

# SBR Platform

*A decentralized platform with monetary substance beyond current practices*

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***“Using blockchain infrastructure and developing crypto custody capabilities – will not only gain first-mover advantage and differentiate a company among the competition, but will likely see increased revenue.”***

-KPMG Global

# Abstract

The people of the world, banks, and governments all deserve a better system in place as a decentralized platform that has monetary substance beyond current practices. Mining operations also deserve a better and more thought-through reward mechanism. Bitcoin was a great first step, but we are yet to tackle the issues of overuse of electricity, mining profitability, mining centralization, cryptocurrency price stability, and various security issues. The SBR platform's aim is to address these issues as well as to offer a functional electoral voting system to governments.

To all mining companies and individual miners, we offer the SBR Coin. Mining operations will be managed using a revolutionary "miner loyalty program". SBR Coin also has features that will make mining profitable for both large operations as well as individuals running a couple of machines.

Institutions, governments, and companies need a reason to accept new platforms. To them, we present the SBR-token. This is a modified stablecoin (Flux-token) backed by 200% reserves consisting of silver and Bitcoin held with accredited decentralized vault custodians. For institutions that use fractional reserves and are vault custodians, this is a "triple asset" that can greatly extend their lending capacity. For everyone in general, this is an undervalued asset that can be burnt to unlock the assets backing it which provides additional value to its owners.

Fiat currency and fractional reserve banking systems are not going away, and cryptocurrencies will not be replacing them anytime soon. Our vision is for both to exist in harmony by benefiting each other.

We also plan to offer a unique solution to trusted voting and for electoral and governmental voting. It is in the form of an escrow system that is truly decentralized and impervious to the validation of false information and 51% attacks. Our blockchain will have numerous applications to help governments run smoothly.

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# Introduction

We are proud to introduce the SBR, a blockchain-based platform that will address some of the most prominent issues in the world of cryptocurrencies and will be adopted by governments and banks worldwide due to its unique design that offers both monetary substance beyond currently present practices and sound security features.

All miners within the network will receive adequate rewards and will have an equal opportunity to participate. Their loyalty will also be rewarded via a genuine “miner loyalty” algorithm. There will be no pre-mining involved.

Banks and other financial institutions will be able to access a “triple asset” which will greatly extend their ability to create money.

Governments will be able to utilize the platform to run more smoothly. Two of the most attractive applications are the hosting of government to government payment systems and trusted voting.

## Major issues faced by cryptocurrencies

**Overuse of electricity.** Energy usage currently involved in mining cryptocurrencies or holding data centers continues to leave a larger and larger carbon footprint. For example, the electricity consumption of Bitcoin is estimated to be between 60 and 125 TWh per year, while the annual electricity consumption of Austria is 75 GWh and for Norway 125 GWh. Also, a single transaction on the network currently uses the same amount of energy as an average German household for weeks. An especially shocking piece of data is that if Bitcoin was to handle the number of transactions of the global payment system, the average global temperature would increase by 2 °C.<sup>1</sup>

**Mining profitability.** It is a well-known fact that mining is not profitable at a stable rate. Cryptocurrencies are used to provide an incentive (reward) to miners. Larger price drops can easily make mining unprofitable, thus the lack of stability. A side effect are the cyclical price changes of the mining equipment. Also, the competition is so strong that you constantly need to buy new equipment, sometimes even before you have paid off your first investment. This is a catabolic market. The most recent example would be the collapse of the Bitcoin price at the beginning of this year caused by the global COVID pandemic. This collapse was followed by a sharp drop of the Bitcoin network hash rate, as miners turned off their devices or switched to other platforms.<sup>2</sup>

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<sup>1</sup> <https://link.springer.com/article/10.1007/s12599-020-00656-x>

<sup>2</sup> <https://www.crypto-news-flash.com/bitcoin-mining-profitability-falls-to-all-time-low-hash-rate-drops-by-40/>

**Mining centralization.** Proof-of-work is used by a large number of cryptocurrencies in order to solve the double-spending problem. Despite this advantage, it can be quite vulnerable to 51% attack. In this scenario, the party that gains control of 51% of the network would be able to choose which transactions the network would process as well as alter the history of the network. Last year, two Bitcoin Cash mining pools, BTC.com and BTC.top, performed a 51% attack on the blockchain. Even though this was done to stop an unknown miner from taking coins that he wasn't supposed to have access to, it serves as a perfect demonstration of the power that the two mining pools can have over the network.<sup>3</sup>

**High volatility of cryptocurrency prices.** Compared to fiat currencies, cryptocurrencies usually exhibit price movements that are both higher in magnitude and more frequent. Two main reasons for this are investor/public perception as well as security. Being a relatively recent development and lacking the dynamic management by government, a lot of new cryptos are quite vulnerable to media backlash, changing investor perceptions as well as to the discovery of security flaws or actual security breaches. Even well-established cryptocurrencies such as Ether are not immune, as a recent price drop of more than 30% occurred during the first 5 days of September this year.<sup>4</sup>

**Security issues.** By definition, cryptocurrencies are virtual and unregulated. With that lack of regulation and substance comes a lack of protection as there is no central authority that is responsible for your funds. So, as cryptocurrencies gained in popularity, they attracted cybercrimes such as hacks, 51% attacks as well as “phishing” e-mails. Cryptopia, a cryptocurrency exchange based in New Zealand was hacked during the first months of 2019 leading to a theft of \$11 million from the site.<sup>5</sup>

**Voting systems.** Blockchain was recognized as a solution to the security issues present in online voting as it is trustless and transparent by design. Despite these advantages, there were numerous issues with the pilot project in the US which could have led to security breaches and theft or altering of voter data. The most notable example is the implementation of Voatz secure mobile voting for West Virginia military personnel. However, due to security flaws discovered by MIT, the pilot project will be discontinued in 2020.<sup>6</sup>

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<sup>3</sup> <https://99bitcoins.com/51-percent-attack/#>

<sup>4</sup> <https://cointelegraph.com/news/eth-price-loses-ground-but-network-metrics-say-defi-season-not-over-yet>

<sup>5</sup> <https://d1mjtpv3d1g20r.cloudfront.net/2019/05/14165600/Definitive-Guide-to-Crypto-Security.pdf>

<sup>6</sup> <https://www.coindesk.com/snake-oil-and-overpriced-junk-why-blockchain-doesnt-fix-online-voting>

## **Our solution**

The SBR platform will have a specific set of features and functionalities whose goal is to offer practical solutions to the aforementioned problems.

### **Hash speed cap**

First, there will be a max hash speed cap per mac address. This should enable miners to utilize older equipment to run our algorithm sets. There wouldn't be a need for new equipment to be produced as it is already in the market. This lowers the carbon footprint necessary to build the machines at exponential rates. Speeds will be determined just before launch, but it is assumed the opening speed will be between 20-50THs. This will also work in favor of increasing miner profitability as they wouldn't need to purchase new equipment as often. Additionally, overall energy consumption should be reduced. Speed cap is also one of the mechanisms that helps prevent 51% attacks.

### **Miner loyalty**

Miners will receive higher rewards based on time holding the network as opposed to those with most mining machines. Everyone will be able to mine for a profit and the amount of time miners spend on the network will be regulated. They will need to have an equal number of machines running on the year 1 algorithm in order to unlock the year 2 algorithm. Therefore, if you run 5 machines for a year you will get the option to upgrade 5 spots to year 2. (This may change.) There will be 10 different algorithms and miners will be able to upgrade theirs after satisfying certain conditions.

### **Detouring large mining operations**

The "miner loyalty" system will enable us to detour large mining operations by providing smaller rewards, to begin with. This will help to keep the network more decentralized compared to our competitors. The investment holding time here will be 5-10 years. We will ensure to follow business ethics when providing a product that should have a minimum of 1-5 profit margin, as with any product in the open market (after a period of 5 years). We seek to avoid a scenario where big players earn 2,000%-40,000% in a single year through unethical business practices or through a stroke of luck as is the case with current Decentralized Finances (DeFi).

