

**ANCHOR**



# **Investing in The Future of Economy**

ANCHOR WHITEPAPER

**This version of the Anchor Whitepaper was published on February 4th, 2019.**

# Table of Contents

<b>Abstract</b>	<b>5</b>
<b>Creating a Truly Stable Currency</b>	<b>6</b>
<b>The Problem Statement</b>	<b>7</b>
Cryptocurrencies: Stability vs. Volatility	8
Currently Available Solutions: Pros and Cons	8
Stablecoins: The promise of stability and predictability	9
<b>Anchor as a Solution</b>	<b>12</b>
<b>Who Should Invest In Anchor and Why</b>	<b>16</b>
Validator/Oracle Profile and Requirements	17
<b>How It Works: Anchor Tokenomics</b>	<b>18</b>
The Monetary Measurement Unit (MMU): The most dependable currency peg available	18
What Are The Attributes of the MMU?	18
How Is the MMU Calculated	19
The Two-Token Model	20
Contraction Phase	20
Terms and Conditions During the Contraction Phase Sale	21
Volume Discount: Terms and Conditions During the Contraction Phase Sale	21
Discounts for Buyer Response Sequence at Auction Sale	21
The Contraction Phase Queue	22
Expansion Phase	23
The Anchor Safety Net	24
<b>Tokenomics Revenue Streams</b>	<b>24</b>
Revenue from participating in Anchor ⇌ Dock Stabilization	25
An Example of Contraction Phase Tokenomics	25

An Example of Expansion Phase Tokenomics	27
Revenue from the MMU Effect on Value of Anchor Token Holdings	29
Revenue from Presale Discount	29
For Investors	29
For Validators	30
Revenue from Stability Fees	30
<b>Primary Issue and Token Distribution</b>	<b>30</b>
The Mirror Vault	31
Primary Issue Token Allocation Projection	31
<b>Presale: Input Parameters and Variables</b>	<b>34</b>
Fiat Raised During Presale	34
Tokens Reserved During Presale	34
Dock Tokens	34
Investors	34
Validators	34
Country Representatives	35
<b>Fiat/Crypto and Token Allocation</b>	<b>35</b>
Fiat/Crypto Allocation Projection	35
<b>Official Launch</b>	<b>36</b>
Primary Issue of Dock Tokens and Anchor Tokens	36
The Mirror Vault Queue	36
Reference Price Calculation	37
<b>Making Safe Investments and Issuing New Anchor Tokens</b>	<b>39</b>
<b>Current Roadmap</b>	<b>41</b>
<b>The Anchor Team</b>	<b>42</b>
Business & Management	42
Monetary Measurement Unit (MMU) Team	44
Blockchain, Software & IT Team	45

Sales & Marketing Team	48
Legal Team	51
<b>Summary</b>	<b>52</b>
Why Anchor is Seen as an Investment Opportunity	53
<b>Appendix</b>	<b>55</b>
Stable coins	55
List of competing stable coins currently on the market	55
Tether	55
TrueUSD	56
USD coin (USDC)	56
Paxos Standard (PAX)	56
Basis (Basecoin)	57
Carbon	57
Fragments	58
BitUSD	58
MakerDao	58
<b>Risk Factors &amp; Disclaimers</b>	<b>60</b>
<b>Glossary</b>	<b>63</b>
<b>References</b>	<b>69</b>

# Abstract

We live in a world of unstable and speculative currencies, volatile and inflationary markets and a common mindset oriented towards creating short term hedges through speculative trading and investments, to offset expected cycles of economic downturns and inflation.

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.

We have developed a stable currency pegged to the value of the global economy through a proprietary formula and the workings of a unique tokenomics model.

The key difference that Anchor brings to the table is that, at its core, it is a platform and 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.

To do this, we have designed Anchor as a two-token economy that consists of the **Anchor Token**, the system's main currency and payment token, and the **Dock Token**, a utility token that stabilizes the system.

In addition to this, we have pegged the **Anchor Token** to the **Monetary Measurement Unit (MMU)**. The MMU is an index that reflects the value of the global economy, as the most universal, stable and predictable pegging mechanism available today. The MMU is calculated through a proprietary formula developed by the **Anchor Company**, taking into account relevant and publicly available macroeconomic data and indicators.

**The Anchor**, designed as a stable currency by way of the mechanism outlined above, 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;
- Pegging the value of the **Anchor Token**, the main currency and payment token, to the MMU through a **unique two-token model**; and
- Developing and growing Anchor as a truly stable currency, supported by a **Safety Net** comprised 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 investors, validators and partners are additionally incentivized with **presale discounts** for their crucial role in the early stages of Anchor's development.

# The Problem Statement

The emergence of Bitcoin as the first crypto-currency held a lot of promise for resolving the long-standing problems related to the modern economic systems. However, the ensuing proliferation of cryptocurrencies, although bringing new, valuable tools and resources to the digital economy, has failed to resolve the basic and underlying flaws in the modern economic system - transparency, stability and trust.

Bitcoin is a conventional cryptocurrency that trades at highly fluctuating rates, which renders its liquidity consistently unstable, resulting in it never becoming appealing as a unit of account. Stable coins, on the other hand, solve the aforementioned trust and stability problems as they peg their value to either an algorithm or a unit that keeps its value consistent (or both), therefore becoming much more attractive as stores of value or units of account, rather than mere vessels used for financial speculation and profit.

## Cryptocurrencies: Stability vs. Volatility

Historically, stabilizing a currency's value and lowering its volatility has been a fundamental aim in economics, but with the unpredictable nature of black swan events and periods of inflation hitting large and small nations worldwide, it is apparent that global society has not managed to come to a sustainable solution to these problems.

With the safety and transparency of financial transactions increasingly being brought into question, a new financial instrument in the form of crypto currencies, powered by blockchain technology, is attempting to address these issues.

The primary aim of blockchain technology was to decentralize control and provide the utmost security of financial transactions. According to Forbes <sup>[1]</sup>, in an ideal world, an *optimal cryptocurrency* would have the following four traits: *price stability, scalability, privacy and decentralization*.

Once considered "the money of the people", as opposed to *fiat money* a.k.a. "the money of the state", and a highly promising option for portfolio diversification based on their investability, the correlation of returns and risk-reward profile, cryptos are no longer perceived as a reliable safe haven due to the lack of regulatory oversight, sudden downturns in the crypto market due to market manipulations and scams, abrupt and unanticipated coin fluctuations, and negative mainstream press.

As the market continues to behave unpredictably and the two widely known and most commonly used cryptocurrencies, **Bitcoin** and **Ethereum**, as well as all other

cryptocurrencies, remain notoriously volatile and inconvenient for everyday transactions, the general sentiment around the crypto market has been predominantly pessimistic for most of 2018.

Furthermore, as a result of the constant emergence of new cryptocurrencies, *low liquidity* and *high transaction costs* became an issue. In combination with the inflationary periods occurring in countries across the globe, the need for a more effective solution arose in the global financial market.

## Currently Available Solutions: Pros and Cons

**Special Drawing Rights (SDR)** are a type of international monetary reserve intended as a supplement to the existing money reserves of member countries. They are meant to improve international liquidity and provide security in case of economic decline. However, the solution has not become universal, since SDRs are routed in just a couple of worldwide currencies, and purchase rights are given only to member states.

**Treasury Inflation-Protected Securities (TIPS)** were introduced to help investors prepare for periods of inflation. Namely, their value rises as inflation increases. As such, they are not correlated with other bonds as the other bonds go down. However, their main disadvantage is the fact that their utility decreases when inflation is minimal or nonexistent. Additionally, they are considered a taxable income by the tax authorities, so one runs the risk of paying a high tax bill without previously earning any real profit from investing in TIPS.

**Bancor** was one of the first digital solutions to appear on the market. It is a blockchain protocol which allows investors and traders to convert different virtual currency tokens directly and instantly. As opposed to standard cryptocurrency transactions, which involve the exchange of tokens between two parties, Bancor utilizes **smart contracts** to create smart tokens and does not require a second party with which to trade them. Each smart token is linked to smart contracts that hold reserves of other ERC20<sup>1</sup> tokens which are converted internally, depending solely on the requested volume and its reserves.

Bancor has developed a token which serves as a connective tissue for all user-generated tokens that are exchanged between them. While, in theory, Bancor could become very useful in the ever-growing crypto market, adoption so far has been rather slow: at the time of writing (February 5, 2019), Bancor Network's market cap is \$29.8 million and its daily trade volume hovers somewhere around 1 million

---

<sup>1</sup> ERC20 is one of the most significant standards for token development for all Ethereum. It represents a list of rules all Ethereum tokens must follow in order to function within the Ethereum system.



USD, while at the same time **Tether** performs far better with its 24-hour trade volume of around \$4 billion.

## Stablecoins: The promise of stability and predictability

Stable coins appear on the market as a more convenient alternative, due to their long-term price stability. Their role on the market is to combine the price stability of fiat currencies and core values of cryptocurrencies, like transparency and security.

There are several projects addressing this issue, but none of them presents an all-encompassing solution, as can be seen from the following table (more information on stable coins and the solutions they provide can be found in the Appendix):

TYPES OF COLLATERALIZATION	STABLE COIN	COLLATERAL	PEGGED TO	KNOWN ISSUES
<b>01</b> <b>FIAT-COLLATERALIZED STABLECOINS</b>  <b>Pros:</b> - Easy to understand  - Will match the fiat currency they are pegged to if properly implemented  <b>Cons:</b> - Need trusted third parties to hold collateral and for auditing  - Slow to audit & expensive	<a href="#">Tether</a> [USDT]	US dollars	US Dollar	- Too centralized - Not conducting regular audits - Questionable full collateral backing - Potential conflict of interest among top management - Coins seem to be emitted depending on market conditions and not the availability of fiat money in reserves <sup>[4]</sup>
	<a href="#">TrueUSD</a> [TUSD]	US dollars	US Dollar	- Having difficulty keeping the coin price stable against aggressive market trends/extreme market valuations <sup>2</sup>
	<a href="#">USD Coin</a> [USDC]	US dollars	US dollar	- Too centralized
	<a href="#">Paxos Standard</a> [PAX]	US dollars	US dollar	- Centralized and regulated - Poor White Paper
	<a href="#">DigixDAO</a> [DGX]	99.9% LBMC approved gold	1 gram of gold	- Too complicated - The value of gold is not stable

<sup>2</sup> <https://news.bitcoin.com/trust-token-blames-bots-for-volatility-of-trueusd-stablecoin/>

	<a href="#">Globcoin</a> [GLX]	15 fiat currencies + gold	GRCI basket <sup>3</sup>	<ul style="list-style-type: none"> <li>- Core team lacks blockchain specialists<sup>[5]</sup></li> <li>- Might not attract enough users to the platform</li> <li>- Could lose the rights to the ticker symbol GLX, which might create identity problems<sup>[6]</sup></li> </ul>
	<a href="#">AAA Reserve</a> [AAA]	Cash, gilts & AAA <sup>4</sup>	Multiple fiat	<ul style="list-style-type: none"> <li>- Basically just a standard investment fund that's tokenized</li> <li>- Centralized system</li> </ul>
	<a href="#">StableUSD</a> [USDS]	Canadian (CAD) or US dollars	CAD or USD	<ul style="list-style-type: none"> <li>- Too centralized</li> </ul>
	<a href="#">X8 Currency</a> [X8C]	8 fiat currencies + gold + X8X <sup>5</sup>	Multiple fiat	<ul style="list-style-type: none"> <li>- Somewhat complicated platform/users need guidance</li> <li>- Monitoring, reporting and data interpretation tend to be exhausting</li> </ul>
<b>02</b> <b>CRYPTO-COLLATERALIZED STABLECOINS</b>  <b>Pros:</b> <ul style="list-style-type: none"> <li>- No third parties/transparent</li> <li>- Good liquidity</li> </ul> <b>Cons:</b> <ul style="list-style-type: none"> <li>- Cryptos are extremely volatile</li> <li>- Overcollateralized</li> </ul>	<a href="#">BitShares</a> [BTS]	SmartCoin (the collateral token)	US Dollar	<ul style="list-style-type: none"> <li>- High price fluctuations</li> <li>- Exchange isn't user friendly</li> <li>- Suited mainly for advanced users</li> </ul>
	<a href="#">MakerDAO</a> [PETH]	Ether	US Dollar	<ul style="list-style-type: none"> <li>- Less popular due to its complexity</li> </ul>
	<a href="#">Aurora</a> [BRL]	ETH reserves, debt from loans & dApp endorsement <sup>6</sup>	Cryptocurrency reserves, debt from loans, dApp endorsement	<ul style="list-style-type: none"> <li>- Too complicated and too dependent on demand for the BRL token</li> </ul>
	<a href="#">Havven</a> [nUSD]	Havvens (the collateral token)	US Dollar	<ul style="list-style-type: none"> <li>- Missing technical details about their system, proposed solution and the payment network part</li> <li>- Doesn't address scalability</li> </ul>

<sup>3</sup> National currencies of the 15 largest economies and gold, as measured by Gross Domestic Product (GDP), adjusted by Purchasing Power Parity (PPP).

