STAKENET

WHITEPAPER 2.0

1. ABSTRACT- 4th Generation DLT

As we move through a 3rd generation wave of blockchains it is important to understand which technologies, communities and Decentralized Ledger Technologies (DLT's) will separate themselves from the rest, pushing through the noise of constant ventures entering the crypto-sphere. Instead of a "one chain rule" however; we believe the future will instead be the formation of a global backend - a 4th generation blockchain mesh consisting of every chain, technology and service created thus far. A united network of different tech from different chains fully communicating as one entity executing synchronously. A future where one powers software to run their vehicle, buys groceries, or signs contracts instantly using different chains will be amongst us, constantly evolving to fit users needs on the fly. This conversion will be completely unbeknownst to end users as swaps will be done case by case on the backend, not seen, realized, or even chosen by the user.

How do we get there?

A requirement and first step towards a chain participating in this cross chain "meta network" will be the ability to autonomously swap fluidly back and forth between assets in a trustless instant manner. We will first transform our chain into a multi-currency wallet which will enable it to hold, send and receive balances and will provide us with our solid foundation. This foundation will allow smooth transitions into cross chain capabilities and thereafter, this functionality will be enabled onto our chain, known as a Decentralized Exchange (DEX).

Decentralized Exchange

The power and implications of a decentralized exchange are often overlooked. The ability to morph assets instantly from one chain to another in a trustless manner gives massive power to the individuals of a given system as well as the system itself. Think of how difficult it is to convert assets in our current financial model, let alone done peer-to-peer - nearly impossible. To this point exchanges have been swapping assets tailored specifically for accredited institutions to oversee by central authorities —they have been financial vehicles and not much more. Due to utility traits of tokens, and the fact that ownership is never conceded the entire definition of an "exchange" changes. When a user executes an exchange for example it will empower him instantly with all features and functions that come with the resulting swap. When sleeping, working, cooking, driving etc there will be certain chains that enhance different human experiences. A given individuals net worth will constantly be evolving form to accommodate it's owner in the most efficient way possible. XSN sees the future of wealth in a new light - as alive, intimately involved enhancing our lives in real-time in a way that has never before been realized. We understand there will be different utility needed in different situations and rather than compete with new tech we will engineer ourselves to integrate new chains easily into

our system.

In 1991 James Cameron directed and released a film about an artificial intelligence that became self aware and fought against humanity. The infamous antagonist "T-1000" would download data and morph into objects it came across and observed—the movie was a hit partly because it was quite conceivable to be reality amongst critics and technologists alike. There is no reason networks shouldn't be able to have this same ability - to fluidly download and replicate any and all peer networks which it connects. We are seeing the beginnings of this meta-connection now with emerging off chain technologies (lightning, raiden etc). Combined with the use of second layers we will also be able to run nodes while providing full functionality, liquidity, and communications between all. Cross chain nodes are coming and XSN will be first in line to lead this newly disruptive technology.

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3. BACKGROUND

In the last few years, the cryptocurrency community has steadily grown. However, the fact remains that this community is still in the early stages of expansion, and is a continuously expanding market which offers great opportunities for traders all around the world. Presently, there are over 1,600 cryptocurrencies, above 10,450 markets and a total market cap of nearly $400 billion as per statistics available at coinmarketcap.com. In 2017, the prices of popular virtual currencies such as Bitcoin and Ethereum soared to record highs amid increased investor interest.

There are now hundreds of cryptocurrencies to choose from - with more appearing each passing day. Choice paralyzes - this adds cost, complexity and the need for advice. Given that cryptocurrency can be high risk, has extreme volatility, and can be difficult to buy and store safely, an effective and diverse portfolio of coins (cryptocurrencies) can be a complex problem.

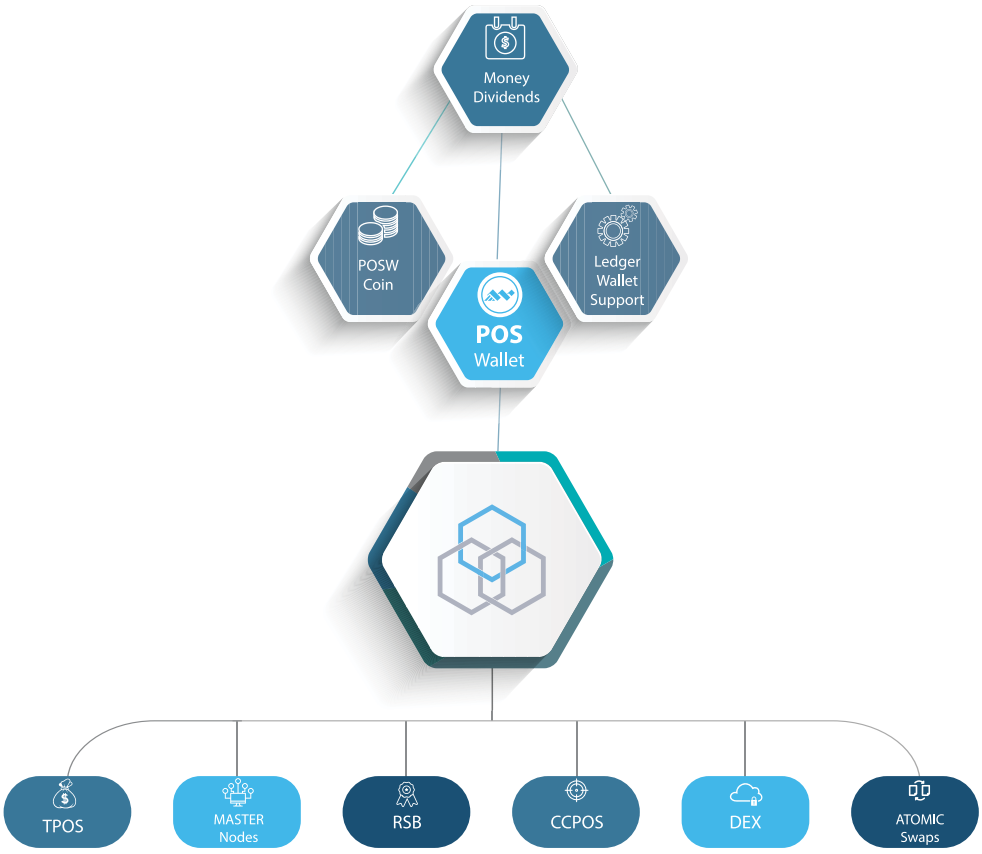
Furthermore, these cryptocurrencies seem to be failing when it comes to general acceptance and usability, where these projects have failed to identify and address the main issues present in making mass adoption of digital assets possible. The main reasons are lack of security, acceptability, high exchange and trading fees, liquidity issues and volatility of the market. Numerous steps are often involved in seeing the real use of one's digital assets. Despite the growing appeal of cryptocurrencies, the usability of these digital assets remains limited - a hurdle that has kept it from achieving more rapid, widespread adoption.

Aside from general usability, digital currencies have become a source of the high margin of profits

considering its ample trading opportunities. However, at the same time, it may also be noted that trading or investing in cryptocurrencies is complex and time-consuming. A trader not only needs to understand the complexities of trading, but also being able to cope with the rapidly growing cryptocurrency market. Considering the fact that the crypto market is forever open on a 24/7 basis and can be highly volatile, in order for a trader to be successful, they need to be constantly monitoring their trades, and monitoring trends to give them the information to make the right decision - this is a tricky task that involves deep analysis of market trends and gaining the right information. Thus, having all these complexities, it is natural to ask for a way, where one can get rid of these hindrances and invest in the right cryptocurrency to gain maximum profits.

StakeNet (XSN) is a state of the art ecosystem that aims to resolve all these issues by providing users with a cryptocurrency and a platform that provides features such as easy and secure staking, a fast, private, and innovative blockchain using masternodes, lightning network, security algorithms, Cross Chain Proof of Stake (CCPoS), etc. and provide usability/acceptability by creating a network of merchants that accept XSN as a mode of payment.

