



FONERO

NEW GENERATION OF DIGITAL CURRENCY

White Paper 2.0

2018

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Introduction

Fonero is based on Bitcoin and Dash, using the latest and one of the safest hashing algorithms PH1612. We have combined all the important and useful developments in the field of cryptocurrencies to date. Fonero cryptocurrency will be interesting for both ordinary miners and large and novice investors.

Introducing Fonero, a new generation of digital currency that is focused on three key factors:

Governance

Easy exchange

Safe investment

The main goal of Fonero is to become the most convenient, efficient and popular digital currency in the world. Due to the reasonable applicability of the Fonero cryptocurrency and clearly defined tasks, this will be a real and achievable goal.

Fonero users will be able to easily and safely exchange, invest and multiply their capital. We plan to create not only a convenient investment platform and cryptocurrency exchange, but also to develop a service for quick exchange of Fonero coins for Fiat currencies, with direct withdrawal to Visa and Mastercard.

Fonero services will be an integral part, and the main difference from many other cryptocurrencies. We want to create a decentralized ecosystem for safe investment and financing.

You can read more about our upcoming and already implemented plans by reading this document.

Blockchain technology

A blockchain, originally block chain, is a growing list of records, called blocks, which are linked using cryptography. Blockchains which are readable by the public are widely used by cryptocurrencies. Private blockchains have been proposed for business use.



Each block contains a cryptographic hash of the previous block, a timestamp, and transaction data (generally represented as a merkle tree root hash). By design, a blockchain is resistant to modification of the data. It is "an open, distributed ledger that can record transactions between two parties efficiently and in a verifiable and permanent way". For use as a distributed ledger, a blockchain is typically managed by a peer-to-peer network collectively adhering to a protocol for inter-node communication and validating new blocks. Once recorded, the data in any given block cannot be altered retroactively without alteration of all subsequent blocks, which requires consensus of the network majority.

Though blockchain records are not unalterable, blockchains may be considered secure by design and exemplify a distributed computing system with high Byzantine fault tolerance. Decentralized consensus has therefore been claimed with a blockchain.

Blockchain was invented by Satoshi Nakamoto in 2008 to serve as the public transaction ledger of the cryptocurrency bitcoin. The invention of the blockchain for bitcoin made it the first digital currency to solve the double-spending problem without the need of a trusted authority or central server. The bitcoin design has inspired other applications.

The rebirth of Fonero

The Fonero project was launched in autumn 2017, based on the CryptoNight algorithm. Due to the instability of CryptoNote technology, in August 2018, the project team decided to change the algorithm and make a swap of blockchain.

Today, Fonero is a completely original and actively developing cryptocurrency.

Fonero combines all the features of advanced cryptocurrencies, as well as has a number of huge differences and advantages.

Fonero presents a revolutionary set of changes in the world of cryptocurrency. Bitcoin network allows you to view transactions conducted under pseudonyms - it is not confidential. Recent events have shown that the Bitcoin network is not able to carry out available transactions that could be carried out in a reasonable time.



Fonero solves both problems, both with the transaction and privacy issues, in addition to allowing users to get rewards as Proof of Work (PoW) and Proof of Service (Masternode).

Since the first launch of Fonero, the blockchain has evolved, improved and become more secure, allowing us to replace the unstable CryptoNote base with a more secure and more promising blockchain based on Dash, at the same time it allows us to improve the economic model.

Characteristics of Fonero cryptocurrency

Name	Fonero
Ticker	FNO
Algorithm	Phi1612, PoW and Masternodes
Max Coin Supply	35,000,000 FNO
Block Reward	From 20 to 1, for 9 years
Block Reward Distribution	Masternodes: 70%
	Miners: 30%
P2P Port	19190
RPC Port	19191
Difficulty Algorithm	Dark Gravity Wave 3.0
Block Size	2 MB
Block Time	120 sec.
Masternode Confirmation	15 blocks
Masternode Collateral	50,000 FNO
Governance	10% of block reward
	Starting from 64,800 block
Governance Fee	5 FNO
Governance Minimum Quorum	10 votes