<sup>4</sup> Gilts = government-backed bonds; AAA = AAA-rated credit investments.

<sup>5</sup> X8X is X8Currency network's utility token that is used as a key to issuing and exchange process of X8C.

<sup>6</sup> Future plans include implementation of the fractional-reserve banking model.

<p>03 NON-COLLATERALIZED STABLECOINS</p> <p><b>Pros:</b></p> <ul style="list-style-type: none"> <li>- Do not require collateral</li> <li>- Mostly independent of the crypto market trends</li> </ul> <p><b>Cons:</b></p> <ul style="list-style-type: none"> <li>- Typically require ever-increasing demand</li> <li>- Coins might be vulnerable to downward trends</li> <li>- Often too complicated to explain to non-experts</li> </ul>	<a href="#">CP Processor</a> [cPRO]	ETH & ERC-20 token collateral	Fiat currency exchange rate of ETH and ERC20	<ul style="list-style-type: none"> <li>- Unprofessional whitepaper/light on detail</li> <li>- Overambitious/messy</li> </ul>
	<a href="#">Basecoin</a> [BASIS]	Algorithmic token	Basket of goods	<ul style="list-style-type: none"> <li>- Lack of transparency on how they plan to implement incentive programs that will trigger users to buy bonds</li> <li>- Money supply manipulation unclear</li> <li>- Generally low enthusiasm about technocratic central bankers</li> <li>- Model resembles the classical gold standard in structure<sup>7</sup></li> </ul>
	<a href="#">Carbon</a> [CARBON]	Algorithmic token	~US Dollar	<ul style="list-style-type: none"> <li>- Tethered to Hashgraph's mainnet launch</li> </ul>
	<a href="#">Kowala</a> [kUSD]	Algorithmic token	US Dollar	<ul style="list-style-type: none"> <li>- No proof of actual collateral that supports its \$1 valuation</li> </ul>
	<a href="#">Fragments</a> [FRG]	Algorithmic token	US Dollar	<ul style="list-style-type: none"> <li>- Their stability model removes decision-making from token holders when prices fall too far from the market maker layer, which means this coin is highly dependent on people holding onto their tokens long-term</li> </ul>
	<a href="#">Minexcoin</a> [MNX]	Algorithmic token	Per annum growth of 10 cryptocurrencies with highest market caps	<ul style="list-style-type: none"> <li>- Due to the low market cap, MNX price can be easily manipulated</li> <li>- Ambiguous whitepaper</li> </ul>

Based on the analysis of each group's pros and cons, **an ideal stable currency should be:**

- 1) Easy to understand and transparent, with regular auditing,
- 2) Have a stable matching to the value of the reference unit to which it is pegged,
- 3) Resilient to volatility in the market, and not having to resort to collateralization.

<sup>7</sup> Source:  
[https://medium.com/@dberry\\_11804/basecoin-an-overview-and-some-thoughts-ff8264b5b249](https://medium.com/@dberry_11804/basecoin-an-overview-and-some-thoughts-ff8264b5b249)

## Anchor as a Solution

- Anchor's proprietary algorithmic formula secures **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;
- The Anchor's token economy is designed to ensure that the value of the **Anchor Token** remains pegged to the MMU; and
- In each phase of the **Anchor Economy**, stakeholders will be highly incentivized to participate and contribute to its overall growth and development, protected by a **Safety Net** consisting of **Six Pillars**.

Given that **transparency and regular auditing** represent an integral part of Anchor's business policy, practically all of the above-mentioned criteria are fulfilled by the proposed model.

As we have already outlined above, the main problem with the current global crypto market is the **lack of trust**. People simply don't trust cryptocurrencies enough and are afraid to entrust their fortunes to them.

According to a survey<sup>8</sup> conducted in June 2018 by the cryptocurrency app *Gem* and analysts from *Harris Insights*, 41 percent of Americans say they will never invest in cryptocurrencies, which begs the question: *where is this lack of trust coming from?*

The main culprit is the **fluctuation in token value**. For instance, Bitcoin is liable to show volatility in the form of 10x changes in price versus the U.S. dollar in a relatively short period of time<sup>9</sup>. This issue largely stems from the fact that all prominent cryptocurrency tokens available today are currently either pegged to other tokens, gold, or the U.S. dollar, or they are not pegged to anything at all. The system has **proven to be unstable**.

**Anchor** relies on a new, innovative and scalable approach that involves pegging the value of its currency, the **Anchor Token**, to the overall value of the national economies of the world's countries, and thus creating a cryptocurrency that is:

- Stable
- Transparent

---

<sup>8</sup> Source: <http://fortune.com/2018/08/09/buy-bitcoin-cryptocurrency-who-owns/>

<sup>9</sup> Source: <https://www.investopedia.com/articles/investing/052014/why-bitcoins-value-so-volatile.asp>

- Trusted

The problem with other tokens is that they almost all depend on the value of the U.S. dollar, and the dollar is only seemingly stable. In 2017 alone, this currency has **lost around 2.1 percent of its value**,<sup>10</sup> while its cumulative 30-year inflation between January 1988 and December 2017 was **113.07%**<sup>11</sup>. When inflation happens, such tokens are not protected.

Anchor, on the other hand, is not pegging its value to any unstable fiat currency, but to the Monetary Measurement Unit (MMU), through its two-token model, while being protected by the six-pillar safety net.

## 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.

The **Anchor Economy's** additional mechanisms will help maintain the value of the token and even make Anchor's reference unit appreciate over time, which can be seen as an investment in the long run. Global economy trends basically guarantee that this stability will only improve on a yearly basis.

Stablecoins have been considered as crypto opportunities with the highest convexity, with the potential to become the one truly stable fiat-free digital money that will operate on a global scale.

While the total addressable market (TAM) for stablecoins is intrinsically the largest possible one, i.e., all the money in the world (approximately \$90.4 trillion)<sup>[7]</sup>, we shall stick to a more conservative projection. Currently (as of December 2018) the entire crypto market capitalization hovers around \$104 billion, with 37% Bitcoin dominance<sup>12</sup>.

However, as we have already outlined above, none of the available crypto currencies in the stablecoin niche have been able to deliver on their promise.

---

<sup>10</sup> Source:  
<https://internationalbanker.com/brokerage/us-dollar-consistently-falling-throughout-2017/>

<sup>11</sup> Source:  
[https://inflationdata.com/Inflation/Inflation\\_Calculators/Cumulative\\_Inflation\\_Calculator.aspx](https://inflationdata.com/Inflation/Inflation_Calculators/Cumulative_Inflation_Calculator.aspx)

<sup>12</sup> Retrieved in December 2018 from CoinMarketCap: <https://coinmarketcap.com/>

Anchor, on the other hand, is the strongest possible candidate to address the shortcomings of the solutions in the crypto space so far, by offering a truly stable currency and financial standard to the market, as well as a platform for a viable and stable economy. A platform that has broken away from the vicious positive feedback loop comprised of market volatility caused by short-term speculative behavior of economic actors and the resulting fear, anxiety and lack of trust that further fuels this kind of behavior.

The early investors into the Anchor Economy will later profit from its growth the most.

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.

*Crypto enthusiasts* who believe that Anchor will **one day become a financial standard** - a mainstream medium of daily transaction and unit of account, will embrace early adoption of a stable currency that preserves its purchasing power, envisioning a growing number of applications that may include using it for trading goods or services over blockchain networks, decentralized insurance and consumer loans, etc. Mainstream adoption would make this list even longer, making e.g. payrolls management an attractive use case.

Given the above considerations, what can be perceived as Anchor's advantage over existing competition, making it an attractive investment for prospective buyers?

- Due to the algorithmic nature of the token economics mechanism, Anchor is more independent of crypto market trends, unlike other collateralized counterparts;
- Anchor Token is stabilized by a six-pillar Safety Net, to a far greater extent than its counterparts;
- The Anchor System offers reversibility, for all purchases of Dock Tokens during Contraction Phases, at any point in time
- Anchor offers various incentives for all types of buyers:

- 1) Buyers of Dock Tokens get future Anchor Tokens at a discounted price;
  - 2) Buyers of Dock Tokens can increase their discount by larger purchase volumes and faster responses to contraction phase auctions; both actions improve the stability of the system;
  - 3) The more Anchor Tokens one owns, the greater probability of benefiting from Anchor expansion airdrops;
  - 4) The more Dock Tokens one purchases, the greater the probability of benefiting from Anchor expansion airdrops;
  - 5) Holders will also benefit from the fact that the reference unit that Anchor is pegged to appreciates over time;
  - 6) The entire system and its protocol are transparent and, consequently, fully comprehensible.
- Anchor's wider benefits for the economy may include:
- 7) The value of Anchor is a safeguard against the effects of inflation;
  - 8) Anchor is a safeguard against the effects of crypto market volatility;
  - 9) Anchor may be used as a financial anchor for other currencies;
  - 10) Anchor may serve as a financial standard.

While the above examples certainly offer a convincing case for prospective investors in Anchor, the possibility of becoming one of **Anchor's Validators/Oracles** might be especially attractive for a certain profile of prospective stakeholders.

**20 Validator slots** 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 33% discount 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.).

In the future, Validators can form a body that will not only keep the network/system in check, but also make decisions on token issuance, sovereign debt purchase and issues of relevance to the system, by way of voting. The Validator body should gradually extend its authority to other decision-making and operational or executive duties, such as burning/minting tokens and purchasing sovereign debt.

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.

## Validator/Oracle Profile and Requirements

Based on the above considerations, it is perfectly clear that trust in Anchor depends on the system Validators' reputation and behavior, so everything starts from there. Validators should provide details of ownership disclosure and make it available not only to the Anchor Team, but to all other Validators and the community as well.

Validators should embrace and promote the spirit of cooperation and mutual understanding among their peers and within the network, especially in regard to governance, system transparency, security issues, standards, compliance, technology, hardware and software solutions, software updates, etc.

Conversely, acting in collusion aimed at manipulating the system governance for personal/private gain, or the gain of narrow self-interest, is utterly harmful to the system and its reputation, and has to be avoided and timely prevented.



It is in the interest of a Validator to perform their duties to the best of their ability, as the stability of the system would increase the trust in the Anchor Token. Ultimately, a fully-rounded system of respectable Validators should guarantee a level of decentralization sufficient to allow for a perception shift from trustless, as the old blockchain trope that has overstayed its welcome goes, to trusted.