4. INTRODUCTION TO STAKENET (XSN)



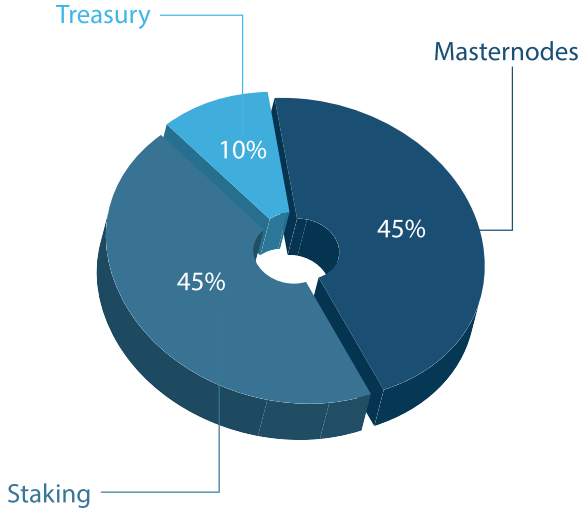
StakeNet, with the ticker XSN, is a Trustless Proof of Stake cryptocurrency created using the X11 algorithm that allows users to stake various cryptocurrencies in one single wallet. StakeNet addresses the issue of staking for nontechnical people by providing a simple user interface at stakenet.io, and accepting term deposits, membership and selling other merchandise to support Revolving Stake Bonus (RSB) to XSN holders. StakeNet focuses on technology improvements on the blockchain level, aims to improve the coin by introducing Trustless Proof of Stake (TPoS), which enables cold wallet staking, lightning network, atomic swaps, multi-currency wallet and Cross Chain Proof of Stake (CCPoS) functionalities. These tech improvements really push the boundaries so that XSN will keep up with other coins technological improvement, which will allow XSN to always stay relevant and be a store of value.

WHAT DOES XSN DO?

XSN is the world's first Trustless Proof of Stake (TPoS) coin that allows its users to safely, and conveniently, stake their XSN coins in cold wallet storage, for example using Ledger hardware wallets. Owners of the XSN Coin will be able to stake their coins effortlessly by setting up a contract with a merchant - allowing the merchant to stake the owner's coins without the need for total control over the coins. Along with TPoS technology, StakeNet will implement state of the art features such as Lightning Network, XSN atomic swaps, Masternodes, Enhanced Privacy, and the innovative Cross Chain architecture that allows for inter chain capabilities.

BLOCK REWARDS

The block rewards for XSN are split between masternodes, staking nodes, and treasury. Masternodes will receive 45% of the block rewards for providing high bandwidth, 24/7 connections, which provides basic requirements for further XSN features. Staking rewards, whether that be from TPoS or regular PoS, will also receive 45% of the block rewards, for leaving their nodes online and securing the network. Lastly, 10% of the block rewards will go to the treasury as an extra fund for future developments of XSN and various other factors. The breakdown is shown below in the Pie Chart.



LEDGER WALLET SUPPORT

StakeNet is one of the coins and tokens (to date) that are supported by the Ledger Blue and Nano S hardware wallets. Ledger is the world's leading cryptocurrency hardware provider, with the aim of providing users with a simple, portable and highly secure solution for holding coins without the added risk of storing them on easily compromisable devices such as smartphones and personal computers. An existing integration means that users can purchase a Ledger wallet as a low cost solution and store their private keys on it, and existing Ledger users already have a ready-made integration (provided they upgrade to the latest version).

We believe this will accelerate the rate of adoption and increase consumer trust in the StakeNet network, as security concerns are frequently cited as being barriers to use of cryptographic assets. The integration also fits in perfectly with our Trustless Proof Of Stake solution as users no longer need to disclose their private keys in order to stake and be eligible for Revolving Stake Bonuses (RSBs), which we find to be in harmony with our long-term goals.

5. OUR VISION

Our goal for StakeNet is to create the world's first truly trustless, profit-driven economy with the use of TPoS, the highest level of network security using decentralized cold staking, and Masternodes, the highest level of providing network services in a truly decentralized world. We accomplished our main goal within a month after launch date and we are now pushing boundaries to expand our ecosystem of the XSN services and products. Our next big milestone for 2018 is to launch our StakeNet Decentralized Exchange (DEX) and Cross Chain Proof of Stake(CCPoS) capabilities to broaden the ecosystem and to make crypto assets more accessible and secure for the average user around the world.

6. OUR MISSION

StakeNet's mission is to make the XSN framework an ecosystem that allows easy and secure staking via TPoS - the highest level of security using decentralized cold staking. We strive to invent new applications for TPoS and set up/partner with many different businesses to implement services such as Multiwallets/Staking as a Service, Masternodes as a Service, Pooled Masternodes, and Atomic Swap Services. The profits from these businesses will then be used to buy & burn XSN through monthly RSBs.

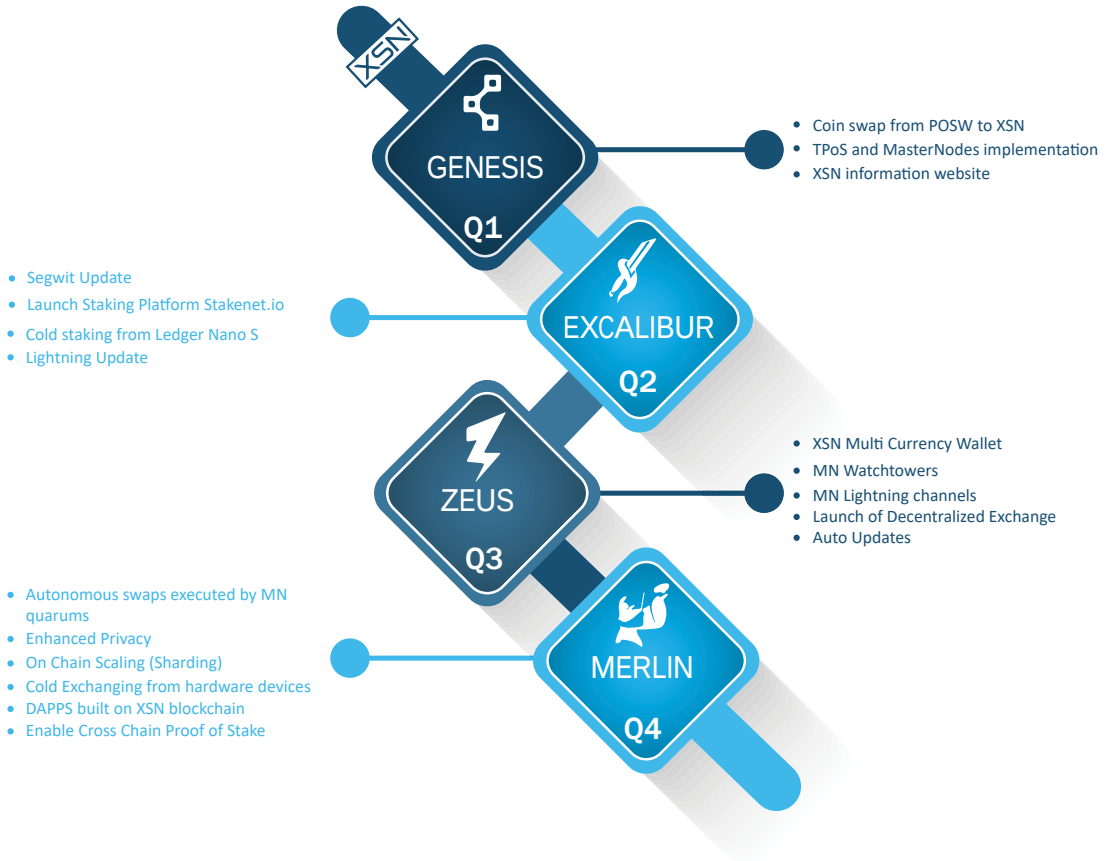
7. CORE OBJECTIVES

The idea of StakeNet is to achieve four main things.

These include:

- ***Security*** using Trustless-Proof-of-Stake (TPoS)and our Decentralized Exchange (DEX)
- ***Immediacy*** over Lightning Network and masternodes
- ***Innovations*** creating XSN sidechains and new technologies
- ***Profitability*** from XSN services and applications

8. ROADMAP FOR 2018



Q1-GENESIS

- Coin swap from POSW to XSN
- TPoS and masternodes implementation
- XSN information website

Q2 – EXCALIBUR

- Segwit Update
- Launch Staking Platform Stakenet.io
- Cold staking from Ledger Nano S
- Lightning Update

Q3 – ZEUS

- XSN Multi Currency Wallet
- MN Watchtowers
- MN Lightning channels
- Launch of Decentralized Exchange
- Auto Updates

Q4 – MERLIN

- Autonomous swaps executed by MN quarums
- Enhanced Privacy
- On Chain Scaling (Sharding)
- Cold Exchanging from hardware devices
- DAPPS built on XSN blockchain
- Enable Cross Chain Proof of Stake

9. TECHNICAL ARCHITECTURE OF XSN COIN

XSN coin is a state of the art cryptocurrency that allows a peer-to-peer method of payment and is deployed on its dedicated StakeNet block-chain based technology. It will be used for daily transactional activities happening within the XSN coin financial ecosystem, for staking and masternode purposes, merchant services, and can also be used as a peer to peer exchange and store of value between users securely, and efficiently at reduced costs.

