

Nutbox

Economic Whitepaper



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0. Introduction

Nutbox is a discentalized protocol, providing Staking Airdrop and decentralized application toolkit, which includes DeFi module, community blogs, community goverance and so on. Nutbox will help community establish its "Staking +DeFi"-based community token economy.

With Staking Airdrop, community project founder without technical background, can create a mechanizm to distributute community token by Staking yield farming: clients who join Staking Airdrop can get their community token reward as long as they stake their PoS assets through community interface. Meanwhile, the community fund can raise money by accumulating Staking reward from PoS blockchain. With the help from Nutbox, Staking Airdrop project founder can create a series of smart contracts to launch its Staking Airdrop without coding or deploying validator nodes on the PoS blockchain.

The mainframe of Nutbox is a Nutbox blockchain, which is based on Substrate. It will connect to Polkadot and become to one of its parachain. The smart contracts of Nutbox includes TokenFactory (to provide generating-community-token function), Staking Airdrop (to provide the staking-yield-mining function), Farming (to provide the liquidity-yield-farming function), DutchAuction (to provide the Dutch-auction function), Goverance (to provide the community-goverance function), DApp launcher. All of those modules make it is easier to provide Staking Airdrop, DeFi and other application scenarios by the communities.

1. Background

1.1. PoS consensus pervasion

When Beacon Chain of Ethereum 2.0 launches its PoS consensus, More and more projects choose PoS as their consensus solution. According to the assets scale, PoS is becoming the second largest consensus in the blockchain industry. Polkadot, Cardano, EOS, Tezos as well as Cosmos is making various of funny PoS consensus experiments, promoting the innovation in crypto-assets and decentralized system area.

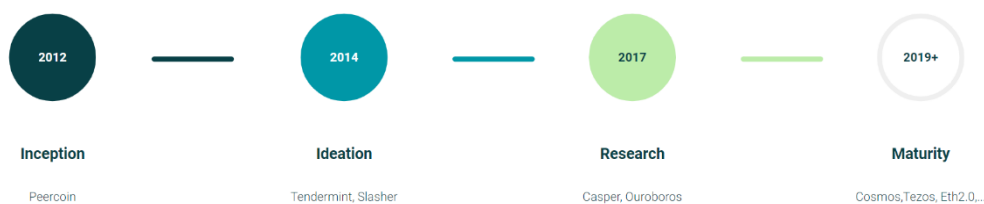


Figure1, development of consensus

The PoS (including DPoS, NPoS, etc.) consensus mechanism aims to replace the energy-consuming hash calculations in PoW (Proof of Work) with Staking assets to provide security for the network. This mechanism uses local crypto assets as collateral to determine whether to participate in the blockchain operation. This brings more advantages than PoW, including faster block output, better performance, more environmentally friendly, larger economic design space, and lower security costs.

1.2. Staking reward and Liquidity Staking token

Like mechanism on the PoW blockchain, 1) on the one hand, PoS validators protect the data security on the network to obtain rewards, and 2) on the other hand, they need to lock Staking assets and sacrifice the liquidity. This is consistent with the "locking" of energy and hardware assets by miners during the Bitcoin mining process. Therefore, two corresponding questions are derived: a) How can validators or staking asset holders obtain more rewards conveniently and efficiently; b) How to remove the restrictions of staking assets to make them circulate and use staking assets more effectively.

In order to solve these two problems, Staking asset management institutions (Staking service providers and large exchanges) have been formed since 2018. According to the information from stakingrewards.com, there are no less than 6,557 staking service providers serving encrypto asset holders to help users realize their asset-pledge investments with one click.

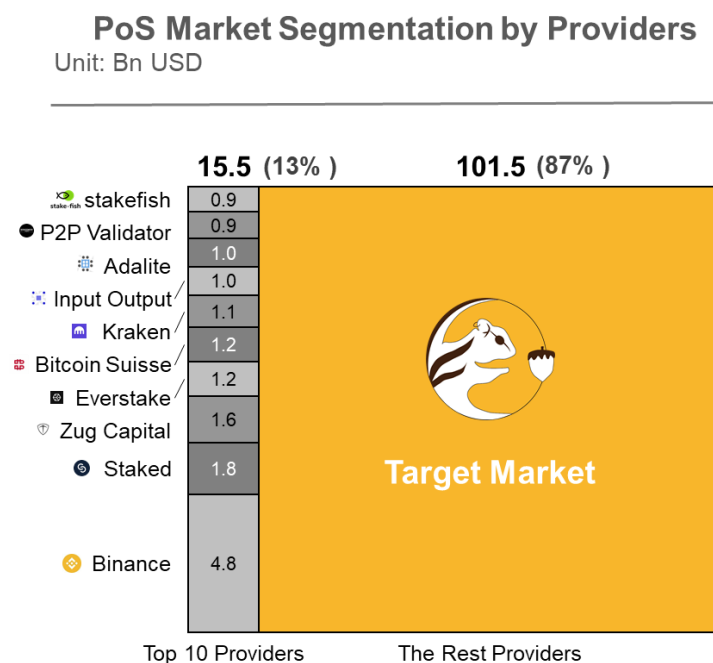


Figure2, PoS providers overview

According to Stakingrewards, there are 95 billion staking assets pledging across 92 PoS blockchain. The holders of these assets have huge liquidity needs.








