**– The ReddNetwork –**

# POSV V2 FAQ

FREQUENTLY ASKED QUESTIONS | AUG 2019

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# WHAT IS POSV (PROOF-OF-STAKE-VELOCITY)?

PoSV was designed to encourage both ownership (Stake) and activity (Velocity) which directly correspond to the two main functions of ReddCoin as a real currency: store of value and medium of exchange. ReddCoin can also function as the unit of account in a heterogeneous social context.

Over our first five years, PoSV has been immensely successful at meeting its goals, and this updated paper is meant to reflect further refinements of the protocol after real-world implementation and feedback. The technological aspects of PoSV are presented after a detailed review of existing and future-looking designs.

The economic aspects of ReddCoin to date and in future effect are then analyzed. The unique position of ReddCoin as a digital social currency in the competitive landscape of cryptocurrencies is discussed. Finally, an analysis of the past five years of chain operation, notable aspects, and the new enhancements to the existing ReddCoin PoSV protocol are explained.

# WHAT'S NEW WITH POSV V2?

ReddCoin and the ReddNetwork blockchain have been operating successfully without incident or security breach since inception in 2014 and through the initial transition to PoSV in 2015. This has allowed the team, as well as the community at large and relevant experts to make considered observations on the protocol and algorithm's performance in real world implementation, on staking rewards, economics (or "tokenomics"), inflationary and monetary aspects. Staking keeps the chain and network secure (as mining does for Bitcoin and others) and keeps the system in consensus.

Therefore it is important for any many holders to participate as possible. What has been discovered is that the incentivization of receiving staking rewards in exchange for keeping one's wallet online and active, thus securing the network from attack, has not induced full participation as was originally expected. Because exchanges, paper wallets, and other holders do not participate in active staking, as well as a number of other secondary reasons, it has been observed that only approximately 25% of the network has been consistently online staking, leading to a much more limited rate of growth than designed.

The changes proposed and being implemented in PoSV v2 are meant to accomplish two major goals. 1) To enhance stake rewards for actively participating wallets, both to induce more users to stake, as well as correcting the expected growth rate to the originally architected 5%. And 2) to provide a revenue stream to the development team for use in providing operational cost support and other financial needs. Further details can be found in the Redd Paper on www.reddcoin.com.

# CAN I IMPROVE MY STAKING RETURNS BY MANUALLY MOVING COINS IN MY OWN WALLET?

First, you don't have to shuffle coins between your own wallets to stake. Staking is a built-in function of the official wallet. Once you start staking, the wallet automatically sends your coins to a designated address in your wallet, consuming the coin age while looking for a valid block. Second, sending coins manually resets coin age to zero without attempting to stake a block. You effectively give up all the interests you are entitled to by doing so. In short, don't try to "game" the system. Just staking for as long as possible, or spending your coins normally, is usually the route to rewards.

# HOW CAN I GET MORE REDDCOINS?

In the PoSV v2 era, there are only a few ways to get more ReddCoins: by receiving staking payments as interest on your existing holdings, by buying them on exchanges for fiat or crypto or by receiving them from other people. Register a ReddID and connect it to your social accounts for easy tipping and receiving on social network sites! Get RDD as a spendable reward for social network content instead of just likes, follows and retweets!

# HOW WILL REDDCOIN SWITCH TO POSV V2?

Implementing this change is what's known as a "fork". In this instance, putting the new staking rules into effect are as straightforward as upgrading to the newest version of the Redd core wallet once it is available from the development team. Instructions for upgrading and the date and time planned for this upgrade will be made public soon, and will require that all users wishing to participate in the new staking specifications will need to be running the newest version of the wallet. All exchanges, third-party providers and others using ReddCoin (RDD) code will be guided and encouraged to upgrade at that time to maintain network integrity and prevent chain forks.

# IS THIS A "HARD FORK"?

Yes it is. However, the blockchain symbol of RDD and our existing chain history will be preserved, unlike other forks users may be familiar with. But it'll be painless if you always use the latest wallet. Remember to check www.reddit.com/r/reddcoin and other official Redd social channels (especially Telegram and Discord) regularly for the latest news in all the coming weeks.

## DO I HAVE TO UPGRADE MY WALLET? WILL I LOSE COINS IF I DON'T?

You do need to upgrade if you wish to continue to use the RDD network, as this change is a consensus-breaking fork and will not be able to maintain backward compatibility with older clients, as the older versions will not be able to interact with the newly created forked chain successfully. In general, the wrong fork is the one place you really don't want to be in when it comes to your portfolio of cryptocurrencies. Once you lose coins due to the wrong fork, it's usually impossible to get them back. Always use the latest wallet, and watch for announcements related to this planned upgrade to stay current with your wallet software.

## DO I NEED TO WITHDRAW MY COINS FROM EXCHANGES OR ONLINE SERVICES?

Not necessarily. The Redd core team will notify all service providers to upgrade wallets as a required and urgent upgrade, and will make software and support available to them. However, if you are unsure whether an online service provider is planning to keep up-to-date, it would be a good idea to withdraw your coins into your local core wallet which you keep up-to-date yourself. You can always send the coins back after the upgrade has completed successfully.

