DIGITAL GOLD (DGD)

Wealth-Preserving Money

White Paper

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"If you have built castles in the air, your work need not be lost; that is where they should be. Now put the foundations under them."

— Henry David Thoreau, Walden

Abstract

Persistent instability of monetary systems, marked by recurrent inflation and the erosion of purchasing power, stems from the monopolistic control governments exercise over the issuance of currency. Federal Reserve Note value has lost more than ninety-six percent of its purchasing power since 1913, and the two percent annual inflation that the Federal Reserve targets as official policy guarantees that a worker who saves faithfully throughout a forty-year career will find that half of their lifetime savings has been consumed by deliberate monetary debasement.

This paper proposes Digital Gold (DGD), a Layer-1 cryptocurrency conceived as a remedy to these defects through the discipline of competition among private currencies, as advocated by Friedrich Hayek in The Denationalisation of Money (1976). DGD integrates a hybrid proof-of-work and proof-of-stake consensus mechanism, refined by Segregated Witness for enhanced efficiency, with a Proof-of-Participation (PoP) distribution model that allocates coins equitably across 1,000 levels of network growth rather than concentrating them among early insiders or institutional whales.

DGD's valuation is determined by the Crypto Fair Value (CFV) formula, the fundamental valuation framework that operates across the Layer-1 asset class. CFV measurement of any cryptocurrency's intrinsic worth operates against the Digital Gold Standard Benchmark (DGSB), a fixed reference point derived from Bitcoin's measurable network fundamentals at the moment Bitcoin reached approximately $100,000 per coin in December 2024, when the world's most powerful financial institutions collectively valued those fundamentals at $1.983 trillion. Four metrics receive specific weights in the formula: Adoption (70%), Annual Transactions (10%), Annual Transaction Value (10%), and Active Developers (10%).

DGD's 1,000-level structure distributes coins as the network grows from 1,000 accounts to a target of 80 million, with the price advancing from $3.40 to $100,000 per coin. At every level, each participant receives an equal share and no more, with unclaimed coins returning to the Foundation's treasury. This is not a speculative instrument. It is an attempt to build a currency that satisfies the six pillars of perfect money identified by the Austrian economists: Scarcity, Stable Pricing, Free Adoption, Decentralized Governance, Freedom to Transact, and Adequate Circulation.

This paper develops two structural commitments. The first is that for a cryptocurrency to function as perfect money in the sense the Austrian tradition meant, the cryptocurrency must actually circulate as money. It must flow not merely from consumer to merchant, but from merchant to wholesaler, from wholesaler to manufacturer, from manufacturer to raw-material supplier, and from raw-material supplier to the workers and landowners whose labor and resources made the product possible. A coin that the merchant receives and immediately converts to dollars or to dollar-backed stablecoins has not become money. It has remained a payment instrument that the merchant tolerates while denominating actual obligations in the established currency. Only when a coin circulates across the entire supply chain has it become money in the operational sense the framework treats as the measure of monetary function.

The second commitment is that DGD's structural design places it outside the definition of a security under any current interpretation of the federal securities laws. The founder funded DGD's development personally and donated the completed coin to the Foundation. The protocol's rules were set at inception and cannot be changed. The development team that produced DGD does not exist as an ongoing development entity. No party earns income from DGD's ongoing operation, by design: there are no staking rewards, transaction fees are burned rather than retained, and no new coins are ever created after the initial premine. The Foundation's proceeds fund industry-wide monetary reform that benefits the entire Layer-1 cryptocurrency asset class rather than DGD specifically. Section 12 develops these commitments in detail.

DGD is designed to achieve full supply-chain circulation. The single-price architecture, enforced through cooperating-venue exclusivity agreements, eliminates the bid/ask volatility that would force any reasonable merchant to convert immediately to dollars. The Foundation's fourth participation pathway, the supply-chain onboarding pathway, rewards the patient multi-year work of penetrating real-economy supply chains link by link, with the work conducted for the benefit of the framework's admitted universe of Layer-1 coins as a whole rather than for DGD alone. The combination produces the operational conditions under which DGD can become money in commerce rather than remaining a payment instrument with monetary aspirations.

This is the structural difference between DGD and every other cryptocurrency. Every coin in the broader category has a bid/ask price that fluctuates against the dollar. A merchant accepting any such coin faces an immediate decision: hold the coin and accept the volatility, or convert immediately to dollars and avoid the volatility. The rational merchant converts. The coin does not circulate; it transacts once and then exits the system through the merchant's conversion. DGD, by eliminating bid/ask trading, eliminates the volatility that forces the conversion. A merchant accepting DGD holds DGD at a stable and predictable price, and can pay suppliers in DGD without the conversion cost. The supplier holds DGD on the same terms and can pay their own suppliers in DGD. The chain continues link by link until DGD reaches the raw-material owner, who can use DGD to satisfy obligations in their own economic context. When the chain runs in full, DGD has become money.

DGD's additional structural innovations include a decentralization architecture engineered for tens of millions of nodes (Section 7), the cooperating-venue exclusivity model that supports the single-price commitment (Section 8), the supply-chain circulation argument that distinguishes DGD from every other cryptocurrency (Section 9), and a legal structure designed from inception to fall outside the investment-contract definition under the Howey test (Section 12).

1. Introduction

Cryptocurrency markets of 2026 bear a striking resemblance to the stock market of the 1920s. Both are characterized by enormous speculative interest in a new asset class. Both are driven by narratives, emotions, and social contagion rather than by rigorous analysis of fundamentals. Both attract participants who lack the analytical tools to distinguish sound investments from speculative gambles. And both operate without a widely accepted framework for determining what the assets they trade are actually worth.

Bitcoin, heralded since its inception in 2009 as a decentralized antidote to fiat currency's failings, has demonstrated the potency of a currency free from state dominion. Its fixed supply of 21 million coins, its sixteen years of unbroken operation, and its adoption by approximately 80 million holders at the time of the December 2024 Benchmark calibration represent a genuine achievement in the history of money. Yet Bitcoin's volatility, driven by speculative pricing and institutional flows through exchange-traded funds, and its tendency toward hoarding render it less a medium of daily commerce than a store of wealth analogous to physical gold. Its base-layer throughput of approximately seven transactions per second and median fees that have at times exceeded twenty dollars during periods of network strain make it ill-suited to the swift and frequent exchanges that animate a market economy.

More critically, the entire cryptocurrency market, comprising thousands of independently designed networks, rises and falls in lockstep with Bitcoin's price. When Bitcoin rises, every altcoin tends to rise. When Bitcoin falls, the broader market tends to fall. This structural dependency exists because the market has lacked an independent method for valuing its constituent assets. In the absence of a fundamental valuation framework, Bitcoin's price has functioned as the only signal, and every other coin has functioned as a leveraged bet on Bitcoin's trajectory.

Digital Gold (DGD) is proposed to address the asset class's failures at every level. It is a Layer-1 cryptocurrency designed to satisfy the six pillars of perfect money identified through the Austrian economic tradition. Its valuation is determined not by speculative exchange but by the Crypto Fair Value (CFV) formula, a transparent, reproducible calculation that any participant can verify using publicly available data. Its distribution is governed by a Proof-of-Participation model that prevents whale accumulation and ensures every participant receives an equal share at every level of growth. Its technical architecture, a Bitcoin-derived codebase enhanced by Segregated Witness, hybrid proof-of-work and proof-of-stake consensus, dynamic block sizes, and burned transaction fees, is optimized for the commercial transactions a functioning currency must facilitate.

This paper develops the operational argument for how DGD becomes money in commerce and the fully developed legal-structure argument for why DGD is not a security. Sections 9 and 10 develop the supply-chain circulation thesis, the fourth participation pathway that rewards supply-chain onboarding, and the dimensional-lumber example that demonstrates concretely what supply-chain circulation looks like across the full sequence of links from retail point-of-sale back to raw-material

extraction. Section 12 develops the ten structural distinctions, the prong-by-prong Howey analysis, the contract-of-adhesion framing, the development-completion argument, and the engagement with the SEC's analytical lineage including the 2017 DAO Report and the 2023 Ripple decision.

This white paper presents the framework: the intellectual foundations drawn from Austrian economic theory; the Digital Gold Standard Benchmark and Crypto Fair Value formula that anchor DGD's valuation; the 1,000-level distribution mechanism that governs its issuance; the technical architecture that enables its operation as a medium of everyday exchange; the decentralization vision engineered for tens of millions of nodes; the single-price model and cooperating-venue infrastructure that distinguish DGD from every other cryptocurrency; the supply-chain circulation argument and the fourth participation pathway; and the legal structure designed to operate outside the investment-contract definition.

2. Intellectual Foundations: Austrian Economics and Perfect Money

2.1 The Austrian Tradition

The most rigorous intellectual effort to define what money is, how it originates, what makes it sound, and what corrupts it belongs to the Austrian school of economics.

Carl Menger, in his 1892 essay On the Origins of Money, demonstrated that money is not a creation of the state but emerges spontaneously from voluntary market exchange, as individuals converge on the most saleable commodities, those that are durable, divisible, portable, scarce, and universally desired. Gold and silver emerged as dominant money precisely because they possessed these qualities to a greater degree than any competing commodity.

Ludwig von Mises extended Menger's insight by demonstrating that government monopoly over money leads inevitably to debasement, inflation, and the transfer of wealth from the productive class to the financial class. His regression theorem showed that the value of money today can be traced backward through a continuous chain of voluntary acceptance to the moment the commodity was first adopted for monetary use.

Friedrich Hayek, in The Denationalisation of Money (1976), proposed that governments should be stripped of their monetary monopoly and that private institutions should be permitted to issue competing currencies. Whichever currency best served its users (maintaining purchasing power, offering ease of transaction, and commanding wide acceptance) would prevail. Currencies that depreciated, were expensive to transact, or were unreliable would be abandoned.

Existing Layer-1 cryptocurrencies are precisely the competing private currencies Hayek envisioned. DGD is designed to be the one that most fully satisfies the Austrian criteria.

2.2 The Six Pillars of Perfect Money

Synthesized from the work of Menger, Mises, and Hayek, and validated by the historical experience of American monetary systems from colonial scrip to the Federal Reserve Note, six essential attributes define perfect money.

Scarcity. Total supply must be limited by rules that are transparent, predictable, and resistant to manipulation. The Federal Reserve has expanded the United States money supply from approximately $3 billion in 1913 to more than $21 trillion, an increase of roughly 7,000 percent. Bitcoin's 21-million-coin cap, enforced by protocol and secured by the most powerful proof-of-work network in the world, demonstrates that code-enforced scarcity is possible. DGD adopts the same 21-million-coin cap, with 19 million in maximum circulating supply and 2 million held in the treasury for staking, neither of which can ever be increased.

Stable Pricing. Purchasing power of the monetary unit must remain reasonably constant over time. The Federal Reserve's two percent annual inflation target means the dollar loses half its purchasing power every thirty-five years. Bitcoin's long-term trajectory shows dramatic appreciation but with extreme short-term volatility that limits its practicality as a medium of everyday exchange. DGD's community-validated pricing, advancing incrementally across 1,000 levels tied to measurable adoption metrics, provides predictability that neither fiat nor speculatively-priced cryptocurrency offers.

Free Adoption. Perfect money must be adopted voluntarily rather than imposed by government decree. Every Layer-1 cryptocurrency satisfies this requirement, because no cryptocurrency has been imposed on anyone by force. DGD extends this principle by ensuring that its distribution mechanism is equally voluntary. Participants choose when, whether, and how much to validate at each level.

Decentralized Governance. Perfect money must be governed by rules rather than by discretion, and those rules must not be subject to alteration by any single authority. DGD achieves this through on-chain community consensus at each of its 1,000 levels, with no central authority capable of unilaterally altering the monetary policy. The rules under which DGD operates were set at inception and cannot be changed, a structural commitment Section 12 develops at depth.

Freedom to Transact. Perfect money must allow its users to transact freely, without surveillance, censorship, or permission from any intermediary. DGD integrates native support for Tor V3 Onion Network addresses, ensuring encrypted and anonymous transactions.

Adequate Circulation. Perfect money must circulate in sufficient quantity and velocity to facilitate the transactions the economy requires. This pillar is the structural commitment that Section 9 of this paper develops at length. Adequate circulation is not merely the existence of transaction volume in aggregate; it is the operational capacity of the currency to flow across the full supply chain that real

economic activity comprises. DGD's design, particularly the single-price architecture and the supply-chain onboarding pathway, is specifically calibrated to produce circulation at this depth.

3. The Digital Gold Standard Benchmark

3.1 Origin and Purpose

Every system of measurement requires a standard. The meter is defined by the distance light travels in a specified fraction of a second. The kilogram is defined by the Planck constant. These standards are not arbitrary. They are chosen because they are stable, reproducible, and grounded in observable reality. Once set, they do not change because the objects being measured change.

Cryptocurrency markets have lacked such a standard. There has been no agreed-upon framework for measuring the intrinsic value of a cryptocurrency, no reference point against which individual projects can be compared, and no common language for discussing whether a particular coin is overvalued, undervalued, or fairly priced.

The Digital Gold Standard Benchmark (DGSB) addresses this absence. It is the analytical reference against which every cryptocurrency the framework evaluates is measured.

3.2 The Benchmark Metrics

In December 2024, Bitcoin reached a market capitalization of approximately $1.983 trillion, with the price of a single coin touching $100,000 for the first time. This valuation was not the product of a Reddit forum or a Telegram group. It was the product of the most sophisticated capital allocation machinery on earth. The largest asset managers, major investment banks, and the regulated exchange-traded fund infrastructure of the United States had all participated.

DGSB captures the measurable fundamentals that these institutions collectively valued at $1.983 trillion:

- Market Capitalization Anchor: $1.983 trillion.
- Circulating Supply (Bitcoin, December 2024): 19.83 million BTC.
- Coin Price (Bitcoin, December 2024): $100,000.
- Adoption: approximately 80 million unique holders (weighted 70 percent in CFV).
- Annual Transactions: approximately 6.09 billion (weighted 10 percent in CFV).
- Annual Transaction Value: approximately $13.49 trillion (weighted 10 percent in CFV).
- Active Developers: approximately 905 unique contributors (weighted 10 percent in CFV).

