

Part I: Tokens and Cryptocurrencies
State of Play before The Introduction of the "Central Bank Digital Currencies"

INTERNATIONAL FINANCE

| | | | | | | | |
|--------------|---------|----------------|-------------------|------------|--------------|-------------------|-----------------------|
| Euro Digital | Economy | Public Finance | Maastricht Treaty | Bankruptcy | Unemployment | Widespread misery | Rise of the Far Right |
|--------------|---------|----------------|-------------------|------------|--------------|-------------------|-----------------------|





**EURO-CRYPTO:
WELCOME IN THE
WORLD OF BIS!**

**Part I: Tokens and
Cryptocurrencies**

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I. CENTRAL BANK FIAT CURRENCIES: THE GREAT RESET

A. THE FRENCH AND ITALIAN MERITOCRACY ON "THE GREAT RESET"

a) FRANCE, THE RICHEST COUNTRY IN THE EU-27

The official departure of Euro-Crypto, designated by Central Bank Digital Currency (CBDC) was launched by Benoît COEURE, a product of the pure "French meritocracy", full of diplomas and, of course, a "devil in bicorn" (symbolic hairstyle of Polytechnique students).

He began his career at INSEE, then at the Treasury, before being co-president of the Paris Club, where the settling of



accounts for States that have defaulted with the IMF is debated: so many merits to get there!

The most worrying is a "recognition of merits" after a stint at INSEE.

The mastery of such an administration is of course essential to identify and understand macroeconomic flows, but this administration trains a multitude of specialists in this field, and this does not justify its subsequent promotions in the world of finance. On the other hand, knowing the neoliberal vocation of national accounts (Part II: The France the richest country in the EU-27), it is possible to wonder about the nature of B. COEURE's merits within INSEE (National Institute for Statistics and Economic Studies).

Indeed, following this passage, he became "**a competent person**" admitted to the Treasury teams, then to the international teams working in the shadow of Banking and Insurance within the London Club, the G7, the G20 and of course the BIS, before being a member of the Executive Board of the ECB between 2012 and 2019.

Economist, graduate (among others) of the Paris School of Economics, he received all the doses of "neoliberal venom", infused into the "most advanced" mathematical "models", without ever "thinking for himself" of the simplistic bases of these models. Normal! "Merits and "beautiful promotions" are a way of lobotomizing brains. The French "Grandes Ecoles" know this, they have even become specialists in this field. We will also devote some time to the analysis of the proposed "new models" ⁽¹⁾ ⁽²⁾.

This work is essential to understand the hidden objectives of these "great reflections".

b) ITALY ON THE PODIUM OF THE "RICHEST COUNTRIES"

The second man, the most important in this project, is the Italian Fabio PANETTA, also the perfect man of bancassurance to "animate" the debates on the euro-crypto since he combines all the required qualifications: economist, former director general of the Italian central bank (Banca d'Italia), former president of the Istituto per la Vigilanza Sulle Assicurazioni (IVASS). Since 1/01/2020, he has been a member of the Executive Board of the European Central Bank. He is also a member of the famous **Leibniz Institute for Financial Research**, charged with "thinking" about the wonderful project of building a "**Sustainable Architecture for Finance in Europe**" (SAFE) with "research laboratories" that will not surprise our readers of the article: **Part II, the France richest country in the EU-27.**

<https://www.alter-europa.com/fr/nouvelles-monde-finance/>

Indeed, on the program, "research" departments: Financial **Intermediation** (the paradisiacal intermediaries), **Financial Markets** (the 80 world exchanges to skimm), **Households Finance** ("households" to be plucked), Macro-Finance (the dogmas to be disseminated) and the **Money and Finance** department (the "beautiful" innovations of which the **euro crypto** is the essential project). All these reflections use colossal IT resources (**Data Science & Finance**) and prepare political "decision-makers" by relying on **Behaviorial Finance** (well-oriented surveys, powerful lobbying).

This last department (Behaviorial Finance) is crucial since it will convince the **European Council** (always well convinced) to receive a new "table of laws", written by the **BIS** and set up by the **European Commission** (manipulated by lobbies), theoretically dependent on the **European Parliament**. Parliament itself is muzzled by the number of laws to be dealt with and the reduced speaking hours.

Fabio PANETTA has officially replaced Benoît COEURE in this role of setting up the euro-crypto and, as we will see, the gentleman, very discreet by the way, has literally devoted himself to the implementation of this "wonderful project" to make "the great reset" that will lead the French and Italians into the black hole of "sacrificed countries".

For information, Italy is positioned on the podium of the "most financially rich countries" behind France and Germany : it is normal to "reward" the generous gravediggers of public finances of France and Italy.

¹ It takes endless hours to dissect the "Working Paper Series", all with complex and endless equations for which these great macroeconomic economists are handsomely paid. ² We will see that these "new models" are decades old and their "assumptions" are very telling.

B. FIRST OFFICIAL ANNOUNCEMENT: A WELL-ORGANIZED NETWORK

a) BENOÎT COEURE "GRATEFUL" TO THE BIS AND THE G20

COEURE spoke officially (for the first time) at the "Economics of Payments IX conference" in Basel on 15 November 2018 as "*Chair of the Committee on Payments and Market Infrastructures of the Bank for International Settlements*". **For**

those who have doubted our revelations about the authorship of the European treaties, including the Maastricht Treaty, and the euro-crypto, here is the final nail closing the coffin of their doubts.

"I open this conference on Economics of Payments with real pleasure. It is great to see so many familiar faces as well as newer ones. I thank you all for coming, especially those who have travelled from afar. This is the ninth



iteration of this conference. The first gathering in 2004 was organised by the New York and Atlanta Feds to celebrate the emergence of "payments" as a distinct field of study in economics. Since then, interest in payment economics has taken off, thanks to the efforts by many of you here today, and the conferences have gone global. The last conference in 2016 was hosted by the Deutsche Bundesbank in the charming village of Eltville" [...].

