**Volatility Coin Concept Outline**

Problem: Price volatility on crypto-currency exchange

Solution: Devise a hedging coin which can preserve base value against systemic price volatility and provide spare capacity to a pre-existing platform such as a Ethereum or FileCoin.

**Ethereum Background**

The Ethereum platform operates as a virtual machine for applications, which relies on decentralized processing capacity on computers around the world. In exchange for offering computing capacity to the platform, computers rewarded with Ethereum crypto-currency; the transaction of Ether coin for computing power is protected by a blockchain, an encrypted distributed ledger.

Given the limited ultimate supply of Ethereum coin (98 million total), as the platform grows in use, the value of computing power grows, and thus computer owners are expected to provide ever-larger amount of processing power in exchange for Ethereum coin; "mining" the coin becomes ever harder. This underlies the theoretical basis of Ethereum coin having long-term asset growth potential, where as it becomes harder for the coin supply to grow, those existing owners of the coin see their value grow.

**Volatility**

In the process of price-growth for Ethereum coin and other crypto-currencies in response to demand and supply in secondary markets, significant price swings can occur due to ownership concentration, the instability of exchange, and external threats such as regulation.

A proposed solution to this volatility is a new coin which provides the same transactional service as the Ethereum platform (computing power for coin). However, the ease of "mining" the coin is not dependent on application demand; instead, its ease would be dependent on the indexed price volatility of a certain exchange. Where price volatility increases, the coin becomes harder to "mine"; where price volatility decreases, the opposite occurs. The implication of this is that the coin's could increase or remain robust in price during spates of high market volatility, while hewing towards lower price targets in lower volatility periods.

Undecided factors are the type of exchange used for market volatility indexing, whether the volatility-coin should be listed on that exchange or another exchange, and how the coin's transacted computing power is used. Currently, two solutions can be proposed for the last question: the transacted computing power could be transferred in some form to provide spare processing capacity to platforms such as Ethereum; alternatively, the transacted computing power of the coin could be used to power a new exchange on which the coin and other extant coins are traded. A valuable implication of the second option is that trading on the exchange could be faster in times of higher volatility, and slower at times of lower volatility; the lower price-targeting of the coin in low-volatility periods could be therein be mitigated.