By using XSN coin and its dedicated blockchain technology that is backed by innovative technologies such as TPoS, Lightning and Stealth Mode, XSN Coin aims to enhance its services to consumers, sellers, and merchants. This allows a level of transparency that was previously unrealized while creating incentives for users to adopt and use the platform.

10. KEY TECHNOLOGIES AND FEATURES

PoS REVOLUTIONIZED—INTRODUCING TRUSTLESS PROOF OF STAKE(TPoS)

BACKGROUND OF PROOF OF STAKE

At its very core, the modern banking system is based on a simple paradigm - 'Trust'. We give our money to banks and they provide us with services in return (deposits, loans, and investments). While we could perform these services ourselves, it has proven much more convenient to use this centralized, trust-based system.

To mitigate the potential for abuse presented by such a global centralized system, decentralized blockchain based assets, such as Bitcoin, have been introduced. To secure a decentralized network and ensure users cannot double-spend their funds, Bitcoin utilizes a Proof-Of-Work (PoW) algorithm, which requires miners to prove through distributed consensus - a large pool of people who are geographically segregated agreeing on transactions or blocks that are valid/invalid to be added/rejected to the blockchain - have spent a certain amount of computational resources in order to make an attack on the network uneconomical.

The computing power required to carry out the cryptographic calculations only ever increases as the difficulty increases, thus consuming greater amounts of electricity. In the long run, this would be counterproductive to the health of a cryptocurrency, as miners would have to sell substantial portions of their coins for fiat currency to foot the electricity bill, devaluing the price of the cryptocurrency. Thus, it can be deduced that PoW networks are not financially ideal as only miners can receive block rewards and transaction fees in return for precious resources, whereas regular users do not see any ROI from holding their coins.

This is where Proof of Stake (PoS) networks come in. Proof of Stake is a typical computer algorithm through which a cryptocurrency achieves their distributed consensus. It is also a better alternative to the PoW algorithm because it achieves the same distributed consensus at a lower cost and in a more energy efficient way.

The transaction confirmation mechanism shifts from a burden of proof of the expenditure of resourc-

resources over to total stake held, where transactions are confirmed by simple nodes who hold large balances, and the greater the balance the user holds, the more likely they are to receive fees and block rewards. While this significantly reduces the number of resources required to confirm transactions and effectively allows the average user to see positive ROI on balances held, this system still requires a user to maintain connectivity at all times, have a high-bandwidth connection, and for their wallets to be unlocked 24/7. During any time frame in which all or any of the aforementioned conditions are not met, the user is skipped by the network and does not receive their fair share of stake rewards.

INTRODUCING TRUSTLESS PROOF OF STAKE (TPOS)

StakeNet has devised a solution to the problems being faced by users of decentralized networks today: Trustless Proof of Stake (TPoS). TPoS essentially allows users to own a stake in StakeNet, a Proof of Stake currency, and have any other node (merchant nodes) do the staking for them using their high-bandwidth, continuous connectivity (to ensure maximal rewards distribution) while not having to share any spendable balance or private keys with the node owner. Your funds are yours and yours alone, and will safely and securely grow over time even while you sleep. This feature was created with the intention of allowing users to securely stake XSN coins in cold storage from hardware devices. Increasing security for both the network and the user. We believe TPoS will be the next stage of evolution in terms of guaranteeing ROI on balances, and our adoption strategy will ensure it becomes the standard across financial services worldwide. TPoS allows any fund owner to delegate the duty of growing their funds to any interest generating service provider (typically served via Masternodes on the network) without having to lose control over their funds. Think of it as putting your money inside of a virtual bank that cannot fail, get robbed, go bankrupt, become insolvent or shut down, with you being able to withdraw or move 100% of your funds at any time, day or night, no questions asked and no withdrawal limits imposed.

TPoS takes on the robust infrastructure introduced by Bitcoin, the Blockchain, and adds an extra layer on top, called the delegation layer. With Bitcoin (and any other digital currency in existence) a user would have to send their money to the said service provider in order to grow their funds, instead, XSN's TPoS allows users to delegate their funds. With StakeNet you do not send over your money, you send over the right to grow your money, temporarily, until you find someone who offers a better service. This is the very essence of the free market.

FEATURES

1. StakeNet is fundamentally private: The StakeNet Network utilizes a technology called Stealth Mode, meaning that a user can choose to send funds to a recipient without any traces. Sender and recipient details are hidden and obfuscated, making it impossible to track your movements.

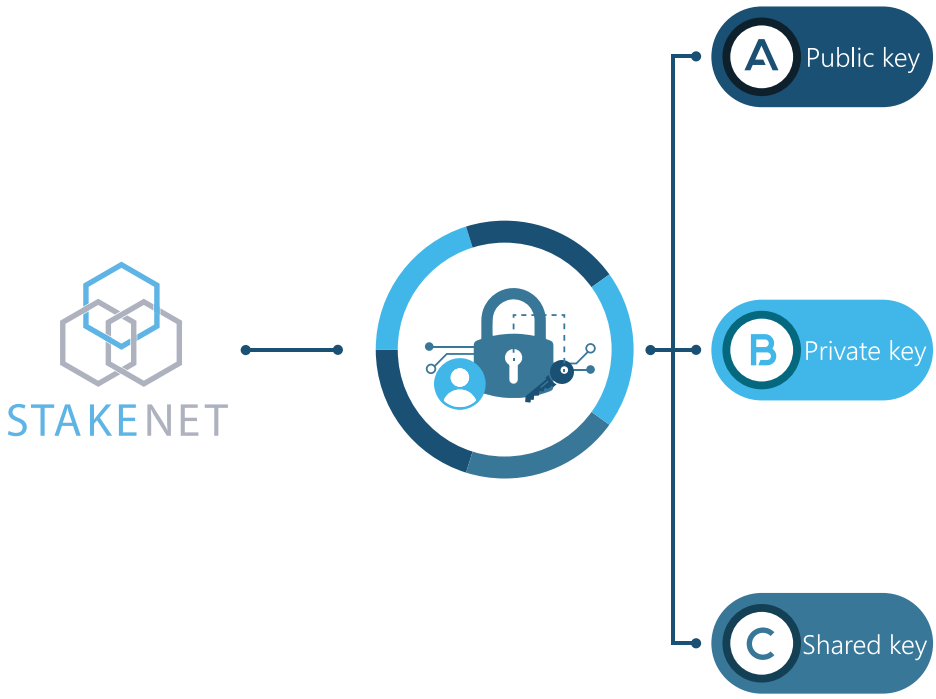
2. StakeNet provides attribution and is always on: Using a dedicated blockchain, StakeNet records

each user's balance and stores it forever, until they choose to move it around. The StakeNet Network is cryptographically secure, meaning that no one can access anyone's funds unless they have their private key (unique password) and is fully decentralized, meaning it is not owned by any party who can choose to arbitrarily change the rules.

3. StakeNet is trustless: Unlike any other financial system or digital currency, StakeNet is the only solution that allows users to delegate the right to grow their funds without needing to actually hand over custody over them. This is groundbreaking technology and cannot be found anywhere else.

MECHANICS

To accomplish the above-mentioned features, XSN has created a multi-layered cryptographic architecture that expands the private-public key paradigm, called Triplet-Based Encryption. This three-layered model will feature a public key, which serves as a public address and stores unspent balances, a private key, which can authorize the spending of a balance stored on the public address it was used to create, and a "shared" key. The shared key is created whenever a user chooses to allow a merchant node operator to stake their funds and its sole purpose is to authorize the staking of a user's balance. It cannot spend or move the balance around; for those the private key is required. Now that a user has a new key that can be used for remote staking only and the private key no longer needs to be disclosed, the concept of trust is once again eliminated, allowing the economics of the StakeNet network to prosper. We purposely made the barrier to entry easy to become a TPoS merchant, this will ensure competition and enough decentralization amongst TPoS merchant nodes to prevent 1 merchant from monopolizing the market. Our dev team also can develop 1-click setups for merchant UI's if need be to even further ensure decentralization to allow average non techies to enter the market.



