The Liquid Bit Digital Asset

Whitepaper by L-BIT.NET

Abstract. Liquid Bit (L-BIT) is a scarce and privacy focused digital asset living natively on the Liquid Network. This paper gives a high level overview about the project specifications, characteristics and goals.

Introduction

Liquid Network is extending the original Bitcoin protocol with advanced blockchain features. Unlike Bitcoin, the Liquid Network is programmed to work with multiple asset types on the same blockchain simultaneously. With the rapid development and adoption of the network and it's features, Liquid Network's blockchain has a huge potential to became the mostly used solution for settlements of custom digital asset types, tokenized securities, stablecoins and digital products, because it provides secure, fast, cheap and confidential transactions for it's users.

Confidentiality

Transactions of Liquid Bits are confidential, which means that the asset type and the transacted amount is hidden from any kind of third parties. This information is only known by the sender and receiver involved in the transaction.

Confidential transactions are covered by another paper listed in the references section.

Issuance and supply

The smallest unit of Liquid Bit is one L-BIT. The precision of the digital asset is zero decimal point, which means that L-BIT can not be divided, so it is impossible to send, receive or hold less then one whole L-BIT.

As known, every Bitcoin can be divided into 100 million fragments – also knows as satoshis –, so the overall Bitcoin supply can be divided into 21 000 000 x 100 000 000 pieces. That is 2 100 000 billion or 2 100 trillion units.

The whole supply of Liquid Bit is 102.4 billion L-BIT units, which can not be divided into smaller pieces. This means that Liquid Bit is more then 20 507 times scarcer then Bitcoin.

The issuance of Liquid Bits was truly public, so anyone can verify that total supply and the fact, that no more units can be issued in the future.

Distribution

The key to build a strong community and a good reputation for Liquid Bit is transparency and the fair distribution scheme. The distribution process will be achieved in three stages: the airdrop, the presale and the initial exchange offer.

The airdrop will be open to anyone and maximum amount distributed this way is 400 million L-BIT units. The presale will have a 2 000 million L-BIT hard cap. The rest of the supply will be offered through the initial exchange offer.

To ensure maximum transparency and no conflict of interest, Liquid Bit team members will not keep any L-BIT for themselves during the distribution process.

Goals

The project has three long term breakthrough goals:

- Successful and fair distribution
- Providing additional liquidity for the Liquid Network
- Becoming the base asset of Liquid based conversions

References

The Confidential Assets Whitepaper
https://blockstream.com/bitcoin17-final41.pdf

The Liquid Network Wallpaper
https://blockstream.com/assets/downloads/pdf/strong_federations.pdf
https://blockstream.com/assets/downloads/pdf/liquid-whitepaper.pdf

The Issuance Of Liquid Bit Asset
https://blockstream.info/liquid/asset/d24a45eeaa9734428082d69e66adca7f133e23aaf2e3cda62a1bd9667af2f2a0

The Liquid Network Source Code – Elements
https://github.com/ElementsProject/elements