

**KHAOS**

# **KHAOS WHITEPAPER**

THE FUTURE OF DIGITAL FINANCE AND GLOBAL PAYMENTS

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[www.thekhaos.org](http://www.thekhaos.org)

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# KHAOS WHITEPAPER

## THE FUTURE OF DIGITAL FINANCE AND GLOBAL PAYMENTS

### I. INTRODUCTION

Khaos (KHX) is an algorithmic stablecoin pegged to the sustainable and predictable growth trend of the global economy.

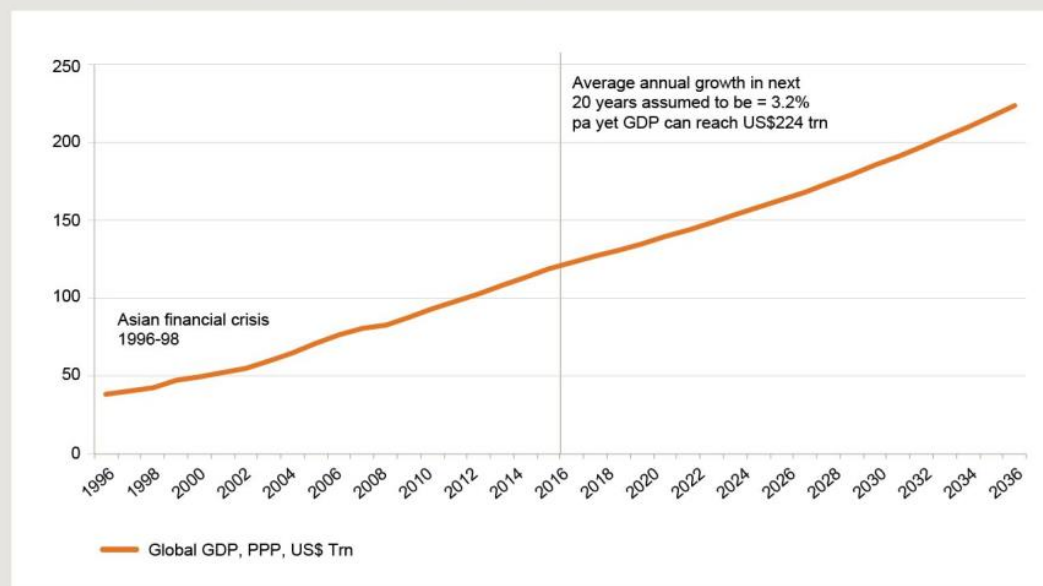
Leveraging the power of an algorithmic currency system combined with a stable value peg,

Khaos offers token users:

- Long-term price stability
- Protection from inflation
- Preservation of purchasing power
- A hedging tool against daily market volatility

As a viable alternative to fiat-pegged stablecoins, which are consistently depreciating in value, Khaos aims to remain stable regardless of any fiat currency's strength and is non-correlated to market conditions. Khaos pegs itself to the sustainable and predictable growth trend of global GDP via a non-inflationary financial index known as the Monetary Measurement Value (MMV).

**Figure 1** Global GDP continues to grow despite regular crises



Source: IMF and TW research

We have historically see global GPD increase by 2.5% on average annually over the last quarter century, despite regular crises.

The Khaos token (KHX) is a safe store of value, stable unit of account, and a fast and affordable medium of exchange for borderless transactions as a global currency. Its underlying infrastructure is designed to develop stable, fast, cost-effective, secure, transparent, and scalable financial products and services for individuals, businesses, organizations, and governments.

The Monetary Measurement Value (MMV) has the potential to become a financial standard that any digital or traditional currency can utilize as a value peg to attain long-term stability and preservation of purchasing power. Khaos' core mission is to be a driver of global economic stability, digital currency adoption, and financial inclusivity as a global currency and financial standard in the age of decentralized finance (DeFi).

## II. MARKET ANALYSIS AND CONCLUSIVE ISSUE

Both traditional monetary systems and cryptocurrencies have yet to resolve the issues of economic instability, inflation, currency manipulation, and price fluctuations.

