VERAONE

The stable cryptocurrency.

WHITE PAPER

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1. INTRODUCTION

a. Pitch

VeraOne is an ERC20 token based exclusively on gold which is stored in highly secure zones on the basis of a full (100%) counterpart, that is regularly audited by trusted third parties.

VeraOne's primary aim is to offer a stablecoin which provides a robust, reliable alternative to existing options which rely heavily on classic currencies (like the dollar) or on tangible assets. VeraOne has been offering its expertise in the precious metals sector for more than a decade now.

Thanks to the ecosystem has been a part of since its creation, VeraOne's mission is to foster the development of an exchange currency which can serve anyone, anywhere on the planet, who wants to be able to send value to other people, instantly and for free, including in underbanked areas.

This document presents our project: **VeraOne**, the stable exchange currency.

b. Editorial of the creators

Exactly 20 years ago, the bankers of the day were telling us that the Internet was just a passing fad. Nowadays, we hear similar rhetoric around cryptocurrencies, whenever we talk to people who are not interested in them. But does that mean they are just a fad? Simply because celebrities were telling us back in December 2017 that we should buy Bitcoin? And because the prices of cryptocurrencies tend to be volatile?

Price is of course a function of supply and demand, so rising prices are evidence of popularity. But the future of cryptocurrencies cannot be reduced to their value: it must be understood above all on the basis of their tremendous potential for use. And we are just now beginning to explore that potential, namely by means of stablecoins, that are the perfect fulfilment of cryptocurrencies as real exchange currencies, rather than as speculative instruments which are relatively limited in terms of their end goal.

In 2016, when the recognized survey company Opinion Way asked a representative panel of French people whether they thought that cryptocurrencies could be better currencies than the euro, only just over 10% of them responded in the affirmative. Two years later, in early 2018, that number was close to 20%. Awareness has been raised — and thankfully, not just about the idea of possibly getting rich with cryptocurrencies as assets (because, in early 2018, there was a very severe correction of cryptocurrency values). Today, most of our population truly

experienced 2008 and the serious crisis which followed it. That crisis revealed faults and limitations in our financial system, based on the trust placed in a small number of actors.

In fact, during the period following the collapse of Lehman Brothers, the founder of Bitcoin became well aware of that system's limitations. As he wrote in his white paper:

Commerce on the Internet has come to rely almost exclusively on financial institutions serving as trusted third parties to process electronic payments. While the system works well enough for most transactions, it still suffers from the inherent weaknesses of the trust based model. Completely non-reversible transactions are not really possible, since financial institutions cannot avoid mediating disputes. The cost of mediation increases transaction costs, limiting the minimum practical transaction size and cutting off the possibility for small casual transactions, and there is a broader cost in the loss of ability to make non-reversible payments for non-reversible services. With the possibility of reversal, the need for trust spreads. Merchants must be wary of their customers, hassling them for more information than they would otherwise need. A certain percentage of fraud is accepted as unavoidable. These costs and payment uncertainties can be avoided in person by using physical currency, but no mechanism exists to make payments over a communications channel without a trusted party. What is needed is an electronic payment system based on cryptographic proof instead of trust, allowing any two willing parties to transact directly with each other without the need for a trusted third party.

Nowhere did the creator of Bitcoin state that he had invented his cryptocurrency to allow people who had bought it for a value of 10 to be able to resell it going forwards at a value of 100. His plan was much more noble, intelligent and far-reaching than that. Unfortunately, the rules which he had himself "engraved in the blockchain" meant that the future of Bitcoin had been irremediably sealed and could only be that of the deflationary, speculative cryptoasset which it has since become.

At present, even our banks have come to fully understand these issues and have stopped trying to tell us that cryptocurrencies and the broader world to which they are attached, namely blockchains, are a mere fad. Financial institutions have seen the eminent utility of blockchains in helping their business to evolve: instantaneity (or nearly), better transaction traceability (which is good for its duties in respect of preventing money laundering and terrorist financing), free operations and inviolable protocols. Some of the most pragmatic major banking and financial institutions are now experimenting with cryptocurrencies for those reasons. Some even want to create their own cryptocurrencies.

It is our opinion that, 10 years from now, Bitcoin will still exist but will most likely be perceived as the dinosaur which made it all possible. It will undoubtedly be deposed by cryptocurrencies which are more effective for private exchanges. Whether or not it is successful, Facebook's Libra

project is an early cornerstone of this new trend. And VeraOne offers an alternative to this, a sort of healthy rival, designed for those who, like us, worry about the abuse of their personal data or fear a default in collateral.

Today, we are certain that cryptocurrencies will be our future in terms of day-to-day practices. Even if they do not replace our national currencies, they will be able to fill in any gaps where those currencies are limited due to their general nature. The future belongs to cryptocurrencies as alternative currencies, that are effective because they are targeted or allocated for specific uses.

The 1974, the Nobel Laureate in Economics, Friedrich Hayek, would have loved cryptocurrencies, that he would have seen as the ultimate fulfilment of his theory. According to that theory, currency should be neutral, and this is completely incompatible with management by the State, that necessarily orients currency according to its needs, those of its economy, or even of its ideology.

Humankind now finds itself at a turning point where we are facing global issues (such as major climate change) and where the economic rivalries which we are currently witnessing are counterproductive if we want to begin to devise a common, collective response. “By design” and by economic model, our currencies are incompatible with the resolution of these challenges. Worse still, they actually intensify their effects.

The emergence of cryptocurrencies helps us to transition our economies, which remain highly national, towards an economy which is more global, but also healthy and sustainable. They are probably the only solution for resolving global problems. We believe that cryptocurrencies will have their role to play in that major endeavour. But they will only be able to succeed if they manage to shed their speculative nature, that warps the end purpose of their use and actually makes them worse than what they are fighting. As a result, it has become obvious that the candidates most likely to triumph in this task are stablecoins first and foremost, those cryptocurrencies which benefit from the power of the blockchain whilst being backed by assets of generally stable value and taking advantage of the liquidity of vast, secure markets which are already mature.

In conclusion, we would like to cite Christine Lagarde, President of the European Central Bank and former Managing Director of the IMF. In early 2018, she said:

“Whether Bitcoin’s value goes up or goes down, everyone is asking the same question: What exactly is the potential of cryptoassets? The technology behind those assets, namely including blockchain, constitutes an exciting advance which could help to revolutionize domains in addition to finance. It could for example boost financial inclusion by providing new low-cost

payment methods to people without a bank account and, at the same time, offer new means of action to millions of people in low-income countries."

At VeraOne, we are fully engaged with this vision.

2. CHALLENGES AND VERAONE'S SOLUTION

a. Resolving Problems of Cryptocurrency Volatility

Although a majority of cryptocurrency users/holders are seeking precisely that volatility, from a perspective of speculative efficiency, that same volatility is now a hindrance to cryptos being recognized and used as currency.

What e-commerce website would accept Bitcoin or Ethereum as payment, other than for a marketing operation, when that website will have to pay its own suppliers in a traditional currency? It is clear that this website must either agree to take a risk with its margins (on the basis of a crypto-positive marketing policy), or else it must immediately hedge its losses by means of a fiat currency. However, that same website undoubtedly has customers and suppliers around the world using a variety of different currencies.

So, how does a company choose the right hedge currency? Should it use the US dollar? Nowadays, it can be complicated and/or expensive to exchange Cryptocurrencies for dollars in a bank account. Of course, there are stablecoins backed by the dollar which allow for this type of transaction. Those tools however can be dangerous, because the collateral is not 100% guaranteed (see source). Next, there is one basic question to ask: at the end of the day, is the dollar the ideal choice? If the company's suppliers are Swedish, Polish, British or Japanese, intermediary currencies — and therefore additional expenses and/or complexity — get involved. In any case, a risk must be taken. The US dollar is neither universal nor stable, and it is the currency of a country which unilaterally sets its rules of use for the entire world.

And on a fundamental level, there is the matter of whether or not it is healthy to back a stable coin against an asset like the dollar, a currency which in no way shares the values which led to the creation of today's major cryptocurrencies? Should a currency which lost more than 90% of its value in 50 years be the standard in underlyers for a stablecoin? What a paradox!

The VeraOne stablecoin is the fruit of a firm choice to take advantage, in real time, of the lasting value of gold and its legendary stability in the face of any monetary system, including volatile cryptocurrencies. Whether for a few hours, days or months, using the VeraOne stablecoin puts an end to the volatility of cryptocurrencies, or even certain currencies, between two

transactions, by means of an asset known for its stability (if you consider the value of gold in relation to the average value of recognized fiat currencies). In certain circumstances, volatility may be desirable, while in others, it is to be avoided. Fully owned gold is the ideal choice for hedging a position and for protection against excessive fluctuations in value.

b. Sending value around the world, instantly and for free

For more than 20 years now, it has seemed perfectly normal to be able to send information, even in very large quantities, instantly and at no cost, by email or by any other form of instant messaging. So, why is it still not truly possible to send value instantly and for free from one country to another, when the two use different currencies?

