

# **THE NAFTY PLATFORM: A NOVEL SYSTEM FOR DISTRIBUTING OWNERSHIP OF UNIQUE ASSET CLASSES**

## **1. Abstract**

This white paper describes a new system for fractionating the ownership of non-fungible tokens, commonly referred to as NFTs. These are cryptographic tokens which normally are non-divisible and owned only by a single signing address. The system described here formulates a methodology for connecting the ownership of a single NFT to a derivative ERC20 token created in a precise ratio representing a predetermined distribution of the ownership of said NFT. These derivative tokens can be freely traded as any other ERC20, thereby re-enabling the fungibility of a NFT, from whence will come the term of art “RFT” or “re-fungible token”. The base utility token for the system is the NAFT (ERC20).

## **2. Introduction**

### **What problem does Nafty solve and how?**

The market for NFTs is large and growing fast. Many individuals would be interested in acquiring such assets, particularly if they are associated with a famous brand or name. Of course, the more famous and in demand an artist is, the more a corresponding NFT will be worth - usually putting such a purchase out of range of the normal collector.

The Nafty System of re-fungible tokens solves this problem. Without a system of fractionated ownership the vast majority of the possible buyer pool will simply be priced out of the market. This would be similar to the situation in that for many years if one wanted to participate in the profits earned by Warren Buffet’s Berkshire Hathaway one would have to spend over \$100,000 to obtain a single share of his company. Fractionating the cost of ownership makes such assets more obtainable for the retail investor.

## **3. Technology**

### **In which we describe the methodologies the developers will use for the project.**

This project utilizes several technologies that are in varying states of development. First of all, the project is designed for the Ethereum blockchain. Second of all, it utilizes at its core 3 standards: ERC-20 (token), ERC-721 (NFT) and ERC-1633 (RFT). These form the basis of the interlocking Smart contracts which form the foundation of the ecosystem.

The functional aspect is that NFT owners will submit their NFT to the platform where a custom RFT contract will be attached to it. This will enable a timed sale of derivative tokens that then are the ownership stakes in the NFT. The submitter will set

the number of shares the length of time the sale progresses, and the amount per share, denominated in NAFT. Upon execution of this contract, buyers may be invited to send NAFT to the contract directly from their wallets or via an intermediary. They will receive the proportional amount of derivative RFT token. This mechanism proceeds for as long as the “Initial Gallery Offering” or IGO is scheduled. Once the allotted time is reached, the NAFT tokens collected in the sale plus any residual shares not sold are passed to the original lister.

These RFT tokens may function as a standard ERC20 token in the mechanics of being traded, but additional functionality may be added as the system matures.

The derivative RFT tokens will be listed on appropriate exchanges as part of the service the Nafty Platform provides.

Additionally, derivative DeFi pools may be created from the now tokenized NFTs in the form of pools that utilize the created RFTs.

The technology build-out involves custom Solidity contracts for NFT -> RFT creation, Web3 interaction components for the customer UX/UI. The initial build of the platform will include a Gallery system for displaying available NFTs and their sales status, an interface for users to upload, price and make available NFTs for purchase with the RFT share method. These components will be leveraged in creating the mobile apps where users may additionally view and showcase their accumulated assets.

One of the interesting innovations of the Nafty Mobile Platform will be the ability for the user to sell shares of instantly snapped photos or even a specific geolocation plus time as an NFT and then instantly transform that NFT into an RFT which could be offered to for example participants in a livestream. A specific point in time and space may be captured in a medium such as audio, video or image and monetized in a unique fashion.

## **4. Incentive Structure**

### **Why the Nafty System builds value in NAFT**

The NAFT is the native token for purchase of the fractionated NFTs (RFTs). By utilizing a consistent denomination, users are able to assess a clear value of any NFT fractions they acquire. Holders of NAFT may be offered bonus shares of selected IGOs on a HODL basis, being the more/longer they hold the NAFT token, the more bonus shares of IGOs they may receive. This is programmatically determined in the structure of the Nafty Platform system.

## **5. Emission Plan**

**The strategy for the creation and distribution of new cryptocurrency coins or tokens. It has also been called a Token Generation Event (or TGE).**

The NAFT token is deflationary in that it has a capped issuance of 1,000,000,000 NAFT.

The pre-sale and ICO events are the primary distribution methods for the NAFT tokens.

Tokens may be issued on a lottery basis to participants in IGOs. The initial issuance of tokens will have a component which is time-locked with staged vesting periods so that stakeholders may maximize their value appreciation. Vesting will not apply to use of the NAFT tokens in participating in NFT sales via purchase of RFT shares.

