ndau

The World's First Adaptive Digital Currency

A Whitepaper

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ndau

ndau is a digital currency ("ndau") that is the native currency of the ndau public blockchain (the "ndau Blockchain"). The Axiom Foundation, an Isle of Man entity (the "Axiom Foundation") is the creator of ndau. ndau is an adaptive digital currency designed and optimized as a long-term store of value.

Broadly, ndau falls within a category of digital currencies referred to as stablecoins. There is no legal definition for stablecoin nor is there necessarily market consensus as to a common meaning of stablecoin. Generally, stablecoins use various methodologies to attempt to address the volatility and price fluctuations experienced by first-generation virtual currencies such as Bitcoin and Ether. In reality, the price of so-called stablecoins do fluctuate but that fluctuation is often tied to the price fluctuation of some other fiat currency or asset. For example, the price of a stablecoin backed one-to-one to a U.S. dollar would fluctuate but such fluctuation would mirror value fluctuations in the underlying dollar.

Like other stablecoins, the price of ndau is also managed to address volatility. However, ndau is subject to a monetary policy such that the price of ndau has the ability to rise with increasing demand in order to maintain its value while mitigating downside volatility. A currency, the price of which never increases, actually loses value over time as a result of inflation. ndau addresses this problem by allowing the price of ndau to increase over time in a managed way. ndau achieves its managed upward trajectory and reduced volatility known as "buoyancy" by providing incentives for holders of ndau to hold their ndau on a long-term basis. At the same time, ndau is subject to built-in mechanisms that are able to react to real-time supply and demand conditions.

Governance is handled through a decentralized ecosystem of ndau holders. The holders of ndau periodically elect delegates to serve on the Blockchain Policy Council ("BPC") who, on behalf of ndau holders, oversee the Axiom Foundation in carrying out ndau's monetary and governance policies.

The Axiom Foundation holds 30,000,000 ndau in an endowment that it maintains (the "Endowment"). All proceeds received from the release of new ndau are also deposited into the Endowment for the purpose of managing ndau's monetary policies and implementing open market operations, similar to the way reserves are used by a central bank. The Axiom Foundation invests the assets held in the Endowment according to rules and limits set forth by the BPC.

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NDAU – THE WORLD'S FIRST ADAPTIVE DIGITAL CURRENCY

The global market for cryptocurrencies is undeniably robust. As evidenced by strong demand for Bitcoin and other digital currencies such as Ether, Monero, and Litecoin, digital currencies represent significant advancements in how we store and exchange value, and in the creation of new kinds of smart contracts using a blockchain-based, decentralized ledger. However, while these digital currencies have achieved rapid growth, their volatility erodes confidence and magnifies risk. As pioneers, these coins have faced challenges in stability, security, and ease-of-use that present a systemic problem for the wider acceptance of a decentralized digital monetary system.

This paper outlines the fundamentals of a new adaptive digital currency, ndau, that is designed and optimized for the purpose of long-term store of value. ndau is structured with built-in checks and balances that enhance stability and dependability in an effort to catalyze the broader adoption of digital money across the global economy.

Using venture capital funding, ndau was created and designed by Oneiro Inc. ("Oneiro") and by the ndau Collective ("the Collective"), a consortium of over 20 cross-disciplinary experts, developers, economists, and scientists formed by Oneiro. The Collective was established in 2015 as a distributed, autonomous group for the purpose of improving current cryptocurrency systems.

Through its research, the Collective identified 23 areas for improvement over existing cryptocurrency systems. The three biggest issues these areas cover for long-term store of value are governance, stability, and dependability. These issues must be successfully addressed before a digital currency can truly and permanently be adopted for this purpose.

In nascent cryptocurrency systems, digital currencies are either pegged to a specific asset and achieve temporary price stability or are free-floating and exhibit extreme volatility. A pegged digital currency works well until a certain point; if enough sell pressure accumulates on the digital currency, the peg will break. A free-floating digital currency is flexible under pressure but remains susceptible to wild price fluctuations and thus cannot be relied upon as a dependable store of value. Blockchain affords the opportunity to create an entirely new, superior alternative: a buoyant currency.

With ndau, long-term stability is achieved by different means: ndau is buoyant. This means that ndau is free floating, within the parameters of its monetary policy. It can rise in value in a proscribed, manner in accordance with a publicly disclosed pricing model as demand warrants. In addition, its downside risk is mitigated by structural mechanisms that incentivize free market forces to support the market price of ndau at key distress levels. ndau's monetary policy is accomplished, in part, by giving holders incentives that align with the interests of the entire ecosystem to achieve common goals. Further, through, its monetary policy, the Axiom Foundation as directed by the BPC has a number of monetary tools at its disposal to provide additional stability.

NDAU – THE ECOSYSTEM

ndau introduces governance, stability, and dependability to the digital currency marketplace by fostering an ecosystem in which ndau holders digitally self-govern all aspects of the currency through elected delegates to the BPC.

In general, blockchain governance refers to the process of making decisions that apply to all participants within a cryptocurrency protocol. Rules are created, voted on, ratified, and implemented through various governance procedures. Historically, weak governance in cryptocurrencies has led to uncertainty and stagnation which, in turn, has resulted in deteriorating confidence and increased price volatility as confusion begets panic.

By way of an example, Bitcoin is governed by a number of entities at various levels of influence. Miners exert influence along with various unrelated teams, many of whom work for for-profit corporations, and also by a foundation whose members are not elected by holders of Bitcoin itself. Regular Bitcoin users exert some influence over the system via public forum expression, yet even that medium suffers from allegations of censorship by forum administrators. Decisions over Bitcoin end up being made through a combination of these influences in what many object to as an opaque process, by parties whose interests may diverge significantly from the average Bitcoin holder.

As a solution to governmental discord when general consensus cannot be reached, some cryptocurrencies promote hard forks: events wherein a single cryptocurrency splits into two, distinct cryptocurrencies. For example, there are currently more than 40 hard forks derived from Bitcoin, some of which can be attributed to governance not working well. The well-publicized debate of maximum blockchain size serves as a good example. The Collective believes that hard forks result in too much fragmentation of the space and dilution of value and have proved to work against building aggregate confidence in the newly distinct coins.