### **Reducing price volatility**

Stable and predictable mining should help to lower the volatility of our cryptocurrency prices, but its impact is not always certain. In order to combat the high volatility of prices, the SBR platform will offer two coins. A regular coin with a limited supply that can be earned by mining and a special Flux-token with 200% reserves meant for governments and banks. Both will be

hosted on the same platform and will work together to offer value to all parties involved. The ultimate goal is to achieve institutional wide-scale adoption involving banks and governments.

### **Additional security measures**

All larger nodes will have to be registered with the core team, while any suspicious nodes will be actively monitored. Governments will have special government nodes. All nodes will utilize a unique software that will be run from our AI servers. Their task is to immediately invalidate malicious or suspicious transactions. Master nodes will validate transactions before they are spread out throughout the network. Additionally, the “miner loyalty” program will be used to penalize illegal activities. If the AI or the core team detect anything suspicious, the miner involved will receive a warning or lose benefits he/she acquired through the miner loyalty program. Just in case all these features do not manage to stop an attack on the network as well as any malicious activity, the core team will always be able to burn and re-mint stolen tokens.

### **Trusted voting**

We also offer a unique solution to trusted voting, for electoral and governmental voting. We offer an escrow system and a truly decentralized system impervious to the normal validation of false information or 51% attacks. It will use the same security features as the cryptocurrencies hosted on the platform but with additional adjustments. One new element will be an identification system. This is where government nodes running a separate operating program will come into the equation.

### **Scalability**

Each of the 10 algorithms we mentioned in the miner loyalty program will act as a separate layer on the network, creating and publishing its own blocks. Block generation time will be around 10 minutes and at the point of time where all 10 algorithms will be present on the network, one block would be created every minute, thus making the network fully scalable.

# SBR platform

## Target audience

By having the platform host two coins that are different by design, we are able to appeal to a wider audience. SBR Coin should be interesting to an average person and especially to the miner community, while SBR-token should appeal to financial institutions and governments. Academics might find the entire platform intriguing due to particularities arising from the combination of design choices.

Average members of the crypto community will finally be able to take part in what seemed was going to be an untouchable market. Hobby miners can expect actual returns based on normal business ethics practices and the 1-5 rule. This will also bring about an opportunity for many traders as well.

Academics might find it appealing that we addressed a long list of problems and incorporated additional functionality into the platform. We have added several security functions and addressed energy consumption as well as the catabolic market that has been created for miners. Lastly, we also address how most tokens in the DeFi space are not necessary. We have built our own blockchain and logistical system to ensure the best monetary product currently in the market as well as the best cryptocurrency itself. SBR-token is unique in the sense that it will be the first double-backed cryptocurrency. It will be fully scalable and regulatable as described by current regulations. This is meant to be the future global currency with trust factors in place for banks and governments, unlike any other system.

Financial institutions, banks, or any other institutions that use fractional reserve banking and are a decentralized vault custodian will have access to a triple asset with SBR-token. This means that the bank reserves would be significantly increased, adding to the reserve requirement and enabling the banks to give out more loans in fiat currency. Banks would no longer need deposits from individuals or companies to have adequate credit. Around 50-70% of the deposit amount can be loaned out according to general cryptocurrency loan practices. Nexo has led the way in crypto-lending and due to their success financial institutions are looking to develop similar systems. In some cases, the person's identity is not even necessary depending on the institution's policies and practices.

The platform should offer great value to governments due to the option to implement trusted voting, for both electoral and governmental voting. It will be secure, decentralized, and transparent. Additionally, a government-to-government payment system could be set up, adding to the functionality of the platform.



## Financial institutions and cryptocurrency

In 2017 there was a large increase of interest in blockchain technologies and cryptocurrencies from businesses, institutions, and governments as they started to unravel the vast potential these fields offered. The finance industry was the one that felt most threatened by the sudden rise of blockchain and cryptocurrencies, which led to initial “fall-outs” between the two. The most notable example happened on September 12, 2017, when JP Morgan CEO, Jamie Dimon, called Bitcoin a fraud.<sup>7</sup> Fast forward to today, J.P. Morgan is the first U.S. bank that created and tested a digital coin using blockchain technology in order to facilitate payments between institutional clients.<sup>8</sup> As we can see the situation quickly went from cryptos being considered as a scam to “how can we benefit from their implementation?”. A large number of different financial companies are currently trying to develop answers to this question.

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The future of money

	BTC	ETH	LTC	XRP
Price	\$13,318	\$382	\$54.06	\$0.24
Change	+1.41%	-1.22%	-2.87%	-2.82%

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**Banks Move into Cryptocurrency Payments**  
By Mike Faden

What caused these recent developments? Companies, banks, and other institutions realized that the implementation of blockchain technology could be quite beneficial for them. First, they could create direct links between each other on a frictionless peer-to-peer basis and avoid correspondent banking. Online lending processes could be more automated with an increased reach. Tokens could be deposited as collateral for the loan, while user identification, verification as well as credit scoring could be decentralized using blockchain. This is no longer a case of whether banks or blockchains will prevail, but how will they work together to move forward.

Governing bodies and institutions are increasingly starting to show more support towards the implementation of blockchain and cryptocurrencies. Along with regulators in the U.S. allowing

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<https://cointelegraph.com/news/financial-institutions-in-a-race-who-will-bring-crypto-trading-to-the-fiat-masses-first>

<sup>8</sup> <https://www.jpmorgan.com/solutions/cib/news/digital-coin-payments>

banks to hold crypto assets, the International Monetary Fund (IMF) has shown support for stablecoins as they have also recognized the potential benefits.<sup>9</sup>

### **The issue with reserves**

The core banking function is that of a financial intermediary which takes deposits from the surplus units and then lends them to deficit units. Surplus units are paid a certain interest rate for their funds, while deficit units are charged a higher interest rate and the banks earn the difference. One important characteristic is that most deposits have a short maturity or are available upon demand, while the majority of loans have a longer maturity. This is referred to as a maturity gap. Past experiences taught us that in case of any turmoil on the market, large and poorly managed maturity gaps would lead to bank runs and ultimately to the failure of the entire financial system. To avoid this, regulators enforced reserve requirements and are actively monitoring the levels of owner equity as well as assets in reserve. Both act as a cushion in case of instability. Usually, banks are expected to hold only a fraction of their transaction accounts in the form of reserves, which is the reason why they are referred to as fractional-reserve banks.

Due to equity and loan losses, a bank or any other financial institution could suffer a large outflow of money that exceeds its current reserve account. This forces the institution to obtain additional funds at a much higher cost from other banks or in the worst case, from the governing body itself. In case this funding is not available due to specific circumstances, the institution will go bankrupt, and depending on its size it might take the entire financial system down with it. Because of this, some banks will hold even larger reserves than necessary, which imposes an opportunity cost as more profits could be made if that money was loaned out.

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<sup>9</sup> <https://www.computerworld.com/article/3512650/the-race-to-integrate-crypto-into-global-banking-is-real.html>

## Our goals

The SBR platform is designed in order to achieve 5 main goals:

1. **Security:** The platform and the SBR-token are intended to be used by financial institutions and governments. To them, security and safety are top priority, which they are of top priority for us as well. This is why the platform design incorporates proven technologies and concepts at its core with the addition of new features to improve security. No theft, no attacks, and no security breaches.
2. **Mining decentralization and equality:** In recent years mining became less profitable for an average miner and more centralized as large mining operations are set up to benefit from economies of scale. This makes the network susceptible to 51% attacks. To prevent this, we introduce a revolutionary “miner loyalty program”.
3. **Coin 2 price stability:** Since SBR-token is to be used by governments and institutions as a store of value and as means of payment, its value and its market price must be stable. In this regard, SBR-token will be a stablecoin (Flux-token variant), meaning that it will be backed by specific assets. If the value of those assets is stable, then the value of the SBR-token will be stable as well.
4. **Institutional wide-scale adoption:** The end goal of the SBR-token is to be adopted by as many institutions as possible. This will unlock its full potential and would benefit the entire financial system, as blockchain technologies are meant to do. Institutions that use fractional reserves will have a new asset that has much higher utility than their current assets as it can be burned or used for payments in a simple and fast manner with lower costs. Governments will be provided with a solution to prevent 0% reserves from being allotted.
5. **Secure voting:** While benefits of using blockchain to facilitate secure voting have been recognized, implementation attempts so far have not been successful. In this regard, we want to be the first to offer a secure and functional voting solution to governments worldwide.