### Fiat Currencies

Fiat currencies are consistently depreciating in value due to inflation, market fluctuations, political biases, and other dynamic economic scenarios. According to recent research conducted by the Bank of International Settlements, the top 10 most traded currencies by value are:

1. US dollar (USD)
2. Euro (EUR)
3. Japanese yen (JPY)
4. Pound sterling (GBP)
5. Australian dollar (AUD)
6. Canadian dollar (CAD)
7. Swiss franc (CHF)
8. Chinese renminbi (CNH)
9. Swedish krona (SEK)
10. New Zealand dollar (NZD)

Below are statistics demonstrating how each of the top 10 most traded currencies have depreciated in value over the last 25 years (beginning in 1994). The following data is based on end-of-year annual inflation rates for the period 1994 through 2018:

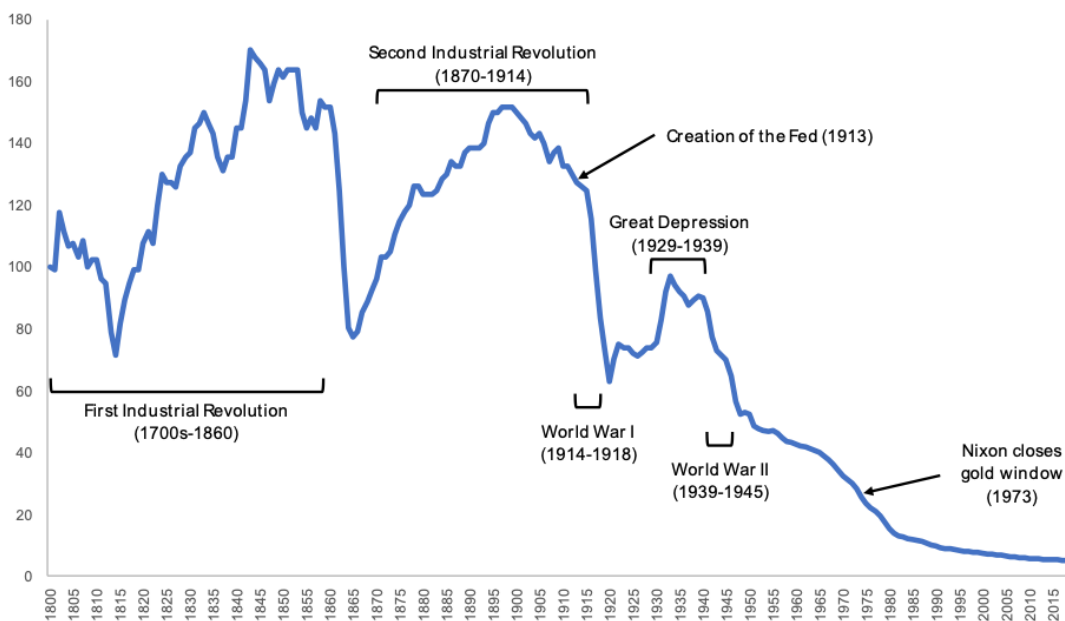
1. **US dollar (USD)** has lost more than **55%** of its purchasing power.
2. **Euro (EUR)** has lost approximately **44%** of its purchasing power.
3. **Japanese yen (JPY)** has lost more than **5%** of its purchasing power.
4. **Pound sterling (GBP)** has lost nearly **51%** of its purchasing power.
5. **Australian dollar (AUD)** has lost more than **63%** of its purchasing power.
6. **Canadian dollar (CAD)** has lost approximately **45%** of its purchasing power.

7. **Swiss franc (CHF)** has lost approximately **14%** of its purchasing power.
8. **Chinese renminbi (CNH)** has lost nearly **86%** of its purchasing power.
9. **Swedish krona (SEK)** has lost more than **38%** of its purchasing power.
10. **New Zealand dollar (NZD)** has lost about **50%** of its purchasing power.

Due to fiat price fluctuations, a majority of the currencies we use on a daily basis have significantly decreased in purchasing power and are a mere fraction of what they were in value a quarter century ago.

## US DOLLAR PURCHASING POWER, 1800-PRESENT

The value of the US dollar across time measured against the \$100 USD benchmark in 1800.

