WHITEPAPER

ABSTRACT

Blockchain technology has been transforming the financial industry. The industry has already surpassed the $850 billion capitalisation threshold as more mainstream investors diversify their portfolio with cryptocurrencies. However, the industry is relatively unregulated. This has led to a number of scams and nefarious transactions that take advantage of the anonymity in the industry. Many European countries are pushing for greater regulation of the industry. The United Kingdom has already established a committee to chart the best way forward to increase regulation in the industry. Additionally, the European Union is actively trying to find a way to exert control over the industry.

The result is that many cryptocurrencies and cryptocurrency start-ups have slowly started exiting the European market. Some ICOs outright ban participation of individuals in certain European countries. This leaves investors in Europe with fewer options. Bitcoin Euro was created as a solution to this conundrum. It is a Bitcoin fork that seeks to comply with the existing and expected regulatory changes in the European region. Bitcoin Euro was forked on 14th February 2018 after the 509110-block height.

As a fork, it retains Bitcoin's security protocols providing European citizens with the same robustness that keeps Bitcoin as the market leader. Additional features will be added to make Bitcoin Euro more compliant with European regulations. This includes the adoption of KYC and AML protocols to protect investors. Additional regulations will be scripted into the blockchain by the development team. It offers the same mining opportunities because it relies on the same SHA-256 hashing algorithm. As the push for regulations increases, Bitcoin Euro will become more important as Europe prepares for cryptocurrency regulations.

1.1 INDUSTRY OVERVIEW

Blockchain technology has become a staple of the financial industry. More businesses are adopting blockchain solutions to solves some of the main problems in businesses. These are the cryptographic keys, the shared ledger in a distributed network and the incentives to ensure that crucial services are maintained. The ingenuity of blockchain is that it combines these three to form a network that requires little or no third-party input to maintain the security and transparency of the network. The reason why blockchain technology is so popular is because it provides benefits in areas where centralised solutions are inefficient. The benefits include:

- **Secure transactions.** Many businesses are at risk of hackers stealing their customer's money or personal information. Blockchain technology is an effective solution because the cryptographic encryption prevents hackers from breaching any of the networks.

- **Transparency in transactions.** Fraud is one of the greatest problems that customer and businesses face. Fortunately, blockchains use a distributed ledger, meaning everyone can view and validate the transactions being made. This prevents both internal and external fraud from happening.

- **Low transaction costs.** The centralised model for business has a high cost. Employees have to be paid, and the databases need to be maintained. However, blockchain-based platforms replace this with smart contracts and algorithms that fulfil the same obligations. This reduces the cost. The lower costs are passed on to the customers.

As such, there has been tremendous growth in the cryptocurrency industry as more investors diversify their portfolios with cryptocurrencies. By the end of 2017, the capitalisation was at around $650 billion in the industry, and as of March 2018, the number has surpassed the $850 billion mark. One of the most popular of these is Bitcoin. Bitcoin controls over 50 percent of the cryptocurrency industry's market share. The main reason for this is the robustness of the blockchain. It is more resilient to hackers than many of the other blockchains. Additionally, as the oldest cryptocurrency has greater acceptance in the industry as compared to newer coins.

1.2 STATEMENT OF THE PROBLEM

Despite the benefits that blockchain technology, the full adoption is taking more time than expected. Part of the reason is the push-back from established firms in the financial industry whose model blockchain technology threatens as well as attempts by governments to expert some form of

control on the industry. These regulations are making it more difficult for cryptocurrencies to operate in certain regions without adapting their algorithms in line with the regulations enacted.

The United Kingdom is one of the first countries to start legislative proceedings to find a way to regulate the cryptocurrency industry. Theresa May's said in late February that the UK government is seriously considering taking action to regulate digital currencies. The government is trying to find a balance where they can protect consumers and businesses without stifling the innovation. The UK is not alone in this. The European Union has also been looking for solutions to regulate the cryptocurrency industry. Merkel and Macron both showed their discontent towards Bitcoin, and they suggested that there would be a need to control the cryptocurrency and levy taxes on the entire industry. In some cases, the concern is warranted like in the case of money laundering. Bruno Le Maire, the French finance minister, suggested that there would be proposals for the control of Bitcoin in the next G20 meeting.

The response by most cryptocurrencies has been the decreased penetration in the European region. Some cryptocurrency start-ups directly ban the participation of people from the United Kingdom and other selected countries in Europe. Some exchanges are leaving other countries in search for more friendly regions. This is leaving many cryptocurrency enthusiasts in Europe without an option. One of the solutions presented to cryptocurrencies is the integration of many of the protocols requested by European governments to protect European citizens. However, it is difficult for many of the largely established cryptocurrencies to adopt these changes.

CHAPTER 2: THE BITCOIN EURO SOLUTION

2.1 WHAT IS BITCOIN EURO?

Bitcoin Euro is a Bitcoin fork that seeks to provide a currency for European countries. It was forked out of Bitcoin from the height of 509110 on 14th February 2018. As a Bitcoin fork, it has all the previous security protocols and history of Bitcoin before the fork. However, it adds additional features and functionality to provide users with more benefits while adhering to the regulations that many European countries will set. Essentially, this gives it a robust foundation based on the Bitcoin Core while adopting SegWit functionality.

2.2 WHAT ARE THE FEATURES OF BITCOIN EURO?

- **Robustness**

As a Bitcoin Fork, Bitcoin Euro uses the same protocols as the Bitcoin blockchain. This makes it robust enough to stave off cyber-attacks and intrusions by nefarious individuals. This robustness

is one of the reasons why many cryptocurrency investors prefer the Bitcoin platform. Bitcoin Euro provides an alternative for European investors.

