



DIAM: The only Crypto-Asset 100% backed by physical, certified diamonds.

**Abstract:**

Through 2018's bear market –the longest one in crypto's History—we've attested the creations of stablecoins as a solution to avoid the volatility of crypto markets. Concerned by the lack of adequate and legitimate resources backing these currencies, diamDEXX has decided to create a unique token backed by diamonds, one of the most stable financial assets[1]. This token, DIAM, can be used for a variety of purposes, including a redeeming system through which users can obtain their token's worth in diamonds. DIAMs also present a variety of advantages when compared to fiat money and cryptocurrencies, conserving the intrinsic benefits of crypto assets while avoiding volatility and price manipulation. Through the creation of this token, diamDEXX hopes to effectively bridge the physical and digital diamantaire worlds, turn diamonds into a liquid asset, and build partnerships that foster crypto adoption.

## **Introduction:**

The rise of cryptocurrencies as speculative vehicles of investment brought along an unexpected—and likely damaging—attention and subsequent appreciation to these assets. This explosion reached its peak at the end of the year 2017, resulting in a natural backlash throughout 2018 that deterred new investors from entering the blockchain space. The resulting period, which saw the vast majority of crypto assets losing over 80% of their value, however, helped the blockchain industry reevaluate its priorities: In times of devaluing assets, lost investments, and low overall trust in the industry, investors were forced to accept and evaluate the dangers of a self-regulated, volatile, and highly manipulated market.

With whatever was left of their investments, investors quickly drew their attention towards ‘stablecoins’, a special kind of cryptocurrency pegged to the value of a fiat currency. Most stablecoin issuers, however—including some of the most popular ones—don’t seem to comply or particularly care about showcasing the true value of the reserves backing their so-called “secure” funds. At diamDEXX, we’ve attested this practice and understand that, while stablecoins play a fundamental role in the blockchain industry, the current competitors (or the value they provide) do not fulfil the expectations of investors. As a part of the crypto community and stakeholders of the blockchain scene, we’re constantly concerned about the use of fiat currencies as backing for these assets. We have, hence, set apart \$150 million from our own diamond reserves to issue and back a cryptocurrency (DIAM) with these stones. Diamonds, one of the stablest assets in existence[2], we consider, are the ideal asset to back a currency. DIAM, available for purchase in the diamDEXX platform (<https://diamDEXX.com>), is pegged to the value of \$1, therefore creating a perfect diamond-backed dollar, which can then be redeemed by users to acquire physical diamonds. These diamonds, then, can be delegated to a custodian, or shipped to their new owner’s address.

The purpose of this paper is to dissect the particularities of this process, to provide a comprehensive picture of the DIAM project, its mission, vision, and implications. This picture, as well as all details regarding our project will be developed in the following pages, following a train of thought that mimics that of a user going through the diamDEXX platform.

## **The Token: DIAM.**

DIAM is an ERC-20 token issued on the Ethereum blockchain, with an EOS sidechain. This helps guarantee the token’s transparency and security, and allows us to use a smart contract to maintain the token’s price at \$1. The smart contract then automatically adjusts the number of diamonds stored in vaults to create a healthy equilibrium; while diamDEXX, in partnership with IDEX, takes care of using only the most socially-responsible, highest-quality diamonds. This state-of-the-art fusion of technologies, along with diamDEXX’s commitment towards disrupting financial systems using humanitarian practices, puts DIAM ahead of both ‘traditional’ cryptocurrencies and fiat money.

DIAM is initially available to the public through the diamDEXX official website and wallet, where users can purchase the cryptocurrency by using other crypto assets. Other solutions, such as Flexepin, an online electronic voucher system, are also integrated into the diamDEXX wallet and will grow in number as we develop partnerships. We also aim for DIAM to be listed in the top crypto exchanges, to allow for seamless trading and increase the number of use cases.

### **Creating a Diamond-backed token.**

DIAMs are backed by 150 million USD worth of certified diamonds, set aside in vaults in the top Free Trade Zones in the world. Because of this, the initial issuing of DIAM in the Ethereum blockchain is of 150,000,000 units, valued in \$1 each.

DIAMs and the diamond reserves backing them are audited by IDEX (the International Diamond Exchange[3],) one of the leading authorities in online diamond trading, on a monthly basis. IDEX is compliant with the Kimberley Process, a protocol that enables diamantaires to certify that their stones haven't and will not be used to finance practices against Human Rights. This, also, helps users avoid the trap of unadvertised lab-grown diamonds, which don't appreciate over time or retain their value. Through this, DIAM works as a borderless alternative to fiat currency and traditional cryptocurrencies, achieving the following features:

#### *Feature #1: COINsistent. Diamonds as an asset.*

As quoted above, diamonds are particularly safe assets, especially when properly certified and regulated. Physical assets can also work as a haven from financial uncertainties, currency fluctuations, inflation, economic sanctions, and other socio-economic variables that might have an impact on local currencies. Their price has also kept a healthy uptrend over the last decades, therefore providing the safety and stability that crypto assets lack.

