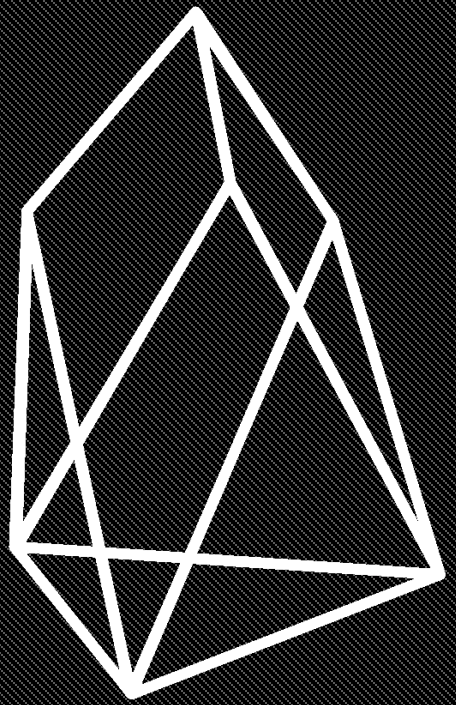

EOS

THE UNPERMISSIONED BLOCKCHAIN THAT SOLVES THE BLACK SWAN

Presented by

TOKENIKA

DISCLAIMER

- We are NOT in any way associated with block.one, the company developing EOS code. We are just part of the emerging EOS community.
- We have no interest in you buying EOS tokens, and this certainly should not be treated as financial advice.
- Our goal is to encourage you to take interest in the concept and possibly consider building businesses on top of EOS.

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CREDITS

Ian Grigg has been in the financial cryptography space since 1995, when he ran a startup to issue and trade bonds digitised as contracts.
Since then he has worked on digitising cash, precious metals, identity, social savings, and bringing DLT to financial institutions.
He is now working on a number of blockchain and DLT related projects including EOS.

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TRADING = DEALING WITH COMPLEXITY

- Blockchain is about trading, i.e. moving assets around
- We like complexity - this is the very reason we trade
- Complexity means risk: lots of things can go wrong, especially on a blockchain

BLACK SWAN

An event that happens very infrequently but it's extremely costly

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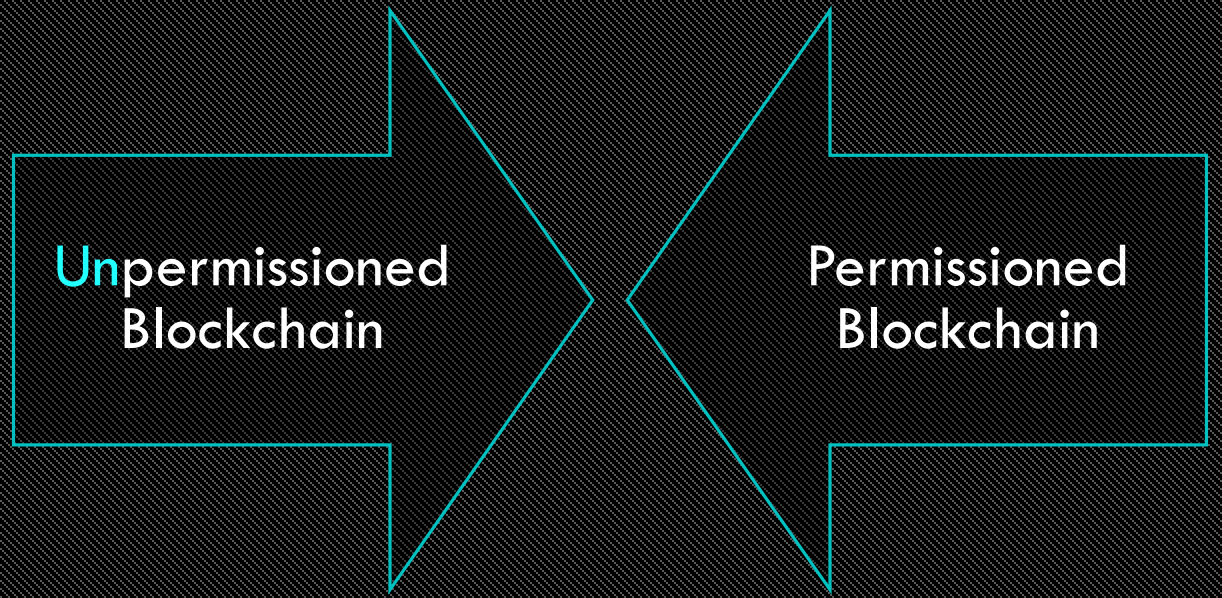
WHAT DOES THE BUSINESS NEED?

