



Brief To eurToken (EURO)

A cryptocurrency strengthened by fiat currency provides traders a decentralized method of exchanging value while using a blockchain technology. The innovation of blockchain technology is an auditable and cryptographically secured global account. Asset-backed token issuers and other market participants can take advantage of blockchain technology, along with embedded consensus systems, to transact in familiar, less volatile currencies and assets. In order to maintain accountability and to ensure stability in exchange price, we propose a method to maintain a one-to-one reserve ratio between a cryptocurrency token, called eurToken (EURO)'s, and its associated real-world asset, fiat currency. This method uses the Bitcoin blockchain, Proof of Reserves, and other audit methods to prove that issued tokens are fully backed and reserved at all times.



Introduction

In ancient times and somewhere in modern world, gold is used as an asset in the world which people freely choose as a store of value, a transactional medium, or an investment. We believe the blockchain is a better technology for transacting, storing, and accounting for these digital assets. Most estimates measure global wealth around multimillion dollars [1] with much of that being held by banks or similar financial institutions. The migration of these assets onto the blockchain represents a proportionally large opportunity.

Cryptocurrency was created as “an digital payment system based on cryptographic proof instead of trust, allowing any two willing parties to transact directly with each other without the place of doubt on trust on third party.”[2]. Blockchain created a new class of digital currencies, a decentralized digital currencies or cryptocurrency.

Some of the primary advantages of cryptocurrencies are: low transaction costs, international borderless transferability and convertibility, trustless ownership and exchange, pseudo anonymity, real-time transparency, and immunity from legacy banking system problems [3]. Common explanations for the current limited mainstream use of cryptocurrencies include: volatile price swings, inadequate mass-market understanding of the technology, and insufficient ease of use for nontechnical users.



While the goal of any successful cryptocurrency is to completely eliminate the requirement of trust, each of the aforementioned implementations either rely on a trusted third party or have other technical, market based, or process based drawbacks and limitations.

In our solution, fiat backed cryptocurrencies are called “eurToken (EURO)’s”. All eurToken (EURO)’s will initially⁴ be issued on the Binance smart chain via the Omni Layer protocol and so they exist as a cryptocurrency token. Each eurToken (EURO) unit issued into circulation is backed in a one-to-one ratio (i.e. one eurToken (EURO) is one Euro) by the corresponding fiat currency unit held in deposit by organization. eurToken (EURO)’s may be redeemable/exchangeable for the underlying fiat currency pursuant to eurToken (EURO) Limited’s terms of service or, if the holder prefers, the equivalent spot value in Bitcoin. Once a eurToken (EURO) has been issued, it can be transferred, stored, spent, etc. just like bitcoins or any other cryptocurrency. The fiat currency on reserve has gained the properties of a cryptocurrency and its price is permanently *eurToken (EURO)* to the price of the fiat currency.



Our implementation has the following advantages over other fiat backed cryptocurrencies:

Stable value: 100% fiat-backed. Every token will have a one-to-one reserve balance in our segregated bank accounts.

- **Transparent:** Independent audit reports provided on regular intervals.
- **Highly liquid:** You can always redeem 1 eurToken (EURO) for 1 EURO or by trading with other digital assets on exchanges that list the stable token.
- **Powered by blockchain (Binance Smart Chain BEP-20 protocol):** eurToken (EURO) use Binance Smart Chain blockchain technology, the most well-known standard for smart contracts in the digital asset community. All transactions operate according to the rules of a smart contract on the BSC platform, eliminating human error.
- **No Middlemen:** Trust issues and redeems our stable token directly, allowing for increased security, transparency and service while lowering fees.
- **Liquid:** eurToken (EURO) will be available on exchanges globally against the most liquid digital asset pairs, allowing our stable token to be seamlessly accessed and traded.



At any given time, the balance of fiat currency held in our reserves will be equal to (or greater than) the number of eurToken(EURO)s in circulation. This simple configuration most easily supports a reliable Proof of Reserves process; a process which is fundamental to maintaining the price parity between eurToken(EURO)s in circulation and the underlying fiat currency held in reserves. In this paper we provide evidence that shows exchange and

wallet audits (in their current state) are very unreliable (i.e. flaws in Proof of Solvency [6] methods) and instead propose that exchanges and wallets *outsource* the custody of user funds to us via eurToken (EURO)'s.

Users can purchase eurToken(EURO)'s from supported exchanges who support eurToken(EURO)'s as a deposit and withdrawal method. Users can also transact and store eurToken(EURO)'s with any compatible wallet. Other exchanges, wallets, and merchants are encouraged to reach out to us about integrating eurToken(EURO) as a surrogate for traditional fiat payment methods.