# ^①	Asset	Price ^②	24h ^③	Reward ^④	Staked Value ^⑤	Market Cap ^⑥	Total Staked ^⑦
1	 Cardano ADA	\$1.1	-3.51%	4.27%	\$24,606,083,0	\$35,099,926,129	71.9%
2	 Polkadot DOT	\$38.73	-5.26%	13.41%	\$23,867,536,2€	\$37,411,332,382	59.05%
3	 Avalanche AVAX	\$36.8	-6.65%	9.34%	\$10,532,223,5€	\$2,824,636,128	77.55%
4	 Ethereum 2.0 ETH	\$1,959.11	-2.14%	8.54%	\$5,887,436,39€	\$224,836,542,321	2.62%
5	 Algorand ALGO	\$1.32	-4.35%	6.57%	\$5,780,161,811	\$1,059,815,724	59.14%
6	 Cosmos ATOM	\$21.09	-9.45%	9.53%	\$3,762,131,111	\$5,022,271,772	65.98%
7	 Tezos XTZ	\$4.71	-4.46%	5.45%	\$3,187,760,747	\$3,589,698,043	77.65%

Figure3, PoS assets overview

1.3. Nutbox

With the continuous improvement of DeFi infrastructure, anyone can provide users with decentralized financial services with hundreds of lines of code. The Staking reward and Liquidity Staking token of the PoS chain bring us new application scenarios. Liquidity Staking token makes "Staking + DeFi" combination possible. Nutbox allows non-technical founders to raise funds for the community with interest and provide the community with "Staking + DeFi" services.

Based on the Staking reward and Liquidity Staking token of the PoS consensus blockchain, Nutbox provides two basic services: 1) Staking Airdrop service; 2) Liquidity Staking token service . Staking Airdrop allows the project founder to create a pledge mining and distribution community token (cToken) contract under the "code-free" interface to raise funds for the community. The Liquidity Staking token service enables the Staking assets of the PoS consensus blockchain to be circulated in the form of severable vouchers (pledged asset liquidity tokens, tToken), and to build transactions, lending, derivatives, and synthesis on the basis of tToken.

The tToken is a unified asset voucher across different communities. Any specific kind of staking tokens, such as DOT or ETH, will be represented by only one type of voucher tokens, such as tDOT or tETH. This structure makes all the communities share the same staking assets pools, which increases the liquidity and value of vouchers, mitigates the liquidity risks, and brings better experiences to community members.

Nutbox is also creating a cross-chain bridge (Donut protocol) between Steem and Polkadot. Donut will bring a richer application scenario to groups that issue community tokens through the Staking Airdrop protocol. Through the trinity agreement of Staking Airdrop、DApp launcher、Donut、DAO Governance, Nutbox will build a brand new DApp ecosystem to realize the inter-chain interoperability of communities, tokens, and blockchains to benefit more people.

2. Staking Airdrop

Staking Airdrop is a brand new token offering method. In a traditional ICO, the project founder persuades investors to buy new token at one time; meanwhile in Staking Airdrop, the investors are convinced by the project founder to save staking assets at the coin-offering institute (such as Nutbox) and buy the new token with staking rewards.

2.1. Staking reward and Staking Airdrop

The staking reward makes Staking Airdrop an exciting innovation. Non-technical project founders can use Staking Airdrop protocol to issue project tokens (communityToken, cToken for short) on the chain and distribute them in according to distribution rules. Users only need to pledge PoS chain assets to the project's on-chain nodes (voting or proxy, etc.) to earn cToken, and the project party will get Staking reward. For example, in Polkadot, the one who pledge his DOT to nominate Nutbox validators can obtain cToken regularly.

Unlike IEO, IDO, and ICO, Staking Airdrop extends the token issuance cycle, supports the project party in the form of cash flow, and reduces the default risk of project. Staking Airdrop, as a method of financing cryptocurrency projects, can also solve some classic problems in the past, such as lack of accountability and liquidity, and the imperfect price distribution mechanism in the initial stage of token launch.

