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Dear Community, here is the background and update on the status of development and next steps:

Since mid-late January, our network has experienced a series of malicious attacks by third parties. During the first series of attacks, our seeds were DDoS'd continuously preventing synchronization. Before the launch of the new wallet on January 25th, an attempt was made to destabilize the network by exploiting an old pre-release, deprecated wallet. A patch was necessary to quickly eliminate the issue. To that end, a new protocol was pushed through to the code with the support of our pool partners, eliminating the impact of the old pre-release wallets.

A brand-new wallet (4.0.0a) based on a newer code base, revamped UI, which fixed previous lag issues and introduced instant transactions was launched as an alpha release, plugging this vector and preventing old pre-release wallets from connecting to the new protocol. During this period Proof of Stake (PoS) was paused and a new unique PoS hash was being implemented to be released. The decision was to follow an iterative approach to wallet release – alpha, beta and an official release – taking into account community feedback at each release and improving any shortcomings.

While our development team worked furiously to meet promised timelines, a second series of transaction-based attacks was launched by third-parties attempting to de-stabilize our network. Our development team made some quick improvements and these were ably supported by pool operators and several community members who assisted by testing changes before the code release to nullify any impact (Thank you!).

Gravely aware of the looming timelines, the new PoS hash to enable consistent staking was quickly pushed along with a new beta wallet release (incorporating some alpha wallet feedback) at block 180,000, effectively securing the network. We have been tracking the progress and monitoring the network. PoS was expected to start after the maturity period, following a final code push from our end. This final code push, which will enable PoS, has now been put on a brief hold.

What does this mean for PoS and Master Node (MN) rewards?

- 1. For the safety of the network, based on the current testing, we believe it is not prudent to activate PoS at this moment without further PoS hash testing.**



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2. **We will enable PoS into the network again when we are satisfied with the new PoS hash along with an official 4.0 wallet release (alpha – completed, beta – ongoing, official – next step)**
3. **PoS blocks are not lost** as the number of PoS blocks per day are not “mined” at the moment.
4. **MN Rewards are not lost** as they are tied to PoS blocks.
Total blocks in a day are only Proof of Work (PoW) blocks now, PoS blocks – 720 per day are not being mined, meaning they are not lost and no one has any undue advantage.

What does this mean for Wallet Release?

1. We are collating feedback from different users to identify improvement opportunities.
2. Some key issues have been identified and are being fixed.
3. While 4.0 beta has improvements over 4.0 alpha (MN setup, for example), these will be worked on and improved for the **Official and final 4.0 release**.

What have we learned?

1. We have been pushing our development team too hard to deliver against harsh timelines which may have not been realistic and does not provide ample time for testing and releasing a sturdy product.
2. An MVP (Minimum Viable Product) approach is not in the best interest of the community when we are dealing in the blockchain space, especially with wallets and core code.
3. Any oversight and “quick-and-dirty” approach to please the masses has a very negative impact on the quality of our product and puts a lot of pressure on our support teams.
4. Giving in to pressure from some quarters for hard dates for delivery is not in the best interest of the product and the blockchain.



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5. This also puts undue pressure on our pool partners. We are well aware that this needs to change and requires better planning.
6. We must manage community expectation better and be realistic and upfront about the delays.

What are we going to do to fix this?

- 1. We are reviewing all release and technical timelines and are going for a more “approximate approach”, providing more time for robust testing before release. Hard dates will be published following testing and just before the release of a feature.**
- 2. Primary importance is given to getting a better core wallet that can mine, stake, and set up Masternodes out to the community. This is our current primary focus.**
- 3. The timing of all other hard-dated items on the roadmap will be modified to accommodate this. This includes SegWit activation, Pre-mine burn, and starting of Marketing Phase II, as all hands are needed on deck to support testing and release. These will be completed in Q1 (Feb - March timeline) but dates will be announced a day or two before each release.**
- 4. Community expectations will be managed better and in line with feasibility of product release. Updates will be published on the website to reflect the same.**

Our team is fully committed and working round the clock to get the promised features released. Network destabilization attacks and setbacks on timelines are not a deterrent in the grand scheme of things. They only make our resolve stronger.

Thank you for your continued support!

LUXCORE TEAM