MUNY

A non pegged free-floating decentralized monetary system

Welcome to money 2.0

The Centralized Decentralized Finance Space

Where most decentralized stablecoins attempt to be decentralized through the systems that control the token, all of them centralize around 1 key part: the United States Dollar (USD). This single centralized currency creates risk as all other stablecoin currencies are able to be manipulated through the USD's centralized systems. As such, we created the first fully decentralized stablecoin and currency system with all the needed monetary policy controls needed to achieve a currency. By allowing for voting in the monetary policy controller that we call the fedDAO as well as a separate voted Treasury, power becomes separate for the funder and the funded. This then allows inflation to become redistributed through universal disbursals in real-time to holders rather than those closest to the Fed, meaning the people control their money.

The system uses multiple brand new innovations to create a far more open money that's value can free float in a market at its own market value and governed openly, transparently and by the holders. One that could not be created through centralized systems.

USING THE FEDERAL RESERVE MODEL

We use the same model as the Federal Reserve whereby the Fed can change economic pressures through two mechanisms in the core model.

- The Fed can set interest rates up or down in order to stimulate or suppress the economy and lending. This is achieved with Muny through a transaction fee rate that goes to the Treasury. This also acts as a similar mechanism to the government where a government can reduce taxes to increase spending or increase them to increase the budget when times are good to create publicly beneficial uses for the funds.
- The Fed can inflate the supply; however, with Muny, this inflation doesn't go to a select few but goes to either the Treasury address- which all holders vote for- or alternatively the inflation caused by the inflation proposal and new token supply gets distributed instantly and in real time to all holders. No more inflation hurting the small to benefit the whales.

These systems allow for a basis to form and the controls needed to manage the currency and float it as needed. Minting more tokens to decrease the value per token, without hurting those already holding the token. Muny uses these 2 systems to create a currency in a similar way to most currencies we use today.

FREE FLOAT VS PEG

By allowing for the Fed to control inflation and spending, with the holders holding the fedDao accountable to their interests, changing the Fed address to another should they fail to meet holders interest creates a currency which free floats against all other currencies- both real or digital- and has its value come not from a central system but through the DAO and the MUNY ecosystem itself.

Centralized peg coins are useful as they allow for low volatility and are reliable. Most digital currencies are deflationary and so spending and taxation for public benefit isn't able to be used to stimulate the system. Also, currencies such as Bitcoin where the value is speculated to go up without any underlying use creates very little backing through the transactional value for the system, thus creating volatility. By introducing a direct proposal to fund the Treasury itself rather than distribute to all holders, the fedDao can allow the Treasury to create systems whereby it buys the token back when price reaches under 1.95 USD and sells when it's higher than 2.05 USD (these values are arbitrary and optimally the float would target a value not tied to any other currency). Other such systems can be used with careful planning to maintain any desirable float targets for the value. Inflating to reduce price could also work and encourage spending which the Treasury can use to purchase the token below a target value.

HOW TO DECENTRALIZE THE MOST CENTRAL SYSTEM IN THE WORLD

We created the concept for horizontal and minified DAOs and took them much further. With proposals from the DAOs, we were able to directly affect the token itself, within limits. This creates the ability for the holders to choose the DAOs that are right for the role, replace DAOs when they fail to meet needs, and create brand new systems like subDAOs to allow for certain

DAOs to control inflation, some to control freezing and burning malicious accounts, and some to fund the Treasury for grant purposes.

All those can then control 1 DAO which gets voted on by holders. This allows for stratified and highly specific DAOs that are as active as needed for their roles. The treasuryDAO can also be broken into subDAOSs with funding routed to each DAO within the treausuryDAO, such as a DAO that funds public goods, a DAO that donates to charity, a DAO that conducts research, and/ or a DAO that manages the currencies float and more. These are then all weighted according to needs.

This upgradability and ability to choose and remove as needed has not been done by another project and creates far more flexibility and future proofing than any single system can do.

