

# *Proof-of-Stake-Velocity in Reddcoin: Frequently Asked Questions*

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### What is Proof-of-Stake-Velocity?

Proof-of-Stake-Velocity (PoSV) is a new algorithm designed by Reddcoin core team to replace Proof-of-Work (PoW) as the mechanism to verify transactions and create blocks. It encourages both ownership (Stake) and activity (Velocity). To increase your chance of finding a valid block and receive block rewards, instead of buying GPU or ASIC for more hash power, you just need to have a bigger holding of Reddcoins and keep your wallet running and connected to Internet to participate.

PoSV *minting*, the counterpart to PoW mining, requires little computing power or energy and can be done on CPUs of PCs, laptops and even mobile devices. Every Reddcoin user will automatically become a PoSV *minter*.

### Will PoSV run on GPU or ASIC?

No. PoSV will only be able to run on CPUs. So no more arms race for the latest expensive mining rig that requires pre-payment, gets shipped late and becomes obsolete before ROI. Also no more fear of dumping by ASIC miners and multipools.

### Can I game PoSV by shuffling coins between my own wallets?

First, you don't have to shuffle coins between your own wallets to mint. Minting will be a built-in function of the official wallet. Once you start minting, the wallet automatically sends your coins to a designated address in your wallet, consuming the coin age while looking for a valid block.

Second, sending coins manually resets coin age to zero without attempting to mint a block. You effectively give up all the interests you are entitled to.

In short, don't try to "game" the system. Just stake for as long as possible.

### Will I lose my coins?

No. You will not lose any coin if you always install the latest wallet. Remember to check [/r/reddCoin](#) once a day for the latest news in all the coming months!

### Will I still be able to buy coins?

Of course. In PoSV era, there are only three ways to get more Reddcoins: by receiving 5% annual interest on your existing holdings, by buying them on exchanges or by receiving them from other people.

### How will Reddcoin switch to PoSV?

Reddcoin will have a modified halving schedule. The first halving will happen during the weekend of 10th/11th May, 2014. Afterwards halving will happen once every 50k blocks, which is roughly once every 35 days.

The mandatory wallet 1.2.0.0 will introduce this new halving schedule. Anyone who uses an old wallet after the first halving will be on the wrong fork and potentially lose coins. It's absolutely

crucial for all users, mining pools, exchanges and other service providers to always use the latest wallet during the transition period.

**Is this a hard fork?**

Yes it is. But it'll be painless if you always use the latest wallet. Remember to check [/r/reddCoin](#) once a day for the latest news in all the coming months!

**If I were on the wrong fork, will I lose coin?**

Most likely. In general, the wrong fork is the one place you really don't want to be in when it comes to your portfolio of cryptocurrencies. Once you lose coins due to the wrong fork, it's usually impossible to get them back. Always use the latest wallet!

**Should I withdraw my coins from any online service before the new PoSV takes effect?**

Not necessarily. The Reddcoin core team will notify all service providers to upgrade wallets. However, if you are unsure whether an online service provider is up-to-date, it would be a good idea to withdraw your coins into your local wallet which you keep up-to-date yourself.

**Will PoW completely stop or run in parallel with PoSV?**

PoW will completely stop after PoSV kicks in.

**How does this affect IPCO investors?**

Not at all. You'll continue to receive your daily distribution until it ends during the weekend of 17th/18th May, 2014.

**Does PoSV change the total supply of Reddcoin?**

Yes. Around 27 billion Reddcoins will be mined before the PoW ends. After that, all Reddcoin holders will receive a interest rate of 5% per annum. In theory, PoSV has an infinite total supply but PoSV will significantly reduce the rate at which new Reddcoins are created compared to what PoW is doing now.

**Does PoSV change the block confirmation time and block reward?**

PoSV will not change block confirmation time which will remain at 1 minute on average. After PoW era ends, PoSV block reward is proportionate to the coin age consumed in the processing of minting a block and is no longer a constant.

**I'm a miner. Are you saying I won't be able to mine any more?**

Yes and no. You can keep mining until PoW completely stops. After that, you can point your mining rig at Reddcoin multipools which will automatically mine the most profitable altcoins and convert them into Reddcoins for you. Reddcoin multipools are being worked on by several people including members from the community and Reddcoin core developers.

#### **How do I mint in PoSV?**

Minting will be a function built into the PoSV wallet. As long as you keep the wallet running and staying online, it'll mint for you. Minting requires very little CPU computation and can be done on PCs, laptops and even mobile devices. The longer and more often you keep the wallet running and staying online, the more likely you'll discover a valid PoSV block and receive the entire block rewards.

#### **What's the interest rate I'll receive in PoSV era?**

You'll receive 5% per annum on average. There is bonus interest rate if you stake frequently.

#### **What about mining pools? Do I need to join a pool for minting?**

After PoW ends, mining pools as we know today will be obsolete. Every Reddcoin holder will be able to mint by oneself. 3rd-party service providers who hold balance for you may provide the service of minting on your behalf in exchange for small fees.

#### **How is PoSV different from Proof-of-Work (PoW)?**

PoW systems rely on hashing power to validate electronic transactions (commonly known as mining) which consumes a large amount of energy and makes mining prohibitively difficult for those that do not have access to powerful hardware and money for electricity.

PoSV is a method of securing the digital currency network through requesting users to show ownership and through rewarding both ownership (Stake) and activity (Velocity).

For a complete comparison between PoSV and PoW, please read section 2.1 and 2.3 of our official paper on PoSV: [Proof of Stake Velocity: Building the Social Currency of the Digital Age](#)

#### **How is PoSV different from Proof-of-Stake (PoS)?**

PoSV is designed to encourage both ownership (Stake) and activity (Velocity) which solves the problems that traditional PoS systems suffer from such as unfair initial distribution, hoarding, lack of full nodes and multiple forks mining issues.

For a complete comparison between PoSV and traditional PoS, please read section 2.2 and 2.3 of our official paper on PoSV: [Proof of Stake Velocity: Building the Social Currency of the Digital Age](#)

#### **What is coin age and how does it protect a coin from attacks?**

Please read section 2.2 and 2.3 of our official paper on PoSV: [Proof of Stake Velocity: Building the Social Currency of the Digital Age](#)

**I have other questions, who should I ask?**

It's much more likely for you get an answer if you make a post in [/r/reddCoin](#)