

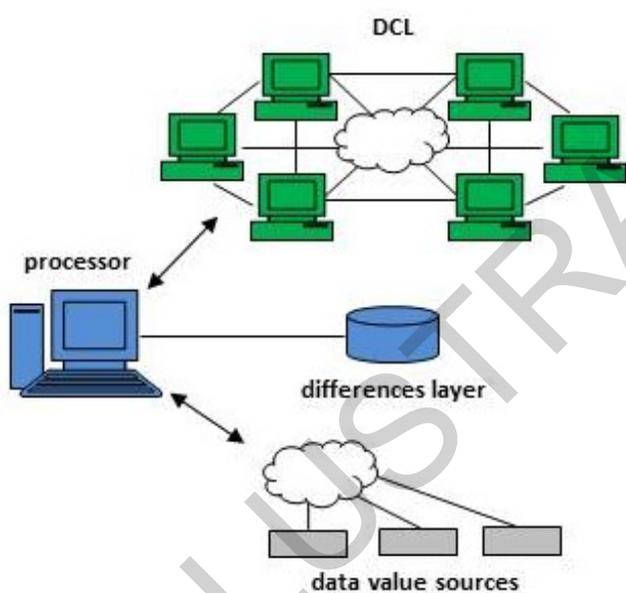
EXECUTIVE SUMMARY

Currency staking (or Staking as a Service "StaaS") is an ideal solution for retail and institutional crypto holders who do not have the resources or expertise to run blockchain validation nodes. Cryptocurrency staking helps holders earn additional currency, and SaaS puts smaller holders on an equal footing with sophisticated institutions running validation nodes. StaaS platforms will emphasize their technical expertise in security and custody.

In general, staking is an activity where a custody-or-exchange business aggregates customer balances to support its validation nodes. These businesses attribute the customer holdings to their consensus/validation activities and transmit a portion of the validation rewards to customers on-chain (see diagram below for a basic illustration). Generally, the staking business applies to blockchains which utilize a "Proof of Stake" (PoS) consensus.

Other businesses simply reward customers for holding currencies in a firm's specific wallet arrangement. Similar to staking, customer balances are aggregated, measured, and tracked, and the related rewards are transmitted to customers on-chain.

ILLUSTRATIVE APPLICATION



basic system components include:

- (i) a distributed computer ledger (DCL),
- (ii) a centralized or decentralized differences layer (DL),
- (iii) data values (DV) and data value sources (DVS), and
- (iv) a processor which executes inter-component operations

the figure illustrates a basic system where:

- (1) a system aggregates and manages client accounts on a DL where the client accounts hold stakable cryptocurrencies on a DCL,
- (2) the DL stores descriptive and numerical values which allows the system to differentiate between accounts, and performs eligibility validation and participation numerical processes,
- (3) the sponsor's validation node operations earn crypto currency on the DCL, which is tracked on a customer-by-customer basis on the DL,
- (4) the system settles and delivers amounts based on DL storage and processes with cryptocurrency delivered "on-chain" (DCL)

'797 UNIQUE BENEFITS

'797's technology enables products and systems where transactions and transaction records are maintained on a blockchain or alternative distributed ledger ("on-chain"), but where the processing and storage of descriptive and/or numerical values are maintained "off-chain". Traditional "smart contract" arrangements are built around "on chain" operations and "on-chain" external data calls which raise problematic storage, efficiency, and security concerns. '797 separates elements of processing and storage between "off-chain" and "on-chain" components for improved security, data integrity, and improved computer processing efficiency.

'797

CRYPTOCURRENCY SERVICES

U.S. Patent No. 10,025,797 ("797")

**FINANCIAL
SERVICES
TECHNOLOGY**

CURRENT AND PROJECTED SIZE

CURRENT TRENDS

The cryptocurrency industry expects Proof of Stake to largely replace consensus mechanisms such as Proof of Work in aggregate market capitalization.¹

ILLUSTRATION ONLY

1. "Everybody's Staking But Who's Using Proof of Stake Blockchains?", Bitcoin.com News, [new.bitcoin.com](https://news.bitcoin.com), Jan. 26 2020