Clearly, the BRI was already on the bridge of these "essential reforms" since 2004, five years after "The First Heist of the Century: the Launch of the Euro" (VIDEO FR-02).

This forum on the "**Economy of Payments**" is of course part of the globalized neoliberal logic of "the free movement of capital" (in fact: "the free movement of killer liquidity")

This conference, the ninth, brought together the "ultimate in International Finance", with *"faces so familiar, coming in such large numbers, from all parts of the world, so distant for some members"*.

*"On my first slide, you can see that the **CPMI** (Committee on Payments and Market Infrastructures) now covers 86% of the world economy and 63% of its population.*

- It includes all G20 countries and almost half of its members are from emerging market economies (3). • Awareness and broad coverage are the foundation for successful global standard-setting." [...]
- "Our

parent organisation, the Bank of International Regulations (BIS), is our co-sponsor ()."⁴ • [...]

b) THE BRI (SINCE 1930)

*"The Bank for International Settlements (BIS) is an international financial organization created in 1930 in the legal form of a public limited company, whose shareholders are central banks. Located in Basel, Switzerland, it defines itself as the **the "central bank of central banks"**.*

Its main task is cooperation between central banks and it plays a decisive role in the management of the foreign exchange reserves of these institutions. It hosts, among other things, the Basel Committee [...].

(WIKIPEDIA)

The functions of the BIS are:

- To assist central banks in their pursuit of monetary and financial stability;
- to welcome international cooperation in these areas;
- to act as a bank of central banks.

NB: this is wrong: see previous page and see the article of ALTER-EUROPA: Part II: The France, the richest country in the EU-27.

• The bimonthly meeting of the Board of Directors, where the governors of the major central banks meet, thus allows an informal discussion of the monetary and financial policies of the major countries. **It hosts various committees dealing with major financial issues:**

- Basel Committee on Banking Supervision
- Committee on the Global Financial System
- Committee on Payments and Market Infrastructures
- Committee on Contracts

³G7 (France, Germany, Italy, United Kingdom, United States, Canada, Japan), the 5 country of BRICS (Brazil, Russia, India, China and South Africa), as well as Australia, Argentina, Mexico, Saudi Arabia, Turkey, South Korea and Indonesia. The twentieth place is occupied by the country holding the rotating presidency of the European Union. To these countries are regularly added 5 invited countries including Spain (permanent guest country). ⁴With G20.

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- Irving Fischer Committee on Central Bank Statistics
- and the Central Bank Governance Group (63 central banks in 2022).

"For example, it prepares agreements at the level of the Basel Committee that specify a certain number of prudential rules (solvency ratio, etc.) applicable to all commercial banks in the world: the Basel accords, including the latest, the Basel III accords."

"The BIS also centralizes the collection and publication of a lot of statistical data on banking activity and financial markets."

The BRI also hosts:

- Since 2009, the



- Financial Stability Board (FSB), an association of ministries of finance, central banks and other financial authorities of 24 countries, has coordinated the work of national authorities and international standard setting bodies at the international level and developed policy documents to strengthen financial stability;
- the International Association of Deposit Insurers (IADI) sets global standards for deposit insurance schemes and promotes cooperation on deposit protection and bank resolution mechanisms;
 - The International Association of Insurance Supervisors (IAIS) sets standards for the supervision of the insurance industry in order to promote global consistency in supervision.
 - Finally, since 2009, the BIS Financial Stability Institute (FSI) has been facilitating the dissemination of the work of standard-setting bodies to central banks and financial sector supervisors and regulators through an extensive programme of meetings and seminars, and **through online tutorials**" (WIKIPEDIA).

Decisions were taken by "trade unions" ("*associations*") within the ECB (which serves only as a secretariat).

"Their laws" are approved without any consultation of parliaments and peoples. The role of the **Leibniz Institute for Financial Research** (Frankfurt S/Maine) is to prepare all the necessary course materials to "train" the staff of the ministries of finance of the member countries to "enforce their laws".

e) THE G20 (SINCE 1999)

The Group of **Summits (G20)** is an intergovernmental forum composed of nineteen countries with the most developed economies and the European Union, whose heads of state, heads of government, finance ministers and heads of central banks meet annually.

It was created in 1999, after a succession of financial crises in the 1990s [...]

The G20 takes three forms:

- the G20 bringing together State and Government Authorities
 - the G20 Finance Ministers , which brings together finance ministers and central bank governors •
- and, since April 2010, the G20 Social brings together employment ministers [...].

The Group of Twenty also invites the Bretton Woods institutions represented by:

- Managing Director of the International Monetary Fund (IMF)
- the President of the World Bank
- Chairman of the International Monetary and Financial Committee
- Chairman of the IMF Development Committee.

The G20 also draws on the technical expertise of the Organisation for Economic Cooperation and Development (OECD), the International Labour Organisation (ILO), the World Trade Organisation (WTO) and the Financial Stability Council (FSB).

Finally, for several years, the G20 has broadened its circle to include civil society through engagement groups such as NGOs, employers' representatives and trade unions.

G20 engagement groups include: Business (B20), Civil Society (C20), Labour (L20), Science (S20), Think Tanks (T20), Women (W20) and Youth (Y20).

d) BENOÎT COEURE AND FABIO PANETTA: THE SITE MANAGERS.

We have just listed all the international bodies, remotely controlled by the BIS, the mastermind of International Finance, dominated by the Europeans and by the World Bank, itself the mastermind of the Multinationals (dominated by the Americans).

The G20 and the BRI missed their (official) "mission":

"Promoting international financial stability".