And yet, looking only at the market of private individuals who send money abroad, there are now 100 million people concerned and €600 billion transferred each year, rising at a rate of 4% annually. With an average of 7% in remittance fees charged on €200 sent, this is still too costly, and much work remains to be done (see source). And that is just the market of current users. The market of people who might send value around the world would be much larger than 2 billion individuals, if that could be done instantly and for free.

Neobanks have been aware of this for years and have attempted to provide solutions, although they are still unable to offer transfers which are both free and instantaneous. This is only to be expected, as they rely on traditional financial systems and only offer the appearance of free transactions through successive financing campaigns in order to capture market share. There can be no doubt that, once the sector's concentration phase (mergers and acquisitions) has passed, those free services will become very expensive in the interest of the financial balance of those structures, that are now extremely fragile.

Thanks to its VRO token, VeraOne makes it possible to very easily transfer value from any wallet which supports ERC20 tokens. VRO tokens represent the amount of gold owned (1 VRO = 1 gram of pure gold). The myetherwallet.com and metamask.io wallets are the most commonly used for such transactions, although any other wallet capable of handling transfers of ERC20 tokens between third parties can be utilized.

c. A new, positive meaning for money

Endowing money with positive meaning will necessarily require a change in our perspective on it. For this to happen, money will need to rid itself of all the defects accrued by currencies over the past decades. In other words, it will have to reclaim its exclusive utility as an exchange instrument, but still remain free to use, simple yet powerful, and above all, a vector for positive values. This has now become more than a demand, but almost a social and environmental obligation.

The first step is to open it up geographically. In this era of instant, massive communications, freedom of information on a global scale, and worldwide networks which literally make us all the neighbours of any other connected individual on the planet, how can we still accept monetary systems which are so rigid that they have become ineffectual?

Next, everyone agrees that sustainable development and the ecological transition have passed the stage of being mere options, but do we have the right money to see those essential challenges through to fruition? Debt-based currencies, that aim for infinite growth in a world which is by definition finite, are not a good solution, as we are all aware. But we will continue to make do with them, so long as there is nothing better on offer. Does that mean though that we must accept mediocrity, just because it has been our everyday life for more than 60 years?

Thus, VeraOne is the result of a collaboration with partners that are very strict in respect of the provenance of gold, and guided by LBMA (London Bullion Market Association) certification, for which specific criteria must be met, including compliance with human rights in gold mines and the prevention of money laundering and terrorist financing.

Systematic customs controls guarantee the sourcing of the gold used by VeraOne. For example, precious metals which come directly or indirectly from conflict zones and other mines known for their bad practices are not allowed in our vaults.

To analyse just the impact of the gold used by VeraOne in terms of CO 2 emissions:

• 34% of purchases are covered by selling users. This change in token ownership concerns gold which is already in the system, so the only environmental impact of that gold is the same impact as the Ethereum blockchain;

• 66% of purchases must be supplemented by gold from outside the VeraOne system, due to an insufficient internal supply. That external input breaks down as follows:

◦ 65% LBMA (low environmental impact) recycled gold,

◦ 20% covered by requests internal to our group (gold which is already in the system, with no environmental impact),

◦ 15% from partner mines.

In short, 47% of the gold sold through VeraOne has a very low impact, 43% a low impact and 10% a high impact, although we are working to reduce that to 0%. When our clients transfer VRO amongst themselves, by means of P2P exchanges, the environmental impact is close to nil, regardless of the distance between the users. This is possible, because those transfers are simply changes in the ownership of precious metals: the transactions are all covered by gold which is already in the system. As a result, the only impact is the one generated by the recording of transactions in the Ethereum blockchain.

Nowadays, in view of the quantity of gold currently available worldwide (approximately 190,000 tons according to Thomson-Reuters and GFMS in May 2018) and of our ability to recycle gold ad infinitum, there appears to no longer be a need to extract additional gold. We believe that recycling alone — which is completely respectful of the environment and humankind — is sufficient to meet demand. VeraOne has adopted this as a strategy and acts as a spokesperson for this belief.

d. Securing Assets

Preserving asset value as laws on cryptocurrencies evolve in their disfavour

Because the use and possession of gold is very broadly legal around the world, even in conflict-riddled countries, it now makes for an ideal fallback position, if for example the use of cryptocurrencies should become limited, or even prohibited. The gold offered by VeraOne would then provide the perfect temporary or permanent substitute, without having to go through fiat currencies, that you may want to avoid under certain circumstances or that you simply may not wish to procure.

Securing assets whilst avoiding the risks of stablecoins partially backed by fiat currencies

One compelling reason for creating VeraOne was to overcome the doubts we all share in relation to existing stablecoins. At our group, which specializes in the secure storage of value, we believe that the current portfolio of stablecoin tokens is inadequate if not dangerous.

So, we began thinking about what we are looking for and whether or not that could be found in present-day offerings. The answer to that question was no and launching VeraOne became a duty :

	VeraOne	**FIAT-backed Stablecoins**
Independant to third-parties	**Yes**	No, they rely on banks to be conform to the law. The counterpart risk is high.
Anonymity of the clients	**Yes, Only VeraOne hold the details of the clients because it is in a position to be the only actor to possess this type of information.**	No, the service providers working with these operators are required to give details about their clients.
A change in the contract or GCS in the case of a change of service provider	**No**	Yes, these stablecoins depend on general conditions of their partners to sell their services
Storage	**Ports Francs de Genève**	**Banks specialized in funds protection.**
Regular Vaults Audits	**Yes : ALS GLOBAL.** **It takes 15 days of exhaustive physical inspection of the content of the vaults, and so, of the precious metal, in order to audit the hundred of thousands of products backing the clients investments.**	No. An audit does not mean an automatic report in real time, even placed on the blockchain. An audit is a physical, exhaustive analysis ensured by assermented professional and experts habilitated to deliver a report of the quality and the quantity of the promised counterpart.
Independance between the account manager, the vaults owner, and the security service provider opening vaults and handling coins.	**Yes (total)**	No, fiat-backed stablecoins issuers are only resellers of the service provided by bigger issuers to which they back their currency to offer the service they offer to their clients. And if it is not the case, then it is worse, and the client risk is maximal

Home delivery, of all underlying products	**Yes (with VeraOne or VeraCash)**	No, it would be complicated because the counterpart is frequently partial and in the majority of the cas there is no logistical service provided along the stablecoin service.
Insurance on the globality of the product	**Yes (on 100% of the matter, against any type of theft)**	No
Retrait intégral des produits sous-jacents	**Yes (With the Vera One coin on-demand)**	No

But how is it possible for VeraOne to positively tick each box?

We are able to assume our independence whilst continuously guaranteeing complete security for our users, because we are monitored by more than eight entities, each of them independent from the rest:

- Our internal inspectors continuously ensure the probity of our system, particularly our computerized registers of associated with the physical materiality of the products in our vaults, and are empowered to verify our teams' integrity at any time;

- The Free Ports of Geneva make sure that we follow good practices for our business;

- A comprehensive annual audit is performed by the trusted independent third party, ALS Global, a firm which specializes in auditing companies in the precious metals sector; the goal is to ensure that, at the time of the audit, we are physically in possession of the metal we have recorded for our users in our electronic registers (and, for VeraOne tokens, in the Ethereum blockchain);

- Our statutory auditors verify the alignment of our purchases of metal with what we owe to our users as collateral and that ALS Global is operating correctly;

- French and Swiss customs inspect us frequently and regularly, without notice, checking for consistency between our customs documents and the contents of our vaults and verifying that the products are indeed assigned to their rightful owners by monitoring our police register;

- We have insurance with Lloyds, covering 100% of the value of the inventory stored for our clients;

- We manage access to the vaults and strongrooms with a specialized security company, such that neither we nor they may access the metals without the other party's access information;

- Lastly, an association of users of our services verifies all the procedures and appoints different people each year to be present for the entire duration of the ALS audits.

Because this has been our business for the last decade, and our day-to-day mission has been to serve our thousands of users as well as possible, no other stablecoin offers its users as many checkpoints and as much security as we do. We know all too well that presenting a list of ingots recorded in the blockchain and updated in real time is completely insufficient, even if that list comes from a reputable intermediary, because it will not prevent any serious deviations. And so, our objective is to be a role model for the storage of gold on behalf of third parties.

3. VERAONE: A "GOLD" STABLECOIN AND A MATURE ECOSYSTEM

a. Buying gold under optimal conditions with reputable cryptocurrencies

We believe we offer the most mature service for acquiring gold by means of reputable cryptocurrencies like Bitcoin and Ethereum. The quality of an acquisition of gold is measured over the entire period of ownership of the precious metal, beginning with the purchase of course, by way of its conservation, but also and above all through to the quality and speed of its resale.