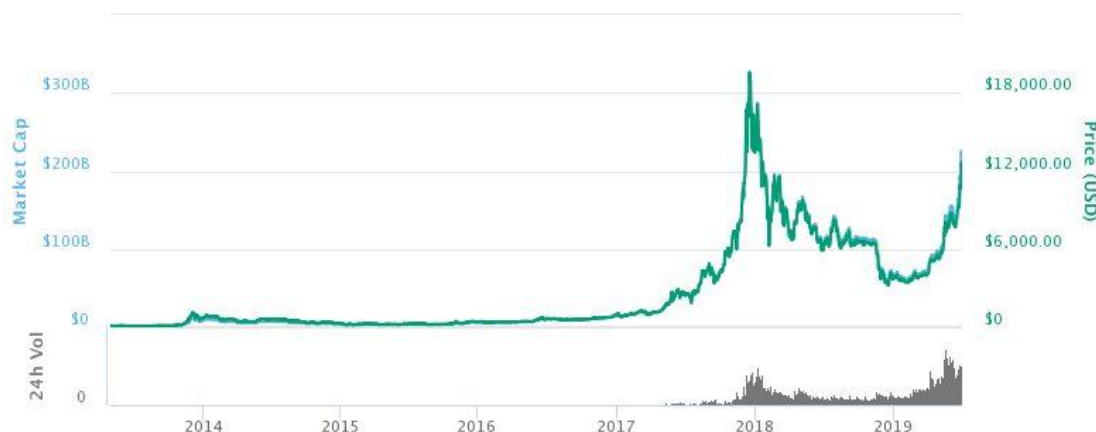


## Cryptocurrencies

Cryptocurrencies are inherently speculative, volatile, and not a reliable option for use as a daily currency, for conservative portfolio diversification, or as a dependable store of value, thus discouraging usage of cryptocurrencies as a medium of exchange.

There are many obstacles facing mainstream adoption of cryptocurrencies with the main culprit being high volatility and fluctuation in token value. For instance, Bitcoin is liable to show volatility with 10x more changes in price versus the U.S. dollar in a relatively short period of time.

## Bitcoin (BTC) Price Changes from 2009 to 2019



One of the most common critiques of bitcoin from central bankers and economists, is that bitcoin is not a currency because it lacks price stability. Typically, the mandate of central bankers is to optimize for relatively stable purchasing power (although currency depreciation at roughly 2.5% per year is considered tolerable). Lacking any mechanism to manage exchange rates, Bitcoin is considered a priori not a currency. Implicit in the conventional view of what constitutes a sovereign currency is some notion of management. A day-to-day medium of exchange cannot be as volatile as Bitcoin and other cryptocurrencies, there must be stabilization mechanisms in place to create a reliable currency.

## Stablecoins

As a response to the volatility of traditional cryptocurrencies, stablecoins have carved out a market niche with high-demand due to their promise of price stability, practical usage, and secure, convenient transactions.

Stablecoins are cryptocurrencies that aim to maintain a stable value, and prevent fluctuations dependent on market changes while offering the benefits of cryptocurrencies. Stablecoins generally fall into one of three main categories: Collateralized, Crypto Collateralized, and Algorithmic.

1. Collateralized Stablecoins such as True USD, Gemini, Paxos are supported with 1 to 1 fiat. Collateralized Stablecoin has a value because it represents the actual nominal fiat money or other asset, and tries to remain constant in the value of the asset it represents. The most critical problem of this model is as volatile as the asset it represents, and since the fiat currencies are depreciating in the long-term, Collateralized Stablecoins are doomed to depreciate, especially if it is fixed in fiat. Also Collateralized Stablecoins are centrally managed by a company is a big problem for Stablecoins. These tokens require trust in the issuing party—that they actually own the assets being represented. This model imposes serious counterparty risk on holders of the token. The most controversial stablecoin Tether claimed to be 1:1 with USD, only later to admit they are actually only 74% backed by USD. Yet, Tether continues to dominate the market.

2. Crypto-Collateralized Stablecoins such as MakerDao, Haven, and WrappedBTC are backed by a decentralized cryptoasset. In the case of MakerDao, for example, the Dai stablecoin is backed by ETH held as collateral in an Ethereum smart contract. This approach has the benefit of being decentralized. The collateral is held trustlessly in a smart contract, so users do not have to rely on any third party to redeem it. The problem is that the collateral backing the stablecoin is often a volatile cryptoasset such as BTC or ETH. If the value of this asset drops too quickly, the stablecoins issued could become undercollateralized. For this reason, most of the projects using this model require that the stablecoins be overcollateralized enough to protect against sharp price movements. While this can provide some degree of certainty, there always exists the possibility of a black swan event that causes collateral prices to drop so quickly that the stablecoins become undercollateralized.