Since 1999, the Monetary System has deteriorated so much that the "reset" will go through "currency changes", intended to impoverish populations.



By demonstrating all the "work accomplished", he confirms to us (for those who doubted my previous analyses) that "Finance" organizes and dominates all international meetings on the pretext of "**Protecting Financial Stability**" that they themselves have been destabilizing with their "push-button currencies" since the 1960s and 1970s (see the book: "*Dollar and Euro: How Finance Killed Our Democracies*").

Despite the considerable number of financial crises recorded all over the world before 2007, B. COEURE retains only "the subprime crisis".

"The Lehman debacle exposed significant weaknesses in the OTC derivatives market, including the uncontrolled build-up of significant counterparty exposures between market participants, which were not properly understood and managed on a risk-based basis.

*In 2009, G20 leaders (under Finance) tasked the global standard-setting community with reforming the OTC derivatives market to promote transparency and central clearing. Regulatory efforts to promote central clearing have gone hand in hand with efforts to make it safer. The CPMI plays an important role in this process. With our friends (?) of the **International Organisation of Foreign Affairs (IOSCO)**, we have designed and monitored the implementation of **the Principles for Financial Infrastructure (PFMI)** and are now leading efforts to strengthen the*

resilience and recoverability of CCPs ⁽⁵⁾ ».

[...]

In recent months, therefore, we have examined in depth, also as part of broader efforts to assess the effects of **G20 financial regulatory reforms**, incentives for central clearing of OTC derivatives.

We have done this with our colleagues in the Basel Committee on Taxation (BCBS), the Financial Stability Committee (FSB) and the International Organisation of Commissions of Citizens (IOSCO)."

This first part consists of taking stock of the "Financial Institutions" set up by the BIS to allow safer offsets on the **OTC Markets (Central CounterParty, or CCP)** but a serious incident on the electricity market (Sweden, Germany) required significant state intervention to avoid the "default of payment" of a trader who could not honor a "simple margin call".

Of course, Mr. COEURE does not give details of this rescue operation which concerns "a market" which has absolutely nothing to do with the management of the currency.

This simply means that **these speculation markets are always very risky**, even if the number of "specialized" teams set up by the BIS and the World Bank, continues to multiply over time to **"regulate the markets"**.
Small information: for each incident, it is the citizens who "pay".

⁵The "Grand Reset" is intended to "save" (recoverability) and "strengthen" (resilience) counterparties Central (central banks) very badly embarked following their "conventional and unconventional policies" (counterfeit money).

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II. THE CONCERNS OF THE BRI

A. CYBERSECURITY

a) DEFINITION (SOURCE: CISCO)

"Cybersecurity is the practice of protecting systems, networks, and programs from digital attacks. These cyber attacks typically aim to access, alter or destroy sensitive information, extort money from users, or interrupt normal business processes.

Implementing effective cybersecurity measures is particularly challenging today, as there are more equipment than



people, and hackers are becoming more innovative."

In Part II on France (already cited), we saw that **US insurers** had faced an explosion of ransom demands, estimated at an average amount of \$1,000,000; this trend in ransom demands is so unpredictable that they have virtually given up offering insurance contracts in this area.

Small perfidies.

Only BITCOIN (in the "crypto" environment) **has escaped theft and ransom demands**; on the other hand, still in this hyper-specialized security environment, scams on trading and storage platforms are numerous.

The most basic response of financial and non-financial companies is to avoid the "whole Internet" and increasingly compartmentalize their applications.

So far, no reflection on this subject has been mentioned in the BRI reports while the "CBDC" project would be the ideal target for "hackers".

b) A LEGITIMATE CONCERN

It is normal that N. COEURE, as President of these commissions, evokes the subjects of cybersecurity but it is not normal that he says this:

"Disruption brings me to my second topic, cyber resilience.

*As 10 years have already passed since the global financial crisis, economic history unfortunately tells us that the post-crisis period is also the pre-crisis. Although crises reappear periodically, their sources often differ." **This means two things to policymakers.***

"First, learn from past crises and prevent them from happening again. The central clearing work began nine years ago in Pittsburgh and belongs to this category of action. And, secondly, be careful and prepare for the next crisis. And the next financial crisis may well start with a cyber incident."

For such a great specialist in monetary, financial, macro-economic and statistical issues, accepting the idea of crises and pre-crises, without linking them to the international monetary system of "push-button currencies", is a serious mistake.

Better, "the incidents", which he mentions ⁽⁶⁾, are precisely related to overabundant digital currencies and the free circulation of liquidity that have generated DAILY TRANSFERS of more than 8.3 trillion equivalent dollars in a "light version" (suppression of some flows yet real).

However, for the specialists in transfer systems, meeting within the G7, international cooperation requires the sharing of personal information that reduces personal freedoms.

"Information sharing, including across borders, is therefore essential to repel cyber-attacks. But barriers abound, whether related to privacy, data protection or reputational concerns. So, we need some of them to think about how to overcome these barriers in order to build cyber resilience. In other words, you all have many opportunities to contribute to improving public policy."

⁶Increasingly massive and successful attacks on large transfer systems Cross-border (Central Bank of Bangladesh, Fed, ...): payment systems (or cash transfers) and transfer systems securities.

"Of course, it is absolutely not a question of "contributing to improving public policies" but of encouraging the strengthening of a "system of new freedoms" for High Finance.

And "good news in 2022" (?), European High Finance has obtained the green light from the European Union for transmission by ALL COMMERCIAL BANKS and ADMINISTRATIONS the most implausible information about "*citizen fraudsters*", under the pretext of an "*anti-money laundering*" approach. They obtained (among other things) the right to transmit to the ECB: copies of identity cards; the balance of all your accounts; your family situation;

B.



