 All rights reserved SOV, 2019

SOV: A Deflationary Peer-to-Peer Asset on the EOSIO Protocol

soveos.one

Abstract. Deflationary assets have shown the potential to be extraordinarily powerful tools yet very little options exist. Most are rudimentary at best and virtually none are sustainable. SOV was created to harness the power of deflation in a sustainable and intelligent way, through code.

SOV can best be described as a decentralized peer-to-peer digital asset with a variable deflation model, able to transact in high enough volumes for global adoption. This is made possible with the use of the EOSIO protocol and its ability to transact in the 1000s per second and scale infinitely.

In addition to performance, the use of the EOSIO protocol provides additional security, decentralization, and programmability. The EOS Mainnet was also chosen because the platform token, EOS, is a utility token with unlimited inflation. Historically, this has been a good model for incentivizing activity, but it has not been a good model for storing value. Because of this, the EOS Mainnet provides an excellent initial use case and proving grounds for SOV and its intelligent deflation model. SOV will be discussed in more detail below including why it was created, and how it works.

 All rights reserved SOV, 2019

More tools are needed to hedge against inflation, censorship, and centralization

Almost all current currencies and fungible assets are either based on inflation, tied to debt, or both. Most are controlled by governments and central banks, which can censor transactions, manipulate markets, and confiscate holdings at will. Inflationary assets/fiat currencies increase the existing supply over time diluting the current holders. With this model, the people who simply save their holdings are typically punished. With time, the amount they own remains the same, but they own a smaller and smaller % of the total supply. More often than not this also results in reduced purchasing power. This is seen by many economists to be good because it incentivizes business and activity. People must get a return on their holdings if they wish to maintain or increase their current % of the total supply and/or purchasing power. However, for several reasons, this leads to negative consequences. When central authorities rapidly create new supply, the people saving the underlying asset suffer. The reasons for sudden rapid inflation are many and outside the control of most individuals. There can be natural disasters, wars, corruption/fraud, regime change, epidemics, terrorism, misjudging of economies, famine, etc.. All could cause a central authority to increase its spending and create new supply and/or debt. Purchasing power can decrease rapidly due to a breach of confidence and/or inflation of supply in any of these situations. Many will say this is what stocks, bonds, and other securities are for. The truth is, most come with the same inherent risks. While all these aforementioned assets have many downfalls, there is also no denying they are useful and have benefits. Hedging tools that specifically address these issues are the ideal solution. They allow benefits from the current systems while also offering protection from their shortcomings. SOV, though very different from typical assets, offers to be a unique and effective tool in the battle against inflation, centralization, and censorship. It aims to arrive there by harnessing the power of decentralization and intelligent deflation.

Bitcoin is a great asset, but it is not deflationary

It's no secret SOV was inspired by Bitcoin. Bitcoin was created as the first trustless decentralized cryptocurrency to tackle several of the problems mentioned. Bitcoin has without a doubt, laid much of the groundwork for SOV and many other digital assets. Bitcoin showed us we no longer need to rely on governments, central authorities, or "trusted" third parties to control our assets for us. It also showed us how the use of cryptography and code are powerful tools to protect our freedom, anonymity, and now, value as well. However, as great as Bitcoin is, it is only one tool. Also, it has an inflationary model, not a deflationary model like so many claim. It is worth noting that SOV was not forked from any other project, and was not designed to replace Bitcoin or any other asset. It was designed to fill the void for a sustainable, deflationary asset.