3. Algorithmic Stablecoins are the most disruptive model that many believe to be the future of the financial system. Algorithmic Stablecoins are non-collateralized. How can something achieve a stable price while being non-collateralized? The answer is seigniorage shares, a concept developed by Robert Sams in 2014. Seigniorage shares use a smart contract to mimic a central bank in which the monetary policy has only one obligation, issue a currency with a value that maintains long-term price stability in equilibrium with its value peg. In other words, the network issues new coins if the price of the stablecoin is too high, and burns coins if the price is too low. As the network grows, so too does demand for the stablecoins. Given fixed supply, an increase in demand will cause the price to increase. In the seigniorage shares model, however, increased demand causes the system to issue new stablecoins, thus increasing supply, and ultimately lowering price to the target level. This works conversely, using a second utility token as a stabilizing mechanism to remove coins from circulation.

## **Conclusive Issue**

Most major fiat currencies are declining in value and losing purchasing power year after year.

Cryptocurrencies are highly volatile with daily price swings that do not offer practical use as a day-to-day payment currency.



Stablecoins offer the greatest potential to drive widespread adoption for digital currencies as a stable and global medium of exchange, store of value, and unit of account.

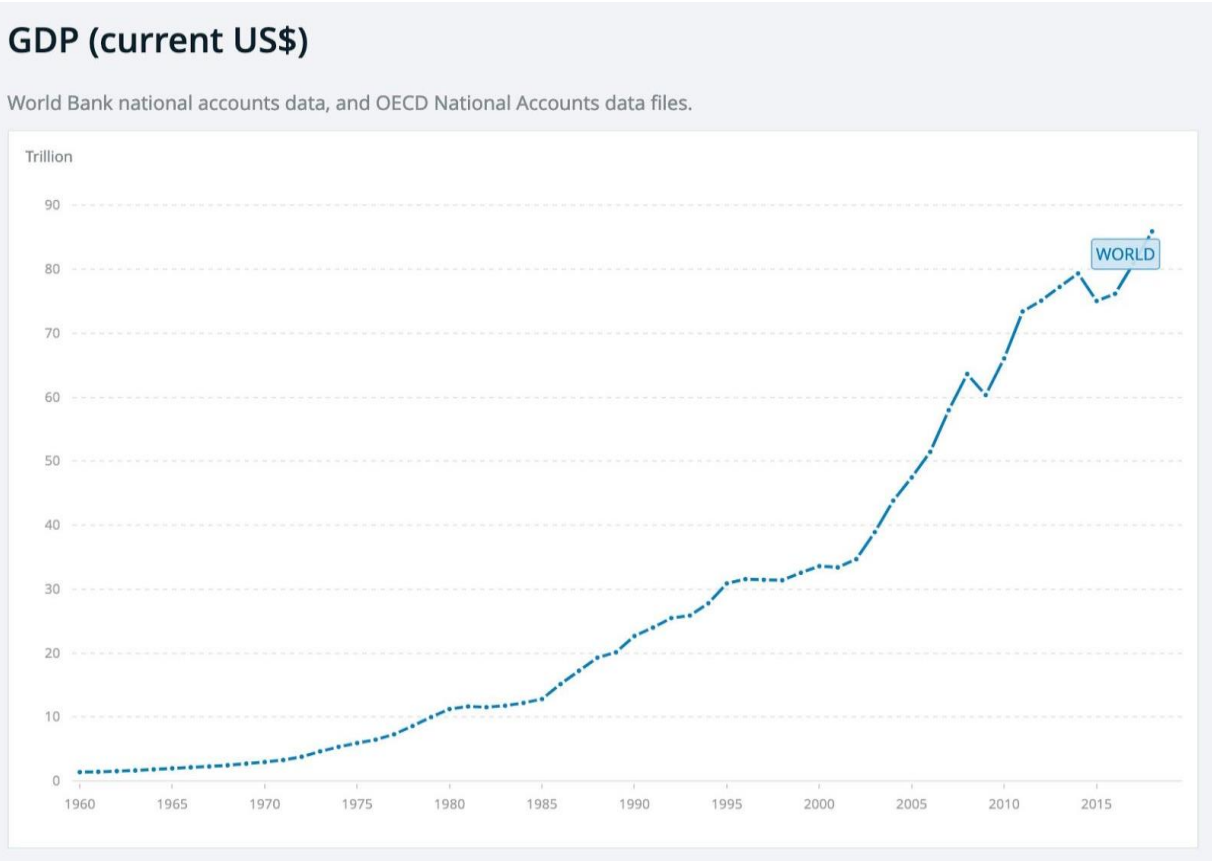
Khaos is unique and different from competitors because we offer an essential element that is missing from both the digital and traditional monetary systems: a non-inflationary baseline, a stable financial standard that is based on real GDP, which has a reliable and steady growth pattern. In order to be stable, a currency must be pegged to a secure unit of value that has proven to be sustainable and predictable, while also having the capability to act as a buffer against inflation and maintain purchasing power over time.