Separating diamonds from their financial aspect, they're also a strongly branded asset that caters to a luxury market and is considered an aspirational product. The importance of their cultural impact is such that, even while their detractors claim low adoption by new generations, studies have proved them to be otherwise. In particular, millennials are currently the greatest consumers of these stones, with them driving 60% of the current demand in the US, and 80% in China. [4]

Diamonds are also manufactured along with a certificate showcasing their value, which is determined independently based on the famous 4 C's: Clarity (how 'clean' a diamond is), Cut (or shape), Color, and Carat (size). This certificate makes their price consistent and allows us to project the estimation of our vaults' value adequately.

## Why Diamonds

Diamonds have proven their security aspect for investment purposes. They offer protection against credit risks of centralized financial institutions and banks, currency fluctuations, inflation and socio-economic variables.



OBSERVED LONG TERM  
PROFITABILITY



CRISIS  
RESISTANT



BRAND



CERTIFIED DIAMOND  
AND SECURITY

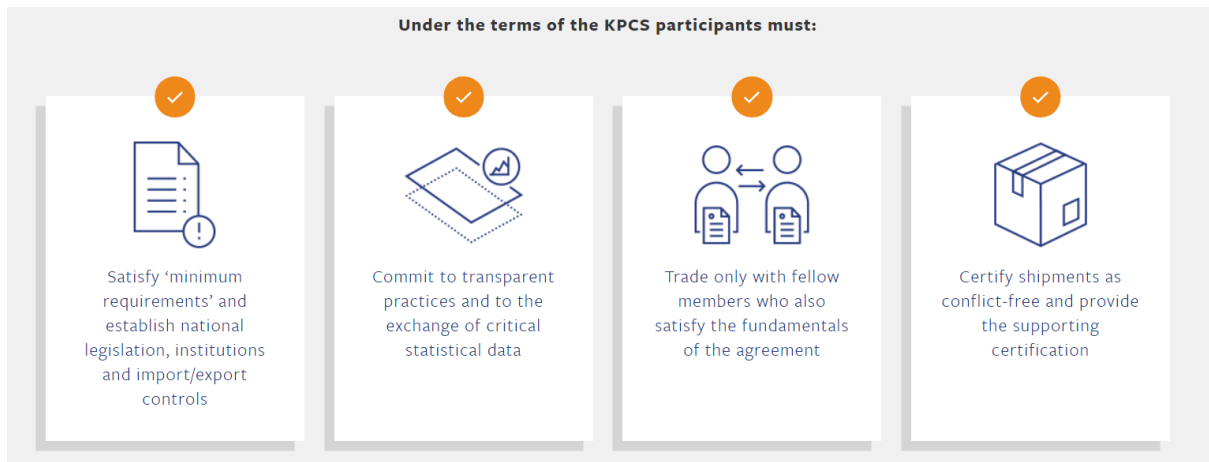


LIQUIDITY ON  
DEMAND

### *Feature #2: Socially Responsible. The Kimberley Process and Diamond's Role in the World.*

It's no secret that the traditional diamantaire industry, along with the negative and monopolistic practices associated with it, contributed to hurt the development of diamond-rich countries, particularly in Africa. As a part of diamDEXX commitment to disrupt the diamantaire industry, as well as our sense of social responsibility, we've set ourselves on a path to only use Kimberley Process-compliant diamonds.

The Kimberley Process (KP) is a multilateral trade regime established in 2003 to prevent the flow of conflict diamonds. The core of this regime is the Kimberley Process Certification Scheme (KPCS) under which States implement safeguards on shipments of rough diamonds and certify them as "conflict free", which means they haven't been used to finance or participated in child labour, armed groups, inhumane working conditions, and many other despicable practices. Kimberley Process diamond traders accounted for a \$13,881,626,082.74 gross revenue in 2015, and KP members are responsible for stemming 99.8% of the global production of conflict diamonds. [5]

