

# SuperNET

## Information for prospective volunteers

jl777, 3 September 2014

*Volunteers are sought to join SuperNET. Participants will need to pay their own way and will not receive any salary, office space or perks. There will be no guaranteed rewards for participants' time, effort and commitment, other than a cryptoToken denoting SuperNET membership in proportion to the amount of their donation.*

*There is, however, a chance to change the world forever.*

### **Introduction**

The suite of technologies popularly known as cryptocurrencies offer significant advantages over fiat currency, including low transaction costs, speed and lack of interference from centralised authorities such as governments, banks and payment processors. Nevertheless, their wide-scale adoption has been hampered for a number of reasons – some of them external to the cryptocurrency world, some internal.

One of the major problems has been that cryptocurrency developers and enthusiasts typically adhere to a zero-sum economic worldview: the assumption is that there is a finite amount of money in the system and for one cryptocurrency to succeed, it must be at the expense of others. Whilst this may be true for some fiat markets, it should not be the case at this stage of cryptocurrency's swift and promising evolution. The result is unnecessary competition between coins and their communities, rather than productive collaboration.

A related issue is that while there is remarkable innovation (not least the development of Bitcoin itself), there are also a large number of clone coins that are created with little or nothing to distinguish them from other cryptocurrencies. The sole aim of these is often no more than to enable early adopters to profit at the expense of later ones. These coins – copies at best, outright scams at

worst – reduce overall confidence in cryptocurrency and make it difficult for prospective buyers to determine where true value lies.

Finally, cryptocurrencies are all traded speculatively as well as being adopted for any intrinsic benefits. Markets can be and are heavily manipulated by large holders, with smaller holders often losing out as a result.

SuperNET (cryptoToken symbol UNITY) is a new initiative that aims to address all of these problems. Its purpose is to:

- ⌚ Unite disparate cryptocurrencies by fostering collaboration
- ⌚ Reward innovation, talent and active coin communities
- ⌚ Share resulting benefits with core members and extend advantages to all cryptocurrencies
- ⌚ Bring value to long-term SuperNET participants

### **Risk factors**

SuperNET is a volunteer movement and there is no guarantee that participants will profit financially from their involvement. SuperNET's goal is to bring about greater unity, innovation, awareness and adoption of cryptocurrency technologies both within and outside the existing cryptocurrency world. *SuperNET is not itself a cryptocurrency.* There is no guarantee that any of the interlinked services included in the SuperNET core will generate any revenues, even in the cases that these services are already operational and profitable. Neither is there any guarantee that any of the cryptocurrencies purchased by SuperNET will increase in value, or that they will not depreciate over time, including losing all value whatsoever. The impact of any future regulation or technological development could theoretically render SuperNET tokens worthless at any point. Participants donate to SuperNET at their own risk and without expectation of financial return.

### **What is SuperNET?**

SuperNET is a movement of volunteer participants who will donate their time and money to support a radical new cryptocurrency initiative. SuperNET itself is not a cryptocurrency. Participation in SuperNET and distribution of any revenues it may generate in the future will be denoted by ownership of cryptoTokens given in exchange for donations. (Membership may later be passed on by participants to others, in return for a further donation to the original participants if desired. This activity will be facilitated by traditional cryptocurrency exchanges.)

The idea behind SuperNET is simple but powerful: to create a mutually beneficial network of coins that offer real innovation. It will take the form of a basket of key cryptocurrencies and revenue-generating services.

SuperNET plans to achieve its aims by acquiring a significant (10 percent market cap) stake in participating coins with promising technology, adding further value by cross-marketing their features and providing additional services.

The features of each core coin will be made available to all of the others through a GUI embedded in the wallets of participating coins. SuperNET participants and core coin communities may potentially be rewarded by goodwill payments similar to dividends from a series of integrated linked services, as well as through any possible appreciation in value to the core cryptocurrencies brought about by the collaboration and sharing of features and services. *Only coins that bring one or more unique features to the network will be added to the core*, though any other cryptocurrency can benefit from these features on a third-party basis. (For example, Litecoin would not be eligible for addition to SuperNET. However, it would still have access to Teleport, InstantDEX and other services – see further below.)

Ultimately, it is hoped that SuperNET will attract greater talent and wealth into cryptocurrency from fiat, strengthening cryptocurrency overall by rewarding innovation, talent and commitment. SuperNET is not designed to replace Bitcoin or any other cryptocurrency, but to enable cryptocurrency to compete more effectively with the fiat economy. This is the cause to which participants commit themselves.