### III. KHAOS AS A SOLUTION

Khaos is a two-token, algorithmic stablecoin pegged to the sustainable and predictable growth trend of the global economy. Khaos offers token users long-term price stability, protection against inflation, and preservation of purchasing power, all while hedging against market volatility.

Stablecoins backed by fiat and real world assets are susceptible to the same market fluctuations, depreciation, and loss of purchasing power as the real world assets to which they are pegged.

The global economy, on the other hand, has a sustainable and predictable growth trend with global GDP steadily increasing over time.



By leveraging the sustainable growth trend of the global economy, Khaos offers stable financial solutions to individuals, businesses, organizations, and governments.

Khaos is a next generation stablecoin leveraging the power of technology and algorithms with the aim of creating an objective measure of value that is resilient to currency manipulation, recessions, and other market fluctuations.

Khaos (KHX) achieves and maintains stability and preservation of purchasing power via two core pillars of stabilizing architecture designed to make the system inherently stable:

- **A Stable Value Peg — The Monetary Measurement Value (MMV)**

Khaos is pegged to global economic growth via a non-inflationary financial index known as the Monetary Measurement Value (MMV) that takes into account numerous macroeconomic indicators from more than 190 countries to create the most accurate measure of value that exists in the world today. The MMV is further stabilized by incorporating forex indicators from a basket of currencies and premium sovereign bond yields from 10 of the world's strongest economies (based on annual GDP and participation in the global economy).

- **Price Correction Mechanism — Two-Token Algorithmic Model**

An algorithmically governed approach to expanding and contracting Khaos' money supply leveraging a secondary utility token called the Khosmos (KHOX). Khosmos uses Ethereum smart contracts to automatically increase or decrease the supply of Khaos tokens in circulation. Khosmos (KHOX) tokens cannot be traded on exchanges.

## **Monetary Measurement Value (MMV)**

The MMV is a financial index created by an algorithm that takes into account the GDP of more than 190 countries from the last 25 years, further stabilized with forex indicators from a basket of currencies and premium sovereign bond yields from 10 of the world's strongest economies.

By developing an algorithmically calculated financial index based on global GDP, Khaos has created what is intended to be the first reliable financial standard and measure of value since the International Monetary Fund's (IMF) Special Drawing Rights (SDR), circa 1969. The SDR is exclusive only to IMF member countries and based on a basket of five currencies, whereas the MMV is decentralized, inclusive, and based on a dynamic currency basket of 10 of the strongest economies, based on their GDP and participation in the global economy each year.

Khaos' MMV basket is dynamic in that each year it will contain currencies from 10 of the strongest national economies based on annual GDP and participation in the global economy. At the beginning of each fiscal year, the system will re-evaluate and update the basket to ensure that the 10 strongest and most reliable national currencies are consistently represented to bring stability and real value to the system. The basket is designed to ensure the strongest currencies are consistently represented. The evaluation is completely objective and based on each country's performance and participation each year, not related to a political agenda or affiliation. Factoring in daily fluctuating macroeconomic data from more than 190 countries, the MMV's calculations also include the FX Indicator and the MMV Premium.

## **Two-Token Model**

Khaos consists of a two-token model composed of Khaos tokens (KHX), that serve as the main currency/payment tokens; and Khosmos tokens (KHOX), the utility tokens that stabilize the currency ensuring KHX remains pegged to the MMV regardless of external fluctuations. KHOX cannot be used as a means of payment or transferred from one token holder to another. If the price of the Khaos stablecoin deviates by more than 1% from the value of the MMV, the system mints new Khaos tokens and burns coins if the price is too low to ensure equilibrium with its value peg, the MMV. Khaos' flexible currency supply is regulated by Contraction and Expansion phases, which are stabilizing events through which Khaos' system programmatically contracts or expands the supply of KHX in circulation by minting or burning KHX tokens in response to the token's price deviations from the MMV. The main function of KHOX is to grant the holder access to participate in the Khaos System, and to be converted into KHX during Expansion Phases. KHOX can only be exchanged during Contraction and Expansion phases on the Khaos platform for KHX, not traded on exchanges.