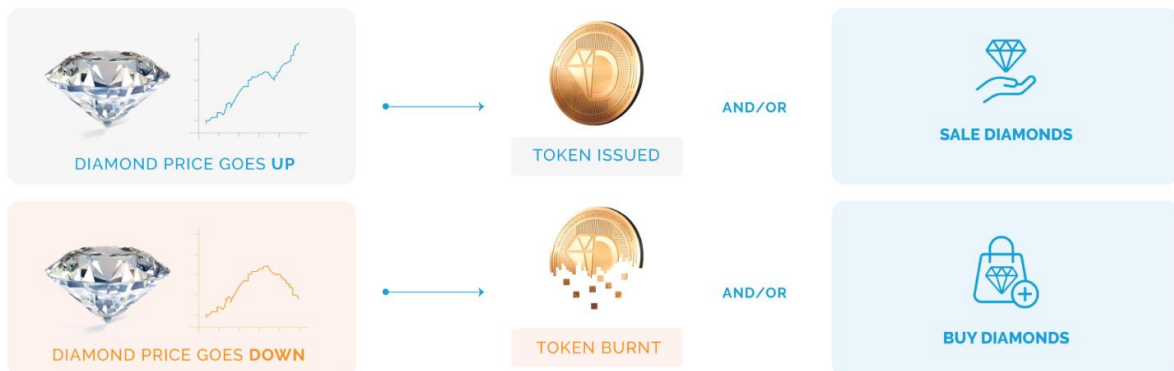


*Feature #3: Automatised. Smart vaults and Token valuation*

Setting aside \$150,000,000 worth of diamonds allows us to issue exactly 150,000,000 DIAMs, a number that, based on our smart contract, can increase or decrease based on diamonds' prices: In the case of diamonds' prices going down –an unlikely possibility, due to diamonds' unique resistance— our vault would be adjusted to contain more diamonds. In the opposite case (diamonds' value going up), diamonds would be sold to store less of them in our vault. Our protocol also contemplates the issuing and burning of tokens according to these market conditions, as can be seen in the figure below.

This mechanism, guided by a smart-contract, allows us to maintain the price of our token at \$1, making it the perfect vehicle for value storage and transactions. To reassure investors' trust in our currency, monthly valuations and audits by IDEX will be published on our website (with the first one published at April 15<sup>th</sup>, 2019). Users can also access the DIAM smart contract at:

<https://etherscan.io/token/0x588a8c163688efa1f33814693ea27d0c3867d5e9>



#### *Feature #4: Secure and Safe: ERC-20, EOS, and the blockchain.*

The launch of DIAM, originally issued as an ERC-20 token on the Ethereum blockchain precedes the building of an EOS sidechain.

Sidechains are a specific mechanism that allows cryptocurrencies to interact with one another [6]. They serve to add flexibility to systems, allowing for tracking and testing in-network, helping support their main chain. Through a sidechain, ERC-20 DIAMs can freely interact with the EOS network, which supports bigger applications and doesn't charge fees. An EOS sidechain also helps add security to the original chain, creating a perfect platform for micropayments and daily use.

With both the Ethereum and the EOS blockchain playing an important role on the crypto panorama, DIAM becomes virtually unhackable, with the security of the diamDEXX platform taken care of by Microsoft Azure.

#### *Feature #5: Transparent. The Certifier: IDEX*

IDEX (International Diamond Exchange) is the leading online diamond-trading platform for professional diamond traders, located in the main diamond cities such as Antwerp, Mumbai, Ramat Gan, and New York City. IDEX features online, live, supply listings with dynamic pricing features and a proprietary and unique online transaction clearing functions. [7]

The IDEX index has been published since 2004 and is the first and oldest one featuring live and actual listing data. IDEX is used by thousands of traders on a daily basis, and features more than 75% of the supply chain inventory, encompassing more than 700,000 stones. IDEX's prices and data are, by all means, one of the industry standards, making IDEX a leading authority on the diamantaire field. IDEX also publishes a widely followed diamond price benchmark and provides traders with online, real-time asking prices research tools.

IDEX is in charge of auditing diamDEXX's reserves—originally valued at \$150 Million—and providing monthly statements, keeping diamDEXX accountable to its users and transparent in the eyes of the crypto market. These audits and proof of funds can be found at the diamDEXX website.

#### *Feature #6: Easy-Access*

As a part of diamDEXX's compromise to make DIAM accessible to everyone, everywhere, a special team of business developers is set out to integrate new technologic solutions (such as Flexepin, mentioned above) and list DIAM in top crypto exchanges.

## **The diamDEXX Wallet and Ecosystem.**

DIAM's launch happens at the same time as the launch of two internet platforms, diamDEXX and DiamDrop, which accomplish the following functions:

1. **diamDEXX:** diamDEXX is an online platform and wallet, where both fiat money and cryptocurrencies (varying from Bitcoin to ERC-20 currencies and stablecoins) can be used to purchase DIAMs. Users can take advantage of their diamDEXX wallets to store and send DIAMs at a minimal cost in a transparent, easy access, independent network, secured by distributed ledger technologies and Microsoft Azure –one of the world's top cybersecurity providers. Redeeming DIAMs in exchange for physical diamonds at manufacturer prices is also available on our platform, as well as delegating their custody to IDEX.
2. **DiamDrop:** An online marketplace, designed to provide users with access to a wide variety of diamonds at manufacturer prices (the first solution of its kind.) [8]

The creation of these platforms draws together the value cycle behind DIAM. Using a tangible asset to back our currency is only as good as our ability to allow users to redeem the currency's worth of this asset. Thanks to these platforms, users can both perform this necessary function and obtain otherwise impossible discounts when purchasing diamonds.