TPOS CONTRACT

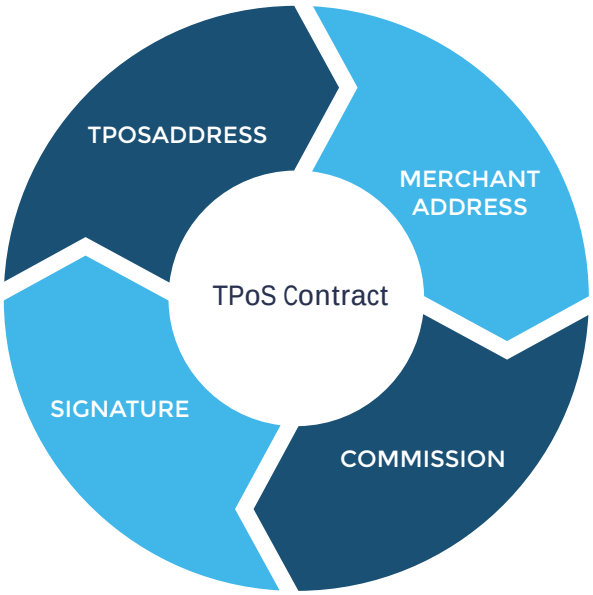
A XSN Trustless Proof of Stake (TPoS) contract is a special agreement made on our blockchain which allows an owner of a given address (we call “owner”) the ability to give staking permission to a separate address (we call "merchant"). The merchant does not have permission to move funds in the TPoS address, only the right to stake the balance of that address. The owner can move his funds out of the TPoS address at all times, giving him complete control of his funds during and throughout the execution of this contract.

Required information to create a TPoS contract

The contract is a special transaction with OP_RETURN that holds data specifying the terms. The contract is created by a user sending 1 XSN to himself, which will also broadcast the terms of the contract to the network. This 1 XSN needs to be made the lowest priority when the user spends XSN from his Ledger wallet (if the 1 XSN is spent it will break the contract).

To cancel the TPoS contract the user simply needs to move all of his funds into a new address, or cancel the contract via their UI.

Required information in the contract is as follows:



1. TPOSADDRESS — Address owned by the creator of contract (this balance will stake via TPoS)

2. MERCHANTADDRESS — owner of this address will have the ability to stake the balance in ‘TPoS address’

3. COMMISSION (value between 1–99%) — tells the protocol how to split staking rewards minted from TPoS address (allowing owner to automatically pay commission to the merchant)

4. SIGNATURE — ssignature by the creator of the contract showing proof that he is the owner of the TPoS address

11. TPOS—RESTORING TRUST IN CRYPTO BY OFFERING PRIVACY

Trustless Proof of Stake allows people to offer Staking as a Business, where a merchant can stake other people's coins and generate a commission based income from the rewards created, opening up new opportunities for businesses to arise from our invention. A government's ability to tax and service debt is the fuel that drives it. With cryptocurrencies coming, it is important to consider what effects this will have on this matter. Full-time salaries are already being paid in cryptocurrencies, along with the ability to anonymize these assets, disclosure will soon be at the complete discretion of the individual. This will, without a doubt, increase the difficulty to both track incomes and collect taxes, leaving governments, small and large, facing difficult situations in both funding operations and collecting revenue.

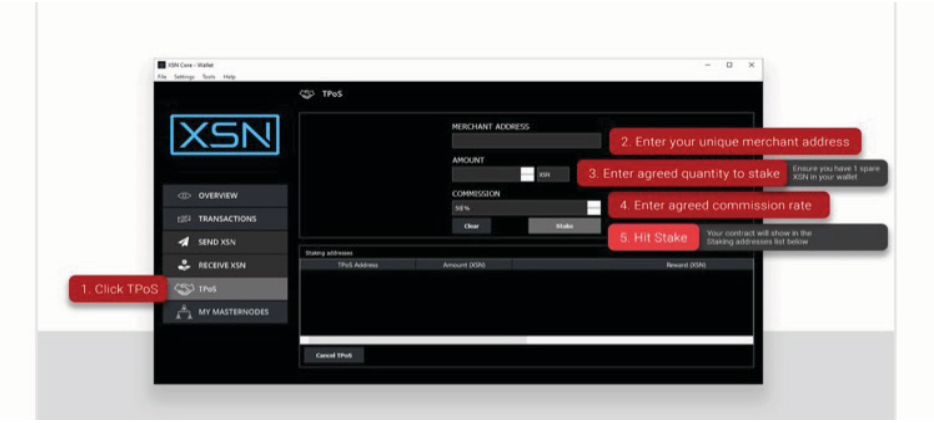
WHAT WILL BE THE EFFECT?

Politicians have already begun discussions about criminalizing those who 'hide' cryptocurrencies, which will certainly evolve into broader criminalization of all holders at some point and time. Imagine what the discussion would be like when the very salaries that pay the government politicians are in jeopardy? It is highly likely that it would not be a discussion but a swift implementation of the law to retain some semblance of control they once had. What does this mean for us? For most of us, we have never had to worry about criminalization regarding personal IPs, web traffic, or general behavior with our online cryptocurrency profile.
However, this activity may be used as evidence for conviction, and proof of guilt under possible prosecution in a not so distant future. "Hot" actions (i.e. any activity online related to cryptocurrency) will be classified as a criminal offense entering this next era, and it will be of high value for users to remain 'cold' (interacting with the online ecosystem as little as possible), ensuring all privacy and security is maintained. ***Our new feature - TPoS - was engineered with this in mind and will provide several unique benefits that will ensure safety, privacy and security of our users not found anywhere else.***
A cold storage exchange is made possible by our commission payouts, allowing an owner of a TPoS address to instruct the protocol how to split rewards and also where to send them.

SAMPLE "ONE CLICK" TPOS UI:

In the image below there is an example of a "One click TPoS" UI taken from the XSN desktop wallet.

Sample proof of concept for TPoS UI - User fills 3 values and clicks "stake".
Once the user fills the required fields and clicks "stake" the backend executes 4 steps:



1) Generates new address (the TPoS address)

2) Generates contract using: result from step 1, merchant address and commission (values inputted by the user)

3) Broadcasts contract to the network

4) Send XSN to the TPoS address created in step 1 (amount inputted by the user in UI)

USABILITY OF TPOS

TPoS commission

On the surface, the commission is simple, a merchant provides a service and charges a commission for said services. However, in our case, this entire negotiation is handled directly on our blockchain. ***The protocol itself is "smart" and knows how to split these newly minted TPoS coins.*** All done without any human involvement through a series of cryptographically signed messages broadcasted when the contract is first created. We engineered this feature to avoid predicting market rate or demand but allow the two parties to settle among themselves a split from 1–99%. This will also allow alternative

forms of services to arise - such as willingly giving the merchant 100% rewards in exchange for certain goods.

USE CASE

Say a merchant wants to gain a competitive edge and offer added services on top of their regular staking - they could instruct the owner to input 100% commission at the time of their TPoS creation, then agree to send the reward in a currency of the owner's choice…to an address of their choice. ***The owner could not only be staking his assets while offline but also be exchanging securely and safely, without lifting a finger.*** The exchanged rewards could hypothetically be translated to any form: a BTC address, ETC, or even fiat (directly into a bank account) and could be used as a means of "cashing in" to an owner's local currency. Once these services are established it will drive large amounts of traffic and attention to our currency, as we will be the first and only one with this unique functionality. Couple this with increasing regulations and the effect will be even more dramatic.

SELLER RATINGS

Since the staking rewards would be in control of the merchant, this example of a hidden exchange would have to maintain a small degree of trust. We believe this will be easily mitigated by ***giving the merchant a 'rating' based on the quality of service.*** Any dishonesty or underperformance would cost the merchant more in the long run than they would gain, similar to the effect of a standard seller rating we are all familiar with before making an online purchase. This model works because the merchant will never have the ability to make off with a significant amount of funds, and worst scenario is he steals a few small rewards but completely ruins his reputation in doing so, ***and If the owner is not comfortable with the service he can simply cancel the TPoS and redeem his funds at his discretion.***

12. STAKENET MASTERNODES

Normally, launching a masternode is a highly technical process and generally goes way beyond the scope of non-technical user's abilities. StakeNet's Masternodes platform solves this issue by providing a simple to implement masternode hosting service that allows users to launch a masternode with incredible ease and no advanced technical ability required.

