Users Eligibility

- **_DEFAULT_ADMIN_ROLE_** is the only address(-es) eligible to deposit USDC and HEGIC tokens into the **Hegic Stake & Cover** contract.

- None of the current HEGIC staking participants with their HEGIC tokens staked in V8888 (the current version of the protocol) or any other users are eligible to deposit their tokens into the **Hegic Stake & Cover** or **Hegic Operational Treasury** contracts.

- Users can:

  a. Buy Options or Strategies by paying a premium (option/strategy total cost).

  b. Claim pro-rata net profits in USDC from the **Hegic Stake & Cover** contract.

- 100% of premiums in USDC paid by options buyers go to the **Hegic Operational Treasury** contract. If its balance becomes higher than the initial amount of USDC deposited on it, then the net positive difference can then be distributed among the **Hegic Stake & Cover** participants. The **_withdraw_** function is called to send the net profits to the **Hegic Stake & Cover** contract.

Hegic Operational Treasury Contract

- **_DEFAULT_ADMIN_ROLE_** is the only address(-es) eligible to deposit USDC and HEGIC tokens into the **Hegic Operational Treasury** contract.

- The **Hegic Operational Treasury** contract holds USDC required for intra-week settlements of the in-the-money (ITM) options contracts and sends the profits to the options/strategies holders if/when these options/strategies are exercised.

- The **Hegic Operational Treasury** contract has a hardcoded minimum balance of USDC. If its balance becomes lower, then the required difference *(minimum balance in USDC minus current balance in USDC)* is replenished by sending the required amount of USDC from the Hegic Stake & Cover contract to the **Hegic Operational Treasury** contract. The *replenish* function is called for making the replenishment transaction.

- When an option/strategy is exercised with profits for its holder who calls the *exercise* function, the net profits in USDC are sent from the **Hegic Operational Treasury** contract to the holder's address.

- In case there is not enough USDC on the **Hegic Operational Treasury** contract at the moment of exercising an in-the-money (ITM) option, the contract will send the required amount of USDC from the **Hegic Stake & Cover** contract and use it for paying out the profits in whole.

- The **Hegic Operational Treasury** contract receives and accumulates 100% of premiums (option/strategy cost) paid by options/strategies buyers.

- If options/strategies are still active and haven't expired or haven't been exercised yet, then premiums paid for them will be locked on the **Hegic Operational Treasury** contract until the option/strategy expiration/exercising.

- The transaction of sending accumulated net profits from the **Hegic Operational Treasury** contract to the **Hegic Stake & Cover** contract can only be initiated by the *DEFAULT_ADMIN_ROLE* address(es).

Hegic Stake & Cover Contract

- The **Hegic Stake & Cover** contract holds USDC and HEGIC tokens. Thus, the total amount of USDC divided by the total amount of HEGIC tokens on the contract results in the intrinsic price per HEGIC on this contract.

  If the amount of USDC on the **Hegic Stake & Cover** contract increases, then the intrinsic price per HEGIC increases as well.

If the amount of USDC on the **Hegic Stake & Cover** contract decreases, then the intrinsic price per HEGIC decreases as well.

- At launch, every eligible user has their start balance denominated in USDC.

  If the current balance in USDC becomes higher than the start balance in USDC, then an eligible user can claim the pro-rata net profits *(current balance minus start balance)*. To claim the net profits, the user calls the ***claimProfit*** function.

- When the net profits in USDC are claimed, the corresponding amount of this user's HEGIC tokens are sent to the Hegic Deployer address for the initial ratio of USDC/HEGIC tokens on the **Hegic Stake & Cover** contract to stay the same.

- If the user's current balance in USDC is lower than the start balance in USDC, then it won't be possible to claim any profits. If the ***claimProfit*** function will be called, the transaction will be declined.

Hegic Strategy Contract

- The **Hegic Strategy** contract calculates the amount of USDC that will be locked on the **Hegic Operational Treasury** contract for collateralizing an active option/strategy for the whole period that the option/strategy is bought for.

- The ***setLimit*** function is used to set the maximum amount of USDC to be locked on the Hegic Operational Treasury contract e.g. if this parameter is set at 100,000 USDC, then the **Hegic Strategy** contract won't be able to lock more than 100,000 USDC on the **Hegic Operational Treasury** contract.

  If at the moment of buying an option/strategy the required amount of USDC to be locked will be higher than the parameter that is set, then the transaction will be declined.

- The **Hegic Strategy** contract calculates the amount of USDC to be paid out to the option/strategy buyer if/when an in-the-money option is exercised.

Hegic Pricer Contract

- The **Hegic Pricer** contract calculates the total cost of an option/strategy bought.

- The **Hegic Pricer** contract is used to set the min. and max. options periods.

- An option/strategy can't be bought if it violates the **Hegic Pricer** rules.