



# The International Stable Currency (DRAFT v1.1)



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Nothing in the International Stable Currency Whitepaper ("The Whitepaper") is an offer to sell, or the solicitation of an offer to buy, any tokens. The International Stable Currency Team ("ISC Team") is publishing The Whitepaper solely to receive feedback and comments from the public. If and when the ISC Team offers for sale any tokens (or a Simple Agreement for Future Tokens), it will do so through definitive offering documents, including a disclosure document and risk factors. Those definitive documents also are expected to include an updated version of The Whitepaper, which may differ significantly from the current version. If and when the ISC Team makes such an offering in the United States, the offering likely will be available solely to accredited investors.

Nothing in The Whitepaper should be treated or read as a guarantee or promise of how the ISC Team business or the tokens will develop or of the utility or value of the tokens. The Whitepaper outlines current plans, which could change at its discretion, and the success of which will depend on many factors outside the ISC Team's control, including market-based factors and factors within the data and cryptocurrency industries, among others. Any statements about future events are based solely on ISC Team's analysis of the issues described in The Whitepaper. That analysis may prove to be incorrect.

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## ▼ I. Introduction

The idea for International Stable Currency came from one simple question:

***What if there was a stablecoin project that directed the returns generated by its reserve back into its token's value, rather than pocketing the money for themselves?***

From this question sprouted thousands of conversations and a year and a half of preparation. Our primary objective was to create a stablecoin project that **perfectly aligned its incentives with its holders**. In this spirit, we present The International Stable Currency Whitepaper.

## ▼ II. What is ISC?

International Stable Currency (ISC) is the next step in the evolution of money: a stablecoin that is designed to grow in value over time, **pegged to the value of an underlying basket of financial assets**, such as commodities, bonds, and equity. Unlike most stablecoins, ISC is not pegged to the US Dollar.

Our mission is to create a stable, international currency that can be used for any transaction, online or offline. Everyone deserves equal access to an inflation-resistant currency; the peace of mind that their purchasing power will be the same tomorrow.

## ▼ III. Why ISC Matters

# 1. State of Fiat Currencies

## What is Fiat Currency?

Fiat currency is a form of money that is issued and backed by a central government or central bank, rather than by a physical commodity such as gold or silver. Most modern paper currencies are fiat currencies, including the U.S. Dollar, the Euro, and other major global currencies.

## Drawbacks of Fiat

### i. Centralized Control of Monetary Policy

The fundamental issue with fiat currency is the lack of control that individuals have over the value of their own money. The value of fiat currency is at the mercy of centralized governments' monetary policies and economic conditions. This is concerning given that it is not uncommon for governments to implement risky or irresponsible policies to further short-term economic and political objectives, rather than act in the best interest of currency holders.

### ii. Hyperinflation Caused by Money Printing

Frequently, governments will print money to stimulate economic growth, provide liquidity, finance fiscal deficits, and pay for government spending. While this approach does make money readily available to borrow and spend, excessive money printing devalues a currency by drastically increasing the overall supply of money in circulation. There are multiple examples of excessive money printing causing currency crises.

- Zimbabwe: The Zimbabwean government, in an effort to stimulate economic growth and pay for public spending, printed a large amount of money to cover the budget deficit. This led to hyperinflation, which reached its peak in 2008, with an annual inflation rate of over 79 billion percent - one of the highest inflation rates ever recorded in human history. The country had to abandon its own currency and adopted a multi-currency system, with the US Dollar and other currencies being used as legal tender.
- Venezuela: The Venezuelan government, in an effort to stimulate economic growth and cover its budget deficit, printed a large amount of money starting

in the early 2000s. This led to hyperinflation, which reached its peak in 2018 with an annual inflation rate of over 1,000,000%.

- Nicaragua: The Nicaraguan government, in an effort to finance its fiscal deficit and pay for subsidies and public sector wages, printed a large amount of money in the late 1970s and early 1980s. This led to hyperinflation, which reached its peak in 1988 with an annual inflation rate of 33,000%.

In fact, many countries in recent years have experienced high levels of inflation due largely in part to excessive money printing, including Turkey (83% in 2022), Argentina (48% in 2021), and Sudan (70% in 2018).

### iii. **Excessive Fees**

Traditional financial services such as bank accounts, credit cards, and wire transfers, which are based on fiat currency, come with a variety of fees associated with them.

These fees often include monthly maintenance fees for bank accounts, overdraft fees, ATM withdrawal fees, wire transfer fees, and international transaction fees, among others. It's also important to note that merchants also pay interchange fees to card networks for credit & debit card transactions. These fees are usually passed on to the consumer in the form of higher prices for goods and services. These fees add up over time and make it more expensive for individuals and businesses to participate in today's economy.