BITCOIN: THE SCARY THREAT TO HIGH FINANCE?

a) WHAT ARE WE TALKING ABOUT?

Bitcoin (uppercase) is a peer-to-peer payment system that relies on the use of a "blockchain" protocol while **bitcoin** (lowercase) is the digital asset, traded and stored.

Bitcoin (lowercase) is the digital asset, "currency" or rather "token", which is the product of an exchange and is stored **outside the banking system**.

Benoît COEURE made a difference at that time: he spoke of money - token as a threat but not at all of the **payment system** which attacks the monopoly of central and commercial banks.

On the other hand, Christine Lagarde never talks about the "Bitcoin payment system". It organized a whole heavy artillery to demolish "**the currency**" which at present is much more a "*reserve currency*" (very unstable but far from being "dead") than a "*transaction currency*" (too many defects, and practically unused).

On the other hand, the BIS does not disdain the principle of a "DeFi Continent" under its control (Decentralized Finance, without the intervention of commercial banks) which would make it possible to fulfill the functions of **numeration, transaction, reserve, credit and capital** for High Finance, for multinationals and for "people of good company". This is what we will discover together with well-targeted articles.

Everything else is smoke and mirrors.

So we will see "the said" and "the unsaid".

b) THE BITCOIN OF B. COEURE: "RESPONSIBLE" HIGH FINANCE.

B. COEURE then moves on to the last point of his presentation: Bitcoin seen as a payment system outside central banks.

"Ten years ago, we saw the bankruptcy of Lehman, but it was also when the domain bitcoin.org was first registered and "Satoshi Nakamoto" published the original Bitcoin whitepaper.

A few months later, Satoshi mined the first so-called genesis block and got a reward of 50 bitcoins. The rest is history, as they say.

Few people remember Satoshi joining the genesis block with a January 2009 Times headline about bailing out British banks.

In more ways than one, Bitcoin (in capital letters) is the nefarious engenderment of the financial crisis. Lightning can strike me for saying this in the Basel tower – but Bitcoin (capital letter) was an extremely clever idea." Clearly, BITCOIN was born because of the "conventional and unconventional policies" of High Finance, therefore its "push-button currencies".

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On the other hand, if BITCOIN is a harmful invention for B. COEURE, it is still a good idea!

"We will work seriously on this within the BRI."

"Unfortunately, not all smart ideas are good.

The opportunities of blockchain are many, but the problems of bitcoin (token) are also numerous. I believe Agustín Carstens summed up his many problems well when he said that Bitcoin is a combination of a bubble, a Ponzi scheme and an environmental disaster ."

Small (deliberate) mistake of the Director General of the BIS (Augustin Carstens):

The shortcomings of BITCOIN are numerous: environmental cost, slowness, few holders (the big holders are referred to as "the whales"), none of the five monetary functions fulfilled, ...



On the other hand, **BITCOIN is not a Ponzi pyramid** since, unlike "FIAT currencies" ("their" currencies), the mass of BITCOIN to be put into circulation has been capped at 21 million units.

Of course, in this sector, there are many "crypto-currencies" (among the 22,000 listed at the end of 2022) that meet this criterion of "Ponzi" scam : it would be normal to prohibit these practices and prosecute the perpetrators; on the contrary, they have "prospered" without any intervention from the American and European authorities. **Finally, if BITCOIN is a limited asset, and therefore "rare", the questions to ask are numerous :**

- Is Bitcoin really a "financial asset"?
- What is it used for ?
- If it is destined to become a "reserve currency", it will have to be democratized ("no whales") to be more stable and more "distributed".
- Under no circumstances will it be a transaction currency because of its design its numeral function (counting) has become too complex (⁷).
- Is its security system (economically and technically) the safest solution for holding cash or other financial assets? What other solutions?

If the answers to these questions are not clear, BITCOIN is a bubble.

Moreover, it is true that it is not a "currency" in the strict sense since, ultimately, BTC does not fulfill any of the five fundamental functions of a "good currency".

For B. COEURE, the best defense is attack: *"you have to see the straw in the eye of the neighbor and not see the beam in your own"*.

In other words, FIAT currencies (the current currencies) are also not "good" currencies because of their overabundance.

Even the functions of numeration, transaction, reserve, credit and capital are now totally questioned:

- by runaway inflation

- by policies of "short- and long-term credit crunch"
- and the limitations envisaged for transfers by individuals.

Clearly, all these official currencies are no longer "free" and are no longer "creators of added value". Of course, the SVERIGES RIKSBANK (the first **counterfeiting bank** in Europe) had already launched the project to change the laws to "authorize" the future crypto-currency.

⁷ Assuming BTC finally becomes stable, with a value of \$17,385 (for example), how to invoice in bitcoin an espresso coffee of 2.25 euros ?

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In 2018, in 80 central banks, "69% were thinking about this theme" by restricting their thinking **to two possible directions**:

*"a wholesale payment application limited to high-value, high-priority transactions ⁽⁸⁾;
 or a widely available, consumer-facing payment instrument for retail transactions – what we call **the general purpose CDBC.** »*

**In other words, the die was already cast before 2018:
 priority to the free movement of liquidity for the powerful.**
 For citizens, circumstances have gradually changed:
 the system of American bank cards and PayPal transfers has never worried them for
 more than fifty years;
 they have never cared about the new "mobile" applications developed by



C.

ANOTHER BIG THREAT: STABLECOINS?

a) COMMON DEFINITION

A stablecoin is a digital asset in the same way as the bitcoin or the ethereum but, unlike these "currencies" (tokens), the stablecoin is correlated to another asset, essentially the dollar. .

If in most cases the dollar serves as an anchor, a stablecoin can also be correlated to other asset classes such as gold or oil.

