



GOVERNANCE WHITEPAPER

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“CITIZENS ARE SOVEREIGN”

“TIMOCRATIC” SYSTEM


From Greek τιμή timē, "honor, worth" and -κρατία -kratia, "rule".

1. OVERVIEW

Soloneum is a pioneering platform, uniquely inspired by the ancient Greek concept of **Timocracy**, as articulated by the visionary ancient Greek leader, **Solon**. Soloneum fundamentally reimagines cryptocurrency governance by vesting decision-making authority in the hands of coin-holders, whom we refer to as '**citizens**', in direct proportion to their coin holdings and commitment to them. Drawing from the philosophy of the ancient Greek statesman Solon, which asserts that individuals with greater ownership should possess a commensurately greater say in governance, Soloneum implements a novel voting mechanism that gives control of key economic properties to the citizens instead of developers or miners.

Our innovative approach to cryptocurrency governance, rooted in Timocracy, weighs citizens' voting power based not only on the quantity of coins they possess but also on the time commitment of these assets within the system. This dynamic system ensures that individuals are held directly accountable for the consequences of their decisions, owing to the tangible value at risk.

One of the key ideas behind this approach are those found within the treatise of 'Exit, Voice and Loyalty' by Albert O. Hirschman. Members of a group have essentially just three ways to respond to perceived problems in their group: they can stay loyal to the group regardless of the problems, they can voice their concerns to the group if they think their concerns will be heard, or they can exit the group. Often, cryptocurrency communities find themselves with just two of these three choices: just remain or exit, as their voice often has little impact. If members of a group feel they are not heard or cannot have any impact in issues they perceive then the most likely response is to exit, which ultimately weakens the group.



We try to solve this problem by giving control of key economic properties back to the citizens. We give them a voice and direct influence and believe Soloneum will remain much stronger for it.

Governance systems are found in every cryptocurrency, but generally they are undefined and opaque, making it difficult for network participants to understand the governance model, let alone participate in it. We posit that a defined and explicit governance system will achieve better outcomes than obfuscated governance.

“KEYS ARE KING”

2. VOTING

At the end of year two after the launch of the network, and every year after, a citizen vote will be held. Citizens will be able to share their voice backed by their financial commitment to it by voting on a number of economic issues to adjust ‘**The Rates**’ (as described in a later section below) to what they see is best. We expect there to be plenty of discussion about the various rates that are to be voted on and believe that on nett the citizens will vote for a result that will benefit the network in the long run. We do not believe anyone is better positioned to make good economic decisions for the network than those who are most impacted by those decisions.

Votes will be placed by citizens submitting a transaction that updates a voting value on an account with their vote preference. This account will also be locked for a period of time as determined by the citizen. Votes will be weighted by how long their coins have been locked for so that a longer commitment to the network will give a citizen a stronger vote. The maximum vote weighting will be achieved by locking the coins for 1 year. Network nodes will tally all vote preferences across all voting accounts as determined on the ‘voting block height’ and then automatically apply the result of the vote to the consensus rules of the network.

Accounts that vote will also be given tokenised voting rights in the DAOs that receive funds from the newly emitted coins in each block.

“DYNAMIC & RESPONSIVE”

3. THE RATES

In the proposed system, a crucial aspect of economic governance involves what we term 'The Rates'. These are rate functions governing the creation and destruction of coins, affecting their distribution to or withdrawal from various entities for specific purposes. To establish a foundation for the system, all rates will be locked for the initial two years following the system's launch. After this period, these rates will be subject to annual adjustments based on the collective decisions of the citizenry.

The initial rates set at the launch include:

- **Miner Reward Rate:** Dictating the amount of compensation miners receive for validating transactions.
- **Minimum Transaction Fee Rate:** Setting the baseline cost for processing transactions.
- **Transaction Fee Burn Rate:** Determining the proportion of transaction fees that are removed from circulation.
- **Development Committee Rate:** Allocating funds for the ongoing technical development of Soloneum.
- **Marketing Committee Rate:** Directing resources towards marketing and promotional activities for Soloneum.
- **Partnership Committee Rate:** Supporting various initiatives or projects within the Soloneum ecosystem.
- **Citizenship Committee Rate:** Funding the operations and activities related to maintaining and enhancing the citizenship aspects of Soloneum.



“AN ENTITY FOR GROWTH”

4. THE SOLONEUM DAO

The Soloneum DAO LLC is a legal entity based in the Republic of Marshall Islands with its operations managed on-chain for transparency and security. The Soloneum DAO will receive the funds from the presale, public sale and a share of the emissions (further details about this can be found in other sections of the whitepaper). Two years after mainnet launch citizens of the network will get the ability to take active participation of managing the Soloneum DAO. Each year, citizens who take part in the annual vote on The Rates (See the section ‘The Rates’ below for further details) and who meet a minimum threshold for participation, will be given tokenised DAO voting rights that will last for one year until the next voting epoch.

The purpose of the Soloneum DAO is to upgrade and grow the Soloneum network for the benefit of its citizens and users. The DAO will have 4 different committees each with a different focus and set of goals. These are:

- **Development Committee,**
- **Marketing Committee,**
- **Partnership Committee,**
- **Citizenship Committee.**

For the first two years, the DAO will be operated with control dictated via a simple multi-sig smart-contract. This is to increase the speed of early execution and to give time for coins to reach a wide distribution for stability. The DAO legal entity will be set up as a non-profit DAO organisation in the Marshall Islands due to their favourable and forward-thinking approach to DAO regulations.



DEVELOPMENT COMMITTEE

This focus of this committee is to fund the technical development of the network and surrounding infrastructure. It's sole focus will be to increase the utility and performance and utility of the network via funding development of core software, infrastructure, tools and services. The committee will be made up of members with the relevant technical experience to competently guide the network forward.

PARTNERSHIP COMMITTEE

This committee is to be established to invest into and partner with projects and businesses that can bring significant value and usage to the Soloneum network. This committee will fund a range of projects from smaller projects needing early stage funding all the way up to large well established businesses that are interested in partnerships. The primary goal of this committee is to provide a financial foundation to bring excellent projects to Soloneum.

MARKETING COMMITTEE

The Committee will be set up to fund marketing that increase global awareness and knowledge of Soloneum to support its value in the market. These activities will include, but are not limited to, management of social media accounts, creation of content in various media such as text, images and video. It will also include the listing of Solon coins on centralised and decentralised exchanges, and making partnerships with other projects and companies.

CITIZENSHIP COMMITTEE

This Committee is being created to help distribute Solon coins more widely to increase the network effects of the network. The more people who hold Solon coins, the stronger the network will be. A key focus of the Citizenship Committee will be to bring in large number of new citizens in a cost effective way and to retain those new citizens for as long as possible.



“GOVERNANCE FOR SUCCESS & STABILITY”

5. SUMMARY

Soloneum will adopt a transparent and defined governance process which gives citizens a voice in the key properties and operations of the system. By putting control into the hands of those with skin in the game, the network is correctly incentivised to make good decisions over the long-term.

The Soloneum DAO will enable the network to fund its own operations in a decentralised manner, creating an engine for growth and innovation not found in most other blockchain systems.

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