With VeraOne, we offer a proven model which enables purchases of gold at the best price, its storage under ideal security conditions and the ability to resell it very quickly, at the best possible price by a variety of means: on the VeraOne platform but also through partners or via the pillars of our ecosystem (coins which serve as valid legal tender, debit cards, a wallet used to manage and send assets, and so on). VeraOne allows gold to be negotiated at a price as close as possible to the international spot rate, with a guarantee of maximum security.

b. Already a reality with more than 10 years of experience

Over the past decade, tens of thousands of users of our services have already placed their trust in us to secure their precious metals.

The group that created VeraOne has been the leader on the French market for gold sales and purchases beginning in 2009, offering storage in high security vaults. Since 2012, we have also

become well accustomed to the tokenization of valuable tangible assets. In 2016, we successfully conducted a blockchain project dedicated to securing our product registers. And so, issuing a stablecoin was the next logical step for our business, allowing us to extend the benefits of our vast experience with precious metals and the digitization of tangible assets to our users, without any loss of counterparts. As a result, we have the oldest gold-backed token, and it has now become standard procedure to make it safely negotiable by means of the Ethereum blockchain.

Given the quantity of gold which we store for our clients today, if our group were a country, we would be amongst the top 90 countries holding gold on behalf of their citizens

c. VeraOne, the coin

VeraOne is not just a token: it is also a coin which is minted in close partnership with the State of Gibraltar, more specifically with its Ministry for Economic Development. This collaboration thus allows us to offer the only token that can be physically materialized in a deliverable coin which is valid legal tender and whose entire production chain is under our control.

Its face value is 2 Gibraltar pounds (GIP). Weighing just 1 gram, its originality is immediately evident thanks to its rectangular shape… But no, it is not an ingot. It is indeed a coin, because of its face value registered in Gibraltar.

By request, VeraOne coins allow our clients to have their tokens delivered to them in material form so the gold can be stored at home as a sort of “survival kit”. The robustness of the blockchain registers and of our secure holding systems do not prevent clients from having gold at home and will never replace the pleasure of touching a beautiful product.

VeraOne is made with gold which is guaranteed to be LBMA compliant.

Characteristics: Maximum purity at 999.9 parts of gold per 1,000: each side produced by our refiner is then minted and placed under a secure seal.

Legal tender worth 2 Gibraltar pounds (GIP): the coins are convertible because officially recognized by the Government of Gibraltar.

Eco-friendly coins: the majority of the pure gold in each coin comes from the recycling industry. Our partner is recognized by the LBMA, guaranteeing both the quality and the provenance of the gold.

d. The VeraCash wallet and payment card

VeraCash account, payment card and currency are backed by physical gold and silver. VeraCash accounts are outside the traditional banking system and are open to the general public, both individuals and companies within the European Economic Area (EEA). Crediting your account means buying precious metals: euros are immediately converted into precious metals and expressed as VeraCash (VRC) units. VeraCash offers two unique means of payment including a Mastercard payment card and peer-to-peer money transfers.

The VeraCash card is both an ordinary and a unique card. It is ordinary, because it is a payment card that is accepted around the world, by more than 40 million merchants and by 2 million ATMs. But it is also unique, because it is backed by VeraCash, a currency indexed to precious metals.

From the VeraCash app or the website, its is very easy to send precious metals to family and friends at any time. Like many apps in the market, sending VeraCash requires an amount, a recipient (IDpseudo or email) and a reason for the transaction. It only takes a few seconds for your recipient to receive your VeraCash, unlike bank transfers, which can take up to 48 hours. Money needs to be able to circulate quickly: VeraCash re-establish physical gold and silver as a currency.

e. Use cases of VeraOne

● If you are an individual who owns Bitcoin or Ethereum, but you want to diversify, protect your savings using gold, and buy gold at the best possible price and with the best security guarantees.
● If you need an exchange currency of stable value on a global level, that allows you to instantly transfer value at a reduced price, even in areas whose currencies are not convertible or are highly volatile.
● If you are between two Bitcoin and/or Ethereum transactions and need to hedge against their volatility or the volatility of fiat currencies, including the US dollar.
● If you are a company with subsidiaries in areas with currencies which are non-convertible, whose use is prohibited or which are impossible to hedge due to their extreme volatility, we have solutions that will allow you to re-create value streams within your group which are legal anywhere where gold can be lawfully used.

f. Key Dates

Key dates leading to the creation of VeraOne:

● 2009: Foundation of AuCOFFRE.com in France, a platform on which private citizens can sell and purchase precious metals, offering highly secure storage
● 2010: Launch of LinGold, AuCOFFRE.com's international platform
● 2011: AuCOFFRE.com mints its first gold coins and creates a brand: VeraValor; since then, more than a million VeraValor coins have been minted in gold and silver, placing the brand in a leading position for European private actors minting coins which are valid legal tender
● 2012: AuCOFFRE.com launches the VeraCash card, the first payment card backed by a tangible precious metals account
● 2015: Launch of the VeraCash wallet, backed by precious metals and usable with the VeraCash MasterCard or a mobile app
● 2016: AuCOFFRE.com successfully demonstrates its proof of concept for the implementation of its transactional system on a Hyperledger blockchain
● 2017: VeraCash raises funds for its expansion and wins multiple awards for its innovations
● 2018: Agreements are signed with Gibraltar's Ministry for Economic Development to issue VeraValor coins which are internationally recognized legal tender, including VeraOne.
● 2019: AuCOFFRE.com, VeraCash, VeraValor and LinGold unite to take advantage of their 10 years of experience with precious metals and create VeraOne, both an ERC20 stablecoin backed by gold and a 1 gram gold coin usable as valid legal tender.

4. WHY PHYSICAL GOLD ?

a. Gold is the oldest cryptocurrency

Gold is probably the longest-standing cryptocurrency in the world. Why is that? Creating gold out of anything other than gold is just as impossible today as creating a copy of a bitcoin. The physico-chemical nature of gold guarantees the inviolability of its innermost nature. But not only does gold have a unique molecular nature: over the ages, it also became a currency accepted by all, that no public or private institution has managed to control or direct the supply and demand (and therefore the value) on a lasting basis. Just about everyone has appropriated gold to a certain extent, but no one has ever truly managed to command it on their own. Even the US, which had attempted to control gold by using it to back the dollar from 1944 to 1971, was unsuccessful. In fact, that effort actually backfired on the country (…) **Read the full article here.**

b. Why back VeraOne 100% against physical gold ?

After talking about what VeraOne is, it is also important to explain what it is not, and why: VeraOne is not paper gold. “Paper gold” refers to gold purchased in the form of contracts which are negotiable on the stock market, backed by fractional gold reserves or else merely replicating movements in the price of gold. Financial instruments reproduce the performance of gold as a market index, allowing for indirect speculation on the precious metal.

Paper gold poses the same risks as any share or index (Dow Jones, CAC 40, etc.): volatility, risk of default of the company issuing the contract and so on. This is what happened in September 2008, when the American insurer AIG was on the brink of bankruptcy at a time when it was the world’s biggest issuer of certificates hedged against gold.

Moreover, actual, existing gold only represents a very small fraction of those promised sales. Because it only replicates an index (the price of gold), a gold contract does not need to be backed in full by a physical underlying asset. As a result, those financial instruments are covered by fractional gold reserves. In other words, for 200 futures contracts or certificates, there may only be one ounce of actual gold which is available and deliverable. And that may well be an overestimate… What could be easier to manipulate than contracts based almost solely on promises?

Since GATA (Gold Anti-Trust Action Committee) expressed its first suspicions, major banks (like Deutsche Bank, HSBC, UBS, Crédit Suisse and Barclays) have been heavily penalized, compelled to pay large fines for collusion and proven manipulation of the replicated price of paper gold.

This makes paper gold an instrument which is more or less reserved for an informed public who should not expect to find in it the same interest as physical gold, particularly its liquidity.

Naturally, VeraOne could not possibly be backed by paper gold, because our token is there precisely to allow its holders to protect themselves from something against which paper gold is powerless: counterparty risk. If the issuer of an ETF should dissolve, you would lose access to the (partial) counterpart to which you are entitled. With VeraOne, even if our organization should become defunct, you would retain full ownership of the physical gold held as security.

Behind the VeraOne token is only physical gold, with a counterpart of 100%

By definition, physical gold is real and palpable, something you can touch. It refers to all the gold products which you can store or have delivered to you. Along the production chain, physical gold ranges from the nugget to the most elaborate jewellery, by way of ingots, coins and medals.

Gold tends to be purchased as protection in the event of a crisis, or even to pull out of banks entirely, which is not the case with paper gold that is tied to the financial system and must follow all its rules. It is difficult to contend with a material modelled after a system against which you want to protect yourself.