With this problem in mind, some newer cryptocurrencies have sought to use a private company model as their primary form of governance. Yet, in an effort to overcome one problem, those cryptocurrencies have created another: the incentive structure of a private company model that is designed solely to drive profits for shareholders in the company rather than to act in a fiduciary capacity on behalf of holders of the related cryptocurrency. Quarterly earnings and the interests of the company's shareholders trump the interests of cryptocurrency holders and the wider community; as a result, a principal-agent problem arises and it becomes clear that a monetary system that aspires toward truly widespread adoption requires better alignment.

On March 31, 2022, the BPC evolved into the BPC DAO as a result of a referendum vote. For details about this transition and how the BPC DAO functions, please see this article: https://ndau.io/knowledge-base/the-blockchain-policy-council-bpc-past-present-future

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THE BLOCKCHAIN POLICY COUNCIL

The Collective created a self-governing ecosystem for governing ndau. The governance of ndau is the responsibility of the blockchain policy council ("BPC") whose members are elected from time to time by holders of ndau. The BPC is responsible for the operating policies of ndau, directs the Axiom Foundation and Endowment and has the power to retain third-party service provides as necessary for the ongoing operation of the ndau ecosystem. Initially, the BPC, voted to authorize the Axiom Foundation to continue to use Oneiro to perform certain ongoing administrative functions for ndau.

Delegates making-up the BPC are elected from time to time by the holders of ndau to oversee operations and help to ensure long-term success of ndau. New elections occur on a scheduled basis to encourage active involvement by ndau holders and to de-centralize decision making related to ndau in a way that doesn't rely on unrealistic expectations regarding active participation (i.e. voting) and possession of broad subject matter expertise from all holders of ndau. As a result, the BPC elected delegate approach aims to address the known issues associated with private company models and new on-chain digital governance platforms and issuances.

The BPC is obligated to carry out its duties in accordance to a governance policy (the "ndau Digital Governance Policy") and guiding principles (the "ndau Principles"). Both the ndau Digital Governance Policy and ndau Principles are public documents available to all ndau holders. The initial version of the ndau Digital Governance Policy and ndau Principles were prepared by the Collective. The BPC's powers are limited. In general, the BPC cannot make material changes to ndau's monetary policy, the ndau Digital Governance Policy or the ndau Principles without the vote of all ndau holders.

Initially, the BPC comprises nine delegates. The nine delegates consist of three different groups of three individual persons, with each group representing a different class of ndau stakeholders. The three groups are: initiators, early adopters, and holders. Initiators comprise the first three purchasers of ndau who hold a specified number of ndau. Early Adopters represent additional early ndau purchasers who also own a specified number of ndau. Holders comprise all other ndau holders. Each BPC delegate group is elected through different election protocols. Delegates making-up the BPC oversee operations for the ndau ecosystem and implement ndau's monetary policy. New elections for delegates occur on a scheduled basis to encourage active involvement by new holders of ndau and to de-centralize decision making related to ndau. Additionally, ndau holders have the ability to force the removal of BPC delegates at any time.

Overtime, the size of the BPC is expected to grow. The ndau Digital Governance Policy mandates the BPC to identify other constituency groups among holders of ndau from time to time who would also be entitled to elect additional delegates to the BPC. As other groups are identified for voting purposes, to assure that all holders maintain appropriate voting control, the BPC is obligated to appropriately adjust upward the number of BPC delegates elected by the "holder" category.

Initiators

The first group of three delegates is directly elected by the first three persons who individually control an address in the ndau blockchain that hold at least 1,000 ndau (known as a "currency seat") and who are actively participating in the ndau ecosystem. ndau transactions are recorded and timestamped on the ndau blockchain. This chronology determines when an address achieves this status and defines the order of currency seats. Accordingly, a transaction that takes such an address below 1,000 ndau automatically removes the holder from currency seat status. These first three currency seats are known as Initiators and represent early thought leaders in the creation of ndau and provide continuity in governance of the principles for which it was created. The Initiator currency seats also participate as voters in the following Early Adopters group.

Early Adopters

The second group of delegates is directly elected by the first 3,000 currency seats, known as the "Early Adopters", in the ordering referenced above. Each Early Adopter

THE BLOCKCHAIN POLICY COUNCIL (continued)

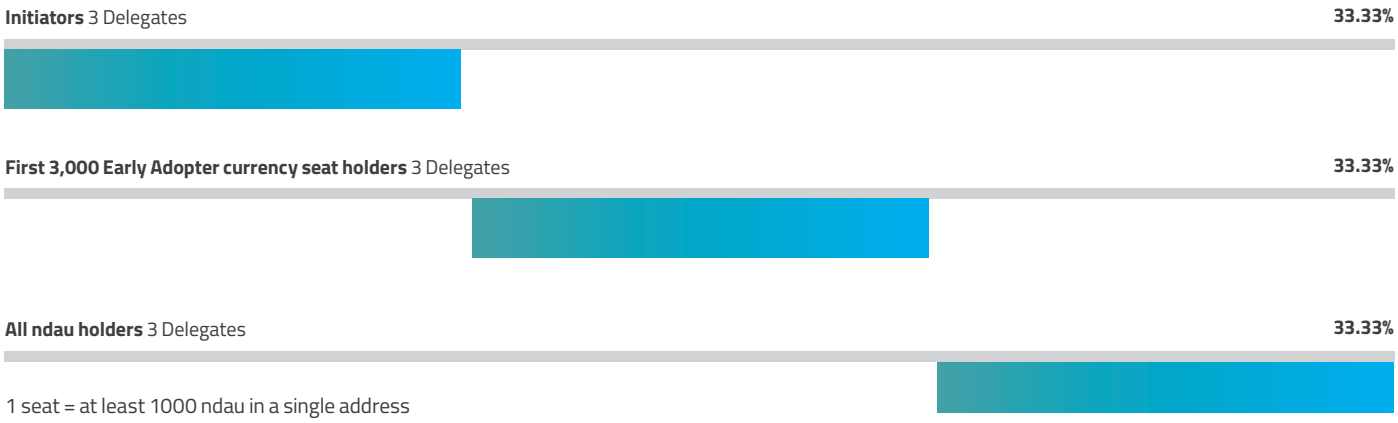
currency seat is entitled to one vote for the purpose of electing delegates regardless of the amount of ndau held beyond 1,000 in the currency seat address. Early Adopters represent early adopters of ndau who foresaw, earlier than most, the importance and value of ndau. Early Adopters are important because they were first to inherently understand the long-term vision and value of ndau ahead of the average adopter and financially commit to it. This value derives from and increases through the efforts of all, not just from a concentrated few.