- **Compatibility**

Bitcoin Euro will be compatible with the exchanges and the wallets that Bitcoin uses. This makes it easy for investors to adopt Bitcoin Euro in their transactions. Already, Bitcoin Euros were sent to everyone who had Bitcoin in their wallets.

- **Regulatory flexibility**

The coming regulations that many European countries will implement new regulations to exert some control over the cryptocurrency industry. Bitcoin Euro is poised to integrate these regulations to ensure that money laundering is prevented and that European citizens are protected from undue losses. Some of these like the KYC and AML protocols will be integrated even before the regulations are enacted.

- **Improved features**

Bitcoin Euro will add additional features to improve the functioning of the platform. Transactions will happen faster to facilitate better online payments while protecting the user's privacy. This will make remittance from Europe to other parts of the world seamless and easy.

- **Intuitive wallet**

Bitcoin Euro features the Bitcoin Euro wallet. The wallet is compatible with MacOS, Windows and Linux operating systems. The wallet compromises feature for stability. The robustness ensures that users do not have to worry about their coins being stolen.

The wallet is intuitive and easy to use. The setup wizard makes it easy to set up the wallet. Once it is fully set up, you can simply lead the blockchain to start sending payments in a secure environment. It may be large in comparison to other third-party wallets but the security offered is unparalleled.

- **Security protocols**

On top of the existing Bitcoin-derived security protocols, Bitcoin Euro will add some additional layers that adhere to the regulatory demands of European countries. The KYC protocols will be integrated slowly. First, any large transactions will be subject to the KYC terms. Additionally, those downloading the Bitcoin Euro will be required to provide some basic information on their

identity. This includes a copy of the user's government issues identification documents and a scanned copy of a utility bill paid in the user's name that is less than three months old. Additionally, Anti-Money Laundering protocols will be added to ensure that the Bitcoin Euro platform is not used for money laundering.

CHAPTER 3: TECHNICAL ASPECTS

Bitcoin Euro is based on the same architecture as Bitcoin. It also shares the same history until the fork at the 509110-block height. This means that the main blockchain is written in C++, but it relies heavily on scripting to make changes to the blockchain. Bitcoin Euro will also rely on the 256-bit Secure Hash Algorithm (SHA-256). As a result, miners who have the equipment capable of mining Bitcoin can mine Bitcoin Euro without the need for extensive blockchain modification. Any additional features will be scripted into the blockchain. Even though this is not the most effective method of adding new features, it retains the robustness and the security of the Bitcoin Core. The KYC, AML protocols and new features will be layered on the Bitcoin Core. This will increase the functionality while retaining the robustness of the Bitcoin Core. Bitcoin Euro will initiate outbound connections to random nodes in the network to make Sybil attacks on the platform more difficult.

Bitcoin Euro can be stored in any wallet that supports Bitcoin. Additionally, it will be added in most of the major exchanges. Users who held bitcoin at the time of the fork received an equivalent Bitcoin Euro. Any regulatory changes in the European region about how cryptocurrencies operate will be Scripted into the Bitcoin Euro blockchain. The main aim is to ensure that the blockchain adheres to all the European rules to offer a cryptocurrency that can truly be used by European citizens after the regulations are enacted. Coinbase UK will be one of the first exchanges where Bitcoin Euro will be added.

CHAPTER 4: COIN SUPPLY

4.1 COIN CIRCULATION

The total supply of Bitcoin Euro will be capped at 21 million. At the moment, an equivalent number of Bitcoin Euros was created for each Bitcoin in existence. This means that there are 1round 16.78 million Bitcoin Euro coins in the market. Unlike many new coins, there was no ICO. Instead, there was an airdrop of Bitcoin Euro coins to everyone who holds Bitcoin. Additional coins can be earned by mining them in the same way that Bitcoin is mined. The current hash rate for mining Bitcoin Euro is 1.24 TH. The blockchain used the proof-of-work approach to achieving consensus, and the miners will be rewarded for every transaction block that they add to the blockchain. It still used the same

hashing algorithms as the Bitcoin network. The coins can be used for remittance and payment processing.

4.2 UNIQUE PROPOSITION

The unique proposition of Bitcoin Euro is that it offers a Bitcoin fork that will be fully compliant with the regulations that are being created by countries in Europe. The United Kingdom, Norway, Switzerland, Russia and members of the European Union are all deliberating different measures that will regulate the market. The proposed regulations will help protect investors while reducing money laundering through cryptocurrencies. Unfortunately, most cryptocurrencies will be unwilling or unable to enact these regulations. However, Bitcoin Euro will provide European citizen with a robust Bitcoin Fork that their countries find acceptable. As a Bitcoin fork, it has the same security features the Bitcoin Core has making it robust. It is also compatible with most of the existing wallets and exchanges that support Bitcoin.

CHAPTER 5: ROADMAP

In 2017, the cryptocurrency industry skyrocketed. The capitalisation quadrupled the amount from 2016. A lot of attention was directed towards cryptocurrencies. In particular, Bitcoin. Countries, especially in Europe, were concerned about the unregulated industry, and they started placing regulations on the industry. The recent loss in value has amplified the sentiment in the different countries about the need to regulate the cryptocurrency industry. The development team conceptualised the idea of a Bitcoin Fork for the European region that can adopt the proposed changes. On February 14th Bitcoin Euro was forked from the Bitcoin Core.

Some of the upcoming events in the second quarter include the creation of a mining pool. Additionally, Coinomi wallets will be launched for Android and iOS handheld devices. The browser and desktop wallets will be launched for Windows, Linux and OSX. In the third quarter of 2018, Bitcoin Euro will be listed on most of the major exchanges around the world, and additional mining pools will be created. Any regulatory changes will be added to ensure that Bitcoin Euro is fully compliant with any existing and upcoming regulatory changes.