Our vision – synthesis of ideology, technology, and community

Islam

Islam is the world's second-largest religion with almost 2 billion followers — a quarter of the world's population. Muslims make up a majority of the population in 47 countries. Islam teaches that God is merciful, all-powerful, and unique.

Islamic law, or Shariah law, is a religious law forming part of the Islamic tradition. It guides and dictates many aspects in the lives of Muslims throughout the world, including financial interactions.

One of the core principles of Islamic financial law is the prohibition of paying or charging interest, which is currently not followed by a large part of financial institutions constituting the modern financial system.

According to the Global Islamic Economy Report, the volume of the Islamic financial sector was $2.88 trillion in 2020 and is expected to grow to $3.69 trillion by 2024. According to the same report, two of the four main factors influencing the expansion, as well as the Islamic economy in particular, are the rapidly growing Muslim population, the spread of digital technologies, and mobile communications.

The Islamic financial system has been virtually untouched by the recent financial crisis due to its prohibitions on speculative transactions and uncertainty, as well as the attention it pays to fairness and risk-sharing. Islamic finance is a rare example, where the system featuring certain limitations and restrictions is more sustainable and powerful, compared to the system where such limitations are not present.

Crypto

Crypto is one of the fastest-growing sectors of the world economy. Bitcoin is the best performing asset in the history of mankind far outperforming anything we knew before.

Today, the crypto industry has a market cap of well over 2 trillion dollars and turnovers are astronomical. However, the global Bitcoin user base is still relatively low, probably as low as 25 million users, compared to billions of active Muslim Internet users.

At the time of writing, humanity seems to be on the very verge of mass adoption of crypto. 2021 saw tectonic shifts in the industry:

- Samsung announced it will be adding a crypto wallet to all of its future phones.
- Tesla began accepting Bitcoin.
- El Salvador selected Bitcoin as its legal tender.
- UK Post announced it will start selling Bitcoin.
- New York Mayor-elect Eric Adams selected to be paid in Bitcoins.
- Reddit announced it will launch a crypto product for its 500 million users, etc.

These are just some of the highly visible milestones. Global adoption is happening on many levels including business, banking, regulatory, etc.

Blockchain

Blockchain – the technology behind cryptocurrencies is compared by many experts to the Internet itself in terms of its importance and long-term transformative impact on humanity. In general, Blockchain does two things.
It allows:

1. Parties to securely interact in a trustless way.
2. Exclusion of unnecessary intermediaries from any transaction or process.

Both are achieved due to the ability of blockchain to be a single source of truth for any interacting parties – robust, immutable and uneditable.

Modern blockchains utilize Proof of Stake consensus, allowing for high transaction throughput without overheads such as large energy consumption.

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Synthesis

Islamic Coin is designed to deliver a lasting, powerful impact for one of the largest communities in the world. It is the first digital currency to provide economic and social benefits, support innovation and ensure sustainable, long term growth via a dedicated Evergreen DAO.

1. Current credit and banking system.

Fiduciary credit money is a universal unconditional financial obligation that serves the commodity turnover of assets in the economy. The main task of Central Banks, as state regulatory bodies, is to maintain the stability of interest rates and the exchange rate in the money market by regulating the behavior of commercial banks' lending to non-financial enterprises in order to initiate them to maximize the mass of profits. The process of repayment of the principal amount of debt and interest is consistently carried out according to the hierarchy of the two-level banking system. Firstly, non-financial sector firms and people repay their unconditional loan obligations to commercial banks. Secondly, commercial banks return loans as their unconditional loan obligations to the Central Bank. In case of uninterrupted return of loan money from borrowers to creditors, the effective activity of market entities takes place.

Such a system allows governments to pursue a flexible monetary policy, managing the supply of money through the cost of their borrowing (the key rate). At the same time, the current system does not fully comply with the principles and norms of Islamic finance, since both paying and accruing interest for using money is prohibited in Islam.