OVERVIEW

Masternodes or Bonded Validator Systems can simply be termed as the servers of a cryptocurrency. A StakeNet masternode can be any computer that runs on a Virtual Private Server (VPS) and has the StakeNet wallet with 15000 XSN as a collateral number of coins required to run the masternode. Unlike normal nodes, that help the miner in generating new coins, StakeNet masternodes are utilized for verifying transactions, voting system mechanism, etc. So in a way, the masternode serves the StakeNet blockchain as well as other blockchains that will be integrated via cross-chain support. For users who do not understand the complex mechanisms of cryptocurrency trading and still want to have a passive cryptocurrency income, owning a masternode means that they are involved and making gains even when not trading.

StakeNet masternodes are dedicated hardware nodes that reside on servers around the world to ensure network decentralization and needed redundancy. Masternodes serve a critical role in adding a self-governing, service-providing layer to the network, as well as, supporting the StakeNet vision and mission statement by performing network-related functions. Trustless Proof of Stake essentially allows users to own a stake in XSN, and have merchants do the staking for them using their high-bandwidth continuous connectivity (to ensure maximal rewards distribution) while not having to share any spendable balance or private keys with the merchant. Your funds are yours and yours alone, and will safely and securely grow over time even while you sleep.

REWARDS PROGRAM

To secure the long-term health of the StakeNet Network, masternode operators will have financial incentives to keep their nodes running for extended periods of time, primarily by getting paid for services rendered. These will include the following:

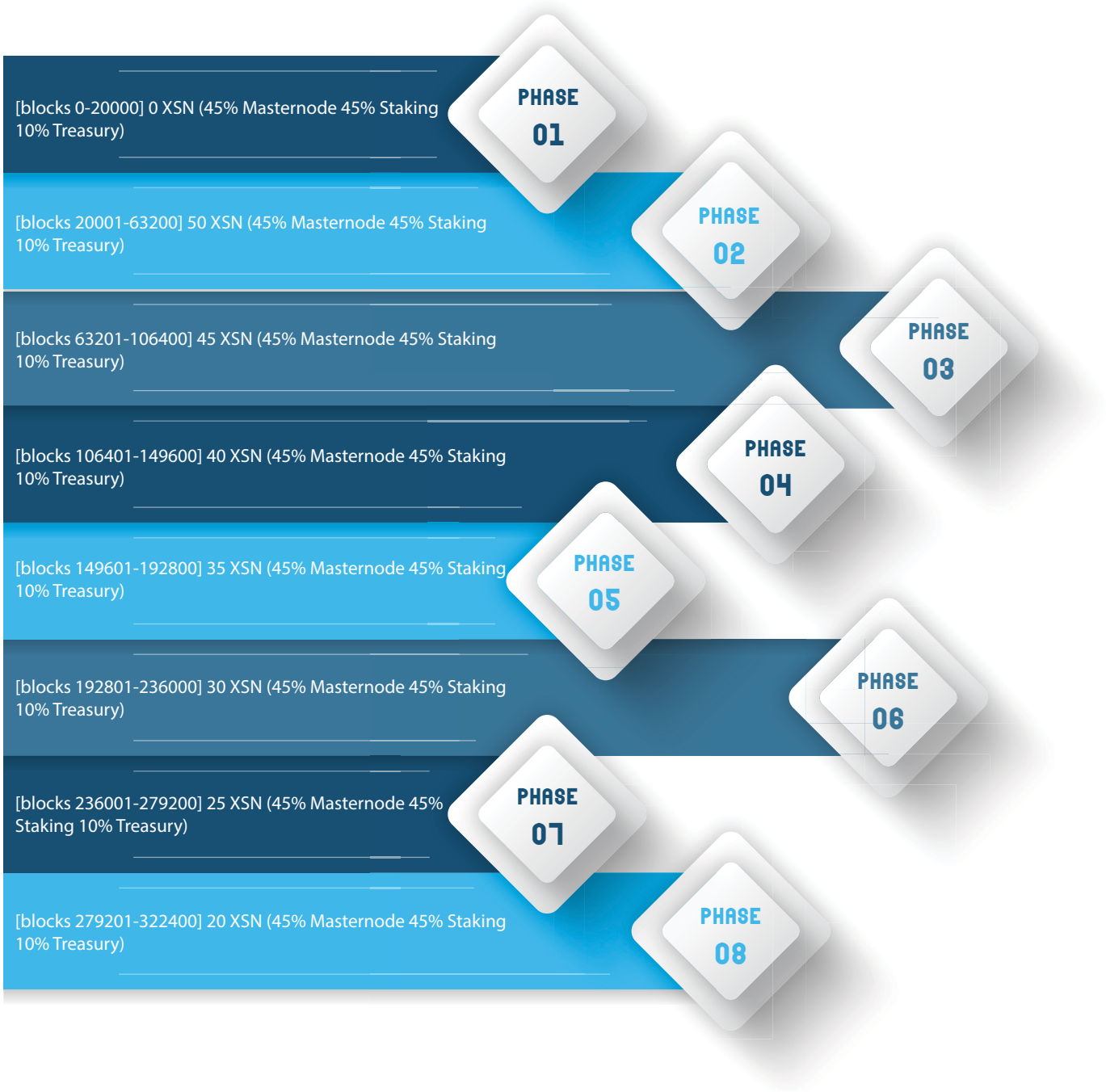
1. A percentage of all block rewards, minus a fee paid directly to the treasury and subject to the Block Equalizer rate of each period

2. Transaction fees, including usage of StakeNet's Flash TX services

3. Revolving Stake Bonuses (RSB: expanded below in detail)

4. Trustless staking fees paid by entering into contracted partnerships with users who wish to earn extra stake rewards by utilizing our unique Trustless Proof of Stake feature (TPoS; expanded above in detail)

POS REWARDS BREAKDOWN:



HOW XSN MASTERNODE WORKS?

Each masternodes will store an exact replica of the StakeNet blockchain, thus allowing average users to use thin SPV web, phone, and PC/Mac wallets. Statistically speaking, the average user will tend to want to use thin wallets for greater usability. We believe that in order to achieve the mass adoption we have planned; a reduced barrier to entry will need to be introduced to our users. Masternodes help eliminate the requirement for running a copy of the blockchain on a user's machine as wallets will connect to masternodes directly and securely.

Masternodes will require a set amount of StakeNet coins as collateral, fully redeemable should the owner ever wish to take their node offline. This is to reduce the financial viability of performing malicious attacks on the network by setting up malicious nodes, as well as, guarantee that only stakeholders in the StakeNet Network are allowed to vote on proposals, thus ensuring their quality.

The StakeNet project regards user anonymity and financial privacy as a core value. For a global payment network to be ready for mass adoption, payments between users must be confidential and unlinkable, and public addresses used to store funds cannot reveal a user's balance. To illustrate this point, failing to do so will result in vendors' inability to set prices and negotiate effectively as both suppliers and customers will be able to see their transaction history, what they charge and what they pay. This is clearly an undesirable outcome that we seek to prevent.

FLASH TX

In the interest of facilitating rapid transactions across the network, preventing any future scaling difficulties, as well as providing a payment service that's ready for point-of-sale commercial use, StakeNet will feature Flash TX—the ability to send near-instantaneous transactions between users. When using Flash TX, the sender essentially requests the Masternode network to oversee the transaction being made, which allows for several interim confirmations until the first blockchain confirmation occurs. The receiver will immediately see the transaction as spendable in their wallet. This prevents double-spend while increases the number of transactions per second the StakeNet network can handle.

13. REVOLVING STAKE BONUS (RSB)—DEFLATION BASED REVENUE MODEL

As citizens of the globe, we are most likely familiar with a process called 'inflation'— a common effect of governments and their ability to print and increase the money supply. Although, its meaning may get distorted through its use in politics, it is fairly simple to understand—every holder of the currency at the time of this money creation (by choice or not) is transferring value from their personal holdings

at the time of this money creation (by choice or not) is transferring value from their personal holdings to the destination these newly created monies ends up. It is a collective transfer of wealth and extremely efficient form of taxation.

The opposite of inflation (deflation) can be just as powerful, simply working in reverse. It provides an efficient method of transferring wealth from one singular point to all holders of the currency of that particular time, a form of "reverse taxation". Deflation is the method using which StakeNet rewards its coin holders, executing this via the RSB mechanism. RSB "Revolving Stake Bonus" will build and support a network of businesses (i.e xsncoin.io) whose proceeds are sent to their respective and assigned burner addresses. The scope of these operations will be limited to properly incentivize businesses to perform the 'proof of burn'.