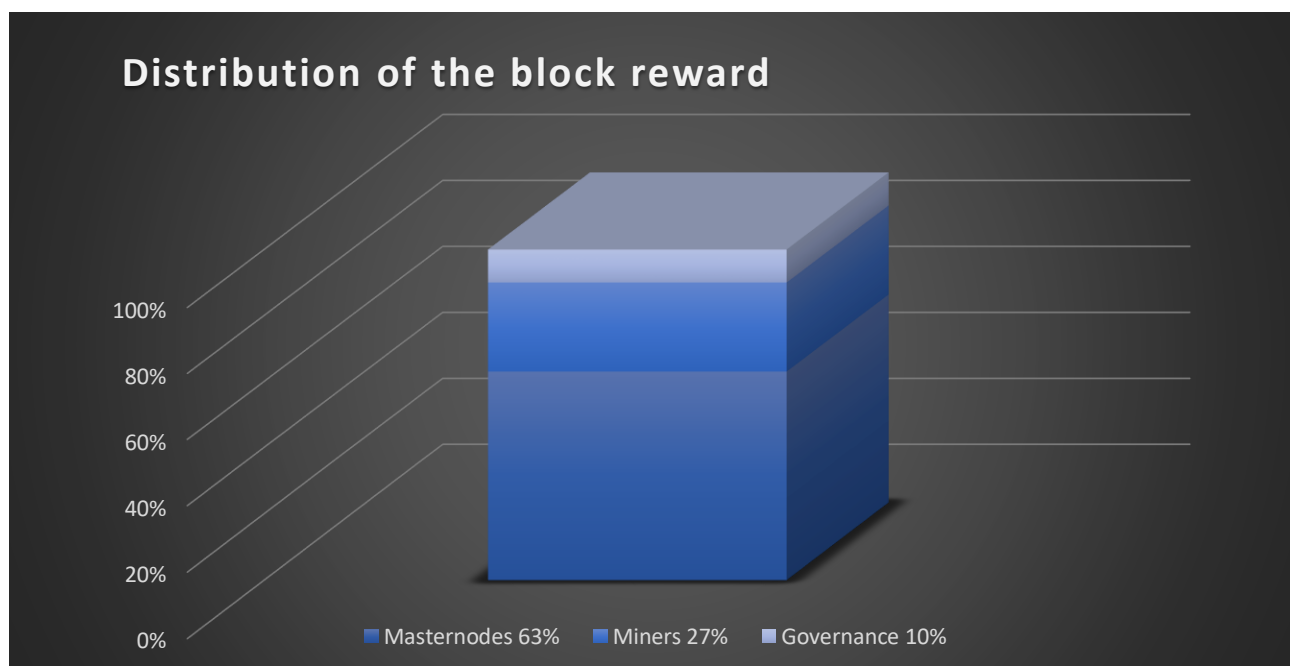
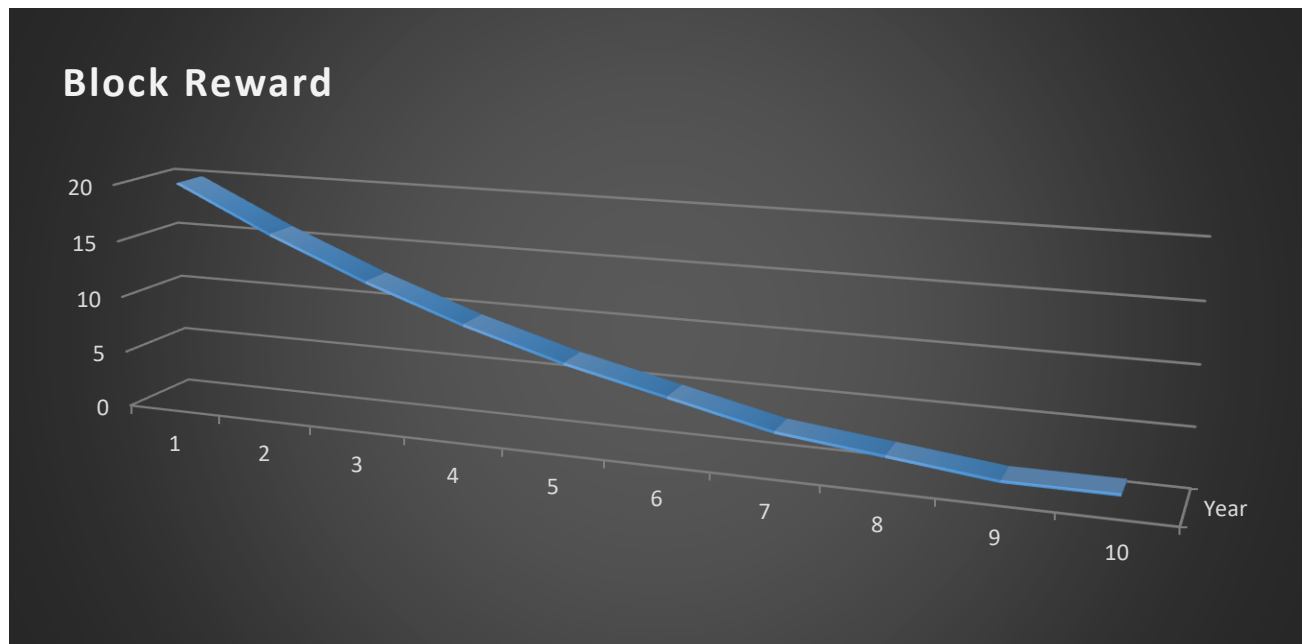


Reward system

The reward will smoothly decrease from 20 to 1 coins per block during nine years. Then it will remain 1 coins per block until the end of the issue.

