

Bitcoin SV (BSV)

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Bitcoin SV TL;DR

- BSV is pursuing a “Metanet” where value and data interact
- Genesis fork eliminated default block size limit, restores key programming functionality from the original Bitcoin protocol and provides code stability
- Ecosystem growth offers encouraging signs
- Network data suggests BSV is being used for data storage

Key Statistics

Price	\$308
Range (52W)	\$52 / \$441
Market Cap	\$5.6B
Circulating Supply	18.3M
Volume (24H)	\$3.7B

Source: Coinbase.com on 2/17/2020

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Metanet: Beyond digital money, towards an on-chain internet

Genesis aims to position BSV blockchain as a universal server for hosting internet & application data

Bitcoin SV (BSV) completed its “Genesis” protocol update on February 4th, 2020. According to BSV’s team, the successful hard fork implements changes that are primarily designed to 1) enable key technical capabilities that existed in the original Bitcoin protocol (client software version 0.1) and 2) expand the blockchain’s scaling potential. The BSV community believes these changes will restore its protocol implementation back to the original Bitcoin design. BSV stakeholders believe the software modifications will further enable its vision of a “Metanet”, which is a world where transactions, data and digital activity of all types can be on a single blockchain, just like the world operates online on a single internet. We view the Genesis protocol changes as positive steps towards building a Metanet that may position BSV for greater adoption, while also noting that it may take time before the design’s ultimate viability is fully proven out.

- **Bitcoin Core focused on financial transactions, Ethereum built a world computer, Bitcoin SV envisions a Metanet for both.** The Metanet seeks to expand Bitcoin SV’s use cases beyond payments to advance an improved internet where value and data interact seamlessly. Genesis further enables nChain’s vision by enhancing BSV’s technical capabilities to allow for more complex smart contracting applications. The update restored programming language functions that were enabled in Bitcoin’s earlier design, but were later removed in the Bitcoin Core protocol, which drove developers to build Ethereum.
- **Blockchain scaling takes different strokes for different folks and BSV’s unlimited block cap may allow the most.** The BSV community believes their blockchain must offer unbounded scalability in order to achieve the Metanet vision. Genesis eliminates the 2GB software mandated default block cap and lets miners individually set any block size to achieve this goal. This allows for theoretically unbounded BSV scaling, while competitors like BTC, BCH and ETH are currently capped at around 7, 115 and 15 TPS, respectively. However, we believe miners will likely continue to impose caps which may limit scaling in practice. Nevertheless, the approach gives the network added flexibility, which may offer a valuable competitive advantage in the long run.
- **Maxthon blockchain internet browser development and ecosystem growth offer encouraging signs.** The global software company, Maxthon will be building the first BSV-powered blockchain internet browser that aims to provide fast and easy ways to search and view on-chain data and content. Additionally, ~400 projects are building applications for consumer reviews, social media, online games, identity monetization and consumer data on the BSV blockchain according to Bitcoin Association data.
- **Network data suggests the BSV blockchain is already being used for data storage.** BSV’s larger block size has enabled large and increasing daily transaction counts while maintaining relatively low fees compared to BTC and BCH. The data indicates BSV is already being used for data storage. We view this as an early indicator that BSV’s blockchain may be capable of acting as a universal server for hosting large amounts of website, user and other data on-chain.
- **What could go wrong?** More complex functionality may increase code vulnerability risks. Alternatively, developers may prefer building on a non-script code base that they feel allows for even more complex, Turing complete applications. Hardware requirements for scaling via bigger blocks may alienate non-enterprise users, which may hurt decentralization and reduce censorship resistance (tradeoffs BSV is intentionally accepting). High transaction counts may not materialize into high transaction value or economic value to the network or its miners.

