



## **WHITEPAPER JUNE 2024**

### **XMG Digital Asset Network and XMG Tokens A Network and Stablecoin Built on the Pecu Novus Blockchain**

A stablecoin offers individuals and organizations a reliable and decentralized way to exchange value using a familiar accounting unit. The innovation of blockchains lies in their auditable and cryptographically secured global ledger. Issuers of asset-backed stablecoins and other market participants can leverage blockchain technology, benefiting from its immutability and transparency. This allows them to transact with stablecoins pegged to a fiat currency, creating a familiar and less volatile digital asset.

To maintain accountability and ensure price stability, the stablecoin is pegged to the price of a fiat currency and backed by a reserve consisting of a mix of digital assets, fiat currency, and real-world assets to maintain a one-to-one reserve ratio. This stablecoin, called XMG tokens, will initially be created on the Pecu Novus blockchain, with plans to integrate onto other tier-one blockchain networks over time. XMG tokens will be available in various fiat currency values, starting with a peg to the US Dollar.

However, a stablecoin alone was not enough. An essential addition was a tool that allows merchants and other parties beyond cryptocurrency exchanges to utilize XMG tokens directly. The nearly completed XMG Payment Portal is such a tool. It enables merchants to offer XMG tokens directly to the public on a peer-to-peer basis while integrating both traditional payment systems and the Pecu Wallet for real-time, on-chain transactions. Future plans include the ability to connect other wallets that support XMG tokens to ensure the XMG Payment Portal remains robust and utility-driven.

### **Introduction**

The rise of stablecoins has been a crucial development in the cryptocurrency ecosystem, with USDT issued by Tether and USDC issued by Circle Internet Financial leading the market. These stablecoins have widespread distribution across various blockchain networks and are utilized by both decentralized and centralized financial institutions.

The XMG Digital Asset Network aims to offer more than just a stablecoin; it introduces the XMG Payment Portal, which enables merchants and distributors globally to offer and transact in XMG tokens. This system allows individuals and organizations to access

digital assets without needing to onboard to a centralized exchange, promoting global inclusion.

With the introduction of Bitcoin Exchange Traded Funds (ETFs) and soon Ethereum ETFs, cryptocurrencies are entering the mainstream more than ever before. This marks the beginning of a significant shift. The transition from older, high-cost systems to robust, cost-effective blockchain-based systems is inevitable.

The Pecunia Novus Blockchain Network was created as both an electronic payment system and a store of value, as well as a utility network for decentralized and centralized projects. It integrates blockchain-enabled encryption protocols and provides developers with opportunities to impact the scalability and growth of the ecosystem.

According to the UBS Global Wealth Report 2023, total global net private wealth was estimated at USD 454.4 trillion at the end of 2022. In contrast, the global cryptocurrency market cap was approximately \$2.29 trillion, a fraction of total global wealth. Over time, blockchain technology will bridge the gap between old and new systems, integrating this new asset class as a viable one with low transaction costs, cross-border capability, and transparency. Peer-to-peer transactions without intermediaries are crucial, and centralized institutions will eventually adopt more blockchain traits to scale and grow.

As more investors become familiar with cryptocurrency, the need for stability arose when exiting or entering positions. Tether pioneered the stablecoin evolution, and XMG is building on that roadmap with its XMG token, XMG Payment Portal, and integrated anti-money laundering and know-your-customer protocols. The Pecunia Novus Blockchain Network, with its robust nature, low fees, and proof-of-time consensus mechanism, supports this development.

The challenge is accessibility beyond decentralized or centralized exchanges and enabling other blockchain networks to utilize stablecoins on a micro level. The solution is the XMG Digital Asset Network and XMG Payment Portal. XMG tokens are pegged to a stable fiat currency, backed by a combination of digital assets, fiat currency, and real-world assets. The XMG Payment Portal allows merchants and distributors to offer XMG tokens to a broader audience on a peer-to-peer basis.

For example, one XMG token pegged to US Dollars holds the symbol USXM on the Pecunia Novus blockchain, and its value fluctuates with the US Dollar. This will be true for XMG tokens pegged to other fiat currencies for convenience in different global regions. XMG tokens can be redeemed for the underlying fiat currency or the equivalent value in PECU coins, according to the XMG Digital Asset Network's terms of service. Once issued, XMG tokens can be held in-wallet or offline cold storage, used for transactions, onboarded to decentralized exchanges, or utilized in various future applications as the XMG Payment Portal scales globally.