Working with blockchain technology typically requires a certain amount of technical capability and credentials, and the same applies here. To effectively perform Validator duties and services required to support the entire ecosystem requires not only high-end infrastructure solutions, but an experienced and committed internal team as well.

In a nutshell, being a Validator/Oracle is a time-intensive technical responsibility that requires a mature operational structure with professional integrity and extensive experience in running, monitoring, managing and maintaining data center infrastructure and its security.

There will be an appropriate governance policy for the Validators as well as the Board of Governors developed by the Anchor team in due time.

## 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 formula is to provide 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 on a daily basis, 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.

### **What Are The Attributes of the MMU?**

The MMU reflects the historical trend of growth of global GDP with projections for the upcoming period based on historical data from the previous 25 years, in this way preserving the value of money with a stable increase over time.

In terms of market performance, the MMU is calculated with respect to the largest participants in the global economy, by including their currencies' exchange rates and government bond yields, which consist of real interest rates and premiums for inflation.

### **How Is the MMU Calculated**

The MMU uses a proprietary scientific formula that is based on the real growth of global GDP, Gross Domestic Product, and reflects the stable appreciation of the value of the global economy.

By looking over 25 years in the past, the real growth of world economy shows a steady growth of about 2.5% per year. 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 shocks, and provides a precise measure of each country's influence on the real growth of the world economy.

As a monetary indicator, the MMU is designed to reflect the real growth of global GDP and express it in a nominal sense by including the current market data with adjustments for the key underlying factors of the global GDP.

More specifically, the MMU is adjusted and expressed daily with respect to the exchange rates of 20 countries with the most significant participation in world economy (over 1%).

These calculations are represented in the FX indicator, which is the base for the daily nominal expression of the MMU. The stable annual growth of the world economy is reflected in the MMU nominally by including the premium, which is based on yields on government bonds of the countries included in the calculation of the FX indicator, adjusted for their participation in the global GDP.

This way, the MMU not only reflects the real growth of the global economy, but also includes the safety mechanism against inflationary effects. The formula uses a proprietary algorithm to periodically process global macroeconomic indicators,

validated by carefully selected Validators with an international reputation of reliability and transparency, such as the International Monetary Fund (IMF).

The index is re-calculated on a daily basis and adjusted for inflation. The initial value of the MMU will be in public use after the official project launch and will be calculated using the preliminary formula. The MMU formula will be continuously perfected to increase calculation precision by expanding the number of input factors.

**The MMU research project**, conducted by Anchor's academic team is based on the following hypotheses and assumptions:

It is possible to create a unique indicator which simultaneously combines all the characteristics and functionalities listed below:

- 1) Monetary value measurement standard;
- 2) Real value;
- 3) Asset for investments;
- 4) Referent Index reflecting the true value that results from the dynamics of global economic activity.

## **The Two-Token Model**

Anchor's unique two-token model serves to keep the value of the **Anchor Token**, the main currency and payment token, pegged to the Monetary Measurement Unit, with the help of the secondary utility **Dock Token** through two distinct phases in the **Anchor Tokenomics**: the Contraction Phase and the Expansion Phase.

Neither the Anchor Token nor Dock Token represent a debt, derivative or equity claim against Anchor AG, or any legal entity.

Investors intending to purchase Dock Tokens in the Anchor Presale (see below) have neither reason to expect to buy equity of Anchor AG, nor reason to expect to receive any dividends or other periodic payments from the company.

Anchor Token can only be used as a means of payment for the purchase of goods and services, and does neither represent any equity in Anchor AG, nor gives voting rights, dividend rights, or any other rights against the token issuer."

The Dock Token is a digital token of the decentralized protocol that is required for its use. It can neither be used as a means of payment, nor can it be transferred from one token holder to another.

The Dock Token's functionality is such that it only grants the right to access and use the Anchor platform, and to be converted into the Anchor Token when the required conditions are met:

Dock Token owners can access the platform to initiate the redemption process for Anchor Tokens that they burned during Contraction Phases at any given time.

Dock Token owners can access the platform to initiate the redemption process for Anchor Tokens created during Expansion Phases and/or from the Mirror Vault when all the required conditions are met.

Additionally, the users of the Anchor platform further need the Dock Token to take advantage of the benefits offered on the platform, such as discounts available during Contraction Phase Auctions.

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<sup>13</sup> (i.e.  $ATRP_{current} \leq MMU$ ), 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.

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

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

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

During the auction/sale all Anchor Token owners will have an opportunity to sell any number of the coins they own worth more than or equal to \$1,000 at the time of sale that is less than or equal to the number of coins that still have to be reclaimed from the users and burned to keep the peg. In return, they will get more Dock tokens than the amount of Anchor Tokens they are selling, according to the following formula:

---

<sup>13</sup> An option to make daily/weekly adjustments for inflation (for the value of MMU) deserves consideration.

$N_{ANCHi} = N_{DOCKi} / (k_{Vi} * k_{Ri})$ , where

$k_{Vi}$  is the Volume Discount approved to the  $i$ -th responder

$k_{Ri}$  is the Quickness of Response Discount approved to the  $i$ -th responder

Users can agree to sell any amount of their Anchor Tokens that are still needed to be burned on their turn (based on the sale terms and conditions), and obtain more Dock tokens in return due to a discount belonging to the corresponding range (as outlined in the table below).

## Terms and Conditions During the Contraction Phase Sale

### Volume Discount: Terms and Conditions During the Contraction Phase Sale

ANCH to burn [USD worth at the time of sale]	Volume Discount, $k_V = N_{ANCH} / N_{DOCK}$ [%]
\$1,000 - \$99,999	0.99 or 1%
\$100,000 - \$249,999	0.98 or 2%
\$250,000 - \$499,999	0.97 or 3%
\$500,000 - \$999,999	0.96 or 4%
\$1,000,000 - \$1,999,999	0.95 or 5%
\$2,000,000 - \$4,999,999	0.94 or 6%
\$5,000,000 or more	0.93 or 7%

This discount is greater if the buyer is among the first five responders to the sale:

### Discounts for Buyer Response Sequence at Auction Sale

Order of Response to the Sale (i-th responder)	Quickness of Response Discount, $k_R$ [%]
1st Responder	0.9 or 10%
2nd Responder	0.92 or 8%
3rd Responder	0.95 or 5%

4th Responder	0.98 or 2%
5th Responder	0.99 or 1%
Other Responders	1.00 or 0%

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, shown in the list below, or earlier, provided that a sufficient number of Anchor Tokens is generated during the Expansion Phases that occur after the auction:

- The first \$1,000 to \$99,999 of each investor's purchased worth of Dock Tokens will be converted to Anchor Tokens after 2 (two) months.
- The next \$1 to \$150,000 (if applicable) of each investor's purchased worth of Dock Tokens will be converted to Anchor Tokens after 4 (four) months.
- The next \$1 to \$250,000 (if applicable) of each investor's purchased worth of Dock Tokens will be converted to Anchor Tokens after 6 (six) months.
- The next \$1 to \$500,000 (if applicable) of each investor's purchased worth of Dock Tokens will be converted to Anchor Tokens after 10 (ten) months.
- The next \$1 to \$1,000,000 (if applicable) of each investor's purchased worth of Dock Tokens will be converted to Anchor Tokens after 15 (fifteen) months.
- The next \$1 to \$3,000,000 (if applicable) of each investor's purchased worth of Dock Tokens will be converted to Anchor Tokens after 20 (twenty) months.
- The remaining amount (if applicable) of each investor's purchased worth of Dock Tokens will be converted to Anchor Tokens after 25 (twenty-five) months.

### 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.

Consequently, the initial ordered sequence in the Contraction Phase Queue is formed as an array:

$$Q_{CP}(t_0) = Q_{CP0} = (t_{EXPd1}, t_{EXPd2}, \dots, t_{EXPk}, \dots, t_{EXPDCPQ0})$$

where

$t_0$  represents the time of the creation of the CPQ after the first Dock Tokens auction,

$t_{\text{EXP}dk}$  represents the k-th ( $k = 1, 2, \dots, D_{\text{CPQ}0}$ ) Dock's release date, where

$$t_{\text{EXP}d1} \leq t_{\text{EXP}d2} \leq \dots \leq t_{\text{EXP}dk} \leq \dots \leq t_{\text{EXP}D_{\text{CPQ}0}}$$

Dock Tokens in the Contraction Phase Queue are reordered after each new auction, as all the newly issued Dock Tokens are added to the CPQ.

## 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:

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

$A_{\text{circ}}$  – circulating supply of Anchor Tokens that has to be increased by  $\Delta A_{\text{circ}}$  to keep the peg

After the creation of  $A_{\text{EP}}$  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.

Each Validator's (or any user's) probability  $P_i$  of being picked as the recipient of an airdropped Anchor is calculated according to the following formula:

$$P_i = (D_{Pi} + A_{Oi}) / (\sum N_D + A_{\text{circ}})$$

$D_{Pi}$  – number of all purchased Dock Tokens by the i-th user

$A_{Oi}$  – number of Anchor Tokens owned by the i-th user

$\mathbb{N}_D$  – number of all issued Dock Tokens

$A_{\text{circ}}$  – circulating supply of Anchor Tokens

## 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 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 a range of 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

## 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.

**In the Expansion phase**, Dock token holders have the opportunity to redeem their Dock tokens for Anchor Tokens, based on their place in the immutable cue - whenever anyone buys Dock tokens in the Contraction phase, they are placed in this cue. In this phase, Dock tokens are redeemed 1-for-1 for Anchor Tokens, and specific amount of revenue depends on the initial discount earned from Volume and Quickness compounded discounts in the Contraction phase.

## 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).

The Validators have a defined period of time to make one of three decisions:

1. Confirm the Anchor System's decision to initiate the Contraction Phase Auction as scheduled;
2. Set the Initiation of the Contraction Phase Auction at an earlier date and time than the one recommended by the Anchor System; or,
3. Postpone the decision to Initiate the Contraction Phase Auction to a later date and time.

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 need to respond and commit Anchor Tokens to the system, for burning, in exchange for Dock Tokens under favorable conditions.

The speed with which an Anchor Token Holder responds to the auction and the amount of Anchor Tokens they commit for burning will determine the discounts they will receive for redeeming the Dock Tokens they receive in the Contraction Phase, back to Anchor Tokens on the release dates set for these Dock Tokens.

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 (see below). 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<sup>14</sup> no later than 2 months after the auction;
- \$150.000 worth of Dock Tokens<sup>15</sup> no later than 4 months after the auction;
- \$250.000 worth of Dock Tokens<sup>16</sup> no later than 6 months after the auction;
- and,
- The remaining \$150.001 worth of Dock Tokens<sup>17</sup> no later than 10 months after the auction.

---

<sup>14</sup> At the time of the Contraction Phase Auction

<sup>15</sup> At the time of the Contraction Phase Auction

<sup>16</sup> At the time of the Contraction Phase Auction

<sup>17</sup> At the time of the Contraction Phase 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).

The Validators have a defined period of time to make one of three decisions:

1. Confirm the Anchor System's decision to initiate the Expansion Phase Token Generation Event as scheduled;
2. Set the Initiation of the Expansion Phase Token Generation Event at an earlier date and time than the one recommended by the Anchor System; or,
3. Postpone the decision to Initiate the Expansion Phase Token Generation Event to a later date and time.

Once the EPT is triggered and the required amount of new Anchors are created, with the goal of bringing the price of the Anchor Token back to the value of the MMU.