NB: this is the case for ETFs older than crypto-assets.

The objective is to maintain a certain stability with the asset in question.

The main stablecoin projects aim to maintain a 1:1 parity with the dollar: this is particularly the case of BUSD, USDT or USDC.

b) THE STABLECOINS AND THE SUB-CATEGORIES.

In the next part, we will analyze the different subsets by trying to specify the different stabilization mechanisms. As we will see in more detail throughout the article, stablecoins mainly facilitate **access to crypto-currencies** and limit the volatility of these underlying.

NB: trading platforms (more than 547 worldwide at the end of january 2023) work like casinos since you have to buy "chips" before you can play all kinds of "slot machines".

"To fully understand this ecosystem, it is essential to grasp two concepts:

✓ *that of collateralization*

✓ *but also the principle of arbitration.*

We will come back in the article on these two notions".

⁸There is no alternative to "registries" which we are going to talk about.

c) THE CENTRALIZED AND COLLATERALIZED STABLECOINS

Typically, **centralized stablecoins** (used on some platforms or networks) consistently use the same scheme: a company issues a token in exchange for other assets.

• For example, when Tether Limited receives \$1, it can technically issue USDT: "its currency" is centralized. •

Same thing if the BINANCE platform receives 1 dollar, it technically creates a BUSD: same punishment. **This type of stablecoin requires 100% collateralization.**

That is to say, for each "token" issued, the company must have assets for the same value, unlike what is found in the traditional banking sector.



Indeed, all Central Banks distribute to commercial banks money that they do not possess by requiring the collateral of (already existing) claims and the deposit of (low) minimum reserves.

In the majority of cases, the asset provided in return for a token is a fiat currency such as the dollar or euro.

Tether, USD Coin or Binance USD work according to this principle: Government Bonds are officially part of their reserve assets. Of the 10 largest stablecoins, six are centralized stablecoins whose collateral is a stable asset: central banks do not even meet this condition.

The following table lists the top 8 of the main centralized stable coins: Tether (USDT), USD Coin (USDC), Binance USD (BUSD), True USD (TUSD), Pax Dollar (USDP), Gemini Dollar (GUSD), HUSD (HUSD) and Stasis Euro (EURs). The oldest is the THETER (USDT): it was launched in 2017.

The three largest stablecoins are USDT - **THETER** (max: \$83 billion; end of 2022: \$65 billion), **USDC-CIRCLE** (max: \$56 billion to \$±43 billion) and **BUSD - BINANCE** (max: \$23 billion to \$±22 billion). On the other hand, TUSD, **USDP**, GUSD and **HUSD** are stuck in a corridor between \$±1.5 billion and \$±0.8 billion ; EURO's caps at \$±0.1 billion.

In total, these stablecoins were worth (capitalizations) a maximum of \$ 170 billion (since their launch) and around \$ 135 billion at the end of 2022.

Stablecoins are therefore "a *small threat*" for the euro, which had a circulation of notes to the tune of €1.8 trillion at the beginning of November 2022, while the ECB's total balance sheet weighed €8.8 trillion and that of banks exceeded €40,000 billion.

d) DECENTRALIZED STABLECOINS AND OVER-COLLATERALIZED

True decentralized stablecoins are those that work without a "parent company".

Two assets stand out from "DeFi currencies": UniSwap (\$22 billion to \$±4.7 billion) and DAI (\$10 billion to \$±5.6 billion).

- UniSwap allows you to use the ETHEREUM protocol to facilitate exchanges with the UNI token: it is a large "decentralized" player, an AMM (Automated Market Maker). Its "token" allows access to the exchange of most "tokens" on most platforms and to manage its liquidity in a very volatile crypto market: "investors" return to UNI whenever they want and can easily "switch" to other DeFi applications.
- DAI is the "currency" of MAKER (master of protocol) which allows the application of "Smart Contracts" managed by organizations or companies in the form of loans and loans intended to carry out specific development projects.

The "DAI currency" is therefore much more than a currency of exchange, and it is the most widely used decentralized "stable money": it was created in 2015 by Rune Christensen, an entrepreneur from Sealand, Denmark and launched in January 2017.

It is managed according to the Maker protocol, itself defined by a decentralized organization, the MakerDAO. •

The MakerDAO organization is a system of individual contracts managed by members who own MKRs. The MKR is therefore a **governance token** that has been purchased against a fiat currency or a cryptocurrency, on a platform of exchanges (Binance, OKEx, Uniswap, Coinbase Pro); it gives the right to manage and intervene in the management of the "DAI currency" in the form of a voting right to participate in the major operating decisions of the "protocol".

- On the one hand, the "managers" risk their initial bet if the stablecoin is poorly managed;
- On the other hand, they are "**shareholders**" of an entity that has no physical address and does not distribute any dividends.
- The only motivations of the participants are to "sell freedom", to participate in a big project in the crypto universe and to see the price of MKR soar ⁹).

⁹The introductory price in January 2017 was ±22 dollars, it was at ±\$650 in November 2022 after reaching \$5,242 in May 2021.

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What is the MAKER protocol?

From the beginning, the protocol set the accepted counterparties for the purchase of MKRs and DAIs: it was only the dollar at the beginning but the current protocol allows to welcome new entrants with crypto-currencies. In the meantime, they have reduced the risk parameters of existing collateral assets (complex management of collateral by token creation or destruction); then, they introduced and modified the DAI Savings Rate (savings rate affecting the profitability of specific contracts); for each new application, they can choose oracles (external data providers); and, of course, they are "rulers" and participate in the choices of updating the platform, ...

- To guarantee the successful completion of a contract, the system corresponds to the pledging of an object in exchange for a loan and, therefore, the entity receiving the pledge can resell it if the borrower does not repay.