## What Sets XMG Tokens Apart from Other Stablecoins

- **Blockchain Foundation:** XMG tokens operate on the Pecu Novus blockchain, providing real-time, on-chain transaction capabilities, transparency, and stability. The blockchain has achieved over 110,000 transactions per second.
- **Decentralization:** Like most cryptocurrencies, XMG tokens are decentralized and function securely in a peer-to-peer environment.
- **Integration Flexibility:** XMG tokens can be integrated into other systems for merchants and exchanges through custodial means, APIs, the XMG Payment Portal, or digital wallets like the Pecu Wallet that supports XMG tokens.
- **Attributes:** XMG tokens offer decentralization, transparency, on-chain transactions, and various points of access via mobile apps, decentralized exchanges, or web-based wallets and apps. They are initially built on the Pecu Novus blockchain but are intended to integrate into various other blockchain networks over time.
- **Stability:** XMG tokens are not subject to the volatility risks typical of other cryptocurrencies. Their one-to-one ratio with stable fiat currencies ensures liquidity and stability.
- **Peer-to-Peer Trading:** XMG tokens can be freely traded on a peer-to-peer basis, on decentralized or centralized exchanges. This allows for the transfer, acquisition, and swapping of XMG tokens for other digital assets.
- **Low Transaction Fees:** On the open market, XMG tokens do not carry direct transaction fees. While merchants or distributors may impose minimal fees, peer-to-peer transactions incur no fees from the XMG Digital Asset Network. Fees apply only for acquisitions or redemptions exceeding 100,000 XMG tokens.
- **Simplicity:** Stablecoins like XMG tokens are easy to understand as they are pegged to a stable fiat currency, eliminating the extreme volatility seen in other cryptocurrencies.

## Acquiring and Using XMG Tokens

Users can obtain XMG tokens in several ways:

- **Peer-to-Peer Transactions:** Directly trade with other individuals.
- **Exchanges:** Utilize decentralized and centralized exchanges that support XMG tokens for deposits and withdrawals.

- **Merchants and Distributors:** Acquire from XMG token merchants or distributors.

## Storage and Transactions

XMG tokens, built on the Pecu Novus blockchain, offer multiple storage options, including:

- **In-Wallet Storage:** Keep your tokens within your Pecu digital wallet.
- **Offline Cold Storage:** Secure your tokens offline for added security.
- **Proprietary Escrow System:** Use the Pecu Novus blockchain's escrow system for secure transactions.

## Future Innovations

The Pecu Novus blockchain aims to continually innovate, providing users with advanced tools and features.

### Network Goals

The objective is to create a stable and robust network that offers:

- **Seamless Interaction:** Tools for users to interact effortlessly with merchants and vendors.
- **Easy Onboarding:** Simple processes for traders to join various decentralized and centralized cryptocurrency exchanges.
- **Security and Cost-Effectiveness:** Ensure transactions are secure, transparent, swift, and cost-effective.

## Technology and Flow

The creation and circulation of XMG tokens involve distinct processes:

- **Total Supply vs. Circulating Supply:** The total supply of XMG tokens is significantly higher than the circulating supply. The circulating supply represents the number of tokens currently distributed and used in real-time transactions, while the total supply includes tokens held in reserve, ready to be deployed as

needed.

- **Backing Mechanism:** Initially, all XMG tokens in the total supply are backed one-to-one with PECU coins. As tokens are introduced into the circulating supply, they are supported by a mix of fiat currency, real-world assets, and digital assets.
- **Transparency and Audits:** This backing mechanism ensures that the circulating supply of XMG tokens can be transparently audited, providing assurance of stability and value.

## **The Three Tiers of the XMG Digital Asset Network**

### **1. The Pecu Novus Blockchain: The Foundation**

- a. **On-Chain Transactions:** All XMG token transactions occur on-chain in real-time, viewable on Pecuscan and other integrated platforms.
- b. **Innovations and Benefits:**
  - i. Create and burn XMG tokens as needed.
  - ii. Publicly report the circulating and total supply of XMG tokens.
  - iii. Enable fee-free peer-to-peer transactions.
  - iv. Integrate with the Pecu Wallet.
  - v. Facilitate escrow transactions using XMG tokens.
  - vi. Support both in-wallet and offline cold storage for XMG tokens.
  - vii. Allow onboarding to decentralized exchanges and platforms using XMG tokens.

