**Abachi Litepaper on a white background.**

Faisal M.
Steve S.
www.abachi.io
docs.abachi.io
November 15th 2021
v1.1 revised: 3rd Dec 2021

*This is a litepaper to introduce the project and includes certain elements which have also been proposed to Olympus DAO. More details will be published soon via our docs repository.*

**Mission**:
*Abachi exists to help bring traditional financial institutions and real-world users on chain.*

Abachi DAO exists for two reasons:
1. Fund and build the middleware and infrastructure required to bring traditional finance on-chain.
2. Partner or acquire any tech, company or project that helps us in achieving the goal above.

An easy way to think about Abachi is to think of middleware that brings real-world users to DeFi using integrations and a retail bank that can consume debt obligations, tokenized credit etc. from those real world users.

The bank also invests to acquire more platforms that can bring real world users on chain in a compliant and seamless way.

All of the above is powered by Abachi, which in turn is powered by OHM, **both the tech and token.**

**Why?**
1. Olympus DAO is like a decentralised central bank that offers a fully backed currency. We want to use it for treasury.
2. Abachi DAO is the front-end retail bank that offers products based on that underlying currency.
3. Helps both Abachi and OHM grow together (I would say exponentially) (3^2, 3^2).
4. Gives OHM a front-end for real world consumption without sacrificing its own longer term goals.

5. Decentralises the OHM ecosystem furthermore by adding an entity which has its own DAO but actively participates and is vested in OHM governance and growth also.
6. The long term success of Abachi is linked to OHM. Anyone that holds Abachi can be guaranteed that the backing value can only go up since the OHM in treasury is rebasing, and Abachi staked is rebasing.


- **Abachi will hold at least 50% of its treasury back up in OHM at all times.**
- **Abachi will hold 50% in stables, and diversify them into various currencies (USD, AUD to start).**
- **Abachi will offer ABI-OHM bonds as the primary mechanism.**
- **The treasury will rebalance itself every month to ensure 50% OHM and buy the required OHM from the Market if need be.**
- **If the OHM Balance is low, the discount on OHM bonds will go up.**
- **If the Stable balance is low, the discount on Stables will go up.**

   **Abachi will sell OHM only if ever the backing value is in jeopardy as a last resort and this event is highly unlikely since value can only go up as OHM goes up.**


**What we are Offering Olympus DAO:**

1. A means to lock up supply long term in a DAO that has vested interests.

2. 38,500 pABI tokens as treasury reserve, vested over 4 years for Olympus DAO. 10% of total pABI issuance.

2. pABI tokens sold are only redeemable against the backing value of ABI in OHM.

3. ABI-OHM as the primary bonding mechanism.

4. A strong value add for OHM with respect to circulating supply. Abachi will be staked and will sell OHM always as a last resort since its own value is backed by it.

5. Means to onboard users from other currency pairs. AUD and USD support will launch early in the project with plans for more currencies to be a part of the treasury.

6. Strong commitment, both for the value and growth of Olympus DAO. It only works if Olympus grows as Abachi is "backed" by Olympus.

7. Development, Legal, Compliance and real-world in flows via Abachi.

8. Real-world, front-end partners starting with LUCA Plus and more as we grow. These partners like LUCA Plus bring with them both developer partner integrations and accreditations from bodies like PEPPOL, ATO etc.

**Abachi**

**Website:** https://abachi.io
**Pitch Deck:** https://www.abachi.io/Abachiv1.1-fi.pdf
**Discord:** https://discord.gg/TbYh7jNb

There are two major parts to the Abachi project. The first part are the core integrations we will build (and some of which are already live) to enable a simple onboarding experience for users from traditional finance.

The second part is a treasury which is backed by OHM and Stables. This treasury will fund and acquire not only an ABI-OHM bond but eventually also start acquiring real world debt pool tokens and bonds.

**Abachi Core Services:**
As part of our core services we will be building out the basic infrastructure for our partners to consume and publish transactions via simple APIs and SDKs.

These will include:
1. Support for wallets that can be integrated in-app both custodial and non-custodial. Think of a wallet that you can park your business capital in and that capital grows automatically with yields that are integrated with Xero, MYOB, SAP etc.

2. Ability to issue tokenized invoices, bonds, obligations via a simple interface. These are essentially fungible or non-fungible tokens. e.g. When issuing a bond, a bank or party may issue a bond that has a maturity, yield and discount rate built in. Since debt instruments carry a risk, the risk rate is also included. (more on this later).