3.3 The Benchmark Is Fixed and Independent

The DGSB was set once, in December 2024, and from that moment forward it became an independent standard. It is not the Bitcoin Benchmark. It does not track Bitcoin's price. It does not update. It is a snapshot frozen at a specific moment in time, and every cryptocurrency, including Bitcoin itself, is measured against it on equal terms.

If Bitcoin's fundamentals improve relative to the benchmark, its Fair Coin Price increases. If they deteriorate, its Fair Coin Price decreases. Bitcoin receives no special treatment, no exemption, and no permanent throne.

This parallels the role that gold played as the benchmark for monetary systems throughout history. Gold did not change to accommodate the currencies measured against it. The currencies were measured against gold, and their values rose or fell based on their own merits. The DGSB operates on the same principle: a fixed, objective reference point grounded in measurable reality.

4. The Crypto Fair Value (CFV) Formula

4.1 The Formula

The CFV formula translates the DGSB into a reproducible tool for estimating the intrinsic value of any Layer-1 cryptocurrency:

$$CFV = \$1.983T \times [0.70 \times (\text{Coin Adoption} / 80M) + 0.10 \times (\text{Coin AT} / 6.09B) + 0.10 \times (\text{Coin ATV} / \$13.49T) + 0.10 \times (\text{Coin Dev} / 905)]$$

Formula mechanics compare each of a coin's four fundamental metrics to the corresponding DGSB benchmark metric, applies the appropriate weight, and sums the results to produce a composite ratio. That ratio is then multiplied by the benchmark market capitalization of $1.983 trillion to produce an estimated Fair Coin Value.

4.2 The 70% Adoption Weighting and Its Status

Adoption receives 70 percent weight because the number of people who have chosen to hold a currency is, in the framework's analytical position, the single most important determinant of its value. This conviction is grounded in Menger's theory that money emerges from the voluntary choices of market participants, in the empirical observation that network effects are the most powerful value driver in digital networks, and in the practical reality that a cryptocurrency's transaction volume, transaction value, and developer activity are all downstream consequences of its adoption. Adoption is the cause; the other metrics are effects.

The seventy-percent Adoption weighting is the framework's principal analytical commitment, and it is treated as such. Critics of the framework, including thoughtful and sympathetic ones, have argued that the weighting is too high for the first decade of a Layer-1 coin's operational life and that alternative weightings would produce different and possibly more accurate Fair Coin Prices. The framework's position is that the 70 percent weighting is correct for the asset class as the framework analyzes it. The 70/10/10/10 weighting is the framework's settled commitment, and the operational record across the coming decade will provide the empirical evidence by which the analytical choice is judged.

4.3 Worked Example: DGD at Level 1,000 Under the Metric-Scaling Presumption

At Level 1,000, DGD is designed to reach 80 million accounts. The $100,000 Level 1,000 Fair Coin Price arises from the CFV formula under the explicit presumption that DGD's other three metrics scale proportionally to its adoption.

The calculation:

- Adoption ratio = 80,000,000 / 80,000,000 = 1.0 (weighted at 70 percent: 0.70)
- Transactions ratio = 6.09B / 6.09B = 1.0 (weighted at 10 percent: 0.10)
- Transaction Value ratio = $13.49T / $13.49T = 1.0 (weighted at 10 percent: 0.10)
- Developers ratio = 905 / 905 = 1.0 (weighted at 10 percent: 0.10)
- Composite Score = 0.70 + 0.10 + 0.10 + 0.10 = 1.0
- CFV = 1.0 × 1.983 trillion = approximately 1.9 trillion
- Fair Coin Price = 1.9 trillion / 19 million circulating = approximately 100,000

Therefore the $100,000 Level 1,000 Fair Coin Price is the maximum Fair Coin Price the framework produces if all four metrics scale together. Adoption alone is directly controlled by the 1,000-level distribution mechanism. The other three metrics depend on whether DGD actually becomes the medium of commercial exchange the design intends. If DGD reaches 80 million holders but only a fraction of the projected transaction volume, transaction value, or developer activity, the Composite Score at Level 1,000 will be lower than 1.0 and the Fair Coin Price will be lower than $100,000.

This conditionality is not a defect in the design. It is the honest statement of what the framework does and does not guarantee. The 1,000-level mechanism guarantees the adoption pathway through community-validated participation. The other three metrics will arise (or not) from DGD's actual use as money in commerce. The supply-chain circulation work that Section 9 develops is the operational mechanism by which the other three metrics are achieved.

The Foundation publishes the four measured metrics monthly so participants can verify the actual Composite Score and the resulting Fair Coin Price at any moment. The reproducibility commitment operates against this publication.

5. The 1,000-Level Distribution System

5.1 Design Philosophy: Fairness Over Accumulation

Cryptocurrency markets suffer from a distribution problem that the Digital Gold Standard Benchmark and CFV formula alone cannot solve. In Bitcoin's history, early miners accumulated vast quantities of coins at negligible cost, and institutional whales now control significant portions of the circulating supply through ETFs. Eleven approved spot Bitcoin ETFs collectively held more than 1.3 million BTC by late 2025, a concentration of ownership exceeding even the estimated holdings of Satoshi Nakamoto.

DGD's 1,000-level system is designed as the antithesis of this pattern. Its core principle is that at every level of growth, every participant receives an equal share of the newly available coins, and no participant can take more than their equal share. This is the fairness mechanism that prevents whale accumulation and ensures broad distribution.

5.2 Coin Supply and Allocation

DGD has a total supply of 21 million coins, structured as follows.

Nineteen million coins are designated for distribution to the community across the 1,000 levels. These are the coins that will ultimately circulate.

Two million coins are permanently locked in the treasury for staking. These coins will never enter circulation, making the maximum circulating supply 19 million.

The initial circulating supply at Level 1 is approximately 7,286,048 DGD, which includes 5 million allocated to the Foundation's operating treasury at the founder's donated value; 1 million for the founder; and approximately 1.286 million for co-founders and beta testers.

The Foundation's operating treasury allocation funds the legislative and self-regulatory mission described in Section 13. The founder's allocation reflects the personal funding the founder contributed to the development of DGD, which the founder donated to the Foundation as the completed coin. The co-founder and beta-tester allocations recognize the contributions those parties made to the development of DGD before any participant acquired the coin through the level-by-level distribution.

5.3 How the Levels Work

Operating across 1,000 levels, with three quantities increasing incrementally from level to level.

Account growth proceeds at 1.136518147 percent per level, starting at 1,000 at Level 1 and reaching 80,000,000 at Level 1,000.

Price advancement is 1.0352200547704 percent per level, starting at $3.40 at Level 1 and reaching $100,000 at Level 1,000. Starting market capitalization at Level 1 is $24,787,500. Ending market capitalization at Level 1,000 is approximately $1.9 trillion.

The new DGD issued at each level grows by approximately 0.383 percent per level, starting at 1,000 at Level 1 and reaching approximately 45,737 at Level 1,000.

The DGD-per-member-per-level allocation shows the maximum each account can receive at any given level. At Level 1, this is 1.0 DGD per member. By Level 1,000, it has decreased to approximately 0.0006 DGD per member. This declining per-member allocation is the mathematical consequence of the growing number of accounts sharing each level's issuance, and it is what creates increasing scarcity for later participants.

5.4 The Validation Process

Account holders pre-load their accounts with funds. At each level, three outcomes are possible.

Full validation. If a member's account has enough funds to cover their full per-member share at that level's price, they validate the full amount and receive their maximum allocation.

Partial validation. If a member does not have enough funds to cover the full share, they buy as many DGD as their account balance allows at that level's price. They receive a partial allocation rather than being excluded.

Constraint. Nobody can buy more than their per-member allocation at any given level. This is non-negotiable. It prevents whales from scooping up disproportionate amounts.

The The Crypto Fair Value column in the distribution table represents the maximum dollar amount each member can validate per level. At Level 1, this is $3.40. By Level 1,000, it has risen to approximately $57.17. This column grows because the price per coin rises, even as the number of coins per member shrinks, keeping the per-person cost accessible throughout the growth trajectory.

5.5 Unvalidated Coins and the Treasury

When some accounts cannot afford their full share at a level, those leftover coins are not redistributed to other members. They return to the Foundation's treasury.

After all 1,000 levels are complete, whatever remains in the treasury from these unclaimed portions stays in circulation but is owned by the Digital Gold Foundation, not by individual holders. The Foundation uses these coins to fund its industry-wide monetary-reform mission, including the legislative and advocacy programs described in Section 13 and the merchant and supply-chain onboarding work that brings real-economy commerce into the framework's admitted universe of Layer-1 coins. Section 10 develops the onboarding pathway structure that draws on this treasury.

After Level 1,000 is reached, the same level-by-level structure continues to operate at the protocol level, but there are no further coins to validate. The 21-million-coin supply has been fully accounted for through the prior levels, with the validated portion held in the QT wallets of the participants who validated and the unvalidated portion held in the Foundation's treasury.

The combination of the fixed supply ceiling and the continuous fee-burning mechanism described in Section 6.5 produces a coin count that is, from Level 1,000 onward, monotonically non-increasing. There is no inflation of coins in circulation under any condition the protocol permits. The supply curve is strictly fixed at 21 million as the upper bound, and the operational record will reflect a slowly declining circulating supply as transaction fees are burned across the network's ongoing operation.

5.6 The Wallet and Account Architecture

Participation in the 1,000-level distribution requires understanding the relationship between the DigitalGoldX web account and the participant's actual DGD wallet. These are two distinct components, and the distinction matters for the safety of the participant's coins.

DigitalGoldX web accounts serve as the participant's interface to the validation process. Through the web account, a participant pre-loads funds, validates at each level as the network reaches it, and tracks their participation history. The web account is the convenience layer through which the validation activity is conducted.

Actual DGD coins, however, do not live in the web account. They live in the participant's DGD QT wallet, which is the open-source desktop full-node application available for Windows, MacOS, and Linux. QT wallet is the participant's sovereign custody.

When a participant validates at a level, the DGD coins they receive are delivered directly to the QT wallet they have specified. The practical consequence is significant. If a participant loses access to their DigitalGoldX web account, or if the web account is compromised by any means, the participant's DGD coins are unaffected. Coins remain in the QT wallet, secured by the participant's wallet.dat file, which only the participant controls. Validated coins continue to be delivered to the QT wallet at each level even if the web account is inaccessible. The web account is the validation interface; the QT wallet is the custody.

This architecture follows the same principle that distinguishes self-custody from custodial cryptocurrency arrangements throughout the broader ecosystem. The participant's sovereignty over their coins is structural rather than contractual. The Foundation has no capacity to freeze, seize, or otherwise interfere with coins held in the participant's QT wallet, because the Foundation does not hold the wallet's private keys. Only the participant does.

Because the QT wallet's integrity depends on the wallet.dat file that contains the private keys, participants are responsible for backing up that file securely. The Foundation provides guidance on wallet backup procedures, restoration from backup, and best practices for protecting the wallet.dat file across hardware failure, computer replacement, and other contingencies. A participant who properly backs up their wallet.dat file maintains permanent access to their DGD coins regardless of what happens to any other component of the system.

5.7 The $40 Entry Point

The distribution mechanics are designed to be accessible at the lowest possible entry threshold. A participant can begin participating in DGD with as little as approximately $40 pre-loaded into their DigitalGoldX account. The mechanics follow directly from the level-by-level validation structure.

When a participant pre-loads $40 into their account, that balance is available to validate at the current and subsequent levels. At each level the network reaches, the participant's account is checked against the per-member share required at that level's price. If the balance covers the full share, the participant validates fully and receives the maximum allocation. If the balance covers only a portion of the share, the participant validates partially and receives a proportional allocation. The participant's balance is reduced by the amount validated, and the remaining balance carries forward to subsequent levels.

This continues until the participant's balance is exhausted. At the final level where some balance remains but is insufficient to cover the full share, the participant validates only the percentage of that level's share their balance still allows. After that level, no further validation occurs from the original balance. Already-validated coins remain in the participant's QT wallet permanently. Subsequent re-entry to validation at any level is possible by adding funds to their account, with subsequent validation operating on the same level-by-level mechanism applied to the new balance.

6. Technical Architecture

6.1 Layer-1 Blockchain

DGD operates as an independent Layer-1 blockchain, not built on or dependent upon Ethereum, Solana, or any other existing ecosystem. It is a Bitcoin fork derived from the most recent Bitcoin Core codebase available at the time of DGD's development, which means it inherits Bitcoin's battle-tested codebase and is compatible with much of Bitcoin's existing infrastructure of wallets, applications, and trading platforms.

A merchant accustomed to accepting Bitcoin can integrate DGD acceptance with relatively modest engineering effort. An investor versed in Bitcoin's platforms can interact with DGD without learning fundamentally new tools.

6.2 Consensus Mechanism

DGD employs a hybrid Proof-of-Work and Proof-of-Stake consensus model.

DGD's Proof-of-Work component is derived from Bitcoin's mechanism, providing the computational security that makes the network trustworthy for high-value transactions. DGD distributes computational burdens across a more granularly decentralized network of smaller computers, reducing energy consumption compared to Bitcoin's mining infrastructure.

The Proof-of-Stake component is derived from the Blackcoin model, but with a critical modification: there are no staking rewards. The model has been modified at the protocol level so that no new coins are issued through staking activity. Entire 21 million supply is premined at inception, and no inflationary issuance can occur at any point in DGD's operational life. Stakers contribute to network security through the consensus mechanism without receiving newly issued coins as compensation; their economic incentive comes from holding DGD itself, whose value the framework ties to the network's adoption and use rather than to any reward stream the protocol distributes. This design choice is also a deliberate legal-structure choice, developed at depth in Section 12: the absence of staking rewards removes the dividend-equivalent income stream that has been the principal basis for security-status findings against staking-based cryptocurrencies in the SEC's enforcement actions.

6.3 Segregated Witness

DGD integrates Segregated Witness to enhance scalability and resolve transaction malleability, enabling more transactions per block and streamlining data handling for faster confirmations.

6.4 Block Parameters and the Single Pre-Specified Flexibility

Block size: starts at 2 MB with the ability to increase dynamically in response to network demand, ensuring high throughput without bottlenecks. This dynamic block-size mechanism is the single pre-specified flexibility in the protocol's parameter set. It was established at inception as part of the rules that govern DGD's operation, and the adjustment occurs automatically in response to network demand under the rules as set rather than through any party's discretionary decision. Every other parameter of the protocol is fixed and cannot be adjusted by any party.