For that reason, and from a perspective of precautionary savings, the most appropriate products are gold coins and ingots, physical and materialized. We have placed gold from ingots behind our VeraOne tokens. But anyone interested can also explore the associated services offered by our partners:

- VeraCash, which offers a wallet with a precious metals account, for which clients can choose between coins and ingots as the counterpart;

- VeraValor, that allows clients to receive VeraOne tokens directly at home, in the physical form of a 1 gram rectangular coin which is valid legal tender.

Lastly, it would be impossible to meet the requirements of using gold as precautionary anti-crisis savings if our token's counterpart did not offer 100% cover. **To put it clearly, if at any given moment, 4 million tokens have been issued, we have exactly 4 million grams of gold stored in our high security vaults, at the same time. So, the debate encountered in respect of certain stablecoins, which seriously endanger their users because they only have a portion of the equivalent in dollars of what they are supposed to guarantee to those same users, is not an issue for us. Our partners, our auditors and the authorities which regulate us are there to confirm, on a regular basis, that we offer total cover in this respect.**

c. Is gold in the form of a token a good exchange currency ?

Consider how Aristotle saw money. According to him, it is defined by three functions: it is a unit of account, a store of value and a medium of exchange.

Money as a unit of account

Central banks tell us that few prices in the world are expressed in gold, Bitcoin or cryptocurrency in the broadest sense of the term. A champion of cryptocurrency might respond that more Bitcoin is issued in value and used each day than there are Gibraltar pounds in circulation, even though they are recognized as an official currency in their country. A champion of gold might argue the same thing even more easily, as the 171,000 tonnes of the precious metal at humanity's disposal are worth more than 7 trillion US dollars, and gold trading represents nearly $100 billion changing hands every day on the London and New York Stock Exchanges.

Money as a medium of exchange

Detractors would then say that current cryptocurrencies are too volatile, that it is hard to use to pay and, worse still, that their transaction fees are high compared to traditional currencies. This excludes them from aspiring to be the media of any exchanges. At the end of the day, this is laughable, if you consider what drove the creation of Bitcoin for example. Here again, champions of cryptocurrencies might retort that Bitcoin is not as volatile as the Argentinian Peso and clearly less so than the Venezuelan bolívar, even though those are currencies of sovereign States. In passing, it should be noted that, just 10 years ago, Venezuela was still one of the richest countries in the world. It even created a State cryptocurrency, the Petro, in an attempt to restore trust in the national monetary system and boost the economy. Imagine that cryptocurrency volatility was really a problem. In that case, who could argue against the age-old stability of gold, including in the form of a stablecoin which follows its international price? In general, gold can still purchase the same quantity of things today as in the 1970s, although the US dollar lost 97% of its value over that same period. And as for fees, are our fiat currencies really free? Clearly not. There is no financial transaction which comes with no direct or indirect fees, due to the fact that the issuing of currency is linked to the award of credit.

Money as a store of value

On this subject, private banks and central banks will argue that crypto-assets come from "computing power" and that they have "no real underlying assets". That argument is understandable. And yet, its tenability is enormously problematic. What are the banks (whether private or central) talking about when they mention an absence of real underlying assets? Are they trying to suggest that our euros and dollars are still backed by gold? Because unless we are mistaken, they are not. Our banknotes and coins have no intrinsic value and, at any rate, only represent a minority of the money supply today. So, what exactly are the euro and the dollar? For the most part, deposits are made up of credit. In short, our national currencies have all

followed the same rule since 1971: they are backed by our future work. So, one might say that, in respect of "real underlying assets", gold easily comes out first, as the customary practice today is that its price is set by the world of industry and jewellery, Bitcoin is not so bad off since it is backed by work which has already been done (the famous "mining"), and our debt-based money loses by comparison, because it is only backed by future work. And we do all certainly hope that that future work will come to pass.

Accountants the world over tell us that the accounting concept of prudence requires the recording of unrealized capital losses and prohibits the same for unrealized capital gains. In assigning value to our national currencies based on future work, we have had a monetary system for the past 50 years which does not apply to itself the accounting rules which are self-imposed by any serious company. Yet the central banks want to give cryptocurrencies a lecture? Worse still, a lecture on gold, which they buy up in massive quantities at the same time? To us then, the central banks' remarks about the store of value is like listening to a pyromaniac firefighter.

But also…

Detractors claim that real currency is necessarily issued by a State. **This is false.** Real currency is currency which is recognized as such for everyday uses, as a result of the trust that it inspires. The past has shown us that industrialists and small private banks are able to issue currencies which surpass all the rest, particularly in cases of defaulting public authorities. Our monetary memory seems to be limited to the last 70 years, despite the fact that many inventions were successfully tested before our current monetary system began to slide out of control.

To sum up :

Our central banks, which were largely to blame for the crises of 2008 and 2011, are now being criticized from every side. As a result, the currencies they guarantee are likewise called into question. Those same currencies are issued in part by the credit facilities granted by private banks, behind which is a system of fractional reserves meaning that our currencies today are based solely on the trust we have in our governments, our private banks and our future capacity to work to repay our debt. That is a lot to believe in. And yet, this model forms the bedrock of our modern-day economies.

But a system like VeraOne, that decides to be backed by a full counterpart in order to cover its users' deposits, in the form of a tangible, physical and age-old asset like gold? Now that is a project which thoroughly satisfies the expectations we have of a **valid, sustainable exchange currency.**

d. Final comparison between "currency stablecoins" and a "gold stablecoin" like VeraOne

		Reputable FIAT-backed stablecoins	VeraOne gold-backed sablecoin
1	Short- term volatility	Low	Low
2	Medium-term volatility	Average	Average
3	Long-term volatility	Average	Low
4	Counterpart	Incomplete	Complete
5	Counterpart risk	High	Limited
6	Legal risk of the stablecoin	High	Limited

1. On the whole, gold and today's currencies display similar short-term volatility. This level of volatility (low) is excellent when compared, for example, with cryptocurrencies and the currencies of problem countries.
2. Like with gold, today's currencies are not protected against developments which could send them soaring or plummeting. Just look at the euro in 2011, the Swiss franc in 2015 and the pound sterling ever since the Brexit referendum. Even the dollar is not immune to this volatility, which in its case is often caused by new budget and trade policies.
3. Over the long term, fiat currencies lose significant value due to inflation. For its part, gold remains stable over 30 year cycles. The French philosopher Voltaire already had an opinion on the subject back in 1729: "Paper money, based solely on confidence in the government printing, eventually returns to its intrinsic value — zero".
4. It was recently proved that stablecoin operators did not offer complete cover and, as a result, used that difference as a margin to finance their business. This is a fundamental point because, without a status as a lending institution, this practice is perfectly illegal, especially when the exact opposite — and therefore misleading — information is provided on the institution's website. Beware: if this principle were pushed just a little further (low cover with a minor fractional counterpart), it might look something like a Ponzi scheme. In the case of the gold VeraOne holds for our users, this cover is complete and certified by audits.
5. The organizations which offer the different kinds of stablecoins can go bankrupt. But what happens to the owners of the underlying assets in the event of liquidation? In the case of issuers of stablecoins offering incomplete counterparts, this is a major risk. In the case of gold, it will be transferred to its owners in one form or another. Then, there is the risk relating to the underlying asset itself. A fiat currency can fail. In that case, it is no longer a valid counterpart. This nearly occurred in 2011 with the euro. But there is no risk with gold: it does not represent a debt, no major deposits have been found (and if there were, their existence would not be publicized in order to avoid a drop in price), it has a variety of industrial uses, and the cost of its extraction is fixed and known.

6. It would be hard to ban a platform which issue gold-backed tokens: before being considered as a cryptocurrency, its business would be viewed first and foremost as the sale of gold, an activity which is perfectly understood and regulated around the world. Gold is no one's operational property, so no one country can impose on another its dictates concerning the use of gold by a platform which offers it as an underlying asset. The situation is different for currencies. First, the use of currencies is governed by much more restrictive frameworks, beginning on the simpler end with the status of money changer and going as far in some cases as institutions which issue e-money, payment institutions or even lending institutions (banks). The majority of stablecoin issuers do not possess any of these statuses and so are operating illegally when they trade in currencies as they do at present. Second, it is perfectly conceivable that countries might prohibit the use of their currencies on this type of platform, regardless of the country from which it is managed. This is true of the US dollar for example, which remains the property of the Fed, even when used by platforms based in Jersey, Gibraltar or Malta. Remember the multi-billion dollar fine paid by BNP after using dollars for financing activities in Iran at a time when the country was under embargo. There can be no doubt that, if stablecoins were to emerge in competition with fiat currencies, governments would invoke their sovereign rights to prohibit the use of their currencies as counterparts. This would in turn make it difficult to continue that type of business activity and would block the stablecoin users' assets. This is impossible with gold though, whose trade is neither organized nor regulated by any country in particular.

