

# 1inch Network

## Fusion Mode Terms of Use

### for Resolvers

Last updated: 4th of January, 2024

Effective from: 4th of January, 2024

Welcome to the 1inch Fusion Mode!

These Terms of Use and any terms and conditions incorporated herein by reference (collectively, the **"1inch Fusion Mode Terms"**, **"Terms"**) govern the access and/or use of the 1inch Fusion Mode by the Resolvers as defined below (**"you"**, **"your"**).

As the 1inch Fusion Mode operates within 1inch Network Interface, please note that the 1inch Network Interface [Terms of Use](#) and [Privacy Policy](#) are also applicable to your use of the 1inch Fusion Mode.

Please read these terms carefully. By accessing and/or using the 1inch Fusion Mode, you acknowledge that you have read, understood, and accepted all the terms set out below or incorporated herein by reference. If you do not agree with any provision of these Terms, please do not use the 1inch Fusion Mode.

#### 1. Definitions

- "Delegate" refers to the st1INCH Token Holder that delegates the Unicorn Power to the Resolver.
- "1inch Limit Order Contract" refers to the [AggregationRouterV5](#) smart contract or future versions deployed by 1inch and used for limit orders settlement. 1inch Limit Order Contract is an element of the 1inch Limit Order Protocol.
- "1inch Network" refers to the decentralized protocols and products whose synergy enables operations in the DeFi space by offering access to hundreds of liquidity sources across multiple chains.
- "st1INCH Token" refers to the staked governance and utility token of the 1inch Network.
- "Fusion Order" refers to a gasless swap request submitted by the Maker to be filled by the Resolver that is technically formed as a limit order through 1inch Limit Order Protocol and a set of smart contracts that enables onchain interactions.
- "Block Builder" refers to a miner (or validator), any individual or legal entity that collects, verifies, and arranges the transaction into a new block to be added to the blockchain.
- "Gas Fee" refers to the total amount of the monetary fee to be paid to fill the Fusion Order (regardless of whether the Fusion Order has been filled or not)) which is calculated as the units of gas used (limit) multiplied by the Gas Price:  $\text{Gas Fee} = \text{Gas Units used} * \text{Gas Price}$ .
- "Gas Price" refers to the value for each unit of gas which is determined by the following components: (a) the "Base Fee" and the "Priority Fee" where the Base Fee is the value calculated

by blockchain network consensus algorithm based on the size of the previous block in proportion to the targeted size of the pending block, while the Priority Fee is an additional fee on top of the Base Fee to incentivize the block builders; or (b) for transactions without Priority Fee - the “Median Gas Price in the Block” that refers to the median value of all gas prices included within the block.

- “Gas Units” refers to the amount of computational resources required to fill the Fusion Order by the Resolver.
- “Maker” refers to anybody who accesses or uses the 1inch Fusion Mode to initiate the Fusion Order without paying the Gas Fee.
- “Resolver”, “Taker” refers to any individual or legal entity that fills (partially or fully) the Fusion Order within the 1inch Fusion Mode, including the Whitelisted Resolver, the Permitted Proxy, and any other Resolver that is contributing in any capacity to fill the Fusion Orders by such Permitted Proxy.
- “Permitted Proxy” refers to the Whitelisted Resolver that meets eligibility criteria by uniting the Unicorn Power and fills the Fusion Order by facilitating the collection of data from other Resolvers involved.
- “Whitelisted Resolver” refers to the Resolver that has been registered and whitelisted to fill the Fusion Order.
- “Unicorn Power” refers to the unit that is determined by the ratio of the st1INCH Token and its lock period and enables participation in the 1inch Network governance, including delegation to the Resolvers.

All the terms used in this Section are intended only for the purposes of this Policy. All remaining terms should be interpreted according to the 1inch Network Interface [Terms of Use](#).

## 2. 1inch Fusion Mode

The 1inch Fusion Mode is a gasless swap feature that is powered by the 1inch Swap Engine (partially based on 1inch Aggregation Router and 1inch Limit Order Protocol) and accommodated by a set of open-source smart contracts (the “**1inch Fusion Mode**”).

The 1inch Fusion Mode may include other products and/or features added for the purposes of interface development and improvement, including those for informational, security, or other purposes, which are not intended to affect the main purpose of the 1inch Fusion Mode described above.

Please note that we only provide you with access to the relevant interface and neither have control over your interactions with the blockchain nor encourage you to perform any. Any interaction performed by you via the 1inch Fusion Mode remains your sole responsibility.