Block time: 64 seconds, compared to Bitcoin's approximately 10 minutes. This dramatically accelerates transaction confirmations while maintaining security.

Transaction fee: 0.00001 DGD per transaction, a negligible cost making exchange economical for all participants, from daily consumer purchases to large-scale supply chain settlements.

6.5 Fee Burning and Deflationary Pressure

Transaction fees are not redistributed to miners or stakers. They are systematically burned at the protocol level, permanently removing them from circulation and incrementally reducing the total supply over time. Combined with the absence of staking rewards established in Section 6.2, fee burning is the sole supply-side mechanism the protocol operates after the 21-million-coin premine.

A slight deflation in the circulating coin count results as transaction volume accumulates across the network's operational life. This stands in deliberate contrast to fiat currency, where monetary expansion is continuous, and to other cryptocurrencies, where staking issuance and validator rewards produce ongoing supply expansion.

DGD's supply curve is monotonically non-increasing by protocol design, and no party, including the Foundation, has the technical capacity to alter this property.

The fee-burning design is also a deliberate legal-structure choice. Because transaction fees are burned rather than retained, no party earns income from DGD's ongoing transaction activity. The Foundation does not collect fees from DGD transactions. Miners and stakers do not collect fees.

The protocol does not produce any party an income stream from the network's operation. This removes the characterizations of money-transmitter or trading-system operator that would otherwise apply if fees were retained by any party, and it removes any framing under which participants could be characterized as funding a fee-earning enterprise. Section 12 develops the implications of this design choice for DGD's posture under the federal securities laws.

6.6 Privacy

DGD integrates native support for Tor V3 Onion Network addresses, ensuring that communications within the network are encrypted and opaque to external scrutiny.

This anonymity, analogous to the untraceable nature of physical cash, aligns with the Austrian principle that transactions should be a private matter between parties, free from the surveillance that state-controlled systems impose.

6.7 Self-Sovereignty and Censorship Resistance

DGD's source code is freely available. Users may download it to operate full nodes, participating directly in the validation and maintenance of the network's ledger without reliance on intermediaries. The decentralized and permissionless architecture operates across global boundaries, accessible to all who engage its protocols. No central authority can interdict the flow of value.

7. Decentralization at Scale: The Tens-of-Millions-of-Nodes Vision

7.1 The Decentralization Question

Decentralization is the property that distinguishes a cryptocurrency from a centrally administered digital asset. A network secured by a small number of validators is, structurally, closer to a centralized payment system than to the censorship-resistant alternative cryptocurrency was designed to provide. The number of independent validators determines the network's resistance to coercion, censorship, and capture by any single authority or coalition.

Bitcoin, the gold standard of decentralization in the current cryptocurrency landscape, operates with approximately 20,000 reachable full nodes globally, supplemented by a larger but uncertain number of non-reachable nodes. Other major Layer-1 coins operate with substantially smaller node counts. The aggregate node infrastructure across the entire admitted universe of cryptocurrencies, by any reasonable measurement, totals well under 100,000 active validators worldwide.

This is not enough. A network whose validation depends on tens of thousands of nodes is more decentralized than a network that depends on a handful of corporate validators, but it remains structurally vulnerable to coordinated pressure on its node operators by sufficiently determined adversaries. Cryptocurrency aspiration, taken seriously, is for a network so distributed that no plausible adversary could compromise enough nodes to threaten the network's operation.

7.2 The DGD Decentralization Target

DGD is engineered from inception for a different scale of decentralization. The design target is tens of millions of nodes, approximately three orders of magnitude beyond Bitcoin's current node count and well beyond what any cryptocurrency has previously attempted.

The architectural choices that make this scale possible are deliberate. The sixty-four-second block time is short enough to support frequent commercial transactions but long enough to permit lightweight nodes operating on consumer hardware to validate the chain in real time. The two-megabyte block size, with dynamic adjustment, is large enough to accommodate the transaction volume a global medium of exchange requires but small enough to keep storage and bandwidth requirements within reach of consumer-grade infrastructure. The Bitcoin-derived codebase carries the operational maturity and tooling to support node deployment at scale. Tor V3 integration permits nodes to operate in jurisdictions where direct internet connectivity might be restricted or surveilled.

The result, if the deployment trajectory matches the design intent, is a network in which every account-holder can also operate a node. At the Level 1,000 target of 80 million accounts, even a 25 percent node-operation rate would produce 20 million nodes, more than 1,000 times the current Bitcoin node count. A 50 percent rate would produce 40 million nodes. Nothing in the cryptocurrency landscape today approaches this scale of decentralization.

7.3 Why This Matters

Massive node distribution provides three categories of structural protection that smaller networks cannot match.

First is censorship resistance. A network with 20 million independent nodes operating in jurisdictions across the globe presents an attack surface no plausible adversary, including the most capable state actors, could effectively coerce. The number of independent compliance points required to compromise the network exceeds the operational capacity of any centralized enforcement apparatus.

Second is consensus durability. A network with millions of nodes can sustain a level of node attrition (through hardware failure, voluntary exit, or targeted disruption) that would render smaller networks inoperable. Redundancy of this kind is not merely theoretical. It is a structural property that scales with the node count.

Third is verification accessibility. When millions of nodes operate independently, any participant can verify the network's state without reliance on intermediaries. The single-point-of-trust dependency that even Bitcoin nominally has, where users of light clients depend on the operators of full nodes for verification, is dissolved when full-node operation is itself broadly distributed.

Combined, these three properties produce a category of decentralization that cryptocurrency has aspired to since its inception but has not previously achieved. DGD's design treats this as the target rather than as an aspiration to be deferred.

8. The Single-Price Architecture

8.1 No Bid/Ask: The Structural Innovation

This is the single most important distinction between DGD and every other cryptocurrency in the market. DGD has no bid/ask price anywhere in the cooperating-venue universe. It does not trade on speculative order books. There is no exchange-determined price discovery for DGD as there is for Bitcoin, Ethereum, or any other cryptocurrency.

Instead, DGD has a single published price at any moment in time, set through one of two mechanisms.

During the 1,000-level distribution period, the price is set through the Validation process at DigitalGoldX. Community participants pay the level price as the network reaches each level, validating that price by their voluntary participation. Once a level's price is validated through participation, the Digital Gold Explorer publishes that price as the authoritative current price.

After Level 1,000 is reached, the price is set through the monthly CFV recalculation. The Foundation measures DGD's four metrics (adoption, annual transactions, annual transaction value, and active developers) using the audited data infrastructure described in Section 13. The CFV formula is applied to those measurements. The resulting Fair Coin Price is published to the Digital Gold Explorer on the first of each month.

In both cases, the Explorer is the single authoritative source of DGD's current price. Every venue that displays DGD (the DigitalGoldX P2P platform, integrated mobile wallets, decentralized exchanges, centralized exchanges) pulls that price via smart contract integration with the Explorer and displays it uniformly.

8.2 The Cooperating-Venue Network and Contractual Exclusivity

Single-price architecture requires venues to display the Explorer price uniformly and to refrain from offering bid/ask trading at any other price. This requirement is enforced through a deliberate institutional design: venues that list DGD do so through paid integration agreements with the Foundation, and those agreements include exclusivity clauses that contractually prohibit the venue from offering DGD trading at any price other than the Explorer-published price.

Integration fees are paid to the cooperating venues by the Foundation, which is the standard commercial relationship under which any cryptocurrency obtains exchange listings.

The Foundation's payment includes consideration for the exclusivity commitment. A venue that accepts the Foundation's payment and signs the integration agreement is contractually obligated to display only the Explorer price and to facilitate DGD transactions only at that price. A venue that subsequently violates the exclusivity clause by introducing bid/ask trading would be in breach of contract, with the standard commercial remedies available.

As of the date of this paper, dozens of centralized exchanges, decentralized exchanges, and mobile wallets have agreed in principle to the integration model. Ongoing institutional work is to expand this cooperating-venue universe through additional integration agreements, ensuring that DGD's single-price availability extends across the venues that participants actually use.

This enforcement model is structurally analogous to how stablecoin issuers maintain integrity: through commercial agreements with venues, audit relationships, and the institutional reputation that depends on consistent execution.

Mechanically, the structure is not novel commercially. What is novel is its application to a Layer-1 coin whose price is determined by a fundamentals-based formula rather than by a fiat-backing redemption commitment.

8.3 The Dollar Comparison Properly Stated

DGD's single-price model is sometimes compared to how the United States dollar maintains its denomination. The comparison is informative if stated precisely. Within the United States, a dollar is a dollar. When a depositor sends $100 to a bank, the bank credits the depositor's account with $100, not with $99.50 because some other party would prefer to bid less.

The dollar's denomination within the United States is fixed by federal law, by the Federal Reserve's monetary authority, and by the institutional infrastructure that enforces the legal tender doctrine. What fluctuates is the dollar's exchange rate against other currencies (the EUR/USD rate, the JPY/USD rate, and so on) and its purchasing power against goods over time.

DGD's denomination operates similarly within the cooperating-venue universe. When a participant sends DGD to an integrated wallet, the wallet credits the participant with the DGD amount transferred, displayed at the Explorer-published price. There is no bid/ask spread that would reduce the displayed value. The denomination of DGD against the dollar is the Explorer-published price, and that price changes only when the validated level advances or when the monthly CFV recalculation produces a new value.

The comparison is not perfect. The dollar's denomination is enforced by sovereign authority. DGD's denomination is enforced by commercial contract within the cooperating-venue universe. These are different enforcement mechanisms, and the strength of each depends on the integrity of the institutions involved. The Foundation's ongoing work is to maintain the integrity of the cooperating-venue network through commercial agreements that hold across the institutional, regulatory, and competitive pressures the cryptocurrency industry generates.

8.4 The DigitalGoldX P2P Platform

DigitalGoldX serves as the primary platform for DGD participation. It hosts the validation interface where community members pay the level price during the 1,000-level distribution period. It hosts the peer-to-peer trading platform where participants who hold DGD can sell their coins to other participants who want to acquire them, with all transactions occurring at the Explorer-published price and the platform providing escrow services for protection against fraud.

It hosts the marketplace where goods and services may be exchanged for DGD and other Layer-1 Coins, which is expected to launch in Q3 of 2026.

P2P trading is the principal venue through which DGD changes hands between holders and acquirers. A participant who wishes to sell DGD posts the offer at the current Explorer price. A participant who wishes to acquire DGD identifies a willing seller and completes the transaction through the platform's escrow service for a nominal flat fee. The Foundation does not act as counterparty. The Foundation's infrastructure enables willing parties to transact at the published price of the Explorer, based on the achieved level validated by the community that uses DGD.

Platform payment options include standard methods stablecoins (USDC and USDT), and select altcoins identified as undervalued by the CFV formula. This range of payment options ensures broad accessibility for participants regardless of their existing digital-asset infrastructure.

9. Supply-Chain Circulation: The Operational Test of Monetary Function

9.1 What This Section Argues

DGD's design satisfies the six pillars of perfect money, but the satisfaction of the six pillars is necessary rather than sufficient. The sufficient condition for DGD to be perfect money is that DGD actually function as money in commerce, which requires DGD to circulate across the full supply chain that real economic activity comprises.

A cryptocurrency that the consumer uses to buy lumber at a retail building-supply store has satisfied the consumer-to-merchant transaction. But the retailer who receives the cryptocurrency immediately faces the question of what to do with it. Each retailer owes money to the wholesale lumber distributor who supplied the inventory. Each retailer owes money to the employees who work the sales floor. Each retailer owes money to the landlord who owns the retail space. Each retailer owes money to the utility companies that provide power and heat to the store. If the retailer cannot pay any of these counterparties in the cryptocurrency the consumer used, the retailer will convert the cryptocurrency to dollars or to dollar-backed stablecoins to settle the obligations the retailer actually has. The cryptocurrency has transacted once, then exited the system through the conversion.

This is not monetary function. This is the cryptocurrency operating as a payment instrument that the merchant tolerates as a customer-acquisition feature, while the merchant's economic life continues to be denominated in the established currency. The structural test for whether a cryptocurrency has become money is whether it can flow from the consumer through the merchant to the wholesaler, from the wholesaler to the manufacturer, from the manufacturer to the raw-material supplier, and from the raw-material supplier to the workers and landowners whose labor and resources made the product possible. When the chain runs in full, the cryptocurrency has circulated. When the chain runs in full across enough sectors and geographies that the cryptocurrency's holders can transact with the cryptocurrency for the full range of economic activity their lives comprise, the cryptocurrency has become money.

DGD is designed to achieve this circulation. No other cryptocurrency currently in the market is designed for this. The structural reasons are the subject of the remainder of this section.

9.2 Why No Other Cryptocurrency Can Circulate at This Depth

Every cryptocurrency in the market other than DGD has bid/ask trading. The price of the cryptocurrency in dollars changes minute-by-minute across the trading venues that constitute the cryptocurrency's market. A retailer who accepts Bitcoin for a lumber sale receives Bitcoin at one

price, and a few minutes later may find that the same quantity of Bitcoin is worth meaningfully more or meaningfully less. This price volatility creates an operational problem the retailer must solve.

Wholesalers invoice the retailer in dollars. Employees are paid in dollars. Landlords receive rent in dollars. Tax obligations are computed in dollars. Accounting systems track revenue and expenses in dollars. Every operational dimension of the retailer's business is denominated in dollars. A retailer who accepts a cryptocurrency at one dollar value and then experiences the cryptocurrency's value moving against the obligations the retailer owes faces a real loss the retailer must absorb.

Rational response to this exposure is immediate conversion. Cryptocurrencies received from consumers go straight into the retailer's payment processor, which within seconds converts the cryptocurrency to dollars or to a dollar-backed stablecoin. The retailer is paid in dollars and never holds the cryptocurrency at risk. The cryptocurrency has been used for the consumer-to-merchant transaction, but the retailer has not received the cryptocurrency for purposes of subsequent payment to the wholesaler. The retailer has received dollars. The cryptocurrency has not circulated; it has been converted at the first opportunity.

This is the universal pattern across cryptocurrency payment processing today. BitPay, Coinbase Commerce, Strike, Lightning Spark, and the other principal cryptocurrency payment processors all operate on the same business model: the merchant accepts the cryptocurrency from the consumer, the processor converts the cryptocurrency to dollars or a dollar-backed stablecoin instantly, and the merchant receives dollar settlement. The cryptocurrency has transited the merchant but has not been received as money. It has been received as a one-step conversion mechanism that the consumer uses for whatever reason (preference, geography, regulatory context) but that the merchant immediately exits.