The newly created/minted Anchors are then distributed in one of three ways:

1. If there are no Dock Tokens in existence at the moment of the Expansion Phase, all the newly issued Anchor Tokens are airdropped to existing Anchor Token holders. The probability for each Anchor Token to be Airdropped to a

specific wallet is determined 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);*

2. If there are less Dock Tokens than newly issued Anchor Tokens, then first all the Dock Tokens are exchanged for Anchor Tokens 1 for 1, and the remaining Anchor Tokens are then airdropped to Anchor holders in the system in line with the formula above;
3. If there is an equal or larger amount of Dock Tokens in existence, compared to the amount of newly issued Anchor Tokens, then the entire amount of these Anchor Tokens is allocated to Dock Token holders based on the Dock Token Redemption Queue, on a 1 for 1 exchange basis.

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?

Before the price change, Anchor's market cap was  $1,500,000,000 * \$0.67 = \$1,000,000,000$ .

After the price change, Anchor's market cap became  $1,500,000,000 * \$0.68 = \$1,015,000,000$ .

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<sup>18</sup>.

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  $22,500,000$  ANCH -  $2,500,000 = 20,000,000$  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:

---

<sup>18</sup> ANCH is the official abbreviation of the Anchor Token

*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 ANCH \* 1% = 200,000 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 Presale Discount

Only in the Presale Phase, **Dock Tokens** are available for purchase to Validators and Investors at discount rates, with the primary aim of creating an initial pool of reputable stakeholders who will have embraced the vision of the Anchor Project and will contribute to its validation, adoption, stability and success.

The general conditions in Presale for Validators and Investors are the following:

### For Investors

- The Minimal Presale Investment is \$50,000; and,

- The Presale Discount on Dock Tokens is 33% against the redemption value for Anchor Tokens on their release dates.

### For Validators

- Batches of Dock Tokens will be offered to Validators at a 33% discount, for a minimum investment of \$2M;
- A Validator Candidate can purchase **only one Batch of Dock Tokens**; and,

For a more detailed overview of presale discounts, please refer to [this](#) segment of the whitepaper.

## 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.

## Primary Issue and Token Distribution

*"Who your early token holders are matters a lot (...) Sophisticated contributors are generally better community members than pure speculators."*

Nick Tomaino, Founder of 1Confirmation

[Lessons from MakerDAO](#)

In the primary issue, **the Anchor Company will issue \$600 million worth of Dock Tokens, mirrored by \$600 million worth of Anchor Tokens, in the Mirror Vault.**

Dock Tokens will be offered in a **Presale Phase** to an array of stakeholders with the primary aim of creating an initial pool of reputable investors and operational teams

who will have embraced the vision of the Anchor Project and will contribute to its validation, adoption, stability and success.

The Token Generation Event (TGE)<sup>19</sup> timeline will be the following:

1. Primary issue of Anchor Tokens, and their placement into the Mirror Vault;
2. Primary issue of Dock Tokens, and their distribution to respective owners (these Dock tokens will provide their owners with immediate access to the Anchor platform);
3. Conversion of the first eligible batches of Dock Tokens into Anchor Tokens at the owners' convenience."

### The Mirror Vault

The first **\$600 Million worth of Anchor Tokens**, the system's payment token, will be issued and placed in the **Mirror Vault**, the account that will be used to store the primary issue.

The corresponding **\$600 million** worth of **Dock Tokens**, the system's utility token, will be distributed to validators, investors and other stakeholders in the presale phase, and placed in the **Mirror Vault Queue**.

These batches of **Dock Tokens** will be exchangeable for **Anchor Tokens** from the primary issue deposited in the Mirror Vault, on their respective release dates.

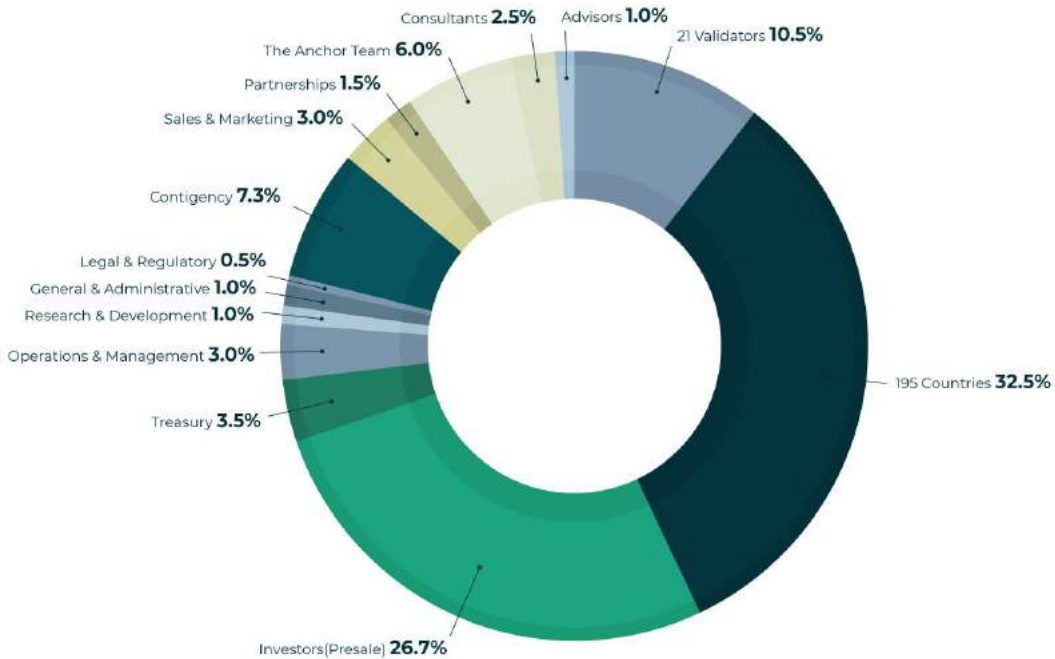
### Primary Issue Token Allocation Projection

The projected initial token allocation of the **Dock Tokens** (and the equal amount of **Anchor Tokens** in the Mirror Vault) created during the Primary Issue is presented in the following table:

Entity	Amount Allocated [USD]	Percentage [%]
21 Validators	\$63,000,000	10.50%
195 Countries	\$195,000,000	32.50%
Investors (Presale)	\$160,000,000	26.67%
Treasury	\$21,000,000	3.5%

<sup>19</sup> The Anchor Token Generation Event is not to be confused with Initial Coin Offering of any kind - it merely represents the process of creating the initial batches of Anchor Tokens and Dock Tokens (in that order), and their respective placement into the Mirror Vault (Anchors) and ordering in the Mirror Vault Queue (Docks).

Operations & Management	\$18,000,000	3.00%
Research & Development	\$6,000,000	1.00%
General & Administrative	\$6,000,000	1.00%
Legal & Regulatory	\$3,000,000	0.50%
Contingency	\$44,000,000	7.33%
Sales & Marketing	\$18,000,000	3.00%
Partnerships	\$9,000,000	1.50%
The Anchor Team	\$36,000,000	6.00%
Consultants	\$15,000,000	2.50%
Advisors	\$6,000,000	1.00%



**21 Validators (\$63M or 10.5%)**

**20 Validators x \$3M (0.5%) = \$60M (10.0%) + Anchor Team \$3M (0.5%)**

21 batches of \$3M worth of Dock Tokens (i.e. 0.5% of the Dock Tokens in the Mirror Vault Queue) will be reserved for the system’s Validators: 20 batches will be offered to reputable entities (typically coming from different countries, except for global/transnational or multinational organizations, or in case of high-profile/high-reputation organizations) at the price of \$2M, while the remaining



one batch will be reserved for the Anchor Company. A Validator Candidate can purchase **only one Batch of Dock Tokens**.

These batches will be released (i.e. converted to Anchor Tokens) according to the following timeline:

TGE: \$0.5M worth of Dock Tokens converted to Anchor Tokens

TGE + 3 months: \$0.5M worth of Dock Tokens converted to Anchor Tokens

TGE + 6 months: \$0.5M worth of Dock Tokens converted to Anchor Tokens

TGE + 9 months: \$0.5M worth of Dock Tokens converted to Anchor Tokens

TGE + 12 months: \$1M worth of Dock Tokens converted to Anchor Tokens

### **Presale/Investors (\$160.0M or 26.67%)**

More than one quarter of the primary issue will be offered to investors, based on the terms outlined below:

- The Minimal Presale Investment is \$50,000
- The Presale Discount on Dock Tokens is 30% against the redemption value for Anchor Tokens on their release dates.

TGE: 20% of Dock Tokens are converted to Anchor Tokens

TGE + 4 months: 20% of Dock Tokens are converted to Anchor Tokens

TGE + 8 months: 30% of Dock Tokens are converted to Anchor Tokens

TGE + 12 months: 30% of Dock Tokens are converted to Anchor Tokens

### **Representatives of up to 195 Countries (\$195.0M or 32.5%)**

**195 Representatives x \$1.0M (0.167%) = \$195.0M (32.5%)**

Up to 195 batches of \$1.0M worth of Dock Tokens (i.e. 0.167% of the Dock Tokens in the Mirror Vault Queue) will be reserved for the representatives of the system's Supervisory Body that will oversee the work of the system's Validators, and present its findings quarterly, biannually, or annually.

### **Treasury (\$21M or 3.5%)**

A special deposit account called **the Treasury** will hold US \$21 million in Dock Tokens, in order to provide a **Grace Period** for early **Anchor Token** buyers who

invest, post-Presale, i.e. after the initial distribution of the primary emission is concluded.

The Grace Period will be a timeframe that **starts after the end of the Presale Period and Anchor Tokens become available for purchase** to the general public. Within this timeframe, the Anchor Team will be able to test out various transaction models and configure workflows, at the expense of the system. This means that the Validators (and Investors) who are eligible to receive a portion of the transaction fee from each newly purchased Anchor Token post-Presale will be compensated in Dock Tokens from the Treasury, while these initial buyers of Anchor Tokens will not be charged any fees until the funds stored in the Treasury run out, by which time the Anchor Team will have configured, optimized and validated the system's behavior and workflows.

After the expiration of the Grace Period (i.e. when the Dock Tokens in the Treasury have all been distributed to the Validators), the system will charge a **Stability Fee** that will be evenly split among the Validators.

### **The Anchor Team (\$36M or 6%)**

According to this projection, this allocation is reserved for the Anchor Team.

### **Consultants (\$15M or 2.5%)**

According to this projection, this allocation is reserved for the Anchor Project Consultants in any capacity (not including the Anchor Project Advisors listed below).

### **Advisors (\$6M or 1%)**

According to this projection, the following parties are considered the Anchor Project Advisors:

- ❖ MVP Workshop and its employees, consultants and advisors working on the project/consulting;
- ❖ Four Dots and its employees, consultants and advisors working on the project/consulting;
- ❖ The MMU Team, and the team's consultants and other advisors.

# Presale: Input Parameters and Variables

## Fiat Raised During Presale

$$F_0 = V_0 + I_0$$

where  $V_0$  is the amount of fiat raised from the Validators and  $I_0$  is the amount of fiat raised from the Investors.

## Tokens Reserved During Presale

### Dock Tokens

#### Investors

Number of Dock Tokens reserved for Investors during the Presale:

$$D_{I_0} = (10 * I_0) / 7$$

#### Validators

Number of Dock Tokens reserved for all Validators during the Presale:

$$D_{V_0} = N * 3,000,000 \text{ DOCK}$$

where

- Number of Validators (without the Anchor Team):  $N_{NPV}$   
 $\max(N_{NPV}) = 20$
- Total Number of Validators:  $N = N_{NPV} + 1$   
 $\max(N) = 21$

#### Country Representatives

Number of Dock Tokens reserved for Country Representatives:  $D_{CR_0} = N_{CR} * 1,000,000 \text{ DOCK}$

where

- $N_{CR}$  is the number of registered Country Representatives during the Presale  
 $\max(N_{CR}) = 195$

# Fiat/Crypto and Token Allocation

## Fiat/Crypto Allocation Projection

The first \$10,000,000 worth of fiat and crypto (combined) raised during the Presale would be used as part of Anchor's developmental and operating capital, along with the tokens from the primary issue allocated for this purpose. Half of the next \$20,000,000 worth of fiat and crypto (combined) raised during the Presale would be added to the Anchor's developmental and operating capital, whereas the remaining half would be allocated for safe investments, including the purchase of sovereign debt.