- Repeated, no-end-in-sight game
- Way out when things go wrong - rules to manage a black swan event
- Ideally win-win / net-positive game open to everyone

TWO ALTERNATIVE FORMS OF BLOCKCHAIN



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UNPERMISSIONED BLOCKCHAINS

- Bitcoin & Ethereum
- Everyone is free to enter
- Designed to do simple automation only: simple contractual mechanisms
- Emphasis on smart-contracts & external oracles to feed information in
- When it comes to the actual business: Wild West („code is the law”)

PERMISSIONED BLOCKCHAINS

- Ripple & Hyperledger
- Ideally suited for banks & large institutions
- Paradigm of a walled garden: you can get in only if you're permitted in
- Rules to suit the insiders, small businesses get locked out
- It’s quite safe - you’re unlikely to misbehave because you risk being kicked out

DILEMMA SAFETY VS. FREEDOM

- The unpermissioned blockchain:
  - Good: freedom of entry
  - Bad: the entrepreneur is looking for win-win, but gets win-lose
- The permissioned blockchain
  - Good: entities inside can safely trade, encourages win-win game
  - Bad: you can't have a vibrant growing economy in a walled garden

“The entrepreneur wants a free-to-enter system where they can deal with people and build profits, not extract profits.”

Ian Grigg, block.one partner

WHAT WE NEED IS A GOVERNED BLOCKCHAIN

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“EOS is that third choice, the governed blockchain. In essence what we have is the safety on par with the permissioned blockchain, and the freedom of entry of the unpermissioned blockchain”

Ian Grigg, block.one partner

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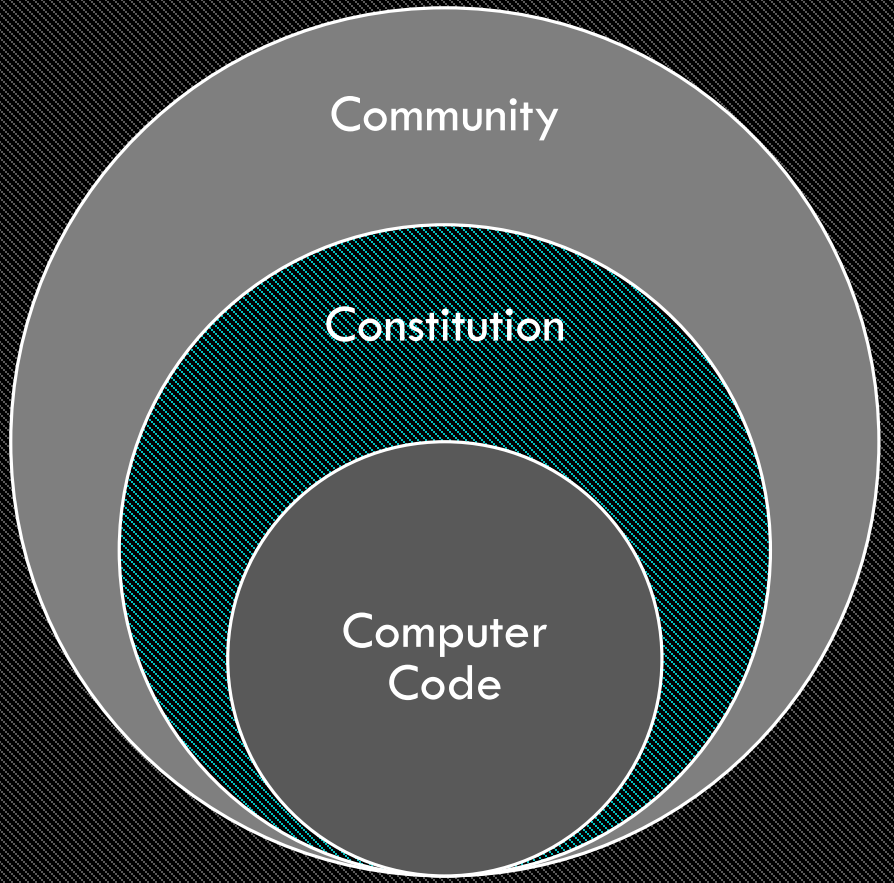
HOW DO WE BUILD A GOVERNED BLOCKCHAIN?



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HOW DO WE BUILD A GOVERNED BLOCKCHAIN?