Holders

The third group of delegates is directly elected by all ndau holders with voting power directly proportional to total ndau owned. ndau holders include the currency seat holders of the first two groups. This group of holders will grant representation to later adopters of ndau without creating a situation in which very large new ndau holders can quickly obtain a dominant majority of the BPC delegates.

The nine delegates of the BPC will make decisions in accordance with the ndau Digital Governance Policy and ndau Principles about the work of various subcommittees, created from time to time by the BPC, overall policy including the ndau monetary policy, and operation of the ecosystem. The diversity of methods used to elect the delegates eliminates the possibility for any one group to easily dominate the BPC. Such decentralized and diffused origins are beneficial to ndau's long-term resiliency.

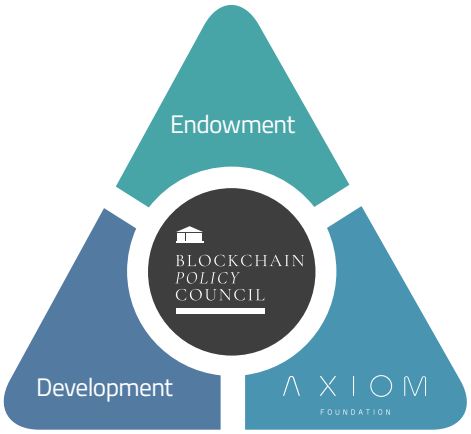
BPC Composition



NDAU MONETARY POLICY OVERVIEW

ndau is governed in accordance with the ndau monetary policy, which is a public document available to all ndau holders, the ndau digital governance policy and the ndau principles. The BPC is responsible for implementing the ndau monetary policy. The ndau monetary policy may be changed from time to time by the BPC. While a summary of the ndau monetary policy follows below, holders of ndau are encouraged to read the ndau monetary policy.

ndau was not sold pursuant to an initial coin or token offering. ndau is generated and sold over time. The release of ndau into the marketplace occurs gradually following a well-defined technology growth pattern. This growth occurs naturally along an S-curve (the "Next Issue Price Curve") as modeled in the Diffusion of Innovations theory – a theory which seeks to explain how, why, and at what rate new ideas and technologies spread.[1] New ndau are released into the market when demand pushes the market price of ndau upward along the Next Issue Price Curve. The Next Issue Price Curve identifies fixed prices at which ndau is released (each being a "Next Issue Price"). There is a finite amount of ndau (1,000) at each Next Issue Price level on the Next Issue Price Curve, each level higher than previous one.



The Axiom Foundation holds 30,000,000 ndau in an endowment that it maintains (the "Endowment"). All proceeds received from the release of new ndau are also deposited into the Endowment for the purpose of managing ndau's monetary policies and implementing open market operations, similar to the way reserves are used by a central bank. The Axiom Foundation invests the assets held in the Endowment according to rules and limits set forth by the BPC. The ndau Digital Governance Policy and the ndau Principles require

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Rogers M., Everett, Diffusion of Innovation, 2012 at 23(4), 245-259.

that the BPC implement such rules and limits in a manner that supports a balance of growth and long-term market liquidity.

As ndau trades in the secondary market, price stability mechanisms are triggered if selling pressure pushes the market price down too much. One such mechanism during these times is that sellers must forfeit a portion of the ndau they want to sell as a "sales fee" that must be paid to the Axiom Foundation. This disincentive during down markets also eliminates gradually the excess supply of ndau from circulation permanently until market prices are "buoyed" back up towards the then applicable Next Issue Price. Any such sales fee paid to the Axiom Foundation can be used by the Foundation for ongoing operating expenses.

ndau monetary policy further incentivizes holders to keep ndau on a long-term basis. ndau holders are given the opportunity to earn extra ndau (subject to a service fee) through an ecosystem alignment incentives system ("EAI"). Under the EAI, ndau held for longer than 30 days may accrue additional ndau at a rate of 2 percent per annum. As ndau is held longer, the EAI rate increases in 1 percent increments each additional month held up to 10 percent when held for 9 months.

Further, ndau holders can take advantage of the ndau equivalent of a certificate of deposit, holding ndau over a specified period of time, to accrue a predetermined rate of additional awarded ndau. In the ndau ecosystem, this is called "locking ndau." By locking, the holder accrues ndau at a higher rate. Locking ndau for 90 days adds an additional 1 percent to the above EAI. Further increases occur at 6, 12, and 24 months of locking ndau until at 36 months a maximum of an additional 5 percent annualized rate is earned.

All service fees incurred pursuant to the EAI system accrue to the benefit of the Axiom Foundation and can be used by the Foundation for its ongoing operating expenses. The ndau Digital Governance Policy also gives the BPC the ability to impose other fees for the benefit of the Axiom Foundation.