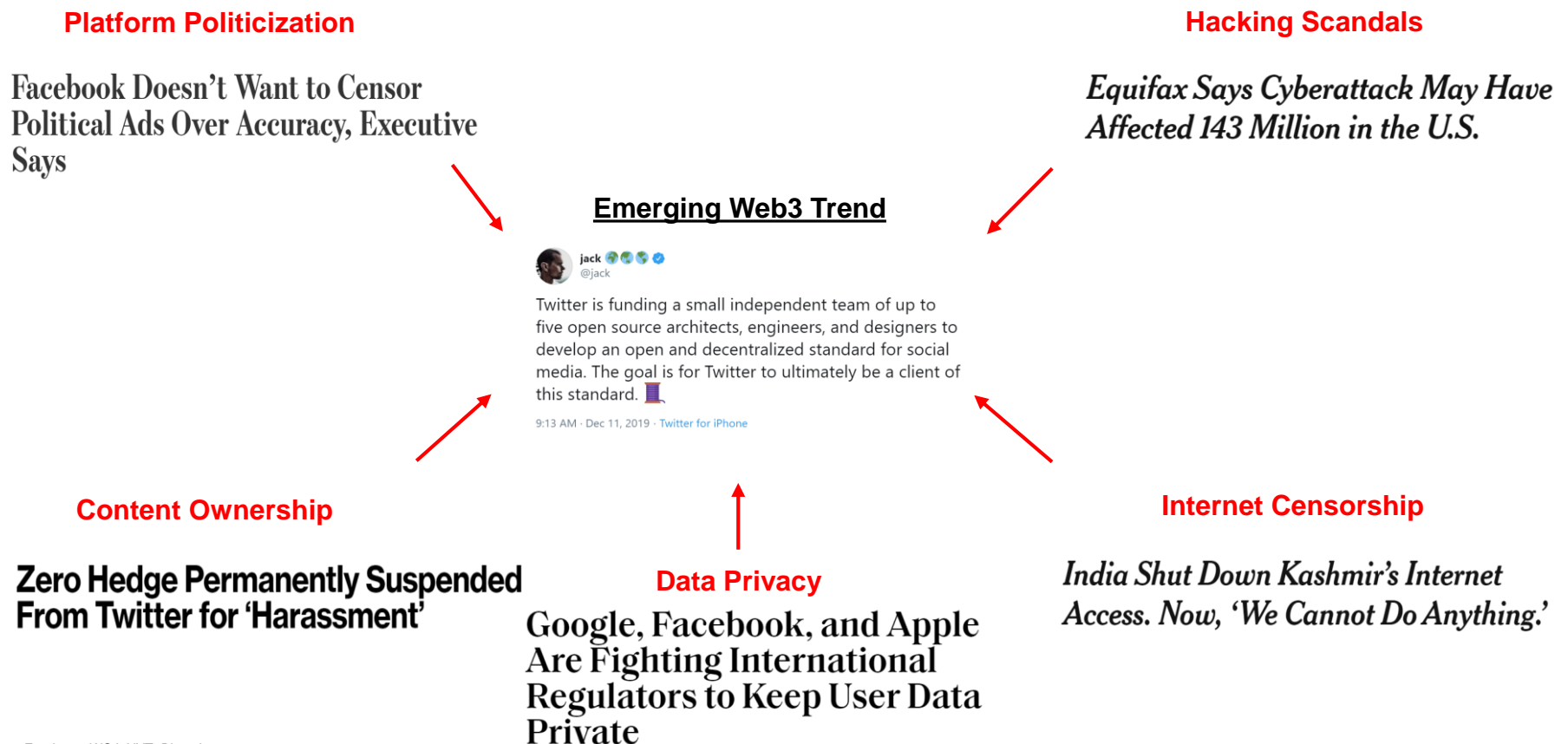
Bottom line: It’s still early days for cryptocurrency technology and there is little certainty around what the winning implementation will be. The BSV community is taking steps to position BSV as a scalable and robust platform with a focus on growing network adoption.

Internet decentralization trend aligns with BSV's Metanet vision

BSV's key development partner, nChain, proposed the Metanet as a BSV powered distributed peer internet. Leveraging BSV's dual functionalities as a scalable payment protocol and an immutable data ledger, the Metanet seeks to move the entire internet onto a single blockchain to address limitations of the internet in its current state.

Key limitations/shortcomings of the current internet protocol are driving a move towards distributed blockchain computing.