## Our connection with VHWWP

Our current world has some inherent flaws that need to be addressed. The first one is poverty. The second one is the application of living wage social tools. Third, the implementation of a science and technology-based atmosphere focused on improving our lives, our health & building better infrastructure as well as waste management, climate change, food production in labs (meat), world pharmacology, a better social influence from entertainment and many more. It is our belief that every individual, organization, or project should address these flaws in some form, which is where our ties with Veteran Health and Welfare for World Prosperity comes into play.



All Devs and Moderators at the core of the project are attached to this International non-profit whose mission is in environmental security and sustaining peace, for the world to be a better place and building a more prosperous living wage society. As such, once the SBR platform is established, special care will be devoted to ensuring the social responsibility of the business as well as addressing the inherent flaws we mentioned. There is also an opportunity to use the SBR platform together with VHWWP to host fundraisers for projects that would benefit various local communities.

## **Our competitors**

### **SilverToken**

By combining blockchain technologies with silver reserves, SilverToken is a stable coin that is redeemable for actual silver, and as such, they are our competitors. Unlike us, they opted to use the well-known Ethereum Network and its ERC-20 token standard. The main advantages of this choice include easier and cheaper implementation as well as increased adoption. The main disadvantages are the dependency on a third party and increased fees, as Ethereum will take its cut. This can significantly hamper Silver Token adoption rate, especially if we also factor in the complex fee structure described in their whitepaper. Its original intent is quite different as it aims to offer an alternative to a savings account with Silver Token and transaction accounts with the Silver dollar by exploiting the financial advantage that silver offers as an asset. Due to the fact that they do not partner with any major institutions and that information about their audits are not readily available, they might face major issues with trust in the future.<sup>10</sup>

### **JPM coin**

JPMorgan, a global bank, decided to create its own digital coin to exploit the advantages of blockchain technology. Just like Theter, one JPM coin represents one United States Dollar which is held in one of the designated accounts at JPMorgan and is instantaneously redeemable. This project is still in the testing phase, and there are high expectations for it. Its main purpose is to facilitate payments between institutional clients, cutting the time from two days on average to a couple of seconds. JPM coin is not considered a true cryptocurrency due to the fact that it is not decentralized, there is no PoW and only institutional clients will have access. The advantage that it offers in return is that it is run by a globally regulated bank on an enterprise-grade secure blockchain. Due to this, they will be a fierce competitor to our SBR-token, especially when it comes to facilitating institutional transactions and government-to-government payments.<sup>11</sup>

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<sup>10</sup> <https://silvertoken.com/wp-content/uploads/2020/09/Whitepaper-Final-052219.pdf>

<sup>11</sup> <https://www.jpmorgan.com/solutions/cib/news/digital-coin-payments>

## Goldcoin

Similar to SilverToken, Goldcoin is another ERC-20 token with fractionalized asset backing. It is advertised as the Digital Gold Standard of today, as it's allegedly cheaper to buy and own than actual gold (no transport and storage fees). By using the Ethereum platform the coin can be purchased instantly, safely, and anonymously. Gold has advantages over silver as it is worth more per weight, thus having lower storage and transport costs for the same value as well as the fact that its price is much less volatile. These traits make it a good alternative to classic savings accounts. Its main problem is that it is even more limited than SilverToken. Third-party dependency and lack of transparency aside, financial institutions such as banks can only safeguard gold and gold-backed assets. They can't be utilized as liquidity reserves. As such, the reach of this token is very limited from the start and it will probably stay an alternative to savings accounts in the future.<sup>12</sup>

## Yearn Finance

Launched at the beginning of 2020, the Yearn Finance platform stood out in the booming decentralized finance sector. This was endorsed by the fact that the value of its governance token YFI coin shot up to over \$ 43 000 within a couple of months after launch, an increase of 35 000%. So, what is Yearn Finance?

This is a platform that serves as a portal to many different decentralized finance products. One of the more interesting ones offered is the Earn. Here, users deposit their stablecoins with Yearn and Yearn wraps it using smart contracts meaning that they issue new tokens that represent the assets that were deposited. This is referred to as "minting" while exchanging these tokens for the underlying asset is called "burning". These stablecoin deposits are used by Yearn to invest in yield-farming, which is basically short-term lending for liquidity needs, and gains are paid out to depositors when the tokens are redeemed or burned.

In general, DeFi protocols such as this one are criticized for not adding economic value and being zero-sum games. While Yearn has introduced an inventive yield-minting mechanism that managed to get investor enthusiasts excited, it is estimated that the yield-farming game won't last.<sup>13</sup>

The criticism is based on the fact that institutions and banks can't make use of the wrapped tokens, which severely limits wide-scale adoption in the long run. Additionally, wrapped tokens are hosted by third-party networks, most commonly Ethereum. As more of them keep appearing the network speeds will drop and transaction (gas) prices will rise. Also, we are yet to see what the market will make of the wrapped tokens' intrinsic value. These facts might be what's contributing to the volatile behavior of the YFI governing coin.

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<sup>12</sup> <https://goldcoin.com/>

<sup>13</sup> <https://www.coindesk.com/what-is-yearn-finance-yfi-defi-ethereum>

## **Aave**

Aave is another decentralized platform belonging to decentralized finance (DeFi). It functions by utilizing a non-custodial money market protocol where users can be both depositors and borrowers. Depositors are paid by borrowers for the provision of extra liquidity and the platform charges fees for its service. Because the platform uses the Ethereum Blockchain and more specifically, its smart contract functions, additional transaction fees are paid as well. The native AAVE token is a governance token meaning that it is used to vote on all decisions regarding the platform's future.

While this platform works differently when we compare it to Yearn Finance, the same points of criticism apply. Using a third-party blockchain to host activities has the advantage of being easier and cheaper to set up the service, but it brings an increased level of risk. The Aave core team themselves admitted that the speed of their service, as well as fee costs, are subject to adverse changes depending on the Ethereum network state. And in addition to the third-party risk and the platform being burdened by fees we have an issue of mass adoption and trust. Since this is DeFi we are talking about, the risk associated with this type of platform makes it non-attractive to larger companies, governments, and financial institutions.

## **SBR platform design**

### **Blockchain**

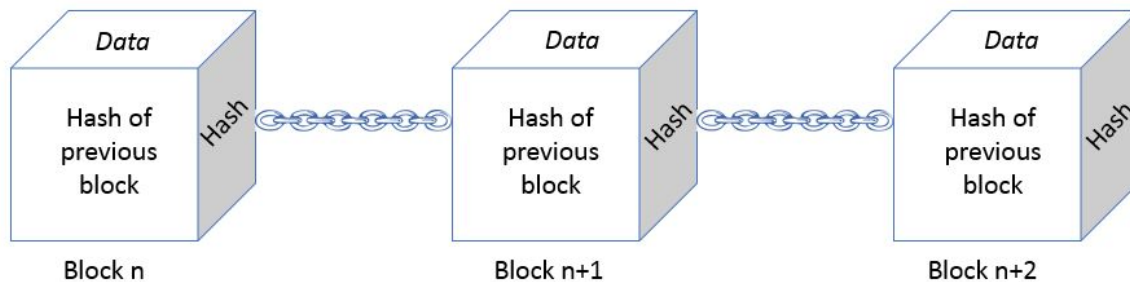
In essence, distributed ledgers are databases that are shared and continuously updated by multiple parties. Every participant has an identical copy of all data. As additions to the database are made, every record is updated in a short amount of time. When cryptography is added to the mix, the system becomes trustless and the data can be made public without privacy concerns. Unlike centralized ledgers, which is the most widely used type of database today, decentralized ledgers are less vulnerable to cyber-attacks and frauds as they do not have a single point of failure. One would have to attack more than half of the network in order to bring it down.<sup>14</sup>