The universality of this pattern is what the rational response to bid/ask volatility produces. A merchant who holds a volatile asset between receipt and settlement to the wholesaler is exposed to a price movement that can eliminate the margin the sale produced. Merchants who convert immediately are not exposed to the movement. Market discipline produces immediate conversion across essentially the entire merchant population that accepts cryptocurrency at all.

What this means structurally is that no cryptocurrency with bid/ask trading can become money in the supply-chain sense. This kind of volatility is not a feature that adjusts as the cryptocurrency matures; it is a structural property of the bid/ask market mechanism, and it operates against the merchant's willingness to hold the cryptocurrency for the time required to pay the wholesaler. As long as the cryptocurrency has bid/ask trading, the merchant will convert at the first opportunity, and the chain that constitutes monetary function will not run.

DGD's single-price architecture eliminates this structural barrier. A merchant who accepts DGD knows that the DGD's value will not move adversely while the merchant holds it for the time required to pay the wholesaler. Price is what the Explorer publishes.

Price changes occur only at the level transitions during the 1,000-level distribution, or at the monthly recalculation after Level 1,000, in both cases with the timing and direction publicly knowable in advance. Merchants can hold DGD for the time required to pay the wholesaler without the conversion the bid/ask volatility would force. Wholesaler payment can occur in DGD. The chain can begin to operate.

This is the structural difference that makes DGD's monetary function operationally possible and that makes every other cryptocurrency's monetary function operationally impossible until the cryptocurrency adopts a comparable single-price architecture. DGD is, as of the publication date of this paper, the only Layer-1 cryptocurrency that has done so.

9.3 The Dimensional-Lumber Example

Structural arguments are best understood through a concrete example. Consider the supply chain for dimensional lumber, the standard construction material used in residential and light-commercial building.

A homeowner walks into a retail building-supply store to buy framing lumber for a home-improvement project. The homeowner pays in DGD at the Explorer-published price. The DGD goes into the retailer's DGD wallet at that price. So far, this is the consumer-to-merchant transaction that every cryptocurrency payment processor could handle.

The retailer's next supply order arrives from the wholesale lumber distributor, who invoices the retailer for $50,000 in inventory. Because DGD has no bid/ask volatility, the retailer can hold the DGD received from the homeowner (and from many other homeowners over the prior weeks) and pay the wholesaler in DGD. The wholesaler accepts payment in DGD because the wholesaler operates within the cooperating-venue universe in which DGD is recognized as money at the Explorer-published price. No conversion to dollars occurs. The DGD has flowed from the retailer to the wholesaler.

The wholesaler's obligations to the lumber mill follow. The mill cuts dimensional lumber from raw logs and sells the finished inventory to the wholesaler. The wholesaler pays the mill in DGD. The mill receives DGD at the Explorer-published price and recognizes the payment as the settlement of the wholesaler's obligation.

The mill has obligations to the raw-lumber company that delivered the logs the mill processes. The raw-lumber company operates the logging equipment, employs the choke setters who hook the felled logs to the rigging, employs the helicopter team that lifts logs from steep terrain where ground-based extraction is impractical, employs the truckers who haul the logs from the harvest site to the mill, and pays the landowner who sold the standing timber that produced the logs in the first place. The mill pays the raw-lumber company in DGD.

The raw-lumber company pays its choke setters in DGD. It pays its helicopter team in DGD. It pays its truckers in DGD. It pays the landowner who sold the standing timber in DGD.

The landowner who sold the timber uses some of the DGD to pay property taxes (which requires the property-tax authority to be a DGD-accepting participant), some to make personal purchases at retailers who accept DGD (which begins new cycles at other retail points), some to acquire additional standing timber from a different landowner (which begins a new cycle in the timber supply chain), and some to save for future use.

When the chain runs in full, DGD has flowed from the homeowner who walked into the retail store all the way to the landowner who sold the standing timber, and then to the workers and counterparties the landowner pays from those proceeds. DGD has not been converted to dollars at any point in the chain. The DGD that the homeowner spent has done the full work of money: it has settled the retailer's obligation, the wholesaler's obligation, the mill's obligation, the raw-lumber company's obligation, the workers' wages, and the landowner's tax and personal obligations.

This is what monetary function looks like in operational terms. It is not a single transaction. It is the chain of transactions that real economic activity comprises, with the currency flowing across every link without conversion to the established currency.

Dimensional-lumber is one of many such chains. Every sector of the real economy has a comparable structure. Agricultural products move from the consumer through the grocery retailer, the wholesale distributor, the food processor, the farmer, the seed and fertilizer suppliers, and the agricultural workers. Construction services move from the homeowner through the general contractor, the trade subcontractors, the building-material suppliers, the manufacturers, and the workers across each tier. Hospitality and food service moves from the diner through the restaurant, the food and beverage distributors, the producers, and the workers across the chain. Every sector has a supply chain that the currency must traverse for the currency to function as money in that sector.

9.4 The Decade Horizon

Producing supply-chain circulation across the full range of sectors that real economic activity comprises is not a year's work. It is a decade's work, and probably longer for the most complex supply chains.

Each link in each chain has to be persuaded that DGD is operationally viable for the link's specific commercial context. The retailer has to understand that DGD will be accepted by the wholesaler. The wholesaler has to understand that DGD will be accepted by the manufacturer. The manufacturer has to understand that DGD will be accepted by the raw-material supplier. The raw-material supplier has to understand that DGD will be accepted by the workers and the landowners. Each link's acceptance depends on the subsequent links having accepted DGD.

The first link cannot rationally accept DGD until the chain has been built behind it, and the chain cannot be built behind the first link until the first link has demonstrated that DGD acceptance is operationally feasible.

This is the bootstrapping problem that every new currency faces. The Foundation's strategy for addressing it is the supply-chain onboarding pathway introduced in Section 10, with the operational work concentrated geographically (so that a regional cluster of supply-chain participants achieves operational completeness within a defined geography before the work expands) and sectorally (so that specific industries with simpler supply chains achieve circulation first, with more complex industries following).

Dimensional-lumber as an example is operationally tractable because the supply chain is geographically concentrated (timber comes from a defined geographic region, the mill is regional, the wholesale distribution is regional, the retail outlets are regional). A regional cluster comprising the timber landowners, the logging operations, the regional mills, the regional wholesalers, and the regional retail outlets can achieve operational completeness within a defined geographic area without requiring the entire national economy to convert to DGD acceptance. Other sectors with regional concentration (agricultural products, construction services, regional manufacturing) can achieve operational completeness on similar geographic foundations.

National and international supply chains will follow once the regional foundations are operationally proven. A national or international supply chain depends on the regional supply chains at its inputs and outputs being operationally complete in DGD; until they are, the national or international chain cannot escape conversion at the regional boundaries. The Foundation's institutional work is to build the regional foundations first, accept the multi-year work the regional buildouts require, and let the national and international chains follow as the regional foundations mature.

The decade-horizon estimate is honest. Building money is not a quarter's work. The Federal Reserve was chartered in 1913 and required a generation of institutional development before it operated as the monetary authority the United States economy could depend on. Bretton Woods required decades of operational development before it functioned and several additional decades before it failed. European Monetary Union was conceived in the 1970s, the euro was launched in 1999, and the system has been operating under successive institutional adjustments for the quarter-century since. DGD is undertaking the work that comparable monetary systems have always required, with the timeline appropriate to the scale of the undertaking.

What distinguishes DGD's undertaking from those of fiat monetary systems is that DGD's institutional development does not depend on sovereign authority. The Foundation has no army, no central bank, no statutory authority to compel acceptance of DGD as money. The work involved is the patient persuasion of voluntary participants link by link, supply chain by supply chain, region by region. The decade horizon is the realistic estimate of how long that voluntary work requires.

9.5 The Four-Metric Implication

Supply-chain circulation arguments have direct implications for the four-metric measurement the CFV formula applies. Three of the four metrics directly reflect supply-chain circulation:

Annual Transactions rises as DGD changes hands across supply-chain links. A single retail sale produces one transaction at the consumer-to-merchant layer. The same sale, with full supply-chain circulation, produces additional transactions as the DGD flows from retailer to wholesaler, from wholesaler to manufacturer, from manufacturer to raw-material supplier, and from raw-material supplier to workers and landowners. A retail sale that produces one transaction without supply-chain circulation produces six or more transactions with supply-chain circulation. The transaction count grows with the depth of circulation, not merely with the rate of retail sales.

Annual Transaction Value rises with the dollar amount moving across each link. The original retail sale represents a certain dollar value. The wholesaler's payment to the manufacturer represents a different dollar value (typically larger in absolute terms because it covers many retail sales' worth of inventory). The manufacturer's payment to the raw-material supplier represents another dollar value. Each link contributes additional transaction value, and the cumulative transaction value across the full chain substantially exceeds the original retail sale's value. The transaction value metric grows with the depth of circulation in the same way the transaction count metric does.

Adoption rises with the number of participants who hold and use DGD. A retailer accepting DGD becomes a DGD holder. The wholesaler accepting DGD becomes a DGD holder. The manufacturer accepting DGD becomes a DGD holder. The raw-material supplier accepting DGD becomes a DGD holder. The workers and the landowners accepting DGD become DGD holders. Each supply-chain link contributes new holders, and the cumulative adoption across the supply chains contributes to the broader holder count.

Only the fourth metric, Active Developers, does not respond directly to supply-chain circulation. Developer activity responds to other dimensions of the network's institutional health: the depth of the open-source contributor community, the operational maturity of the protocol's tooling, the integration with payment infrastructure, the standards and APIs that third-party developers can build against. Supply-chain circulation creates the commercial conditions under which developer activity scales, but the developer metric is not driven mechanically by supply-chain depth in the way the other three metrics are.

The implications for the framework's CFV calculation are direct. As DGD's supply-chain circulation deepens across sectors and geographies, the Adoption, Annual Transactions, and Annual Transaction Value metrics rise. The Composite Score rises. The Crypto Fair Value rises. The Fair Coin Price from the monthly recalculation is higher than it would be without the circulation. DGD's price growth, beyond Level 1,000, is therefore driven principally by the supply-chain work that the Foundation and its participants conduct.

This supply-chain work is not philanthropy. It is the operational mechanism by which DGD's value appreciates after the 1,000-level distribution is complete.

9.6 Why DGD Can Do This and Other Cryptocurrencies Cannot

The structural conclusion of this section is that DGD can achieve supply-chain circulation because DGD's single-price architecture eliminates the volatility that forces merchants to convert other cryptocurrencies to dollars at the first opportunity. Every other cryptocurrency currently in the market has bid/ask trading, has the volatility that bid/ask trading produces, and faces the conversion pattern that the volatility forces.

Other cryptocurrencies could, in principle, adopt comparable single-price architectures. Doing so would require each cryptocurrency to negotiate cooperating-venue exclusivity agreements with the venues that currently provide bid/ask trading for that cryptocurrency, which would in turn require each cryptocurrency's foundation or governance to have the institutional capacity to negotiate and enforce such agreements at scale. The technical capacity exists for any of the twelve tracked coins to adopt a single-price model. The institutional capacity, the willingness of the venues to surrender bid/ask trading revenue, and the governance authority to make the institutional decision do not exist for any of them as of the publication date of this paper.

DGD's design committed to the single-price architecture at inception, before any participant acquired the coin, before any venue listed it, before any commercial relationship was established. The Foundation's commercial agreements with cooperating venues were negotiated against the structural commitment that bid/ask trading would be prohibited. The venues that signed the agreements signed them knowing that the exclusivity clauses were the price of integration. The institutional architecture supports the single-price commitment because the institutional architecture was built around the commitment from the beginning.

This is the structural reason DGD is the first cryptocurrency that can be money in the supply-chain sense, and the structural reason other cryptocurrencies cannot do this in their current form. The single-price architecture is the prerequisite. Without it, the conversion pattern that forces merchants to exit at the first opportunity operates universally. With it, the conversion pattern can be broken, and the chain that constitutes monetary function can begin to run.

10. Participation Pathways: Validation, Referrals, Promotion, and Supply-Chain Onboarding

10.1 The Four Pathways

Four participation pathways operate through which DGD is acquired. The first three are operationally established. The fourth is the structural commitment this paper introduces, and is the operational mechanism by which the supply-chain circulation argued in Section 9 is realized.

Validation. Participants who pre-load funds into DigitalGoldX accounts validate at each level the network reaches, acquiring DGD at the level price up to the per-member allocation the level produces. Validation is the principal mechanism through which the 1,000-level distribution operates, and it is the pathway available to participants regardless of their capacity to engage with the other three pathways.

Referrals. Participants who refer other participants who subsequently validate at any level earn DGD recognition for the introduction. The specific referral structure (the recognition amount per referral, the timing of distribution, and the eligibility conditions) is announced through the Foundation's communications channels, primarily the @DigitalGoldTalk account on X (formerly Twitter), and is operated through the DigitalGoldX account interface. The referral pathway rewards the work of bringing new participants into the validation pathway.

Promotional participation. Participants who post DGD-related content publicly, including educational explanations, technical analyses, commentary on the framework, or other contributions to the public conversation about DGD, may earn DGD recognition through programs the Foundation operates. Like the referral program, the specific structure of promotional participation is announced through the Foundation's communications channels. The promotional pathway rewards the work of public discourse that grows the broader awareness of DGD.

Supply-chain onboarding. Participants who onboard merchants and supply-chain partners into the framework's admitted universe of Layer-1 coin acceptance earn recognition for the operational work the onboarding requires. The merchants and supply-chain partners brought into acceptance are not required to accept DGD exclusively; they are brought into acceptance of qualifying Layer-1 coins under the CFV framework's admittance criteria, of which DGD is one. This pathway is the structural mechanism by which the supply-chain circulation Section 9 argued is realized for the asset class as a whole, with DGD's own circulation benefiting from the broader merchant-acceptance infrastructure on the same terms as every other qualifying coin.

10.2 The Supply-Chain Onboarding Pathway in Operational Detail

Operationally, the supply-chain onboarding pathway operates across three structural commitments.

Trigger structure. A participant earns recognition when a merchant or supply-chain partner the participant has onboarded completes specific operational milestones. The initial sign-up of a merchant produces smaller recognition. A merchant's first transactions in any qualifying Layer-1 coin with a supply-chain partner produce larger recognition.