- The Dai (DAI) is today a basket of various



crypto-assets (BTC and ETH), linked together by the Ethereum protocol, but with an entry and exit point in US dollars.

- The percentage of collateralization is higher or lower than the reference dollar.
- This "fund" represented \$ 10 billion in February 2022: down $\pm 50\%$ at the end of 2022. The fUSD (FUSD) or Fuse Dollar also uses the dollar as its central currency. It does not take off: less than \$ 0.1 billion at the end of 2022.

The "peg" adjustment system (attachment to a FIAT currency) worked perfectly thanks to the automatic loan and borrowing system that makes it possible to "correct" the variations of the underlying by systematically "returning" to "the peg" which is generally ETH. Since their launch, these DeFi have succeeded but, of course, hackers have managed to embezzle funds from several participants or in certain projects: bankers do not do better.

Decentralized stablecoins are the most feared despite their current
marginality: less than \$10 billion at the end of 2022.

e) THE STABLES CENTRALIZED, VICTIMS OF THEIR PHYSIC EXISTENCE P.

The centralized system is a "dangerous" system in that the company generates tokens by promising to systematically back them up on reliable external assets (fiat currencies or others) and convert them at any time into the original currency.

- Who will audit the presence of these external assets? When? How often?
- Who will guarantee the promised convertibility?
- What happens if a state entity "freezes" or seizes the funds on deposit at the bank?

Stablecoins that rely on collateral other than fiat currencies (cryptocurrencies) are over-collateralized stablecoins.

If a company or organization issues \$100 of the stablecoin, the consideration for this creation may be \$200 of Bitcoin or Ethereum.

In such a case, we will speak of an **over-collateralization** of 200% ($200 / 100$).

The objective of over-collateralization is to protect against the decline in assets that play the role of collateral.

Thus, if we take our example of \$ 100 for a collateral of 200% in Ethereum (\$200), a 10% drop in the price of Ethereum **changes the collateralization ratio.**

It is no longer 200% but $(200 - 10\%) / 100 = 180\%$.

Thus, for this type of project, the percentage of collateralization is fluid over time because the collateral asset is also volatile.

If the collateral is only 100%, the decentralized and over-collateralized stablecoin protocol is designed to liquidate the collateralized asset and redeem its own token.

This mechanism ensures a minimum collateralization of 100%, the rule being that the token is "guaranteed" by the holding of assets in fiat currency, government bonds in dollars ⁽¹⁰⁾.

If all the crypto-assets in the basket collapsed at the same time, this "basket value" would struggle to maintain its parity with the dollar: it is the same gymnastics that threatens ETF Funds (Exchange Trading Funds).

¹⁰For the euro zone and euro stablecoins (very rare), government bonds are those of member countries because there are no federal government bonds as in the United States.

f) DECENTRALIZED D AND ALGORITHMIC A TABLECOINS

Unlike decentralized and overcollateralized **stablecoins**, **decentralized and algorithmic stablecoins** do not necessarily have collateralization.

The mechanism for creating this type of stablecoin is based on the **"burn" of other tokens**. Thus, to create a stablecoin

dollar, the protocol must burn a dollar of an existing cryptocurrency. Similarly, the creation of a dollar of an existing cryptocurrency generates the "burn" of a dollar of the ecosystem's stablecoin. Clearly, the system is based on the principle: either one (a Fiat currency) or the other (a crypto currency). **This self-destruct mechanism is governed and ensured by an algorithm but it has suffered a major failure.** It is on this principle that the **TERRA CLASSIC**



(LUNC) ecosystem operated before the de-inking of the UST: its maximum price (\$120 in April 2022) has been divided by 100 (\$1.3 at the end of 2022).

Its anchorage was maintained by an algorithm that was supposed to automatically adjust stablecoin reserves according to demand, but the number of fiat currencies was too large: dollar, Korean won, Mongolian tugrik and the eight key currencies of the IMF's Special Drawing Rights system.

It also encourages LUNA owners to exchange their tokens for stablecoins at advantageous rates to expand or contract the stablecoin reserve as needed.

Owners were rewarded in proportion to the amount of LUNA at stake: from 385 million tokens, the number of tokens had increased to nearly six billion.

This explains it: an Ponzi Scheme was setup without any control.

Despite this failure, many observers claim that algorithmic stablecoins still represent the **future of stablecoins** in the crypto universe but all these projects remain quite young and the failure rates are very numerous. Anyway, here are the top 5 algorithmic stablecoins, according to data from Coinmarketcap:

USDD (stable at \$0.75 billion), USDN neutrino (from \$1.0 billion to \$0.6 billion at the end of 2022), FEI (from \$2.0 billion to \$0.4 billion), FRAX (from \$2.0 billion to \$1.0 billion), USDX-Kava (from \$0.9 billion to \$0.3 billion).

Their fall in capitalization is explained by the drying up of the "liquidity market" by the Fed, proof that this market is the pure product of the risky policies of central banks.

g) THE FREEDOM RACE, CRYPTOS ANONYMOUS.

Cryptos in this area exceeded 250 with market capitalizations between one and six billion dollars: the total market was at more than 43 billion dollars at the end of 2022, half of which for the top five players: DAI, UNISWAP, AVALANCHE, CHAINLINK and WRAPPED COIN.

Leaders focused primarily on decentralizing trade in several different ways:

- Or by using the ETHEREUM protocol (a "backbone" blockchain) to enrich it with new applications (interoperability of blockchains, exchanges and contracts)
- or by developing new applications for a decentralization of IT (CHAINLINK)
- or even to avoid any centralization (DAI) by a parent company.

On the other hand, even if blockchains are held with numbers, and if even a single user can use several numbers to "muddy the waters", it is still possible to "trace" to users to detect money laundering operations: this is the specialty of companies like CHAINANALYSIS and INTEGRA FEC.