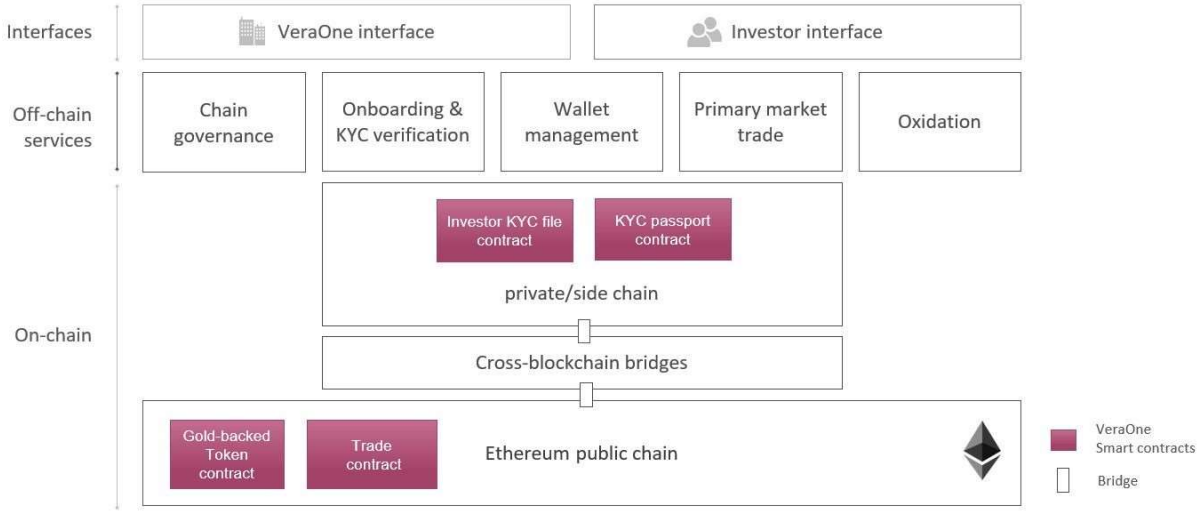
	Nature of the underlying asset	**Dollar/Euro/etc.**	**Physical gold**
7	**Long-term loss of value**	important	None (it is the contrary)
8	**States control**	important	Limited
9	**Private banks control**	important	Limited
10	**Universality**	Average	Excellent
11	**Risk on the underlying asset**	important	Low
12	**Environmental and social qualities**	Low	Average to excellent

1. Simply compare the values of gold and the dollar in the early 1970s and their values today. In particular, compare what those values can buy. There, you can see the major loss in value of the dollar over the space of 50 years, compared to the value of gold which actually rose over the same period.
2. By their very nature, fiat currencies are controlled by the State, which defines the legal framework and the rules for issuing money. Gold is not controlled by anyone in particular but is instead overseen by all, and its extraction and recycling are limited by geology and by the principles of supply and demand.
3. Fiat currencies are chiefly issued by private banks when they grant credit facilities to businesses and individuals. The gold market's price is set by a pool of banks, but none of them has a leadership role over the others, and they merely reflect global supply and demand. Gold price manipulation has occurred in the past but is typically short-lived and is now sanctioned (with HSBC, UBS, Crédit Suisse and more paying tens of

millions of dollars in fines for manipulating foreign exchange markets and commodities markets, including gold).

4. Gold enjoys positive recognition and is accepted in every country. And even though countries may occasionally impose substantial limits on its trade, its positive image remains intact in the minds' of their citizens. The same cannot be said of currencies. First, there is no natural, immediate recognition by countries other than the ones where they are issued. This makes sense, because a currency is linked to a country (like the US) or an economic area (like the EU), so an exchange rate system is necessary for it to be accepted elsewhere. Each currency also transmits its country's culture. This means that a currency may be banned or rejected by the populations in certain regions (like the dollar which is hated in certain parts of the world, because it represents the US and their values, and the South African rand during the era of apartheid).
5. No fiat currency has been able to show that it can endure for several hundred years, and the underlying economics tend to drive their value downwards towards zero. Gold has been an official or unofficial currency — or at least an exchange currency — for nearly 6,000 years without interruption. There is no reason for that to change when we see that it has managed to go digital today and to meet the challenges facing it with the appearance of cryptocurrencies.
6. Gold today even meets the environmental challenges which had previously been problematic for it in order to achieve positive recognition, in addition to popularity. When asked, people may spontaneously respond that gold is dirty and pollutes. And this is true when it comes to its extraction, particularly illegal mining which takes place under unsafe conditions for workers and uses extremely polluting chemicals. But nowadays, extraction can be done cleanly and in a way that is safe for people. LBMA certified foundries (the only kind with which VeraOne works) are committed to that type of extraction, whose principles are enforced by all the actors along the value chain, including customs authorities. In addition, people like us believe that gold mining is no longer necessary. In a world which is fully capable of recycling gold, with very little of the metal lost, it would certainly be possible to envisage a gold market based almost wholly on recycling supplemented by marginal, highly supervised extraction. The vast majority of gold which we use in our business today is recycled, with just 10% of it newly extracted. Add to this the fact that, in our case, a change in the ownership of a given quantity of gold has no impact other than that of the servers used to execute the transaction. The same cannot be said of fiat currencies, or debt-based currencies, whose model of existence is based on issuing money through the creation of credit facilities and destroying money through their repayment. In human and environmental terms, this means we are compelled to always do more and to mortgage our futures (our work repays our credit facilities) in order for our monetary system to function. In other words, our current monetary models operate on a vicious principle of infinite growth although we all know we are living in a world which is, by its very nature, finite. It would be much easier for us today to tackle and resolve our major environmental challenges if the very model underpinning our economies were not pushing us in the opposite direction. And so, at VeraOne, we consider fiat currencies to be the worst possible solution in respect of human life and the environment. Worse still, they are the root causes of the climate change we are experiencing at present, because their economic model incites us to produce and consume ever more.

5. SMART CONTRACTS AND TOKENIZATION



VeraOne has issued gold-backed coins where 1 gram of gold equals 1 coin. So, the price of the coin is always equal to the current international price of gold. Further, the grams of gold are stored by a trusted custodian, La Société des Ports Francs et Entrepôts de Genève S.A. (PFEG), and can be traded with other coin holders.

The tokenization of gold allows private investors to enjoy the lowest possible costs of buying and selling gold using Bitcoin or Ether. The gold is 100% the legal property of the investors and is fully insured and held in Swiss vaults.

VeraOne tokens are kept in an Ethereum wallet as they are ERC20 tokens, so private investors have full control over of their funds.

VeraOne has developed two smart contracts, deployed on the Ethereum blockchain. They include the following components:

● KYC passport: receives and verifies KYC certificates delivered after the verification process performed by VeraOne's KYC module;
● VeraOne token (VRO): has a base value that is equal to one gram of gold (999‰ pure).

Main features of the VeraOne token:

● Transferrable: Like with any ERC20 token, private investors can perform peer-to-peer transfers of VeraOne tokens around the world, without going through any intermediaries;
● Traceable: Ownership of the gold is recorded in the blockchain via cryptography;
● Secure and stable: The coin is backed by gold, as an alternative stablecoin;

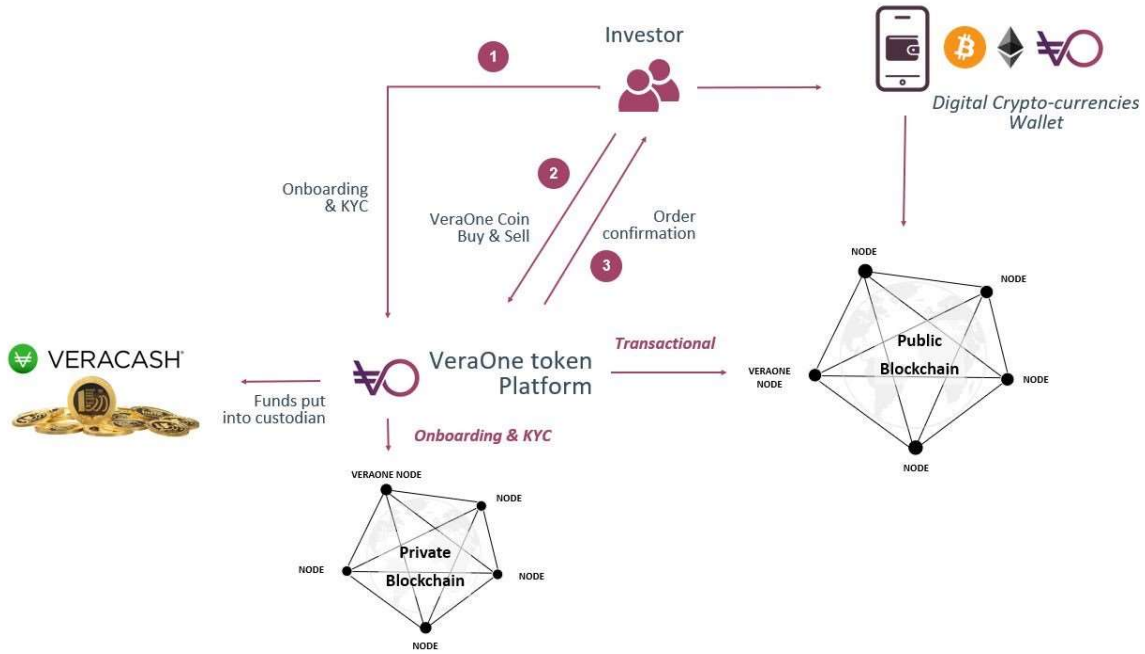
● Tradable: Private investors can trade VeraOne tokens easily through any DEX (decentralized exchange) compatible with ERC20.