## WILL POSV V2 CHANGE THE BLOCK TIME OR STAKING REWARDS?

The block time of 1 minute will remain the same as we have found it to be both fast and functional for Redd's current purposes and needs. However, as per the technical detail in the Redd Paper, staking rewards will be dynamically affected by this upgrade. In order to encourage 5% growth in coin supply, the parameters of staking will change to reward online staking wallets with a multiple of current staking rewards, calculated relative to the total population of stakers. This is meant to incentivize more users to hold RDD in their wallets and stake to keep the network secure rather than holding on exchanges or elsewhere.

# HOW DO I STAKE REDDCOIN, ANYWAY?

Minting will be a function built into the PoSV wallet. As long as you keep the wallet running and staying online, it'll stake for you. Staking requires very little CPU computation and can be done on PCs, laptops and soon mobile devices. The longer and more often you keep the wallet running and staying online, the more likely you'll discover a valid PoSV block and receive rewards. Especially with PoSV v2, you will be rewarded more for being online and staking than for holding RDD anywhere else.

# WHAT INTEREST WILL I RECEIVE FROM STAKING?

You'll receive as a minimum 5% per annum on average. Due to the details of the PoSV algorithm along with the enhancements offered in the new PoSV v2 protocol, your rewards will be multiplied by a factor meant to stabilize network growth. In summary, if only half the wallets are actively staking, you'll receive 2x what you would normally expect. If only 25% of wallets stake, you will receive 4x. The more wallets staking, the closer the ratio will be to 1:1 with expected 5% returns, but could be significantly more depending on network staking participation.

# WHAT ABOUT STAKING POOLS? SHOULD I JOIN A POOL FOR STAKING?

Since PoSV was implemented in 2014, mining pools as we know for ReddCoin became obsolete. Every ReddCoin holder is able to stake by themselves in the desktop wallet without specialized hardware. 3rd-party service providers who hold balance for you may provide the service of staking on your behalf in exchange for small fees, a practice which can be convenient, but has its own associated risks. Staking is not resource intensive and can be accomplished on as small a device as a Raspberry Pi, so why not just stake yourself?

# HOW IS POSV V2 DIFFERENT FROM BITCOIN'S POW ALGORITHM?

PoW systems rely on hashing power to validate electronic transactions (commonly known as mining) which consumes a large amount of energy and makes mining prohibitively difficult for those that do not have access to powerful hardware and money for electricity. PoSV and the evolution to PoSV v2 is a method of securing the digital currency network through requesting users to show ownership and through rewarding both ownership (Stake) and activity (Velocity).For a complete comparison between PoSV and PoW, please read section 2.1 and 2.3 of our official "Redd Paper" on "PoSV v2: Enhanced Proof of Stake Velocity: Building the Social Currency of the Digital Age".

# HOW IS POSV V2 DIFFERENT FROM OTHER POS ALGORITHMS?

PoSV is designed to encourage both ownership (Stake) and activity (Velocity) which solves the problems that traditional PoS systems suffer from, such as unfair initial distribution, hoarding, lack of full nodes and multiple fork mining/staking issues. For a complete comparison between PoSV v2 and traditional PoS, please read section 2.2 and 2.3 of our official Redd Paper on "PoSV v2: Enhanced Proof of Stake Velocity: Building the Social Currency of the Digital Age".

# WHERE CAN I GET MORE INFORMATION ABOUT POSV, REDDCOIN AND REDDID?

You likely are reading this FAQ on the www.reddcoin.com website. There is much more information on the site, and we encourage you to engage and explore. As ReddCoin is a social currency, we also have active social channels on all of the major networks as well as a discussion forum at www.reddcointalk.org. If you'd like to chat with the team or other Reddheads, there are open chats on Telegram, SynQ and Discord, with more localized and language-specific chats for regional Reddhead preferences. We welcome your participation!

# I'VE QUESTIONS THAT WEREN'T ANSWERED, WHO CAN I ASK, AND WHERE SHOULD I LOOK?

There are a number of active informational and social channels in which we encourage you to engage, both to ask questions, and to learn more about Redd, download software and wallets, engage with members of the Reddhead community, share tips and knowledge, and become a part of the vibrant and amazing community that is Redd. More information and links are also available on our website at www.reddcoin.com. Lead developers like @TechAdept and @CryptoGnasher are often involved in daily conversation as well as developer presentations and are more than happy to engage directly with users for support or insight.

- **Main Website:** www.redd.love
- **Technical Website:** www.reddcoin.com
- **Telegram:** https://t.me/ReddcoinOfficial
- **Discord:** https://discord.gg/CSUGAKD
- **Twitter:** https://twitter.com/@reddcoin
- **Reddit:** www.reddit.com/r/reddcoin
- **Forum:** www.reddcointalk.org

For technical support or urgent issues, please email help@reddcoin.com. For less urgent contact requests, please use info@reddcoin.com