## 3. Eligibility

By accessing and/or using the 1inch Fusion Mode, you acknowledge and confirm that you meet all the conditions set forth herein:

- You have the full right, power, and authority to agree to the 1inch Fusion Mode Terms.
- Your participation in the 1inch Fusion Mode is entirely at your own risk.
- You are not located in, under the control of, or a national, citizen, or resident of any Prohibited Localities and/or subject to the Sanctions Lists as defined in the [1inch Network Interface Terms of Use](#).
- You are not impersonating any other person or otherwise concealing your identity.
- You do not use any software or networking techniques, including the use of a Virtual Private Network (VPN) to modify your internet protocol address or otherwise bypass the restrictions.
- You are a sophisticated user and possess the necessary knowledge, skills, and experience to use the 1inch Fusion Mode.
- You comply with all other eligibility requirements set forth in the [1inch Network Interface Terms of Use](#).
- You will not use the 1inch Fusion Mode if any applicable laws in your country prohibit you from doing so in accordance with these Terms.
- You are compliant with all laws and regulations applicable to you and your use or access to the 1inch Fusion Mode.

Should we determine that you no longer meet any of these eligibility conditions, we reserve the right, at our sole discretion and upon reasonable notice when required, to suspend or terminate your access and/or use of the 1inch Fusion Mode interface.

#### **4. Whitelisting**

*Eligibility Threshold.* In order to become the Whitelisted Resolver, you must qualify for the whitelist. The whitelist is dynamically maintained based on the Unicorn Power delegation threshold. To be eligible for the whitelist, you must have received delegations equating to 5% or more of the total Unicorn Power in the network ("**Eligibility Threshold**"). The whitelist is a maximum limit of ten (10) resolvers.

*Dynamic Whitelist.* The dynamic nature of the whitelist means that the Resolver's eligibility may evolve over time due to changes in the Unicorn Power distribution. Should you as the Resolver no longer meet the Unicorn Power delegation threshold, you may be automatically removed from the list of the Whitelisted Resolvers.

From time to time the whitelist criteria and the maximum number of resolvers on the whitelist may be modified, and such changes will be communicated to the Resolvers community in advance.

Please note that inclusion in the whitelist is not guaranteed solely by meeting the Unicorn Power delegation threshold. The Resolver shall ensure full compliance with these Terms, successfully complete the verification and registration process, as described below.

## **5. Compliance**

*Verification.* In order to become the Whitelisted Resolver, you must complete the verification procedure accessible at [1inchfoundation.synaps.me](https://1inchfoundation.synaps.me). The verification procedure aims to ensure that the Whitelisted Resolvers are safe and compliant actors.

The verification involves completing an identifying Know Your Client (KYC) / Know Your Business (KYB) questionnaire to verify your identity and determine your legal eligibility. You undertake to promptly provide all required information, including supporting documentation and other evidence, as may be reasonably requested. If you do not provide the required information and/or identifying documents, you will not be able to be whitelisted as the Resolver.

Please note that you are solely responsible for the accuracy and completeness of the data provided. If any information and/or identifying documents change, you must inform the 1inch Network representative at [foundation@1inch.io](mailto:foundation@1inch.io) without delay. You may be required to complete the verification process again.

You understand that the amount of information requested to provide as part of the verification procedure may be subject to change over time and that you may at a later point in time be required to provide additional documents and/or information.

The data is collected to comply with applicable anti-money laundering, anti-terrorist financing, fraud prevention, sanctions laws, and regulations. This data is securely maintained and disclosed only when permitted by law. For more information on how your personal data is processed please read [1inch Network Interface Privacy Policy](#).

*Wallet Address Screening.* Publicly available information may be used to monitor potential bad actors and assess the risks associated with illicit or non-compliant activities, or other potential threats within the blockchain networks. No additional personal data is collected to perform such compliance assessment. Such risk assessment services may be provided by TRMLabs or other third parties.

*Third-party Providers.* Please note that verification procedures and wallet address screening are provided by third-party providers. You acknowledge and understand that the results and outcomes lie in the sole discretion of the third-party provider. We have no control over or connection to the services of any third-party providers, thus we are not and cannot be responsible for the accuracy of the information or the services of such providers. The services of such third-party providers are governed by their respective terms of use, please read them carefully.

## **6. Registration**

To complete the whitelisting process, the Resolver that passed the verification procedure shall undergo registration in the whitelist smart contract deployed by the 1inch Network. Please note that updates to the whitelist smart contract may occur periodically. We will reasonably ensure but have no obligation to communicate any such modifications in advance.

By registering as the Whitelisted Resolver, you acknowledge, warrant, and agree that:

- You are solely responsible for any decision to use the 1inch Fusion Mode, including assessing any and all risks related to any Fusion Order.
- You participate in the Fusion Order's auction entirely at your own risk and there are no representations or warranties as to the code security or ongoing availability of the Fusion Mode or that your access will be uninterrupted, timely, or secure at all times.
- You accept that any fees, costs, or expenses associated with your use of the 1inch Fusion Mode are your responsibility unless otherwise specified.
- You are responsible for ensuring your use of the 1inch Fusion Mode complies with local laws, regulations, and ordinances in your jurisdiction.
- You pledge not to engage in activities that could potentially harm, overload, or compromise the infrastructure or integrity of the 1inch Fusion Mode.
- You understand that any violation of these Terms may result in your removal from the list of the Whitelisted Resolvers without prior notice.