### iv. **Limited Financial Inclusion**

Many economically disadvantaged individuals are unable to access traditional financial services. For example, individuals who do not have a government-issued ID, a phone number, or a permanent address may be unable to prove their identity. They may also have difficulty providing necessary documentation, such as paychecks, utility bills, or bank statements. However well-intentioned these requirements may be, the fact remains that they serve as insurmountable barriers for those who are unable to fulfill them.

### v. **Capital Controls**

Capital controls are government regulations that restrict the flow of money in or out of a country. These regulations can take many forms such as limits on the

amount of money that can be withdrawn from a bank account, restrictions on foreign currency transactions, taxes on money transfers, or obtuse reporting requirements. These restrictions can make it difficult for individuals and businesses to access foreign investment opportunities or spend their own funds, significantly limiting their financial freedom.

## 2. State of Stablecoins

! In this whitepaper, when discussing stablecoins, we are referring to **fiat-collateralized, USD-Pegged** stablecoins. As of January 2023, 8 out of the top 10 stablecoins fall into this category, accounting for over 90% of the total stablecoin market capitalization. Consequently, all references to stablecoins in this whitepaper focus on the issues and potential improvements related to **fiat-collateralized, USD-Pegged** stablecoins.

Alternative forms of stablecoins, such as algo-stablecoins, crypto-collateralized stablecoins, and precious-metal backed stablecoins have their own unique issues and are not covered comprehensively.

### What is a Stablecoin?

Stablecoins are a type of cryptocurrency that pegs its value to another currency, commodity, or financial instrument. This makes them preferable as a medium of exchange compared to other cryptocurrencies, such as Bitcoin and Ethereum, whose value can be highly volatile and are therefore impractical to use as a currency. The most popular stablecoins are pegged to the USD Dollar.

#### i. How are USD-Pegs Maintained?

All stablecoins that are pegged to the value of the US Dollar are set at a value of one US Dollar (\$1.00). Despite this point of commonality, various methods are used to maintain this peg. The three most common methods are: **fiat-collateralization**, where the stablecoin is backed by a reserve of fiat currency and/or cash equivalents; **crypto-collateralization**, where the stablecoin is backed by a reserve of cryptocurrencies; and **algorithmic**, where a combination



of dynamic collateralization, dynamic minting and burning, and over-collateralization are employed to maintain the peg.

## **Improvements on Fiat**

### **i. Permissionless Transferability**

Stablecoins can be transferred and exchanged peer-to-peer without the need for a central authority or intermediary. This generally allows for faster, cheaper, and more efficient domestic and cross-border transactions. This allows stablecoins to bypass the traditional banking system and its associated fees, restrictions, and delays, giving individuals and businesses greater control over the usage of their funds.

### **ii. Transparency**

Because stablecoins are built on blockchain technology, they offer a level of transparency that is not possible with traditional fiat currencies. Blockchain is a decentralized, digital ledger that records all transactions, allowing anyone to verify the integrity of the system and the balance of any given address. This means that with stablecoins, the public can easily see the total supply of the stablecoin and real-time transaction activity.

The transparency of blockchain transactions, including the ability to view past transactions, enables the public to monitor and detect any potential fraudulent, illegal or unethical activities, even if they occurred years previously. For example, the recent collapse of FTX highlights how public scrutiny can quickly identify discrepancies between statements made by the CEO and the movement of funds from relevant wallets. In the future, this transparency will enable the identification of such activities even more efficiently.

### **iii. Access to Financial Services**

Stablecoins, and other forms of crypto, offer a new level of financial inclusion. Indeed, one of the ways that stablecoins provide financial services to the unbanked and underbanked is through the use of digital wallets. Digital wallets are permissionless software applications that allow individuals to store, send, and receive digital assets such as stablecoins. The key advantage of digital wallets is that they can be easily installed and used by anyone without needing

to go through traditional financial intermediaries, making it possible for them to participate in the global economy.

#### iv. **Base-Currency for Crypto Exchanges**

The role of stablecoins in the creation of thousands of operational crypto exchanges cannot be understated. In the early stages of the crypto market, exchanges faced enormous difficulty finding banking partners willing to facilitate the transfer of fiat currency in and out of exchanges, resulting in a limited number of operational exchanges. This is because many banks were hesitant to work with exchanges due to regulatory concerns, and the perceived high-risk nature of the crypto industry.

Stablecoins made it possible to have a stable form of value that investors could use to transfer money in and out of an exchange. They have quickly become the preferred method for investors to buy and sell other cryptocurrencies, reducing the risk of price fluctuations and the costs associated with conversion. They have also increased liquidity in the crypto market, which makes it easier for investors to buy and sell assets. Thus, stablecoins became a crucial base-currency in the crypto landscape, making it possible for crypto exchanges to function even without access to traditional banking services.