The reward for the mined block is dynamic and is calculated with an accuracy of eight decimal places.

$$\text{Block Reward} = 20.000009 - (0.000009 \times n\text{PrevHeight})$$



Mining. Algorithm PHI1612

PHI1612 is a hybrid Proof-of-Work and Proof-of-Service algorithm build using a combination of 6 different crypto hashing algorithms. The algorithms that make up PHI1612 are: Skein, JH, Cubehash, Fungue, Gost and Echo.

This combination of 6 different hashing algorithms makes PHI1612 a most secure encryption algorithm. Not just secure, but it also has a resource-friendly approach that makes the mining process more efficient by consuming very less power. Moreover, coins that uses this algorithm are more democratized and decentralized in nature since it prevents large mining firms from dominating and centralizing the network.

The mining process of Fonero is available for an unlimited range of persons who use GPU and CPU, but it's also protected from special mining devices like ASIC.

Masternode. How it works

Simply put, a masternode is a server connected to the network which guarantees a certain minimum level of performance and functionality to perform certain tasks related to PrivateSend and InstantSend, as the anonymity and instant transaction features in Fonero are called. The masternodes are paid for this service, using a concept known as Proof of Service. This is in addition to the Proof of Work done by miners to secure the blockchain. Masternodes are also allowed to vote on governance and funding proposals, with each masternode receiving one vote (yes/no/abstain) on each proposal submitted to the system.

Anyone can run a masternode. The objective is to have enough decentralization to ensure that no single person controls a significant fraction of the masternodes. However, to avoid bloating the network with unnecessary masternodes or encouraging reckless operators, there is one condition that needs to be fulfilled: proof of ownership of 50,000 FNO. The coins don't need to be in the masternode, but they need to be kept in a certain way that is transparent to the entire network. If the owner moves or spends those coins, the masternode stops working and payment ceases.



How to calculate the return on investment for masternode:

$$ROI = ((R \times B \times A \times 365) / N) / C$$

R is the current block reward

B is blocks in an average day (720 blocks per day)

A is the average masternode payment (70% of the block reward)

N is the total number of masternodes on the network

C is collateral for the masternodes (50,000 FNO)

Masternode sharing service

Our team decided to start the node division service. This will be done to ensure that anyone can benefit from the use of cryptocurrency Fonero, even if someone does not have coins for a full collateral for the masternode.

This service allows you to buy either a masternode share (create a masternode jointly, which is similar to pool mining) or an entire masternode. The service automatically configures the server, downloads and synchronizes the blockchain, and then pays out the rewards entitled to the masternode for its work, that is, to all masternode co-owners, depending on their invested assets percentage. The service fee is 10% and charged only when the masternode rewards arrive.

Governance and budget system

In the budget system, a portion of the block reward is held in escrow by the network itself, in the name of the operators, to be executed in the development and expansion of the ecosystem through the vote of the masternodes in different budget proposals. These funds are directed to supporting development and promotion of the coin. Masternode operators vote on specific budgets and projects to be funded, thus defining the direction the coin is taking. This is done in a completely transparent way through a public portal where new initiatives are proposed and masternodes can vote on them.



Something like a decentralized Kickstarter or Lighthouse, the budget can be used for anything that creates value within the ecosystem.

This is a 100% decentralized system powered by the masternodes, where budgets are set and paid directly from the blockchain. The blockchain hires core developers in this way and introduces a new concept of paid blockchain contractors, where people work for and are directly compensated by the network, through the decentralized votes of all masternode operators. One advantage of this model is it can survive early adopters. If early masternode operators sell their coins, the new owner can set up a masternode and with it acquire the right to vote on the budgets and projects. This guarantees there is a working system of maintenance as people come and go, making the network capable of sustaining itself on its own without depending on specific actors.

The system works as a decentralized voting mechanism set up in the rules governing the blockchain, where budgets for specific projects are proposed, then the masternodes as a whole vote on them.

Service of investing in crypto-startups (ICO/ITO)

In addition to financing the development of Fonero's internal ecosystem, we offer an innovative system for financing crypto-projects. The benefits of this service will be received by the holders of the masternodes Fonero.

10% of the block reward (starting from block 64801) will be allocated to the governance and budget system. The service of investing in startups will be financed from this budget.

How it works:

1. Projects that conduct ICO/ITO will be put to the vote. (Preliminary discussion of the projects will take place in the community. Interesting projects will be put to the vote.)