STRATIFICATION AND DELEGATION FOR DAOS

The token contract has been conceived with a minified, inbuilt governance protocol alongside the separate Treasury and fedDAOs. On the surface level, a majority of holders can quickly and efficiently update their votes. And if the majority all vote for a new Treasury address, then the DAO contribution- from the tx fee set by the fedDAO- will be rerouted to the new Treasury address the moment the Treasury gets updated.

We chose this unique governance mechanism for two primary reasons:

- The first is that of upgradability. Innate governance permits not only updates to the DAO without affecting the underlying token contract (and its security), but also serves as a failsafe in case the DAO contract breaks. In that unlikely scenario, the token will continue to work without any interruption or intervention needed.
- Secondly, it allows for voters to choose to update and use a new DAO if the current DAO is not meeting the holders' purposes. A majority can quickly elect to go from a

non-profit to a profit DAO, or from profit to non-profit, or simply route the Treasury payments to a completely separate system, or even just a single donation address. The protocol creates a sort of DAO-ception where a governance mechanism is able to delegate the funding of another more complicated governance mechanism to be built on top.

HORIZONTAL GOVERNANCE

By allowing for a Minified DAO to control the source and revenue, routing to DAOs can actually be sent to a contract or another DAO that allocates the funds to multiple specialist sub-DAOs in a chain. Those DAOs are then able to work in tandem to accomplish all the goals for the holders without trying to get high participation for all holders or all members for proposals they're not interested in. This is critical to Gen2 DAOs where they'll control and manage subDAOs improving effectiveness and efficiency while allowing all goals to be accomplished. Vertical DAOs can now become three-dimensional, turning a Decentralized Autonomous Organisation into a Decentralized Autonomous Collective.

THE fedDAO

The fedDAO is an address that gets designated by majority token holders' votes. The fedDao possesses the tools to perform critical roles such as inflating the supply, setting transaction fees and in rare cases freezing accounts. The fedDAO gets voted by holders and can be changed at any time by the holders. Making them serve the holders and liable for any and all proposals. Should any not fit the holders needs, the address can be changed before the proposal can go through.

MONETARY POLICY AND QUANTITATIVE EASING REINVENTED

    - The fedDAO are able to propose changes to protocol params to allow the same tools as current centralised and successful monetary systems.

- **TRANSACTION FEE**
    - The fedDAO are able to set the fee that all transactions pay to the Treasury from between 0 to 0.025x allowing for a similar system to interest rate changes where lower fees encourage more use and spending while higher fees create more reason to hold but fund Treasury.
- **PROPOSAL LOCK**
    - The fedDAO can change the delay for new proposals to be able to be run to a min 3d delay. This allows for the holders to be able to change DAOs within a reasonable 3d should a proposal not meet holders' interests but also allow for rapid response to the DAOs needs.
- **FREEZE AND BURN**
    - The fedDAO can with no delay needed freeze any account from transferring MUNY. This freeze does not affect the voting rights and so the DAO can maliciously stop the system for a short time but will be voted out almost immediately. We recommend holders use a DAO that has its own delays to mitigate the possibility. But the no delay freeze allows for response to hacked funds and protocols for other systems to be stopped from losing user funds until resolved. The fedDAO as a last ability can burn any address funds but must wait the proposal delay time. This can be used for funds locked to not continue to grow through the inflationary mechanism. The DAOs can not refund any lost MUNY and cannot transfer lost MUNY back to an address that had funds stolen only freeze and burn with a delay.

- **FUND TREASURY**
    - The fedDAO can make a special disbursal that will not be distributed to all holders but may only do so to the current Treasury DAO address. This allows for emergency funding or for other uses.
- **INFLATION**
    - The fedDAO can mint new MUNY and inflate the supply. But when that happens the new supply gets allocated automatically to all holders fairly.

