



**IDentabit**

# IDentabit Manifesto

## Introduction

Thinking Active introduces the first decentralized, open source, identity enforced blockchain that uniquely addresses the combined requirement of privacy and conditional AML/CTF reporting across all P2P nodes of a decentralized network (P2P/AML/CTF).

## Pro-transparency

Core to IDentabit is the consensus enabled voting mechanism inherent in the underlying code (derived from the DPoS code common to Bitshares and IDentabit). Overseen by the founding council, IDentabit will be governed by a foundation that is dependant on community consensus.

### **Importance**

Independence from centralised administration the IDentabit blockchain functions free of an approval mechanism but rather depends on councils of influence that make recommendations seeking consensus. Inherent in all steps from derived funds, to budgetary process and subsequent expenditure are visible to the community ensuring outcomes are transparent and predictable.

## Pro-privacy

Essential user privacy comes as a consequence of IDentabit's blockchain being closed to public and regulatory scrutiny. Conditional P2P/AML/CTF reporting is the responsibility of an exchange therefore limiting transaction visibility to users and their specific exchange. Further inspection of user transactions would be at the behest of court ordered inspection as per current regulatory practice.

### **Importance**

Privacy pertains to both identity and our financial transactions, where with Bitcoin the identity of the transactor is kept private through anonymity, with IDentabit privacy is achieved by way of a closed network as a result of nodes or exchanges sharing access to account data with their customers. Importantly transaction confidentiality is also maintained by way of confidential transactions.



**IDentabit**

## Pro-crime prevention

KYC identification for all senders and receivers attempting material transactions, counters criminal intent, inclusive of theft, extortion, exploitation, money laundering, terror financing. All weaknesses empowered by anonymous currencies.

### **Importance**

True anonymity which comes by way of confidential transactions, means that all manners of crime can be conducted with impunity, particularly heinous are those crimes against children. Often all crimes enabled by anonymity, inclusive of paedophilia or kidnapping, are waved aside by those seeking to admonish and undermine government overreach but given the choice of protecting a child's innocence or government intrusion, society and IDentabit choose in favor of the children.

## Pro-protection

The introduction of identity not only minimizes the threat of theft but also reduces the risk profile for storing of customer funds, reducing the cost of insurance and increasing the protection of customer assets.

### **Importance**

Regulations demanding for appropriate protection of funds will emphasis suitable insurance. As we have seen hacking/theft is relatively simple, even easier is the passing of proceeds to an anonymous wallet. With the introduction of threshold dependant, enforced KYC, thieves will be faced with the prospect of stealing and passing proceeds to identified parties, an obvious deterrent and one that will reduce the risk profile and insurance premiums of institutions managing funds on an identity enforced blockchain.

## Pro-P2P/AML/CTF

IDentabit's architecture pays due respect to the intent of AML/CTF reporting and recognizes that, for it to be effective, Suspicious Activity Reports (SARs) must be inclusive of P2P transactions throughout the network and as a consequence demands P2P/AML/CTF reporting.

### **Importance**

The impact of regulators speaking of AML/CTF compliance is beginning to be understood by the media and Bitcoiners but there is little said about the immovable issues facing anonymous currencies. AML/CTF reporting demands counterparty identification, consequently any exchange permitting transfer of value to anonymous wallet will mean they are unable to comply with AML/CTF regulations. This hard fact relegates Bitcoin to institutional trade and eliminates any possibility of it becoming a



## IDentabit

medium of anonymous exchange. Consequently IDentabit's recognition of this and its natural P2P/AML/CTF compliance, places it in the unique position of offering a neutral, identity based payment asset that can be exchanged freely, whilst observing its responsibility to regulatory reality.

### Pro-institutional support

By respecting the need for P2P/AML/CTF reporting inclusive of counterparty identification, IDentabit offers banks an opportunity to embrace a neutral digital currency that addresses the legal obligations inherent in regulatory compliance.

#### Importance

Arguably Banks today cannot accept retail Bitcoin trade given its gateway into anonymity, a concern that will likely lead to regulatory provisions stating bank customers are prohibited from transferring assets to anonymous wallets. As a consequence banks have no choice but to watch and consider their options, operating in some cases at arms length via exchanges that have yet to face regulatory reality.

With IDentabit banks can, for the first time, enter the digital currency market and begin the transition to decentralized technologies. The longer banks are denied this opportunity the greater the attraction for developing their own alternatives.

