

# SUPPLEMENT TO AXEL WHITE PAPER V 2.0

## AXEL Masternodes

AXEL is seeking Masternode operators to join the AXEL.Network. AXEL is currently seeking Tier 2 and Tier 3 Masternode operators on every continent in every major market in the world.

This is a unique opportunity to become part of one of the first and largest decentralized and distributed networks on the planet. Operators receive daily rewards for running their Masternode in service of the AXEL.Network.

AXEL.Network is the future of data custody. It's a transformative and disruptive technology that will power the next generation of decentralized and distributed solutions. This is the future, and it's happening today.

## AXEL Utility Token

AXEL.Network uses the AXEL Utility Token as its native payment method. The AXEL Utility Token can be exchanged for access to the AXEL.Network and to AXEL.Network services across the entire ecosystem. The AXEL Utility Token is also used to reward the Masternode operators for supporting the AXEL.Network.

All transactions on the AXEL.Network will go through a process we call SOAP to become Secured, Organized, Authenticated, and Protected (SOAP) using the AXEL utility token to create an immutable private or public link between the user and their data. The non-fungible link is established via the immutable transaction hash provided by the utility token when used to process or SOAP a transaction on the network.

## Masternodes and Consensus: A Brief Refresher

To begin our discussion, it's important to review the purpose of the Masternodes within a blockchain network, and their value to the blockchain community. The purpose of the Masternodes themselves is to support the deployment and expansion of the decentralized blockchain network, and to serve as protectors of the ledger (blockchain) itself. Masternodes are tasked with carrying the blockchain information, writing new blocks to the chain, and maintaining the integrity and security of the blockchain network.

Since these Masternodes are operated by individual entities that are typically not associated with one another, it's vital to come up with a mechanism that will establish trust between the nodes. This is where the consensus mechanism comes into play.

The consensus mechanism deployed by the blockchain governs how the blockchain is updated and maintained between the nodes operating the network. Most are familiar with the Bitcoin blockchain which utilizes a "proof-of-work" algorithm to reach consensus through a mining process among the nodes. Basically, each node solves a cryptographic algorithm to reach a conclusion or answer. The first node that reaches this answer is awarded Bitcoin tokens for their effort. That node then creates the new block of information and adds it to the blockchain.

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**IMPORTANT LEGAL NOTICE:** As a supplement to the White Paper, the "Important Notices and Legal Disclaimer" set forth in the beginning of the White Paper, which includes an explanation of Risks and Uncertainties as well as a Caution Regarding Forward-Looking Statements, should be considered to be part of this document as if fully set forth herein. The White Paper is available at <https://axel.network/>.

Naturally, competing for rewards as in the Bitcoin example calls for some significant computing power and can be very hit or miss. Rewards are almost always achieved by the people running the most powerful nodes, and the most quantity of nodes in general. This makes proof-of-work a bit of a gamble when considering running a node.

## AXEL Masternodes: Proof-of-Stake Consensus

AXEL Masternodes take a different approach to consensus. AXEL.Network utilizes a method commonly referred to as PoS or Proof-of-Stake. Unlike typical blockchain nodes, a Proof-of-Stake node (also referred to as a Masternode) requires the operator to stake a specific quantity of tokens in order to operate the node. This stake is considered collateral within the network to ensure the proper operation of each Masternode. In return for staking collateral, the Masternode host is rewarded (in the form of tokens) for supporting the network. Proof-of-Stake node holders have a vested interest in the security, integrity, and overall success of the blockchain associated with the network.

## AXEL Masternode Tier Structure

AXEL.Network will deploy Masternodes on a tiered deployment structure. The functional assets assigned to each tier Masternode are detailed in the table below.