The most popular and widely used form of distributed ledger technology is the blockchain. How does it work? The new data to be added to the blockchain is packed into blocks and verified by miners before being broadcast to the entire network. Miners get rewards for their efforts in the form of fees or newly created cryptocurrency, which is used to conduct payments on the network or to transfer value. The network-native cryptocurrency can be procured on special exchanges either in exchange for other cryptocurrencies or for regular fiat currencies. Digital wallets (software) allow users to store it as well as to spend it or transfer it using the network. And cryptography is employed to keep the network safe and private, despite the data on it being public. Every time cryptocurrency is successfully sent or received; the evidence of that

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<sup>14</sup> <https://www.investopedia.com/terms/d/distributed-ledgers.asp>

exchange is stored in a block. When those same funds are sent again a new block record is added, forming a chain. This is why it's called a blockchain.



This technology became popular and is still growing in popularity due to the various benefits it offers. Due to its decentralized, trustless nature as well as cryptography, the network is stable, and transactions are secure, immutable, anonymous as well as borderless. Anyone with electricity, a computer, and an internet connection can be a part of the network and partake in mining as well. As such, transactions are much cheaper and faster than those offered by wire companies such as Western Union.<sup>15</sup>

For these reasons, the SBR platform will also run using blockchain.

### **Proof of Work and Proof of Authority hybrid**

Coordination between users in a decentralized, distributed environment such as blockchain is achieved with the help of a consensus algorithm. Its main job is to ensure that a network-wide consensus is reached between all agents, even if some of them are to fail. By far the most used consensus algorithm is the Proof of Work and famous cryptocurrencies such as Bitcoin, Ethereum, and Litecoin as well as many others make extensive use of it.

The algorithm works by setting specific conditions that would make the next block valid. For instance, the block hash must start with certain digits. The only way that miners will be able to create a valid block is to guess-and-check. In the case of large blockchains, the difficulty of finding the valid hash is very high making the entire process resource-intensive. Miners that have the best equipment will receive rewards while others will waste electricity. This eventually leads to centralization as big mining centers have a higher chance of finding the correct hash and receiving a reward for it. The two major advantages that are offered in return are a high level of security and that it's very good at incentivizing those that work at a single chain and punishing those that work on multiple chains concurrently. Also, throughout the years it has been “battle-tested” against various malicious actions such as cyber-attacks.

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<sup>15</sup> <https://omnitude.tech/what-are-the-advantages-of-blockchain/>

To address the algorithm's disadvantages, we add new features that we mentioned before. By default, a hash speed cap will be imposed for everyone. The goal is to reduce mining expenses as well as to keep the network as decentralized as possible. Also, the miner loyalty program we plan to impose has common elements with the Proof of Stake consensus algorithm, since miners will be staking their algorithm. Malicious actions will cause a miner to lose the benefit of higher profitability offered by the "miner loyalty" program.

In addition, the core team will differentiate between three different types of nodes as described on the next page. All of these features along with active monitoring by the core team should help contribute to the already robust security frame of the network.

## **Nodes**

The SBR platform will differentiate between 4 different types of nodes: light nodes, common nodes, master nodes, and government nodes. Each node type has different criteria attached to it and performs different functions on the network.

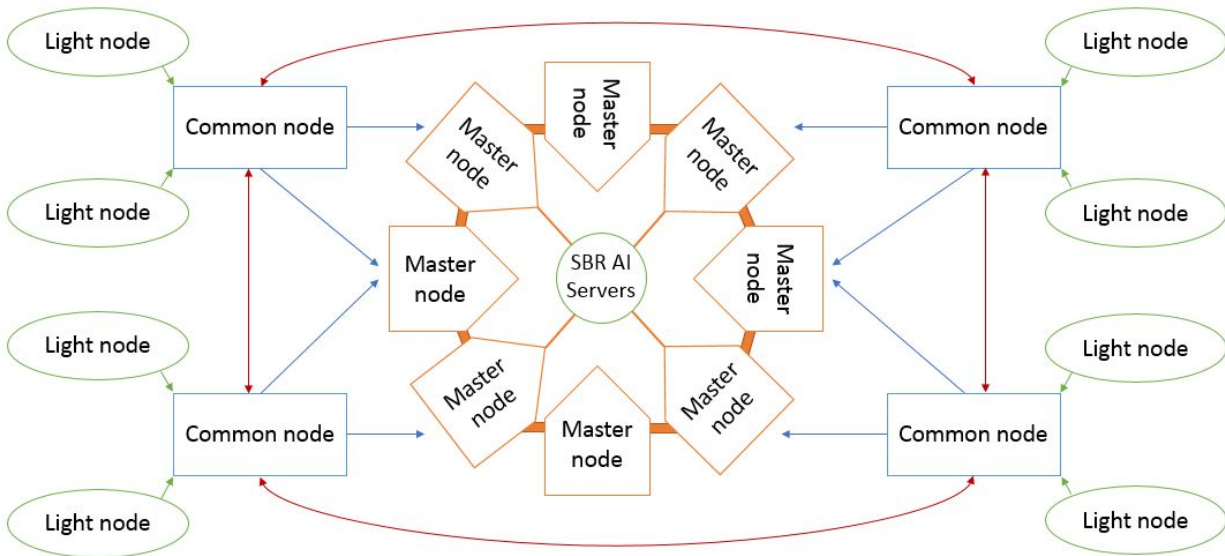
**Light nodes** will have a function of requesting transactions and sending them to normal nodes for further processing. These nodes will download a couple of headers from the previous blocks and can be run from devices such as smartphones.

**Common node** is meant for mining operations that are larger than 20 machines. This node will operate in the same way a BTC node does, it will compute a basic set of confirmations before sending them to the master node to be applied to the network. They do their own matching of request validation then prepare the request for the master node. The first set of confirmations is between the two users and the common nodes. Therefore, the regular nodes must agree, and requests must match before moving to the master nodes. If manipulation is caught when the data reaches master nodes or beyond, a penalty will be issued.

**The master node** is for anyone running more than 200 machines, which are usually institutions. In order to run a master node, a registry must be filed to the core team and approval needs to be received from the core team. Upon approval, short training sessions would be organized. Master nodes fully validate transactions and blocks and then proceed to broadcast them on the blockchain. They also receive and broadcast transactions from common nodes. An institution running a master node that also possesses a classification in finance or banking can apply to be a decentralized vault carrier for the backed SBR-token.

Anyone holding a common or master node has a right to vote on essentials. Each vote is considered equal, no matter the number of machines the node holder has.





**Government nodes** are special as they are only meant for the government sector and there will be a limited number of them allowed on the network. While the exact amount is still unknown, our estimates are around 200 bitman S17+:S19+ or equivalent. These government nodes must be connected with at least 3 separate (and opposite) global powers in order to hold electoral votes during beta-testing. All government nodes and machines must all run any time an electoral vote takes place. This is to ensure all information and verifications are true and correct without simple manipulation or overtaking a network. Each node and number of machines require identity verification. The number of machines per government node is to be standardized.