Figure: Select limitations of the current internet protocol

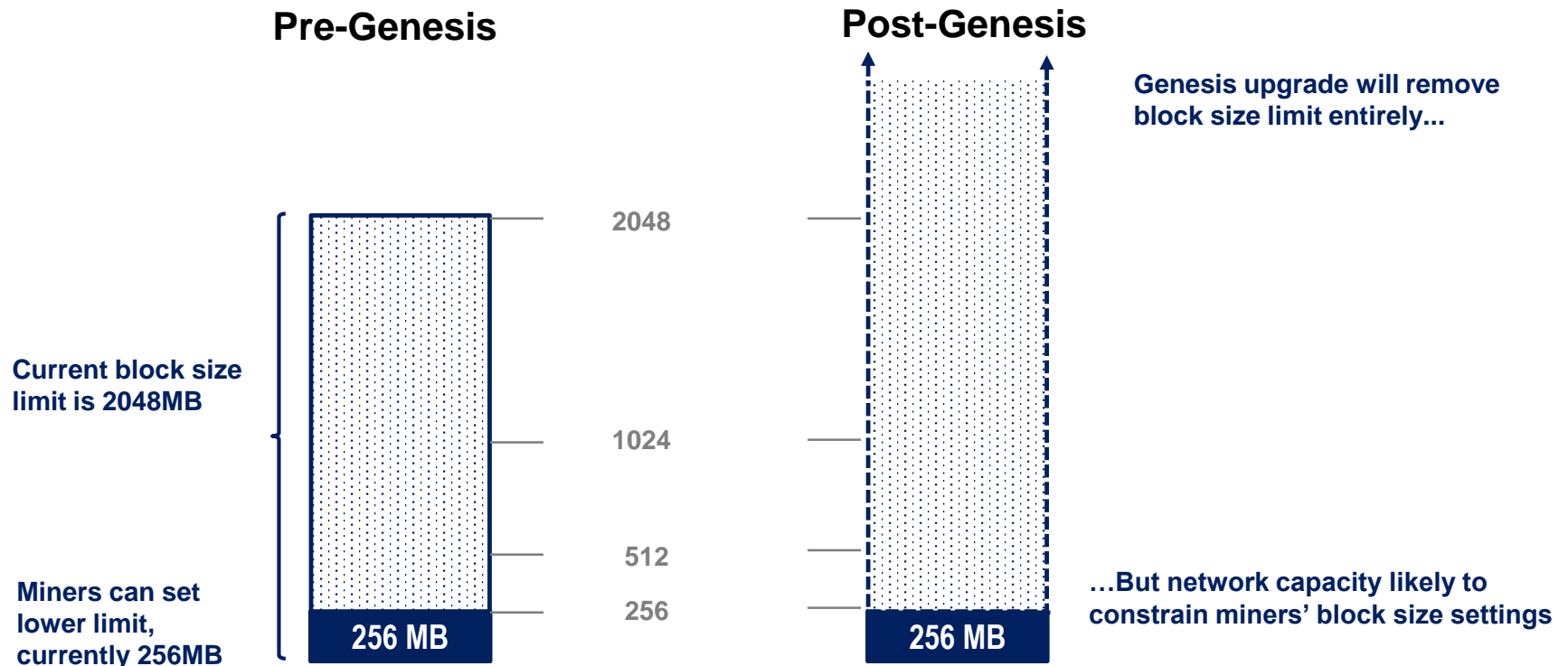


Source: Fundstrat, WSJ, NYT, Bloomberg

Genesis hard fork on February 4th, 2020 enables key Metanet functionality

The Bitcoin SV development team rolled out modifications to its protocol via the Genesis hard fork on February 4th, 2020. The BSV team views the fork as a restoration to Bitcoin's original design. Key changes include:

- 1. Eliminating BSV's default block size limit of 2GB (which is already much larger than competitors) to increase the platform's scalability.** By eliminating the default block size limit set by protocol developers, miners can institute larger block sizes to accommodate higher transaction throughput, as market forces demand.
- 2. Restoring certain functions of the Bitcoin Script language to enable more complex transactions.** Post-Genesis upgrade, BSV can more easily be used for data, token, and content delivery applications rather than just payments.
- 3. Establishing stable protocol rules.** The BSV development team has stated that, after Genesis, no major protocol rule changes will be made. This is expected to result in a predictable development environment for years to come.