3. Compliance, KYC and reporting requirements for any of the transactions on-chain.

4.  Algorithmic risk score per business entity using off-chain and on-chain data. (Think business credit score, but based on payment histories from actual banks, onchain transactions or accounting systems).

5.  Credit pools based on real-world credit lent out to businesses.

6.  A way to offer these tokenized debt obligations to the market (keeping in mind jurisdictional compliance laws)

Some of the core services mentioned above are something we already know a thing or two about since we offer this via our first partner LUCA plus, the idea is to bring that activity to decentralised pools managed by the Abachi project.

We open sourced a couple of projects and will be open sourcing our service that tokenizes invoices soon.
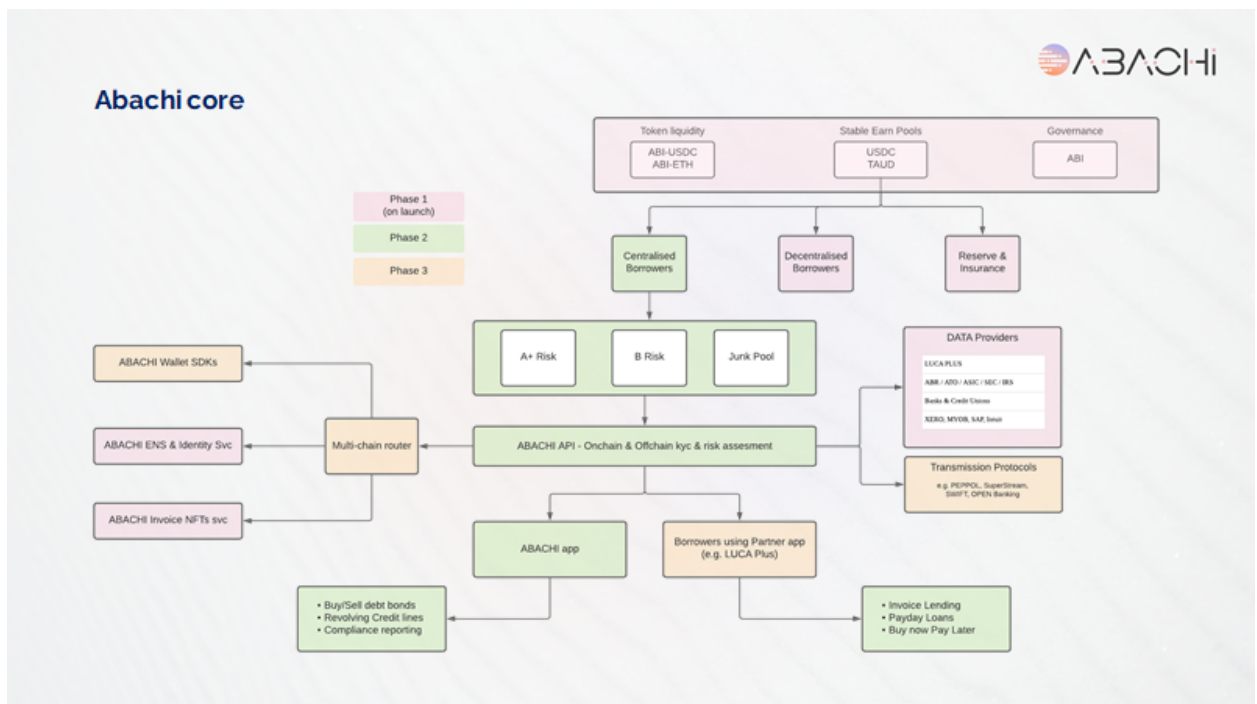
**Abachi DAO**

All of the above mentioned is scaffolding (and there is a lot) that we need to enable what we really want to achieve via the Abachi DAO.

Abachi DAO will launch as most other forks do. However we want to enable an ABI-OHM bond as the primary bonding mechanism. Along with ABI-OHM we will also offer USDC and TAUD bonds (speaking to the TrueFI team for this). More bonds may be added in the future, but these are the core bonds we are looking for.

Abachi DAO plans to grow by acquisition and partnerships, its treasury will allow it to do so along with establishing separate funds for legal and compliance.

**How bonds will work**

Initially while we build out the infrastructure and put in place compliance requirements, we think the ABI-OHM bonds and stable bonds will be the primary way to grow the treasury.

This however is not the end goal.The end goal here is to offer:

1.  Bonds of rated credit pools. These are essentially fungible tokens that belong to a pool of borrowers who have been rated at various risks using the Abachi risk scores (mentioned above).

2.  Offer custom bonds of different maturities both fungible and non-fungible. e.g. A bank offers a 6 month bond at a 6% rate, or a payday loan offers a 10 day bond at 10%.