## **IV. PROJECT MILESTONES**

Milestones from Roadmap, accomplished to Date (as of September 2020):

- February 2020, Khaos Whitepaper 1.0 was written.
- April 2020, MMV formula has been developed.
- September 2020, Khaos token is completely finished.
- October 2020, Whitepaper has been updated and translated into English.

## V. ROADMAP

**Q1 2021 - Pre-Sale:** Khaos token Pre-Sale will be started in the first quarter of 2021.

**Q2 2021 - ICO:** Khaos ICO will be started in the second quarter of 2021.

**Q3 2021 - Partnerships:** We will begin working with strategic partners for the future of the Khaos project.

**Q4 2021 - Listing on Exchanges:** Khaos will be listed on cryptocurrency exchanges after ICO ends.

**Q1 2022 - Khaos Wallet:** A web-based “hot wallet” that allows Khaos token holders to send and receive funds, or pay for goods and services. The Khaos Wallet is designed as a fast and low-cost payment and transaction platform for all participants in the Khaos Economy.

**Q2 2022 - Khaos Pay:** A low-cost and efficient money transfer and payments solution built on top of the Khaos stablecoin with a growing network of strategic partners for on-ramp and off-ramp liquidity and accessibility, while being affordable and efficient. Khaos Pay will be used for global remittances, e-commerce, international payments for businesses and organizations, a day-to-day currency, employer salary distribution, automatic monthly expenses.

**Q3 2022 - KhaosSwap:** KhaosSwap is a decentralized token exchange protocol built for Khaos Economy. KhaosSwap allowing users to exchange any ERC20 tokens at the system price instantly. KhaosSwap allows users to earn transaction fees by being a liquidity provider, even getting commission-free on the protocol. In addition to exchanging ERC20 tokens, KhaosSwap users have the ability to earn transaction fees and mining rewards. Also thanks to the IFS feature citizens in developing countries will be able exchange their crashing currency for KHX quickly before they lose even more of their savings, thus protecting them from further drops in value. Take, for example, the hyperinflation that is currently occurring in Venezuela. On average, prices of goods have been doubling every few weeks. Most Venezuelans can no longer afford food because their savings have become increasingly worthless and continue to drop in value by the day.

**Q4 2022 - Spreading Khaos:** Khaos will become an accepted global currency in developing countries.

- All developments will be open source just like the Khaos token.

## **VI. TEAM**

### **EMİR DEMİRCİ - HEAD OF TECHNOLOGY**

Emir is the person who started Khaos project. Emir is very knowledgeable about software development, cryptocurrencies and blockchain technology. As the Turkish Lira depreciated steadily, his life was affected by this and he researched fiat currencies. Emir saw the depreciation of fiat currencies over the years and he saw that a stablecoin pegged to the global GDP would be an asset that would not lose value over the years unlike fiat currencies. He created Khaos in order to protect fiat money from inflation. Emir wants people to be able to stop the depreciation of their money without risk of losing money, and he is working for it.

### **ALBINA PODOLEANU - HEAD OF PRODUCT**

Albina is the person who took the product management role in the Khaos project. She has developed herself on product design, marketing and management. Working in the field of technology, Albina has a critical role for the future of the Khaos project, as she is very knowledgeable about human psychology and the interaction of human psychology with technology. Albina is highly enthusiastic and passionate about the Khaos mission and vision.

### **MUSA BEŞER - HEAD OF FINANCE**

Musa is a person who took the role of finance management in the Khaos project. He is very experienced in fiat currency and cryptocurrency economy. He helped Emir in the development of the MMV algorithm, which is pegged to the global GDP. He has undertaken a research quest to discover anticipating the market's majestic demands, and applying his findings to the success of the Khaos system.

### **GÜZEL HAMRAYEVA - HEAD OF COMMUNITY**

Güzel is a person who has taken on the role of community manager on the Khaos project. Güzel is a person who has developed herself in social psychology. She is extremely sociable and eager to help people. She leads the Khaos community and answers people's questions about the Khaos project.