The Axiom Foundation is also able to support liquidity by using the Endowment for repurchasing ndau from the open market at a price that is intended to create resiliency from currency attacks and that serves to induce long-term dependability and liquidity (the "Floor Price"). The Floor Price is calculated dynamically by dividing the total current value of assets held in the Endowment by the total number of ndau outstanding and multiplying that quotient by 50 percent. That is, the Floor Price is equal to 1/2 the value of the Endowment, divided by the number of ndau in circulation. This repurchased ndau is removed permanently or burned.

ndau's monetary policy requires that the Axiom Foundation manage the Endowment to assure that the Axiom Foundation can provide liquidity within a set of reasonably staggered time periods. The Axiom Foundation operates in a manner similar to a central bank and uses the assets and ndau held in the Endowment in a fashion comparable to how the reserves held by a central bank are used to stabilize a currency. A central bank's governing body (similar to the BPC) sets policy for management of the reserves (similar to the Endowment) and the rules by which those reserves (or the Endowment) may be used to support currency stability targets. Central banks use an annual target inflation rate to guide the value of their currency, while the BPC uses the current point on the Next Issue Price Curve to set the target value of ndau. However, the BPC is more accountable to holders of ndau than would typically be the case with a central bank because ndau holders directly elect BPC delegates and thus play a role in future changes to ndau monetary policy.

THE ENDOWMENT

The Axiom Foundation's Endowment (from which "ndau" is named) serves as a mechanism by which the BPC can enact monetary policy and stabilize the currency itself. The purpose of the Endowment is to hold the net proceeds from the sale of ndau and to hold reserve ndau and to use both to provide liquidity to the market.[1] This is in contrast to some other cryptocurrencies that don't have either an endowment equivalent or other means to facilitate equilibrium between demand and supply aimed to mitigate downside volatility. The Axiom Foundation invests the net proceeds held in the Endowment as directed by the BPC in accordance with the ndau monetary policy. The ndau monetary policy is intended to serve the long-term risk and return policy objectives of the BPC across the spectrum of possible investment environments in order to support a balance of growth and long-term market liquidity.

The ndau monetary policy requires that the BPC carefully manage the Endowment, especially under stress scenarios, to ensure that it can provide liquidity within a set of reasonably staggered time periods. Assets in the Endowment do not "back" ndau and holders of ndau are in no way invested in or entitled to any of the assets in the Endowment. ndau cannot be surrendered for or exchanged for any assets held in the Endowment. The Endowment is available solely to the Axiom Foundation for the purpose of providing liquidity to the market through the purchase and sale of ndau and therefore to manage ndau's monetary policy.

THE AXIOM FOUNDATION

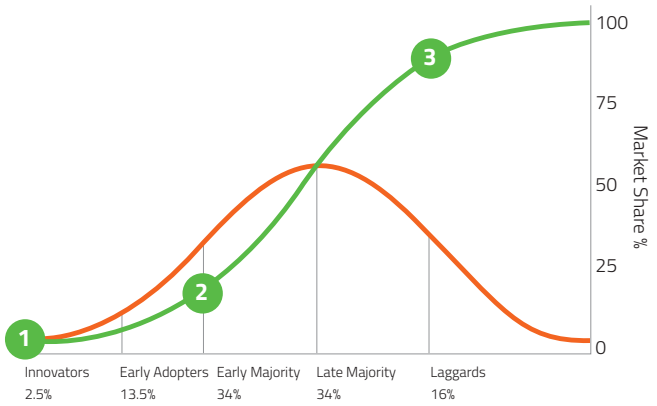
The Axiom Foundation has the authority to release new ndau from the reserve and to permanently remove ndau from circulation. It is contractually obligated to take these actions as directed by BPC in implementing the ndau monetary policy. When ndau demand rises beyond the limit of what's available in the market below the current Next Issue Price, the Axiom Foundation is required to sell new ndau from ndau reserves held in the Endowment into the market at that Next Issue Price, which increments higher every 1,000 ndau sold from the reserve. The net proceeds of those sales then flow to the Endowment as discussed above. Conversely, when the ndau Market Price falls to the Floor Price (as defined below), the Axiom Foundation is required to buy ndau through purchase orders it has placed at the Floor Price (subject to practical rates of liquidity) and permanently removes the repurchased ndau from circulation.

The Axiom Foundation also acts as a liquidity provider for ndau and maintains stability and liquidity through its ability to buy and sell currency according to the ndau monetary policy as directed by the BPC. It stands ready to buy and sell ndau on a continual basis at prices specified by the pre-established and transparent rules rules of the ndau monetary policy, subject to practical volume per unit time limitations.

[1] Reserve ndau: ndau that has never been publicly traded and that does not hold any market value until it is sold on the open market by the Axiom Foundation.

NDAU – ISSUANCE

The release of reserve ndau into the marketplace follows a well-defined technology growth pattern. This growth occurs naturally along an S-curve as modeled in the Diffusion of Innovations theory – a theory which seeks to explain how, why, and at what rate new ideas and technologies spread. Individuals have different levels of readiness for adopting new innovations; the average rate of this adoption is, of course, influenced by the characteristics of the product itself. The theory classifies individuals into five tiers: Innovators, Early Adopters, Early Majority, Late Majority, and Laggards.



Innovators occupy the first 2.5 percent of the S-curve, while Early Adopters represent 13.5 percent. Early Majority Adopters and Late Majority represent 34 percent each while Laggards make up the final 16 percent of the curve. The adoption rate of ndau drives the release of the 30 million reserve ndau into the market: the S-curve illustrates the total amount of ndau in circulation as adoption moves from 0 percent to 100 percent.

RELEASE SCHEDULE

ndau uses the Diffusion of Innovations theory in its release of ndau and its pricing schedule. To facilitate the adoption rate of the currency in an orderly, efficient, and transparent manner, the 30 million reserve ndau originally held in the Endowment will be sold into the market according to a transparent, pre-determined Next Issue Price schedule. The Axiom Foundation's distribution of new ndau at a higher price occurs only when market demand exceeds supply – i.e. when there is a willingness to buy at a new Next Issue Price that's greater than anyone is willing to sell. Hence, movement up the price curve reflects that market demand is ready to support a higher price. This is in contrast to many proof-of-work cryptocurrencies that steadily increase supply at a regular frequency irrespective of the demand or price at any given time. As network effects naturally increase the value of ndau and as the total number of reserve ndau released follows the S-curve, the Next Issue Price rises as market participants demonstrate demand at those levels.