Unlike modern nation states, where governments are the sole executors of the national monetary policies, XSN's monetary policy is based on hard-coded rules and consensus via our masternodes—any decisions of how inflation is used is left to the ones with large stakes. No group of people, whether elected or otherwise can unleash a tragedy of the commons. The possibilities that arise from this proof of burn model are limitless, with the very highest ones being prioritized and pursued on a strategic partnership and adoption level in the early stages. This is made possible due to XSN's unique economic model via our RSB coupled with treasury and API integration, creating a powerful multi-layer of financial protection and growth for its holders. Over the next few years we will see boundaries pushed on the disruption these self-governing communities have not just on their respective organizations but greater society as a whole.

There, then, can be a suite of applications built on top of these addresses— analyzing in real time— the health and statistics of the ecosystem. Holders will track exactly how much value these bonuses provide directly from within our wallet and which organizations are providing them. There are many models and layers you can build on this framework, let's start with a popular one—financial services.

RSB FUNCTIONALITIES

HEDGE FUNDS

It is important to understand the effects that blockchain will have on the world of traditional financial services - especially in hedge funds. We are living in one of the most disruptive eras of growth in human history, with massive amounts of wealth being generated in relatively short periods of time. A hedge fund model is perfectly positioned to capitalize on hyper-growth industries, as they have appropriate risk assessment and diversification models to benefit from these gains taking place.

Our treasury (~.001% of the total XSN market cap a month) controlled by our masternode holders could, in theory, behave as an individual client of a chosen hedge fund. Through our budget/ proposal

system, fund managers would accept a principal from our masternode holders, and provide a transparent portfolio with auditable gains and losses. Once their proposal is approved, we (the community) assign them a burner address, which they use to send their agreed upon proceeds. There would be little of an incentive for a fund manager to 'run away' with our budget since we work with reputable names as RSB provides transparency and trust. For the fund manager, this will result in larger budget approvals for that given individual or firm as time goes on.

There will also be reinventions of these funds along with all other financial service models. One is that we could soon start to see 'anonymous' hedge funds, where the individual identities are concealed but their brands are reputable, verifiable, and public. Just like an immutable blockchain being released in the wild, we could see portfolios released getting popular whose origins are not traceable but results famous.

STAKENET VENTURES

A common problem arising amongst treasuries is the oversight. It is difficult to find a model (outside of delegating core team members themselves) that allows ongoing diligence after a budget is paid. This causes inefficiencies, delays, and losses for investors. This current structure is also limited to shorter terms (months vs. years) and is problematic for projects requiring long-term development and growth.

A VC firm is a bit more dynamic vs a hedge fund as it deals with long-term business development, equity distribution, and higher risk/ reward ratios. Focusing on development that services the StakeNet community, however, will strengthen our long-term position and growth coupled with more traditional treasury operations. Using equity distribution mechanisms on the blockchain, coupled with smart contracts, ownership can be distributed accordingly to end users via the RSB burn, passing the value to the average users.

STAKING AS A SERVICE

Staking services, pools, masternode hosting etc. will easily integrate with our RSB model and will be the first to arise. Our proof of concept will be our very own xsncoin.io, whereby integration of our API into the QT wallet, we will not only be able to provide information on the RSB address, but also statistics relating to servers, nodes, and other relevant operations to users and investors directly, in real time. Imagine having an interface where you can see data on each bonus address, showing you not only the health and statistics of the given business but also the rewards it is providing to the holders of the currency as well.

INCENTIVIZED PRIZES

Why is the free market so efficient? It is because individuals are racing to get a prize - profits. They will put time, energy, and pain to get them. We can use this economic principle and put it on steroids offering 'X' amount from our treasury to whoever solves a given problem, adds a feature, or builds a service that helps our community. If the prize is big enough, there will be multiple teams competing against each other, building entire businesses just to obtain the prize alone. We could track the progress of everyone from within our RSB interface, giving real-time data and statistics as they race against each other to the finish.

14. XSN ATOMIC SWAPS

Atomic Swapping might be the closest thing to magic we have experienced thus far. It allows any user on one blockchain to 'swap' their assets with a peer they have never met on a completely different chain, and have that swap be 100% trustless, instant, and with little to no fee involved. It is also the closest solution in protecting privacy while acquiring and trading assets. In order to use this service, it requires assets to be "hot" and by nature, all information associated with these transactions are required public in order for it to work properly. Although Atomic Swaps may not be considered perfect when it comes to spotting identities, it is a step in the right direction as a peer to peer system and is much more secure than a centralized point of exchange.

It is not difficult to spot identities in a P2P market, and with that being considered we figure a user may not want to spend or transact any more than absolutely necessary on these platforms. As XSN will have a compatible off chain network of its own, its features can be utilized to provide extra value to this network. This is where our chain comes into play - by instantly 'Atomic Swapping' into a XSN TPoS address, your newly swapped funds will automatically be safe offline and gain interest, without the need to perform extra steps in sending, receiving, or activation of any kind. Rewards gained from these addresses can also be exchanged into a different currency of your choice, if you use a privacy currency (such as Monero) you will have in one step maintained a level of privacy, that up to this point has required multiple steps, through multiple parties to accomplish.

15. XSN LIGHTNING NETWORK

One of the main objectives of introducing cryptocurrency was to make payment processing faster and cheaper. However, as mining operations started to become expensive, transaction fees for Bitcoin also started raising. A version of the technology that is meant to make cryptocurrency payments faster and cheaper, called Lightning Network, is the second layer to enable off-chain transactions on Bitcoin and is expected to be a game changer in the evolution of the crypto currency.

Once it is deployed across all nodes, the Network will speed up transaction processing and decrease their associated costs on Bitcoin's blockchain. The Lightning Network allows Bitcoin users to open payment channels between each other. The parties can then conduct transactions without having to post them to the Bitcoin blockchain, avoiding delays and costs that result from recording those transactions each time. Once the channel is closed, only the resulting balances are recorded on the blockchain, not the full transaction history of the channel, and only then are Bitcoin fees paid. There is no required time or transaction limit required to close a payment channel, so they can potentially remain open for months of years

16. XSN TREASURY

As a fully Proof of Stake currency that lacks mining rewards, StakeNet maximizes block rewards and fees for its staking users and masternode operators. The network can therefore, more comfortably afford to allocate a certain share of all distributed fees and rewards to a central fund, known as the treasury. The treasury is a cryptographically sealed public address that holds all funds allocated to it by the network, whose funds can only be spent on proposals submitted to the network officially via a dedicated portal. Each proposal can be voted upon democratically by masternode operators proportionally to the stake they hold in the masternode network (i.e 2 masternodes will entitle the operator to 2 votes). Once a proposal is approved, funds are allocated to it.

The treasury, and its democratic voting nature ensures that the network not only has a chance to receive project proposals that help develop and propel it further, but that project contractors compete against each other to deliver the highest quality projects on time and under budget.

17. XSN CROSS CHAIN PROOF OF STAKE (CCPOS)

BACKGROUND

The value of blockchain is its concept of immutability. This strength however brings real world complexities difficult to manage in use cases, as blockchain was not conceived to adapt easily and faces challenges working with rigid models limiting its agility. For a new breakthrough to be adopted, often

a coin must often change its "rules" and undergo what is called a "Hard Fork".

In a large network this can be very damaging as it requires consensus amongst all nodes to run new software, possibly fragmenting its community and sometimes changing its history. There is also nothing to stop forks from occurring again and again at any point in the future, diluting a coin's value and market capitalization. There may be solutions however, using recently developed technologies and advancements, in this article we will discuss a few. If we can achieve these goals, it would give teams a better, smoother model to conduct operations.

Through this mechanism of CCPOS, StakeNet is creating programing protocols that themselves will interact with the 'rules' on completely separate chains other than their own. This ability would allow communities to utilize new technology, inventions, and advancements ensuring they are able to adapt and adopt easily as well as remain competitive.

OVERVIEW

An atomic swap is essentially proof—a user is proving he has transferred funds from one account to another and thus its contract terms are satisfied. A verification mechanism on the other end is observing making sure the first user does act honestly and is true to his promise. If all is good the contract is allowed to execute, if not they are able to refute—cancelling the contract. Using this method, a user could also move funds to himself—proving he owns a stake in the 1st chains currency. This proof could be broadcasted on chain #2 (and verified using atomic swap functionalities) that our user does indeed possess a stake in the 1st chain. The second chain's protocol might then allow for an appropriate response in light of this 'proof of stake'. This could be in the form of unlocking privileges, rewards, or access to special features. Ownership on the first chain could even be used as "fuel" for its sister chains, creating a hierarchy while avoiding fragmentation.

This would increase the origins (1st chain's) value greatly as any new advancements can be adopted into the ecosystem, using the stability, infrastructure and community from the original chain. What would result is an intra-network of blockchains we call "Inter Chain Clusters".