Masternode Tier Structure and Functional Assets	
Masternode Tier Level	Masternode Functional Assets
Tier 1 Masternode	IPFS Pinning Facility; IPFS Gateway; Root DDB; AXEL Master Wallet
Tier 2 Masternode	IPFS Pinning Facility; IPFS Gateway; DDB Support; Masternode Wallet
Tier 3 Masternode	IPFS Gateway; Masternode Wallet

## Masternode Quantities and Staking Requirements

In order for AXEL.Network to establish a global decentralized network there will be over 5,000 Tier 1, Tier 2, and Tier 3 Masternodes. AXEL is initially establishing all Tier 1 Nodes to secure and stabilize the network. AXEL will make available 1,500 Tier 2 Network Nodes and 4000 Tier 3 Service Nodes to complete the network from 2019-2022. We anticipate the AXEL.Network nodes to be completely deployed by the end of 2022.

In order to hold an AXEL Masternode, AXEL Utility Tokens are required to be staked as collateral for the duration that the holder/operator runs the Masternode. The AXEL Utility Tokens to be staked must reside in the Masternode wallet at all times, and the AXEL Masternode server must run at all times on a dedicated server.

Awards in the form of AXEL Utility Tokens are provided to Masternode operators, and will come from the consensus process and the continuous operation of the Masternode. Staking requirements are as follows:

Tier	Required Token Stake (Collateral)	Token Price*	Cost Per Node*	Estimated Annualized Token Reward Before July 2020**	Estimated Annualized Token Reward After July 2020**	Number Of Nodes
Tier 1	1,000,000	\$0.20	\$200,000	1%	10%	50
Tier 2	50,000	\$0.20	\$10,000	6%	25%	1500
Tier 3	5,000	\$0.20	\$1,000	5%	20%	4000

*\*Please note that the token price and the cost per node are exemplary and subject to change. Should the cost of the token be reduced due to promotions, events or other rewards, the token price and cost per node would be affected.*

*\*\*Please also note that the token rewards prior to July 2020 are reduced to 15 tokens per block while the nodes are being deployed. Token rewards beyond July 2020 will be 61 tokens per block. Annualized rewards are based on all nodes being deployed. Please see the AXEL.Network website for further details on block rewards.*

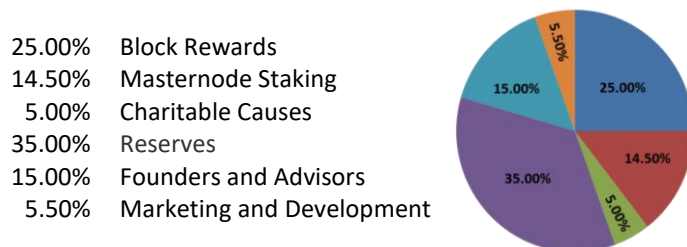
## Masternode Configuration & System Requirements

Experienced Masternode holders can choose to set up their AXEL Masternode independently, or you may choose to work with AXEL through our Masternode Onboarding Program. You may also choose to host the Masternode on your own device or you may wish to have the Masternode hosted for you. There are a variety of providers (such as [www.vultr.com](http://www.vultr.com)) who can host the Masternode for you for as little as \$5.00 per month.

Masternode System Requirements	
Tier 2 Masternodes	Tier 3 Masternodes
Dedicated VPS with Dedicated IP Address	Dedicated VPS with Dedicated IP Address
Ubuntu 16.04 x64	Ubuntu 16.04 x64
4 CPU	1 CPU
8GB Ram	2GB Ram
4000GB Monthly Bandwidth	1000GB Monthly Bandwidth

## Additional Details

- The total token supply will be 1 billion. Token allocation is as follows:



- Participation in the token event requires acceptance of contractual terms by the participant and AXEL's acceptance of the participant.
- AXEL has prepared an Offering Memorandum that includes risk factors and additional disclosures for AXEL tokens.
- Payments will be accepted via USD, ETH, or BTC. No tokens will be distributed until payment due is received in full.
- All participants are subject to Anti-Money Laundering (AML) and Know Your Customer (KYC) review. Information and documentation required includes: name, address, proof of residency, and government issued ID. *We may request additional documentation from U.S. participants to verify status as an accredited investor and from businesses entities to verify operational status.*
- A KYC/AML questionnaire will be sent upon confirmed engagement with the participation program.

## Join Us

AXEL is committed to building the biggest distributed network in the world. To help us get there, we want partners, participants, users, and a community full of passionate advocates. We're opening up opportunities for people to be involved at various levels.