After the first \$30,000,000 raised during the Presale (in fiat and crypto combined), all the remaining money raised (fiat and/or crypto) would be allocated for safe investments, including the purchase of sovereign debt. Safe investments would be made in batches, typically when the total amount of fiat money deposited for that purpose reaches a minimum of \$10,000,000.

Anchor's initial developmental and operating capital in fiat currency ( $FDC_0$ ):

- ❖ If  $F_0 \leq \$10,000,000$  then  $FDC_0 = F_0$
- ❖ If  $\$10,000,000 < F_0 \leq \$30,000,000$  then
$$FDC_0 = \$10,000,000 + 0.5 * (F_0 - \$10,000,000)$$
- ❖ If  $F_0 \geq \$30,000,000$  then  $FDC_0 = \$20,000,000$

Fiat for purchasing making safe investments, including sovereign debt, raised during the Presale ( $FSD_0$ ):

- ❖ If  $F_0 \leq \$10,000,000$  then  $FSD_0 = 0$
- ❖ If  $\$10,000,000 < F_0 \leq \$30,000,000$  then  $FSD_0 = 0.5 * (F_0 - \$10,000,000)$
- ❖ If  $F_0 \geq \$30,000,000$  then  $FSD_0 = F_0 - \$20,000,000$

# Official Launch

## Primary Issue of Dock Tokens and Anchor Tokens

After the end of the Presale, \$600 Million worth of Dock Tokens will be issued with release dates agreed upon during the Presale. In addition to that, a Mirror Vault will be created with \$600 Million worth of Anchor Tokens, as all the issued Dock Tokens will eventually have to be converted into Anchor Tokens at some point in time - typically at their release dates.

Primary Issue of Dock Tokens (based on the Token Allocation projection):

$$D_0 = 600,000,000 \text{ DOCK}$$

Primary Issue of Anchor Tokens (to be placed in the Mirror Vault):

$$A_{MV0} = 600,000,000 \text{ ANCH}$$

### The Mirror Vault 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 **Mirror Vault Queue**. Dock Tokens with shorter waiting periods will be exchanged for Anchor Tokens earlier than those with longer waiting periods.

Consequently, the initial ordered sequence in the Mirror Vault Queue is formed as an array:

$$Q_{MV}(t_0) = Q_{MV0} = (t_{L0d1}, t_{L0d2}, \dots, t_{L0dk}, \dots, t_{L0d400M})$$

where

$t_0 = 0$  (generally,  $t$  represents the time elapsed after the end of Presale),

$t_{Ldk}$  generally represents the time remaining until the expiration of  $k$ -th ( $k = 1, 2, \dots, 600M$ ) Dock Tokens waiting period,

$t_{L0dk}$  represents the duration of  $k$ -th ( $k = 1, 2, \dots, 600M$ ) Dock Tokens waiting period, counting from the end of the Presale, where

$$t_{L0d1} \leq t_{L0d2} \leq \dots \leq t_{L0dk} \leq \dots \leq t_{L0d400M}$$

## Reference Price Calculation

The price of the Anchor Token will be pegged to the **Monetary Measurement Unit (MMU)**, which will be calculated based on the proprietary formula that takes into account publicly available macroeconomic data from the most reputable international financial institutions. The MMU will be recalculated periodically, taking into account new sets of values of macroeconomic indicators from trusted sources that have become officially available since the last calculation.

The calculation based on the MMU formula will determine the initial price of the Anchor Token at the time of its launch and its subsequent availability at the decentralized exchange. The Anchor System will be using a set of delegated data feeds provided by the system Validators, who will constantly monitor the reference price of the Anchor Token across a number of whitelisted external sources, consisting mostly of off-chain data, typically coming from decentralized crypto exchanges<sup>20</sup>, and will submit updates to the blockchain when:

- Source price differs from the most recently submitted price by more than the defined amount<sup>21</sup>.
- Last price update was more than a specified period of time ago.

Price updates will be written to the blockchain via price feed accounts, which are owned by the system Validators.

The reference price for the Anchor will be provided via a system's Oracle (a.k.a. the MediAnchor), which collates price data from the system Validators. MediAnchor is envisaged as the system's smart contract<sup>22</sup> that provides **the Anchor Token's Trusted Reference Price (ATRP)**. It maintains a whitelist of price feed contracts (owned by the system Validators) that are allowed to post price updates, and a record of recent prices supplied by each address. Every time a new price update is received, the median of all feed prices (with the exemption of the lowest and the highest input values, as well as five more randomly excluded sources) is re-computed and the medianized value is updated.

$\Delta t_{\text{PFI}}$  – the interval between two consecutive price feeds:  $\Delta t_{\text{PFI}} = t_{\text{PFI}+1} - t_{\text{PFI}}$

$\Delta t_{\text{ATRPmax}}$  – the maximum interval between ATRP updates

---

<sup>20</sup> Price feed Validators may configure their instances to obtain price data from any of the whitelisted sources. Validators can choose which sources to report.

<sup>21</sup> Validators will set (or change, if needed) limits on how much the price feed can move within certain time frames, so that the price calculation software can send alerts/reports to the network.

<sup>22</sup> In the initial phase these operations can be performed manually, or semi-manually, before the eventual implementation of the smart contract.

$\Delta a_{ATRP_{max}}$  – the maximum difference between consecutive *ATRP* calculations that does not require updating of the *ATRP* value.

$V_j$  – *j*-th Validator ( $j = 1, 2, \dots, N$ )

$W$  – number of whitelisted price feed sources

$S_k$  – *k*-th whitelisted price feed source ( $k = 1, 2, \dots, W$ )

$PF_{jk}$  – price feed reported by *j*-th Validator from *k*-th source

**Price feed matrix  $PF_{jk}(t = t_{PFI})$ :**

VALIDATORS	WHITELISTED SOURCES					
	$k = 1$ $S_1$	$k = 2$ $S_2$	...	$k$ $S_k$	...	$k = W$ $S_W$
$V_1$	$PF_{11}$	$PF_{12}$	...	$PF_{1k}$	...	$PF_{16}$
...	...	...	...	...	...	...
$V_j$	$PF_{j1}$	$PF_{j2}$	...	$PF_{jk}$	...	$PF_{j6}$
...	...	...	...	...	...	...
$V_N$	$PF_{N1}$	$PF_{N2}$	...	$PF_{Nk}$	...	$PF_{Nk}$

Before each calculation of the *ATRP* Calculation Matrix  $ATRP_{mk}$  ( $m = 1, 2, \dots, N - 7$ ;  $k = 1, 2, \dots, W$ ), smart contract excludes all prices submitted by five randomly chosen Validators, as well as the feeds from Validators with the lowest and the highest reported median values:

$$ATRP(t = t_{PFI}) = \text{Mdn} \{ATRP_{mk}\}$$

Only the price feed contracts that have been whitelisted by the MediAnchor will be able to forward their prices for inclusion in the medianized price of Anchor. The adding and removal of whitelisted price feed addresses is controlled via governance, as is the setting of the minimum number of valid feeds required in order for the medianized value to be considered valid.

If  $ABS(ATRP(t = t_{PFI}) - ATRP_{current}) \leq \Delta a_{ATRPmax}$  the Anchor Token's Trusted Reference Price will not be updated unless  $t_{PFI} - t_{ATRPcurrent} \geq \Delta t_{ATRPmax}$

As the median of the price feeds provided by the Validators is used, a majority of the Validators would have to collude to manipulate it. This, in itself, is not particularly likely to happen, and Validators can also be voted out of their duty for providing false data<sup>23</sup>.

## Making Safe Investments and Issuing New Anchor Tokens

Funds received from investors are deposited to a dedicated Anchor bank account. A part of the money is used for operational and administrative costs of running the Anchor System, while the rest is transferred to local escrow bank accounts in countries where Anchor is making safe investments.

After the deposit is made to Anchor's bank account, the Validators will sanction the issuing of the corresponding amount of new Anchor Tokens in exchange for the investment made.

The Validators use the Oracle principle to send information about the total number of deposits to the Anchor System to issue new Anchor Tokens. The number of new coins is then decided by determining the value of the MMU through the system's Oracles, as described by the simple formula below:

$$Q = M/MMU$$

where

$Q$  = Quantity of new Anchor Tokens issued

$M$  = Funds deposited, expressed in USD

$MMU$  = Monetary Measurement Unit (as calculated by the proprietary algorithm)

The volume of Anchor Tokens will not be capped as the new coins are issued when money is deposited into the network. The Anchor System uses its own algorithm to stabilize the Anchor Token volume and its price by pegging it to the MMU, so it expands and contracts algorithmically the supply of the price-stable currency.

---

<sup>23</sup> Voting out a Validator from its duties over a given period (or indefinitely) would require a two-thirds majority vote of the system's remaining Validators.



This means that as the initial allocation of Anchor Tokens is created, they are pegged to the MMU, and the value is shown in USD, or in the local currency. As the total demand for the Anchor increases or decreases, the supply can change as a result of Validator action via voting rules.

## Current Roadmap

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

# The Anchor Team

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. Anchor team members include:

## 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](#)



### **Cristian Bronescu**

Co-Founder, COO

A resourceful and hard working project manager, Cristian has a strong technical background that helps him easily cross the bridge between the business and technical worlds, speaking both “languages” with equal proficiency.

 [LinkedIn Profile](#)



### **Andrew Sarega**

VP of Foreign Relations

Andrew is a successful entrepreneur and currently sits on several country and state commissions. He is excited to begin his journey in the world of cryptocurrency, a journey he hopes will end with a new world digital currency.

 [LinkedIn Profile](#)



### **Dan Banu**

Co-Founder

Having a creative and positive outlook, Daniel, as company leader, masterfully manages teams with his ability to listen to those around him, respond in an efficient manner and decisively aim for the highest results.

 [LinkedIn Profile](#)



### **Nemanja Lazić**

Business Development Advisor

Nemanja has honed his leadership, advisory and R&D skills through multiple top management positions in SEE markets and the multinational environment. His personal interest in tokenization of assets, decentralization and incentivization has lead to seamless transition into blockchain technology, where he set himself a simple goal – to build products that actually work.

 [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](#)



**Aleksandar Manić**  
Quantitative Finance Expert

Aleksandar has a background in quantitative finance and his experience with project valuation has to a great extent prepared him for the wonders of Cryptoland. Aleksandar is highly enthusiastic and passionate about the Anchor mission and vision, and has undertaken a research quest to discover the proper balance between micro- and macroeconomics, anticipating the market's majestic demands, and applying his findings to the success of the Anchor System.

 [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.

 [LinkedIn Profile](#)



### **Petar Atanasovski**

Product Manager

Passionate about developing people, products and effective organizations which lead to outstanding customer experience. Product Manager at MVP Workshop, a Blockchain Solution Provider, specialized in Decentralized Business Models, Tokenization of Assets and Research & Product Development. He is the Product Owner at Scriptarnica. Co-founder and Product Owner at Blockademy, an e-learning platform that supports people diving into the blockchain world and becoming blockchain experts in their profession. Former Head of the Customer Happiness department at GoDaddy, responsible for Web Professionals experience.

 [LinkedIn Profile](#)



### **Đorđe Stevanović**

Software Engineering Supervisor

Đorđe is known for his outstanding organizational and leadership skills and has a proven track record of successful contributions to a number of Blockchain projects, including the Celsius cryptocurrency. He has been a Core contributor to Blockstack and works in the field of Ethereum Smart Contract Development / DApps.