The Next Issue Price Curve can be broken into three phases in which ndau will be released: Early Adoption, Middle Market, and Equilibrium. Ten million reserve ndau are scheduled for release throughout each individual phase along the S-curve for a total of 30 million ndau. As the market accepts and adopts the currency along the S-curve, increasing the value due to positive network effects, the Next Issue Price at which the Axiom Foundation sells ndau rises. The Next Issue Price rises most rapidly in the Early Adoption phase and more slowly as adoption approaches 100 percent on the S-curve.

The first 10 million reserve ndau are scheduled for sale during the high growth phase as Innovators and Early Adopters begin using the currency as a long-term store of value. The goal of this phase is to encourage such innovators and early adopters to commit towards the ndau ecosystem, aggressively competing for a position of leadership for ndau in the digital currency marketplace.

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RELEASE SCHEDULE (continued)

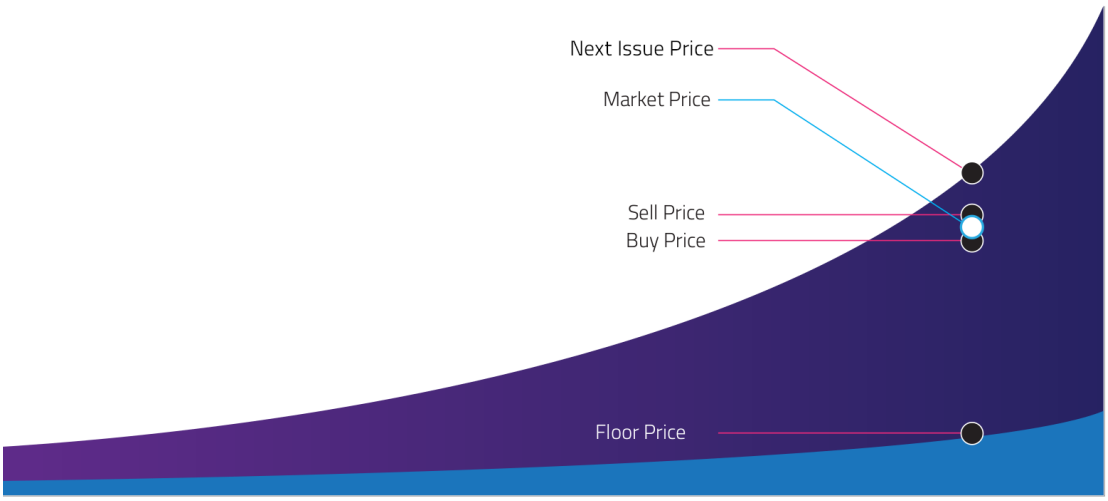
As ndau evolves toward wider market adoption, the transitional Middle Market growth phase occurs and 10 million more reserve ndau are scheduled to enter the market at more moderate price increments, as demand warrants. Growth in Next Issue Price then slows further in the final Equilibrium phase during which the last 10 million reserve ndau enter the market. Network effects grow the value of ndau more modestly since the value of those effects diminishes on the margin. This is indicative of the currency reaching full acceptance in its addressable market as it begins to reach the natural limits of market desire to store value in such a long-term form.

PRICING

The Axiom Foundation is tasked by the BPC with executing the release of reserve ndau into the market place according to ndau monetary policy. Currency float expands supply when necessary based on the S-curve and the Next Issue Price schedule.

At any given time, there are five defined ndau price points:

1. **The Next Issue Price** The current price at which reserve ndau is sold according to the Next Issue Price schedule.
2. **The Sell (or ask) Price** The lowest price a seller is willing to sell ndau in the market (may vary across exchanges).
3. **The Market Price** The Axiom Foundation is required to take into account observable Buy and Sell Prices and filled orders across the ecosystem and combines them into a single published Market Price.
4. **The Buy (or bid) Price** The highest price a buyer is willing to pay for ndau in the market (may vary across exchanges).
5. **The Floor Price** The Floor Price is derived in a way that enables resiliency from currency attacks and serves to induce long-term dependability and liquidity. The Floor Price is calculated dynamically by dividing the Endowment's total current value by the total number of ndau outstanding and multiplying it by 50 percent.



This dynamic pricing strategy functions to increase supply as demand warrants (due to network effects) while providing a pre-defined mechanism for permanently reducing supply when all other means of volatility mitigation have proven insufficient.

Ownership of ndau in no way confers pro-rata ownership of any of the assets or reserve ndau in the Endowment. Rather, it is similar to the ownership of a central bank's currency. The reserves held by a central bank are used to stabilize the currency. A central bank's governing body (similar to the BPC) sets policy for management of the reserves (similar to reserves held in the the Endowment) and the rules by which those reserves (or the Endowment) may be used to support currency stability targets. Central banks use an annual target inflation rate to guide the value of their currency, while the BPC uses the current point on the defined S-curve as its target value. However, the BPC is more accountable to holders of the currency because it is directly electable by them, whereas a holder of U.S. dollars, for example, does not wield any influence over who governs the Federal Reserve Board. In either case, policy may be adapted over time according to the respective governing body as needs warrant. As a result, any attempt by the BPC to change the ndau monetary policy in a manner that would negatively impact ndau would be subject to being overruled by the vote of ndau holders.

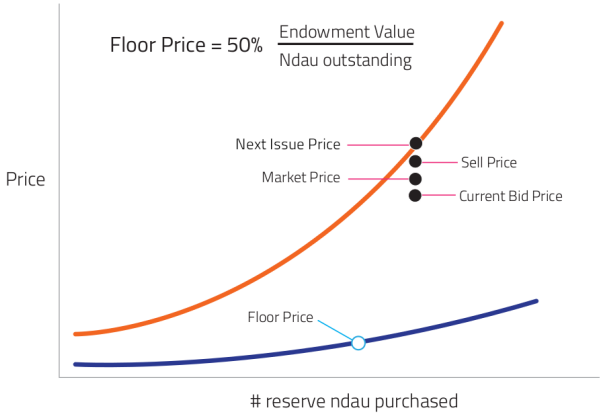
BUYING AT FLOOR PRICE

The Axiom Foundation is contractually obligated to buy back ndau at a known and continuously published Floor Price. This obligation is subject to the liquidity policy managed by the BPC and implemented using the assets in the Endowment.