### **2. The XMG Payment Portal: Enabling Seamless Transactions**

- a. **Integration Tool:** A tool for merchants, distributors, and platform owners to integrate into their systems.
- b. **Payment Flexibility:**
  - i. Allows integration of traditional payment methods alongside Pecu Wallet or other future-compatible wallets.

- ii. Facilitates direct peer-to-peer transactions without intermediaries.
- c. **Non-Intermediary Role:** The XMG Digital Asset Network does not act as a money transmitter; the XMG Payment Portal is a tool for enabling direct transactions.

### 3. The XMG Digital Asset Network: Supporting Growth and Stability

#### a. Collaboration with Approved Organizations:

- i. Works with organizations needing 100,000 XMG tokens or more.
- ii. Manages redemption requests for 100,000 XMG tokens or more, at the network's discretion.

#### b. Asset Management and Transparency:

- i. Manages the assets backing the total and circulating supply of XMG tokens.
- ii. Provides proof of reserves and other relevant data publicly.

#### c. Token Issuance and Expansion:

- i. Issues additional XMG tokens pegged to various fiat currencies upon request.
- ii. Collaborates with different blockchain networks and groups to enhance the utility of XMG tokens.

## The Flow of the XMG Digital Asset Network

The XMG Digital Asset Network operates behind the scenes, providing XMG tokens to approved merchants, distributors, organizations, website owners, and institutions. The network does not engage directly with the public. Here's how the process works:

1. **Acquisition of XMG Tokens:** Users can obtain XMG tokens from any authorized merchant, distributor, organization, or institution. Transactions are handled directly with these entities, not with the XMG Digital Asset Network.
2. **XMG Payment Portal:** This tool enables merchants, distributors, organizations, and institutions to offer XMG tokens seamlessly, maintaining control of the entire transaction process from start to finish.

3. **Consignment Basis:** Initially, merchants and distributors receive an agreed amount of XMG tokens on a consignment basis. They can request additional tokens from the XMG Digital Asset Network as needed.
4. **Large-Scale Requests:** Organizations can request large quantities of XMG tokens for their platforms directly from the XMG Digital Asset Network.
5. **Utilization of XMG Tokens:** Once acquired, users can use XMG tokens on exchanges, digital asset platforms such as NFTs, or redeem them through merchants or distributors. Tokens can also be swapped for other digital assets where supported.
6. **Redemption and Burning:** When tokens are redeemed with approved organizations, they are systematically burned, reducing the circulating supply. The total supply count remains unchanged to reflect the total number of XMG tokens issued. Any new tokens introduced into circulation are automatically and publicly accounted for.
7. **Issuance and Transparency:** Only the XMG Digital Asset Network can issue and burn XMG tokens, ensuring transparency, solvency, and trust. No other entity has the authority to perform these actions.

By maintaining this flow, the XMG Digital Asset Network ensures a secure, transparent, and efficient ecosystem for XMG token transactions.

## **Proof of Reserves**

The XMG Digital Asset Network ensures transparency by providing real-time proof of reserves on [xmgportal.com](https://xmgportal.com), displaying the total value locked on the decentralized digital asset exchange HootDex. This data is available for public review and updated regularly to reflect the most recent information.

**The process is simplified and transparent, showing the following:**

- **Total XMG Tokens by Fiat Currency Pricing in Circulation:** This represents the number of XMG tokens currently in use, valued against fiat currencies.
- **Total Supply of XMG Tokens for Historical Purposes:** This tracks all XMG tokens ever created, for reference and historical accuracy.
- **Total Liabilities:** The XMG tokens in circulation are considered liabilities.
- **Total Assets in Reserve:** A combination of digital assets, fiat currency, and real-world assets backing the XMG tokens.

All XMG token transactions occur in real-time and on-chain, providing transparency on the number of tokens in circulation at any moment. Since XMG tokens are created on the Pecunia Novus blockchain, and initially, all tokens in the total supply are fully backed by Pecunia coins, this information is publicly accessible, reinforcing trust and transparency in the XMG Digital Asset Network.