    While most of these "real-world" bonds may not offer a huge yield, the market for credit is huge (to say the least). A basic issue with every bank and lending institution is cash flow (which is why the bond was offered in the first place).

    One could then buy these offerings from a bank and sell it into the open market (which Abachi core will launch) or they can sell it back to Abachi DAO - which will gladly allow them to bond this into the system at a premium. The premium charged and the yield on the bond at maturity will be the profit the DAO earns. This allows the system to grow exponentially. As bonds for credits dry up, stable and OHM bonds will start offering a much bigger discount, incentivizing people to bond. As mint increases and the treasury again has a healthy mix of stables and OHM, it will start incentivizing real world bonds and so on.

The use cases when you open up credit markets to something like OlympusDAO via a front-end like Abachi are quite endless, and we think the Holy Grail of decentralised finance.

For more details, we are working on getting a detailed whitepaper ready, we also have some detailed flow charts in the pitch deck on our website https://abachi.io

**Additional Uses of ABI:**

1. Abachi will also launch yield pools which are incentivized by ABI tokens. These will in turn give the highest yield possible yet in the market on stable pairs based on the rebase potential.

**DAO Governance:**

Similar to OHM, Abachi will offer governance via wrapped staked tokens along with tokens that have been directly staked into a governance contract which will yield higher votes.

1. ABI Staked into Governance Contract = 2.5x voting power.
2. ABI wrapped (similar to gOHM) = 1x voting power.
3. sABI (simple stake) = 0x voting power.

The Abachi governance has a few key roles:
-   Partner and acquire platforms
-   Vote on incentives
-   Vote on protocol changes

**DAO Treasury:**

Fees from mints, LPS, and all other commercial activities that the DAO undertake will go to the treasury. Various committees will decide the fate of those funds, this can be voted and changed by the community, but we propose with a 10% legal and compliance fund, 10% Insurance Fund, 10% towards partners, 10% Reserve and 10% utilised for buy backs and burns of ABI in circulation.