In a Floor Price transaction, the Axiom Foundation has put an offer to buy ndau on an exchange, and an ndau seller has accepted that offer. The Endowment decreases by the purchase amount and the number of outstanding ndau decreases as the repurchased ndau are permanently removed from circulation. Each Floor Price purchase increases the subsequent Floor Price for the outstanding ndau and provides a stabilizing force for existing ndau holders. Consequently, should further Floor Price transactions continue, the mathematical mechanism will drive the Floor Price up until it reaches the Next Issue Price.

THE FLOOR PRICE

The floor price is quoted and made available by the Axiom Foundation



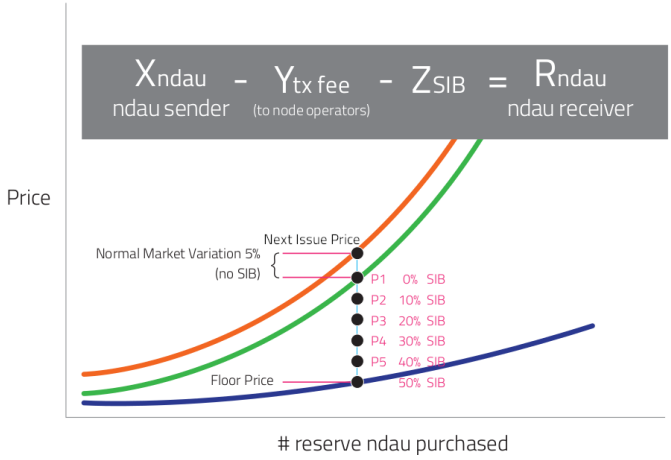
This buying mechanism ensures that the Endowment will always have reserves to purchase ndau in the event the market should require large reductions in ndau supply. The BPC is tasked with continuously reviewing liquidity policy and its consequent rate of liquefaction. The goal being that the Axiom Foundation needs to preserve its purchasing power to buyback over long periods of time to best ensure its ability to stabilize ndau during such conditions.

MANAGING DOWNWARD VOLATILITY

Similar to other digital currencies, all ndau transactions are subject to a small fee that supports the operation of the ndau network. ndau, however, has an additional, unique feature known as the Stabilization Incentive Burn ("SIB") system to mitigate downward volatility. When the Market Price of ndau drops to 5 percent below the Next Issue Price, the SIB activates. The SIB is a fee that is applied on top of normal transaction fees when a transfer is being made from a wallet account to an exchange account. The SIB rate progressively increases as the Market Price approaches the Floor Price, and the ndau collected through the SIB fee are permanently removed from circulation.

Stabilization Incentive Burn (SIB)

Stabilization Incentive Burn (SIB) When the ndau market price falls below 5% of the Next Issue Price an incremental Stabilization Incentive Burn is applied to transfers from wallet accounts to exchange accounts. This burn is applied on top of normal transaction fees. The SIB rate progressively increases as the market price approaches the Floor Price, reducing the incentive to sell.



The SIB begins at 0 percent when the Market Price drops to 5 percent below the Next Issue Price and climbs to 50 percent as the Market Price approaches the Floor Price. The SIB reduces the incentive to sell during down market conditions because the cost to do so grows higher the more the market declines.

Individual incentives created by the SIB and the aggregate, cumulative effects of removing ndau from circulation serve as stabilizers for ndau. This mechanism functions as a spring that gets stronger in pushing the Market Price back up toward the Next Issue Price; the more the Market Price diverges from

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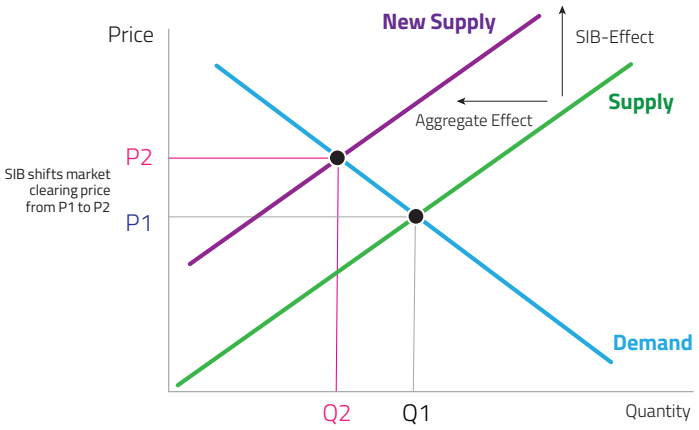
NDAU – MONETARY POLICY (continued)

the Next Issue Price, the more buoyant the Market Price becomes. The cumulative restorative effect due to a rebalancing of supply and demand also gets stronger the longer that divergence continues.

Economic Effects of Supply Burn

Economic Effects of Supply Burn When the SIB is in effect the seller is giving up more ndau than the buyer is receiving. This difference is taken permanently out of circulation, moving the pricing equilibrium. Reducing the number of ndau in circulation will drive the market price upward.



CASE EXAMPLE: THE SOROS SCENARIO

In August 1992, financier George Soros sought to profit by shorting the British Pound. Soros made a name for himself as a currency trader by betting against the Bank of England in what became known as Black Wednesday. He used his Quantum Fund to launch a massive sell-off, having previously built up a position by borrowing £6.5 billion. The Bank of England attempted to prop up their currency by buying Pounds. Soros, however, was selling faster than the bank could buy. With costs of £3.3 billion, Britain's Central Bank was unable to defend itself from the attack in the currency markets. The government was therefore forced to withdraw the British Pound from the European Exchange Rate Mechanism ("ERM") as it was unable to keep the Pound above its agreed lower limit in the ERM. Soros's bet paid off. In the following days, Soros unwound his positions, paid back his original borrowings, and walked away with a profit of approximately £1 billion.