Source: Fundstrat, <https://bitcoinsv.io/2019/12/20/bitcoin-sv-genesis-hard-fork-specification/>

Developers are building interesting PoC's on BSV's Metanet

Several businesses have started building on the BSV blockchain due to (i) its functionality as a cheap and efficient payment protocol and (ii) its ability to perform certain complex functions at scale that other competing blockchains currently cannot.

- **Nearly 400 projects worldwide are building on BSV and we expect to see more complex applications being built, due to the protocol's increased functionality following the Genesis fork.**

Figure: Select projects building on BSV

Internet



- **Company:** Web browser developing Maxthon6, a Bitcoin SV powered internet and blockchain browser. The browser enables BSV wallet integration enables rewards to customers for data/activity and incentivizes higher quality web content.
- **Why BSV:** BSV facilitates immutable, secure data and value transfer at scale.



- **Company:** Email service enabling private peer-to-peer communication along with embedded financial incentives.
- **Why BSV:** Opportunity to improve email privacy via encryption while improving spam filtering by adding economic incentives.



- **Company:** Online review platform powered by Bitcoin SV. Reviews posted on True Reviews have a corresponding public key and users can earn and tip others for helpful reviews.
- **Why BSV:** BSV tokenization functionality enables issuance of redeemable rewards on the blockchain to incentivize users.

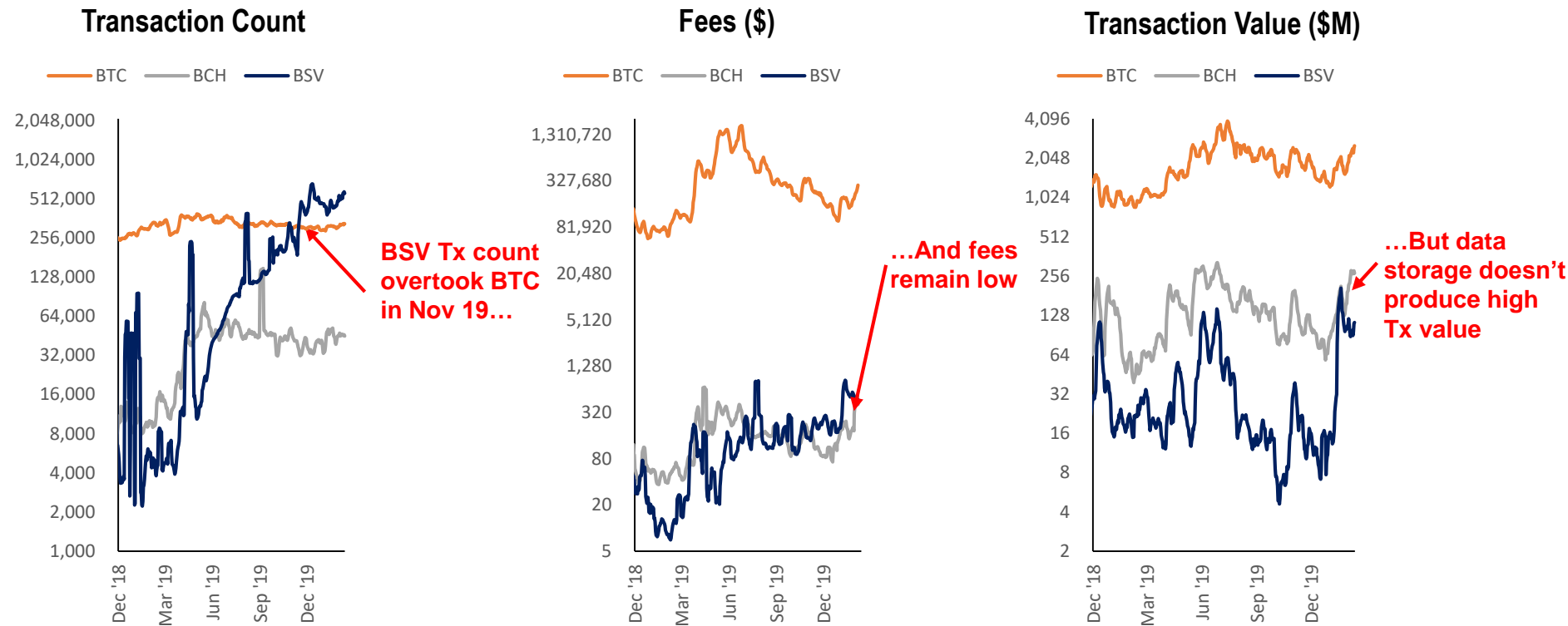
Source: CoinGeek, <https://coingeek.com/maxthon-announces-worlds-first-bitcoin-sv-bsv-powered-internet-blockchain-browser/>