 All rights reserved SOV, 2019

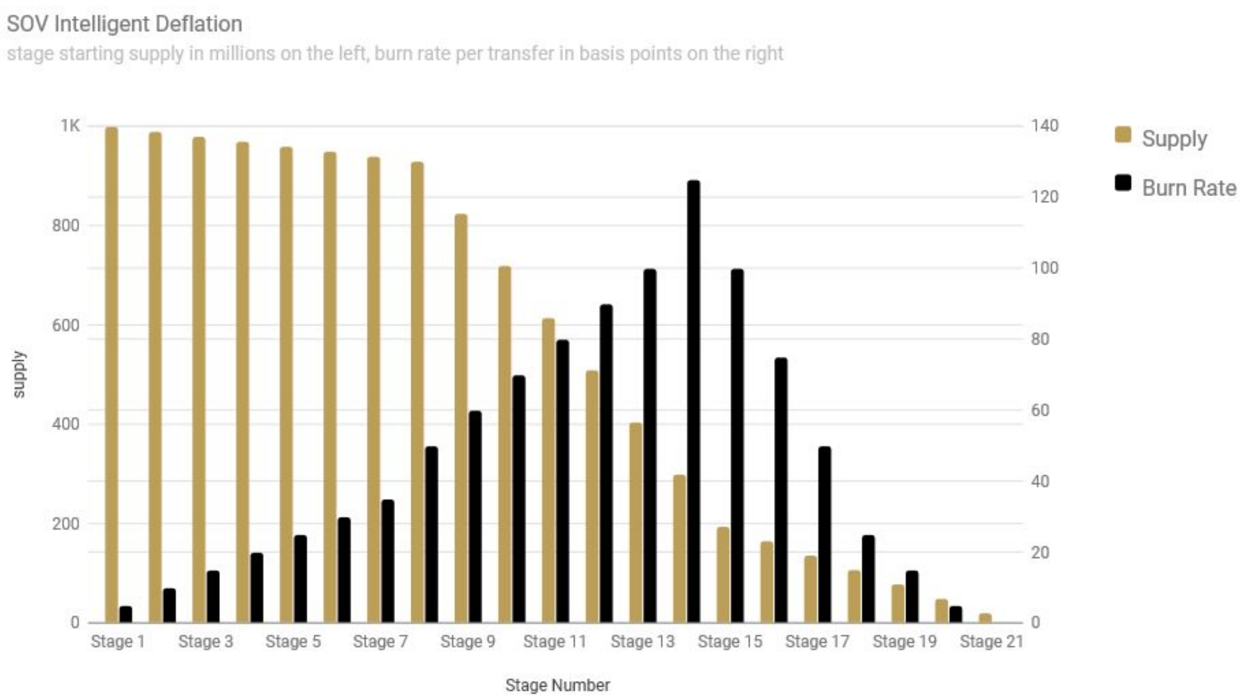
SOV was designed to be a deflationary peer-to-peer Asset as follows

SOV is launching on the EOSIO protocol

**initially on the EOS Mainnet but will eventually use IBC technology allowing it to work with all EOSIO blockchains*

EOS is not controlled by any central authority. It is distributed/decentralized via 21 separate block producers with bare metal & cloud nodes set up all over the globe. If any BPs were to be shut down, there are several backups with multiple nodes always on standby to ensure the network continues. This is the base layer that SOV will be transacting on making it virtually impossible to censor or stop. Also, because of the EOSIO blockchain technology, SOV can transact in the thousands of TPS and has the ability to scale infinitely.

SOV has intelligent variable deflation built into its code



Not all deflation is created equal. In a deflationary model, the supply becomes smaller over time, rewarding savers as they will have a larger % of the existing supply. While this can be great for storing value, it is not sustainable if the deflation is never-ending or not managed correctly. Never-ending deflation results in the total supply being destroyed and by result, unusable as a store of value or means of transacting. Unmanaged deflation can create wild swings in supply and value and cause the underlying asset to be punishing to

 All rights reserved SOV, 2019

transact with, discouraging adoption and use. SOV was specifically created to harness the power of deflation while simultaneously addressing these problems. This is achieved by having transparent deflation adhering to fixed parameters established in the code of the token contract.