Although the formation of the Islamic financial system began about 1400 years ago its modern history dates back to the 1970s when Islamic banks were established in Saudi Arabia and the United Arab Emirates. It is important to note that until 1971 all fiat money issued by states as legal tender was backed by gold or silver. Since 1971, states are no longer limited to issuing a new currency according to the gold standard or any other general rule, except for their internal consideration, which supports the possibility of capturing and redistributing wealth. Many fuqaha think that such practices don't correspond to fiqh.

2. IslamicCoin – purposeful community crypto asset.

Islamic Coin is Shariah-compliant digital money, designed to create value for the World's Muslim community. It is built on Haqq – its dedicated Islamic blockchain. Meaning "Truth", Haqq stringently abides by Islamic views and traditions on finance.

In the Quran, gold and silver are mentioned as examples of pleasures of this worldly life (3:14). That is why Muqaddimah of Ibn Khaldun has written that gold and silver specifically, should be used as money.

The deflationary nature of many cryptocurrency systems, as well as the necessity to invest some work to produce them, is comparable to the properties of gold or silver.

- Islamic Coin cannot be arbitrarily 'printed' and thus devalued. It's also impossible to cause arbitrary deflation through a rise of the Central Bank's interest rate (key rate) – since there is no interest rate within the system. Islamic Coin's price is determined solely by the market and thus always fair.
- Islamic Coin may only be minted (issued) by those who contribute work and investment – validators and stakers of the network at a predetermined announced rate.
- Unlike fiduciary money, Islamic Coin is not operated by the banks whose main business is to earn profit by charging interest. Paying or charging interest is forbidden in Islam.
- Each time a new Islamic Coin is minted, 10% of the issued amount is deposited into a special Evergreen DAO for further investment into Islamic internet projects or given to Islamic charities. This is the first introduction of a coin bringing direct economic value to a community.
- The Evergreen DAO is a non-profit virtual foundation focused on long term sustainability and community impact. It effectively works as a crypto endowment. In some cases described below, Evergreen DAO also may fund activities necessary for the Haqq network operations and development. Key decisions are made by a council that consists of the top 5 validators of Haqq blockchain.

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Our mission is to empower the international community of the followers of Islam with a robust and future-proof financial instrument that allows for independent financial interaction, while supporting innovation and philanthropy.

Leveraging the power of the community, IsalmicCoin may become one of the most important and valuable crypto assets. If 3-4% of the Muslim online community will hold Islamic Coin, it will become a bitcoin-scale crypto asset, generating a trillion dollars for its holders, and $100 billion for the Evergreen DAO.

Century Coinomics

Native Haqq Network currency is ISLM. It is used for payments, governance, paying transaction fees and staking.

Staking is the process of locking ISLM coins by bonding them to validators. Validators maintain the Haqq Network. By bonding coins, ISLM holders delegate voting power to validators and become delegators, which gives them the right to earn rewards and participate in governance (see Tendermint BFT).

When the Haqq mainnet will be launched, the minting of new coins will be temporarily disabled and Haqq mainnet will be operated by a restricted validators set controlled by the Core Team (Proof of Authority consensus). The reason behind that is to execute proper testing of Century Coinomics, and let the Haqq community learn how to stake and run their own validators on the Haqq network. For that purpose, Haqq public testnet will be launched with Proof of Stake and minting enabled. When the Haqq community finishes evaluating Haqq on testnet and The Haqq Team ensures its stability, Century Coinomics will be enabled on mainnet as well as Proof of Stake – the validator set won't be restricted by the ones controlled by the Core Team. This will start the first Era and allow validators and stakers to participate in the Haqq consensus.

After minting is enabled and until 100 billion coins are minted, every block produces new ISLM coins and gas fees collected from users in the form of gas fees. New ISLM coins and gas fees are distributed between validators, delegators and Evergreen DAO:

- 10% goes to Evergreen DAO.
- 1% to 5% goes to a block proposer and its delegators.
- The remainder is distributed proportionally to all bonded validators and their delegators.