### **Drawbacks of Existing Stablecoins**

#### i. **(Mis)Management of Reserve Funds**

The stability of a stablecoin pegged to one US Dollar (\$1.00) is heavily dependent on the ability of the issuer to maintain a proper reserve of assets. If the issuer does not have enough assets in reserve to back the stablecoin, it may not be able to maintain its peg to the US Dollar. Furthermore, if the issuer mismanages the reserves or there is a lack of transparency about the reserves, it can create a lack of trust in the stablecoin, further eroding its value.

In fact, accusations of questionable lending practices have been leveled against several prominent stablecoin projects, such as when the New York Attorney General's office publicly accused one stablecoin project of using funds from their reserves to make a risky loan worth hundreds of millions to bailout an exchange partner. This lack of transparency raises concerns about the stability and trustworthiness of these stablecoins, and highlights the importance of increased transparency in regard to the assets held in reserve by stablecoin issuers.

## ii. Profit for Them, Risk for You

The predominant business model for stablecoin projects is problematic, as holders are left to bear hidden risks without any opportunity to share in the potential rewards. This is evident in the way that most stablecoins projects invest the billions of dollars held in their reserves, without any input from the community, and keep the returns for themselves. While this approach is beneficial for stablecoin issuers, it incentivizes them to make riskier investments and obfuscate information about those investments, compromising the integrity of their reserves.

## iii. Inflation Risk

Stablecoins pegged to one US Dollar (\$1.00) are by far the most popular type of stablecoin in the crypto market, but they are 100% exposed to the same inflationary pressures as the US Dollar. For example, if the US Dollar experiences inflation or a decline in value due to excessive money printing or a default on its debts, the stablecoins pegged to the US Dollar will also lose significant purchasing power. This can pose a risk for individuals and businesses that rely on USD-Pegged stablecoins as a store of value.

# ▼ IV. What Sets ISC Apart?

## 1. The ISC Way

International Stable Currency (ISC) is a stablecoin that is designed to grow in value over time and **pegged to the value of an underlying basket of financial assets** such as commodities, bonds, and equity. It is optimized for stability and inflation-resistance, not profits for the ISC Team.

Additionally, the community, via the ISC Governance Token (IGT), decides the precise composition of the basket of financial assets while also having the capability to exercise significant oversight concerning the existence and safety of those assets. (More details on this will be provided later.)

ISC is the next step in the evolution of money: permissionless, asset-pegged, inflation-resistant, and community-controlled.

### i. Pegged to the Value of an Underlying Basket of Assets

The ISC stablecoin functions differently from existing stablecoins in that it is **not pegged to the US Dollar**. Instead, the value of ISC is pegged to the value of the assets held by the ISC Reserves. Simply put, the price of ISC increases as assets held by the ISC Reserves generate returns. Like other stablecoins, ISC holders should not expect the value of ISC to fluctuate wildly. Instead, the price of ISC will steadily increase over time as the reserve grows from the returns generated by the ISC Reserves.

ii. **Resistant to Inflation Caused by Money Printing**

Directing the returns made by the ISC Reserves back into the price of the token enables ISC to achieve an unprecedented level of inflation-resistance within the stablecoin market. This is in stark contrast to USD-Pegged stablecoins, which lose value as the overall supply of US Dollars in circulation increases. If the US Dollar loses purchasing power, so do USD-Pegged stablecoins. The steady appreciation of ISC's value through the returns by the ISC Reserves makes ISC an attractive option for those looking for a hedge against inflation.

iii. **A Reserve-System Controlled by The Community**

The ISC reserve-system is controlled by the community through our governance token, IGT. By giving the community voting and oversight powers, we can ensure that the interests of the community are always prioritized and that the ISC Reserves are managed responsibly and sustainably. Although the initial allocation of the ISC Reserves will be set by the ISC founders, we anticipate that the community will make and vote on meaningful proposals that improve the stability and quality of the ISC Reserves' investments.

## ▼ V. How ISC Works

### 1. The ISC Reserves

#### Monetary Philosophy

We believe ISC will one day compete meaningfully with the US dollar as a store of value and a currency for everyday transactions. But to get there, it must maintain a

stable value, and avoid risky allocations that could cause wild price fluctuations, putting the savings and well-being of ISC users at risk.

The community holds great power in determining the ISC Reserves' allocation and ultimately its success. As such, it is crucial to clearly articulate the objectives of the ISC Reserve and explore how we will achieve them.

#### i. **Objectives of the ISC Reserve-System**

As ISC is first and foremost a stablecoin, we propose the following objectives, in order of importance, for the ISC reserve-system:

1. **Prioritize Stability:** Minimize fluctuations and potential losses to match, or exceed, the stability of top fiat currencies.
2. **Be Community-friendly:** Ensure the reserve is easy to understand, implement, maintain, and analyze. The allocation should be intuitive and straightforward.
3. **Optimize Returns:** Pursue the highest returns without sacrificing stability or community-friendliness.

Our Monetary Philosophy can also be understood by posing the question, *“What is the simplest way to allocate funds in the ISC reserve-system to maintain a high-level of stability while also generating a healthy return?”* Identifying the optimal answer to this question, as a community, will ensure that ISC is a reliable, trustworthy currency.