We recognize that our implementation isn't perfectly decentralized since eurToken(EURO) must act as a centralized custodian of reserve assets (albeit eurToken(EURO)s in circulation exist as a decentralized digital currency). However, we believe this implementation sets the foundation for building future innovations that will eliminate these weaknesses, create a robust platform for new products and services, and support the growth and utility of the Binance smart chain over the long run. Some of these innovations include:

Mobile payment facilitation between users and other parties, including other users and merchants
Instant or near instant fiat value transfer between decentralized parties (such as multiple exchanges)
Introduction to the use of smart contracts and multisignature capabilities to further improve the general security process, Proof of Reserves, and enable new features.



Technology Stack and Processes

Each eurToken(EURO) issued into circulation will be backed in a one-to-one ratio with the equivalent amount of corresponding fiat currency held in reserves by Hong Kong based eurToken(EURO) Limited. As the custodian of the backing asset we are acting as a trusted third party responsible for that asset. This risk is mitigated by a simple implementation that collectively reduces the complexity of conducting both fiat and crypto audits while increasing the security, provability, and transparency of these audits.

CONTRACT SECURITY

Our system implements the following security features:

- 1) Offline keys: Specific keys like Owner, Deployer, Capper, etc., that approve high-risk actions are stored offline.
- 2) Dispersive keys: We use top secret sharing to disperse our important keys into different locations.
- 3) Approval Limits: For transactions sent from blockchain to an external third party, approval limits are in place to prevent large movements without appropriate permission settings and approvals.



Application of eurToken(EURO)

As the digital asset ecosystem continues to evolve, there are several near-term use cases which have sizable transaction markets already. Short-term use cases differ significantly from the longer-term use cases that we envision materializing. Near Term Use Cases

1. Volatility Hedging: Institutional and retail traders often protect downside movements by converting into a stable value asset during periods of extreme volatility. The vast majority of digital assets are highly volatile, with eurToken(EURO) providing a near-instant hedge without the fees and inefficiencies of fiat conversion.

2. Payment for Other Digital Assets: We believe that more and more assets will move onto the blockchain, including both hard assets and traditional securities. Digitized versions of fiat (e.g. stable tokens) will serve as the primary method for purchasing and redeeming these assets.

3. Fiat Equivalent for Trading: Currency trading strategies are popular methods to gain yield and/or hedge for institutional and retail traders. As we expand currency pairs, traders will be able to leverage these strategies with the efficiencies of blockchain-based fiat.

4. Clearing/Settlement: Stable tokens remove the restrictions inherent to the current financial ecosystem, allowing 24/7/365 settlement of assets with digitized fiat currency.

5. Alternatives to Market Incumbents: eurToken(EURO) offers a fully regulated, 1:1 asset backed solution, which could replace unregulated, partially collateralized stable tokens currently dominating the marketplace.



Longer Term Applications

1. Cross-Border Remittance: EURTOKEN (EURO) will function as a standard global payment and money transfer solution for the EURO based economy. Today's payment infrastructure having a very high fee and slow speeds, with average fees of \$35 plus foreign exchange rates, and 2-5 business days in settlement time. We seek to greatly reduce these.
2. Money Transfers: Our stablecoins are digital assets that can be easily and securely transferred anywhere at anytime, serving the global economy as a trustworthy medium of exchange with a universal understanding of its fiat-based peg.
3. Utility Trading: EURTOKEN (EURO) can be efficiently utilized for peer-to-peer ("P2P") energy trading transactions. We anticipate that this practice will increase as traditionally centralized services in the global economy move towards P2P transactions.



4. DApp Ecosystem: Decentralized apps, or DApps are applications that leverage blockchain technology to perform a service. The decentralized nature of a blockchain is what permits the creation of decentralized apps, and they are increasing in popularity. A stable token is particularly attractive for DApps, as it allows users to pay for goods and services with a token that is not volatile, so users can trust and use it. Likewise, merchants can accept it with a high degree of confidence that it will not suddenly drop in value the next day.

5. Banking the Unbanked: Many developing countries are suffering from financial crises or hyperinflation, leading people to lose trust in their countries' fiat currencies. Digital assets can potentially provide a trustworthy store of value to individuals in these countries, as well as unbanked individuals. According to the latest research by Global Findex, 1.7 billion adults do not have a bank account which accounts for 31% of the global adult population.

6. Trade Finance: Addressing trade financing issues for micro small scale and medium enterprises (MSMEs) is solvable through blockchain-enabled payment and settlement solutions. Our stable tokens can serve as the asset to better service trade-financing solutions for MSMEs.

7. Exchanges and Decentralized Finance: We will seek to offer DeFi options through our exchanges and DeFi applications partners.



Conclusion

The eurToken(EURO) Stable token System was designed to solve the crucial problem of stable exchange of value in the BSC ecosystem and the wider blockchain economy. We believe that the mechanism through which eurToken(EURO) is created, transacted, and retired, along with the direct Risk Management role of organization holders, will allow for self-interested Keepers to maintain the price stability of eurToken(EURO) over time in an efficient manner. The founders have established a well governance roadmap that is appropriate for the needs of agile development in the short term, but also coherent with the ideals of decentralization over time. The development roadmap is aggressive and focused on widespread adoption of eurToken(EURO) in a responsible fashion.