The cascading onboarding of additional supply-chain partners (the wholesaler the merchant pays in a qualifying coin, the manufacturer the wholesaler pays in a qualifying coin, the raw-material supplier the manufacturer pays in a qualifying coin) produces additional recognition at each link.

The cascading structure is what aligns the participant's incentives with the multi-year work that supply-chain penetration actually requires. A participant who onboards a retailer and then walks away has earned the initial sign-up recognition. A participant who onboards the retailer and then helps the retailer bring the retailer's wholesaler into Layer-1 coin acceptance earns the additional cascading recognition. A participant who continues through the chain to the manufacturer, the raw-material supplier, and the workers at each tier earns recognition at each successive link.

Attribution structure. Supply-chain penetration is often the work of multiple participants over time. Participants who onboard a retailer are rarely the same parties who onboard the wholesaler. The attribution mechanism recognizes each participant's specific contribution. The Foundation's documentation infrastructure tracks which participant onboarded which supply-chain link and apportions the recognition accordingly.

When a chain is completed across multiple participants, each participant receives the recognition associated with the links the participant contributed. The aggregate recognition across all participants who contributed to a completed chain produces a meaningful collective reward, with the apportionment reflecting each participant's specific operational contribution.

Sizing structure. The Foundation draws on the unvalidated-coin treasury that accumulates from the 1,000-level distribution under Section 5.5, plus whatever Foundation-controlled reserves the institutional architecture maintains, to fund the onboarding recognition. The recognition is paid in DGD because DGD is the asset the Foundation holds in treasury, but the underlying work the recognition rewards is the expansion of Layer-1 acceptance across the merchant and supply-chain population, not the expansion of DGD-specific acceptance. A merchant onboarded into accepting the framework's qualifying coins becomes a participant in the broader asset-class infrastructure, with each qualifying coin benefiting from the merchant's acceptance on the terms each coin's own architecture supports.

The specific recognition amounts at each onboarding milestone are announced through the Foundation's communications channels, in the same manner as the referral and promotional recognition amounts. The structural principle is that the recognition scales with the operational complexity of the work each link in the supply chain represents: a small retailer producing perhaps a few thousand dollars per month in qualifying-coin transactions earns less recognition than a wholesaler producing perhaps a few hundred thousand dollars per month, which earns less recognition than a manufacturer producing perhaps a few million dollars per month, and so on through the chain to the raw-material suppliers and the landowners.

10.3 What the Pathway Enables

Supply-chain onboarding is the operational mechanism by which Section 9's circulation argument is realized for the asset class as a whole. The pathway aligns the participants' incentives with the work that monetary function for qualifying Layer-1 coins requires. Each participant who completes onboarding work raises the four-metric measurements that drive the CFV calculation for every

qualifying coin, including DGD, and the participants benefit from the appreciation their work has produced through both the recognition they directly earn and the appreciation of any DGD they already hold.

This is the structural argument that connects the supply-chain work to DGD's price trajectory and to the broader asset class's value appreciation. As supply-chain circulation deepens, Annual Transactions rise, Annual Transaction Value rises, and Adoption rises for every Layer-1 coin participating in the cooperating-venue universe. The Composite Score rises for each. The Crypto Fair Value rises for each. The Fair Coin Price the monthly recalculation produces is higher than it would have been without the work.

The Foundation's institutional commitment is to operate the supply-chain onboarding pathway across the decade horizon that supply-chain penetration requires. The funds for the pathway come from the unvalidated-coin treasury and the broader Foundation reserves.

The work continues as long as the supply-chain penetration is incomplete and as long as the Foundation has the reserves to support continued operational activity. The decade horizon is the honest characterization of what the work requires; the pathway is the mechanism by which the work is funded and rewarded across that horizon.

11. Post-Level-1,000 Purchasing Power Preservation

11.1 The Post-Level-1,000 Period

Once DGD completes Level 1,000 and reaches the design target of 80 million accounts at $100,000 per coin, the 1,000-level distribution is finished. No more coins enter circulation from the Foundation's treasury through the validation process. A maximum of 19 million DGD is in circulation, minus whatever has been burned through transaction fees and whatever remains in the Foundation's treasury from unvalidated coins across the 1,000 levels.

But the United States dollar, in which DGD's price is denominated, will continue to depreciate. The Federal Reserve targets two percent annual inflation as official policy, which means the dollar loses half its purchasing power every thirty-five years. If DGD's price remained frozen at $100,000 indefinitely, its real purchasing power would erode at the same rate as the dollar's, defeating the entire purpose of a wealth-preserving currency.

Beyond Level 1,000, DGD's price is therefore updated on the first day of each month based on the full Crypto Fair Value calculation applied to DGD's actual, measurable network metrics as of the end of the previous month.

11.2 The Monthly CFV Recalculation

Formula remains the same:

> *CFV = $1.983T × [0.70 × (DGD Adoption / 80M) + 0.10 × (DGD AT / 6.09B) + 0.10 × (DGD ATV / $13.49T) + 0.10 × (DGD Dev / 905)]*

The resulting fair market capitalization is then divided by the actual number of DGD coins in circulation (which will be 19 million minus cumulative burned fees and any Foundation-held treasury coins) to produce the updated per-coin Fair Coin Price.

If DGD's adoption grows beyond 80 million, or its transaction volume increases as the supply-chain circulation deepens, or its transaction value expands as the chain runs to deeper sectors and geographies, or its developer ecosystem strengthens, the CFV will produce a higher Fair Coin Price, and DGD's published price will increase accordingly. Price stability is not frozen. It continues to reflect the network's growing fundamentals, priced against the fixed DGSB benchmark that never changes.

Conversely, if DGD's metrics deteriorate, the CFV will produce a lower Fair Coin Price, and DGD's published price will decline accordingly. The framework does not guarantee price appreciation. It guarantees that the published price will reflect the measured fundamentals against the fixed Benchmark, with the fundamentals determining the direction.

11.3 How This Protects Purchasing Power

Consider the mechanics. If DGD's network continues to grow after Level 1,000 (if adoption expands beyond 80 million users as supply-chain circulation brings new merchants, suppliers, and workers into the DGD-using population; if transaction volume and value increase as the chain runs to deeper sectors and geographies; if the developer ecosystem matures), then each monthly CFV recalculation will produce a composite score greater than 1.0, and the Fair Coin Price will exceed $100,000. Divided by the circulating supply (which is shrinking due to fee burning), the per-coin price rises.

This rise is not speculative. It is the mathematical result of a transparent formula applied to verifiable metrics. It reflects the genuine growth of the network's economic significance, denominated in dollars that are themselves depreciating.

The effect is that DGD's purchasing power is preserved, and likely enhanced, even as the dollar's purchasing power erodes.

Fee-burning provides a secondary layer of protection. As DGD is used more heavily for commerce, more fees are burned, reducing the circulating supply. A rising numerator (fair market capitalization from growing fundamentals) divided by a declining denominator (shrinking circulating supply from burned fees) produces accelerating per-coin price growth, a virtuous cycle that rewards the network's success.

The framework does not, however, claim immunity from adverse outcomes. If DGD's network fails to grow, if adoption stalls, if transaction volume disappoints, if the developer community contracts, the monthly CFV recalculation will produce a lower Fair Coin Price. Protection mechanics work only when the underlying fundamentals support it. This is the honest characterization of what the framework does and does not guarantee.

11.4 The Monthly Update Cycle

The practical operation is straightforward. At the end of each month, DGD's four CFV metrics are measured and verified using on-chain data, third-party analytics providers, and the audited data infrastructure maintained by the Digital Gold Foundation. The Foundation's publication includes the source data underlying each metric so that any third party can reproduce the calculation independently.

On the first of the following month, the full CFV formula is applied. The resulting Fair Coin Price is divided by the current circulating supply of DGD. Each new per-coin price is published to the Digital Gold Explorer. Immediately, every DEX, CEX, and mobile wallet that lists DGD pulls the updated price from the Explorer oracle through the smart contract integration. The new prices are reflected across all platforms simultaneously, the same way a currency exchange rate update propagates across global markets.

There is no trading window between the old price and the new one. There is no arbitrage opportunity between platforms displaying different prices. Prices change once per month, based on real data, published by an oracle, and reflected uniformly across the cooperating-venue universe.

11.5 Coin Inflation: Impossible by Design

No new DGD coins are ever created after the initial premine of 21 million. The monthly price adjustment beyond Level 1,000 is a revaluation, not an issuance event. No coins are minted. No supply is expanded. The 19 million maximum circulating supply can only shrink (through fee burning), never grow. The Proof-of-Stake mechanism secures the network without producing any staking rewards, because the model has been modified at the protocol level so that no new coins are issued through staking activity. The transaction fee of 0.00001 DGD per transaction is systematically burned.

There is no mechanism, protocol-level or otherwise, by which the supply of DGD can increase. This is absolute, code-enforced scarcity, with slight ongoing deflation produced by the continuous burning of transaction fees.

12. Legal Structure and Securities Analysis

12.1 Why This Section Exists

Any cryptocurrency project that distributes coins to a community of participants must address the question of whether its distribution constitutes an offering of securities under the federal securities laws. Such questions are not optional, and the most defensible posture is to engage it explicitly in the project's foundational documents rather than to leave it implicit.

This section presents the Foundation's reasoning that DGD's arrangement does not constitute an investment contract under the Howey test, that the Foundation is not an issuer of securities, and that the participants are not investors in an enterprise. The section develops ten structural distinctions that place DGD outside the definition, applies the Howey test prong by prong, situates DGD's position within the case-law evolution that has clarified the test's application to cryptocurrency, integrates the analysis with the March 17, 2026 SEC and CFTC Joint Interpretive Release, and engages with the SEC's analytical lineage including the 2017 DAO Report and the 2023 Ripple decision.

This section is not legal advice. It states the Foundation's analysis of the legal structure as the Foundation has designed it. Participants who have specific legal questions about their own circumstances should consult their own counsel.

12.2 The Howey Test and Its Origin

In 1946, the Supreme Court of the United States articulated the Howey test in SEC v. W. J. Howey Co., 328 U.S. 293 (1946). Case origin was a Florida arrangement in which the W. J. Howey Company sold tracts of citrus grove land to investors who simultaneously entered into service contracts with an affiliated corporation that would cultivate, harvest, and market the citrus crop on the investors' behalf. Investors in that arrangement were predominantly out-of-state purchasers with no agricultural expertise and no operational involvement in the citrus cultivation. Supreme Court held that the arrangement constituted an investment contract subject to the Securities Act of 1933's registration requirements and articulated the four-part test that has subsequently been the standard framework for evaluating arrangements for investment-contract status.

Howey asks whether an arrangement involves: first, an investment of money; second, in a common enterprise; third, with a reasonable expectation of profits; fourth, derived from the efforts of others. All four prongs must be satisfied for an arrangement to qualify as an investment contract. If any single prong fails, the arrangement is not an investment contract.

Howey's facts establish the prototype the federal securities laws were enacted to address: a promoter solicits capital from passive investors; the capital funds an enterprise the promoter operates on the investors' behalf; the investors have no operational role; the investors' returns depend on the promoter's ongoing managerial efforts.

12.3 The Ten Structural Distinctions That Place DGD Outside the Securities Definition

The Foundation's position rests on ten distinctions that together place DGD outside the definition of a security. The ten distinctions are independent grounds on which the position rests, with the aggregate position operating as the Foundation's commitment that DGD is not a security under any current interpretation of the federal securities laws.

First, DGD was self-funded by the founder rather than through pooled investor capital. The founder bore the development cost personally across the years that preceded the distribution. Participants did not fund the development. There is no management team creating value from pooled investor capital because there is no pooled investor capital. The condition the Howey test was articulated to address, in which investors fund an enterprise that the promoter then operates on the investors' behalf, is absent from DGD's arrangement.

Second, the coins were donated to the Foundation. The Foundation has full discretion over the donated coins, including the right to sell them at the level-by-level prices the protocol's rules establish. The Foundation's posture in the distribution is that of a donee distributing donated property under the protocol's rules rather than that of an issuer offering its own newly-created instruments to participants.

Third, there is no centralized governance because the rules were set at inception. The validation rules, the value-per-level progression, the participation pathways, and the operational specifications were set before any participant signed up. There is no governance because there are no decisions being made that the protocol's operation would require. Participants freely choose to join the network or not, under rules they have been able to inspect before deciding.

Fourth, there are no staking rewards. DGD protocol does not pay yield to participants who hold the coin. DGD does not distribute earnings from any pool to the participants. DGD produces no pecuniary distribution to the holders that could be characterized as dividends. The absence of staking rewards removes one of the principal patterns that has produced security-status determinations against cryptocurrencies in the SEC's enforcement actions.

This design choice is structurally significant: SEC enforcement against various Proof-of-Stake cryptocurrencies has consistently cited staking yield as the income stream that satisfies Howey's expectation-of-profits prong. DGD's protocol-level prohibition on staking rewards removes that income stream entirely.

Fifth, there was no initial coin offering. The Foundation did not conduct a coin sale to fund development. The Foundation did not solicit investments from participants for the purpose of building an enterprise. The distribution operates through the level-by-level mechanism through which the Foundation distributes the donated coin to the participants who validate at each level. The absence of an initial coin offering removes the most common basis for security-status determinations against cryptocurrencies in the SEC's enforcement actions of the post-2017 period.

Sixth, the protocol's framing is wealth preservation rather than profit expectation. DGD's design is calibrated to track the Digital Gold Standard Benchmark's adoption metrics so that DGD's purchasing power tracks the cryptocurrency landscape's aggregate development. This framing is the framing of money rather than the framing of an investment. Participants' acquisitions are operationally analogous to acquisitions of gold, established commodities, or established stores of value rather than to investments in enterprises that the participants expect to operate on their behalf for the production of pecuniary returns.

Seventh, participants validate their own coin at fixed levels rather than pooling funds with strangers. Each participant's validation payment is separately exchanged for a specific quantity of DGD at the price the protocol's rules establish for the level. The participants are not pooling their payments. Each participant's acquisition is separate from the other participants' acquisitions. This separation removes the horizontal-commonality basis that has been the principal interpretation of the second prong's common-enterprise requirement in the federal circuits that have applied the horizontal-commonality interpretation.