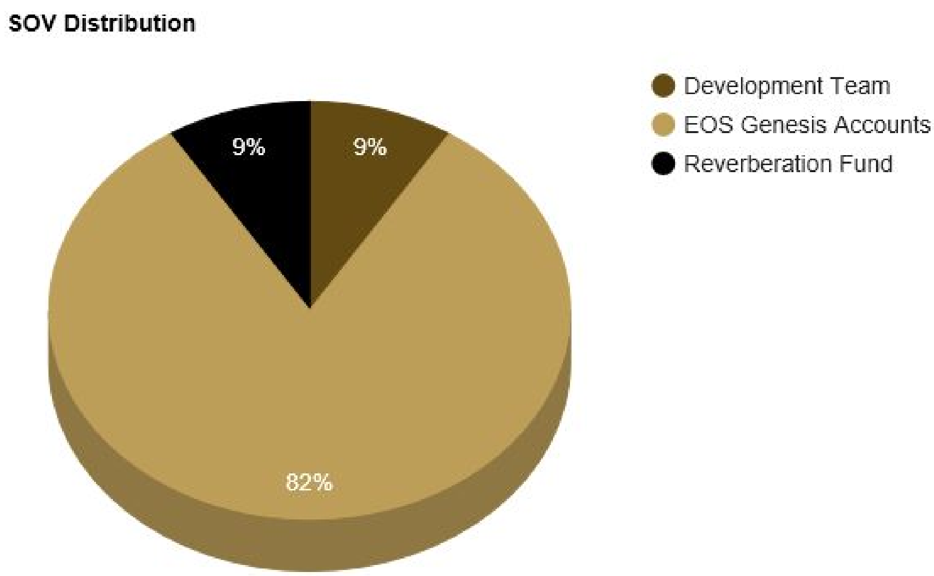
SOV's deflation is coded to a variable schedule with 3 phases / 21 stages. This was done to incentivize the accumulation, saving, and usage of SOV. Every time SOV is transferred to another account, a % of the transfer will be burned. The burn rate starts very low but goes up quickly and peaks at 1.25%, before going down to 0%. The starting supply is 1 billion and the final supply will be 21 million, the same final supply as BTC. Though equal in final supply, SOV arrives at this final amount via deflation instead of inflation and also uses an entirely separate consensus mechanism (DPoS via EOS). It is a completely different type of asset/tool.

Stage Number	Supply Amount to Trigger Stage	Stage Burn Rate
1	1,000,000,000	0.05%
2	990,000,000	0.10%
3	980,000,000	0.15%
4	970,000,000	0.20%
5	960,000,000	0.25%
6	950,000,000	0.30%
7	940,000,000	0.35%
8	930,000,000	0.50%
9	825,000,000	0.60%
10	720,000,000	0.70%
11	615,000,000	0.80%
12	510,000,000	0.90%
13	405,000,000	1.00%
14	300,000,000	1.25%
15	195,000,000	1.00%
16	166,000,000	0.75%
17	137,000,000	0.50%
18	108,000,000	0.25%
19	79,000,000	0.15%
20	50,000,000	0.05%
21	21,000,000	0%

SOV's deflation is also supplemented via burning unclaimed SOV. This will be done at a rate of 7.5 million per week. This will continue until the supply in the SOV contract account is all claimed or burned.

 All rights reserved SOV, 2019

SOV's distribution is designed to be even and fair



A snapshot based on current EOS holdings was ruled out due to the goal of having an even distribution. Instead, it was decided to distribute as follows.

i) 82% will be available for all of the 163,930 EOS Genesis accounts to claim at 5,000 SOV each. Their support for the EOSIO project even before it was officially a live blockchain is what made the decentralized launch of EOS possible and by default, SOV. This way also prevents too much of the starting supply being concentrated in any single entity's control. Also, unclaimed SOV can be burned by anyone in the community at a rate of 7.5 million per week as outlined above.

ii) 9% reverberation fund for early and general contributions to the project including exchange listings, awareness promotion, and advisors . It is our aim for this fund to be completely distributed to the community and exchanges (if necessary) prior to listing.

iii) 9% distributed to the development team behind SOV. This is far lower than the typical development team takes. It is also split among several contributors so the 9% is not controlled by any single entity, further decentralizing the distribution.