#### ii. **Passive Diversification: A Path to Achieving Our Objectives**

Financial markets are inherently unpredictable; shifts occur rapidly and without warning. This is why the ISC reserve-system allocation strategy should not depend on anticipating future economic conditions.

Therefore, the **ISC Reserves' allocation should be diversified**. Proper diversification spreads risk across asset classes, industries, and geographical regions. In other words, diversification reduces the impact of any one investment on the ISC Reserve and helps to even out the ups and downs of the financial markets.

The **ISC Reserves' allocation must also prioritize passive management**, rather than relying on active adjustments that can be costly and difficult to

execute consistently. The emphasis should be on low-cost, index-based investing, which prioritizes low fees and broad diversification to achieve sustainable, long-term returns.

This is not to say that changes to the ISC Reserves' allocation cannot be made. On the contrary, we expect the community to submit and vote on proposals aimed at improving the ISC Reserves' stability.

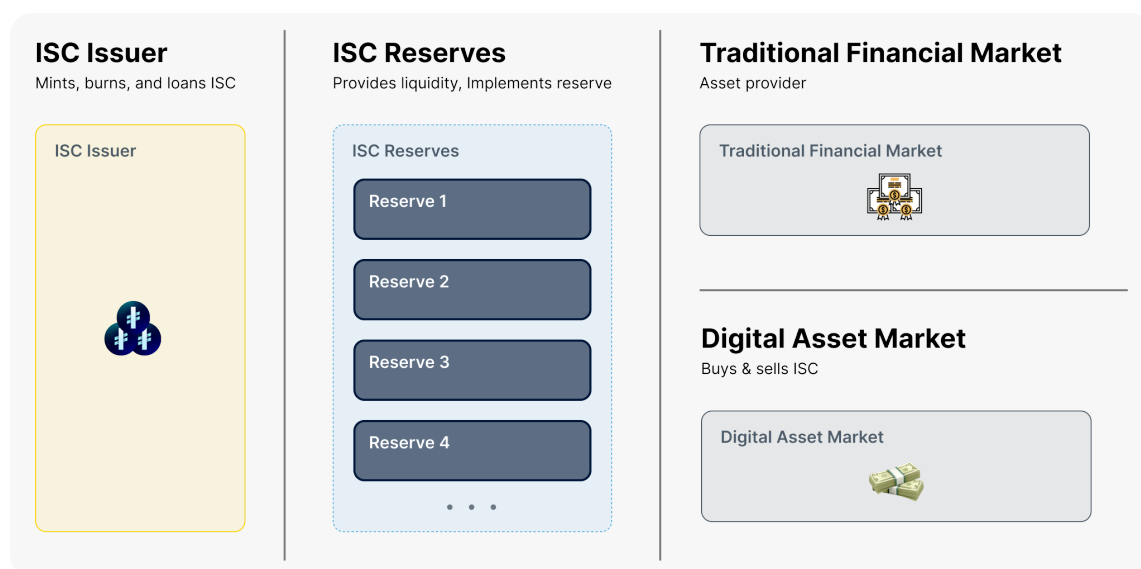
### iii. Initial Target Percentage Allocation

The initial ISC Reserve allocation is designed to give it the broadest possible exposure to the global financial markets, thereby tracking its performance. At the core of this proposal is the belief that it is a fool's errand to try and outperform the market.

Equity, Global	20%
Commodity, Gold	20%
Bond, Global Bonds	20%
Bond, Short-term Treasuries	20%
Cash	20%

## Implementation

### i. Key Entities



i. **ISC Issuer**

The ISC Issuer will be operated by the ISC Foundation. It is tasked with two principal functions that are integral to the operation of the ISC ecosystem. Firstly, it is responsible for the minting and burning of ISC. Secondly, it manages the loans of ISC between itself and the ISC Reserves.

ii. **ISC Reserves**

**!** For the sake of clarity the ISC Reserves, not ISC users, maintain full possession and ownership of the assets. Meaning that, although ISC is pegged to the value of the assets owned by the ISC Reserves, ISC users do not have direct ownership rights over the assets themselves.

The ISC Reserves will be independently operated. Each reserve is tasked with providing liquidity of ISC to the Digital Asset Market, while also buying and selling assets from the Traditional Financial Market.

iii. **Traditional Financial Market**

The Traditional Finance Market refers to the entire market for real & financial assets, including the buying and selling of bonds, equities, commodities, and more.

iv. **Digital Asset Market**

The Digital Asset Market refers to the entire market for cryptocurrencies, including the buying and selling of ISC.

ii. **Key Concepts**

i. **ISC Target Percentage Allocation**

The *ISC Target Percentage Allocation* refers to the desired proportion of each asset class for the ISC Reserves, as decided by the community.