Effect of The Floor Price

As ndau is bought up and burned the endowment value to price ratio is increased, reducing the incentive to sell. If this continues it drives the Floor Price back to the Next Issue Price mathematically.

Sequence in time under severe sustained selling pressure

Soros had done the analysis and knew the Bank of England couldn't properly mount a sustained defense. All he had to do was apply enough selling pressure on the British Pound and eventually it would be devalued.

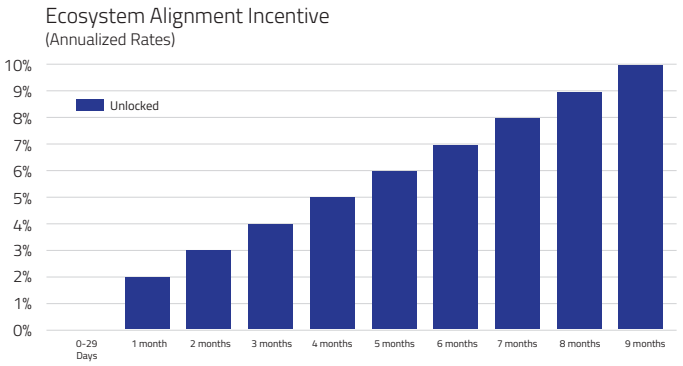
The intrinsic stabilizing mechanisms of ndau discourage a run on the currency similar to what Soros did in 1992 against the British Pound. If an attacker attempted to short ndau by unloading a large amount of the currency rapidly, the SIB would be activated at 5 percent below the Next Issue Price. As a result, the seller would have disincentive to dump the currency: as the Market Price falls, the SIB fee would support it by removing an increasing number of ndau from circulation.

Still, if the selling were to continue and the Market Price reached the Floor Price, the attacker would be receiving only 50 percent of the Endowment's pro rata net asset value with each sale. The other 50 percent would stay in the Endowment, effectively increasing the Floor Price for all remaining holders. In a classic currency run, the market dynamics create uncertainty and panic when more selling occurs. However, with ndau, the dynamics are precisely the opposite. The ndau protocol incentivizes patience in market participants to the detriment of the attacker.

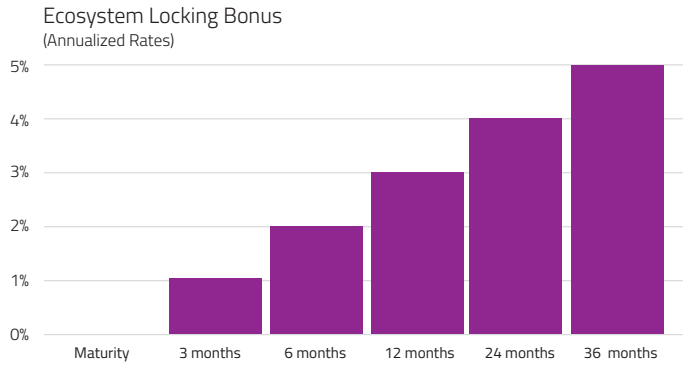
Since ndau's monetary policy is transparent and published, an attacker could clearly see in advance that any attempt to short ndau would be self-defeating. Upon a theoretical complete sell off, the last ndau in place would be sold far above the most recent Next Issue Price.

ECOSYSTEM ALIGNMENT INCENTIVES

The best way to create a long-term store of value is to incentivize long-term holding. ndau holders are given the opportunity to earn extra ndau through Ecosystem Alignment Incentives ("EAI"). ndau held for longer than 30 days may accrue an incentive of ndau at a rate of 2 percent on an annualized basis. As ndau is held longer, this rate increases in 1 percent increments each additional month up to 10 percent when held for 9 months. The chart below shows the EAI structure.



Further, holders can take advantage of the ndau equivalent of a certificate of deposit, holding ndau over a specified period of time to accrue a predetermined rate of additional awarded incentive. In the ndau ecosystem, this is called "locking ndau." By locking, the holder accrues ndau at a higher rate. Locking



ndau for 90 days adds an additional 1 percent to the EAI rate above the incentive structure, as shown in the chart below. Further increases occur at 6, 12, and 24 months of locking ndau until at 36 months a maximum of an additional 5 percent annualized rate is earned.

Locked ndau immediately begins to accrue EAI at the rate it would be accruing if it had already been held for the lock period, plus the lock incentive. Receiving and immediately locking ndau for 90 days thus immediately begins accruing a 5 percent EAI: 4 percent as if it had already been held for 90 days plus a 1 percent lock incentive. Likewise, ndau purchased and immediately locked for 3 years accrues a 15 percent EAI: the 10 percent rate as if it had already been held for that period plus the 5 percent lock incentive.

It is important to note that EAI is not an automatic entitlement. Further requirements on the ndau holder may be set or modified by the BPC over time in order for the holder to permanently earn the accrued EAI. These additional requirements are to align individual incentives with the objectives of the entire ecosystem and all of the participants therein.

EAI Service Fees

Given zero ndau are ever held back for any for-profit entity, and all proceeds from the issuance of ndau are used to fund a not-for-profit endowment, service fees are deducted from EAI as its means to fund the ongoing growth, development, operations and maintenance of the ndau ecosystem.

4 percent Ecosystem Funding: All EAI is charged a 4 percent fee to help grow the ndau ecosystem by funding functions such as software development and marketing.

1 percent Market Maker Price Discovery: All EAI is charged a 1 percent fee to fund the Market Maker's operations.

Additional Fees

Certain fees are only charged in conjunction with a service or particular circumstance.