 All rights reserved SOV, 2019

SOV provides additional security via storing

SOV takes the concept of staking and eliminates dividends, voting, and other functions that could cause it to be considered a security or investment contract. Instead of stake, you can "store" SOV and when you choose to "withdraw" it, it will take 72 hours before it is available to transfer. This is completely optional and only an extra means of security. If someone was to get ahold of your active key and try to steal your SOV, they would then need to "withdraw" it. You would then be alerted and have 72 hours to use your EOS account owner key to change the compromised active account key and lock the intruder out without losing any SOV. A simple yet effective tool for the constant battle against scammers and thieves.

SOV is not a security or investment contract. SOV does not have a central authority and will never raise any type of funds or hold any type of initial coin offering

This includes selling tokens for fiat currency, cryptocurrency, digital tokens, digital assets, physical assets or any other type of means of exchange. SOV will only be available through the free distribution, the reverberation fund, and secondary markets. This ensures that SOV is a decentralized digital asset, not a digital security. There will be no central authority or entity to enforce regulations upon and due to the nature of the asset, it falls outside of securities regulations. The team that created SOV has several years of experience in the cryptocurrency space. They firmly believe the benefits of a truly decentralized asset, free from the uncertainty of regulators, far outweigh any possible gains that could be gained from an ICO.

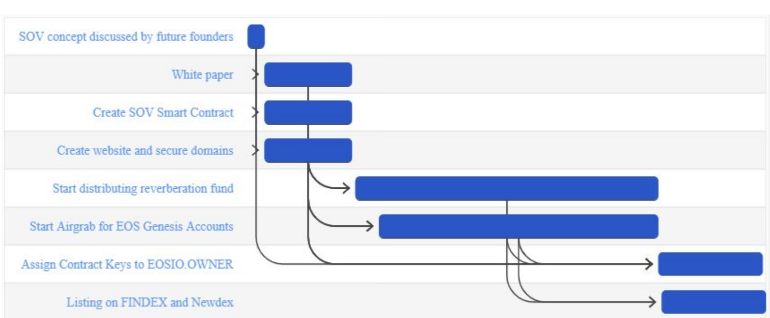
"The Howey rule, as it has come to be called, says that an investment contract is

1. A contract, transaction, or scheme whereby one person invests his or her money

2. in a common enterprise

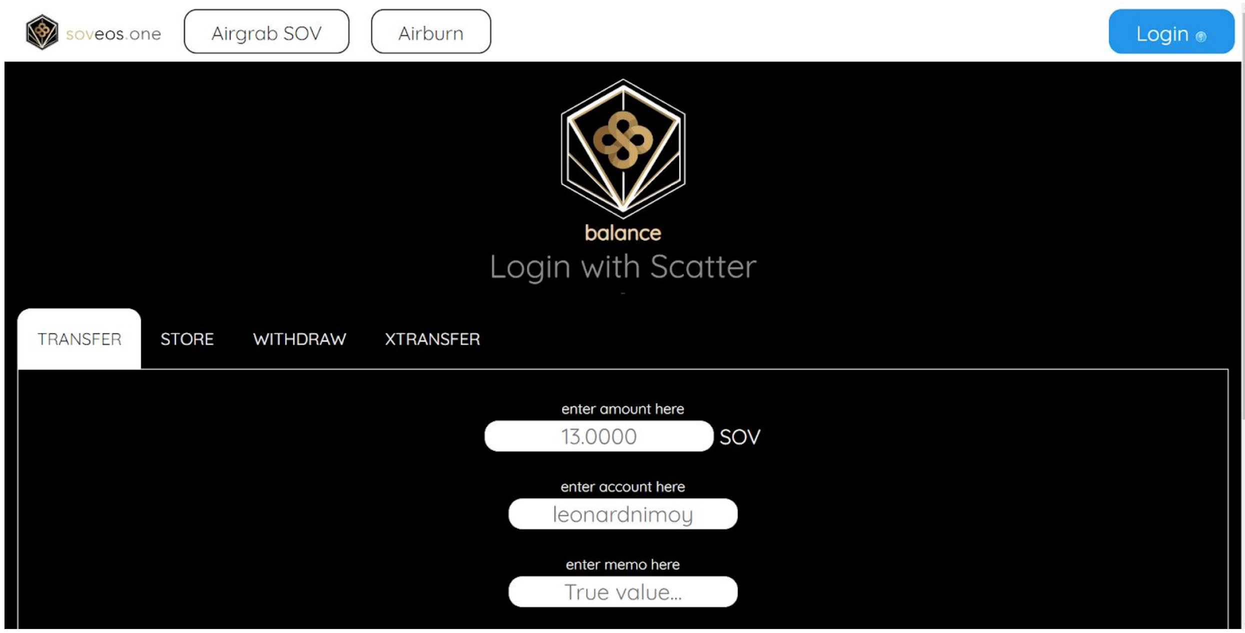
3. led to expect profits solely from the efforts of a third party."

