

Questionnaire - Stasis

Questionnaire

Note: you can decline to answer certain questions (like marketing / go to market) which may be trade secrets and we will put in "declined to answer due to current trade secret".

a. General

i. **Which blockchain / DLT are you building on top of?**

Ethereum.

ii. **How does the stablecoin work?**

It's a euro-pegged stable coin, whose fiat reserves are backing the EURS token on 1:1 basis.

iii. **What is your revenue model?**

The revenue is based on fees from operations with EURS and reserves management.

b. Launch & marketing

i. **What does the market need to be confident in the stability of your token?**

1. Transparency, which we are providing by publishing daily our fiat reserves and having weekly verification and quarterly audits by a top-5 accounting firm (+weekly verification feature by the top-5 firm is in the works)

2. Marketability – people need to know that they can move their capital in and out of EURS with reasonable speed. We are expanding our network of exchanges (5 are up, 3 more are integrating, and dozens more in the pipeline) and payment systems and financial institutions (2 are up, about 15 are in the pipeline)
3. Legal grounds – most cryptocurrencies are operated with in a regulatory grey area. Therefore, regulators are cautious and banks often freeze crypto related transfers. EURS has a legal status of a virtual financial asset in Malta and is compliant with EU regulations.

ii. How are you bootstrapping to that level of confidence?

I already weaved it into the previous question.

iii. What are your go-to-market strategies?

We consider EURS as a legal and transparent gateway for institutional investors to enter the digital assets market. It is also a great tool to hedge volatility of the crypto market.

That is why our product, marketing and business development teams are working together on promoting EURS to institutional investors, payment systems, exchanges, and crypto-businesses. Among the latter I can say, that we are preparing a service for a mining company that would use EURS to realize their profits and pay their fixed costs (mainly, energy bills and salaries).

At the same time, our marketing team is expanding our community, preparing events and enrolling STASIS on conferences.

c. Economics

i. What is your coin stable with respect to?

Didn't quite catch the question.

ii. How much volatility can this peg withstand? Is that the same for upwards and downwards pressure? How wide is the band of behavior it can support?

We peg EURS to euro, with actual fiat reserves to support each token. Since it's a perfect hedge (the underlying fully matches the stated peg) the price stability is maintained by simple arbitrage forces.

Just recently the internal mechanisms have changed a bit with respect to the price feed to allow a tighter peg. The last weeks the peg was within 1% (currently 1.01 CNY for a bitCNY).

iii. How easy is it to analyze the band of behavior from which it can recover?

Don't really catch the question.

iv. How expensive is it to maintain the peg/stability mechanism?

We do some market making to sustain the initial liquidity in EURS, however, by mutual agreements with exchanges, the transactions are free of charge. Besides, market forces themselves stabilize EURS price utilizing arbitrage opportunities.

v. How transparently can traders observe the true market conditions?

We do **not** make any trades for ourselves or to accelerate trading volumes. We only market make when there is an actual counter-party that for some reason has no market to close the order. So, I would say, the market conditions are transparent.

- vi. **Which monetary theory (theoretical) assumptions do you think are not true and how does your protocol account for that?**

This question is irrelevant for our token's business model. We make a simple asset-backed product, no monetary theory involved whatsoever.

- vii. **Does your stablecoin supply scale in response to demand? If so, how?**

No. Again, this is isn't our business model. The stablecoin supply can grow only if it is backed by real fiat reserves.

- viii. **Who provides the capital to maintain exchange rate peg? How are they compensated / Why do you think they would continue to lock up capital, given other investment opps?**

This question isn't relevant to EURS.

- ix. **An eventuality plan in case of a "black swan" event.^{1,2} The 1% case will happen eventually.**

This question isn't relevant to EURS. Our type of stable coin is in demand either way – when markets are down traders flee from volatility to a stable asset. When markets are up – there is a capital shift from traditional assets to cryptos, and the best way to start is to enter crypto-markets through a stable coin, and then allocate the crypto-portfolio.

Dealing with stable coins is more suitable for traders, especially when reallocating capital between cryptos or fixing profits, as moving directly to fiat might trigger tax obligations.

d. Tech

- i. **Are any novel consensus mechanisms used, over and above the underlying blockchain?**

We use Ethereum.

- ii. **What transaction throughput can the blockchain currently handle and how does it plan to scale? Do its plans coincide with your plans for your estimated demand?**

N/A

- iii. **What tradeoffs does your protocol make and why did you make those tradeoffs? (supply/demand, temporarily peg breaking) (censorship resistance) (privacy tradeoffs) (accuracy of present market data and ease of manipulation of the data feed protocol uses (responsiveness of market and ease of manipulation)**

N/A

- iv. **Are there any centralized components of your system? Would any of these be easy for govts to shut down?**

Yes, we believe that each project has to do what is best for its community. Having a transparent, credible and clear counter-party in a business model that uses a real asset peg is more valuable for clients when it comes to capital preservation and accessibility.

Decentralized stable-coins lack customer protection big time. They offer a shared responsibility for the coin performance between the community members, while at the same time making no guarantees that the capital of those people will indeed be preserved. At the end of the day if anything goes wrong, there isn't anyone to claim against, and no way to return your capital back. Any you are not compensated with extra returns for taking such risks.

¹ https://en.wikipedia.org/wiki/Black_swan_theory

- v. **Does your protocol require information outside the blockchain such as a feed of price data? If so, how does this oracle work? Who manages it, what are the incentives for managing it, and what happens if the data they provide has a glitch?**

N/A

- vi. **Which participants can see which transactions? What is the data and metadata available, and to whom? How does this impact privacy?**

All the data is available to everyone on etherscan.io. There are no hidden protocols running.

- vii. **Are you doing anything with formal verification? Smart contracts used?**

EURS is an ERC20 token.

- viii. **What is the rebase period? (Length of time between currency adjustments.)**

Ad hoc. As soon as new euros are added to the reserves, the new EURS are issued on the blockchain.

- ix. **Can we make this automated?**

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- x. **Do we use a smart contract, or network rules of the blockchain operators?**

A smart contract.

e. Regulation

- i. **What are your perceptions of local and global regulation in supporting stable coin, asset backed token economies?**

Regulators are still deciding on bigger things; they do not look deeper into the heterogeneity of the crypto universe. Generally, stable coins would either fall into e-money regulation or, like STASIS, would be considered as a virtual financial asset.

- ii. **What could be done to improve regulation in terms of speed, quality, value for your company?**

STASIS has been very proactive in promoting crypto-friendly regulation across the globe. We are a part of Maltese taskforce that stood behind the new crypto regulation introduced this summer. We think that:

1. A certain classification of crypto-assets should definitely take place – it would considerably ease accounting practices and speed up the wide-spread adoption of cryptos.
2. Banking system lags way behind even the regulators. It would perform better if main regulators (US, UK, EU, CN, SK) would unify their approach to cryptocurrencies. This way banks would receive a clear guidance on how to process crypto-related transactions.

f. Testing

- i. **What kind of simulations have you done and what have they helped you learn? (simulating broad array of market conditions)**

1. **Mental models for simulations**

N/A

2. **Econometric models**

Yes

3. Agent-based Modelling / Computer simulations

N/A

4. Other (Please describe)

N/A