2.2. Forms of Staking Airdrop

According to different PoS blockchain mechanism, Staking Airdrop has several different forms.(We use PNUT as a example of cToken)

2.2.1. To vote validator and gain cToken

The users can use the voting rights of Staking Token to vote for credible community validators (or witnesses) to obtain cToken. For example, use the Staking Token (staking DOT) in the wallet to vote Nutbox.validator_peanut through the Staking Airdrop protocol to obtain PNUT.

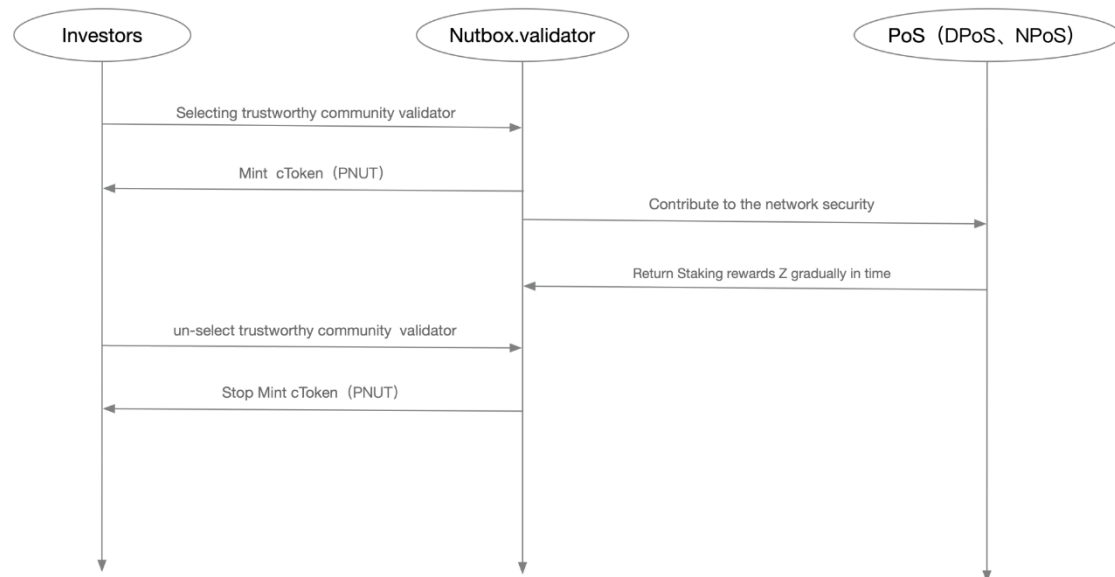


Figure4, process of community validators (or witnesses) to obtain cToken

2.2.2. To delegate Staking token and gain cToken

For some PoS consensus chains, the right to use Staking Token can be proxied, and users can delegate the right of Staking Token to the Peanut community to obtain PNUT. For example, to delegate the Staking Token in the wallet to peanut.mine to obtain PNUT.

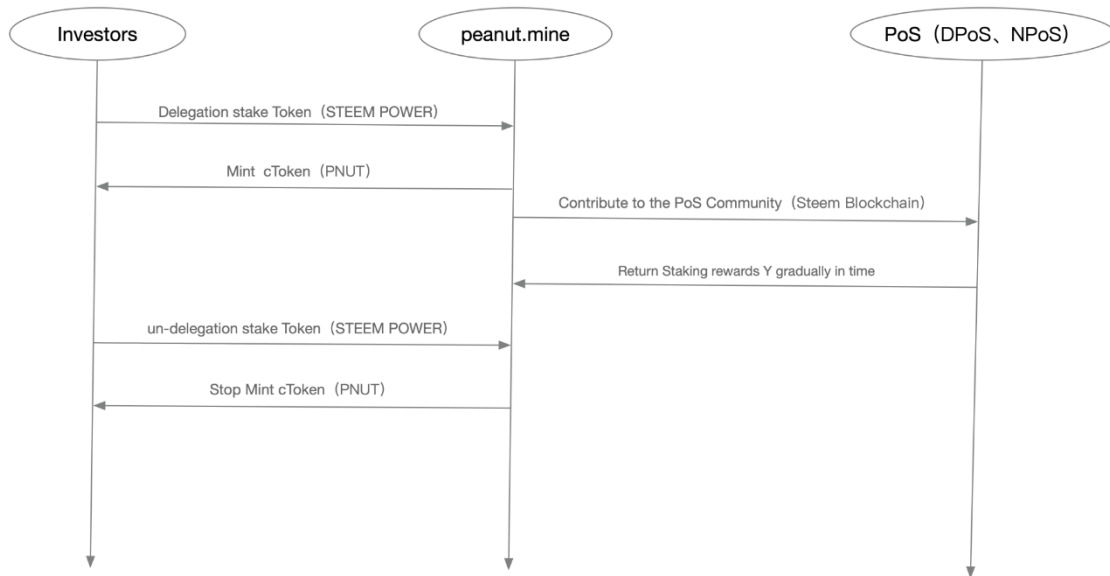


Figure5, process of delegation and obtain PNUT

2.3. Staking Airdrop across multi-staking-assets and multi-forms

For community users with different PoS chain assets, or the same chain with different pledge methods, Nutbox Staking Airdrop supports this through multiple mining pools. Staking Airdrop will distribute different amounts of cToken to each mining pool according to the proportion of staking reward in each mining pool.