THE TREASURY DAO

The Treasury DAO acts as a treasury to pay for development, marketing, business activities that help the system, audits, and any other communal need that MUNY may need. The fee set by the fedDao gets applied to all MUNY transactions, creating a separation between the funds and the fedDao.

Matched Liquidity Bootstrap

We're introducing a new model to bootstrap liquidity for new tokens, where a single sided Uniswap v3 pool funded with the distributed MUNY will be assigned close to a target price range ($1.2 with a Stablecoin counterasset) allowing for the market to create a floor at the start price and simply increase the ability to absorb sell liquidity once inflationary mechanisms are used. This allows for almost no slippage on arbitrarily large buys (up to the total supply) while keeping a stable price. All the raised USDc and allocated supply will be placed on Uniswap v3 with the position able to be managed at a target float, with the LP tokens being withdrawable by

the Treasury slowly. This model will both bootstrap liquidity on on-chain markets for Muny and give the Treasury flexibility, as it will control much of the liquidity tokens at the start.

By selling tokens for a value in the counterasset and then supplying both assets as LP assets, the protocol can create deeper markets around a target value reducing volatility around a cost basis. The assets can also be traded for the counterasset as both are given for withdrawing LP allowing for the Treasury to sell USDc and buy Muny or sell Muny to buy USDc pushing price up or down towards target. The Treasury can also use this to make the total available liquidity elastic to squeeze liquidity if the market's not moving and flood it in if the market's too volatile and needs a cushion. The LP will be able to be slowly drawn to whatever address currently has been voted the Treasury. Allowing for tokens to not be permanently locked and liquidity to flow between markets slowly and carefully.

INFLATION TO THE PEOPLE

We implemented a system where new funds minted by the fedDAO are distributed to all holders with claims happening automatically. No more inflation creating value loss for the people. You get your fair share.

AB-FLATIONARY ECONOMICS AND WEALTH REDISTRIBUTION

Ab-flation allows for abstraction behind deflationary and inflationary economics and allows for redistributed funds from the inflation created by the fedDao as well as wealth redistribution for all transactions with a small fee that gets distributed to all holders prop to their holdings.

It’s called ab-flation because while the supply is deflationary, the deflation is abstracted. Part of every transaction is burned with the fee then distributed fairly to all MUNY holders,

instantaneously and without requiring gas-driven claims. They'll just show up in your wallet of choice. Burned tokens are returned to all of the protocol's holders invisibly, instantly, and can be displayed as simple growth in holdings.

This abstraction of the deflation which occurs gets abstracted through us representing the balance of the user as the:

- Balance = balance * totalsupply / (totalsupply - burnedsupply)

Let's imagine there are 2 holders with 5 tokens each, and 20 tokens in existence. If through a lot of use by the other parties in the system all of the other parties tokens get burned and the supply reduces to the 10 tokens held by those 2 holders, then the balance of the 2 holders will actually slowly increase to 10, which together will allow for the supply to always be 20 tokens of balances while the underlying supply is able to be burned. This allows for holders to benefit in the same way most PoS systems work but with 0 risk trying to use contracts to stake their tokens and without any active management. The burn benefits the holders directly with every burn transaction. This is an invaluable part of the design as it allows for all including the dao to benefit from increased usage, motivating people to grow the system.

TRANSFERX

As part of our overhaul we looked at features fundamental to payments. As such, we came up with a rich Transfer to roll up 2 capabilities to 1 new TransferX that's backwards compatible so that the options don't break apps without the new features.

Now you can send multiple payments with 1 transaction (.5x gas cost reduction). And you can put a memo as a payment reference or just whatever you want. ERC 20.1.

A New Muny

Money has gone through multiple forms in the past from abstract concepts such as shells, to precious commodities like gold, to our current form as cash created by central actors who act and abstract away the physical nature into services like Visa. Now we take another step towards a true decentralized currency for the decentralized internet. One that has no pegs to central currencies. One with accountability and transparency. One that cannot be controlled. Welcome to a new Muny.