2. The owners of the masternodes vote for a more promising project in their opinion.

3. Funds will be allocated from the budget system for the purchase of coins or tokens of the winning project.

4. The purchased coins or tokens will be distributed among the masternode owners in equal parts.

This service will allow owners of masternodes to invest in popular and interesting startups (ICO/ITO) safely and without investments.

In the future, all projects received funding from the budget system Fonero will be added to the decentralized cryptocurrency exchange Fonero.

Decentralized cryptocurrency exchange

To create a complete and autonomous Fonero ecosystem, we have planned to launch a decentralized cryptocurrency exchange.

The exchange will be developed on the basis of BitShares open source code. This technology has proven itself over the years. And also, we try to support the main principle and idea of cryptocurrencies - decentralization.

The main advantages of a decentralized exchange:

1. You are the only one that has access to your private keys.

2. Trades, transactions and accounts will be fully decentralized.

3. The Graphene blockchain can process up to 100.000 transactions per second and has an average confirmation time of just 3 seconds.

We are confident that the decentralized Fonero exchange will become a serious competitor for the current leaders in this field.

The exchange will serve coins and tokens that really have innovative and high-tech ideas. Our community will be directly involved in the selection of coins. We will not be focused on charging listing fees. Thus, we want to achieve really good results, avoiding fraudulent and weak projects.



Fonero exchanger

For the convenience of users, we decided to launch our own exchanger. This will allow you to exchange the Fonero cryptocurrency for Fiat currencies and make a withdrawal directly to Visa and Mastercard cards.

Fonero exchanger will be the official service of the project. Therefore, you will not need to worry about the safety of your funds. Fast operations and high security will form the basis of this service.

Roadmap

Old Fonero roadmap:

November 2017 Launch of Fonero blockchain

December 2017 Development of the service of free distribution of coins Fonero.

January 2018 Development of an online wallet with instant transactions without commissions within service users.

March 2018 Development of a new official website.

April 2018 Development a new algorithm for difficulty.

April 2018 Hardfork (mainnet) #3

- new algorithm for difficulty
- protection from Baikal Giant-N
- protection from Bitmain Antminer X3

April 2018 Development of API for integration with third-party services in the online wallet.

April 2018 Development of a payment gateway to accept payments for online shops and services.

April 2018 Compiling the GUI version of the wallet for Mac and Linux operating systems.

April 2018 Development of mass payments from the online wallet.

May 2018 Integration with external payment gateways.



May 2018 Adding an opportunity to pay mobile bills and other services.

Fonero roadmap after the change of the algorithm:

August 2018 Blockchain swap and algorithm change

August 2018 Running Fonero masternodes

August 2018 Release of White Paper 2.0

August 2018 Fonero site update

Q4 2018 Developing of a mobile wallet

Q4 2018 Development of payment by QR-code

Q4 2018 Development of paper wallet

Q4 2018 Listing on the new cryptocurrency exchange

Q4 2018 Launch of the governance and budget system

Q4 2018 Launch of crypto-startups (ICO/ITO) investment service

December 2018 The release of the development plan for 2019

Q1 2019 Launch a Fonero exchanger

Q1 2019 Launch a decentralized cryptocurrency exchange Fonero

Q1 2019 Launch a masternode sharing service

Team

Roman Kosoj

The main developer. More than 15 years of experience in developing and promoting projects.

Oleg Davydov

Head of Marketing Department. More than 10 years of experience in the Internet marketing.



Dmitry Plaksin

Project Manager and coordinator. Blockchain analyst. Certified blockchain developer.

Naveed Ahmed

Big Data Analyst and technology Strategist. Started His career as Core Programmer in 1988 and seasoned through the evolution of technology. Managed numerous projects since 2003 till date that helped reshape ecommerce and Mobile Applications to the what we use today.

Anton Anisimov

Blockchain developer. The second developer is testing all software.

Alexander Asamov

Blockchain analyst. Analytics Department.

Stanislav Lukinykh

Blockchain analyst. Analytics Department.

Our gratitude

This project would not have been possible without the previous work of the Bitcoin and Dash development teams. We appreciate their efforts. We are excited to belong to the open source community and appreciate the opportunity to contribute to this growing technology field. In addition, we thank the passionate members of the Fonero community who have grown this project and actively participated in the evolution of Fonero.



Disclaimer

Cryptocurrency investments are inherently high risk. Before using any cryptocurrency, it is important to consider the nature, complexity and risk. Do not invest more than you can afford to lose. It is important not to use coins without taking into account the possible loss, since the type of change in these currencies is highly volatile and the Fonero team is unable to regulate market-defined prices. We strongly suggest seeking advice from your own financial, investment, tax, or legal adviser. The Fonero Development Team will always act in good faith and is not liable for the use of Fonero by other community members, persons or institutions.

References

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