### **A new model of participation**

Ethereum's launch attracted investment of many thousands of Bitcoins. This was blamed for a prolonged and deep bear market among most altcoins, which holders sold for Bitcoins to buy Ether, as well as a fall in Bitcoin prices in anticipation of Ethereum selling these Bitcoins to pay its bills.

Cryptocurrency launches are fraught with risk, even when there is a real coin to back any money paid in advance by interested parties. If too many people are interested in the cryptocurrency, the coin may never reach the value of its pre-launch funding – or may immediately be dumped for profit on release. With most coin launches, a large inflow of funds effectively dilutes the value of

each recipient's share and there is the likelihood of extreme volatility following launch.

SuperNET – which will operate as a cryptoToken (namely a NXT asset) rather than a cryptocurrency in its own right – will work in a completely different way. Although the amount of money accepted from its participants in donations will be uncapped, a larger flow of capital into the asset will not dilute each participant's membership share. In fact, the greater SuperNET's market cap, the greater the potential benefits for everyone, and for cryptocurrency overall.

SuperNET aims to hold 10 percent of the market cap of its core cryptocurrencies: those which offer genuine innovation and strong potential. The more money is raised, the more cryptocurrencies can be added to SuperNET. (At the time of writing, for example, Boolberry's market cap stands at around \$400,000 and a 10 percent share – already obtained – would cost only 80 BTC. By contrast 10 percent of NXT's market cap would cost 5,800 BTC.)

Because SuperNET is backed by the cryptocurrencies comprising it, there is lower risk of the price crashing below the purchase price after launch, since its participants would effectively be selling the underlying currencies at less than market rate. If a participant commits 1 BTC to the project, this will be backed by 1 BTC worth of cryptocurrencies (including Bitcoin itself, since a large proportion of funds will be received and held in Bitcoin). This is true whether the total funds received are 100 BTC or 10,000 BTC: participants simply own a smaller share of a larger fund. UNITY therefore takes the form of something more like a closed-ended mutual fund than a traditional cryptocurrency offering: it is anti-dilutive, and the more money is collected the more powerful SuperNET will be through network effect, increased awareness and improved purchasing ability.

Due to the advantages of being a part of the SuperNET core, it is possible that the underlying currencies will rise in value after their addition is made public – [as was the case with Boolberry \(BBR\)](#). (For this reason, prospective coin applicants will not be announced until their inclusion is fully confirmed. This would make purchasing the required quantity prohibitively expensive and lead to insider trading at the expense of existing holders. This also acts as a test of the coin developers' integrity: no coin can be pumped in advance of its claimed addition to SuperNET. Such a price rise would be immediately recognisable and will likely be grounds for disqualification from inclusion in itself.)

### **Additional revenue-generating services**

In addition to this perceived downside protection, the book price of UNITY does not take into account *any* of the revenue-generating potential provided by the additional services that will be included and cross-marketed to each other.

These services will initially derive from NXT assets donated to SuperNET by jl777, as well as one or two other sources such as Teleport and advertising revenues (see further below). The current market value of these personal NXT assets is currently around 60 million NXT, or 3,700 BTC. Based on the amount raised at SuperNET's launch, between 25 and 50 percent of the revenue from these assets will be returned to SuperNET participants in the form of gift payments (or 'dividends') to thank them for their support.

Although there needs to be some flexibility in the allocation of revenues, SuperNET holders will **not receive less than 50 percent of net revenues**. The 'net' revenue will be 100 percent for internal dividends. There may be external services, however, which pay only a percentage of revenue to SuperNET. To clarify, *at least half of the raw monies flowing into SuperNET will be guaranteed for UNITY participants*.

Most of the complementary and interlinked services are currently operational or have an expected completion date within the next six months. (Some, like PrivateBet, are open-ended, since new features can continually be added.) Services currently include:

**Teleport.** This is the core privacy technology that underpins BitcoinDark (BTCD). Teleport is currently in beta-testing. It will permanently be available for free to BTCD, and will initially be free for other cryptocurrencies. From next year it will begin to charge small fees for non-SuperNET coin transactions. Bitcoin alone opens a potential market over a thousand times larger than BTCD's own current market cap. (For more information on Teleport see the [BTCD thread on bitcointalk.](#))

**InstantDEX** (NXT asset id: [15344649963748848799](#)) will enable near real-time trading between cryptocurrencies. As well as regular trading, it will be used to trade anonymous telepods of different cryptocurrency funds when Teleport is fully operational. (Negotiations are currently underway to increase SuperNET's ownership of InstantDEX, thereby also increasing the flow of InstantDEX dividends into SuperNET.)