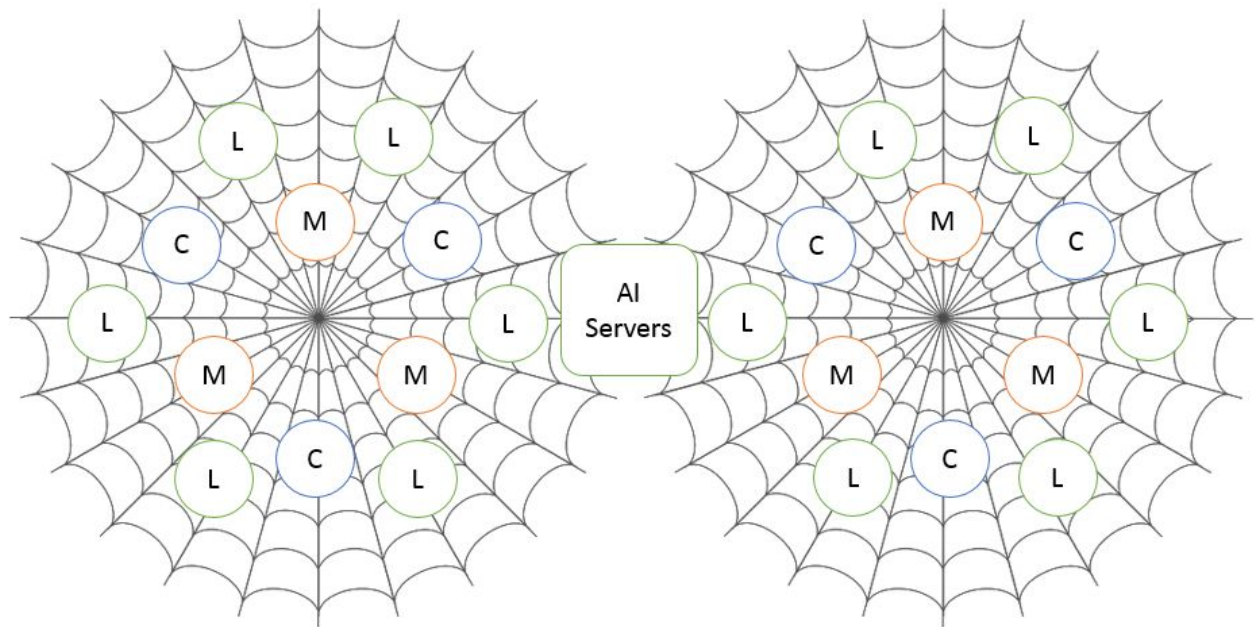
All nodes will utilize special software run from our ai servers that picks the most geographically well-distributed data path between nodes each time a new transaction takes place on the ledger. This makes the network more decentralized and prevents the validation of false information.

## Application of Artificial Intelligence

Next to blockchain, AI is one of the most prominent technologies of today. There are numerous academic articles talking about how the two technologies can be married, especially when it comes to database analysis. However, we seek to employ it in order to improve network security. It will perform two very important tasks: designing paths from master nodes and active network monitoring.

The master nodes will send information to our ai servers. Their job will be to create a so-called “double spider web system” for the entire ledger system, where equal amounts of power will be on both sides. In case both sides do not match, the broadcasted transaction will be invalidated. The additional mechanism will require that the sender and receiver of the currency or asset must enter the same value. This information is then spread using the most

decentralized path to master nodes and once they have both reached a 50\50 ratio of the nodes and mining hash power, the transaction is checked (whether the receiving and sending information is the same). If it's not, the transaction is immediately invalidated. This occurs in the case where a request by a malicious user somehow manages to get past the master nodes. Once its placement on the ledger is attempted the double spiderweb system should identify that user, ban them, discard the block and automatically start again. We are also looking into implementing an additional series of confirmations that will take place at a later time.



We previously mentioned that the core team plans to partake in active network monitoring after the platform's launch. As the network scales, this will become increasingly hard to do this which is why we plan to develop AI systems to perform this task as well as to punish everyone overstepping the defined bounds. Initially, the AI system will be based on a centralized model per realistic initial implementation, but once the network grows, a decentralized solution will be developed and implemented.

Regarding mining difficulty, it will run the same as Bitcoin for each individual algorithm. Every ten minutes at some point each algorithm will be completing a block. Our ai will start to route large and institutional payments through the advanced algorithms as opposed to the starting algorithms. This is both to help the fee structure and prevent manipulation.

## **Two-coin system**

The SBR platform is to hold two different coins. SBR Coin's main purpose is to function as a better reward mechanism than the previous generations of coins on SHA-type networks. Its value will be derived from the SBR project's perception, core team actions, mining operations as well as market trading. SBR-token will be a modified stablecoin (Flux-token). It will have reserves consisting of Bitcoin and silver that will be held with decentralized vault custodians. Its primary function is to provide means of payment, reserves, and store of value to financial institutions and governments. It is expected that part of the SBR-token value will be derived from SBR Coin since its reserves will be purchased from the company holdings of SBR Coin. The only way to get the coin or token is to mine them or be a financial institution or a CEO of a mining company. They will be sold based on bilateral agreements.

## **SBR Coin**

The most alluring feature of this coin is its "miner loyalty" mechanism. There are 10 different algorithms, one for each year, after which rewards will shift to a salary-based pay structure to be no less than 30% of your earnings at your highest rate but no higher than 70% as well. The market will determine these rates and the 1-5 ratio as per investment into your data center or mining project. The algorithm solution was given an advantage compared to simply changing the value of the reward because the second option has a security flaw and can easily be exploited. The algorithms will be significantly harder to exploit as they will be running simultaneously across the network. An additional benefit is that the algorithms will be set up as such so that the larger transactions will be processed by algorithms with a higher reward structure. With this split active, the network's TPS values should be stable as miners will not be able to selectively process only larger transactions in order to get better rewards. This can also benefit security as in order to run an algorithm with a higher fee structure that can process larger transactions, you must be present on the network for some time.

The per year algorithm is described in the table below. At the end of each year of activity, changes in the mining rate are made, and after the completion of year 10 the algorithm a switch to salary mode is made. This mode continues to process all of the transactions on the network, with mining rates proportionate to your power consumption and processed transactions, as well as the 1-5 rule. Algorithms work on the basis of timestamps when you entered the system. The mining machine must run for 365 days in order for the next year's algorithm to be unlocked. Keep in mind if you are running a node (more than 20 machines), we will have your mac addresses and time stamps, and all other forms of digital identity. At the end of each algorithm, the system and your machine will do a verification match and a unique hash key will be sent to unlock the next algorithm and to increase the hash speed cap.

ALGORITHM	Mining rates	Block reward formula	Result of BRF	Sum of block rewards
YEAR 1	2.5	$2.5 * 6 * 24 * 356$	128,160	128,160
YEAR 2	5	$5 * 6 * 24 * 356$	256,320	384,480
YEAR 3	10	$10 * 6 * 24 * 356$	512,640	897,120
YEAR 4	20	$20 * 6 * 24 * 356$	1,025,280	1,992,400
YEAR 5	40	$40 * 6 * 24 * 356$	2,050,560	3,972,960
YEAR 6	35	$35 * 6 * 24 * 356$	1,794,240	5,767,200
YEAR 7	17.5	$17.5 * 6 * 24 * 356$	897,120	6,664,320
YEAR 8	8.25	$8.25 * 6 * 24 * 356$	422,928	7,087,248
YEAR 9	4.125	$4.125 * 6 * 24 * 356$	211,464	7,298,712
YEAR 10	2.062	$2.062 * 6 * 24 * 356$	105,706.3	7,404,418.3

The result of the Block Reward Formula gives us the number of new blocks rewards we can now mine due to the mining rate change. The sum of block rewards represents the total amount of block rewards at a given time as based on the currently active algorithm. The total would be 7,404,418.3 block rewards per 10 years if everyone started on the year 1 algorithm at the same time. The mining process as described will last for 20 years in total. Miners that start mining after 10 years will not be able to reach the last algorithms. This schedule is designed as such in order to capitalize on the increasing difficulty of bitcoin mining as well as the fact that mining machines are aging fast and the community is being left behind. A maximum of 115.571.198,00 SBR Coins will be available through mining 20 years x 10 algorithms with the addition of 5.778.560,00 for company holdings. 10 million coins will be in a locked account to be held by SBR for a period of 10 years, solely for the purpose of the purchase of reserve assets. The 10 million will not be in circulation until it is unlocked. A total of 15.778.560,00 coins are pre-mined. The total amount of coins in existence should amount to 131.349.758,00 coins. Miners that start after year 11 will not be able to progress to salary-based rewards. The full table is available at the end of the document. Out of the 5.7 million VHWWP company holdings, 3% or 173.356,80 coins will be allocated for the dev team and individual contractors involved with development equally. The payments will be made in installments over a period of 20 years. Any remaining figure will be at the discretion of the core team (4,244).

