

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?
Meter's own blockchain
- ii. How does the stablecoin work?
It is not pegged to fiat but each coin have a uniform uncheatable cost of production. In a competitive environment, the coin should be traded around its average cost of production.
- iii. What is your revenue model?
Separation of currency creation with record keeping. We have a separate governance coin for maintaining the ledger, which could extract value from the financial system.

b. Launch & marketing

- i. What does the market need to be confident in the stability of your token?
The market needs to start using the coin either for speculation or for transactions. The more people using it, the more stable is the coin
- ii. How are you bootstrapping to that level of confidence?
We bootstrap the usage instead of the confidence. The initial use case of the stable coin is to obtain the governance token, which maintains the ledger of the Meter system.
- iii. What are your go-to-market strategies?
We will leverage the speculation needs initially on the governance token. During the process, people will start understanding the system and the stable coin

c. Economics

- i. What is your coin stable with respect to?
It should have a stable and uniform cost of production, which makes the price link to competitive price of electricity.
- 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?
The peg to 10kwh is guaranteed through consensus algorithm. The market price however maybe volatile initially, but will gradually settle to the average production cost
- iii. How easy is it to analyze the band of behavior from which it can recover?
- iv. How expensive is it to maintain the peg/stability mechanism?
 1. How transparently can traders observe the true market conditions?

One way is to look at the static margin of bitcoin mining. Mining meter should have similar or slightly higher margin.

- v. Which monetary theory (theoretical) assumptions do you think are not true and how does your protocol account for that?
The concept that money has not be created from debt and cash flow is not true. Money is just a unit of measurement to facilitate trade and transfer. The debt concept is from fiat currency to prevent cheating.
- vi. Does your stablecoin supply scale in response to demand? If so, how?
- vii. 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?
- viii. An eventuality plan in case of a “black swan” event.^{1,2} The 1% case will happen eventually.
It happens when a lot of people who used to participate in the system decide they want to leave. There is no demand for either MTR or MTRG, then the system may not be able to recover from such black swan event.

d. Tech

- i. Are any novel consensus mechanisms used, over and above the underlying blockchain?
Hybrid consensus to clearly separate currency creation with record keeping. We use PoW to create currency, notion of time and randomness; PoS for fast record keeping
- 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?
Currently throughput is 2000s tps with 3~5 seconds confirmation time when there are thousands of participants. I could further scale without limitation through side chains or sharding. We believe 2000 tps can go a long way for financial applications
- 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)
We trade off fiat currency pegging for decentralization.
- iv. Are there any centralized components of your system? Would any of these be easy for govts to shut down?
Nope
- 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?

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

The only outside blockchain data is the most efficient BTC mining hardware information. We have a curve approximating it, but may have to adjust over time based on real data through governance.

- vi. Which participants can see which transactions? What is the data and metadata available, and to whom? How does this impact privacy?
The blockchain is pseudo anonymous like ethereum and bitcoin
- vii. Are you doing anything with formal verification? Smart contracts used?
Any system smart contracts will be formally verified
- viii. What is the rebase period? (Length of time between currency adjustments.)
- ix. Can we make this automated?
 1. Do we use a smart contract, or network rules of the blockchain operators?

The governance vote could be in smart contracts

e. Regulation

- i. What are your perceptions of local and global regulation in supporting stable coin, asset backed token economies?
For fiat pegged stable coins, there is always a better alternative, which is the fiat itself. In addition, fiat based financial system is already pretty efficient. The opportunity for such stable coins are mainly unregulated use cases (like unregulated exchanges for example). The bigger they get, the more susceptible they are to the regulators.
- ii. What could be done to improve regulation in terms of speed, quality, value for your company ?
Basically clearly define meter as a commodity rather than a security.

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
 2. Econometric models
 3. Agent-based Modelling / Computer simulations
 4. Other (Please describe)

Right now mainly the stable average cost of production under hash rate attacks. It would be great to have additional simulation on other aspects