### **Bringing Back the Asset Standard: Redeeming DIAM**

Along with DIAM, we've established a redeeming system on the diamDEXX wallet and platform, through which users can claim their DIAM's worth of physical diamonds. Redeeming helps DIAM follow the original purpose of asset-backed currencies during the Gold Standard Era, and the purpose of currency to be a unit to store and transfer value. With DIAM being worth exactly \$1, we plan on achieving perfect stability on the current fiat system, while creating incentives for users to obtain, accumulate, transact, and convert DIAMs into physical diamonds at manufacturer prices, the lowest available in the market. This system creates an incentive for users to use DIAM for payments and bridges the physical and digital worlds, perfectly liquidising diamonds.

### **Delegating custody of redeemed diamonds to IDEX.**

Another key feature of our wallet is to delegate redeemed diamonds to IDEX. Thanks to this feature, users can feel free to invest in physical diamonds without incurring in any shipping or storage costs, or running the risk of losing their stones in the process. Delegating these stones sets them apart in IDEX's reserves, keeping them safe with a trusted party, and also allows them to appreciate at their usual rate over time. On our platform, users are also able to sell their diamonds back in exchange for DIAM, ensuring back-and-forth convertibility and fulfilling diamDEXX's promise to liquidise the diamond industry.

## **DIAM and diamDEXX's Suggested Use Cases and Advantages**

DIAM presents several advantages both to “traditional” crypto assets (such as Bitcoin, Ethereum, Ripple, etc.) and fiat currencies. In particular, DIAM is:

- Non-volatile, offering investors a safe haven for their profits.
- Audited, unlike most of the ‘stablecoins’ in the game.
- Faster than most FinTech solutions, including Bitcoin, and designed specifically to handle micropayments.
- Flexible. While DIAM is the platform’s native token, the diamDEXX ecosystem allows users to turn their investments back and forth into a safe currency, volatile cryptocurrencies, and physical diamonds with a simple click. DIAM, thanks to the EOS sidechain, is also compatible with more than one crypto platform, allowing it to be integrated into most dApps and payment systems.
- Secure as per the EOS and Ethereum blockchains, some of the safest in existence.
- Third-party free!

As such, the convenient and unique characteristics of DIAM allow for it to be used around the world, 24 hours a day, to improve on the use we currently give to fiat currencies. Among many other things, DIAMs can be used:

- For remittances to countries with difficult laws, banking systems, or for inhabitants of these countries to store value safely, against inflation and other macroeconomic trends.
- As an investment, for believers of diamonds as economic assets.
- To buy physical diamonds at a discount, as an investment or for personal use.
- To safeguard profits after a successful cryptocurrency trade.
- To access discounts and special services from diamDEXX partners accepting DIAM, which will benefit from not having to pay credit card processing fees.
- To pay for everyday services and products.

These options, of course, are just a glimpse into the many possibilities a safe, consistent currency in a decentralised network provides. Through time, and thanks to the endless creativity of the blockchain community, we’ll continue to grow and discover new applications for DIAM and diamDEXX!

### **Foreword: We’d Love to Meet You!**

If you’d made it this far within this paper, it’s only fair for us at diamDEXX to tip our hats off to you.

The crypto community, one that we love to participate of, it’s made of investors and users that sincerely wish to make a change in the way the world’s finances are organised. This community, above all things, ignites our engines and make us get up in the morning.

We’ve poured our hearts and souls into DIAM, as well as countless hours of work, all to create a system that accomplishes what was always the goal of cryptocurrency: To replace fiat money.



And, if DIAM by itself doesn't accomplish this mission, we hope for it to, at least, tip the scales in its favour. We, at diamDEXX, will keep trying to improve and grow this project.

If you still have any inquires about our project, or would like to speak to us at diamDEXX, you can contact us at:

Email: [Support@Diamdexx.Com](mailto:Support@Diamdexx.Com)

Telegram: <https://t.me/HelloDiamcoin>

Facebook: <https://www.facebook.com/diamdexx/>

LinkedIn: <https://www.linkedin.com/company/28978843/>

## Sources and References

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- [2] <http://www.paulzimmisky.com/10-year-quarter-by-quarter-recap-of-rough-diamond-prices-since-global-financial-crisis>
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- [8] <http://www.diamdrop.com>