## 6. Conclusion

**Let's review the information shared.**

At this point in time, there is a genuine need in the market for a system such as Nafty proposes. With the unique selling point of having the ability to rapidly and efficiently distribute the value of certain unique NFTs, Nafty is poised to make a real impact on the resale value of NFTs/RFTs in the retail market. With owners being able to retain partial ownership of their prized assets, larger amounts of retail consumers and fans may participate in owning fractions of high-profile assets. With the NAFT token facilitating the transactions on the Nafty Platform, usage of the token and the baseline exchange rate should reflect this growth market.

## 7. References

Ethereum: A Next-Generation Smart Contract and Decentralized Application Platform  
<https://ethereum.org/en/whitepaper/>

ERC-20 TOKEN STANDARD  
<https://ethereum.org/en/developers/docs/standards/tokens/erc-20/>

ERC-721 NON-FUNGIBLE TOKEN STANDARD  
<https://ethereum.org/en/developers/docs/standards/tokens/erc-721/>

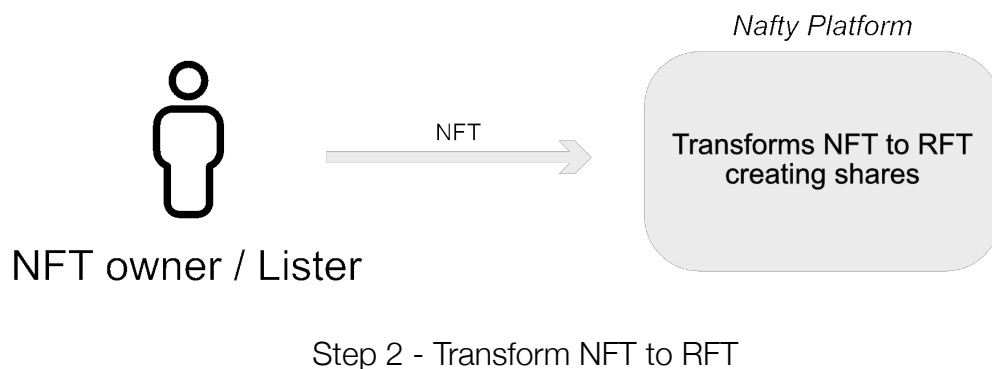
ERC 1633 - RFT (Re-Fungible Token)  
<https://github.com/ethereum/EIPs/issues/1634>

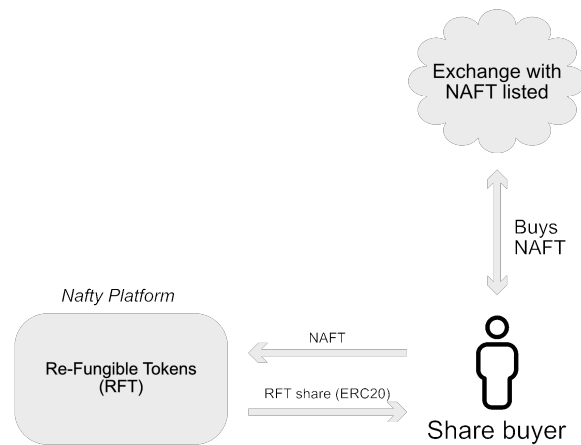
## 8. Definitions

NFT	Non-Fungible Token
NAFT	The NAFT is the native token of the Nafty Platform
RFT	Re-Fungible Token
ICO	Initial Coin Offering
IGO	Initial Gallery Offering

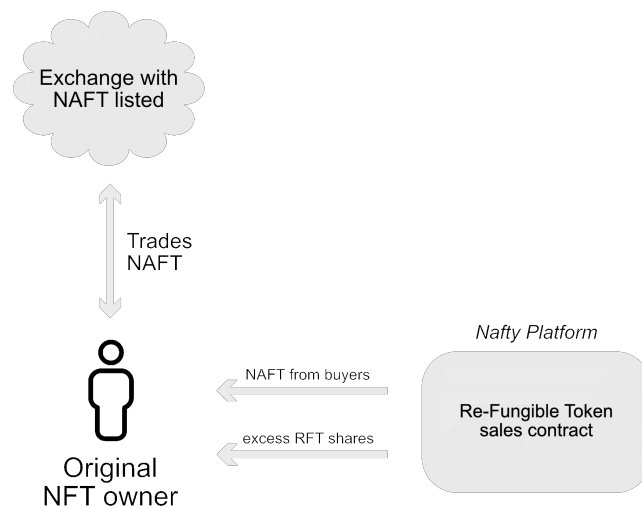
HODL	A commonly used version of “Hold” in reference to accumulating cryptocurrencies
DeFi	Short for “decentralized finance,” this refers to systems that do not use a trusted intermediary in exchanging or holding value but instead use carefully constructed smart contracts.

## 9. Illustrations





Step 3 - sell shares of the RFT



Step 4 - Sales period over, lister receives NAFT plus excess shares



Step 5 - RFT shares are ERC20 tokens that can be traded on DEX (Uniswap, Kyber, etc.) or centralized exchanges such as (Binance, Coinbase, etc.)