Each block will take approximately 10 minutes to be mined. After year 10 all algorithms should be present on the blockchain simultaneously and as we know each algorithm will be working on its own block. Essentially this would mean that the block creation time should be 1 minute.



Miners will have an opportunity to commit to mining at the beginning of every year during the month of January. The start date is January 1st while January 31st is the lockout date. Unless you start at this preset point, you won't be able to advance to the year 2 algorithm. There will be a late start program for miners that don't register within the given time frame. All of them that register within 3 months after the deadline passes will still have the opportunity to mine SBR Coin, but in order to do so, they will have to contribute more hashing power than the miners that started on time.

Any speeds that are over the speed cap on an individual miner will be immediately transferred into the Bitcoin mining project held by the company. We are looking into the development of an adequate reward system for miners contributing 10% or more of their hashing power to the Bitcoin mining operation. Currently, the idea is to place those miners in a raffle for a token. The mined Bitcoins would be placed in the reserve account meant for the SBR-token. We will continually be running on the Bitcoin network, even after the last Bitcoin is mined.

If someone is caught attempting to manipulate the network, they will be knocked back all the way to the year one algorithm and must start with a new timestamp after the 30-day suspension is up. For smaller infringements, there will be a two-tier punishment preceded by a warning mechanism. In this case, identity verification for individual small mining operations is also being considered. If the incident occurs again with the same user, the core team will revert the user back to the year one algorithm regardless of their current status.

At year mark 20 no more SBR-coin can be minted. A conversion to salary-based data centers for the double-backed token will then take place. A 30% reserve for the SBR Coin will be considered to be instantiated using the 30% per 30 days formula. The aforementioned salaries would be paid out from transaction fees. Trading will have an influence on the SBR Coin's price, just like with any other coin. The setup technically contains no more intrinsic value than BTC itself.

The coin will have a value increase cap from trading metrics, that may never go 100% beyond the coin's value. This should provide a sufficient incentive to investors while at the same time preventing hardcore pump and dump methods, which are quite common in many cryptocurrencies today.

## SBR-token

Currently, institutions and governments are hesitant to exploit the advantages of blockchains and cryptocurrencies alike. The core team of the SBR project identified the lack of monetary substance and safety concerns as two main reasons for this with the addition of the legal framework, which is currently undergoing changes in this regard. Wrapped solutions offered within decentralized finance eco-space have many benefits but are unsuitable for governments and institutions. Our aim is to bring the benefits of wrapped solutions to the larger player with the SBR-token. To do this we devised a robust network with innovative asset reserves for the stablecoin.



SBR-token is a **Flux-Coin**. This is a modified version of a stable coin called fluctuation-stablecoin which works by allowing a metric of cryptocurrency and a stable commodity at a ratio of 50:50 /2 which would give the coin it's price. This allows a 200% backing and where a minimum of 100% of the 200% backed assets is accessible to the owner. By design, its price should be significantly less volatile and with fewer price swings than regular cryptocurrencies while still providing the potential for profit. Hence, if the commodity is paired with a currency in direct correlation with Bitcoin or perhaps Bitcoin itself, it will never have a lasting downward trend. Litecoin is a great example as its correlation with Bitcoin prices is nearly 90%.

By holding SBR-tokens and becoming an accredited decentralized vault carrier, the amount of assets and their value within storage is double that of the coin itself. We will offer a chain of custody verification systems from physical items to monetary spending and asset ownership. After the asset-backed token is released it would serve as a payment system linking government bodies and various institutions. Due to double backing with silver and Bitcoin, price volatility should be very low with a downward trend as opposed to DeFi eco-space. Both silver and Bitcoin have seen a steady decrease in price volatility over the last five years (prior to the COVID-19 induced shock) and, as such we expect to surpass Bitcoin in terms of having lower price volatility after a time period of being active.

The SBR-token will only be available to governments and institutions up to a maximum of 5 years after it is launched. After that, it will be released to the public and anyone will be able to use it. Owners will have an option to burn the token in order to unlock the assets inside. This cannot be done until 2-5 years have passed since their implementation in the public trading market. Anyone can request a token burn if they meet all requirements and have access to a decentralized vault nearby. There will be a limit on how many personal burns per year can take

place and how many institutional burns can take place. We will discuss more on this subject in our project specifications sheet.

Silver for the reserves will be acquired using the following process. Mines/mints will be offered the ability to give a donation at a previously agreed value. In return, they will receive an equal amount of our concept SBR Coin from the company holdings. They will also receive 1/20 of the tokens produced from their contribution. This will offer more value to the mines/mints than a simple payment in fiat currency, in which case coins or tokens can be given. In order to receive these benefits, you must contribute to the project.

The process is similar for Banks. The core team would acquire a loan in fiat currency and the payout would be in an equivalent value in our SBR Coin and 1/20 of the SBR-tokens made from their involvement. The bank may also perform donations in return for an (equal or half, depending on donation laws) amount in SBR Coin and 1/20th of the tokens their contribution would produce. If the bank wishes to be paid in fiat for a loan, not a donation, no coins or tokens will be awarded. Banks will also have the ability to become decentralized vault custodians. However, they must meet our initial criteria and acquire approval from the core team. For banks and any institutions that use fractional reserve banking, owning a token and being a decentralized vault custodian is technically considered as having a triple asset in their bookkeeping, making \$10 000 into \$30 000 on paper.

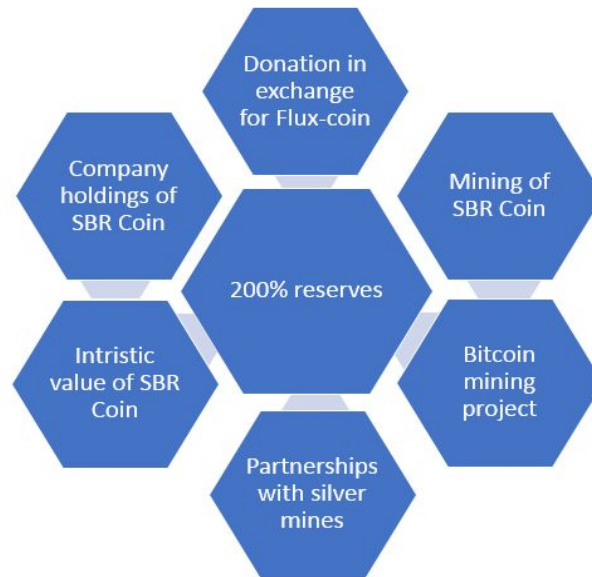
Assets acquired via bilateral agreement	Assets acquired trough the role of decentralized vault carrier
\$ 10 000 of Coin 2	\$ 10 000 of silver
	\$ 10 000 of Bitcoin

## 200% reserve system

According to current silver and Bitcoin prices, we plan to have 3 kg of silver per 1 bitcoin (and a maximum of 10kg of silver per Bitcoin). In reality, we will have extra two kilograms of silver per 1 Bitcoin, as Bitcoin's price is expected to rise. Burning the tokens will unlock 3 kg of silver and 1 bitcoin for their owners. The extra two kilograms of silver will be held in closed vaults by the core team. One of the applications of these additional reserves could be to boost the overall metrics of SBR-token. Actual adjustments would take place every 365 days after burning has begun. Token burning will only be allowed at specific times depending on the agreements made between the token owners and the core team, while the core team itself will hold voting to allow burning on a yearly basis during the month of January.