(continued)

ECOSYSTEM ALIGNMENT INCENTIVES

10 percent Network Operations: EAI incentives are available only to those holders supporting the ndau ecosystem by operating or associating with an ndau network node. Many currency holders will not want to operate their own node and will instead choose to associate with another node operator. A fee of 10 percent of EAI is charged to such holders to cover node operating costs.

5 percent exchange for other services: The BPC may elect to initiate an automatic exchange of up to 5 percent of EAI into other kinds of tokens, still under control of the holder, used for various non-currency services offered within the ndau ecosystem ("side chain services"). These services may include, but are not limited to, identity, dispute resolution, and secure communications.

EXCHANGES AND PRICE DISCOVERY

The ndau monetary policy requires that the Axiom Foundation endeavor to make ndau available on reputable exchange platforms as designated by the BPC. These may include, but are not limited to, centralized exchanges controlled by third parties, decentralized exchanges, crypto-only exchanges, and decentralized exchanges that are a part of the ndau ecosystem itself and trade only between ndau and other ndau ecosystem tokens.

To further promote price discovery, the Axiom Foundation has access to a flow of ndau, which it obtains through EAI fees, that it sells for a different fiat or digital currency at the market price. With this currency, the Axiom Foundation is able to enter orders to buy ndau at market price. The ndau monetary policy requires that the Axiom Foundation continue to buy and sell ndau and other currencies in this fashion, adding liquidity in order to ensure a higher volume progression of price discovery. This attracts other independent market makers as well, who take the other side of the transaction and can earn a profit from the spread. Promoting price discovery through these means is important to ensure the best price for buying and selling ndau. These posted transactions help to provide a more accurate picture of the market and are part of the mechanism by which the official ndau Market Price is determined and published.

IMPORTANT INFORMATION FOR POTENTIAL NDAU HOLDERS

All potential ndau holders should acknowledge that while the Next Issue Price of ndau may rise as the adoption of ndau progresses along the s curve, there is no guarantee that this will happen. There is no guarantee that a holder of ndau will get any particular minimum price upon selling. The floor price is not an absolute guaranteed price. There may be temporary or permanent liquidity constraints. Further, as the floor price is dependent on the dynamic value of the endowment, it will rise and fall accordingly to that value and other factors.

All potential ndau holders should understand that features such as the Stabilization Incentive Burn ("SIB") cannot apply to off-blockchain transactions. Further, the Ecosystem Alignment Incentive ("EAI") should not be confused with an "interest rate" as it is commonly understood in the legacy financial system. The EAI is awarded for behavior that aligns with the purpose of ndau as a long-term store of value. Should all ndau holders lock up their ndau for 3 years and be awarded 15 percent more ndau per year as a result, the value of the endowment will not increase proportionally. It will, rather, lower the floor price unless the endowment were, coincidentally, to grow by that same amount through its own return on investments. Further, the EAI is not offered passively but rather is awarded in association with contracting with or directly operating ndau nodes, thus increasing the value of the whole ecosystem through participatory efforts.

No contractual guarantees are given directly to potential ndau holders since all policy and features described herein are subject to governance by the Blockchain Policy Council ("BPC").

This whitepaper does not constitute a prospectus or offering document and does not and is not intended to constitute an offer to sell, nor the solicitation of any offer to buy, an investment, a security or a commodity, or an option on or any other right to acquire any such investment, security or commodity. This whitepaper has not been reviewed by, passed on or submitted to any u.S. Federal or state agency or self regulatory organization or to any other foreign agency or self-regulatory organization. This whitepaper does not constitute advice to purchase any ndau nor should it be relied upon in connection with any contract or contribution decision.

The ndau tokens have not been and will not be registered under the securities act of 1933, as amended (the "securities act"), or any other law or regulation governing the offering, sale or exchange of securities in the united states or any other jurisdiction. Ownership of ndau will carry no rights, whether express or implied, other than a limited potential future right or expectation to use ndau as set forth in this whitepaper. Ndau are not intended for investment, speculative or other financial purposes. Ndau do not represent or constitute:

- Any ownership right or stake, share, equity, security, commodity, bond, debt instrument or any other financial instrument or investment carrying equivalent rights;
- Any right to receive future revenues, profits, dividends, interest, shares, equities, securities or any other form of participation, economic or otherwise, or any governance right in or relating to ndau, or the Axiom Foundation;
- Any form of legal tender in any jurisdiction nor do they constitute any representation of money (including electronic money);

IMPORTANT INFORMATION FOR POTENTIAL NDAU HOLDERS

- The provision of any goods or services prior to the date on which ndau may be delivered to contributors; or
- Any future right to sell ndau, or trade ndau to or with any other party.

The Axiom Foundation intends to operate in full compliance with applicable laws and regulations and obtain the necessary licenses and approvals as may be required in its opinion in key markets. This means that the development and roll-out of all the features of ndau as described in this whitepaper are not guaranteed. Regulatory licenses or approvals may be required in a number of relevant jurisdictions in which relevant activities may take place. It is not possible to guarantee, and no person makes any assurances, that any such licenses or approvals will be obtained within a particular timeframe or at all. This means that ndau may not be available in certain markets, or at all. This could require the restructuring of the ndau ecosystem or result its unavailability in all or certain respects.

The Blockchain Policy Council has the power (unless ndau holders vote otherwise) to cause The Axiom Foundation to revise this whitepaper from time to time. The BPC is required to make any revisions to this whitepaper available on the ndau website or directly to known holders through their provided communication means, if available.

Before a potential ndau holder acquires ndau tokens, the Axiom Foundation may (in its sole and absolute discretion) request that such potential investor provide certain information and documentation for the purposes of complying with any "know your customer" anti-money laundering or similar obligations to which the Axiom Foundation may be subject; and determine that it is necessary to obtain certain other information about such potential ndau holder in order to comply with applicable laws and regulations in connection with the sale of ndau tokens. Potential ndau holders shall be subject to such other due diligence as the Axiom Foundation deems necessary or appropriate in its sole and absolute discretion. Further, the Axiom Foundation reserves the right in its sole and absolute discretion to refuse to sell ndau tokens to any potential holder.

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