

# XKD

the first digital currency released on the Public Corda Network

Cordite Society Limited

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## Abstract

XKD is the first regulatory and environmentally friendly, finance grade, enterprise ready digital currency. Governed by the Cordite Society Limited, a co-operative society registered in the UK, providing the leading onshore decentralised finance (DeFi) legal structure.

## Aims

XKD aims to:

- Provide a ready store of value, medium of exchange or unit of account
- Stimulate early, collaborative and active participation in the Corda community
- Support growth-generating projects built on Corda
- Provide long term support and development of Corda community

XKD sets out to improve on the failures of early crypto-currencies - volatility, fixed supply, inefficient media of exchange, high transaction fees, virtually non-existent unit of account - articulated most notably by Mark Carney, former Governor of the Bank of England in his Future of Money speech<sup>1</sup>

XKD is an Exchange Token as defined by the UK's FCA guidance<sup>2</sup> as a “means of exchange... a decentralised tool for buying and selling goods and services without traditional intermediaries”

XKD has been designed to meet the basic functions of money - A store of value with which to transfer purchasing power from today to some future time which is highly trusted; A medium of exchange with which to make rewards for contributions and is easy to use; A unit of account with which to measure the value of a particular reward or contribution.

XKD is constrained by prudential and conduct regulation being operated by the Cordite Society Limited. This co-operative society is registered in the UK providing a sound mature distributed finance (DeFi) legal structure. XKD is a finance grade and enterprise ready digital currency.

## Minting

Controversially the money supply of XKD can be increased over time by democratic vote of the co-operative members. Any new money supply minted is evenly distributed amongst the voting members. Members vote on minting proposals using their Cordite node.

Minting proposals are carried by a simple majority of votes cast in favour of raising or lowering the Minting Rate. Only one Minting Proposal can be carried every 28 days. New XKD is minted at the new Minting Rate and distributed evenly to all Members that voted on the carried Minting Proposal. The Minting Rate is limited to a range of between 0% and 14% and can be raised or lowered by a maximum 100bps on each proposal. Minting Proposals are only carried if more than 25% of Members vote. The first Minting Proposal will issue 1,000,000 XKD and set the Minting Rate at 14%.

<sup>1</sup><https://www.bankofengland.co.uk/-/media/boe/files/speech/2018/the-future-of-money-speech-by-mark-carney.pdf>

<sup>2</sup><https://www.fca.org.uk/publication/policy/ps19-22.pdf>

## Membership

XKD has been released onto the Public Corda Network<sup>3</sup>, a publicly-available internet of Corda nodes operated by network participants. Each node represents a legal entity, identified by a trusted identity certificate (X.500). This ensures that XKD meets the G20 sanctioned FATF standards on digital assets to mitigate AML/CTF risks. XKD is a regulatory friendly digital currency.

Any legal entity operating a Cordite node<sup>4</sup> on the Public Corda Network is a member of the co-operative. Voting on Minting Proposals is limited to one vote per legal entity.

## Transfer

Members are able to use their Cordite node to transfer XKD across the Public Corda Network to other members. Unlike other digital currencies, transfers are private and free to the sender and receiver. The only exception being the use of the Corda Network Notary<sup>5</sup> to maintain the integrity of the supply of XKD and resolving the double spend problem inherent in digital currency systems.

Members are able to create named accounts on their Cordite node. Each account has a unique human readable address that XKD can be sent to. This address has an email style format of `account-name @ X.500 name`. For example `echo@CN=csl.cordite.foundation, O=Cordite Society Limited, L=London, C=GB`

## Environment

Mindful of the environmental impact of existing digital currencies, XKD has been designed to have a fraction of the carbon footprint of other digital currencies, with no wasteful proof-of-work. Cordite Society Limited nodes are hosted in carbon neutral data centres. Members are encouraged to do the same. XKD is an environmentally friendly digital currency.

## Legal

None of the information contained should constitute a recommendation, solicitation or offer by CSL or its affiliates to buy or sell any securities, futures, options, crypto assets or other financial instruments or provide any investment advice or service in the United States or in any other jurisdiction. Nor shall it, or the fact of its distribution, form the basis of, or be relied upon, in connection with or act as an inducement to enter into any contract or commitment therefore. None of the information contained in this constitutes an offer by CSL to exchange, or arrange or make arrangements with a view to the exchange of crypto assets for money, money for crypto assets or one cryptoasset for another. No XKD is being offered as a means of raising any funds, or in consideration of any money or cryptoasset. XKD is being launched solely as a means of establishing the Cordite DeFi ecosystem.

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<sup>3</sup><https://corda.network/>

<sup>4</sup><https://gitlab.com/cordite/cordite>

<sup>5</sup><https://corda.network/participation/notary-considerations>