BSV on-chain activity reflecting data transactions

Bitcoin SV transaction count has exceeded BCH and BTC since May 2019 and Nov 2019, respectively, due to its current use for metadata storage.

- **BSV network traffic continues to be driven primarily by applications (WeatherSV and Preev) which are storing data on the BSV chain.**
- **The combination of (i) high transaction counts and (ii) low fees highlight the feasibility of on-chain metadata storage for BSV. However, monetization of data storage efforts remains a crucial step to validating network utility for enterprise use.**

Figure: Transaction count for BTC, BCH, and BSV
Daily values, 7 day moving average, Log scale



Source: Coinmetrics

BSV price has outperformed BTC and BCH since its launch

BSV's price started significantly outperforming BTC and BCH leading up to the Feb 4th Genesis upgrade.

- Since its Nov 2018 launch, BSV is up 288% while BTC is up 85% and BCH is up 22%, as of Feb 13th, 2020

Figure: Rebased price for BTC, BCH and BSV
Since 11/15/18

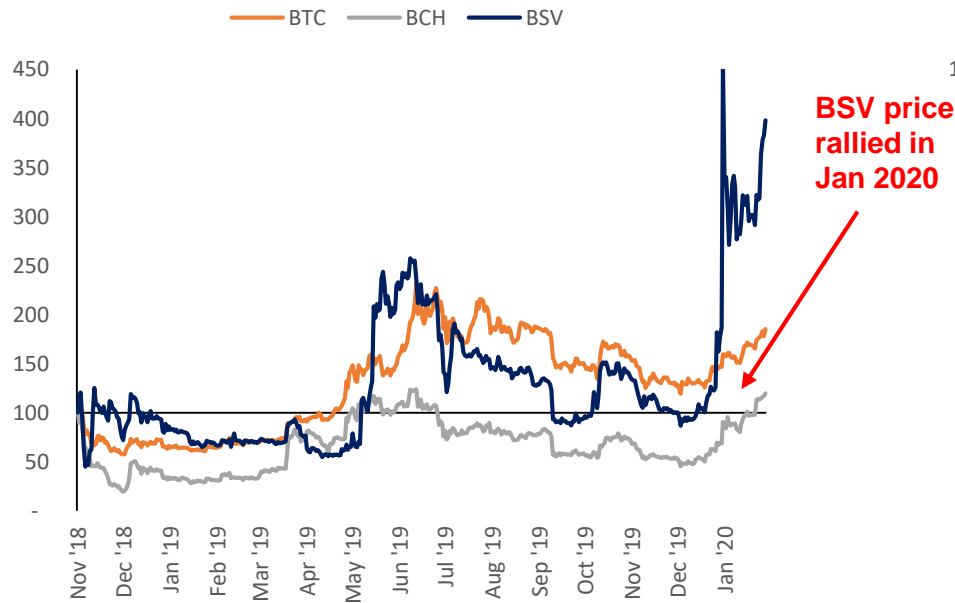
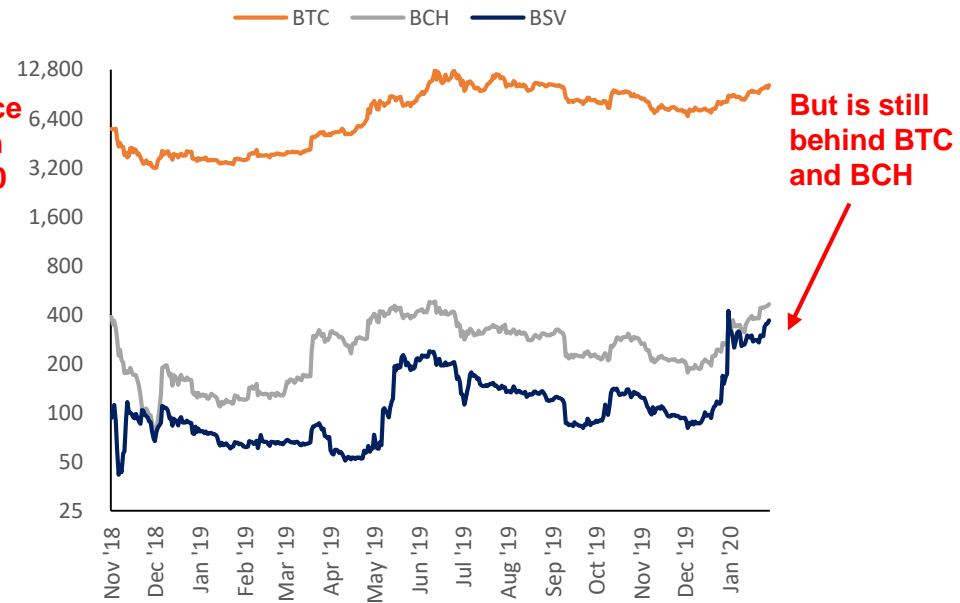


