



REPUBLIC OF THE MARSHALL ISLANDS
OFFICE OF THE PRESIDENT
MAJURO, MARSHALL ISLANDS

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Majuro, Republic of the Marshall Islands

Marshall Islands issues world's first crypto legal tender:
'The Sovereign' (SOV)

The President of the Republic of the Marshall Islands (RMI), Dr. Hilda C. Heine, announced today in the capital Majuro, that the RMI's parliament, the Nitijela, after long discussions and public hearings, passed a law declaring its own legal tender, SOV, as the world's first legal tender that will be issued as a cryptocurrency. The SOV will circulate as legal tender in the country, alongside the USD. The President said: "This is a historic moment for our people, finally issuing and using our own currency, alongside the USD. It is another step of manifesting our national liberty" In sharp contrast to Bitcoin and other non-sovereign cryptocurrencies, SOV users will identify vis-a-vis the SOV blockchain, and when they choose so, will be able to easily demonstrate and verify the sources of funds. SOV will be distributed to the public via an Initial Currency Offering (ICO). The President added: "The RMI will invest the revenues to support its climate change efforts, green energy, healthcare for those still affected by the US nuclear tests, and education. In addition, SOV units will be directly distributed to citizens."

The Marshall Islands, a sovereign nation in the south Pacific, member of the UN since 1991, has enacted a law yesterday night (February 26), on a 20-8 vote, that mandates the world's first sovereign legal tender cryptocurrency. The new currency is called 'Sovereign' and its symbol is 'SOV'. SOV is based on the 'Yokwe framework' that requires users to identify vis-a-vis the blockchain and solves the anonymity problem that plagued bitcoin and precluded its mainstream adoption. This framework allows SOV users to provide satisfactory answers to the key questions of financial institutions: who are you, and what is the source of your funds? Soon, the Marshall Islands will allow global investors to participate in SOV via an Initial Currency Offering. Every resident of the Marshall Islands will receive a free allocation of the currency. The SOV is part of a broader E-Conomy vision to create a society that uses blockchain intensively, with a cryptocurrency and biometric IDs securely recorded on the blockchain. This will permit the registration of licenses and ownership, as well as easier and more frequent voting.

Key statements

President Heine quoted Psalm 37:4 "Take delight in the Lord, and he will give you the desires of your heart", and added:

"This is a historic moment for our people, finally issuing and using our own currency, alongside the USD. It is another step of manifesting our national liberty. Allocating SOV units directly to

the citizens will circulate the currency and distribute wealth efficiently to our people. In addition, The RMI will invest the revenues to support its climate change efforts, green energy, healthcare for those still affected by the US nuclear tests, and education.

Speaker of Nitijela, Kenneth Kedi, said:

“Between 1946 to 1958, the United States conducted 67 nuclear explosions in the Marshall Islands. The most powerful of which, the Castle Bravo, 1000 times more powerful than Hiroshima bomb, was detonated in Bikini Atoll. An independent Nuclear Claims Tribunal awarded the Republic of the Marshall Islands \$2.3 billion in health and property damages. And as mandated under the Compact Treaty between United States and Republic of the Marshall Islands (RMI), RMI filed a Change Circumstances Petition (CCP) before the Congress in 2000 for compensation but United States Administration denied the petition, claiming the CCP as no legal standing amongst other argument. Marshallese people will continue to seek full justice from the US for legal issue that remain outstanding and seek for moral support from the US Congress.

As leaders, we must continue to find ways and means to address our Nation’s crucial issues. With the passage of the Sovereign Currency Act 2018, and the specific allocation of 20% of SOV proceeds to go directly into the Nuclear Legacy & Health Care Fund, the burden that have been imposed on our victims and survivors will be lessen and they can be at peace.”

Minister David Paul, Minister in Assistance to the President, said:

“The Marshall Islands is the first nation to adopt a transparent crypto monetary system, and we are proud of it. We are making our economy more resilient and payments more transparent. We are excited to be the world’s first nation to leapfrog into the era of digital currencies. 10% of our proceeds from the ICO will be directed towards a Green Climate Fund, to help us fight the effects of global warming, coming from the burn of fossil fuel by the large industrial nations, and hurting the small Island Nations the most.”

The Minister elaborated on the ‘Yokwe Protocol’:

“The big wigs in banking around the world, the World Bank, the IMF, Jamie Dimon, CEO of JP Morgan, have publicly acknowledged that blockchain is a revolutionary technology. It allows people to transact freely with each other, and it allows instant and cost-effective settlements. The challenge with Bitcoin and other crypto currencies is that they’re anonymous, and therefore not compatible with the framework of the existing regulated banking environment. It was clear that there was a huge market need for a non-anonymous blockchain system that can operate within a regulated environment. I’m especially proud of SOV since it is based on a new blockchain framework called ‘Yokwe’ that has all the benefits of bitcoin minus the anonymity. SOV makes cryptocurrency usable for the 95% of blockchain enthusiasts, who have nothing to hide. Every SOV wallet is associated to a real person, via verified government ID and fingerprint. ‘Yokwe’ encrypts the user’s identity on the blockchain and only they can reveal it. This makes it extremely easy for SOV’s users to answer the most important questions banks want to know: ‘Who are you?’ and ‘what is the source of those funds?’”

Neema is the company that was chosen to lead the SOV issuance. Neema is an Israeli company that specializes in financial inclusion solutions via the blockchain and is backed by Y Combinator.

1. Barak Ben-Ezer, the CEO of Neema, quoted Victor Hugo in the capital of the RMI, Majuro:

“ ‘Nothing is stronger than an idea whose time has come’. The leaders here are genuinely committed to the wellbeing of their country. We were amazed by the strength and openness of their democratic process. We agreed that crypto is the best way to manage a national currency in 2018. Cryptocurrency can be stored and transacted instantly and with minimal fees, and no ruler can inflate it by printing more. We’re humbled by the opportunity and the trust. For the first time in history, a cryptocurrency will be the legal tender of a sovereign nation.

SOV solves a huge problem in cryptocurrencies, as until today none of them were considered ‘real’ money by banks, regulators and the IRS.

In 2014, the IRS published its guideline saying that even though Bitcoin and other virtual currencies operate like money, they are to be taxed like property, with 15%-20% capital gain tax, because ‘they are not the legal tender of a sovereign nation’.

That’s when it hit me - let’s create a digital currency, which is a legal tender of a sovereign nation. SOV will mark a new era for cryptocurrency, which most of us in the crypto community, want to legitimize. SOV is about getting rid of the excuses why not to shift to crypto - it’s real money, and it provides the golden path between an open ledger and total anonymity, it gives users the power to decide when and what to disclose.”

2. Dr. Peter Dittus, the former secretary general of the Bank of International Settlements and Neema’s senior economic advisor, said in the capital Majuro:

“SOV is the promising starting point for the adoption of cryptocurrencies by sovereign nations. The Yokwe protocol provides a promising balance between transparency and privacy and we’re excited to develop it further. It’s state of the art technology, put to good use, with the right values in mind and a clear purpose.

3. Roye Rahav, Neema’s Chief of Staff, said today in the capital Majuro:

It’s a dream come true. We’re excited and happy to bring the vision of a disintermediated global monetary system one step forward. And it starts here in the Marshall Islands.

Special thanks:

The RMI and Neema would like to thank especially the Honorary Consulate of Israel in the Marshall Islands, Mr. Charles Domnick, and his counterpart, the Honorary Consulate of the Marshall Islands in Israel, Mr. Ran Rahav.

For further information:

Website: www.sov.global