Redeemable - Shareslake's base coin

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Introduction

Shareslake's mission is to bring companies on-chain, but most companies cannot take the risk of maintaining funds in common cryptocurrencies due to the extremely high volatility.

Such volatility has a negative effect on the coin's usage too. There is an impossibility of setting fixed prices, and it affects the psychology of the coin holders. Let's imagine a pizza costs 0.02 BTC, buying it tomorrow could cost 10% more or less than today.

Stable coins were created to fix those issues. Either through collateralization or algorithms, a stable coin tries to maintain a 1:1 peg with a fiat currency.
One of the problems with stable coins is the fact that they are a digital representation of fiat money, meaning that people will still suffer from the same inflation as in fiat currencies.

Preserving the value over time has been one of the big problems in human history, especially for common people who don't usually invest their money, losing acquisition power over time.

Shareslake aims to create the global substratum of future companies' management, but also a payment network to acquire products and services. By creating a coin that **serves as a storage of value** people and companies will **preserve their wealth** while the coin usage is not affected.

With the above in mind, Redeemable was created as a mix between collateralized stable coins and common cryptocurrencies. It aims to be **stable enough to have great usability while preserving people's purchase power over time.**

How does Redeemable work?

Similar to a stable coin, each Redeemable, in the beginning, is collateralized by $1. This is an equivalence of 1:1 with the US dollar.

There is a reserve where the US dollars are stored so people can obtain Redeemable coins by putting some dollars into the reserve.
There is also a Redeemable reserve in the network that contains the Redeemables that have not been issued yet.

When someone puts dollars into the dollar reserve, the corresponding amount of Redeemable is issued to that person from the Redeemable reserve. To redeem the dollars, the amount of Redeemable is locked back into the reserve.

Note the Redeemable value can change if the dollar reserve amount differs from 1:1.

How does Redeemable preserve people's acquisition power?

The following represents the prices increase in the US year over year since 2016. I.e. the percentage of purchase power that people lose their savings.
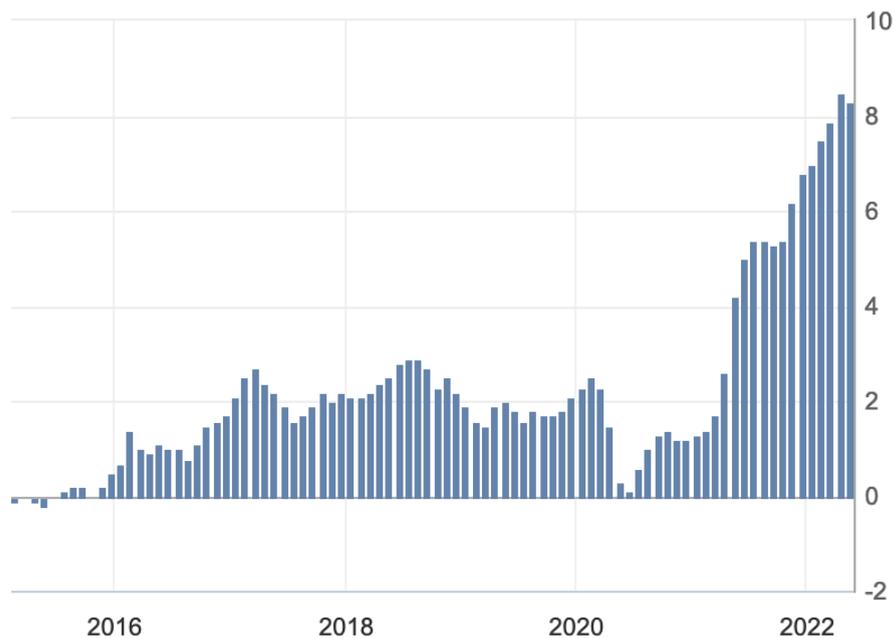
US CPI since 2016

Let's imagine a pizza cost $5 in 2010 in the supermarket. The same pizza in 2021 would have cost $6.16 due to inflation, a 23% more, or what is the same, people's money worth 23% less in 2021 than in 2010.

Let's imagine we put $5 into the Shareslake reserve to obtain 5 RED in 2010. Those 5 RED could be used to buy the same pizza as $5 in 2010. In 2021 the pizza costs $6.16, but we will still be able to buy it for 5 RED. In other words, **Redeemable maintains its purchase power over time**.

In the example, the pizzeria also gets rid of the need of being constantly updating the prices, since a fixed price on Redeemable is always synced with the CPI.

Preserving the value has always been a big problem that is commonly solved by investing. Remember from the previous section the Redeemable value can change if we break the 1:1 collateralization. So, making the reserve of dollars change at the same rate as the CPI

(Consumer Price Index) the Redeemable acquisition power will remain stable over time, no matter how the fiat economy behaves. To achieve that, the reserve of dollars is used to buy treasury inflation-protected securities.

All the described allow businesses to accept Redeemable without the fear of losing the income due to volatility as well as set fixed product prices, they won't need to update them due to inflation. Also, they won't suffer from common cryptocurrency volatility.

Reserve creation

The contributions and withdrawals to/from the US dollar reserve can be done through our website.

Every person looking to interact with the reserves must fill the KYC properly before being able to contribute/withdraw. The KYC requires the necessary data to identify the person as well as the address to which the coins will be issued after the contribution.
Once registered, to contribute to the reserve it is required to perform a payment specifying the same address as during the registration. To withdraw from the reserves, the Redeemable must be sent to a special address and it must come from the previously registered address. The bank account to which the funds should be sent will be provided in a separate form along with the address to map the withdrawal.

There is a maximum contribution/withdrawal of $1000 per day for a single person.

Withdrawals will be locked until the reserve reaches $250000. The amount in the reserves is fully transparent, so anyone can check the status. Once the threshold is reached, a part of the reserves will be put into inflation-protected securities. The rest will remain available for possible withdrawals.

New coins can be issued every 3 days, so depending on the epoch time in which the contribution is done, one could need to wait up to 3 days for the coins to appear at the specified wallet address.

To avoid abuse of withdrawals, there is a fixed fee of $50 when redeeming US dollars from the reserve.
The contributions to the reserve require just $10 to cover processing costs.

Appendix A: First Redeemable holders

The refactor of the coin behavior has been done when there is already 61000 RED in circulation. Those holders that do not want to continue holding RED after the change can contact us through e-mail and we will return the same amount of ADA they exchanged to obtain it.

Those people who want to continue holding the RED do not need to perform any action. Shareslake will take care of filling the reserve with the corresponding amount for the initial peg with the dollar.