 [LinkedIn Profile](#)



### **Kristijan Živković**

Backend and Blockchain Developer

Kristijan is actively studying at the Faculty of Computer Science. He is passionate about startups and product creation. He was a startup founder before joining MVPWorkshop. Kristijan is passionate about Blockchain technology and startups in the Blockchain area. Possesses a strong entrepreneurial spirit. Proficient in Javascript, Typescript, NodeJS, MySQL, MongoDB, Stellar, Solidity.

 [LinkedIn Profile](#)



**Vladimir Marković**  
Frontend Engineer

Vladimir holds bachelor's degree in Power engineering and master's degree in Information technology and has a history of successful contributions in the field. Besides being a lead developer and highly skilled fullstack engineer, Vladimir is also an entrepreneur, having co-founded several companies. He has a proven track record of creating IT projects from concept to implementation, and is known for his ability to simplify complex concepts and explain them in a way that is easy to comprehend. He believes that blockchain has the potential to revolutionize trust and is currently involved in various MVP Workshop blockchain projects as a senior software developer.

 [LinkedIn Profile](#)



**Panto Anđelić**  
Frontend Engineer

Panto has bachelor's degree in mechanical engineering. Experienced front-end engineer with more than 4 years of experience. Wide area of front-end skills: JavaScript, TypeScript, ReactJS, Angular, React Native.

 [LinkedIn Profile](#)



**Danilo Hadži-Pešić**  
Blockchain Engineer

In Danilo's head, everything revolves around engineering abstract but yet bulletproof and easy to use software solutions. That's why he has found eternal joy in writing code that runs on chain, especially Ethereum smart contracts. Blockchain aside, he has couple years of experience, few frameworks and dozens of projects behind him in VR/AR field. Currently on his quest to conquer JS as his most hated language of choice!

 [LinkedIn Profile](#)





**Katarina Vukoman**

Graphic Designer

Katarina is a graphic designer curious about innovative ways of blending beauty and usability. When it comes to design, she's passionate about brand and visual identity, typography, infographics and print.

 [LinkedIn Profile](#)



**Cornel Harsan**

Web Designer

An engineer by education and an artist by vocation, Cornel Harsan considers himself a "Pixel Engineer". Stubbornly striving for perfection and always hungry for colors and a good debate.

 [LinkedIn Profile](#)

## Sales & Marketing Team



**Michael Trickey**

VP of Sales

Michael comes to us with over twenty years of sales executive experience from the Telecom and Software Industries. Mike's ability to develop new relationships and maintain existing ones will go along way in moving Anchor forward.

 [LinkedIn Profile](#)





### **Cosmin Gheara**

Sales Manager

Self-starter with entrepreneurial mindset, able to build relationships quickly, with solid background of sales, business management and channel development, experienced in leading technical and sales teams.

 [LinkedIn Profile](#)



### **Irinel Marcu**

Market Research Analyst

Experienced leader with a demonstrated history of working and interacting with people. Skilled in Research, Customer Service, Management, and Strategic planning. Strong business development professional with a Bachelor and Masters of Science in Criminal Justice Administration from University of Phoenix.

 [LinkedIn Profile](#)



### **Tijana Damjanović-Gertner**

Community & Content Lead

An experienced journalist with a passion for social media and content writing, Tijana is focused on delivering news and relevant information to the Anchor community. Tijana has a strong social media management and content writing background that enables her to deliver the Anchor's message to the cryptocurrency market and general public.

 [LinkedIn Profile](#)



**Natalia Firezar**

Marketing Assistant Intern

Natalia is an enthusiastic student, founder of her highschool TED-Ed club, with experience in content writing and translating for various companies and NGOs around the world, including TED Talks.

 [LinkedIn Profile](#)



**Miloš Milosavljević**

Communications Strategist / Whitepaper Editor

Miloš Milosavljević is a seasoned communications professional, focused on producing and delivering end-to-end digital marketing strategies for a wide range of industries. On the Anchor project, he is the lead communications strategist and the editor of the Anchor Whitepaper.

 [LinkedIn Profile](#)



**Stefan Ignjatović**

Communications Manager / Presentation Specialist

Stefan is an experienced business developer with ample know-how in strategic consulting across a wide range of industries. Stefan is primarily focused on product and service development. He is primarily focused on producing presentation decks, live presentations and guidelines for sales and business staff to deliver compelling pitches and presentations to investors and audiences of interest.

 [LinkedIn Profile](#)

# Legal Team



**Paul Dillon**  
Attorney

Paul's core values, including attention to detail and the desire to deliver impressive work really distinguish him from competitors. He truly believes in his practice of law, and aspires for perfection in all that he does.

 [LinkedIn Profile](#)



**Lance Steinhart**  
FCC Attorney

Lance J.M. Steinhart has been providing professional legal services since 1990, specializing in transactional law. His firm has provided regulatory counsel nationwide to over 600 public and private companies.

 [LinkedIn Profile](#)

# Summary

*"Wise men put their trust in ideas and not in circumstances."*

Ralph Waldo Emerson

The lack of trust remains the main problem of the current cryptocurrency landscape. Much as it is with overall global economy and fiat currencies, establishing a model in which the value of a cryptocurrency is truly stable and impervious to volatility has proven to be the biggest and heretofore unbridgeable pitfall.

No known cryptocurrency has yet managed to achieve all of the following traits: price stability, high liquidity, scalability, privacy and decentralization, all of which results in rather low levels of trust surrounding the global crypto market. This was the main driving force behind the Anchor team to develop a cryptocurrency model that will solve the issues of liquidity, guarantee and trust.

Anchor's model is based on making safe investments, such as the purchase of sovereign debt of world countries, for increasing trust in the Anchor System, and pegging its price to the most reliable index of the value of the global economy, the Monetary Measurement Unit (MMU).

Unlike other stable coins that peg their value to fiat money or other crypto coins, the Anchor with its Validators makes sure the value of the token is being kept stable (both on a daily basis and in the long run) via the economies of up to 195 countries and their baskets of goods. This makes this system a reliable and enticing solution for investors, crypto-enthusiasts, banks, traders, hedge funds, and other investment institutions.

As Anchor is seen as a potent solution to the problems of transparency, stability and trust, this cryptocurrency has a long-term potential to:

- Become the most trusted cryptocurrency available on the market;
- Become the one truly stable token;
- Become a measurement unit for the finance in the world.

The stability of the entire Anchor Systems rests on a Safety Net comprised of six pillars that prevents volatility. These levels of safety include:

1. *The Global Economy Pillar*
2. *The Daily Adjustment Pillar*
3. *The Investment Pillar*

4. *The Reinvestment Pillar*
5. *The Algorithm Pillar*
6. *The Two-Token Model*

Since Anchor has the potential to become a cryptocurrency with stable value and low volatility, while retaining all other appealing features of a cryptocurrency, this type of a stablecoin should achieve its usability as a:

1. Store of value
2. Medium of exchange
3. Unit of account

In order to achieve this, Anchor proposes a fiat-free stable currency with the six-pillar Safety Net explained above that raises the bar for the levels of safety and stability that no other stablecoin can match.

The Anchor Protocol uses two tokens: the Anchor Token (the main currency and payment token) and the Dock Token, which is a pivotal component of the system's mechanism for stabilizing the price of the Anchor Token.

With the Anchor Token's price pegged to the value of the global economy through the Monetary Measurement Unit (MMU), it is practically immune to black swan events and country defaults, barring some global economic crisis of catastrophic proportions.

### **Why Anchor is Seen as an Investment Opportunity**

Anchor's unique model offers investors a stable currency with a six-pillar Safety Net AND the strength of an algorithmic token, and keeps the usual pitfalls of multiple-token economy like trust issues, auditing problems, third party problems, and inflation at bay. What may pique the interest of investors worldwide is that the value of Anchor's reference unit is bound to appreciate steadily over time, which means that holding Anchors can also be seen as an investment in the long run.

Additionally, Anchor offers various incentives for all types of users:

- During Presale, Validators get a 33% discount on Dock Tokens for a minimum investment of \$2 million, and additionally receive their share of the stability fee charged by the system;
- Buyers of Dock Tokens redeem Anchor Tokens at a discounted price;

- Buyers of Dock Tokens can increase their discount by larger purchase volumes and faster responses to auctions, where both actions improve the stability of the system;
- The more Anchor Tokens one owns, the greater probability of benefiting from Anchor expansion airdrops;
- The more Dock Tokens one purchases, the greater probability of benefiting from Anchor expansion airdrops;
- Holders will also benefit from the fact that the reference unit that Anchor is pegged to appreciates over time;
- The entire system and its protocol are transparent and, consequently, fully comprehensible.

# Appendix

## Stable coins

The latest solution, rapidly growing in popularity, is stable coin. A stable coin represents any cryptocurrency pegged to a stable asset. Although it is global, it is not tied to any bank. In theory, a stable coin should maintain its price and effectively deal with any market fluctuation, running on a par with traditional fiat currencies. Stable coins can be issued either by a central authority or a decentralized autonomous organization, where the latter one allows for a greater transparency.

There are three models of stable coin monetization:

- *Fiat- or Cash-collateralized*, which are pegged to the U.S. dollar and earn their value from being backed by cash (e.g., Tether, Digix). Coins that fall into this category are unlikely to become a norm, since they are not stable or scalable. Furthermore, they are centralized and as such subject to unpredictable, or even intentional inflation by coin makers.
- *Crypto-collateralized* are pegged against another cryptocurrency (e.g., BitShares, Maker Dao, Havven). Even though they are more decentralized and more liquid than fiat-collateralized, the fact that they are still pegged to a potentially unstable cryptocurrency makes crypto-collateralized coins unstable as well.
- *Non-collateralized or Elastic* (e.g., Basis, Saga, Carbon, Fragments) operate on the supply and demand principle. They are decentralized like crypto-collateralized currencies and are highly efficient at achieving stability. Still, they require a continual growth of the platform, and are thus vulnerable to a possible market crash or decline in interest from investors.

## List of competing stable coins currently on the market

### Tether

*Tether* is a cryptocurrency completely backed by fiat currency assets in a reserve account. It is backed one-for-one by the U.S. dollar and it relies on its low volatility. The idea behind it is to achieve price stability by combining operational ability of a cryptocurrency with the dollar's price stability. Crypto-to-crypto exchanges use it to price crypto assets in dollars without a bank account. However, the U.S. dollar has

experienced a cumulative inflation of 113.07% over a 30-year period, between January 1988 and December 2017, which makes it historically unstable.

The fact that Tether is centralized is one of its greatest setbacks, because it is considered untrustworthy.

### **TrueUSD**

*TrueUSD* is a new asset-based token you can redeem 1 for 1 for U.S. dollars. It was developed as a response to Tether's inability to provide up-to-date audits that are necessary to prove it has a sufficient amount of funds available for redemption. Namely, TrueUSD partnered with registered banks and fiduciaries that handle all funds directly. This means that TrueUSD has no access to the escrowed funds, which increases the security levels of transactions.

This token is having difficulties keeping the coin price stable against aggressive market trends and extreme market valuation. In September 2018, the price of TrueUSD went up by 40% in a very short period of time. Anchor solves this problem by introducing the second token, Dock.

### **USD coin (USDC)**

*USDC* is a fully-collateralized US dollar stablecoin based on an open source asset-backed framework created by CENTRE, and features an open membership scheme in which eligible financial institutions can participate. USDC offers a transparent system that operates within and is regulated by the framework of US money transmission laws, and since it also involves established banking auditors and partners, it provides a solution to financial/operational transparency issues.

