satisfied with the returns they are receiving. After the Grace period has ended (i.e. when the Treasury is exhausted), the Validators will keep getting the agreed upon fees, and these fees will then be sourced from network transaction fees.

Current Roadmap

FINMA's Assessment			
Prior to Reception			After Reception
<p>Stage 1</p> <p>Product Specification and Design</p> <ul style="list-style-type: none"> Validator Software and Public Dashboard design <p>Validator Software</p> <ul style="list-style-type: none"> Market Cap display Anchor Price display Monetary Measurement Unit (MMU) display DOCKs and Waiting Period display 	<p>Stage 2</p> <p>Validator Software</p> <ul style="list-style-type: none"> Historical data (Variables needed for the MMU calculation) Voting system New token issuance (ANCH/DOCK) on Stellar <p>Public Dashboard</p> <ul style="list-style-type: none"> ANCH Balance display (from different Stellar and Ethereum addresses) Contraction Phase Auction (Getting DOCK tokens for ANCH tokens) Token (DOCK) redemption 	<p>Stage 3</p> <p>Validator Software</p> <ul style="list-style-type: none"> New token issuance (ANCH) on Ethereum <p>Public Dashboard</p> <ul style="list-style-type: none"> Purchasing ANCH for BTC/ETH Federation Name registration Ethereum Hot Wallet Swapping ANCH tokens between the Ethereum and Stellar networks 	<p>Stage 4</p> <p>ANCH Presale</p> <ul style="list-style-type: none"> Website KYC & Compliance <p>Mobile App</p> <ul style="list-style-type: none"> Enabling users to track and manage their portfolio and project KPIs on the go <p>ANCH at DEX</p> <ul style="list-style-type: none"> Partnerships and integration

NOTE: The disclaimer for the Anchor Litepaper and Whitepaper is available in the full version of the Anchor Whitepaper [here](https://theanchor.io/anchor-whitepaper) (https://theanchor.io/anchor-whitepaper).

The Anchor Team: Key Members

The Anchor team is comprised of experienced, avid and devoted entrepreneurs with decades-long backgrounds in various relevant industries including business development, finance, management, telecommunications, IT, software development, design, etc. For complete information, please visit Anchor's team page [here](https://theanchor.io/team/#team) (https://theanchor.io/team/#team).

Business & Management



Daniel Popa

Founder, CEO

A successful entrepreneur and investor with 20 years of experience and success in telecom, technology and software development.

Anchor is Daniel's 12th company and one he hopes will surpass all of his previous successes. Daniel is looking to create a stablecoin that will not only preserve, but also enhance the holdings of its investors.

Daniel has always focused on looking forward - finding new opportunities, focusing on disruptive technologies that can have a positive effect on people and society.

Shortly after moving from native Romania to the United States in 1990, Daniel started working on developing new models for outdated systems and VOIP networks.

This is how he founded his first company, NECC.

After growing to more than 600 employees in the US, and several thousand contractors around the world, NECC revenues had reached approximately \$54 million per year after just two years of inception.

As a committed, flexible, and culturally responsive leader, with excellent cross-cultural communication skills, Daniel works well with complex ideas to achieve extraordinary results.

 [LinkedIn Profile](#)

Monetary Measurement Unit (MMU) Team



Zoran Grubišić, PhD
Lead MMU Developer

Zoran is a university professor and internationally recognized expert in open macroeconomics, international finance and financial valuation, with many scientific research papers presented at prestigious conferences. He has considerable experience with the workings of financial markets, including valuations of all kinds of financial assets. Zoran's attention is particularly focused on the methodology of finding the intrinsic value of an asset and the adequate efficiency of a market. Zoran's drive to attain market stability is reflected in his practice of discovering the necessary instruments for minimizing variability, a basic tenet of market uncertainty.

 [LinkedIn Profile](#)

Blockchain, Software & IT Team



Ivan Bjelajac
Lead Blockchain Specialist

After 15 years in IT, including two years as a part of the GoDaddy Senior Leadership Team in Europe, Ivan shifted his focus towards projects that implement blockchain solutions in a wide range of industries. He consulted or delivered R&D for blockchain projects with around \$600M in their total market cap, executing as the CEO of MVP Workshop a \$50M ICO for their client Celsius Network.

 [LinkedIn Profile](#)



Mališa Pušonja

Decentralized Solutions Architect

Mališa's wide-ranging background and experience in Data Science and Engineering can only be matched by the incredible breadth and depth of his knowledge and seemingly limitless areas of interest. While the IT community eagerly expects his PhD thesis in Philosophy of Computer Science, his R&D teams have been busy building decentralized platforms, bringing philosophy into reality.

 [LinkedIn Profile](#)



Ivan Marković, PhD

Token Economy Architect

While developing his own blockchain project in Education, Ivan was encouraged by his highly supportive colleagues from MVP Workshop to join their endeavors in decentralized technologies. Having found that his academic and strategic skills translate well to blockchain solutions, Ivan has caught the blockchain bug and has not looked back ever since.

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