### Pro-sustainable funding

IDentabit's sustainable funding mechanism, uses IDentabit's unique Proof of Appreciation to ensure that funding, by way of dilution, occurs only when algorithmically permitted.

### Pro-market makers

Proof of Appreciation results in semi-annual auctions allowing Market Makers to bid and acquire significant holdings at an effective discount to support market positions.

#### Importance

The combination of **sustainable funding and market maker support** results in a synergy that enables IDentabit to satisfy the long term vision by which it can establish itself as a funded, evolving market supported by institutional investors.

### Pro-governance

All aspects of IDentabit Governing Councils have inherent checks and balances preventing unilateral action and/or facilitating routing of budgetary expenditure and council recommendations, to ensure integrity by way of transparent governance.



# **IDentabit**

## **Importance**

Governing Councils, enabled by DPoS's consensus voting feature, are appointed custodians of the IDentabit blockchain, councils responsible for overseeing specific outcomes.

As with a public company, Governing Councils introduce transparent separation of influence and enforced routing of recommendations for change, ensuring an absence of unilateral action or any focal point of administration.

## **Pro-government**

An identity based chain by way of exchanges, enables auditing of an account holder's transactions, where taxation requirements demand. Whilst at the same time P2P/AML/CTF reporting ensures currency controls are respected.

## **Importance**

Cross border transactions are material to criminal intent and transaction thresholds are in place to ensure regulators are able to identify suspicious activities, including being able to identify movement of value that could or should attract taxation. As a consequence, it is therefore important that governments are satisfied that the mechanisms inherent in a payment platform respect the principles of national governance in order to regulate in support of neutral digital currencies.

## **Pro-business**

An identity based neutral currency combined with escrow and confidential smart contracts, enables businesses to benefit from cost efficient payments, traceability, accountability and auditability.

## **Importance**

Business transactions require identification, anonymous alternatives are diametrically opposed to good governance and require a layer of supervision that defeats much of the efficiency introduced by P2P payments.

## **Pro-open source**

IDentabit is a derivative of existing blockchain architecture and, as such, is open source. Solutions that further the advancement of identity will continue to be shared with the community.

## **Importance**

According to media reports, somewhere between 10,000 and 30,000 developers are working on blockchain related projects. Many of which are focused on anonymous



## **IDentabit**

currencies, if we absorb the reality, that in order for exchanges to offer services in many jurisdictions, they will need to observe AML/CTF reporting, in those jurisdiction anonymous currencies will not be able to be passed legally to anonymous wallets. This fact, not interpretation, means that Bitcoin for example, would only be tradeable between regulated institutions. Limiting it to being a institutional traded store of value, eliminating the possibility of it becoming a global medium of exchange.

This limitation whilst not determining the end of Bitcoin severely limits its use for future projects.

Whereas IDentabit's open source platform, offers institutions, for the first time, a digital currency that respects AML/CTF reporting requirements, this in turn offers sustainable opportunities for those seeking successful commercial outcomes.

### **Pro-existing infrastructure**

Existing investments in Bitcoin exchanges and payment platforms can readily transition business to a sustainable compelling opportunity that removes the reliance on Bitcoin's increasingly, evasive potential.

#### **Importance**

With Bitcoin's inability to reach its potential as a consequence of regulations, IDentabit offers existing crypto exchanges and payment gateway an alternative with unlimited potential. A currency where establishing an early foothold can make the difference between being a leader or a follower.

### **Pro-FX professionals**

Unlike the stigma and uncertainty preventing top-shelf market makers from adopting anonymous currencies, the introduction of the first identity based currency enables early adopters to take a commanding position in a currency strategically designed to dominate the global, neutral currency market.

#### **Importance**

Where some desks are considering Bitcoin, its limitations as a traded store of value mean it must prove it can defeat its weak fundamentals. Whereas IDentabit makes sense, it offers the efficiencies of Bitcoin and addresses the limitations and inefficiencies inherent in Bitcoin's anonymity and architecture.

IDentabit offers existing FX exchanges a costless capacity to expand its portfolio and be seen as a leader in a market where unsatisfied demand for a viable alternative to anonymity has not, until now, been available.



# **IDentabit**

## **Pro-adoption**

By combining institutional support, government respect, regulatory compliance and enhancement with ease of use, IDentabit removes adoption barriers inherent in anonymous based currencies.

### **Importance**

By introducing an identity based alternative to Bitcoin we address a multitude of factors holding back the potential of digital currencies and decentralized technologies. By releasing pent up demand and offering a clear sustainable path we focus the world on the opportunity Bitcoin promised but has been unable to realize.