.
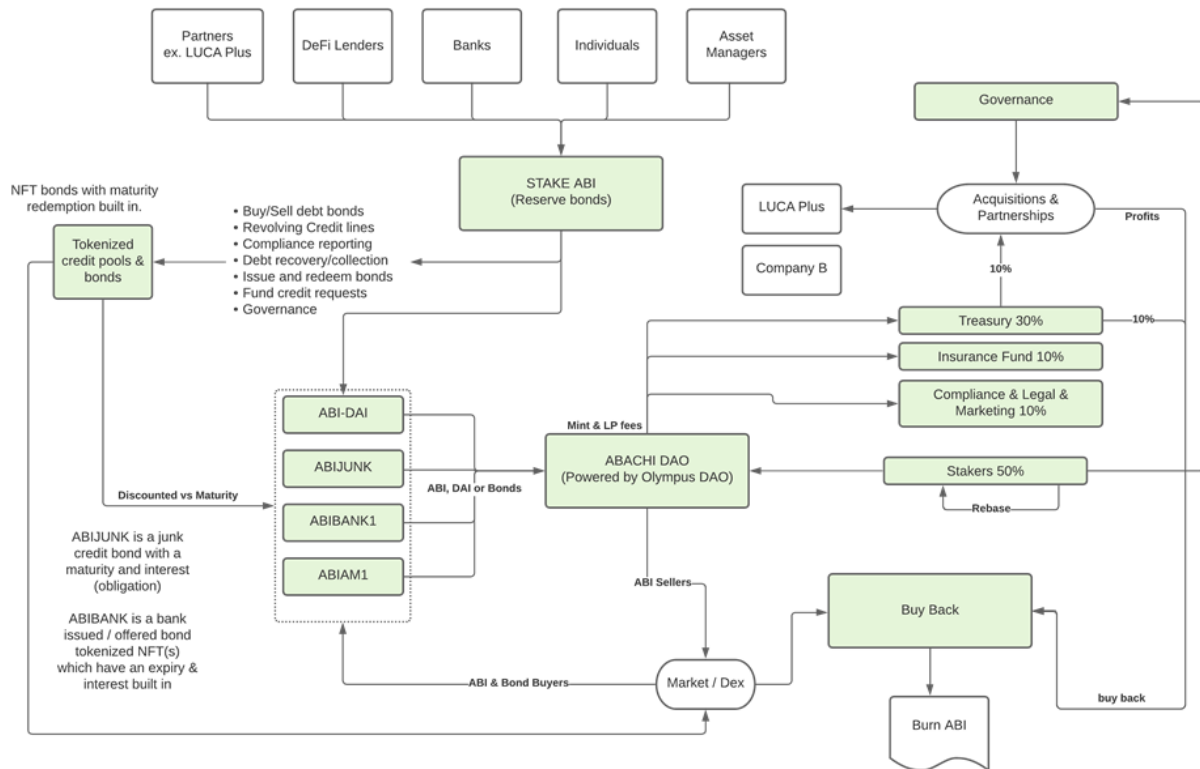
**Abachi DAO Launch**

Abachi DAO will launch on Polygon as fork which (deployment handled by the Abachi team). We are open to community suggestions, but Polygon has the liquidity, and clear commitment to move towards zk. Currently it offers the best user experience both in terms of fees and use.

1. The Abachi team will deploy the initial contracts and fork as needed with some guidance via the Olympus DAO incubation program.

2. Abachi will launch with an initial 192500 ABI tokens offered via aABI tokens initially and a treasury reserve of 3.3 million.

3. Similar to Olympus and Klima, Abachi will also mint pABI tokens, however their emission has been kept quite low and there will be a maximum of 385000 pABI issued. These will be vested linearly with an unlock every quarter over a period of 3 years. pABI tokens do not rebase but hold some rebase properties inherited from the gOHM in treasury.

There are two pieces to the token issuance.

**aABI Tokens (Alpha ABI)**
These tokens are redeemable for ABI that can be staked into the system on launch.

| | | | |
|---|---|---|---|
| Seed | $15 | 25,000 | $375,000 |
| Olympus DAO | $15 | 25,000 | $375,000 |
| Whitelist | $20 | 50,000 | $1,000,000 |
| Auction | $20 | 75,000 | $1,500,000 |
| Initial Liquidity (DAO) | n/a | 17,500 | |
| **Total at Launch** (Backing Value) | $17.53 | **192,500** | **$3,375,000** (375,000 reserved for marketing) |

- Seed almost entirely consists of the team funding it themselves. These funds are currently in use as we build out the system. The team wanted to be a part of the sale on day 1 and we would like to give them the opportunity to do so.

- LUCA Plus has contributed to the Seed as well to be aligned with Abachi from day 1.

- Auction and Whitelist were added to give smaller investors a chance to contribute and be a part along with growing the community in discord.

- We are proposing Olympus DAO acquire 25,000 tokens at $15, same as the seed round and keep it in treasury. This can easily be done by only using the OHM in the current treasury.

**pABI Tokens**

There are some changes to how Abachi will handle the pOHM like distribution for investors and the team.

We do not think a market cap related pABI issuance is needed, since the Abachi system is dependent on the growth of OHM directly. As OHM grows, the value of ABI appreciates automatically, so the investors and the team in ABI have a vested interest in making sure OHM grows.

A lower cap on the pABI incentivizes the team enough and helps us bootstrap initial funding.

pABI issuance is as follows:
- 30% of the issuance goes to the core team.
- 50% will be sold to early investors with a cap of no more than $1m raised.
- 10% is reserved for contributors and advisors.
- 10% is reserved for OlympusDAO.

pABI tokens do not accrue a rebase and can be redeemed only against OHM. These will be redeemable for ABI at the current treasury back up price. We do expect a secondary market for pABI to emerge at least initially.

The amounts raised in pABI rounds will be used entirely to fund the project without relying on the treasury at all in the early days. We estimate the burn rate to be around $50k per month to start. We will also retain legal and compliance help. The pABI investments help with that.

Abachi will buy back any pABI that the user does not or cannot redeem at backing value.

**Risks:**

Some risks identified are discussed below with mitigation strategies.

1. There is a bank run on OHM. This risk is mitigated by platforms like Abachi since they drive the price down of its own token. Abachi will buy and burn the Abachi token and start offering deep discounts for ABI-OHM bonding. This is a net positive for both platforms.

2. Abachi will need to sell OHM to maintain its minimum backing. This is a risk only if OHM does not grow. If OHM is doing well, the value of ABI will increase with it. The OHM in our treasury can only grow over time.

3. Regulatory and Compliance issues. As part of our commitment, we will raise some funding via pABI tokens to put in place legal and compliance frameworks on day 1. Our advisors are very strong in this area and our partnership with LUCA Plus gives us a lot of experience navigating through these issues.

4. Not enough ABI is held by treasury for incentives. This is a risk because our pABI emission is very low. This however will then be left to the DAO to decide if more pABI should be minted. New mints of pABI have upwards pressure on OHM price (if redeemed) which in turn pushes up ABI. OHM will be a major part of that decision since they hold pABI and ABI at launch.