## **Merchants and Distributors**

The XMG Digital Asset Network thrives on its connections, with merchants and distributors acting as vital links. These entities serve as extensions of the network, integrating the distribution of XMG tokens into their own business models. They have the flexibility to:

- **Acquire and Distribute XMG Tokens:** Merchants and distributors can obtain XMG tokens as needed and offer them for digital or real-world assets.
- **Facilitate Peer-to-Peer Transfers:** They can transfer XMG tokens directly between users, enhancing the network's accessibility.
- **Serve as Points of Sale:** Merchants can act as points of sale, making it easy for users to acquire XMG tokens.
- **Develop or Use Payment Portals:** They can either develop their own approved payment portals or utilize the recommended XMG Payment Portal for seamless transactions.

The primary goal is to expand the number of network operators, thereby increasing the utility and robustness of the XMG Digital Asset Network.

## **Pecunia Novus Blockchain Network**

The Pecunia Novus blockchain underwent a significant overhaul starting in 2022, resulting in a robust, scalable, fast, and secure network. This restructured blockchain now rivals many existing blockchain networks. A pivotal moment for the growth of Pecunia Novus and the XMG Digital Asset Network will be the imminent publication of its open-source code. This transparency is a key reason for selecting Pecunia Novus, as it has yet to realize its full potential. The network's unique proof-of-time consensus mechanism promotes global inclusion. As the Pecunia Novus blockchain reaches its true value, it will strengthen the reserves of the XMG Digital Asset Network, benefiting all XMG token users.



## Main Overall Benefits

The benefits of XMG tokens extend universally across exchanges (both centralized and decentralized), individuals, merchants, distributors, and organizations, focusing on several key points:

- **Blockchain Consistency:** XMG tokens leverage the same robust blockchain properties as PECU coins, ensuring reliability and scalability.
- **Stability and Familiarity:** Being pegged to stable fiat currencies reduces volatility and simplifies user adoption, akin to navigating traditional forex pricing structures.
- **Open Source Advantages:** The forthcoming open-sourcing of the Pecunovus Blockchain Network promises enhanced value and utility, which inherently bolsters the XMG Digital Asset Network.

**For exchanges**, integrating stablecoins is a standard practice that enhances risk mitigation and fraud protection. Adding XMG tokens to their offerings expands market reach and provides cost-effective solutions for customer onboarding, leveraging advanced features such as cold storage and escrow services offered by the XMG Digital Asset Network.

**Merchants and distributors** benefit beyond mere token acceptance. They can eliminate chargebacks, earn transaction fees, and offer unique products like gift cards and NFTs within the Pecunovus ecosystem. This enables them to establish a thriving business within a business model and become network operators rather than traditional service providers.

**Individual users** value self-custody, enhanced security, and privacy afforded by XMG tokens. As the network grows, it brings additional value on a global scale, enriching user experiences and opportunities.

These benefits collectively position XMG tokens and the Pecunovus blockchain as pivotal players in the evolving landscape of digital assets and blockchain technology.

## Conclusion

The introduction of the XMG token marks a significant milestone on the Pecunovus Blockchain Network, setting a precedent for transparency, scalability, and overall network growth. By initially backing both the total and circulating supplies with PECU coins on a one-to-one basis, XMG tokens ensure a foundational level of security and stability.

The XMG Payment Portal tools empower merchants and distributors with a versatile ecosystem, enabling them to conduct peer-to-peer transactions and offer innovative products such as gift and transfer cards in XMG tokens. This positions them not just as service providers, but as integral network operators within the XMG Digital Asset Network, fostering a business-within-a-business model.

As the Pecu Novus Blockchain Network continues to expand, coupled with the broader adoption of XMG tokens, the network will consistently enhance its value proposition through increased transparency, scalability, security, and trustworthiness.

The potential of XMG tokens extends beyond the confines of the Pecu Novus Blockchain Network. Plans to integrate versions of XMG tokens across other blockchain networks underscore a strategic approach to expand the network's reach and influence in the broader digital asset ecosystem. This strategic vision ensures that XMG tokens will play a pivotal role in shaping the future of decentralized finance and global digital transactions.

*Whitepaper created by Louis Velazquez 06.2024*