VeraOne tokens can be bought on the VeraOne platform which can be accessed via the web from any desktop device.

The VeraOne platform makes gold ownership easy for retail investors by tokenizing solid gold and turning it into a much more liquid asset. VeraOne is responsible for guaranteeing that each token issued on the blockchain is properly backed by gold, as an alternative stablecoin in the volatile cryptocurrency marketplace. The tokens leverage the ERC20 standard, including the main actions listed below:

● Register orders (buying and selling VRO using BTC or ETH) to notarize a transaction hash, meaning that a new order has been registered at a given rate (VRO/BTC or VRO/ETH);
● Buy orders: once the payment has been received from the investor (in BTC or ETH), the relative units of VRO are transferred to the investor;
● Sell orders: the relative amount is transferred in BTC or ETH, and the investor's units are disposed of accordingly;
● Cancellations: a function initiated either by the investor to reverse an order request or by VeraOne if the second round of KYC/AML checks indicates that the investor is barred from ownership;
● Application of safekeeping, storage and oxidation fees, as appropriate.

6. OPERATING MODEL



We have implemented a private blockchain for the onboarding & KYC module and a hybrid public blockchain for purchases and sales of VeraOne tokens.

Under the GDPR (the EU's General Data Protection Regulation), public blockchains are to be avoided. The choice remains to be made between a private blockchain and a public blockchain.

A transaction conveys highly personal information about the investor. Even with pseudo-anonymity (where the user is identified only by their public blockchain address), this is not 100% secure, as data mining techniques can be used to pinpoint a user's identity based on their past transaction data.

Tokens are created on demand and are burned upon usage. VeraOne controls and timestamps the token creation workflow.

When a private investor sets up an account on the VeraOne platform, a unique, dedicated digital Ethereum wallet is generated.

Once their onboarding & KYC are successfully completed and the investor has made a transfer of Ether, they can then buy gold in a matter of seconds. If the investor does not have Ether in their crypto portfolio, they can make a deposit with Bitcoin using their wallet's ShapeShift function. This converts popular Bitcoin into Ether, that can then be traded for gold.

a. Decentralized onboarding and KYC

VeraOne complies with the relevant French laws, Know Your Customer (KYC) and Anti-Money Laundering (AML) regulations. To buy VeraOne tokens (VRO), investors must complete the onboarding form and the identity verification and KYC processes.

The onboarding & KYC module aims to significantly improve the new investor onboarding experience, in terms of the speed, simplicity and transparency of KYC/AML controls, as a prerequisite to an initial investment, a major pain point for the investment management industry. The final objective is twofold: to achieve a fully decentralized system and to ensure that the blockchain contains an approved status and a cryptographic hash for every single piece of KYC information.

The key benefit is that an investor only has to upload their profile and documents once. They can then see, at any time, where their KYC file stands and any action required from them. They can also access their KYC files at any time and easily monitor the progress of their onboarding. This gives them back control over the information they share.

It is easier to trace data usage with this module, making it transparent to the investor, who can also track the purpose(s) for which their data are being requested.

Once an investor has provided the requested information, they still need to be approved by the VeraOne team or a third party in order to confirm that the investor is authorized to invest in cryptocurrencies. This decentralized state enables issuers to see the status assigned by other third parties for individual KYC points while still maintaining the privacy of the investor's file.

Once all KYC information has been approved, a certificate is issued. That certificate is a prerequisite for VeraOne token ownership. The plan was to devise a solution to give the transaction module the KYC information statuses needed to authorize or reject a trade. The types of trade first considered are subscriptions and redemptions. In addition, that verification occurs from a purely KYC perspective, which implied that anti-money laundering (AML) controls would be put aside. At this point, we do not envision that these AML controls will be handled by VeraOne.

The certificate checks the investor's KYC information on-chain to determine whether they are authorized to perform the trade and adds the blockchain's public key to the VeraOne token smart contract's whitelist.

b. Primary market transactions

The primary market transaction module provides a blockchain-based solution that boosts transparency and simplifies data access when issuing units of VeraOne tokens, managing registrations and executing orders (to buy or sell).

This module was developed based on the Ethereum blockchain, the most widely used and mature blockchain for smart contracts. Using Ethereum for the protocol layer means that the wider Ethereum community can be leveraged via services from other service providers on the platform to develop further applications on top of VeraOne's infrastructure.

VeraOne created its own token based on a standard token, the ERC20. Our token is called VRO and is designed to be a stablecoin. It is always backed by the corresponding amount of gold, located in an escrow account held by Veracash and its custodian, the PFEG (La Société des Ports Francs et Entrepôts de Genève S.A.).

This token is used in the same way as any cryptocurrency. It can be transferred and traded. As the VeraOne token is a stablecoin and should never be as volatile as other cryptocurrencies, this will encourage merchants to accept it as a payment method.

VeraOne tokens are protected from market crashes, as they are backed by gold at a 1:1 ratio and by the price of gold. Using VeraOne tokens to invest in new unit classes also allows investors to minimize cash movements and the associated costs.

Purchase process

VeraOne is instructed to purchase gold bullion upon receipt of customer funds. The customer buys VeraOne tokens, and the funds are transferred directly into a segregated customer account. The purchased gold is then held in secure storage.

Digital money transfers

The VeraOne token was also designed to be used as an alternative payment method. VeraOne's network already has customers prepared to utilize VeraOne tokens for fast money transfers via the blockchain.

Proof of reserve

We ensure regular audits of our gold reserves are conducted by both an audit firm and a compliance company. All our gold records are transparent and accessible to VeraOne token holders.

Token redemption for gold or fiat currency

VeraOne tokens are 100% redeemable in the following cases: disaster, destruction of blockchain technology, or if the cryptocurrency market has been hijacked and its value reduced to zero. Our tokens can also be exchanged for physical gold.

Because VeraOne tokens are transferrable and tradable, a VeraOne token holder can convert their tokens to a fiat currency via exchange platforms which accept the VeraOne token. For example, they can be exchanged for Bitcoin, and then that Bitcoin can be sold to a fiat currency exchange broker such as Coinbase.

7. Conclusion

In his book Currency Wars, the economic researcher Song Hongbing calls gold and silver the "divine protectors against price instability".

When you think specifically about the gold standard, the first thing that comes to mind is a money creation system based on a physical counterpart and above all on guaranteed exchanges of currency for gold. But the idea underlying VeraOne is not to promote a return to the gold standard, which also came with its own weaknesses due to its centralized, authoritarian management by the State. Instead, we strive for a perspective of stability of prices (microeconomics) and markets (macroeconomics), and we have found that, as concerns this point and many others, the current monetary system has done worse than what previously existed.

Crisis-proof gold

Although it has endured for millennia all over the planet, the gold-based monetary system is now considered to be a relic of a barbaric economic past and is now the debt-based money which reigns absolutely, a brilliant invention of American government and financial apparatuses which wanted to inundate the world of the dollar without the slightest limitation. The trouble is that crises, periods of market instability, decline and institutional default have since occurred, likewise without limitation!

Of course, we would like to tell ourselves that those troubles have nothing to do with the disconnect between monetary policies and their precious metal counterparts, and that the evolution of markets, technologies and society as a whole would still have produced these unavoidable crises, but we might also wonder about the surprising stability of prices and economies at times when the world was experiencing substantial upheavals. Times when the gold standard was in effect and with which it can be tempting to make the comparison…

Wealth comes from stable monetary systems

To put it plainly, many economists consider that, although the golden age of capitalism (in the positive since of the term, as creating wealth and underlying a degree of economic liberalism) corresponds to the period when the gold standard was the worldwide norm, and that it was the gold standard itself which enabled the rapid development of Western societies between the 17th and 20th centuries, thanks to a reasonable, stable monetary climate. This is, at the end of the day, the diametric opposite of a fiat currency which can be issued arbitrarily by a State (or, to be more precise, by a central bank, since those institutions are now the ones in possession of what was traditionally a sovereign power), in quantities and following rules which can vary depending on the circumstances… or the opportunities.