Delegators of bonded validators are rewarded in proportion to the amount of their delegation relative to the total amount delegated to the validator, including validator self-delegation. Rewards are distributed to the delegators minus the validator's own commission.

ISLM supply is limited to 100 billion coins. Every Era, which is 2 years, ISLM's emission rate is reduced by 5%. Emission will stop in 100 years from the first block of the first Era.

During the first Era, 4.33% of coins will be minted, followed by 4.12%, with the 9th Era seeing 2.87%. More than 50% of the total supply will be minted from mainnet launch by the end of the 9th Era, including initial supply. 100% (100 billion ISLM) will be minted at the end of the 50th Era, no more ISLM will be minted after that.

Initial supply: 20 billion. It will be minted in a genesis block and will be distributed on the day of network launch with the following structure:

- 2 billion – Evergreen Foundation – according to Century Coinomics.
- 5.5 billion – Partners: boards, initial supporters, promoters and market makers.
- 4 billion – Initial Private Sale. These coins will be sold to qualified private investors.
- 5.5 billion – Business reserve and ecosystem development fund. These coins will be used for public distributions, operational costs, business development, grants and other ecosystem-focused activities.
- 3 billion – Founders Reward.

Coins dedicated for the Evergreen DAO will be locked until it is fully developed, tested and deployed on mainnet.

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Vesting

Founders Reward

Founders Reward allocation minus 0.01 ISLM will be deposited on a Vesting Smart Contract on network launch. 0.01 ISLM subtracted from Founders Reward will be used for the payment of transaction distribution fees after launch.

Vesting Smart Contract transfers 1/24th of deposit immediately on deposit creation, while the rest becomes available for claiming by portions of 1/24th each 30 days.

Private Sale and Partners Allocations

The Initial Private Sale and Partners allocations won't be locked on network launch because they have to be distributed between the Private Sale buyers and Partners during the first few weeks after network launch. However, each buyer and Partner will still have their coins vested based on the vesting schedule that applies to the Founders.

Architecture

Haqq is an Ethereum compatible Proof of Stake blockchain network with instant finality.

Features:

- Ethereum compatibility allows developers to build applications on Haqq using the existing Ethereum codebase and toolset, without rewriting smart contracts that already work on Ethereum or other Ethereum-compatible networks.
- IBC compatibility allows Haqq to interact with other IBC-compatible networks like Cosmos, and in the future with Ethereum.
- High throughput with instant finality makes Haqq usable for applications beyond the finance realm: social platforms, games, educational projects and much more.
- Proof of Stake mechanism allows Haqq holders to participate in the network consensus alongside with validators – and earn rewards for securing the network.
- Century Coinomics – finite supply, emission process lasts for 100 years, with a rate being reduced every 2 years, until 1 billion ISLM are minted.
- Evergreen DAO, funded by ISLM emissions and portion of network fees, governed by network participants – dedicated to supporting innovative projects for the international Islamic community.
- Builders Incentive – smart contract authors are incentivized to deploy ecosystem-demanded contract by network mechanics.

Haqq is built using Evmos which in turn is based on Cosmos SDK which runs on top of Tendermint Core consensus engine. That said, high throughput and instant finality are inherited from the Tendermint Core, IBC – from Cosmos SDK and Ethereum Compatibility – from Evmos.

The Haqq team is committed to implementing **Evergreen DAO**, **Builders Incentive** and **Century Coinomics** and getting everything together in order to launch a stable network, compatible with the rest of the blockchain ecosystem.

Builders Incentive

Just like Ethereum, Haqq uses the Gas concept to disallow the EVM (Ethereum Virtual Machine) from running infinite loops. However, thanks to Tenderming Core, the gas prices will be much less, compared to Ethereum.