## **Pro-efficiency**

For a neutral currency to be considered successful it must achieve massive adoption, this requires that inherent in the original design is the capacity to efficiently scale in order to accommodate transactions that when combined, replace all forms of existing payments.

This includes but is not limited to current credit card payments, cash like payments, business to business payments, exchange trade, remittances, IoT (Internet of Things integration), in fact all forms of current and future monetary exchange.

With the vision of a multi Trillion dollar financial network based on a decentralized platform, it is essential that built into the original design are answers to satisfying minimal cost and scalable capacity.

As a consequence, when we remove the barrier of anonymity and with it, its negative impact on usability and regulatory compliance, we open the doors to massive adoption and the imperative need to cast aside technologies and existing examples, that by their nature cannot scale and do not accommodate sustainable funding.

### **Importance**

In selecting Bitshares DPoS and combining it with PoA (Proof of Acceptance), IDentabit introduces an optimized platform where:

- due to genesis issuance, IDentabit eliminates cost prohibitive mining
- due to market maker auctions, IDentabit addresses both sustainable funding and market maker appeal
- due to the minimal CPU/power required for block confirmation, IDentabit minimizes costs and maximizes node (delegate) income
- due to Proof of Appreciation, IDentabit, like Bitcoin, ensures code controlled issuance but, unlike Bitcoin, issuance only occurs when appreciating market conditions permit.



# **IDentabit**

## **Terms**

*(DPoS) Delegated Proof of Stake is a term determined by Bitshares originators to describe optimized proof of stake, where nodes aka Delegates are rapidly and randomly selected to write block confirmations, in a manner that enables optimized sequential selection of verifying nodes.*

*(GP) Genesis Pool is a term determined by IDentabit's originators to describe a pool of IDentabit's created at the genesis of the IDentabit blockchain designated for Market Maker Auctions and sustainable funding of operations.*

*(PoA) Proof of Appreciation is a term determined by IDentabit's originators to describe progressive issuance of IDentabits from the Genesis Pool based on formulae that takes into consideration market factors such as market capitalisation and appreciation.*

*(MMA) Market Maker Auctions is a term determined by IDentabit's originators to describe a semi-annual event, determined by a transparent algorithm, where availability of assets for sale is dependent on sufficient appreciation to warrant a consequent auction.*

## **Pro-network effect**

Identity integration releases the potential for a genuine network effect, by definition anonymity prevents the genuine network effect by way of growth through association and tenure.

By combining personal address books with IDentabit's integrated identity, buddy matching is enabled and integration with existing mobile messaging networks is possible.

## **Importance**

For digital money to be relevant to consumers it must present advantages, such as zero transaction fees, cheaper products and services, freedom to pass funds independent of bank accounts and in the future appliance, equipment, vehicle and service integration but first and foremost it must offer accuracy of transfer and ease of use.

With anonymous currencies like Bitcoin, the simple reliance on accurate one by one saving of destination addresses, results in lost transfers and complex user interfaces.

When comparing the most optimistic vision for anonymous currencies, their usability can never hope to equate to the convenience of existing payment networks, the only way a truly competitive payment network to the likes of Visa, Mastercard and Apple Pay is to leverage identity integration to enable the building of effective networks of integrated participants at all levels, inclusive of consumers, business and financial institutions.

## **Pro-speed & capacity**

Utilizing advanced Proof of Stake architecture, block confirmation times results in sub 3 second transaction times and when combined with transactional capacity equal to that of Visa and Mastercard, IDentabit competes with fee charging credit card networks and satisfy the speed required for cash, replacing cross counter digital transactions.



## **IDentabit**

### **Importance**

To realize its full potential as an adopted medium of exchange, IDentabit must be transferable in seconds. This demand for cash like performance, under load, eliminated the possibilities of using Bitcoin's mining aka PoW architecture. For reasons of multi-minute block confirmation times, real-transaction costs and excessive energy consumption. As a consequence IDentabit is based on Delegated Proof of Stake as it reflects optimal efficiency, negating the need for energy consuming mining, confirms blocks inside 5 seconds and enables market maker auctions, using Proof of Appreciation.

Further to the need to satisfy the needs of a successful payment network. It is essential that the IDentabit network can scale as demand increases. Using DPoS IDentabit is not restricted by the known scaling limitations of Bitcoin and can support an increase in volumes consistent with those of major credit card companies.