Eighth, Foundation proceeds fund industry-wide monetary reform rather than DGD-specific value creation. The dollars participants pay during the 1,000-level validation do not fund DGD's development, because DGD's development was completed and donated before the distribution began. They do not fund DGD's protocol maintenance, because the protocol's rules were fixed at inception and cannot be changed. They do not fund any activity directed at producing returns for DGD validators in particular. They fund the Foundation's legislative, advocacy, and regulatory agenda, which advances exchange-transparency requirements, audit and disclosure standards, payment-rail access, and self-regulatory infrastructure for the entire Layer-1 cryptocurrency asset class.

The Foundation conducts direct lobbying and policy advocacy in support of legislators who advance nationwide, industry-wide legislation affecting all cryptocurrency. Such legislation includes model statutes that establish exchange transparency through Merkle-tree verification, prohibitions on wash trading, mandatory third-party auditing of reported transaction counts and values, and access for all qualifying Layer-1 coins to the payment-rail infrastructure currently operated for fiat-denominated credit and debit card transactions by the established card networks. This advocacy is conducted directly by the Foundation in compliance with applicable federal and state lobbying-disclosure requirements.

The model legislation the Foundation advances applies to every qualifying coin under the framework's criteria. The exchange-transparency requirements apply to every coin traded on the affected venues. The payment-rail access provisions benefit every Layer-1 coin satisfying the framework's criteria. Bitcoin holders, Ethereum holders, and the holders of every other qualifying coin receive the same downstream benefit from this work that DGD holders receive. There is no enterprise being operated for the benefit of DGD validators specifically, because the Foundation's mission is the monetary-reform agenda generally rather than the appreciation of any individual coin.

Ninth, DGD has no secondary-market price discovery that could be characterized as a trading market for the security. The Foundation's single-price architecture, enforced through the cooperating-venue exclusivity agreements described in Section 8, eliminates the bid/ask trading that would constitute a secondary market in the conventional sense. A participant who wishes to sell DGD does so through the DigitalGoldX P2P platform at the Explorer-published price, which is set by the validation process or the monthly CFV recalculation rather than by trading dynamics. There is no order book on which DGD trades. There is no bid/ask spread that produces a market-determined price. The published price is the formula's output, available uniformly across the cooperating venues, with the P2P platform providing escrow services for transfers between willing parties at that price. The structural absence of a secondary trading market addresses the regulatory concern that has arisen in enforcement actions where subsequent exchange trading of an initially-distributed token was characterized as creating an ongoing securities market.

Tenth, DGD imposes no transfer restrictions, lockup periods, vesting schedules, or accreditation requirements on participants. Validated coins are delivered to the participant's QT wallet upon validation and are immediately transferable at the participant's discretion. There are no holding periods. There are no resale restrictions. There are no accreditation requirements limiting participation to qualified investors. The absence of these restrictions reflects the Foundation's structural position that DGD is not a security being distributed under any registration exemption, but a digital commodity being distributed under the protocol's level-by-level rules to any participant who chooses to validate.

12.4 Participant Assent and the Absence of Governance

Each participant who acquires DGD does so by validating at a published level price under terms that have been fixed since the protocol's inception. The terms are not subject to negotiation. The terms are not subject to vote. The terms are not subject to alteration by the Foundation, by the founder, by any developer, or by any coalition of participants.

A participant who chooses to validate is, by the act of validation, assenting to the terms as published. A participant who declines to assent declines to validate; there is no third option in which the participant validates but the terms apply differently to that participant or are altered for that participant's benefit.

This structure is operationally a contract of adhesion in the classical sense: the terms are presented, the participant accepts them by acquisition or rejects them by non-acquisition, and there is no governance mechanism through which the accepted terms can be altered after acquisition. Each participant's acquisition is explicit assent to the protocol's rules as they exist at the moment of acquisition, with the understanding that those rules will not change.

The absence of governance is therefore not a structural deficiency. It is the explicit basis on which each participant acquires. A participant who expects ongoing development of new features, ongoing managerial decisions by a project team, or ongoing alteration of the protocol's rules in response to changing circumstances would, by the act of validation, be acquiring on terms that exclude such expectations. The Howey test's "expectation of profits derived from the efforts of others" prong cannot be satisfied where the participant's acquisition is explicitly on terms that exclude ongoing efforts as the basis of the acquisition.

12.5 The Completion of Development and the Distinction from Ongoing Maintenance

DGD's development was completed before the distribution began, at the founder's personal expense, and the completed coin was donated to the Foundation. The development team that produced DGD does not exist as an ongoing development entity paid by participant proceeds. There is no roadmap of features being built. There is no product backlog being executed. There is no team meeting to decide what DGD becomes next. DGD is what DGD is, as the rules at inception specified it, and the work that produced it is finished.

The design choices that produced DGD were themselves deliberate answers to the Howey factors. The hard fork from the latest available Bitcoin Core codebase combined with Segregated Witness integration delivered a battle-tested protocol inheriting the most extensively reviewed cryptocurrency code in existence, eliminating the need for novel base-protocol development. The hybrid Proof-of-Work and Proof-of-Stake consensus with no staking rewards eliminated the dividend-equivalent income stream that has been the principal basis for security-status findings against staking cryptocurrencies. The transaction fee of 0.00001 DGD paired with systematic fee burning eliminated the success-fee and transaction-fee revenue streams that would otherwise characterize the protocol as a money transmitter or a trading system, and eliminated any party's economic stake in DGD's ongoing transaction activity.

The fee burning combined with the absence of staking rewards eliminated all inflationary issuance, ensuring that no new coins are ever created after the initial premine. The combined effect of these design choices is that no party earns income from DGD's ongoing operation, by design. The Foundation earns from the validation distribution of donated coins. Nobody earns from staking. Nobody earns from transaction fees. Nobody earns from coin issuance because there is no coin issuance after the premine. There is no income stream from the protocol's operation that any party could be characterized as building or maintaining.

Two narrow categories of ongoing software activity must be acknowledged to maintain accuracy. First, security patches are required of any software system to preserve it against externally-discovered vulnerabilities. Such patches are ministerial maintenance of the completed protocol rather than development of new value. The protocol as specified at inception is preserved, not extended, when security patches are applied. Where security-relevant patches are released by upstream Bitcoin Core, DGD's node network may incorporate them under the same ministerial-maintenance framing; the Foundation does not push such changes, and adoption is conducted by the decentralized node network through the standard hard-fork or soft-fork mechanism. Federal courts and regulatory analyses have consistently distinguished ministerial maintenance from the essential managerial efforts that Howey's fourth prong addresses; security patching falls within the ministerial category.

Second, the protocol's dynamic block-size mechanism, established at inception under Section 6.4, is the single pre-specified flexibility in the protocol's parameter set. It permits block size to adjust automatically in response to network demand under the rules as set at inception, not through any party's discretionary decision. Every other parameter of the protocol is fixed. If circumstances were to arise in which the dynamic block-size mechanism proved inadequate and a parameter change became necessary, such a change would be conducted through the standard hard-fork mechanism by the decentralized network of nodes, on the same basis any Layer-1 cryptocurrency's hard forks are conducted. The Foundation does not possess the authority to compel such a change. The decentralized node network would have to adopt it, or it would not occur.

Beyond these two narrow categories, no further work is contemplated or planned. The participant acquiring DGD is not paying a team to build something of value for the participant's benefit. The participant is acquiring portions of a completed coin at protocol-set prices, on terms that exclude any expectation of future development. This is the structural condition that places DGD's distribution outside the investment-contract definition: there is no enterprise being built with participant capital, because the enterprise is complete and the capital is not used to build it.

12.6 Prong-by-Prong Analysis Under the Howey Test

The ten structural distinctions, the participant-assent framing, and the completion-of-development argument together produce specific failures across the four prongs of the Howey test.

The first prong, an investment of money, has historically been read broadly. But the breadth has begun to encounter substantive limits, particularly in distributions where the participant's payment does not fund an enterprise the promoter will subsequently operate. DGD's validation mechanism falls within the area where those limits apply. The protocol was funded at the founder's personal expense before the distribution began. Each participant's payment acquires a specific quantity of an already-completed asset at a price the protocol's rules set in advance.

The proceeds the Foundation receives are not used to fund the protocol's operation; they fund the Foundation's industry-wide monetary-reform mission, which does not contribute to any return the participants might expect from the protocol's operation.

The second prong, a common enterprise, is not satisfied under either the horizontal-commonality interpretation or the vertical-commonality interpretation that the federal circuits have applied. Horizontal commonality requires the pooling of investor funds; DGD's validation payments are not pooled. Vertical commonality requires that the participants' fortunes be tied to the promoter's efforts; the Foundation's efforts do not produce returns the participants might expect from the protocol's operation, because the Foundation's mission is distinct from the protocol's operation and the protocol operates autonomously through the decentralized network of nodes.

The third prong, an expectation of profits, is substantially weakened in DGD's case by the wealth-preservation framing the protocol's design produces. The Supreme Court's decision in United Housing Foundation, Inc. v. Forman (1975) established that the third prong requires a profit motive that dominates the participant's acquisition rather than a consumptive or use motive. DGD's framing is wealth preservation, with participants' acquisitions operationally analogous to acquisitions of money or stores of value rather than investments. The expectation is the expectation of preserved purchasing power rather than of investment returns.

The fourth prong, profits derived from the efforts of others, is the prong on which DGD's position is most clearly satisfied. The fixed-rules-at-inception architecture, combined with the Foundation's posture as a distributor rather than an issuer and the completion of development before distribution, produces the condition under which there are no efforts of others on which the participants might depend. DGD's rules were set at inception. Development was completed before the distribution began. The Foundation does not exercise managerial discretion over the protocol's operation. The decentralized community of nodes operates the protocol autonomously. The two narrow maintenance categories described in Section 12.5 (security patches and dynamic block-size adjustment) are ministerial rather than managerial, and would be adopted by the decentralized node network rather than directed by any central party. There is no central party whose ongoing managerial efforts the participants might rely on, because no ongoing managerial efforts are being conducted at any level of the protocol's operation.

12.7 The March 2026 SEC and CFTC Joint Interpretive Release

Most significant regulatory development for DGD's legal foundation is the SEC and CFTC Joint Interpretive Release No. 33-11412 issued on March 17, 2026. The Joint Interpretive Release is the most comprehensive statement to date by the federal regulatory agencies on the application of the federal securities laws to cryptocurrency. Its achievement is the articulation of a five-part taxonomy for cryptocurrency assets: digital commodities, digital collectibles, digital tools, payment stablecoins under the GENIUS Act, and digital securities.

The first four categories are explicitly identified as not being securities under the federal securities laws. Only digital securities, which the Release defines narrowly as tokenized versions of conventional financial instruments such as stocks or bonds, are identified as being subject to the federal securities laws on the cryptocurrency-asset basis.

Release definition of digital commodities is directly applicable to DGD's design. The Release defines a digital commodity as "a crypto asset intrinsically linked to and deriving its value from the programmatic operation of a functional crypto system, as well as supply and demand dynamics, rather than from expectations of profit." DGD satisfies the definition at the most fundamental level. DGD's value is intrinsically linked to and derives from the programmatic operation of the DGD protocol that the decentralized network of nodes operates. DGD's value derives from supply and demand dynamics, with the supply being fixed by the protocol's twenty-one-million-coin limit. DGD's value does not derive from expectations of profit because the protocol's framing is wealth preservation rather than profit expectation.

The Release's articulation of the fourth-prong standard is the standard DGD's design satisfies. The Release states that "representations or promises that generate reliance under Howey must be explicit and unambiguous as to the essential managerial efforts that the project team intends to undertake." DGD's design includes no such representations or promises. The Foundation's representations do not include essential managerial efforts. The Foundation's promises do not include ongoing efforts that any party will conduct that the protocol's operation depends on. The Release's standard is the standard DGD satisfies because the protocol's rules were set at inception, the development was completed before the distribution began, and the Foundation's posture is that of a distributor rather than an issuer.

12.8 The Atkins Safe Harbor and DGD's Alignment

Alongside the March 17, 2026 Joint Interpretive Release, SEC Chairman Paul Atkins announced a proposed regulatory framework that would provide tailored exemptions and a safe harbor for cryptocurrency offerings. The framework, named Regulation Crypto Assets, builds on the interpretive release issued the same day and on Commissioner Hester Peirce's prior Token Safe Harbor proposal.

The framework's provisions contemplate a startup exemption providing a time-limited registration exemption of up to four years for early-stage projects raising up to five million dollars, a fundraising exemption removing the registration requirement for small-scale token sales under specified limits, and an investment contract safe harbor for issuers clarifying conditions under which tokens are not considered securities.

DGD's design satisfies the principles articulated in the framework without requiring operational reliance on the framework's safe harbors. The founder's self-funding eliminates the condition that the startup exemption is articulated to address. DGD did not raise capital from the participants for development purposes and did not conduct a coin sale under any arrangement that the fundraising

exemption would address. DGD's design is the condition that the investment contract safe harbor would establish for issuers who have completed their essential managerial efforts: the protocol's rules were set at inception, the development was completed before the distribution began, and the Foundation's posture is that of a distributor rather than an issuer.

12.9 Engagement with the SEC's Analytical Lineage

Two analytical sources have been particularly significant in the SEC's and the federal courts' application of Howey to cryptocurrency. Brief engagement with each situates DGD within the analytical lineage these sources have established.

The 2017 DAO Report. The SEC's Report of Investigation Pursuant to Section 21(a) of the Securities Exchange Act of 1934: The DAO (Release No. 81207, July 25, 2017) was the SEC's first comprehensive statement on the application of the federal securities laws to a cryptocurrency offering. The Report concluded that DAO tokens were investment contracts because investors purchased DAO tokens with the expectation of profits derived from the managerial efforts of Slock.it and its co-founders, who would identify and propose investment projects for The DAO to fund. DGD's structure does not match the DAO's facts on any of the load-bearing elements of the SEC's analysis. There is no pooled investor capital funding ongoing development by a known team, because DGD's development was completed at the founder's personal expense before the distribution began. There are no governance tokens, because DGD has no governance mechanism through which any party can direct protocol changes. There are no profit distributions, because DGD produces no income stream to any party from its ongoing operation. The DAO Report's analysis identifies the elements DGD's design specifically excludes.