Rather than going directly to validators, like in the case of Ethereum, the fees generated by Smart Contracts are shared between validators and authors of smart contracts in the proportion of 50%/50%.

We expect this mechanic to incentivize builders to create projects without speculative tokens at the core of their business models. Furthermore, by building this mechanic we encourage collaboration between Smart Contracts developers, in order to create additional value by composing their Smart Contracts.

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Tendermint, Cosmos and IBC

Tendermint is a software for securely and consistently replicating an application on many machines. Tendermint provides two chief technical components:

- a consensus engine.
- a generic application interface.

Tendermint BFT – consensus engine

The ability to tolerate machines failing in arbitrary ways, including becoming malicious, is known as Byzantine fault tolerance (BFT). Tendermint consensus engine implements Byzantine fault tolerance.

Two important Tendermint consensus engine characteristics are:

- Security – network works even if up to ⅓ of nodes fail or act maliciously.
- Consistency – every non-faulty node sees the same transaction log and computes the same state.

In addition, Tendermint provides instant finality which means that once a transaction is validated, it can be considered final and irreversible. Instant finality means that forks are never created as long as more than a third of validators are honest (byzantine). Users can be sure their transactions are finalized as soon as a block is created.

Security and Consistency of Tendermint BFT Consensus allows the Haqq network to be maintained by a set of independent validators who don't have to trust each other and will provide consistent data and transaction processing. Instant finality makes Haqq network suitable for a wide range of applications, including the ones which require fast feedback loops like games, social networks, instant payments, etc.

ABCI – generic application interface

Tendermint Core communicates with the application processing transaction via a socket protocol that satisfies the Application BlockChain Interface (ABCI).

ABCI allows the implementation of custom transaction processing logic without forking tendermint itself. This makes Haqq and components it's built on (Evmos) leverage new tendermint versions without backporting features and fixes by tedious and error-prone code merging process. This also opens ways for the Haqq team to collaborate with Tendermint maintainers and other members of the Tendermint ecosystem, in order to improve Tendermint Core for the good of the whole ecosystem.

Cosmos SDK

Cosmos SDK is the most advanced framework for building custom application-specific blockchains today. Cosmos SDK is the base layer of Evmos which Haqq is built on.

Cosmos SDK is designed for building blockchains out of composable modules, without forking the core. Cosmos SDK uses Tendermint as a default consensus engine.

Cosmos SDK is a stable, time-proven solution that powers hundreds of blockchain applications including Binance Chain, Terra and Cosmos Hub.

The most important benefit for Haqq being built on the Cosmos SDK is compatibility with the Inter-Blockchain Communication Protocol which makes Haqq interoperable with the rest of the Cosmos ecosystem.

Inter-Blockchain Communication Protocol

Blockchain is an open ecosystem and we believe that it should stay the same. We also believe that interoperability with different blockchains is an essential part of openness. That belief defines one of the most important reasons to choose Cosmos SDK as a foundation or Haqq Blockchain.

IBC is a protocol that defines the way for IBC clients (mainly, blockchain networks but not limited to them) to read the consensus states of other blockchains and the proof specs of those blockchains, that are required to properly verify proofs against the client's consensus state.

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In practice, Haqq being compatible with IBC means that it can communicate with other IBC-compatible networks which already hold more than $148 billion worth of assets under management.

IBC is not a cross-chain token transfer protocol – it's a general communication protocol as the name implies. IBC makes it possible for blockchains to communicate with each other. This includes the transfer of tokens, but it is not limited to that. This is different from isolated networks like Ethereum, within which connection to other networks is limited by token transfers only.

When enabled, IBC compatibility will interconnect Haqq with the rest of the Cosmos ecosystem. This includes Osmosis – interchain AMM – which, besides Cosmos networks, has plans to integrate with Ethereum and other EVM-compatible networks. The Haqq team also considers implementation of a direct bridge to Ethereum with a simplified user experience.