People today understand that debt-based money was designed with the aim of collecting a "hidden tax" from citizens, a clever and dishonest way of artificially controlling the economy to divert wealth from production to speculation. And the arguments put forward by detractors of the gold standard are equally clever (and equally dishonest) when they claim that the old system could only lead to deflation, namely due to the slower progression of the production of precious metals compared to the progression of the wealth being created. First, because a low percentage of this allegedly created wealth corresponds to the real economy (the rest of it comprising perpetually expanding debt). And second, because people's growing distrust of fiat currencies strips them of their sol intrinsic value: trust. Such debt-based money, that can only exist on the basis of mutual trust, has now shown its limitations, more specifically since the 2008 crisis which exposed to the world the unbelievable deception perpetrated by the global finance industry over the course of decades. That embezzlement is still ongoing today, now with even more determination, greed and irresponsibility (with an attitude essentially saying, "After all, since we've been discovered, why bother taking precautions to try to conceal our dealings?"). The consequences thereof are becoming increasingly visible: money no longer has any value (with low or even negative rates), economies are receiving injections of money manufactured with no checks and balances, and there are attempts to make savers pay and to re-create that inflation which our elders spent their time combating.

A system whose day has indeed come and gone

Now that we are aware of the unbelievable escalation into which we have been forced by current monetary policy, does that mean we should wish for a return to that famous gold standard? The answer is undeniably no or, in any case, not in the form which was in effect up until the early 1970s. First, because that system was largely corrupted over time, to the point of eventually suffering from the same lapses of which debt-based money is now accused (price manipulation, possible confiscation of private citizens' gold as occurred in the US in 1933, and so on). Second, making gold the official new monetary standard of reference would paradoxically deprive private individuals of the only weapon at their disposal to combat an official system which is corrupt or spinning out of control: if gold is highly prized in times of crisis, that is specifically because it offers an alternative to the excesses of debt-based money. Above all, gold must not be returned to the bosom of State governance but should instead remain that powerful rival which the human community is able to reappropriate on its own, in a fabulous movement of collective intelligence.

The strength of the current sick system lies in the fact that it developed at considerable speed, almost immediately plunging the whole world into debt at levels which are so high that it has become quite impossible to go back to the previous state of affairs. That is, unless the value of gold explodes completely, causes serious social and economic imbalances, alongside which the worst repercussions of the latest global conflicts would appear trivial. In short, replacing one excess with another is not a solution.

The solution might however be to conceive a new currency based on gold, but one which is completely independent of the States and financial institutions. This would be a decentralized, intelligible open source exchange currency (to use a computing analogy) which would not be sensitive to price manipulations designed to serve the interests of speculation and above all which would remain peripheral to major political and financial negotiations on a planetary scale. In short, a strictly responsible currency which people could appropriate and exchange in a fairer day-to-day economy, backed by the tangible, historical and immutable counterpart that is gold. VeraOne's stablecoin, and the entire logical universe of which it is already a part, is a first milestone in this far-reaching project.

And so, if gold were to be remonetized, it would not be a result of the will of the States, but rather of the desire of the world's citizens to get some distance in respect of currencies in which they have less and less trust. Gold is the currency we lack. Who would have imagined such a thing in the late 1990s when it was considered a barbaric relic, good only for finishes on printed circuit boards? But that only shows a misunderstanding of its timeless resilience and its adaptability which naturally propelled it to the forefront during the 2008 crisis, the year when Bitcoin was created, and every year since. Gold has even gone digital since that time.

The next generations, accustomed as they are to innovative alternative payment methods, are more receptive to global paperless tools alongside modes of communication which let them contact the world as easily as they do their next-door neighbours. And we expect them to content themselves with ageing, slow, costly monetary models which promote some of the very values they are fighting? No. For them, the irreversible movement surrounding cryptocurrencies, neobanks and new payment methods are the logical evolution of society today. Within this context, a return of gold will fail if it is unable to reach this new audience.

Gold is clearly made to be that "open source" currency. But we still need to ensure that it is appropriated by its users, not by the financial industry. The blockchain is the perfect way for people to rediscover gold as a currency, whose use would be under their own control. Its storage obviously cannot be completely decentralized, but with ultra-secure facilities outside the banking system like the ones we offer, gold no longer needs to be stored in the vaults of a central bank in order to ensure it is in its rightful place. In fact, the opposite is true: to be sure that gold is in its rightful place, it absolutely should not be kept in central bank vaults.

VeraOne's smart contract contains all the positive DNA of this project. For more than 10 years, VeraOne's ecosystem has been proving just how resilient a non-bank model can be. The gold backing the VRO currency reaps the benefits of that experience and already satisfies the issues, needs and evolutions of the society of tomorrow.

As Song Hongbing put it so succinctly, “Gold as a currency is a natural product of evolution which also evolves along with it, an authentic product of the market economy, an honest currency in which people can place their trust.” VeraOne is that honest currency. Visit **VeraOne.io**

ANNEX ON MEDIUM

Gold: A Cryptocurrency Spanning Millennia

Gold is probably the longest-standing cryptocurrency in the world. Why is that? Creating gold out of anything other than gold is just as impossible as creating a copy of a bitcoin today. The physico-chemical nature of gold guarantees the inviolability of its innermost nature. But not only does gold have a unique molecular nature: over the ages, it has also become a currency accepted by all, that no public or private institution has managed to control or direct the supply and demand of (and therefore the value) on a lasting basis. Just about everyone has appropriated gold to a certain extent, but no one has ever truly managed to control it on their own. Even the US, which had attempted to control gold by using it to back the dollar from 1944 to 1971, were unsuccessful. In fact, that effort actually backfired on the country.

So, yes, gold is regulated, and its pricing rules are guaranteed by major actors. But this is also true of the main cryptocurrencies. And, in the end, the rules associated with global supply and demand, and with the extraction and use of gold, are what control the precious metal. They themselves and no one else. In other words, gold is an asset whose creation is inviolable, with governance rules which are universal and clearly not centralized. These are the key features of the biggest cryptocurrencies, making the yellow metal the best candidate to become the most effective asset underlying a robust stablecoin.

1. Gold preserves buying power

Gold and Silver have consistently had a special place in people's hearts. As symbols of both financial power and security, these two precious metals have always been universally recognized as indisputable economic assets, and even currencies in their own right, and this for at least the last six millennia. They have come through each civilization, supported the development of every empire around the world, and enabled the transmission of wealth with incredible stability, all the way to the present day.

Gold is a reassuring asset and THE safe investment par excellence over the course of millennia.

Gold and silver are the only tangible assets likely to preserve the value of capital over time and through crises, particularly in a constantly changing world like the one we live in today. Private banks and central banks today are the first to consider it to be a AAA asset while, on the contrary, they are unable to manipulate its price, unlike other assets.

Because not only do states own gold, major private banks, various companies and private individuals do too, all round the world, each country has at least one law legalizing its sale and purchase. As a result, it is recognized and organized by both the highly advanced financial industry and tribal users in places employing only the barter system.

Even more surprising nowadays is the fact that large banks use physical gold on a daily basis to reduce their own expenses when executing transactions between them. Therefore, the underlying mechanisms which they utilize need to be simplified so that anyone and everyone can take advantage of them. That is the role of people like us, who have made this our day-to-day business for years, and VeraOne is an ideal solution in this respect.

Buying power preserved for millennia

Just compare the buying power of gold over the centuries, and you will realize how much its safety as an investment instrument has remained intact. For example, it took two ounces of gold to buy a cow in Ancient Egypt, and it still costs the same amount today. Closer to home, a 20 franc coin could be used to buy a new bicycle in 1912, and this is still the case in 2018.

This constancy cannot be found anywhere else, and no currency can claim this same ability to preserve the value of capital. This is particularly true since currencies are based on debt and lose their value day after day. For example, the dollar — today's currency of reference around the world — lost 98% of its value compared to gold over the last 100 years, especially since 1971 when its link to gold was definitively severed.

A safe asset to pad your portfolio in uncertain times

You can't build an empire on snow in the sun. Likewise, you shouldn't build up capital based solely on intangible assets which could melt away — like snow under the heat of the sun — overnight.

And yet, that is precisely what we do when we prioritize investments in shares and currencies. The former can quickly lose their value after a stock market crash, as seems to be happening more and more frequently, while the latter nowadays are based on debt in a world which is already living well beyond its means. Between bankruptcies and business failures, the prospects for our economic future seem bleak.

Nonetheless, all human society has experienced major economic upheaval, but each time, those who managed to stay afloat were the ones who had thought to protect their capital through safe investments. In other words, by investing in immutable, constant and unquestionable assets which retain their intrinsic value in any circumstances. Gold is precisely that type of asset and, in the face of an uncertain future, it remains the best insurance policy for your capital

today. This precious metal is indeed the only “reservoir of wealth” to have never failed in its primary function, despite the fact that it generates no income.