The Resolver shall ensure full and continuous compliance with these Terms. We reserve the right to remove the Resolver from the whitelist if the Whitelisted Resolver fails to comply with any provision of the 1inch Fusion Mode Terms.

## **7. Permissioned Proxy**

The 1inch Fusion Mode allows eligible Resolvers to unite their Unicorn Power to meet the eligibility criteria for registering the Whitelisted Resolver that will act as a permissioned proxy, facilitating collection of data from Resolvers participating in filling the Fusion Order. The Resolver chosen to act as the permissioned proxy shall undergo a whitelisting procedure according to these Terms.

Contributing to filling the Fusion Order by the Permissioned Proxy is subject to compliance with the 1inch Fusion Mode Terms. By registering as the Whitelisted Resolver, the Permissioned Proxy is obliged to ensure that each Resolver contributing in any capacity to fill the Fusion Orders by the Permissioned Proxy complies with these Terms, including the eligibility criteria as set forth in Section 3 of these Terms.

Should any Resolver involved fail to comply with these Terms, such failure may be deemed as the failure by the Permissioned Proxy to comply with these Terms and may result in the Permissioned Proxy's removal from the whitelist.

The Resolvers acknowledge that their participation in the Permitted Proxy is subject to arrangements defined by the Resolvers involved. We expressly disclaim any influence, control, or obligation over the decisions, functions and/or results of the Permitted Proxy's operations. We assume no liability for collaborative decisions made by the Resolvers within the Permitted Proxy framework.

## **8. Use of the 1inch Fusion Mode**

This Section outlines specific provisions regarding the Resolver's interaction with the 1inch Fusion Mode, however, not exhaustive. Other terms related to the use of the 1inch Fusion Mode can be found in the other sections of these Terms. Please ensure that you thoroughly review the entire Terms for comprehensive understanding.

*Priority Fee Limitations.* The 1inch Fusion Mode employs limits on the Priority Fees, including through the predicate ("Fusion Order Predicate"). The following limitations are applicable, irrespective of the use of the Fusion Order Predicate:

- For blocks where the Base Fee is <10.6 gwei, the Priority Fee is capped at 70% of the Base Fee;
- For blocks with the Base Fee ranges between 10.6 gwei and 104.1 gwei, the Priority Fee is capped at 50% of the Base Fee;
- For blocks where the Base Fee is >104.1 gwei, the Priority Fee is capped at 65% of the Base Fee.

*Restriction Measures for Breaches.*

Any action aimed at circumventing the Priority Fee Limitation, intentionally altering the transaction order within the block, and/or otherwise abusing the Fusion Orders filling process, constitutes a breach of these Terms, including, but not limited to:

- Bypassing the Priority Fee Limitations as defined above;
- Making direct payments to the Block Builder's coinbase address (i.e. `block.coinbase.transfer(amount)`);
- Deliberate actions to manipulate transaction order within the block; and/or
- Bundling with non-related transactions.

Given the evolving nature of the 1inch Fusion Mode, this list is not intended to be exhaustive. Any breach identified by the technical team responsible for maintaining the 1inch Fusion Mode will be subject to the outlined restriction measures. We reserve the right to determine and address any breach at our sole discretion, enforcing the restrictions accordingly.

Upon the first breach identified, the Resolver will immediately receive a warning notice sent from the analytics team supporting the 1inch Fusion Mode via the previously provided by the Resolver contacts and other available private means of communication. Subsequent violations shall result in restrictions on processing the Fusion Orders within the 1inch Fusion Mode based on the frequency of such breaches. The

restriction measures mean blocking the Resolver from processing the Fusion Orders for the specific period determined by the cumulative count of breaches as of the date of the latest breach identified as follows:

- Upon a second breach, the Resolver shall be blocked from processing the Fusion Orders for a duration of one (1) day;
- Upon a third breach - for a duration of seven (7) days;
- Upon a fourth breach - for a duration of thirty (30) days;
- Upon a fifth breach - for a duration of three-hundred sixty-five (365) days.

The restriction measures are enforced by the representative of the technical team responsible for maintaining the 1inch Fusion Mode. In case of any subsequent breach, the following team will promptly notify the Resolver regarding the applicable restriction measures via the previously provided by the Resolver contacts and other available private means of communication

We reserve the right to determine the fact, count, and sequence of breaches at our sole discretion. The count of breaches begins consecutively starting from the date of the first violation identified. The restrictions shall be effective immediately upon their technical implementation.