However, the most conspicuous pitfall of this stablecoin is that they retain the right to exercise blacklisting of addresses and freeze funds if they decide USDC is being used illegally, which is why the community is looking elsewhere for stablecoins that are not centralized in such a manner.

### **Paxos Standard (PAX)**

*PAX token* is fully backed by USD deposits and features characteristics unique to digital assets, but manages to keep price volatility at bay. Although PAX is issued by Paxos Trust Company, a financial institution regulated by the New York State Department of Financial Services, their model doesn't offer an innovative approach to the cryptocurrency landscape. Paxos' backing by a legal financial institution is both - its greatest advantage and its main drawback, especially today when the demand for decentralized token models is increasing.



## DigixDAO

This cryptocurrency operates on Ethereum blockchain and issues two tokens: DGX, backed by gold, and DGD which gives holders the voting power. On the other hand, the downsides of this token include: the process of issuing and auditing DGX is too complicated; the value of gold can fluctuate, which makes the value of the coin unstable.

## Globcoin

Globcoin is a Crypto Platform that provides access to stable payment tokens. The first stablecoin will be the GLX based on a basket of 15 fiat currencies and gold. The platform is accessed by its native token, the GCP Utility Token.

Globcoin's main drawback is that its core team lacks blockchain specialists, which means it might not attract people and investors.

## Basis (Basecoin)

*Basis* (formerly known as Basecoin) is backed by permanent funds and to stabilize the coin value, the supply of the coin is contracted and expanded when needed. Basis has pegged its price to \$1. If the coins are trading for less, they are contracted and coin holders are allowed to purchase bonds. All the coins used to purchase the bonds will be destroyed.

The main question that remains is how quickly these price adjustments will adjust its value without any backup currency.

## StableUSD

Every StableUSD token is fully backed and redeemable 1-to-1 for US dollars. Stably will be available on Ethereum and Stellar with support for other blockchains in the near future. Stably charges zero fees for StableUSD issuance and redemption. However, third-party transit fees may still apply (e.g., bank wire fees, network transaction fees).

## Carbon

Like Basis, *Carbon* monitors its price but determines its exact adjustments every 24 hours using a distributed consensus model. It achieves faster throughput by partnering with Hedera Hashgraph instead of trading on blockchain. What sets Carbon apart from other elastic stable coins is the fact that it is using proprietary distributed oracle model along with a graph-based platform.

Having Hashgraph as its consensus layer will give it unparalleled speed over other stablecoins, but it also leaves Carbon tethered to the Hashgraph's mainnet launch.

## Fragments

In its setup, *Fragments* is similar to *Basis*, but it utilizes an elastic model tied to three different assets: reserves, bond tokens and USD Fragments (its stable coin). Like *Basis*, *Fragments* follows a first-in, first-out model, rewarding token holders for burning Fragments into bonds when the supply needs to be contracted, and receiving newly issued Fragments in exchange when deflation is needed.

*Fragments* manages stability autonomously, providing the advantage of quick adaptability, but also removing decision-making from token holders when prices fall too far from the market maker layer. This leaves *Fragments*' chances of success dependent upon people holding onto their tokens long-term.

## BitUSD

*BitUSD* is a token developed by BitShares, a company known for creating a series of stable coins – SmartCoins. In theory, *BitUSD* should be worth at least \$1, but to purchase a certain amount of coins, you need to lock up twice that amount in a smart contract. The *BitUSD* you receive can be considered your 'debt' and you can get your collateral only when you pay the debt back.

Transactions are 100% transparent as there is no human factor involved, but looking at the numbers, *BitUSD* is not a stable coin, due to its relatively high price fluctuations.

## Havven

*Havven* is 100% decentralized, and is backed by two coins: *Nomins*, stable coin used for everyday transactions, and *Havvens*, coins that are located in reserve. Here's how *Havven* works: each time someone uses *Nomins* to make a transaction, a certain fee is returned to *Havven*. These fees are then distributed back to token holders who receive awards for their maintenance of the system.

What makes *Havven* unreliable is the fact that it is still young to the market; missing technical details about their system, proposed solution and the payment network part; it doesn't address scalability.

## MakerDao

*MakerDao* is decentralized. It is backed by Ethereum, which makes it transparent and thus more reliable. However, what makes it less popular in the community is its complexity.

## AAA Reserve

*AAA coin* is an asset-backed cryptocurrency – collateralised by cash, gilts and AAA-rated credit investments. Proceeds from the issuance of AAA coins are placed

into Arc Fiduciary Ltd. (a ring-fenced Jersey-registered company) and invested into cash, gilts (government-backed bonds) and fixed income.

Its main flaw is the centralized system.

### **X8 Currency**

The *X8 Project* developed two Ethereum based Tokens: X8Currency, fully backed with 8 fiat currencies + gold; and X8X Utility Token that functions as a key to the issuance and exchange process of X8C with 0% fee.

X8's main drawback is that it is too complicated a platform.

### **Aurora**

This platform uses Boreals, a price-stable cryptocurrency that is backed by a combination of ether reserves, demand for loan repayment, and retailer endorsement. Traders on IDEX receive a discount when paying fees in Boreals, generating demand for the currency and supporting the target price.

Aurora's most prominent problem is that its system is too dependent on demand for the BRL token.

### **CP Processor**

Their system involves fixed price tokens that are pegged to fiat currency exchange rate of ETH and ERC20. Their main flaw is that their whitepaper seems rather unprofessional and is light on detail.

### **Kowala**

Their protocol involves a dual-token system consisting of mining tokens and stable-value payment tokens. Their main issue is that they do not provide any proof of their collateral.

### **MinexCoin**

MinexCoin is a decentralized payment system based on Bitcoin's blockchain technology. Their developers claim their volatility is reduced via the system's autonomous algorithm called MinexBank, which is essentially a central bank. The central bank uses financial instruments to allow traders to earn from the exchange rate margin without harming the coin's ecosystem.

Their main flaw is the low market cap, which means that MNX price can be easily manipulated.

# Risk Factors and Disclaimers

PLEASE READ THE FOLLOWING RISK FACTORS AND DISCLAIMERS CAREFULLY BEFORE PARTICIPATING IN THE ANCHOR ECONOMY.

This Whitepaper is issued by Anchor AG, a Swiss corporation located at Bahnhofstrasse 21, 6300 Zug, Switzerland (the “Company”). All information and material contained in this document has been provided for informational purposes only and is subject to change, including addition, removal, amendment or update of information and/or material by the Company at any time without notice.

The Company’s Board of Directors has taken all reasonable care to ensure that, as of the publishing date, the information contained in this Whitepaper is correct and authentic, complete and exhaustive to its knowledge, and that there are no other facts which, if omitted, would make any part of this Whitepaper ambiguous or misleading. However, the Company’s Board of Directors makes no representation on the accuracy or completeness of the information. There is also no assurance that the information contained therein will be continuously accurate after the date of first publishing and consequently after possible modifications.

This Whitepaper is not a prospectus within the sense of Art. 1156 and Art. 652a of the Swiss Code of Obligations (CO) or the European Prospectus Regulation or any other applicable laws and regulations. This Whitepaper has not been and will not be reviewed, verified or approved by any regulatory or supervisory authority.

The legal status of digital tokens is still under development in most jurisdictions. New laws and regulations may change the way that digital tokens are classified. Therefore, the Company cannot guarantee that it will be able to implement some features of the Anchor platform as such, and it expressly reserves the right to amend the terms of the token sale and/or conversion accordingly.

The Dock Tokens are utility tokens designed to stabilize the Anchor system. Dock Tokens provide digital access to the Anchor platform and can be converted under specific terms into Anchor Tokens. The Company does not recommend buying Dock Tokens for speculative investment purposes. The Dock Tokens give neither equity in any company, nor voting rights, nor dividend rights. The sale of Dock Tokens will be final and non-refundable. The Dock Tokens will be issued through an open source IT blockchain protocol called Stellar Network. Anchor AG has no control over the operational network of Stellar. Anchor AG may not be liable in any way for any feature that might affect the token ownership.

The Anchor Tokens are stable coins to be used as a means of payment for the purchase of goods and services. With the stability that the Anchor Tokens provide,

being pegged to the Monetary Measurement Unit, the Anchor Tokens are unsuitable for speculation. No ICO has or will be carried out for the Anchor Tokens. The Anchor Tokens give neither equity in any company, nor voting rights, nor dividend or any other rights against the issuer. Consequently, for the avoidance of doubt, Anchor Tokens also do not give a claim to any stable capital assets that the Company may acquire under the Investment or Reinvestment Mechanism of the Anchor system. The Anchor Tokens will mainly be issued through an open source IT protocol called Stellar Blockchain Network. A smaller part of the Anchor Tokens will be issued through an open source IT blockchain protocol called Ethereum. Anchor AG has no control over the operational networks of Stellar and Ethereum. Anchor AG may not be liable in any way for any feature that might affect the token ownership.

All statements regarding the Company's financial position, business strategies, plans and prospects as well as the prospects of the industry in which the Company operates are forward-looking statements. Neither Anchor AG, its founders, team members, or any third party involved in the Company's project nor any other person represents, warrants and undertakes that the actual future results, performance or achievements of the Company will be as discussed in these forward-looking statements.

The Whitepaper includes market and industry information and forecasts which the Company has obtained from internal and external surveys, reports and studies, as well as market research, publicly available information and industry publications. These surveys, reports, studies, market research, publicly available information and publications state that the information that they contain has come from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information.

No information in this Whitepaper should be considered as business, legal, financial or tax advice regarding the Anchor project. Prospective participants should consult their own business, legal, financial, tax or other professional advisors regarding the Anchor project and the legal requirements and consequences of purchasing, holding and disposing of Dock Tokens and/or Anchor Tokens and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence and/or domicile.

The tax characterization of the tokens is uncertain, and each buyer needs to consult with and must rely on the advice of his own professional tax advisors with respect to the tax treatment of an acquisition of the tokens.

The Anchor system is a technology under development and any changes that can occur during the development of the technology can have a negative impact on the Anchor system. The purchaser of the tokens undertakes that s/he has significant experience in cryptocurrencies and blockchain systems as well as related services

and that s/he fully understands all risks associated with the purchase as well as the mechanism related to the use of cryptocurrency (incl. storage).

The information contained in this Whitepaper, and any opinion expressed therein, does not constitute an offer, or an invitation to make an offer, to buy or sell securities or financial instruments or derivatives relating thereto. The information is not intended to provide personal recommendation or investment advice, and it does not consider the specific investment objectives, financial situation, or particular needs of any specific person.

The purchase of the Dock Tokens will be subject to terms and conditions which are not set out in this Whitepaper but are defined in a separate agreement. Each potential buyer will have to undergo a due diligence review performed by a third-party provider in accordance with the Swiss Anti-Money Laundering Act, as well as other applicable rules and regulations. Only eligible buyers will be permitted to acquire tokens. Further restrictions may be applied to the token sale and are expressly reserved by the Company.

To the maximum extent permitted by the applicable laws, regulations, and rules, the Company, its founders, team members and any third party involved in the Anchor project shall not be liable for any indirect, special, incidental, consequential, or other losses of any kind, in tort, contract or otherwise (including, but not limited to loss of revenue, income or profits, and loss of use or data), arising out of or in connection with any acceptance of or reliance on this Whitepaper.

The distribution or dissemination of this Whitepaper or any part thereof may be prohibited or restricted by the laws, regulatory requirements and rules of certain jurisdictions. It is the responsibility of the prospective participant to perform the necessary due diligence regarding possible restrictions in his jurisdiction, and it is also the sole responsibility of the prospective participant to inform himself about, and to observe and respect any and all laws and regulations that may be applicable to him from time to time. In any countries or regions, where the content of this Whitepaper is prohibited or restricted, it should not be reproduced or distributed in whole or in part. Further, if a potential participant recognizes that s/he is from a country or region where this Whitepaper is prohibited and still chooses to make a token purchase, then this participant is deemed to acknowledge the risks associated with such action and Anchor AG shall not be liable or have any legal responsibilities with respect to such action by the participant.