The reality is that central banks have never bolstered their gold reserves as much as they have in the last decade. This is undoubtedly the most conclusive sign of the importance of gold in uncertain times.

A safe asset in high financial demand

Despite official discourse seeking to discredit investment gold and to keep it away from savers, institutions are displaying an obviously growing appetite for gold as a safe investment, which they have been stockpiling for several years now.

Worldwide demand for gold for industrial purposes has risen by 2% to 3% annually in recent years in response to new technological needs but jumped by a whopping 20% in terms of central bank investments.

In other words, most of the world’s central banks have considerably ramped up their physical gold holdings, particularly in emerging economies seeking to consolidate their foreign exchange reserves while splitting away from the increasingly struggling US dollar. This includes India, Mexico and Turkey, but also and above all China and Russia, which aim to create a real monetary counterweight to the dollar in the years to come.

Closer to home, here in Europe, the Germans are also proving to be major buyers of gold, although interest in it is highest among private individuals. It should be noted that the country was hit hard by a terrible monetary crisis between the two World Wars, and memories endure of the consequences of the overuse of money printing presses, as the ECB seems to be doing today. Last year, more than €6 billion were put into gold investment products by German citizens looking to protect their savings.

The situation is the same in France, where gold’s reputation as a safe investment remains intact, with more than 70% of the population considering it to be the best asset for protection in times of crisis.

A brief anecdote: During a survey of a panel of people (in France) who believe that cryptocurrencies could be better currencies than the euro, nearly 80% of them stated that gold itself could be a better currency than the euro. When asked that same question, 38% of a standard population (2018 OpinionWay survey of 1,000 French adults over the age of 18, representative of the French populace) thought that gold could be a better currency than the euro. This is quite something, particularly given that just 35% of those same people believe that

the dollar might itself be a better currency than the euro. It would appear that we do not have the currencies we want today…

2. Gold is both a savings tool and a currency

The core concern of large economies is to fight deflation. Their objective is to boost consumption in order to stimulate growth by offering very low rates and massive cash emissions. The problem is that the money injected into the monetary circuit does not benefit the real economy, global growth still struggles to take off, and private citizens see their savings shrinking away to nothing.

Rare are those investments today which combine returns and security, without putting money into dynamic investments on the one hand and gold for security on the other.

Gold is a safe investment for a variety of reasons:

Gold is the oldest currency in the world.

The precious metal is rare yet still available in sufficient quantities, non-oxidizing, malleable and durable, and has been used as an exchange currency for trade for the last 6,000 years. The first gold coins to be minted date back to around 600 BC. The yellow metal has inspired confidence for centuries. Unlike State-issued fiat currencies, gold cannot be printed ad infinitum. The mass of global gold reserves is well defined, amounting to roughly 190,000 tonnes, or a huge cube measuring nearly 22 meters on each side. In terms of inflation, the value of gold is very stable over time, unlike the US dollar, that lost 98% of its value in less than a century.

People invest in gold as protection against risks.

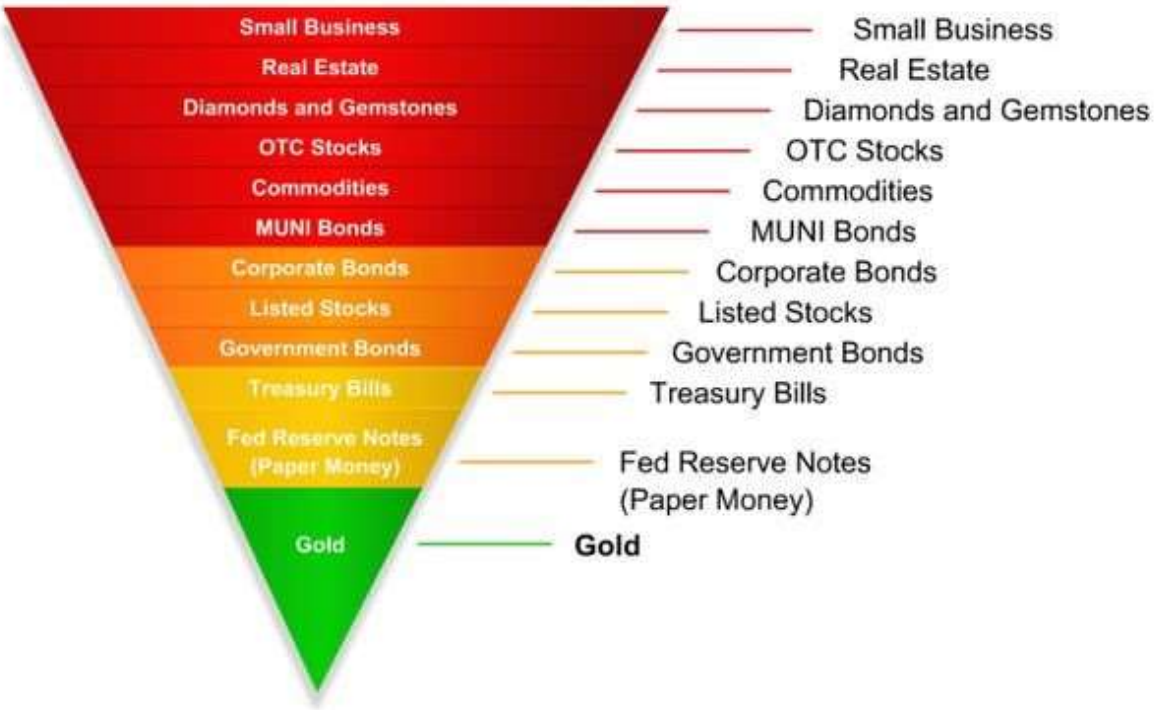
Gold should not be seen as a classic investment. It is an idle asset which generates no returns. And at the end of the day, that is not what is expected of it: people invest in gold to protect their wealth and hedge against financial losses from other, riskier assets.

Gold, which is moreover physical (coins and ingots), should be viewed as fire insurance for one's assets, as a form of precautionary savings. In 2008, and again in 2011, physical gold perfectly fulfilled its role as a hedge. When all the market assets took a nosedive, including the price of "paper gold", there was very high demand for investment gold coins, whose price skyrocketed with the bump in their premiums (30% for the Krugerrand for example and nearly 100% for the American Liberty). Those who had had the good idea of acquiring some at good pre-crisis prices were able to absorb the losses generated by their other assets. Physical gold is the best wealth insurance.

Gold is the best weapon against inflation and deflation.

According to the inverted pyramid defined by American economist John Exter, gold is the most reliable asset and the most liquid in periods of deflationary crises. At the top of the pyramid are the least liquid assets like real property and the riskiest assets like derivatives.

Conversely, in the event of high inflation levels, the price of gold rises much more quickly than other prices, such that it offers solid protection. During deflationary periods, at best it outperforms other assets, and at worst it preserves its owners' buying power.



Gold possesses payment power.

Gold is one of the only assets, along with legal tender currencies, to be accepted for business transactions and debt repayments, referred to as its "payment power".

3. Conclusion

Gold is, by its very nature, the valuable asset which meets all the necessary conditions for being the king of underlying assets for any token which aims to be a robust stablecoin. Can the same be said of the dollar or the euro? Those currencies are clearly not universal (or only to a limited extent), their issuing rules can fluctuate along with monetary policies, and their underlying asset is the trust we place in the States issuing them — essentially, our confidence in our ability to perform work in the future to cover the debt represented by those currencies. What is then surprising is that serious stablecoin projects could rely on those same currencies as their counterparts, despite the fact that they are contrary to the spirit driving any cryptocurrency. For example, the Fed could decide one day to legitimately bar Tether from using the dollar for its stablecoin. And that is precisely what it did with anyone that wanted to engage in trade with Iran, particularly banks. This is also what the Fed will likely implement against the Libra project if it wants to wipe it out before it even gets off the ground.

The US dollar is the property of the Fed, not yours, even if you have a wallet full of it and use it on a daily basis. The ECB would be perfectly within its rights to do the same with users of the euro. But none of this is possible with gold, because no State defines the rules by which others can use gold and above all because no State owns your gold, unless it steals it from you. This has become quite difficult today, with globalization and the ability of anyone and everyone to own something without keeping it hidden at home or deposited at the bank. On the contrary, assets can be stored thousands of kilometers away in structures known to be inviolable and neutral (even when dealing with States).

Individuals and companies today now have at their disposal what central banks have enjoyed for some 200 years: storage of their gold in secure locations where it cannot be confiscated. This is precisely what VeraOne offers for example, in addition to a robust blockchain which allows our customers to universally prove that they are the sole owners of their gold.