The 2023 Ripple Decision. In SEC v. Ripple Labs, Inc. (S.D.N.Y. 2023), the court drew a distinction between Ripple's institutional sales of XRP, which the court found constituted unregistered securities offerings, and Ripple's programmatic sales of XRP on digital asset exchanges to anonymous buyers, which the court found did not satisfy Howey's expectation-of-profits prong because the anonymous exchange buyers could not have relied on representations Ripple made to institutional purchasers. DGD's distribution does not fit either category in the Ripple analysis. It is not institutional negotiated sales, because there are no institutional purchasers; participation is open to any participant who chooses to validate, with the same protocol-set prices and per-member allocations applying to all participants regardless of size. It is not anonymous exchange purchases, because the validation process operates through identified DigitalGoldX accounts rather than through anonymous exchange order books.

DGD's distribution is individual validation at protocol-set prices under published rules, conducted through the participant's own assent to the terms as established. This structure is distinct from both categories the Ripple decision addressed, and the Foundation's analysis is that it satisfies the non-security analysis on grounds the Ripple court did not need to reach.

12.10 The Foundation's Posture as Distributor, Not Issuer

Foundation posture in the distribution of DGD is analogous to the posture of an estate executor distributing donated property to beneficiaries who validate their participation through specific mechanisms.

The Foundation did not create DGD. DGD was created by the founding team at the founder's personal expense, with millions of dollars and many years of effort spent on the technical development before any participant acquired the coin. The founder donated the completed coin to the Foundation. The Foundation is the custodian of the donation. The Foundation distributes the donation as participants validate at each level. The Foundation does not, at any point, raise capital from participants for the purpose of building DGD. There is nothing left to build. Work was completed and donated before the distribution began.

This sequencing is important for the Howey analysis. Howey was developed to address arrangements in which investors fund an enterprise that the promoter then operates for the investors' benefit. DGD's distribution does not fit this template. Participants do not fund DGD. DGD was funded at the founder's personal expense before any participant existed. Participants acquire portions of an already-completed asset at prices the community itself validates through the level-by-level mechanism. The Foundation operates as the conduit for the distribution. The participants serve as the validators of the distribution. There is no party in the structure that operates DGD for the participants' benefit, because the protocol operates autonomously and the rules under which it operates were set at inception.

The Foundation's subsequent funds, derived from the coin sales the level-by-level distribution produces, are not used to operate DGD. They are used to fund the Foundation's legislative, advocacy, self-regulatory, and supply-chain onboarding mission, which is the subject of Section 13 and is conducted for the benefit of the Layer-1 cryptocurrency asset class as a whole.

12.11 Marketing and Communications Discipline

The Foundation's legal posture depends in part on the consistency of its public representations with the structural analysis above. The Foundation commits to marketing and communications discipline consistent with the non-security analysis. The Foundation's communications do not characterize DGD as an investment, do not project specific price appreciation, do not promise returns from any Foundation activity, and do not solicit participation on the basis of expected profits.

These communications describe DGD's design, the CFV framework's analytical apparatus, the Foundation's industry-wide monetary-reform mission, and the operational mechanics of validation. Participants who acquire DGD do so based on their own evaluation of the design and the framework, not on the basis of Foundation representations about profit potential.

This discipline applies to Foundation officers, employees, and authorized communications channels including the DigitalGoldFoundation.org website, the DigitalGoldX.com platform, and the @DigitalGoldTalk account on X.

12.12 The Economic-Reality Doctrine

The Foundation's analysis acknowledges that the Howey test, as applied by the Supreme Court and the federal circuits, looks to the economic reality of an arrangement rather than to its legal form. A token marketed as a commodity but operating as an investment contract under economic reality would be treated as a security regardless of its formal characterization. The Foundation's position is that DGD's economic reality matches its structural form at every level.

The founder funded the development personally and donated the completed coin to the Foundation. The Foundation distributes the coin under fixed protocol rules that cannot be changed. The protocol operates autonomously through the decentralized network of nodes without ongoing managerial activity.

No party earns income from DGD's ongoing operation, by design. The Foundation's proceeds fund industry-wide monetary reform rather than DGD-specific value creation. The participants acquire DGD as money rather than as an investment, with the wealth-preservation framing reflected in the design and the communications discipline.

The economic reality of DGD's distribution is the economic reality of a commodity distribution conducted by a public-interest foundation, not the economic reality of a securities offering. This alignment between form and economic reality is the Foundation's response to the doctrinal posture the federal courts have established.

12.13 The Post-Level-1,000 Period and Howey

The Foundation's legal analysis applies equally to DGD's operation during the 1,000-level distribution period and during the subsequent monthly CFV recalculation period described in Section 11. The monthly recalculation is a transparent formula applied to verifiable metrics published in source form. The Foundation does not exercise discretion over the metric values, over the formula's application, or over the resulting Fair Coin Price. The reproduction commitment described in Section 13.2 enables any third party to verify the calculation independently.

The post-Level-1,000 price-setting mechanism is therefore not a managerial activity that could implicate Howey's fourth prong; it is the operation of a formula whose parameters were fixed at inception and whose inputs are independently verifiable. The Foundation's role in the monthly recalculation is the ministerial role of applying the formula and publishing the result, not the discretionary role of determining the price through judgment or trading.

12.14 The Fixed-Rules-at-Inception Commitment

Architectural foundation of DGD's legal posture is a deliberate commitment the founding team made at inception: the rules of the protocol were set before any participant acquired the coin, and those rules cannot be changed. This is not an emergent property of how the project happened to evolve. It is a design choice the founding team made explicitly, and it is the load-bearing element of every analysis the present section has developed.

The rules that were set at inception, and that cannot be changed, comprise the entire substantive specification of what DGD is and how it operates. They include the twenty-one-million-coin total supply; the 1,000-level distribution mechanism; the post-Level-1,000 continuation of the same level-by-level structure with no new coins to validate; the level-by-level price progression of 1.0352200547704 percent per level; the level-by-level account growth of 1.136518147 percent per level; the starting price of $3.40 at Level 1 and the ending price of $100,000 at Level 1,000; the $40 minimum entry threshold; the cooperating-venue exclusivity model that supports the single-price commitment; the absence of staking rewards combined with the systematic burning of all transaction fees; the Tor V3 integration; the 64-second block time; the 2 MB initial block size; the dynamic block-size adjustment mechanism that is the single pre-specified flexibility in the protocol's parameter set; and the four participation pathways including the supply-chain onboarding pathway.

Each of these rules was decided at inception. None of them can be changed. The founding team has bound itself, and has bound any successor to the project, by the commitment that the rules as set are the rules under which the network operates indefinitely. A participant who acquires DGD knows the rules in advance. A participant who chooses not to acquire DGD declines on the basis of rules they have been able to inspect before deciding. The decentralized community executes the design as set, or does not participate at all. There is no third option in which the rules are altered for the benefit of any party. This commitment is the answer to the "essential managerial efforts" prong of the Howey test, and to the analytical framework the March 2026 Interpretive Release has articulated.

12.15 The Inversion of Governance

Fixed-rules-at-inception commitment produces what the Foundation describes as the inversion of governance. Most cryptocurrency projects pursue decentralized governance as an aspirational target, often through coin-weighted voting mechanisms, foundation-led roadmap decisions, or core-developer consensus processes that distribute control across multiple parties. Such aspirational targets are rarely achieved in practice. The competing fiefdoms that emerge from coin-weighted voting, the institutional capture that follows from foundation-led roadmap decisions, and the centralization that develops within core-developer groups have repeatedly compromised the decentralized-governance claims that prior cryptocurrencies have made.

DGD's commitment is the inverse. Decentralization of governance is not a target the project moves toward over time. It is the condition the project starts in, because there is nothing to govern.

The rules were set at inception. The work was completed before distribution. The Foundation does not build new features. The Foundation does not modify the protocol. The Foundation does not exercise discretionary authority over what DGD becomes. Participants who acquire DGD acquire an asset whose specification is fixed and whose evolution is not subject to any party's ongoing decisions.

This is historic in cryptocurrency. No prior Layer-1 cryptocurrency has committed to the absence of ongoing managerial activity. Bitcoin has ongoing protocol-development governance through the Bitcoin Improvement Proposal process and the Core developer team. Ethereum has the Ethereum Foundation making roadmap decisions including the consequential Merge transition from Proof of Work to Proof of Stake. Every other major Layer-1 cryptocurrency operates with some form of ongoing managerial activity that determines how the protocol evolves. DGD is the first Layer-1 cryptocurrency to commit, by design, that there is no such activity. The total decentralization of governance follows from the absence of anything that requires governance.

12.16 Limitations of This Analysis

The Foundation's position that DGD is not an investment contract is a reasoned legal analysis, not a guarantee. The application of the Howey test to specific digital assets has produced inconsistent outcomes in litigation. Regulatory interpretations evolve across administrations and across staff configurations. A regulator who reviewed DGD's structure could reach a different conclusion than the Foundation's, particularly if specific facts about DGD's operation or marketing diverged from the commitments described in this paper. The Foundation's analysis applies United States securities law standards; the regulatory frameworks of other jurisdictions could differ.

The Foundation's commitment is to maintain DGD's operation in alignment with the commitments that support the non-security analysis. The Foundation will not characterize DGD as an investment that will appreciate through the Foundation's efforts. The Foundation will not raise capital from DGD distribution to fund ongoing protocol development. The Foundation will not exercise discretionary authority over DGD's value or its monetary policy. These commitments are documented and the Foundation's adherence to them is part of the empirical record that the Foundation's legal posture depends on.

13. The Digital Gold Foundation

13.1 Foundation Mission

The Digital Gold Foundation is the institutional vehicle through which the Foundation's legislative, advocacy, self-regulatory, and supply-chain onboarding mission is conducted. The Foundation's mission comprises six operational components, each of which is funded by the proceeds the level-by-level distribution generates and each of which operates for the benefit of the Layer-1 cryptocurrency asset class as a whole rather than for DGD specifically. Funds are not used to operate DGD. They are used to conduct the Foundation's work in the following six areas.

Legislation that advances the analytical framework for the entire Layer-1 asset class. The Foundation pursues federal and state legislation that recognizes the Digital Gold Standard Benchmark and the Crypto Fair Value framework as the analytical apparatus through which all Layer-1 cryptocurrencies are evaluated. This work includes model statutes for state-level adoption, regulatory comment submissions to federal agencies, and the direct lobbying through which the framework is made available to legislators, regulators, and judges who would otherwise lack access to a defensible analytical framework for the cryptocurrency space. The framework applies to every Layer-1 coin satisfying the admittance criteria; the legislative agenda benefits the asset class generally rather than DGD specifically.

Exchange transparency for the entire trading infrastructure. The Foundation pursues legislative and regulatory requirements that all cryptocurrency exchanges operating in the United States, and the exchanges of other jurisdictions to the extent the Foundation can influence them, publish verifiable transaction data subject to third-party audit. The verification standard is the Merkle-tree proof structure that permits cryptographic verification of reported transaction counts against on-chain reality. Wash-trading prohibitions, mandatory audit requirements, and the disclosure of transaction-volume data in reproducible form are the substantive provisions the Foundation advances. These requirements apply to all exchanges trading all coins; the resulting transparency benefits every cryptocurrency that trades on the affected venues, including but not limited to DGD.

Payment-rail access for all qualifying Layer-1 coins. The Foundation pursues legislation and regulatory advocacy establishing that payment-rail networks operated by the established card issuers, bank-card networks, and platform payment processors may not refuse service to qualifying Layer-1 cryptocurrencies on a discriminatory basis. The legislative objective is that any Layer-1 coin satisfying the framework's admittance criteria is entitled to access the payment infrastructure on the same terms as fiat currencies. This work benefits every qualifying coin, including but not limited to DGD. The Foundation conducts this advocacy directly through its legislative and policy programs in compliance with applicable lobbying-disclosure requirements.

Self-regulatory infrastructure for the cryptocurrency asset class. The Foundation participates in the development of self-regulatory organizations and industry standards bodies through which the cryptocurrency industry can establish disclosure norms, audit standards, fiduciary obligations, and dispute-resolution mechanisms without depending on government regulation as the sole enforcement mechanism. The self-regulatory work parallels the legislative work; both are addressed to the institutional infrastructure the cryptocurrency industry requires to operate as a legitimate component of the broader financial system.

Supply-chain onboarding work for the framework's admitted universe of Layer-1 coins. The Foundation funds the operational work of bringing merchants, wholesalers, manufacturers, raw-material suppliers, and workers into acceptance of qualifying Layer-1 coins under the CFV framework's admittance criteria. The supply-chain onboarding pathway introduced in Section 10 is the participant-facing structure through which this work is conducted; the Foundation's direct

funding of merchant onboarding, training, software integration, and the institutional relationships that make Layer-1 coin acceptance operationally viable across supply chains is the back-end mechanism that supports the pathway. This work benefits every qualifying Layer-1 coin that participates in the cooperating-venue universe, with DGD's own circulation benefiting on the same terms as every other qualifying coin.

Education and research that advance the framework and the broader cryptocurrency industry. The Foundation funds research on monetary theory, cryptocurrency economics, and the operational dimensions of supply-chain circulation. The Foundation produces educational materials that make the framework accessible to legislators, regulators, judges, and the general public. The educational and research work serves the framework's analytical mission and supports the legislative, advocacy, self-regulatory, and supply-chain work that constitutes the Foundation's broader mission.

None of the six mission areas is directed at producing returns for DGD validators specifically. The Foundation's posture is that of a public-interest organization pursuing monetary reform, with DGD's incidental benefit from that reform being indistinguishable in kind from the incidental benefit every other qualifying Layer-1 coin receives.

This is the structural condition that supports the Foundation's legal posture as described in Section 12: the Foundation is not operating an enterprise for the benefit of DGD validators, because the work the Foundation conducts is asset-class-wide rather than DGD-specific. The Foundation conducts its legislative and advocacy work directly, in compliance with applicable federal and state lobbying-disclosure requirements, and does not operate any political committee or candidate-directed funding vehicle.

13.2 The Reproduction Commitment

The Foundation's institutional commitment is to publish the source data underlying the CFV calculation in reproducible form. The monthly publication for the post-Level-1,000 period includes the four metric measurements (Adoption, Annual Transactions, Annual Transaction Value, and Active Developers) along with the source materials from which each measurement was derived. The source materials include the on-chain data extracted from the DGD blockchain, the third-party analytics provider reports, the wallet inventory data, and the developer commit data, each tied to the specific time window the measurement covers.