**Tradebots** (NXTcoinsco: [17571711292785902558](#)) enables the creation of custom tradebots for specific markets and other unique applications using a Turing-complete scripting language. These will be used to trade and move telepods on and off the relevant blockchains, amongst other uses such as arbitrage in markets identified by interested individuals.

**Sharkfund0** ([3006420581923704757](#)) is a trading fund that aggressively targets high-performing assets. To date it has returned 300 percent in three months. Sharkfund0 owns 11 percent of all BTCDC and 10 percent of BBR. It also has 20 percent of NXTprivacy, 10 percent of InstantDEX, 12 percent of jl777hodl (JLH), and around 10 percent of the Coinomat asset. Sharkfund0 is managed by jl777.

**SuperNET card** (cryptocard: [7110939398145553585](#)). Due for launch by [Coinomat](#) later in September or October this year, the SuperNET card will allow owners to send BTCDC straight to the address on the card and withdraw as cash from any supported ATM – enabling completely anonymous cash withdrawals. The card will also support NXT and other SuperNET coins. (With an autoconvert service it could effectively work for any cryptocurrency.)

**PrivateBet** ([17083334802666450484](#)) will allow individuals to make escrowed bets directly between each other. It will be designed to support P2P sports betting and casino games. PrivateBet creator jl777 has recently [won an auction](#) for the technology that will enable a new version of the highly popular SatoshiDice game, which lost many users due to switching from unconfirmed to confirmed transactions. The new technology will avoid this problem and hence access a known and active market.

**NXTprivacy** ([17911762572811467637](#)) holds a series of privacy-related assets, including 50 percent of PrivateBet. Teleport revenues will flow through NXTprivacy. It also holds 30 percent of the SuperNET card asset, representing 0.3 percent of all the card's transactions.

**Targeted advertising**, using a model similar to Google's AdWords. This will allow website administrators to serve adverts directly to the cryptocurrency community, with revenue being returned to SuperNET participants.

It is possible (though by no means guaranteed) that these revenue-generating services alone might result in a 2-5x multiple on the book value of the underlying currencies purchased due to the high

potential for future revenues. If this is the case, participants will receive this premium for free in return for their work, commitment and trust in SuperNET. Only **one percent** of the total amount collected will be retained for marketing, development and incidental costs. Thus the book value of UNITY will be 101 percent of its underlying cryptocurrencies (which will, in any case, be purchased at below-market rates). This one percent premium represents a low risk given the potential immediate upside, let alone long-term revenue prospects.

Each new cryptocurrency added to the SuperNET core will bring its own features and services, generating further revenues for participants and for the coins' communities.

*Participants are strongly recommended to do their own due diligence on each of these assets and services, and any further ones brought to SuperNET by new coins. However, the services above are designed to be unique but mutually reinforcing, so that if any single one fails the others will still operate and the whole will be greater than the sum of its parts. Prospective participants concerned about the timescale for completion of the key technology underpinning SuperNET are urged to visit jl777's [code repository](#) for Teleport and other critical features. The [Multigateway](#), NXT's distributed cryptocurrency exchange created by jl777, is in late beta and is actively used by the cryptocurrency community. Further information on many of the NXT asset services can be found on the [NXTventures thread of NXTforum.org](#). Regular updates about the progress of relevant projects are given on [NXTforum.org](#) and on the [bitcointalk BTCD thread](#).*

### **How will the revenues be distributed?**

The suite of services involved means that there may be opportunities to create significant future prosperity from SuperNET, whilst the downside is ideally protected by the (albeit volatile) values of the underlying cryptocurrencies. These will have been purchased at below-market rates and may appreciate simply due to their inclusion in SuperNET.

If the core cryptocurrency is proof-of-stake, the staked funds will be returned to the community rather than retained by the SuperNET asset. This will reward both the coins' networks and early adopters, indirectly boosting SuperNET and the stated aim of strengthening cryptocurrency overall.

Revenues received from the services detailed above and any others added by participating cryptocurrencies will be distributed in the following proportions:

- 🕒 5 percent for BTCD stakers, via an associated NXT address

- ⌚ 5 percent for NXT core development
- ⌚ 50 percent for SuperNET participants
- ⌚ 10 percent will be reserved for overheads and managing the SuperNET asset

The remaining 30 percent will be allocated on a discretionary basis to further core coin communities and for additional expenses and investment in important constituencies, such as those running nodes for core coins and other elements of the SuperNET and cryptocurrency ecosystem that require strengthening. In the earlier stages, SuperNET coin communities will receive a higher percentage of this revenue in order to front-load investment in the technology and marketing underpinning each coin. Revenue for each coin will be proportional to each coin's contribution to overall revenue. For example, if a given coin generates 10 percent of SuperNET revenue, they will receive 10 percent of the revenue share allocated to coin communities and development.