Example)

Asset 1	Equity, Global	20%
Asset 2	Commodity, Gold	20%

Asset 3	Bond, Global Bonds	20%
Asset 4	Bond, Short term Treasuries	20%
Asset 5	Cash	20%

## ii. ISC Reserve Basket

The *ISC Reserve Basket* is the precise quantities of each asset required for one (1) ISC at the present day ( $T_n$ ).

Example)


Asset 1	VWRA	0.003060869565
Asset 2	SGLD	0.001717391304
Asset 3	AGGU	0.06000434783
Asset 4	IB01	0.002930434783
Asset 5	USD	0.3034869565

## iii. ISC Target Price

The *ISC Target Price* is the total value of the ISC Reserve Basket at the present day ( $T_n$ ), where  $p$  is the asset price, and  $q$  is the quantity of that asset.

$$p_{isc} = \sum p_{asset} * q_{asset}$$

Example)

 \$1.5304034913043478

## iv. ISC Reserve Basket Daily Rebalance

The *ISC Reserve Basket Daily Rebalance* details the specific adjustments to the precise quantities of each asset in the ISC Reserve Basket, which will be implemented tomorrow ( $T_{n+1}$ ) based on the closing ISC Target Price ( $T_n$ ). The selected traded price will be the VWAP of  $T_{n+1}$ .

Example)



Asset 1	VWRA	-0.0000007846547315
Asset 2	SGLD	0.000000209242236
Asset 3	AGGU	0.000008366956522
Asset 4	IB01	-0.00000005384615385
Asset 5	USD	0.000007182608696

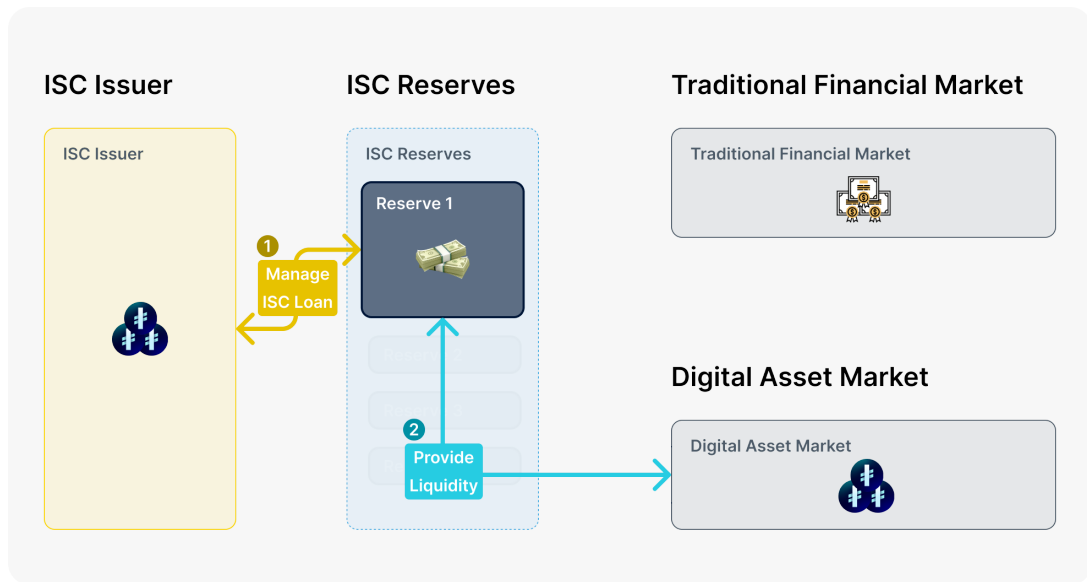
### iii. Basic Mechanics

#### i. ISC Issuer: Issues or Recalls ISC Loans



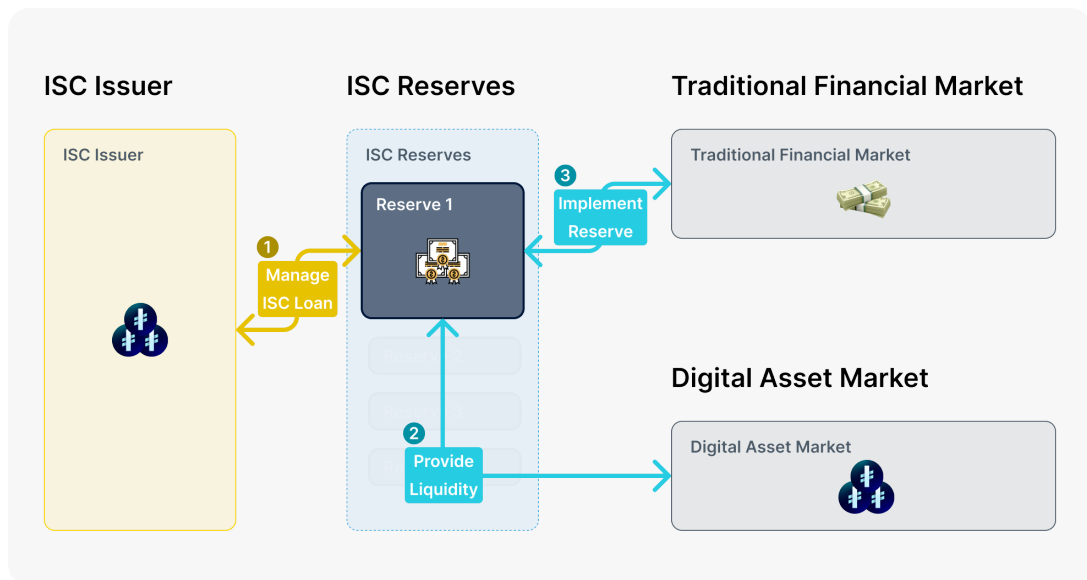
The ISC Issuer is responsible for issuing and recalling ISC Loans to the ISC Reserves. The size of each ISC Loan are determined a variety of factors, such as the liquidity and price of ISC, as well as the reliability of the ISC Reserve.