This Whitepaper shall be governed by and construed in accordance with the laws of Switzerland, without regard to conflict of law rules or principles (whether of Switzerland or any other jurisdiction) which would cause the application of the laws of any other jurisdiction. Any dispute, controversy or claim arising out of, or relating to, this Whitepaper shall be finally resolved by arbitration in accordance with the

Swiss Rules of International Arbitration of the Swiss Chambers' Arbitration Institute in force on the date on which the Notice of Arbitration is submitted in accordance with these Rules. The arbitration panel shall consist of one arbitrator. The seat of the arbitration shall be Zug, Switzerland. The arbitral proceedings shall be conducted in English.

## Glossary

### **Aggregate Demand**

An economic measurement of the sum of all final goods and services produced in an economy, expressed as the total amount of money exchanged for those goods and services.

### **Basket of Goods**

Refers to a fixed set of consumer products and services valued on an annual basis and used to track inflation in a specific market or country. The goods in the basket are often adjusted periodically to account for changes in consumer habits. The basket of goods is used primarily to calculate the Consumer Price Index (CPI).

### **Black Swan Event**

Typically random and unexpected events or occurrences that are extremely difficult to predict, as they deviate beyond what is normally expected of a situation.

### **Convexity**

A measure of the curvature in the relationship between bond prices and bond yields that demonstrates how the duration of a bond changes as the interest rate changes. Convexity is used as a risk-management tool, which helps measure and manage the amount of market risk to which a portfolio of bonds is exposed.

### **Consumer Price Index (CPI)**

The Consumer Price Index (CPI) is one of the most frequently used statistics for identifying periods of inflation or deflation. It is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them. Changes in the CPI are used to assess price changes associated with the cost of living.

### **Decentralized Autonomous Organization (DAO)**

Organization that was designed to be autonomous and decentralized. It acts as a form of venture capital fund, based on open-source code and without a typical management structure or board of directors. In order to be fully decentralized, the DAO was unaffiliated with any particular nation state, although it made use of the Ethereum Network.

### **Distributed Ledger Technology**

Technological infrastructure and protocols that allow simultaneous access, validation and record updating in an immutable manner across a network spread across multiple entities or locations.

### **Dividends**

Distribution of a portion of a company's earnings decided by the board of directors and paid to a class of its shareholders. Dividends can be issued as cash payments, shares of stock or other property.

### **ERC20 Token**

One of the most significant standards for token development for all Ethereum. It represents a list of rules all Ethereum tokens must follow in order to function within the Ethereum system.

### **Escrow**

A concept in which a financial instrument or an asset is held by a third party on behalf of two other parties that are in the process of completing a transaction. The funds or assets are held by the escrow agent until it receives the appropriate instructions or until predetermined contractual obligations have been fulfilled. Money, securities, funds and other assets can all be held in escrow.

### **Equity**

The value of an asset less the amount of all liabilities on that asset. As an accounting equation, one can represent it as  $\text{Assets} - \text{Liabilities} = \text{Equity}$ .

### **Federal Communications Commission (FCC)**

Their mission is to "make available so far as possible, to all the people of the United States, without discrimination on the basis of race, color, religion, national origin, or sex, rapid, efficient, Nationwide, and world-wide wire and radio communication services with adequate facilities at reasonable charges."

### **Fiat Money**



A currency considered legal tender, but it lacks backing by a physical commodity. The value of fiat money is derived from the relationship between supply and demand rather than the value of the material from which the money is made.

### **Fixed Exchange**

A fixed exchange rate system maintains fixed exchange rates between currencies; those rates are referred to as official parity.

### **Floating Exchange Rate Regime**

A regime where the currency price is set by the forex market based on supply and demand compared with other currencies.

### **Fungibility**

In (crypto)economics, fungibility is a property of a good, asset or commodity whose individual units can be interchanged with other goods, assets or commodities of the same kind/type. Assets, goods or commodities that are interchangeable with each other simplify the exchange and trade processes and trade deals. Stable coins (like other cryptocurrencies) are quite convenient for that matter as there is no difference between one Anchor Token, for example, and another Anchor Token, so they can be easily exchangeable (e.g., during transactions) and/or substitutable (e.g., a burned Anchor Token can be fully replaced at some point by another newly issued or traded for Anchor Token).

### **Gross Domestic Product (GDP)**

A monetary measure of the market value of all the final goods and services produced in a period (quarterly or yearly) of time. Nominal GDP estimates are commonly used to determine the economic performance of a whole country or region, and to make international comparisons.

### **Hard Cap**

The maximum number of tokens or coins that would ever enter circulation.

### **Hedge**

An investment to reduce the risk of adverse price movements in an asset.

### **Initial Coin Offering (ICO)**

An initial coin offering or initial currency offering is a type of crowdfunding using cryptocurrencies. In an ICO, a quantity of cryptocurrency is sold in the form of "tokens" ("coins") to speculators or investors, in exchange for legal tender or other cryptocurrencies such as bitcoin or ethereum. The tokens sold are promoted as

future functional units of currency if or when the ICO's funding goal is met and the project launches.

### **Inflation**

The rate at which the general level of prices for goods and services is rising and, consequently, the purchasing power of currency is falling. Central banks attempt to limit inflation – and avoid deflation – in order to keep the economy running smoothly.

### **Insolvency**

A situation in which an individual or organization can not pay off its bills and debts.

### **IOU (I Owe You)**

An informal document that acknowledges a debt owed. This debt does not necessarily involve a monetary value as it can also involve physical products.

### **Liquidation**

The process of bringing a business to an end and distributing its assets to claimants, which occurs when a company becomes insolvent.

### **Liquidity**

The availability of liquid assets to a market or company. Cash is considered the most liquid asset.

### **Mainnet**

A blockchain that actually carries out the functionality of transferring digital currency from senders to recipients.

### **Median**

The value separating the higher half from the lower half of a data sample (a population or a probability distribution). For a data set, it may be thought of as the "middle" value.

### **Medium of Exchange**

An intermediary instrument (commodity, currency or a financial instrument) used to facilitate the sale, purchase or trade of goods between parties without the need to barter. For a cryptocurrency to function as a (successful) medium of exchange, it must represent a standard of value accepted by all parties on the global crypto market. However, to be regularly used to buy goods or services, cryptocurrencies have to be a good store of value (see below) as well.

## **Monetary Policy**

The process by which the monetary authority of a country, typically the central bank or currency board, controls either the cost of very short-term borrowing or the monetary base, often targeting an inflation rate or interest rate to ensure price stability and general trust in the currency.

## **Pegged Exchange Rate System**

Hybrid of fixed and floating exchange rate regimes. Typically, a country will "peg" its currency to a major currency such as the U.S. dollar, or to a basket of currencies. The choice of the currency (or basket of currencies) is affected by the currencies in which the country's external debt is denominated and the extent to which the country's trade is concentrated with particular trading partners.

## **Oracle**

All presale investors become the ecosystem's officially appointed Validators, or "Oracles".

## **Quantity Theory of Money**

In monetary economics, the quantity theory of money states that the general price level of goods and services is directly proportional to the amount of money in circulation, or money supply.

## **Soft Cap**

The minimum amount of contributions that an ICO needs to generate to be considered successful.

## **Sovereign Debt**

An accumulation of a government's annual deficits, which means that it shows how much more a government spends than it receives in revenue over time. It refers to the amount of money or credit owed by a government to its creditors, i.e., owners of government bonds. This debt is issued by a central/national government bank and typically includes securities, bills and bonds denominated in a reserve (foreign) currency. For instance, in the United States sovereign debt is issued by the Department of Treasury, and the bonds are referred to as Treasuries: Treasury notes, Treasury bonds, Treasury bills, etc.

This type of debt is theoretically considered to be risk-free as the government can employ different measures to guarantee repayment, such as increasing taxes or printing money. However, there have been multiple cases when governments could not serve their obligations and had to default, which made investors ask for

different yields across countries to secure their investments. Anchor's core concept follows the basic logic of that approach.

### **Special Drawing Rights (SDR)**

International type of monetary reserve currency created by the International Monetary Fund (IMF) in 1969 that operates as a supplement to the existing money reserves of member countries.

### **Stablecoin**

Any cryptocurrency pegged to a stable asset, such as gold or fiat currencies. Oftentimes stablecoins are linked to a DAO that controls issuance and pricing.

### **Store of Value**

A store of value is a form of wealth that maintains the current value that it has without depreciating in the future. Leading cryptocurrencies (e.g., Bitcoin, Ethereum, etc.) are not particularly useful as an actual form of money when it comes to payments due to sudden (and unpredictable) changes in value. Many people who accept cryptocurrencies as payment typically have to exchange them into a stable currency within a short period of time, and that is a situation where stablecoins (rather than fiat money) can prove particularly useful.

### **Testnet**

A test of transaction functionality. The difference between the testnet and mainnet is that testnets are the prototypes that demonstrate the potential capabilities of a project. Mainnets are the actual "end product", which is available for the public to use.

### **Treasury**

The funds or revenue of a state, institution, or society.

### **Treasury Inflation Protected Securities (TIPS)**

Treasury security that is indexed to inflation in order to protect investors from the negative effects of inflation. TIPS are considered an extremely low-risk investment since they are backed by the U.S. government and because the par value rises with inflation, as measured by the Consumer Price Index, while the interest rate remains fixed.

### **Unit of Account**

A basic function of money that provides a unit of measurement for defining, recording and comparing value. For instance, Anchor can be used as a unit of

account because it is possible to define value by answering the following simple question: How much Anchor does something cost?

# References

[1] Lee, S. (2018). *[Explaining Stable Coins, The Holy Grail of Cryptocurrency](#)*. Forbes.com.

Retrieved on March 12, 2018 from:

<https://www.forbes.com/sites/shermanlee/2018/03/12/explaining-stable-coins-the-holy-grail-of-cryptocurrency/#6fc6873f4fc6>

[2] Sams, R. (2015). *[A Note on Cryptocurrency Stabilisation: Seigniorage Shares](#)*. BraveNewCoin.com.

Retrieved on April 28, 2015 (first version: October 24, 2014) from:

<https://bravenewcoin.com/assets/Whitepapers/A-Note-on-Cryptocurrency-Stabilisation-Seigniorage-Shares.pdf>

[3] Snider, M. (2018). *[An Overview of Stablecoins](#)*. Multicoin Capital.

Retrieved on January 17, 2018 from:

<https://multicoin.capital/2018/01/17/an-overview-of-stablecoins/>

[4] Globalcoin (2018). *[Ideal Basis for Stable Cryptocurrency: Comparison of Stablecoins Backed by USD and the Swiss Franc](#)*. Globalcoinreport.com

Retrieved on August 31, 2018 from:

<http://globalcoinreport.com/comparison-stablecoins-usd-swiss-franc/>

[5] ICO Rating (2018). *[GlobCoin Basic Review](#)*. ICORating.com.

Retrieved on September 20, 2018 from:

<https://icorating.com/analytics/basic/globcoin-basic-review/>

[6] O'Higgins, C. (2018). *[Stablecoins – everything you need to know](#)*. Crypto Insider.

Retrieved on September 20, 2018 from:

<https://cryptoinsider.21mil.com/stablecoins-everything-need-know/#globcoin-etc>

[7] Macdonald, A. (2018). *[Stablecoins: Cryptocurrencies That Could Replace Money](#)*. CryptoBriefing.

Retrieved on September 15, 2018 from:

<https://cryptobriefing.com/stablecoins-cryptocurrencies-money/>