The fight for anonymity was innovated by MONERO (XLM).

This application "mixes" in a blockchain several transactions and several addresses of users, senders and recipients, or even by "blurring" the amounts, before closing the block and the chain with digital keys.

Since 2012, the number of anonymous cryptocurrencies has increased: Zcash, Verge, Dash, Komodo, ...

The struggle has even been perfected since, with the creation of "anonymous wallets". It is

possible to "mix" several cryptocurrencies and their amounts before exchanging them.

WASABI used a "mixing" software (CoinJoin) among many others (BestMixer, BitCoin Blender) that triggered the wrath of EUROPOL in Europe and the IRS (Internal Revenue Service) in the United States.

Everywhere, even in Korea, hunting is organized to detect and prohibit this type of application: following this witch hunt, MONERO is no longer part of the TOP-10 (24th at the end of 2022) and DASH has renounced anonymity.

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D. BLOCKCHAINS: SECURITY AND OPERATING COST

a) "DISTRIBUTED LEDGERS"

In fact, they are files that are "distributed" where it is necessary to save data and then protect it in blocks against tampering and modification.

The blocks take up the principle of lettering used by the Mesopotamians ⁽¹¹⁾ while the chaining allowed them to connect several tablets by numbering them and affixing the identity of the scribe. For the most sensitive transactions, such as title deeds and marriage contracts, inheritance, loans, large international contracts, etc. . . . , it was necessary to destroy the seal and break the container containing the contracts to be amended or the contractual evidence to be brought, it was necessary to do it in the presence of all the stakeholders in front of a priest or a royal official.



The same principle is applied to manage the Internet, with "computer protocols", written by our new scribes, to define the conditions for sending, receiving and controlling "data packets" to specific recipients, charging them to verify the integrity of the data transmitted (correct and complete). If the network is "free" and "decentralized", it is nevertheless built on the principle of an individual contract written on a tablet, readable by all or on the contrary enclosed in a block protected by seal.

The blockchain allows "trust" to be established between agents distinct from the system but this trust is built on a seal, the "trusted third party", which can act according to a "protocol" like that provided for in Mesopotamia. The whole system defines the particular system of a blockchain: each distributed element of the blockchain contains the necessary elements to guarantee the integrity of the data exchanged.

The cryptographic algorithm is the new language of scribes who knew how to "manage" a kingdom or a temple: everything was codified, and classified.

BTC has inaugurated a new method of tracking financial transactions that is entirely dedicated to managing its scarcity, but is this approach the right one?

The management of blockchains gives me a small detour to "visualize" the debates on the future Digital Currencies of Central Banks (CBDC).

The current accounting of payment transactions goes through a debit and a credit, from a bank account or to a bank account: the **euro or the dollar is anonymous**.

In other words, no one knows where the dollar or the euro that has just been turbulent comes from?

And no one knows where he went after one or more specific writings?

- When was it created?
- Who was the first beneficiary of that euro or that dollar?
- Who were the upstream users?

- Who were the downstream users?
- When?
- For what amount?
- To which account?
- ...

In fact, the most opaque, or least traceable, currency is the FIAT currency.

However, central banks want to condemn BTC and other crypto-currencies under the pretext that they allow money laundering operations and trafficking of all kinds.

Quite the opposite is happening, and that is what we are going to find out.

¹¹ Modern accountants have retained this principle of lettering, which does not allow you to go back to modify an entry "written on a tablet" (in one or more accounting journals).

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b) PROOF OF WORK (POW)

The principle of the Bitcoin blockchain is based on totally different bases from those of FIAT currencies: each BTC is identified by a number, and it is managed in a file of its own.

- This means that the transactions carried out more or less on BTC nb. 19.502.704 resulted in the identification of one or more current holders identified by numbers too, and located in one or more wallets, which are themselves protected by digital keys.
- On this D-Day, the BTC nb 19.502.704 can therefore be split between several holders among which only one of them, identified by a number, will be debited or credited.



However, still for the same transaction, BTC nb 3,250,356 will increase or decrease to record the counterparty of the transaction on BTC nb 19,502,704 with new numbers for the people and wallets concerned. The number of verifications of BTC numbers, customer numbers, digital keys and wallets (origin and destination) is colossal in itself.

- However, as a security measure, no controller has all the data at once, which further complicates these transfer operations from one BTC to another BTC, from one customer number to another, from one wallet to another, ...
- The job of the "miners", authorized to do some operations but not others, consists of opening, moving and closing all the "ledgers" in the blockchain of the moment, a kind of "digital box", currently active, which will be closed as soon as it is full.

Problem? The current "digital box" will be closed with a digital key and may contain part of the operations described above, the rest being "dumped" into a new "digital box", or "block".

To reconstitute the whole, in this case, it will be necessary to "reopen" the two boxes that are linked by a chain. A blockchain requiring **Proof of Work** must be processed by "miners" designated to intervene on certain nodes, very specific "blockchain" hubs : they must use their hardware and software to verify the incoming data on the ledger, then to validate the authenticity of the transactions and create new blocks.

To reward all miners for their work, the proof of work must establish rules to choose the miner who will have the right to issue the next block and create the chain that will connect it to the previous one but this new block will be filled and then closed by other miners who will connect it to another with a new chain, directed to another node. The rules of the Proof of Work consensus therefore make it possible to designate a minor who is granted a writing right to extend the chain of one block among all those who present themselves at the same crossroads. It must, of course, deter potential malicious users to protect the integrity of the chain.

The "proof of work" also serves to trigger the remuneration of "miners" for the work of their computers and graphics cards, and therefore for their personal investments. These materials are very energy-intensive (high cost) to the point of requiring cooling with sophisticated fans.