INTER CHAIN CLUSTER

These Clusters have interdependent traits to one another, giving additional value to users within a given network. They still would however be able to communicate, sync, and partake in all other features allowed through those running on a lightning network. If the lightning network is analogous to an "internet" allowing communication to different blockchains, this would be similar to a 'LAN'—a group of local chains having special rules relative to one another, but also able to communicate to the outside world.

Because lightning nodes are custom built to each chain, one could reprogram and construct rules from scratch with specialized interdependence in mind. So long as the new chains have code to be both lightning compatible as well as cluster compatible it will allow room for flexibility in all other aspects of building and programming for experimentation and invention. This will allow new technologies to be quickly integrated as a framework will exist satisfying all pre requirements needed allowing developers room to operate quickly and freely.

We should stress that this goes radically beyond the concept of ICOs being run on the Ethereum chain for example, as new projects wouldn't be restricted to being token-based solutions on the same chain. Instead, they'd have their own chains, and subsequent chains for secondary purposes, with virtually unlimited flexibility. As they'd be 'tethered' to our main chain—holders, masternode operators, and core team members will all benefit.

WHY HAS THIS NOT BEEN DONE?

One of the main limitations of atomic swaps is the user must have two blockchains—his own as well as that which he intends to interact with in order to verify the terms of his contract are met. He needs both so he can physically refute if terms are not met or allow it to execute if he sees nothing wrong. This method causes limitations however as a human is needed for this entire process to function. In order for cross chain proof of stake to be possible it requires complete autonomy on the part of the protocol.

In our case utilizing masternode functionalities to both monitor, and verify will solve this issue. Allowing masternodes to contain databases of 3rd party chains, (specifically our sister chains) while watching for and verifying specific actions allows us to autonomously cross chain communicate via the protocol. In addition to CCPOS this would also enable an ability for users to "light-swap" (atomic swap without having to DL an entire 2nd blockchain) directly on our protocol, without the need of a 3rd party centralized service.

Delegating CCPOS responsibilities to masternodes would also provide an added income stream as new fees and rewards would exist associated with these cross chain verifications. If a sister chain increases in popularity and demand, ROI on main chain masternodes would rise as proving your stake on chain #1 would be the only way to unlock given actions on chain #2—& utilizing our masternodes would be the only way to accomplish this proof.

MAINTAINING AGILITY

In a world of open source, it can be difficult to protect new innovations from being forked, spun, and implemented in new and sometimes better models. As we diverge from traditional ownership (patents, copyrights etc.) we must learn to preserve value in this new environment. No better could this

be done through engineering protocols themselves to respond to original decentralized master chains. The result would be not centralized control but a hierarchical control (HC) with masternode owners from an origin chain determining the direction, development, and purpose of the given inter chain cluster.

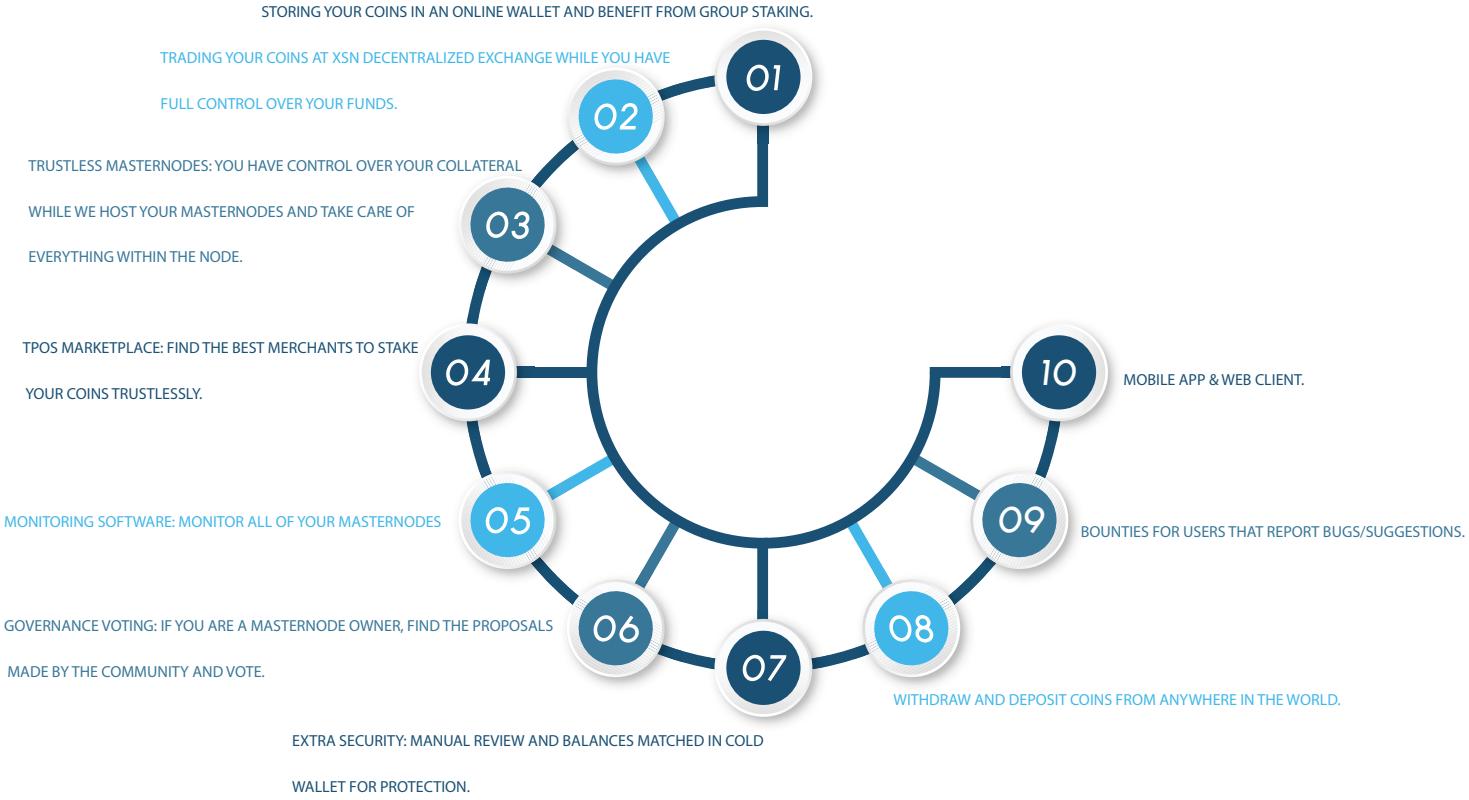
Platforms will soon rise eclipsing bitcoin, and ability for chains to adapt and evolve will be critical, as those that cannot will fade, be replaced and forgotten. We will see chains begin to combine into greater cohesive bodies where at its core lies a decentralized system growing proportionately with breakthroughs and advancements in the greater field of cryptocurrency. Rather than combat disruption we will position ourselves to adopt disruption — our community will secure future value and exposure to new trends simply by holding our asset, and our masternode owners will also benefit as their added service in verifying these cross chain proof of stakes would increase fees, rewards, and overall ROI giving us definitive value moving forward.

18. FUNCTIONALITIES

The technology we are implementing can be applied and disrupt a broad range of industries. TPoS essentially allows differing degrees of access to a given asset. In our case the owner of XSN will be able to allow 3rd parties to perform actions with their coins (staking) however they will be limited to this designated action and nothing else. This could apply to everything from the sharing economy to general security. If someone wants to rent an apartment, the owner can allow the customer access into their front door but deny access to their bedroom door, allow access to drive a car but limit access to open the hood and tinker with the engine etc.

STAKENET.IO - Online Staking, Hosting and Monitoring Platform

The StakeNet team is building a platform in which users would be able to keep their holdings safe, stake their major PoS (proof of stake) coins, and trade coins via a decentralized exchange (DEX) all in one single place. For existing solutions, in order to get staking rewards for your PoS coins, you need to run the wallet(s) and keep it online 24/7 continuously which most users find it unpleasant. XSN solves this problem by providing a secure environment to store your coins and stake them at the same time, so you do not have to keep your computer running.



Features

• Storing your coins in an online wallet and benefit from group staking. You will receive staking rewards, no matter how much coins you are staking.

• Trading your coins at XSN decentralized exchange while you have full control over your funds.

• Trustless masternodes: You have control over your collateral while we host your masternodes and take care of everything within the node.

• TPoS marketplace: Find the best merchants to stake your coins trustlessly. Stakenet.io will monitor merchant contracts and let you rate them based on your experience.