## **9. The Whitelisted Resolver's Exit**

As the Whitelisted Resolver, you have the right to voluntarily exit from the 1inch Fusion Mode at any time for any reason by contacting us. If you choose to exit, you shall inform the 1inch Network support team at [support@1inch.io](mailto:support@1inch.io) about your intention to exit within fourteen (14) days prior to the intended exit date. If you act as the Permitted Proxy you are required to notify those Resolvers involved in the Permitted Proxy about your exit within the same 14-day period.

The exit date is determined as 14 days following the next day of notification to the 1inch Network support team. For instance, if the Whitelisted Resolver informs the 1inch Network support team about the intention to exit on September 1st, the Resolver's Whitelisting status will be revoked on September 15th.

Upon the exit date, the Whitelisted Resolver's functionality within the 1inch Fusion Mode will be disabled, and the Resolver's whitelisting status will be revoked. Consequently, such Resolver will no longer be considered an active participant within the 1inch Fusion Mode.

*Incentive Programs (Farms).* In the event of the Whitelisted Resolver's exit or any other case when the Resolver's whitelist status is terminated, the Resolver's commitment within the farm remains binding according to the initially defined timing schedule. Therefore, in case of exiting from the 1inch Fusion Mode or experiencing whitelist status termination, the exiting Resolver shall retain the created incentives in the farm. Such Resolver must ensure that the Delegates who have previously delegated their voting power to that Resolver are able to claim the incentives from the Resolver at any time after such Resolver's exit.

*Notification on Non-Active Status.* Information about the non-active status of the resolver will be prominently displayed on the 1inch Fusion Mode interface. The Delegates are strongly advised to refrain from using non-active resolvers. Instead, the Delegates are encouraged to consider and interact with the list of active Whitelisted Resolvers. Resolvers should be a pro-active part of such notifications.

## **10. Incentive Programs**

From time to time we may introduce various incentive programs designed to incentivize active participation by the Resolvers. The specific details and terms of each incentive program, including eligibility criteria, and duration, will be communicated in advance. We reserve the right to modify, update, or terminate these incentive programs at its sole discretion with prior notice.

## **11. Disclaimers**

By using the 1inch Fusion Mode, you acknowledge and agree that:

- Your participation in the 1inch Fusion Mode is undertaken at your own risk. We shall not be held liable for any gains, losses, or damages resulting from your participation, transactions, or activities within the 1inch Fusion Mode.
- We bear no responsibility for the delegation and/or uniting of the Unicorn Power as part of the activities related to the Permissioned Proxy. The delegation process, as well as any actions taken within the Permissioned Proxy, and their outcomes are solely the responsibility of the parties involved and are undertaken at your own risk.
- Any benefits or incentives associated with the use of the 1inch Fusion Mode are not guaranteed.
- Any information or data provided through the 1inch Fusion Mode, including the whitelist, incentive programs, or any other features, do not constitute financial or investment advice. It is your responsibility to conduct independent research and seek professional advice when making decisions.
- We will not be held liable for any third-party websites, products, or services linked to or utilized through the 1inch Fusion Mode. Any interactions with third-party entities are solely your responsibility, and we shall not be accountable for any outcomes.
- We cannot guarantee uninterrupted access to the 1inch Fusion Mode, occasional downtime or disruptions may occur. We shall not be held responsible for any resulting inconvenience or losses.
- We shall not be held liable for the actions taken by Resolvers or other participants within the platform. You are solely responsible for your behavior and interactions within the 1inch Fusion Mode, and we shall not be liable for any consequences thereof.
- The 1inch Fusion Mode's functionality and features may evolve over time. We reserve the right to modify, suspend, or discontinue any aspect of the 1inch Fusion Mode at our discretion. Any such changes will be communicated as feasible, and we shall not be held accountable for any inconvenience or disruptions arising from these modifications.



- The 1inch Fusion Mode Terms may be updated or modified from time to time. It is your responsibility to regularly review the terms and policies and ensure compliance with the most recent version.
- By participating in the 1inch Fusion Mode, you agree to indemnify and hold harmless the 1inch Network, its affiliates, partners, and representatives from any claims, damages, losses, or liabilities arising from your use of the 1inch Fusion Mode.

## **12. Updates and Notifications**

We may periodically update these Terms, including any additional sections or provisions, at any time by posting the revised version of these Terms with an updated revision date. Please regularly check for updates to ensure that you are aware of the most current version of the 1inch Fusion Mode Terms.

The changes will become effective and shall be deemed accepted by you, the first time you use or access the 1inch Fusion Mode after the initial posting of the revised Terms and shall apply on a going-forward basis with respect to your use of the 1inch Fusion Mode. If you do not agree with any such modification, your sole and exclusive remedy is to terminate your use of the 1inch Fusion Mode.

Failure to comply with the updated terms may result in the termination of your access to the 1inch Fusion Mode.