## VII. KHAOS TOKEN SALE

### Pre-Sale

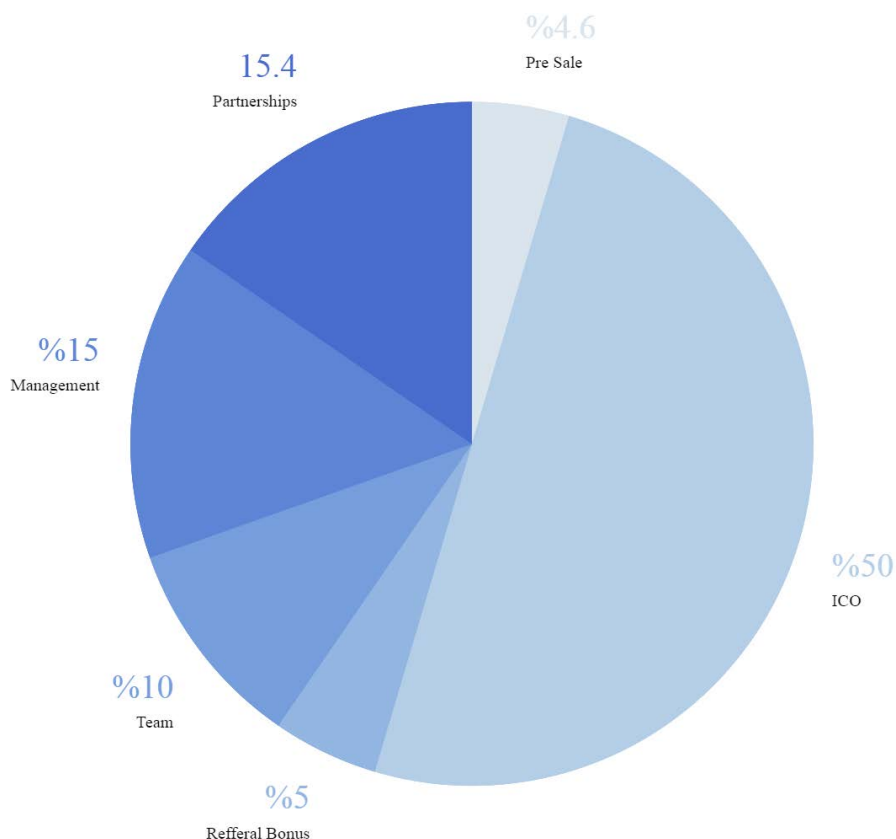
With the Pre-Sale the money needed to launch an ICO will be collected. Investors will participate in Pre-Sale by sending Ethereum (ETH) and will receive KHX in return. A total of 140 ETH will be collected in Pre-Sale. Investors will receive 10000 KHX for every 1 ETH they send. A total of 1.400.000 KHX will be sold in the Pre-Sale. If the amount of collected ETH does not reach 140, the collected investments will be returned to the investors. Pre-Sale will start on March 30th 2021 and last for 2 months and end on May 30th 2021.

### ICO

With the Khaos ICO, the necessary funds will be raised for the continuation of the Khaos project. 4.000.000\$ is required for the Khaos project to succeed. The ICO target was set as 4.000.000\$ Soft Cap and 15.000.000\$ Hard Cap. Investors will participate in ICO by sending Bitcoin (BTC), Ethereum (ETH), Litecoin (LTC), Bitcoin Cash (BCH), Binance Coin (BNB), Tron (TRX), Stellar (XLM), Ripple (XRP), Tether (USDT), USD Coin (USDC) and DASH (DASH). 15,000,000 KHX has been reserved for sale on the ICO. Investors will earn referral bonus by inviting people to the ICO. 10% of the KHX amount purchased by the person you invite will be defined as a referral bonus to your account. Investors can withdraw their earned referral bonuses at any time. If the collected investment amount cannot reach Soft Cap, the collected investments will be returned to the investors. During the ICO, 1 KHX will be sold for \$1. Khaos ICO will start on June 1st 2021 and will end on December 1st 2021. Khaos ICO will last for 6 months.

## VIII. TOKEN DISTRIBUTION

Total amount of KHX tokens are 30.000.000 KHX. However the system will burn and mint tokens to peg the value of KHX to MMV. The distribution of tokens is shown in the chart below.