•

Monitoring software: Monitor all of your masternodes (even the ones you are not running with us) and your Trustless Proof of Stake contracts. In order to make sure your masternodes and TPoS contracts are working properly, you will be notified via email if something goes wrong.

• Governance voting: If you are a masternode owner, find the proposals made by the community and vote.

• Extra security: Manual review and balances matched in the cold wallet for protection.

• Withdraw and deposit coins from anywhere in the world.

• Bounties for users that report bugs/suggestions.

• Mobile app & web client.

NORMALIZATION SHOCKWAVE

The StakeNet R&D team is currently reviewing a possible introduction of a "Normalization Shockwave". This shockwave will be a multiplier placed on all running proposals across the network to maintain their real value. For example, let's assume that a graphic redesign project for a new website for StakeNet is being lead and has received funding for a total of 1,000 StakeNet coins. A week later, the price of StakeNet increases by 25% (very common in the cryptocurrency world). The community will vote on a shockwave multiplier of 0.8 in order to restore the project's real value to 1,000 StakeNet at the moment of approval. This will also work the other way around; a multiplier above 1 will ensure that if the price of StakeNet drops below its initial value the project isn't frozen and is brought to completion.

Mathematically speaking, since all multipliers preceding the most recent one are already factored into the most recent one, there is no need to keep track of each individual iteration and engage in complex calculations that could wrongfully inflate or deflate any project's funds. We believe in simplicity of design.

BLOCK EQUALIZER

As Masternodes serve a vital role in the ongoing operation and development of the network, having too few across the network negatively contributes to its health and resilience. On the other hand, having too many can hinder future growth. As Masternodes require collateral, having an excessive amount significantly restricts coin liquidity, which prevents commercial application and adoption outlook. It also reduces the number of coin-staking users on the network.

It is therefore valuable to create a mechanism that strikes an ideal balance between the two. Block Equalizer determines the current balance between the fees and rewards earned by Masternode operators and the stake rewards earned by users as a whole. If the balance is tilted in favor of one of the sides, it reduces its rewards and increases the rewards earned by the other side. For example, if there are too many Masternodes and too many rewards are earned by them, as a result, Block Equalizer will reduce the Masternode share of the block rewards and increase the share users earn by the same ratio, and vice versa. This will be dynamically and automatically recalculated every N blocks by the

blockchain.

FUTURE USE CASES

PEER TO PEER RENTAL MARKET PLACE:

A rental marketplace integrated with the Internet of things(IoT) technology allows a peer to peer connectivity between landlords and tenants by enabling them to rent out or acquire houses or rooms at best possible rates without deduction of any service fee or hidden charges. Furthermore, it works as a medium of dispute resolutions by ensuring both parties agree and act to a certain set of defined rules.

PEER TO PEER SERVICE HIRING:

A job market built on XSN Network platform that allows customers to find quality services from across the globe. It uses AI and Smart contract technology to address dispute resolution and ensure the client is delivered what they have paid for.

19. XSN MERCH – A COMMUNITY-DRIVEN SERVICE

XSN MERCH

XSNMERCH is an online store that offers various wearable accessories with various versions of the StakeNet logo printed on it, at extremely competitive prices. The mission with XSNMERCH is to offer our community a chance to wear what they love while spreading the word about StakeNet (XSN). Turnover from the merchandise store will help funding developments, exchange listings, and general partnerships. XSNMERCH is the go-to place for the absolute best StakeNet merchandise at unheard of, on-demand prices.

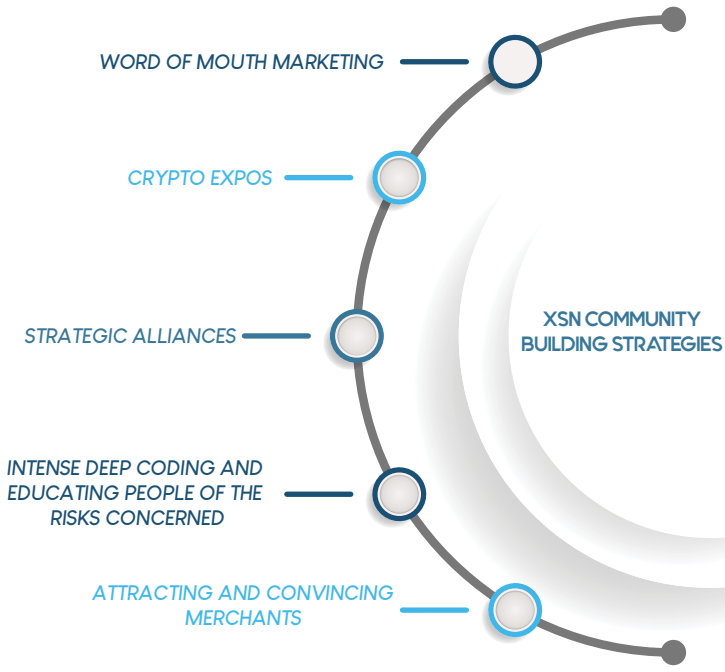
Link: *https://xsnmerch.io*

20. XSN COMMUNITY BUILDING STRATEGIES

Some of the mediums we use for community building include but are not limited to:

WORD OF MOUTH MARKETING

It means when you are apprised by someone you trust directly. Having already been in the market for



years, we know that when users are staking or holding XSN Coin, they are committed to the cause. As it says that, there is no marketing better than the word of mouth, we are at a huge advantage because of our already developed network and this will help us grow in the longer run.

CRYPTO EXPOS

To spread our message loud and clear to our potential users, we create awareness campaigns all across the world and always participate in crypto-expos. We sponsor many mega events and our professional marketing team actively participates in these expos ensuring maximum conversion of XSN Coin.

STRATEGIC ALLIANCES

We also keep on collaborating with key merchandisers around the world from time to time, as it is beneficial for both the parties and helps in enhancing acceptability of the coin.

INTENSE DEEP CODING AND EDUCATING PEOPLE OF THE RISKS CONCERNED

Our highly experienced and professional team of developers have ensured that XSNCoin and XSN Platform is here to stay for longer run. We not only take care of the development end in terms of bug fixing but ensure that the promises made at our launching are kept.

ATTRACTING AND CONVINCING MERCHANTS

One of the most important aspects for a cryptocurrency is: marketing it so well that stakers and holders have a place to spend it. We know our target group and have the best strategies in place, to convince even those who are not aware of the crypto. We already have made concrete steps in this regard and our community driven services (Discussed earlier in detail) are inspired by this vision. We aim to get the XSNCoin accepted as a payment solution in online shops to get their attention. We aim to be bringing merchants the customers and increasing their sales while reducing their payment fees. The rest is a matter of persistence and we make it as easy as possible to get them started.

21. GLOSSARY

PoW: An algorithm, which requires miners to prove through distributed consensus

PoS: Proof of stake is a typical computer algorithm through which a cryptocurrency achieves their distributed consensus at a lower cost and in a more energy efficient way.
Trustless: User's don't have to send their coins to us. Private keys would be reserved with the respective users.

Cryptocurrency: a digital currency in which encryption techniques are used to regulate the generation of units of currency and verify the transfer of funds, operating independently of a central bank.

Blockchain: A blockchain is a continuously growing list of records, called blocks, which are linked and secured using cryptography.

Wallet: A cryptocurrency wallet is a software program that stores private and public keys and interacts with various blockchain to enable users to send and receive digital currency and monitor their balance.

Serverless: XSN Cheaptstake maintain the infrastructure, software and uptime.

TPoS: Trustless proof of stake— TPoS essentially allows users to own a stake and have any other node (merchant nodes) do the staking for them using their high-bandwidth continuous connectivity while not having to share any spendable balance or private keys with the node owner.

Treasury: The treasury is a cryptographically sealed public address that holds all funds allocated to it by the network.

MasterNodes: Masternode is simply a cryptocurrency full node or computer wallet that keeps the full copy of the blockchain in real-time, just like you have Bitcoin full nodes and is always up & running.

API: A set of programming libraries and functions that allow outsiders to interact with a given system infrastructure.

Exchange: a community established exchange rate, assigning value to a given activity or service

Ledger Wallet: Ledger is a Crypto wallet on a smartcard device, small format and low weight with USB port to manage your account, protect your bitcoins and make safe payments.

Atomic Swap: It allows any user on one blockchain to 'swap' his asset with a peer he has never met on

on a completely different chain

Hedge Funds: A limited partnership of investors that uses high risk methods, such as investing with borrowed money, in hopes of realizing large capital gains.