SBR-token will not have a traditional market cap. Its supply is technically limited by the supply of bitcoins and silver that exist. In SBR-token the system is 200% asset-backed with a 1;1 ratio of BTC value to silver value. 35.274oz of .9999 silver/2 will be a bottom price. In trading metrics the value of the token can increase as much as 30% from asset value represented by the token within a 30-day period. The average price of the last 30 days will then be the new price of the token. Assets would be moved from our closed vault into the circulation supply vaults therefore legitimizing its value increase and creation of a new market cap % starting point. The illustration below explains how the value of 200% reserves will be created.



## Attack scenarios and security features

### 51% attacks

In this well-known scenario, a group of miners attempts to get control of at least 51% of the network hash rate with the aim of creating a fork that takes precedence over other forks. By doing this the attackers are able to prevent new transactions, halt payments, alter the network's history (reverse transactions), and ultimately perform double-spending. Despite sounding unrealistic, Bitcoin Gold, Litecoin cash, Monacoin, and most recently Ethereum Classic suffered from this type of attack. Network reorganizations were performed, and coins were double-spent. In the case of Ethereum Classic, the 51% attack in August 2020 resulted in approximately \$5.6 million of ETC being double-spent.<sup>16</sup>

To prevent these types of attacks from happening, we introduce the miner loyalty program to serve as an incentive for the nodes to stay honest. In case this is not enough, mining operations running master nodes will have to register with the core team and will be actively monitored both by the core team and by the specialized AI servers. In case any malicious activities are

<sup>16</sup> <https://www.apriorit.com/dev-blog/578-blockchain-attack-vectors>



detected, involved parties will be penalized by getting their miner loyalty algorithm reset back to year 1 or by being blacklisted by the core team.

### **Sybil attacks**

Malicious parties can make an attempt to surround a victim (honest) node by creating fake (sybil) nodes around it in order to make it susceptible to double-spending attacks. These types of attacks are very difficult to detect and prevent. To reduce the possibility of sybil attacks, the SBR platform will require mac addresses and time stamps from all registered nodes while additional information will be required from those wishing to run master nodes. The same software that runs the miner loyalty programme will issue an alert if it notices that many new nodes running year 1 algorithm pop up around a node running year 4 or older.

### **Routing attacks**

Routing attacks can cause problems for both individual nodes and the entire network. They abuse the asymmetry in the way blockchain nodes exchange blocks, the fact that transferred data is not encrypted on some blockchains and the time delays present on the network in order to tamper with the transaction data before it is distributed. If the hacker manages to divide the network into partitions that are unable to communicate with each other, this attack is impossible to notice.<sup>17</sup>

Our main line of defense against these types of attack is the use of AI servers to designate paths on the network in order to create a double spider web system. In case information on both sides is not matching, the transactions are invalidated. This makes the execution of these attacks much harder and prevents validation of transactions that were tampered with.

### **Distributed denial of service (DDoS)**

While DDoS attacks are more common in the IoT industry and are generally used to attack systems/services that are based on centralized ledgers, they are also known to appear in the cryptocurrency communities. The aim of such attacks is to overload the network or a part of it with requests in order to consume all of its processing power and cause it to crash. A famous crypto currency exchange Bitfinex was repeatedly targeted during 2020 with the attacks succeeding in slowing the exchange down and disabling some of its services.<sup>18</sup>

Bitfinex mostly relies on a centralized ledger to function which is the reason why it is vulnerable to DDoS attacks. Decentralized ledgers such as blockchain, especially those that utilize Proof of Work are known to be less vulnerable. Even if several nodes were to go offline, the unaffected nodes would continue to operate and validate transactions. Once the affected nodes come back online, they would re-sync their data with the unaffected nodes. In most cases, the result is that DDoS attacks will slow the network down as opposed to crashing it. The larger the

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<sup>17</sup> <https://ieeexplore.ieee.org/document/7958588>

<sup>18</sup> <https://cointelegraph.com/news/ddos-attacks-on-okex-and-bitfinex-were-sophisticated-possibly-related>

network, the more resilient it is against these types of attacks. Therefore, the core team designated institutional and wide-scale adoption as one of the SBR platform's main goals.

### **Selfish mining**

This is a scenario where miners try to increase their reward by not broadcasting mined blocks to the network. After a certain amount of time, they release several blocks and cause other miners to lose theirs. Selfish mining is bad for two reasons. First, it can lead to the formation of selfish mining pools, which can result in the practice spreading even further and crippling the network in the process. Second, transaction approval times would be increased due to miners withholding the blocks. The SBR platform will make use of the same timestamps utilized by the miner loyalty program in order to discourage selfish mining. Blocks with more recent timestamps will be preferred and there will be a cap for maximum acceptable time for block generation.<sup>19</sup>

### **Privacy option (confidential transactions)**

The majority of current cryptocurrencies are limited in terms of privacy. While users enjoy a certain level of it thanks to pseudonyms, the appearance of new analysis techniques is making it easier for third parties to trace specific coins or users. For this reason, a special send function will exist for SBR Coin. Its purpose is to hide the contents of the transaction, along with all other essential data. However, this function will not be available for SBR-token. To achieve this, homomorphic encryption is going to be used, more specifically the Pedersen commitment scheme. It will act as a blinding factor in already cryptographic hashes, shielding the information from third parties. This feature will be fully functional except in the cases when the organization is subpoenaed by a court. We are going to meet all regulatory requirements.

### **Active monitoring**

As mentioned earlier, the core team will engage in active network monitoring, especially during the early days of the platform. Of course, this won't be done manually, but there are specific protocols combined with AI that will trace timestamps, mac addresses, and algorithms run by nodes. For example, the program will know if you connect the same machines with different mac addresses or different machines with the same mac address, which if deemed suspicious will trigger physical surveillance. Our active monitoring system uses at least 5 separate types of digital identity, for anyone running nodes or mining devices.

### **Burning**

In an unlikely scenario where users manage to get their SBR-tokens stolen, we offer a last resort. Because this coin is double backed with reserves held in the vault, the core team will be able to burn the stolen tokens at the owner's request and re-mint them in order to return them

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<sup>19</sup> <https://eprint.iacr.org/2014/007.pdf>

to the rightful owner. Of course, this will be performed as soon as possible once the evidence is clear. Additionally, lockouts can be addressed by the core team as well.

## **Partnerships**

We will be accepting partnerships with some of the biggest names in cybersecurity, blockchain, IT AI development, and logistical systems. We are currently in contact with the Bitcoin core team and Hive OS and we plan to contact several cryptocurrency exchanges, banks, metal mining companies and financial custodians as well as governments. Our goal is to get SBR-hosted coins on Binance, Coinbase, and Exmo exchanges. To reach this goal we plan to employ top banking framework engineers as well as block stacks dev teams. Blockstacks dev team will be helping with the development of a public voting application.

On platforms that are built as a blockchain, users can enjoy a high degree of anonymity. This is meant in the sense that their blockchain addresses have no or a very insignificant link to their off-chain identities. This is considered as a good thing by most users but is also a problem when it comes to using blockchain to vote with your real identity. To solve this issue, we plan to use a system offered by Chainlink. They specialize in extending the functionality of blockchains by enabling a secure, tamper-resistant connection between smart contracts and real-world data. This functionality is referred to as “Chainlink oracles”.

## **Voting systems**

For electoral voting, we have created a highly secure system with capped speeds. This system derives its security from the SBR platform, and any manipulation attempt would cause an invalidation or would even cancel all votes which would result in the process starting over. A specialized app will be created in order to provide a link to our decentralized voting system. This app can be installed on new and approved Android and iOS devices. After the required identity verifications, users will make their initial vote and then confirm that this is indeed the correct choice before it is sent to a master node. After that, the confirmed vote is added to the ledger. We will have a robust identification system in place by using Chainlink oracle. Every government will hold their own gov-nodes which are a separate operating program that is defined with slightly different principals and rules. This is to maintain proper voting security with complete transparency. By this, we mean that a person could literally follow their vote and confirm for what or for who they voted for.