SOV Development Timeline *Complete*

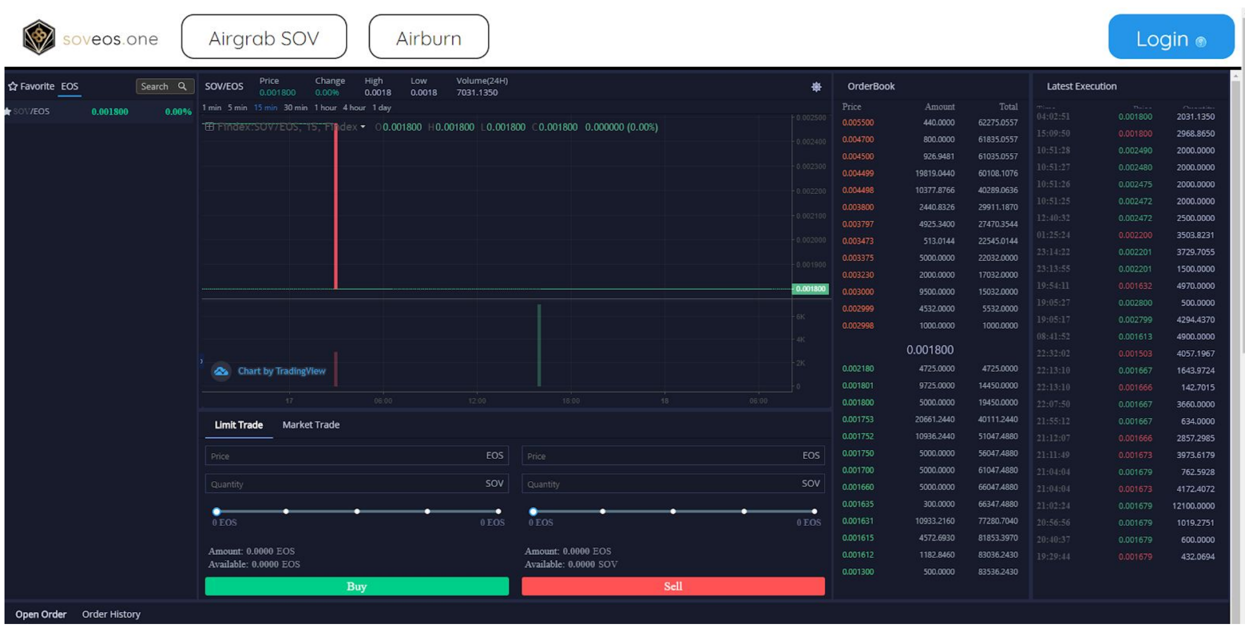


 All rights reserved SOV, 2019

SOV Web Wallet *Released prior to listing with full functionality*



Including an integrated DEX



**future development of dapps and anything else that uses SOV as a base layer or base token are completely separate from the SOV token. Future development of dapps that use SOV can be undertaken by anyone and is not a promise or guarantee.*