Some flexibility is required since profits, participating currencies and future requirements cannot accurately be predicted. Discretion is also required in allocating the revenue to maximise the long-term value of SuperNET. However, it is worth noting that the model presupposes a 90 percent profit margin, due to the low overheads inherent in such an initiative and the considerable time and expertise voluntarily given to the project for free – both by founder jl777 and by participants. For real-world comparison, profit margins of 15 percent might typically be considered favourable. Additionally, the majority of jl777's personal assets will be donated to SuperNET, making a strong self-interest case for maximising any benefits.

### **How to join SuperNET**

SuperNET (symbol: UNITY) will take the form of a cryptoToken – specifically, a NXT asset – and will be traded on NXT's Asset Exchange (available through the [downloadable client](#) or via [www.secureAE.com](http://www.secureAE.com)). The initial collection of donations from prospective participants will be managed by a designated exchange. Details about the exchange involved and escrow arrangements will be found at [thesupernet.org](http://thesupernet.org). Tokens for UNITY assets will be credited to participants' account balances and can be withdrawn to NXT wallets. At no point will these funds be accessible by jl777, except for the one percent reserved for incidental costs.

Interested parties can donate with **BTC**, **NXT**, **BTCD** or directly with **fiat**, through a partnership with [Coinomat](#). NXT and BTCD donors will be eligible for a 5 percent bonus: enough to reward



these core SuperNET communities but not enough to profit from arbitrage.

SuperNET will also reward early participation. Those who donate on day one will receive their UNITY assets at 15 percent below book (liquidation) value. This bonus will incrementally decrease, reaching 14 percent on day two, 13 percent on day three, and so on. Later participants in the initial fundraising phase will effectively donate a slight premium to cover this, though this itself will be offset by the below-market purchases of the fund and the value added by dividend payments. In any case, participants donate to support the greater cause of cryptocurrency cohesion and adoption, rather than to benefit financially from their involvement.

### **What will happen to donated funds?**

Any cryptocurrency donated (predominantly BTC but also smaller quantities of NXT and BTCD) before launch will be held in escrow, using multi-jurisdiction accounts if the amounts raised become large enough to warrant such measures.

These funds will then be used to purchase shares in the currencies that will be included in the SuperNET core. These core currencies will be held in cold storage or accounts protected by multi-sig where possible, to protect participants' donations. The purpose of this is to create long-term value and decrease volatility in the relevant markets.

Cryptocurrencies to be included in SuperNET will generally be bought off-exchange to secure below-market prices without causing slippage. The more successful the fundraiser, the larger the market caps of the cryptocurrencies that can be added to SuperNET.

### **Trading fund**

In the event that SuperNET raises enough (a minimum of 5,000 BTC is suggested), a limited proportion of funds will be used for open market trading. The precedent for this is the j1777 NXT asset sharkfund0, which actively trades in a series of cryptocurrencies and other assets.

No more than 10 percent of funds will be employed for open market trading. A series of special exchange accounts with withdrawals disabled will be used for security reasons. These accounts will be used by traders, funded in proportion to their experience and skill, to make profits from short-term fluctuations in the price of different cryptocurrencies. The Tradebots asset may also be used to predict and arbitrage relevant markets.

The SuperNET traders (known as SuperTraders) will not receive any wages, but will also work voluntarily. They will, however, be rewarded with gifts in proportion to their success. Ten percent of the gains they make will be set aside for such gifts, with a further one percent set aside as a gift for the SuperTraders' volunteer co-ordinator. An initial one-off sum will be set aside from gains as a cushion against potential losses, in addition to this total of 11 percent of gains on an ongoing basis.

### **Voting to change the initial parameters**

It is possible that the initial parameters of SuperNET will be sub-optimal, in which case changes will need to be made. These will be carried out after a vote is held by SuperNET participants, in proportion to the quantities of UNITY cryptoTokens they hold.

For more information, see the [SuperNET thread](#) or [BTCD thread](#) on bitcointalk, or visit [thesupernet.org](http://thesupernet.org).

### **Important note**

It is very important that you study local securities regulations issued by your local securities regulator before participating in SuperNET. We are not able to research all the world-wide securities regulations. Participation in SuperNET may or may not be permitted by your jurisdiction's regulators. We are not able to confirm your domicile so we will assume your participation is allowed in your jurisdiction if you choose to participate in SuperNET.