## **Providing banks the ability to adopt decentralized finances**

Eventually banks will be able to access the benefits of decentralized finance and take a part in cryptocurrency loans through our coin and token. We will be creating the infrastructure that is necessary for the banks to enter the decentralized finance market for loans. As an example of how it could work: if a client came into a bank with Bitcoin (or some of the other top crypto) as a collateral for a loan they would receive a loan amounting to 70% of value of deposited BTC in our SBR Coin. If the client came in with SBR Coin as a collateral, they would receive 55% of its

value ideally in SBR-token (when available) or in one of the cryptocurrencies that are available to the bank. If the client has SBR-token he/she would receive 100% of the value back in one of the top 5 currencies. 5 top cryptocurrencies, in addition to SBR coin, and token would be present on this platform.

## **An extra layer of software, user-friendly contracts, and services**

We will be creating a GUI system for the simplification of digital contracts and escrow services. This software will have two separate versions. One for the average consumer and one for institutional services. In the same software architecture, banks will have access to our exchange and various custodial services.

# SBR factsheet

## SBR platform

**Type:** Blockchain platform, SHA-256, PoW & PoA hybrid

**Purpose:** To host SBR Coin and SBR-token

**Security:** Standard blockchain security (hashing, wallets, validation) + AI layer with the addition of active monitoring by the core team

**Expected time of launch:** the mid-year 2021

## SBR Coin

**Type:** SBR platform hosted coin

**Purpose:** Reward mechanism, native cryptocurrency for platform

**Acquisition:** Through exchanges or by mining

**Supply cap:** Time-limited, in case of maximum adoption 131.349.758,00 coins

**Reserves:** Dynamic reserves introduced at later stages of the project

**Expected time of launch:** At the same time as the SBR platform

**Additional functionalities:** a testbed for the SBR platform and SBR-token, miner loyalty program, and penalty system for malicious users

## SBR-token

**Type:** SBR platform hosted Flux-coin

**Purpose:** To serve as a G2G payment system or triple asset for Financial institutions

**Acquisition:** Through bilateral agreements with the core team

**Supply cap:** Limited by the amount of reserves

**Reserves:** 200% reserves consisting of silver and Bitcoin held at decentralized vaults (1 BTC per 3 kg of silver planned) for coins in supply, a closed vault for those that are not

**Expected time of launch:** Same as the SBR platform and SBR Coin for institutions, will be available to the general public 2-5 years after that

**Additional functionalities:** In addition to the security features of SBR Coin, SBR-token can be burned and remitted in case of theft or can be burned by the owner to unlock the assets within.

# Conclusion

Cryptocurrency mining is becoming less stable and less profitable by the day. Price changes lead to miners relocating to other platforms which results in a reduced hash rate which in turn leads to further instability. On the other spectrum, fiat currency is experiencing inflation and is in some cases being devalued. Two most notable examples of this are Venezuela, where money holds no more value than a roll of toilet paper, and China, a country that regularly changes the value of its currency. The fractional reserve banking system has shown its vulnerability during the last financial crisis. Additionally, we are aware of many other issues regarding cryptocurrencies that are discussed. Some of these involve mining centralization, high volatility of cryptocurrency prices, various security issues, and voting system implementation.

The SBR platform is imagined, designed, and shaped to tackle these issues. A hash speed cap will be introduced in order to lower the cost of mining and to reduce the environmental impact. A special miner loyalty program will be an integral part of mining operations. Its aim is to offer a better reward mechanic to miners as well as to increase the network stability even if a certain level of price volatility is present. The same program will help to keep the network decentralized as it is designed in a manner that will be more attractive for smaller and medium-sized operations as well as to individuals. Thanks to employing special algorithms, mining will be stable and predictable. Additionally, the platform will host a regular coin and a special stablecoin with 200% reserves consisting of silver and Bitcoins. Additional security measures are introduced. These involve a registry of miners running master nodes, active monitoring, and implementation of special software run by AI servers to create a so-called “double spider web system”. Malicious parties will be penalized by losing benefits provided by the miner loyalty program. As a last resort, in the case theft does happen, SBR-token owners can get their tokens burned and re-minted by the core team. The same architecture and security features will be applied to the voting system. The new additions involve the use of government nodes instead of regular and master nodes and an identification system.

Blockchain will be at the core of the platform architecture along with a slightly modified Proof of Work consensus algorithm. Together with the previously discussed security features the platform should be efficient in dealing with 51% attacks, sybil attacks, routing attacks, DDoS attacks and selfish mining. SBR Coin will have a special send function that will hide the contents of the transactions for users that want maximum privacy, except in the cases when the organization is subpoenaed by a court. Our platform will meet all regulations and be completely scalable. The platform will differentiate between 4 types of nodes: light nodes, common nodes, master nodes, and government nodes. Each node type has different criteria attached to it and will perform different functions on the network.

SBR Coin is intended to provide a better reward mechanic to all the miners as well as to be used to facilitate all operations on the platform. SBR-token is to provide means of payment, reserves, and store of value to financial institutions and governments. In order for it to be attractive and implementable, we designed it in a form of a hybrid stable coin called the Flux-coin. This is

because part of the reserves backing it is made out of a stable asset, silver, and a less stable asset exhibiting steady growth, the Bitcoin. The token is 200% backed, making it an undervalued asset. Two main advantages of this are that it can be a triple asset if the owner is a decentralized vault custodian and upon burning it the owners can unlock the extra value within.

Developing the SBR platform will not be an easy feat. To make a successful implementation of this whitepaper we plan to partner-up with some of the biggest names in cyber security, blockchain, IT AI development and logistical systems. As mentioned previously, we are currently in contact with the Bitcoin core team and Hive OS and we plan to contact several cryptocurrency exchanges, banks, metal mining companies and financial custodians as well as governments, banking framework engineers as well as block stacks dev teams. We will have our own wallet but use the Coinbase one as well. The coins and the token names are still not cemented. We plan to hold a discussion with both the banking and crypto communities in order to find a more appropriate solution.

All institutions that partner with us and provide donations in exchange for SBR Coins or tokens are eligible to receive a full federal tax deduction in the USA or any other country in Europe where VHWWP is present. The only way governments or institutions may tax individuals is when they are trading and earning taxable income. Individuals who hold coins or tokens may not be taxed simply for holding. With our trust systems in place, this system should be in the top 5 categories of all cryptocurrencies as we are the first to go directly to governments and banks with a product that benefits them and anyone who uses our double backed token. As an expectation on a rise of 30% possible per month on top of its asset value created by the fluctuation of assets. More information will be available on the official SBR website in the near future.

Another, more detailed paper will be coming out early in 2021.

We will be requesting appointees from each of the following organizations:

- Bitcoin core team
- Hive OS
- Nexo
- IMF
- MIT
- Coin base
- Binance
- Blockstacks
- Various mint and mining companies

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## Appendix 1

Algorithm Year	BRF year 1	BRF year 2	BRF year 3	BRF year 4	BRF year 5	BRF year 6	BRF year 7	BRF year 8	BRF year 9	BRF year 10
1	128.160	128.160	128.160	128.160	128.160	128.160	128.160	128.160	128.160	128.160
2		256.320	256.320	256.320	256.320	256.320	256.320	256.320	256.320	256.320
3			512.640	512.640	512.640	512.640	512.640	512.640	512.640	512.640
4				1.025.280	1.025.280	1.025.280	1.025.280	1.025.280	1.025.280	1.025.280
5					2.050.560	2.050.560		2.050.560	2.050.560	2.050.560
6						1.794.240	1.794.240	1.794.240	1.794.240	1.794.240
7							897.120	897.120	897.120	897.120
8								422.928	422.928	422.928
9									211.464	211.464
10										105.706
Total	128.160	384.480	897.120	1.922.400	3.972.960	5.767.200	6.664.320	7.087.248	7.298.712	7.404.416

[illegible]