- Set of rules: the Constitution
- „Constitution is the law" instead of „code is the law"
- The community is the people who have agreed to the constitution
- Governance infrastructure:
  - referenda to appoint the rules
  - arbitration to resolve disputes around the rules
  - execution to implement to rules

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SUMMARY

	Black Swan prevention	Stagnation prevention
Unpermissioned	-	Free to enter
Permissioned	Walled garden	-
Governed (EOS)	Constitution	Free to enter

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DPOS - DELEGATED PROOF OF STAKE

- 21 block producers elected by token holders
- Hard to get elected, easy to lose the job
- Executors of the constitution, e.g.
  - apply protocol changes
  - ability to freeze & fix broken dApps
- Subjects to the constitution: risk being voted out if violate the constitution

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IS FULLY AUTONOMOUS SYSTEM POSSIBLE?

- Vitalik Buterin: If we could only put the right algorithm inside a box, then it could be fully self-suffcient or autonomous
- Daniel Larimer: There is no such thing as an autonomous economic system, it's always dependent on a value system outside of it

DAN LARIMER'S DARWINIAN APPROACH

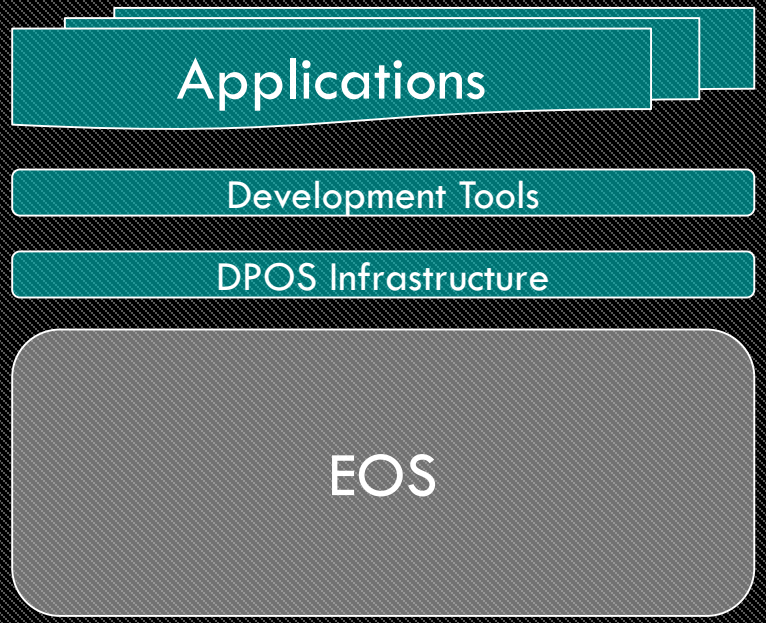
- Each community might have its own definition of "right and wrong" which can only be measured by a poll of the subjective opinions of community members.
- The more effective a group is at maintaining its integrity as it grows, the larger the group will grow.
- The more corrupt a group is, the faster it will die.

“The true goal is to lower the barrier to entry for the creation of new communities and allow free market competition to reward the most effective communities and punish the most corrupt.”

Daniel Larimer, CTO of block.one

Tokenika

ABOUT TOKENIKA - OUR ROLE IN EOS ECOSYSTEM



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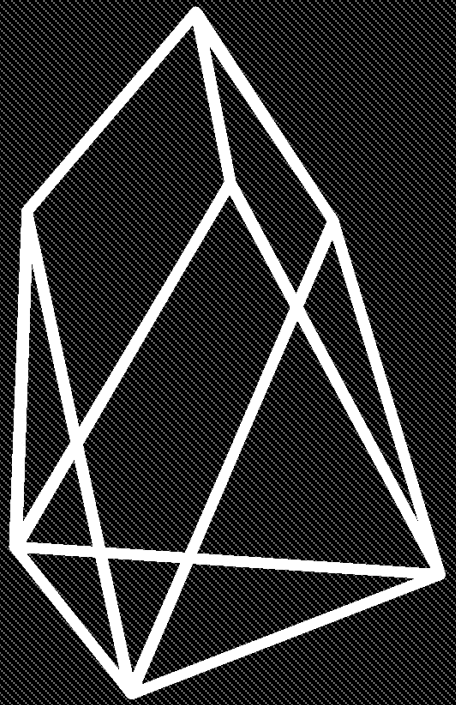

EOS - official website
www.eos.io

THANK YOU

ANY QUESTIONS?

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