## **IX. CONCLUSION**

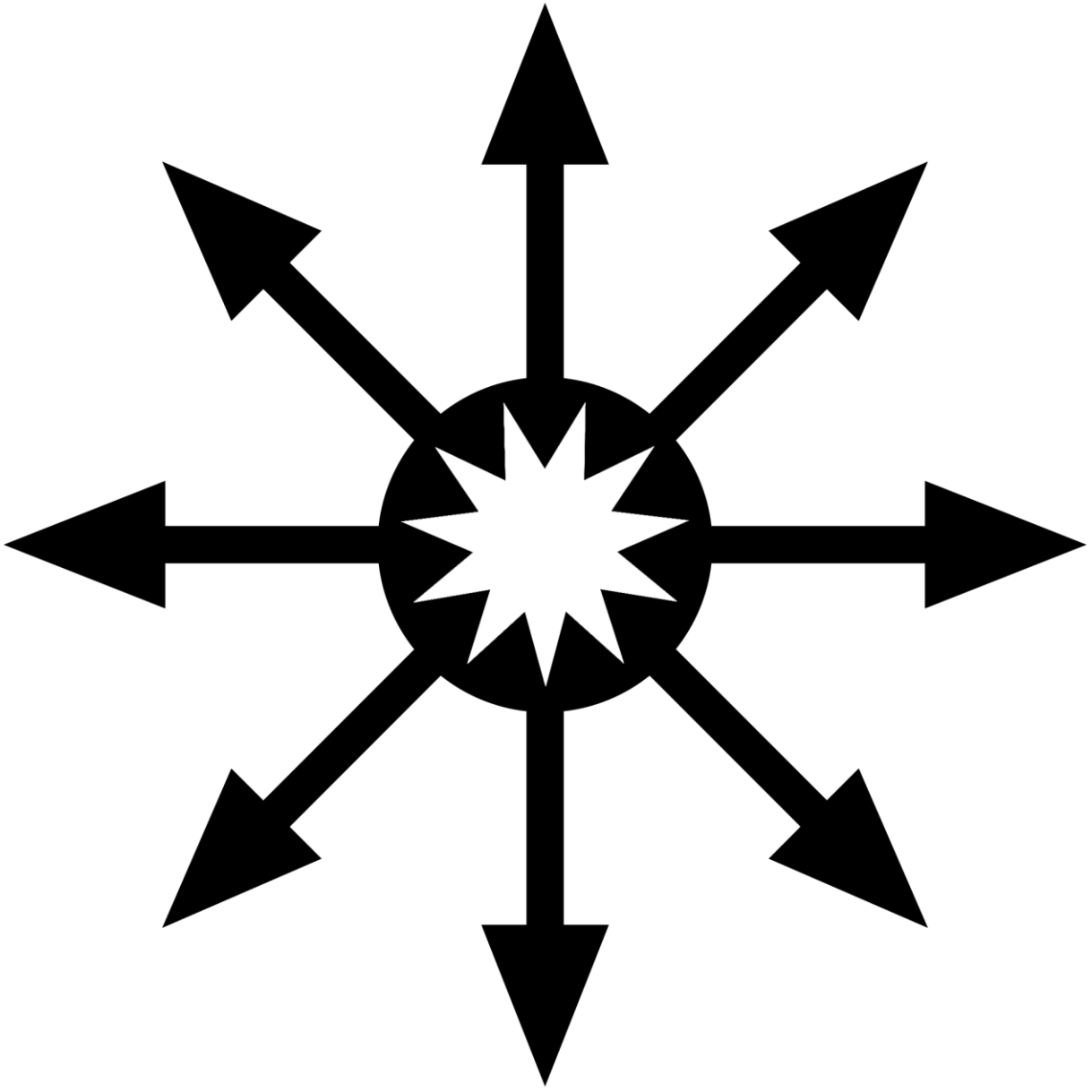
### **Khaos In Summary**

Whether you are an individual, business, organization, or government, Khaos offers token users long-term price stability, preservation of purchasing power, and protection against inflation by leveraging the sustainable growth trend of the global economy.

- Khaos' tokenomics ensures that the Khaos token (KHx) is pegged to the stable and predictable growth trend of the global economy via the MMV.
- A reflection of global economic growth, the MMV is expected to appreciate over time, as opposed to fiat currencies, which are prone to inflation.
- In the event of a global recession, or other highly volatile economic scenario, Khaos' tokenomics infrastructure and stabilizing mechanisms are designed to keep its value stable, consistent, and predictable.
- Khaos' two-token model ensures the value of KHx remains pegged to the MMV.
- Khaos is scalable allowing for a steady expansion of token supply with the growth of the Khaos economy through trading and partnerships, without destabilizing the ecosystem, the peg, or the value of the token.

### **How To Get Involved**

- Follow Khaos project at [www.thekhaos.org](http://www.thekhaos.org) and follow our social media accounts to keep up to date with our latest news.
- Invest in the Khaos token Pre-Sale and ICO for getting a low price Khaos (KHx) token at the start of the project.
- When Khaos (KHx) enters cryptocurrency exchanges, buy Khaos (KHx) to protect your money against inflation and profit for the long-term.



**We believe your  
money should not  
lose its purchasing  
power.**