Perpetuum Whitepaper 2021

A Proportional Deflationary Token
Executive Summary

Perpetuum utilizes a novel approach to facilitate the rapid scalability of existing Bitcoin and Ethereum mining operations. By offering a native token with a finite and fixed supply and using proceeds derived from mining activity to buy back and burn said token, Perpetuum creates a mutually beneficial value add for initial investors, long-term holders, and mining operations. Currently, miners face difficulty in securing funding for operational expansion of a diverse range of reasons. Perpetuum affords these operations the ability to access latent capital by contributing a percentage amount of their mining proceeds to reduce the issued token’s supply.

Solving for the currently insufficient forward pricing mechanisms for investment in mining operations benefits investors by allowing them to ensure a perpetually declining token supply on which their investment is based. This process commands a theoretical premium due to the variable yet ensured deflationary schedule, thereby allowing investors to secure aftermarket value from the transaction medium.

The ability for miners to secure immediate investment via the Perpetuum token’s issuance allows them to capitalize on future revenue and expand operations dynamically immediately. Additionally, the accounting configurations available to this tangible component of the cryptocurrency industry entail a beneficial capital allocation structure regarding depreciation. By connecting miners with the capital required to scale dynamically, Perpetuum removes the friction currently associated with expanding operations.

Due to the fixed supply and role as a forward pricing mechanism for scaling mining operations and representing an algorithmic share of a deflationary supply schedule, Perpetuum tokens retain an intrinsic value. The launch of the platform provides miners with flexible scaling opportunities and investors with perpetual rights over revenue allocations for the token’s life. Such a configuration removes investment friction, maximizes industry efficiency, and mutually benefits all involved parties.
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Miners currently face significant difficulty in securing capital for expanding their operations. Despite the cryptocurrency industry’s highly lucrative and public-facing nature, the price volatility associated with even major industry players like Bitcoin often proves too great for traditional investors. While the cryptocurrency market trend thus far has proven one of comparative upside over time, Bitcoin has yet to prove itself in a traditional equity downturn. March 2020 provided some potential preliminary evidence that Bitcoin and, by extension, the wider cryptocurrency market retains a correlation with traditional equities. This potential correlation and currency risk serve as only one angle that introduces significant anxiety for traditional investors. The variability of miner income represents another significant technical challenge for potential investors. China, which previously accounted for over 70% of all Bitcoin’s mining power, has rapidly declined to below 50% at the time of writing due to sudden enforcement of a previously enacted Bitcoin mining ban. This sudden political risk presents another angle of concern for traditional investors who do not wish to absorb the additional costs of relocating their tangible mining operations. While cloud mining partially solves this issue, the fundamental requirement of physical hardware utilizing energy to solve cryptographic puzzles in exchange for Bitcoin entails some intrinsic level of political risk.
Additionally, accessing the long tail of the energy market ensures that your average household does not retain any exposure to cryptocurrency mining. While obvious when stated plainly, the implications of this lack of exposure entail difficulty for the average consumer to obtain a truly diversified portfolio. The inability to allocate a desired amount of capital to a dedicated mining operation poses a challenge for investment managers seeking to offer proper exposure to their clients. With the greatest wealth transfer of all time actively occurring as the first digital native generation inherits the fruits of their predecessor’s labor, portfolio diversification requires significant change. Cryptocurrency mining allocation represents a significant requirement for the future of portfolio management.
Perpetuum successfully solves the majority of the diverse issues currently facing Bitcoin and Ethereum miners and their potential traditional investment partners. Currency risk remains a significant issue as the sale of cryptocurrency represents a material divestment from the medium of exchange in question. For example, suppose a mining operation continually produces an amount of Bitcoin over time. In that case, they must at some point divest from a portion of this Bitcoin to secure funding for the energy they consume, the space their mining equipment inhabits, and other business expenses associated with any tangible business operation. Each periodic sale of these Bitcoins represents a taxable event for the operation, resulting in elevated accounting challenges. With Perpetuum token, traditional investors enjoy the ability to maintain a fixed number of tokens in their wallets while the deflationary schedule of the tokenomics plays out in their favor. The buyback and burn schedule of Perpetuum ensures that by holding a fixed amount of Perpetuum tokens, a user will gain an increasing percentage share of the total existing supply over time. This process means that the percentile value to the investor increases as well. As the mining operation capitalized via the initial sale of Perpetuum tokens continues to generate revenue, a portion of this revenue goes to buying back and burning tokens, resulting in a positive feedback loop for all involved parties. Investors can then sell their Perpetuum tokens as they so desire. If undertaken in one lump sum, this sale will represent a single taxable event rather than a litany of multiple taxable transactions.
Perpetuum is Simple.

While political risk will always exist in some form, the Perpetuum token successfully mitigates a portion of this risk by facilitating a layer of protection for the investor. The intrinsic value of the Perpetuum token ensures that, should the miner associated with the Perpetuum token need to relocate, the investor retains the ability to utilize the aftermarket value of the token as they see fit. Should the miner associated with the token experience material disruptions resulting in punctuated periods of going offline, the Perpetuum token still undertakes buybacks and burns using what proceed the miners generate, thereby protecting investors over the long term.

One of the most impactful aspects of the Perpetuum token is the ability of fund managers, private investors, family officers, and retail investors to gain exposure to sustainable cryptocurrency mining activity with ease. The process of purchasing Perpetuum token as a portfolio allocation that represents an intrinsic association with cryptocurrency mining revenue is comparatively simple. This approach also takes much of the headache over the asset’s allocation methodologies, which entails incredibly dynamic due diligence parameters, diverse risk profiles, and esoteric technological components. Perpetuum serves to demystify the process of gaining easy allocation to cryptocurrency mining.