Figure: Absolute price for BTC, BCH and BSV
Log scale, since 11/15/18



Source: Fundstrat, Coinmetrics

BSV shows signs of an emerging transaction fee economy

With data transaction volume rising on BSV, top mining pools recently began experimenting with lower and alternative transaction fee models to ignite growth within the BSV ecosystem. Plans announced to date include:

- **Reducing transaction fees to support applications which generate high transaction volume. TAAL, and CoinGeek have both announced plans to reduce fees by at least 50% from default levels set in the code.**
- **Using BSV's Miner ID feature (which enables users to identify and securely transact with specific mining nodes) to establish mining reputation. TAAL is currently using this feature.**

Figure: BSV mining pools experimenting with lower and alternate fee models

TAAL implementing lower transaction fees¹

Joseph Chin, Chief Mining Officer and Corporate Secretary of TAAL explains: "TAAL is reducing these transaction fees as a short-term policy in order to support long-term growth of applications which generate high-volume transactions on the Bitcoin SV blockchain. This is another step in TAAL's leadership role to support use of the Bitcoin SV blockchain for large-scale enterprise applications. We believe that this step is needed to generate high volume transactions and more overall transaction fees in order to sustain blockchain cloud computing operations profitability in the years to come."

Lower fees per transaction now...

... could drive transaction volume and higher aggregate fees in future

TAAL begins using MinerID to drive accountability²

Starting on December 24, 2019, at block height 614551 (as reported on: <https://whatsonchain.com/block-height/614551>) TAAL started identifying blocks mined by the company's owned fleet and for blocks mined by third party customer fleets contracted under its managed service offering.

Identifying blocks mined to establish miner reputation

Source: Fundstrat, TAAL, CoinGeek

1. <https://www.globenewswire.com/news-release/2020/01/07/1967203/0/en/TAAL-lowers-Bitcoin-SV-transaction-fees-to-support-enterprise-blockchain-applications.html>

2. <https://www.globenewswire.com/news-release/2020/01/29/1976739/0/en/Taal-Using-Miner-ID-Protocol-on-Bitcoin-SV-BSV-Network-to-Support-Future-of-Bitcoin-Mining-Specialization.html>

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