#### ii. ISC Reserves: Provides Liquidity to the Digital Asset Market



The ISC Reserves provides a continuous liquidity for ISC to the Digital Asset Market by buying and selling ISC as appropriate. The cash generated from each ISC is used to implement its ISC Reserve Basket. This system ensures that there is always enough liquidity for users to be able to buy or sell ISC.

iii. **ISC Reserves: Implements the ISC Reserve Basket**



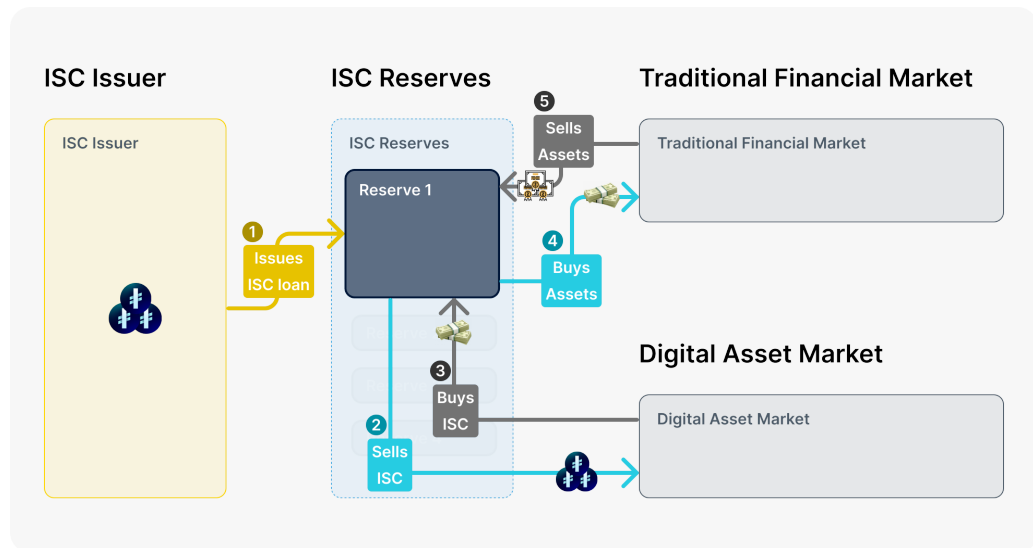
ISC Reserves interface with the Traditional Finance Market to buy and sell the assets required to implement the ISC Reserve Basket for each ISC in

circulation. The assets purchased by the ISC Reserves are used to maintain the ISC Target Price.