Perpetuum is Active.
3. The Perpetuum Network and Tokenomics

The Perpetuum network currently owns and operates several Bitcoin and Ethereum mining operations in various geographical locations.

This process means that the Perpetuum token exists as more than just a concept - the willing network participants stand ready to actualize upon the value proposition of the Perpetuum token at the earliest possible opportunity. The need for scalability options in the cryptocurrency mining industry remains a salient pain point for most operations around the world. The Perpetuum team received resoundingly positive feedback when conveying the network structure to miners.
Additionally, a portion of the energy generated by the Perpetuum network is derived from sustainable energy sources such as solar panels and wind turbines.

Perpetuum’s mining partners commit to a pledge to maximize their sustainable activities wherever possible to reduce carbon emissions. As such, our mining partners represent a tangible force for good in an environment of rising consciousness of how mining activity impacts the world around us. Sustainable energy production additionally helps to offset the cost of energy for our mining partners. This functionality serves as a proof of concept for the viability of the intersection of cryptocurrency mining and sustainable energy generation.

A highly scalable and dynamic network is required to accomplish the fluid communicative structure required for the sophisticated yet straightforward value transmission of the Perpetuum network. As such, Perpetuum has chosen the Binance network as the main blockchain of operation. With ultra-low transaction fees, rapid payment settlement times, and robust smart contract functionality, the Binance network allows Perpetuum to offer competitive market rates for our industry-changing product.

The decentralization of the Binance network means that the Perpetuum token does not live in one place. Rather, the global distribution of the network activity ensures a robust defense mechanism for the network uptime. Should a given node or segment of nodes in the Binance network go offline, the remaining nodes will continue to process transactions unabated. In this way, the decentralized nature of the network ensures the robustness and transparency of the entire system.
At the time of network creation, there will be a total of one billion (1,000,000,000) Perpetuum tokens issued. From this total, 89%, or 890,000,000 Perpetuum tokens, will be sold to investors. This supermajority of tokens ensures a fair and equitable distribution of tokens to willing investors. The public sale process retains a structure that ensures ample token supply and availability for investors while minimizing the negative impact of whales. The remaining 11% of Perpetuum tokens goes to the liquidity pool, ensuring that investors and the public can purchase any amount of these publicly available tokens they so desire.

The founders have initially capitalized Perpetuum with 32 BNB tokens, representing a significant liquidity injection for the outset of the protocol. These tokens remain locked for a period of 6 months, offering ample time for Perpetuum to garner deeper liquidity before these BNB tokens unlock. Suppose the overall pool liquidity is deemed insufficient at the time of unlocking. In that case, the founders reserve the right, but not the obligation to lock them for another set period to ensure the sustainability of the protocol.
From the information covered thus far,

it remains clear that the largest accrual of value occurs for users who hold their tokens for the long term. When doing so, users will retain a growing percentual amount of tokens relative to the deflationary schedule built into the protocol. To amplify the mutual benefits derived from this configuration, Perpetuum also utilizes a redistributive transaction structure. This sustainable configuration entails allocating Perpetuum tokens derived from each purchase or sale of tokens that enter the liquidity pool. While not the first token to implement such a configuration, Perpetuum is the first protocol to reallocate these funds into sustainable mining activity, facilitating a net positive feedback loop for token holders.

Additionally, the premium associated with the expected future value of Perpetuum tokens should in part or fully offset the face value cost of this redistributive event. When an individual purchases a Perpetuum token, 10% of the value derived from the transaction is redistributed to other industry actors. Of this amount, 9% goes to the mining operation to fund activity and subsequent buyback and burn events derived through mining revenue. The remaining 1% goes to the development team for future development of the Perpetuum protocol.

When users sell their Perpetuum tokens, 15% of the value derived from the total sale is redistributed. From this amount, 8% goes to the mining operations while 7% goes to the development team. This configuration introduces a powerful incentive to hold, while any transactions that do occur ensure a residual accrual of value for holders of Perpetuum tokens.
4. Conclusion

Cryptocurrency mining remains a highly diverse and rapidly evolving industry. It faces multifaceted difficulties in procuring investment from traditional financial entities when attempting to scale its operations. Additionally, traditional investment entities have expressed interest in participating in this growing industry, but remain wary of the esoteric potential pitfalls. Currency, political, operational, programmatic, and other diverse risk profiles must first undergo an assessment before an investment in a given operation can be undertaken.

Nevertheless, the industry persists in its rapid growth. Opportunities for increasing the efficiency of interactions for all parties entail a massive latent value proposition for solution providers. Perpetuum presents an elegant solution for miners, potential investors, and the wider cryptocurrency community. By introducing an intermediary token, Perpetuum provides a layer of protection for all parties involved. Miners secure the investment they need to scale their operations sustainably while providing the periodic capital required to facilitate a deflationary environment for the intermediary medium of exchange.
Investors benefit in the form of mitigated currency, transactional, and political risk. Perpetuum token also gives fund managers the ability to provide their clients with turn-key exposure to the mining of blue-chip cryptocurrencies using a single allocation. This functionality significantly eases the burden for the financialized aspect of cryptocurrency mining operations.

The world continues to change at breakneck speeds. Innovations and breakthroughs in methodological efficiency continue to outpace that of historical precedent. Perpetuum represents another breakthrough in a niche yet growing, crucial yet young industry. As we strive to make history by improving the lives of others, we look forward to the tremendous growth, opportunity, and collaboration the future entails!