And yet, the more time passes, the less they are paid in units of crypto-currency because the architecture is now in place because they do more and more a job of postmen.

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c) PROOF OF STAKE (POS)

Peercoin (token: PPC) is the first and oldest blockchain to have used the "proof of stake" in 2012: it immediately presented itself as *"a green and sustainable network"*, with many advantages: efficient security of the efficient network, low in resources; efficient network security, low resource requirements; decentralized and democratized governance of users; equitable distribution between security and transactions (proof of participation for security; proof of work for distribution). It uses the dual PoW system for mining and PoS for transfer operations (distribution).

Decred (token: DRC) is more recent (2016) and was created on the principle of the BTC: exactly identical number (21,000,000 DRC); the first 8% were "mined" in the same way (registers, nodes, PoW) to consolidate the launch base (Airdrop) and to pay the company created (Company 0) set up for the writing and operation of the protocol. PoW is used



to create the architecture (each block and chain): the large remuneration (60%) was probably too generous; the PoS is used for governance votes (30% remuneration) while the remaining 10% is stored in a democratically managed Decred Treasury treasury fund (Ticket Holder Voting System).

The Ethereum blockchain abandoned this method from proof of work (PoW) to proof of stake (PoS) in 2022 by taking up the idea that, if "the postman is sworn", it is no longer necessary to ask him for permanent proofs on his distribution operations. However, the best way to get his most honest collaboration is to make him responsible for his management on a node (or several nodes), and to make him deposit a number of crypto-currencies to repair his mistakes or possible negligence.

Of course, the holding wallet is imposed by the blockchain.

The more tokens he deposits as collateral for the successful completion of operations, the more nodes he gets to manage, and the more tokens he earns as a reward.

Advantages of stablecoins.

Stablecoins are a gateway and a way out in a "non-bank" and "tax-free" environment.

As long as capital gains "remain" in the crypto-asset circuit, going back and forth in stablecoins, they are unknown to banking and tax systems.

This is what worries the BIS the most.

d) WHERE IS THE "PROOF OF RESERVE"?

The bankruptcy of FTX is linked to a huge management mess: this is the opinion of John J. Ray III, an expert in restructuring insolvent companies, who oversaw the liquidation of Enron from 2001, and who took over the reins of FTX Group on November 11, 2022. He said he had never seen such a badly run company.

FTX was the 3rd platform for trading crypto-assets, it had more than a million accounts and was valued at \$ 32 billion before its fall: its current competitor BINANCE of Hong Kong, number 1, had already put itself on the ranks for the recovery before withdrawing three days before the fall.

It is his boss, the CEO is Changpeng Zhao (known as "CZ"), who launched this idea of the "proof of reserve" while he chose the status of Delaware, the black hole of American finance, to be able to practice in the United States but also in Malta to be able to practice within the European Union, without declaring itself as a player in crypto-currencies to avoid the controls of the Malta Financial Services Authority or MFSA.

The first information on Binance's "reserve proofs" and their burning practices (destruction of tokens or FIAT currencies to avoid duplicates) is not encouraging but we must separate the "architecture research" part from the "token exchange" part.

This is of course the "architectural research" part that we wanted to understand before going into the "working documents" of the ECB and the BIS.

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III. CONCLUSIONS

A. REVOLUTION IS EVERYWHERE.

In fact, after the Internet rush of the 1990s and the bubble that followed, the Europe of Financiers has again missed a technological turn; they do not even understand that failures always lead to opening up new areas of research and discovery.

Thirty years later, the crypto explosion hides new technological developments in the United States and now in other countries (South Korea is very active).



A quick (non-exhaustive) look at this research makes it possible to understand that international monetary and financial authorities, European multinationals and GAFAM, will have a hard time:

- BAT was created to develop the BRAVE browser and fight Google's monopoly;
- GOLEM is intended to create a supercomputer on a global scale: the blockchain used makes it possible to remunerate the rental of computing units and works a bit like Airbnb;
- Others offer decentralized cloud storage using tokens (SC, RLC) to escape existing quasi-monopolies; • ICP wants to create Internet 3.0 to avoid the monopoly of GAFA;
- IOTA offers remote object management (heating, air conditioning, alarm) to stand out from Google's home automation applications;
- THETA wants to compete with YOUTUBE;
- TRON offers a deposit formula for books, videos, movies to avoid the monopolies of AMAZON, NETFLIX, SPOTIFY, ...
- VCHAIN offers full traceability of products to avoid copying in the luxury sectors, false origins in food products, spare parts and others, thanks to the use of QR Codes in its own blockchain.

And all this is just a glimpse of the bubbling of research and discovery.

B. THE EUROPEAN UNION ABSENT: WHOSE FAULT?

This dramatic absence in areas as innovative as digital projects is once again the consequence of a mismanagement of "our" currencies by the European System of Central Banks.

They want to control everything, dominate everything and skim everything.

But they miss the point: the creation of value by well-trained, highly motivated women and men, and therefore free to choose.

They made the choice to create counterfeit money at will.

They distributed it to "people of good company" to raid all over Europe in our value creations and in our heritage. This kind of "success" always ends in major setbacks but, "thanks to" the system of High Corruption, the ESCB has tipped more than 13,000 billion euros into our public debts.

Our people are suffering.

They gave a lot of power to ferocious dictatorships, out of greed, to exploit a considerable mass of slaves. In return, they have 'killed' tens of millions of quality jobs, and thus rewarding incomes that our youth and our countryside could have created in new sectors and areas.

The concentration of money and power is the venom of civilizations.

We are no exception.

In 2022, our rulers and our High Finance are not even able to protect our populations against bloodthirsty, lawless imperialist dictatorships.

They are blinded by "their" big business and " their" superprofits.