Any third party can independently reproduce the CFV calculation from the published source materials and verify that the Foundation's published Fair Coin Price is the correct application of the formula to the verifiable inputs. The Foundation cannot, under this institutional commitment, publish a Fair Coin Price that does not correspond to the formula's mechanical output. The reproduction commitment is what makes the monthly recalculation a formula-bound rather than discretionary act, and is the operational mechanism by which the post-Level-1,000 Howey analysis in Section 12.13 is supported by the operational record.

The reproduction commitment is also the structural protection against the criticism that has historically applied to cryptocurrency oracles: that the oracle operator could publish prices that diverge from the true underlying value. The Foundation publishes the source materials. The source materials are independently verifiable. The calculation is mechanical. The output is the correct application of the formula to the inputs. There is no discretionary component the Foundation could manipulate without the manipulation being detectable through reproduction.

13.3 Funding Flow

The Foundation's funding flows are as follows. Participants who validate at each level pay the validation amount in dollars, dollar-backed stablecoins, or other accepted forms of payment. The Foundation's receipt of these proceeds is in exchange for the delivery of DGD to the participant's QT wallet at the level price. These proceeds are then deployed across the six mission areas described in Section 13.1, with the specific allocation across mission areas determined by the Foundation's institutional planning.

Coins that participants do not validate during the 1,000-level distribution period accumulate in the Foundation's treasury under the protocol's rules. These treasury coins are deployed as DGD-denominated payment for the supply-chain onboarding recognition described in Section 10, for the integration fees paid to cooperating venues described in Section 8, and for other operational uses that the Foundation's institutional planning identifies. The combined dollar proceeds from the validation process and the DGD-denominated treasury constitute the Foundation's operational funding across its institutional life.

The Foundation's institutional planning explicitly does not include the funding of DGD-protocol development. The protocol is complete. There is no development activity for the Foundation to fund. The Foundation's proceeds are deployed entirely to the legislative, advocacy, self-regulatory, supply-chain onboarding, and educational missions described in Section 13.1, none of which produces returns to DGD validators specifically.

14. Community-Driven Validation

Bitcoin's December 2024 market capitalization of $1.983 trillion was, at the deepest level, the product of community validation. Approximately 80 million holders who acquired Bitcoin did so through millions of independent decisions to participate. Institutional buyers who allocated capital through ETFs were, in their own way, performing community validation through the institutional processes available to them. The aggregate result was that the market valued Bitcoin's measurable fundamentals at $1.983 trillion, and this valuation became the empirical anchor for the entire cryptocurrency industry.

DGD's 1,000-level mechanism is the same kind of community validation translated into a deliberate distribution mechanism. Bitcoin's pricing emerged from the aggregate of millions of decentralized buying decisions across years of trading. DGD's pricing emerges from the aggregate of millions of

validation decisions across the 1,000 levels of growth. In both cases, the price reflects what the community has actually agreed to pay for the asset. The difference is that DGD's mechanism is rules-based rather than emergent, transparent rather than driven by speculative market dynamics, and fair rather than skewed by the advantages early insiders and institutional whales hold.

This is community validation operating as the foundation of fundamental value. Participants who validate at each level are doing what Bitcoin's buyers did across sixteen years of operation: they are putting their own resources behind their belief that DGD is valuable. The aggregate of these decisions is the empirical evidence that DGD's Fair Coin Price corresponds to genuine value. The mechanism is the participant's own willingness to pay, multiplied across millions of independent participants making independent decisions, that produces the validation. The Foundation provides no warranty about DGD's value, no projection about its future appreciation, no promise about its performance. The Foundation publishes the rules; the participants validate the price; the community is the source of authority.

15. Commercial Viability

DGD's technical architecture, single-price model, and cooperating-venue infrastructure together produce the conditions under which the supply-chain circulation argued in Section 9 becomes operationally feasible. The 64-second block time supports the throughput a functioning currency requires. The 2 MB dynamic block size accommodates the transaction volume the supply-chain work will produce as circulation deepens. The 0.00001 DGD transaction fee, burned at the protocol level, makes commercial transactions economical at every scale from consumer purchases to wholesale settlements to manufacturer-to-supplier payments. The Tor V3 integration provides the privacy that commercial transactions require for the parties' legitimate confidentiality interests.

The Bitcoin-derived codebase, enhanced by Segregated Witness, provides operational compatibility with the existing cryptocurrency infrastructure of wallets, hardware security modules, payment processors, and accounting integrations. Merchants who can accept Bitcoin can integrate DGD acceptance with modest engineering effort. Wholesalers who can settle in Bitcoin can settle in DGD on similar engineering foundations. Manufacturers, raw-material suppliers, and workers at each tier of the supply chain can hold DGD using the same self-custody tooling that the broader cryptocurrency industry has built.

Commercial viability is not merely the existence of these technical capabilities. It is the operational integration of the capabilities with the institutional relationships that produce supply-chain circulation.

The Foundation's work on the supply-chain onboarding pathway, as developed in Section 10, is the institutional mechanism by which the technical capabilities are integrated into commercial reality. The decade horizon for the work is an honest characterization of what the institutional integration requires. Commercial viability is achieved as the institutional integration matures.

16. Global Accessibility

DGD's accessibility extends globally. There are no jurisdictional restrictions in the protocol design. Any participant in any jurisdiction can download the QT wallet, create a DigitalGoldX account where the platform is available, and validate at each level the network reaches. Tor V3 integration ensures that participants in jurisdictions with restrictive internet policies can connect to the network, hold DGD, and transact in DGD on the same terms as participants in jurisdictions with open internet access.

The Foundation's institutional commitment is to maintain DGD's availability across jurisdictions to the maximum extent that applicable law permits. Compliance with the regulatory requirements of individual jurisdictions, including securities laws, anti-money-laundering requirements, sanctions compliance, and consumer protection regulations, is the responsibility of the platforms and venues that interface with participants in those jurisdictions. The Foundation works with cooperating venues to ensure that the integration agreements support the compliance requirements each venue's jurisdiction imposes.

Global accessibility supports the supply-chain circulation work the Foundation conducts. Supply chains that traverse jurisdictional boundaries (international wholesale relationships, multinational manufacturing arrangements, raw-material extraction in one jurisdiction supplying processing in another) require a currency that can flow across the boundaries without conversion. DGD's global accessibility, combined with the single-price architecture that eliminates the bid/ask volatility forcing conversion, supports the operational conditions under which international supply-chain circulation becomes feasible. The decade horizon applies to the international work in the same way it applies to the domestic work.

17. Comparative Analysis: DGD and Bitcoin

DGD's relationship to Bitcoin is informative. Bitcoin established the cryptocurrency category and remains the asset against which the rest of the asset class is measured. The DGSB is calibrated to Bitcoin's December 2024 fundamentals, and the CFV formula treats Bitcoin's metrics as the reference point against which every other cryptocurrency is evaluated. DGD operates within the analytical framework that Bitcoin's history made possible.

DGD's structural differences from Bitcoin are deliberate. Bitcoin has bid/ask trading on every venue that lists it; DGD has the single-price architecture that eliminates bid/ask trading within the cooperating-venue universe. Bitcoin has miners earning block rewards through the issuance of new coins; DGD has no issuance after the premine and no rewards for any party operating the network. Bitcoin has transaction fees retained by the miners who include the transaction in a block; DGD has transaction fees burned at the protocol level, with no party earning fee revenue.

Bitcoin has ongoing protocol-development governance through the Bitcoin Improvement Proposal process; DGD has the fixed-rules-at-inception commitment that excludes ongoing governance over the protocol's specifications.

These differences are not criticisms of Bitcoin. Bitcoin is the cryptocurrency category's greatest achievement. Bitcoin's sixteen years of unbroken operation, its 80-million-holder population, its $1.983 trillion market capitalization at the December 2024 benchmark moment, and the institutional infrastructure that has grown around it are the foundation on which the entire cryptocurrency industry now operates. DGD's structural differences are calibrated to the specific monetary function DGD is designed to perform, which is different from Bitcoin's digital-gold function and which requires different structural choices.

Bitcoin functions as digital gold: a store of value with strong properties for long-term wealth preservation but limited capacity to circulate as a medium of daily commerce. DGD functions as wealth-preserving money: a medium of exchange with the supply-chain circulation properties that make money function in commerce, supported by the wealth-preservation properties that protect purchasing power across the post-Level-1,000 period. The two are complementary rather than competitive. A diversified holder of cryptocurrency under the framework's analytical apparatus would reasonably hold both, in proportions reflecting the holder's relative weighting of digital-gold properties versus monetary-circulation properties.

18. DGD Within the CFV Framework

DGD is not the only cryptocurrency the CFV framework analyzes. Twelve coins comprise the framework's admitted universe of Layer-1 coins as of the publication date of this paper, with Bitcoin, Ethereum, and Solana as the principal coins by market capitalization and with DGD admitted through its satisfaction of the framework's structural criteria.

The framework's analytical apparatus applies to every coin in the admitted universe on equal terms. The DGSB does not adjust to favor any particular coin. The CFV formula is the same for every coin. Adoption, Annual Transactions, Annual Transaction Value, and Active Developers are measured the same way for every coin. The framework's conclusion that any particular coin is undervalued, fairly valued, or overvalued depends on the measured metrics for that coin against the fixed Benchmark. There is no analytical favoritism in the framework's operation.

DGD's position in the framework is determined by the same measurements that apply to every other coin. During the 1,000-level distribution period, DGD's Adoption is the count of accounts that have validated; the network is by design growing on the trajectory the protocol specifies, and the Fair Coin Price corresponds to the validated level. After Level 1,000 is reached, DGD's position is determined by the monthly CFV recalculation against the four measured metrics. DGD is treated by the framework as one cryptocurrency among the admitted universe, with the framework's analytical apparatus producing the Fair Coin Price the measured metrics support.

This is the structural reason the Foundation's legal posture characterizes its mission as industry-wide rather than DGD-specific. The framework analyzes the asset class. The framework's legislative, advocacy, self-regulatory, and supply-chain onboarding work supports the asset class. DGD is one beneficiary among many. The Foundation does not operate DGD as an enterprise distinct from the broader asset class; the Foundation supports the asset class, and DGD's position within the asset class is determined by the same analytical apparatus that determines every other coin's position.

19. Conclusion

DGD is proposed as a Layer-1 cryptocurrency designed to satisfy the six pillars of perfect money articulated by the Austrian economic tradition. Its valuation is determined by the Crypto Fair Value formula applied to the Digital Gold Standard Benchmark established in December 2024 at the empirical anchor of Bitcoin's $1.983 trillion market capitalization. Its distribution operates through the 1,000-level Proof-of-Participation mechanism that ensures fairness through equal per-member allocation at each level and prevents whale concentration through the protocol-level constraint on individual acquisition. Its technical architecture, derived from the latest Bitcoin Core codebase enhanced by Segregated Witness, hybrid Proof-of-Work and Proof-of-Stake consensus with no staking rewards, dynamic 2 MB block sizes, 64-second block times, and burned transaction fees, supports the commercial transactions a functioning currency must facilitate while removing the income streams that would otherwise produce the dividend-equivalent, money-transmitter, or trading-system characterizations the federal securities laws and the federal anti-money-laundering laws apply.

This paper develops the operational mechanism by which DGD becomes money in commerce. Section 9's supply-chain circulation argument establishes that monetary function requires more than consumer-to-merchant transactions; it requires the currency to flow across the full supply chain that real economic activity comprises. Section 10's fourth participation pathway, the supply-chain onboarding pathway, is the operational mechanism by which the supply-chain circulation is realized across the decade horizon the work requires. Together they distinguish DGD from every other cryptocurrency: only DGD's single-price architecture eliminates the bid/ask volatility that forces conversion of every other cryptocurrency to dollars at the merchant level, and only DGD's supply-chain onboarding pathway funds the multi-year work of penetrating real-economy supply chains link by link. The Foundation's work is conducted for the benefit of the framework's admitted universe of Layer-1 coins as a whole rather than for DGD specifically.

Section 12's legal-structure analysis develops the ten structural distinctions that place DGD outside the definition of a security, the prong-by-prong analysis under the Howey test, the engagement with the SEC and CFTC's March 17, 2026 Joint Interpretive Release, the alignment with the Atkins Regulation Crypto Assets framework, the participant-assent and contract-of-adhesion framing, the completion-of-development argument with the security-patch and dynamic-block-size carve-outs handled under the ministerial-maintenance framing, the marketing-discipline commitment, the economic-reality acknowledgment, and the engagement with the SEC's analytical lineage including

the 2017 DAO Report and the 2023 Ripple decision. The Foundation's position is that DGD is not a security under any current interpretation of the federal securities laws, and the operational record is committed to maintaining the alignment with that position across the institutional life of the Foundation.

The Foundation's institutional mission, developed in Section 13, is the industry-wide monetary-reform agenda that the Foundation pursues through direct lobbying and policy advocacy in compliance with applicable lobbying-disclosure requirements. The Foundation does not operate a political committee. The Foundation does not solicit candidate-directed contributions. The Foundation conducts the legislative, advocacy, self-regulatory, supply-chain onboarding, and educational work that constitutes its six mission areas. The work benefits the Layer-1 cryptocurrency asset class as a whole, with DGD's incidental benefit being indistinguishable in kind from the incidental benefit every other qualifying coin receives.

DGD is wealth-preserving money. It is money in the operational sense the Austrian economists meant: scarce, with stable pricing, freely adopted, governed by rules rather than by discretion, freely transactable, and capable of circulating at the depth that monetary function requires. It is wealth-preserving in the sense that its purchasing power is calibrated to track the cryptocurrency landscape's aggregate development rather than to depreciate with the fiat currencies the Federal Reserve and its analogs continuously expand. It is money that any participant can acquire through the validation pathway at the $40 minimum entry threshold, hold in the participant's own QT wallet under the participant's own sovereign custody, and use across the supply chain as the supply-chain circulation work matures across the decade horizon.

This is the proposal. The operational work begins with the Foundation's commitment to the institutional commitments documented in this paper. The participants' work begins with their validation at the levels the protocol's 1,000-level mechanism produces. The merchants', wholesalers', manufacturers', raw-material suppliers', and workers' work begins with their acceptance of DGD as the supply-chain onboarding pathway brings them into the cooperating-venue universe. The decade horizon is the realistic estimate of when the operational completion of monetary function is achieved. The work begins now.

Digital Gold Foundation

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