Ethereum compatibility and Evmos

Haqq desires to be open not just to users but to developers interested to build projects on the Haqq network. This requires Haqq to support a programming language and toolset familiar to the majority of blockchain developers. According to the Electric Capital Developer Report, Ethereum still has the largest developer community. That makes it logical for Haqq to strive to support Ethereum Virtual Machine for smart contracts execution and Solidity as the primary smart contracts language.

For the purpose of EVM compatibility Haqq is using some components of Evmos – the network based on Cosmos SDK which provides full EVM compatibility, or equivalence. Haqq being EVM-equivalent, means that everything that is built on Ethereum or other EVM-equivalent networks like Optimism or the Evmos and Evmos-based networks – can be deployed on Haqq without rewriting a single line of smart contract code and worrying about things to break in unexpected ways.

Evmos is the continuation of Ethermint project – the EVM-compatible blockchain with Tendermint BFT consensus. Evmos is being developed by Tharsis whose team has been the core development team behind the Ethermint codebase since April 2021.

As said in previous sections, Evmos is built on Cosmos SDK, leverages Tendermint Consensus security, consistency and instant finality and is compatible with the IBC protocol.

Haqq is aimed at full compatibility with the rest of Evmos and Cosmos ecosystems from the user experience perspective, as well as collaboration with its communities.

Evergreen DAO

Purpose

Evergreen DAO is introduced to fund projects benefiting the world's Muslim community, grants to ecosystem maintainers, bug bounties, marketing activities and other activities, which the community decides are helpful for the Haqq network and/or the Muslim community.

Governance

Evergreen DAO is governed by the Council. The Council consists of the top 5 validators but can be expanded beyond the validators set later.

Evergreen DAO governance is driven by an Evergreen DAO Smart Contract, deployed on the Haqq network.

Spending initiatives can be submitted by any ISLM holder (both personal and Smart Contract) and go through a governance process which consists of the following stages:

1. Submitting a spending initiative by an ISLM Staker.
2. Council vote.
3. Initiative execution.

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Submitting a spending initiative

Any ISLM holder can submit a spending initiative. This initiative should be first submitted to an off-chain discussion board and then a link to this initiative should be submitted to the governance smart contract alongside metadata which consists of spending amount and target.

Submitting an initiative requires a deposit which is calculated by multiplying the initiative amount to a deposit coefficient. Initially, the deposit coefficient is 5%. Later it can be changed to be dynamically adjustable, depending on the initiative amount and ISLM price in USD.

At the moment, the full 5% of the amount should be deposited on the Smart Contract, alongside the initiative. However, crowdfunding a deposit is possible by another DAO-like Smart Contract.

For a successful submission operation, the DAO should have enough coins not locked by another initiative. Upon a successful submission, the whole deposited amount is locked, becoming unavailable for other initiatives.

Council vote

Council vote for or against the initiative. Voting is operated by the same Evergreen DAO Smart Contract. Each Council has the equivalent vote. In order to approve the initiative, at least ⅗ of all Council members have to vote for the initiative. To reject, at least ½ of all council members have to vote against the initiative. If no decision is made for 1 week, the initiative is considered dropped.

Initiative execution

Initiative execution is a Smart Contract method that can be called by any user but it will succeed only if the Council has passed the approval or rejection threshold or if 1 week has passed since the initiative is submitted and no threshold has been reached.

If an initiative is approved by the Council, 100% of the amount specified in initiative metadata goes to the target specified in initiative metadata, deposit and additional reward which equals to the deposit becomes available, for an initiative author to claim.

If an initiative is rejected by the Council, the initiative amount gets released, becoming available for other initiatives and the initiative author deposit goes to Evergreen DAO.

This mechanism is supposed to incentivize active participation in Evergreen DAO Governance while protecting it from malicious initiatives.

If the Council fails to pass approval or rejection thresholds in 1 week since initiative submission, the initiative is considered dropped, and upon execution the Smart Contract will release the initial deposit which the initiative author will be able to claim.

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