#### iv. Advanced Mechanics

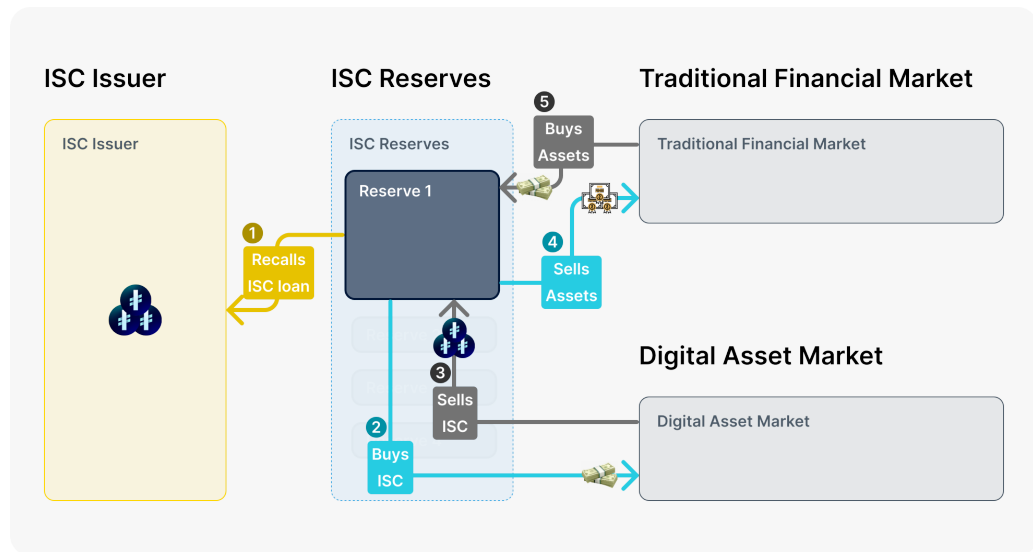
##### i. ISC Peg Mechanism

##### i. Where ISC Market Price is Higher than ISC Target Price



Where the ISC Market Price is higher than the ISC Target Price, the ISC Issuer issues more loans of ISC to the ISC Reserves, which then have the incentive to sell ISC into the Digital Asset Market, thereby increasing the amount of ISC in circulation and bringing the price back down.

##### ii. Where ISC Market Price is Lower than ISC Target Price



Where the ISC Market Price is lower than the ISC Target Price, the ISC Issuer recalls loans of ISC from the ISC Reserves, which then must buy ISC from the Digital Asset Market to repay the ISC Loan, thereby decreasing the amount of ISC in circulation and bringing the price back up.

## ii. Continuous Rebalancing

Continuous Rebalancing (*ISC Reserve Basket Daily Rebalance*) is the incremental process of adjusting the precise quantities of each asset within the ISC Reserve Basket on a daily basis. This ensures that the ISC Reserve Basket maintains its alignment with the community's desired asset allocation.

## iii. ISC Reserve Incentive Structure

The ISC Reserve Basket undergoes a **daily reduction of 0.5%/365**, which in turn reduces the assets required by a small amount. The assets that are surplus to the requirements of the ISC Reserve Basket are used to cover operating costs, pay for fees associated with buying and selling assets, and compensate for time and effort.


The community will review and adjust this incentive structure to ensure it provides just enough financial motivation for the ISC Reserves to continue their work and cover their operating expenses.

## iv. ISC Issuer Interest Rate

To ensure the ISC Project's longevity over the coming decades or even centuries, it must secure a method of funding its operations beyond IGT sales. This is the rationale behind the ISC Issuer charging an **interest rate of 0.0~1.0% on ISC Loans, although initially no interest will be charged.** This also eliminates the need to print more IGT to cover operational costs. Unlike other crypto projects that expand their governance token supply for funding, the ISC Team will never inflate the supply of IGT as it isn't necessary.

## v. Oversight

### i. The ISC Community Auditor

 The specific details of this auditing scheme are under consideration and are subject to significant changes.

In the wake of FTX, we are acutely aware of the importance of guaranteeing the existence and safety of ISC Reserves' funds. To address this concern, the community will have the opportunity to **elect a trusted individual who will act as the ISC Community Auditor.**

The ISC Community Auditor will have the authority to review the assets held by each ISC Reserve and is responsible for presenting a report to the community detailing their findings. While some information must remain confidential, we fully anticipate (and encourage) the ISC Community Auditor to disclose the most critical piece of information: the status of ISC Reserves' funds. The ISC Community Auditor will receive IGT grants as compensation for their time and effort. All ISC Reserves must consent to quarterly audits conducted by the ISC Community Auditor.

#### i. Election Mechanics

Audits for each ISC Reserve occur on a quarterly basis, with elections for the ISC Community Auditor taking place prior to each audit round. The ISC Community Auditor could be the same individual who conducted the previous round of audits, or an entirely new person may take on the role.

## ii. **Recalling ISC Loans**

The ISC Issuer has oversight over the ISC Reserves through the terms of the ISC loan agreement, which allows it to monitor and audit the operations of the ISC Reserves directly. The ISC Issuer and the community, has the authority to recall ISC loans from ISC Reserves at any given time, for any reason.

# 2. **ISC Governance Token (IGT)**

## **What is IGT?**

The **ISC Governance Token (IGT)** is a Decentralized Autonomous Organization (DAO) built on the Realms platform and powered by Solana Program Library (SPL) Governance. We selected Realms because it simplifies the DAO creation process and makes it easy for IGT holders to create and vote on proposals.

The ultimate goal is to use IGT to decentralize ISC to the greatest extent possible. Consequently, IGT has a central role in determining the allocation of ISC's Reserve and guiding critical decisions, making IGT an integral part of the ISC ecosystem. We fully expect the collective intelligence of the community to generate innovative ideas that enhance the stability and resilience of ISC. Together, we will build a superior international currency designed for tomorrow's world.

## **IGT Voting Rights**

While the community has the freedom to submit proposals on a wide array of topics, the subsequent list of voting rights serves to illustrate the types of significant matters community members can vote on. It is important to note that this enumeration of voting rights is not exhaustive, as it merely provides a general understanding of the potential scope and influence community members can exercise through their voting power.



**The exact composition of the underlying basket of assets**



**Electing an ISC Community Auditor**



**Recalling ISC loans from a ISC Reserve**



**ISC Reserves' Incentive Structure**



**ISC Issuer Interest Rate**



**Grant Proposals**

## **Voting Mechanics**

### **i. Creating Proposals**

Community members within the IGT DAO can submit proposals to the rest of the community via smart-contracts on the Realms platform.

### **ii. Voting Threshold**

All proposals necessitate a two-thirds supermajority of all casted votes in order to pass. The rationale behind implementing such a high voting threshold is that it significantly lowers the probability of potentially detrimental proposals gaining approval, thereby promoting a more cautious and considered approach to decision-making within the community.

## **Tokenomics**

### **i. Total Supply (1 B)**

The fully diluted token supply for IGT is set at **1 billion tokens**, providing ample opportunity for ISC users to acquire and hold a stake in the governance of ISC, fund ISC's infrastructure and development, and reward the core team for their contributions.

## ii. First Users Incentive (350M - 35%)

To promote widespread usage and acceptance of ISC, the bulk of IGT tokens will be distributed to ISC holders through an airdrop.

Over the first 48 months after launching ISC, **5 million IGT tokens** will be distributed to ISC holders each month. The amount of IGT airdropped to users will be proportional to the length of time and amount of ISC held by the user.

The airdrop **does not require any form of staking**. While staking does artificially reduce selling pressure, it does not encourage the usage of ISC as a currency. Instead, ISC holders will be able to freely spend and earn ISC without worrying about a complicated staking schedule.

To ensure that users have full control over their airdrops, the distribution of IGT tokens will be triggered by the user. Once triggered, the airdrop will be sent to the user's desired wallet address.

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### Airdrop Formula

$$(ISC_{held} / ISC_{supply}) * timeHeld * 5M IGT = IGT_{airdrop}$$

*Calculated for each period since the last request, where each time period starts and ends when ISC<sub>held</sub> or ISC<sub>supply</sub> changes.*



### Example

$$(10k ISC / 1M ISC) * 0.5 Months * 5M IGT = 25k IGT$$

## iii. Grants (200M - 20%)

Grants will be provided to fund third-party projects to further the development of the ISC ecosystem. These grants will be awarded following IGT's proposal mechanism, whereby the community has the ability to approve or reject each grant proposal. This method ensures that the funds are used in a way that aligns with the community's vision for ISC.

## iv. ISC Lab (250M - 25%)

ISC Lab will use this allocation enable various internal initiatives, including raising capital and hiring world-class talent. This is important for long-term



success as it enables the ISC Team to build a strong foundation for the project, including developing the necessary technology, developing strategic partnerships, and executing community engagement strategies.

v. **Core Contributors (200M - 20%)**

To ensure that the founding team and other core contributors are fully committed to the success of the ISC project, the IGT tokens allocated to them will be **unlocked over a period of 10 years**. This approach encourages long-term thinking and decision-making, while avoiding any potential negative effects of immediate token liquidity.

### **Burning IGT: Aligning the Economic Incentives of ISC & IGT**

To align the economic incentives between ISC & IGT, **30% of the revenue** generated by the ISC Issuer will be allocated to acquire IGT from the market and subsequently burn the purchased IGT. The ISC Issuer will generate revenue by charging an Interest Rate of 0.0~1.0% on ISC loans to ISC Reserves.

As the community steers ISC towards success, the market capitalization of ISC is expected to rise. This growth in ISC's market capitalization will, in turn, lead to an increase in ISC loans provided by the ISC Issuer to the ISC Reserves, thereby increasing the amount of revenue available to burn IGT.

Conversely, IGT holders have no incentive to make decisions that jeopardize ISC's long-term success. Detrimental decisions affecting ISC's stability would likely result in a decrease in both its market capitalization and the revenue available to burn IGT.

## **3. Technological Foundation**

### **Built on Solana**

After considering various blockchains, Solana was determined to be the optimal choice due to its competitive fees and exceptional performance.

i. **Transaction Fees**

ISC needs to keep fees below one US cent to make it affordable for small transactions. Solana's fees are currently at \$.00025 per transaction, significantly below one US cent, and expected to stay low. This ensures that ISC can

function as a international currency for everyone and is not prohibitively expensive to use for everyday purchases.

ii. **Speed**

Solana's block time is just 0.4 seconds, enabling near-instantaneous transactions. By contrast, Bitcoin's block time is 10 minutes and Ethereum's 12 seconds. Users cannot afford to wait that long for transactions to process, especially in real-world scenarios.

iii. **Scalability**

With a theoretical maximum processing capacity of over 700,000 transactions per second on standard gigabit networks, Solana is capable of handling the high transaction volume that ISC requires. Furthermore, its architecture allows for even greater performance on higher capacity networks, meaning that it can process ISC transactions at scale.