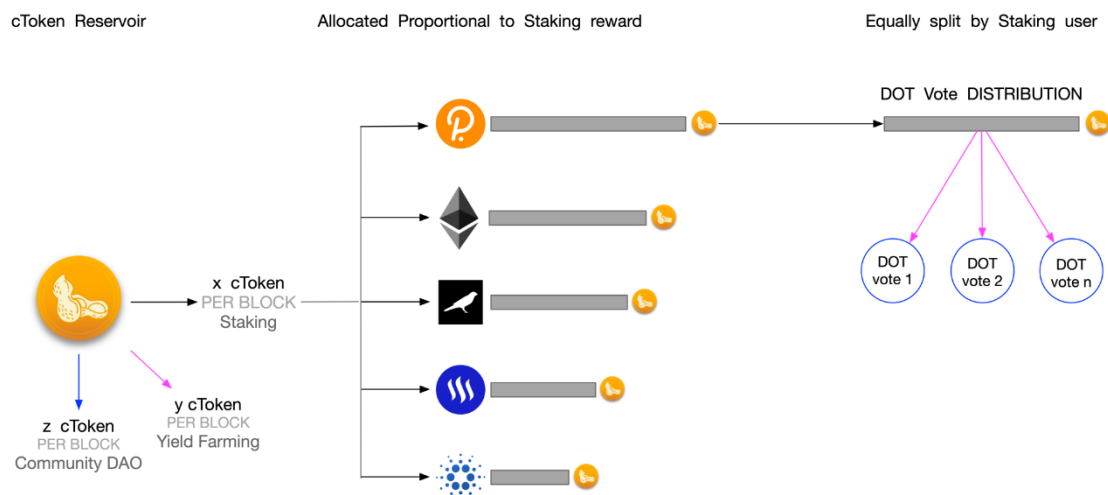


Figure6, distribution of PNUT on test network

Nutbox determines the cToken distribution ratio of each mining pool through `Staking_pool_ratio` (staking reward mining ratio, spr for short). spr is related to the price of staking assets (`Staking_Token_price`), staking reward (`Staking_Token_reward`) and mining coefficient (`Mining_Token_ratio`).

Assuming that the Peanut community supports two PoS chains, ETH and Polkadot, PNUT (Peanut community cToken) can be obtained by participating in ETH2.0 and staking DOT voting. The mining pool that uses pledge DOT to vote Nutbox.validator through Peanut is recorded as dPNUT, then:

$$\text{Spr (dPNUT)} = \text{Mining_DOT_ratio} \times \frac{\text{DOT price} \times \text{Staking_DOT_reward (amount)}}{\text{DOT price} \times (\text{Staking_DOT_reward (amount)}) + \text{ETH price} \times \text{Staking_tETH_reward (amount)}}$$

$$\text{dPNUT} = \text{Spr (dPNUT)} \times \text{PNUT}$$

The spr will be updated every 6 hours based on the mining pool data on each blockchain.

The multi-pool Staking Airdrop, helps the community members to support their project without changing the staking-assets portfolio structure. It also expand the financial resources of community project. For example, a project on Polkadot also can be supported by staking assets on the ETH 2.0.

2.4. To repurchase cToken by Staking reward

The value of cToken is supported by community rights. After the community obtains the staking reward, it can choose to use the staking reward to buy back cToken. Nutbox provides a variety of contracts such as stop-limit and Dutch auctions to help the community establish a repurchase strategy.

The repurchased cToken can be destroyed or be injected into liquidity pool. It can also be retained as a "treasury token" for other purposes in the future, which will be determined by the cToken holder.

2.5. cToken: turbo of community growth

In the projects that use Staking Airdrop to mint community tokens (cToken), the amount of ctokens minted in a standard period of time is decaying along the time, and the income of pledge mining increases with the growth of Staking mining scale. If the revenue repurchase model is adopted, the price of cToken will increase mechanically. Users have the incentive to hold cToken investment, and delayed payment will increase the yield of pledge mining.

Meanwhile, all token holders in one community have the common interest of cToken. Only by making the community grow and the scale of community staking mining can increase the value of cToken. Even without considering any promotion method, every

member of the investment community Staking mining has an incentive to increase the scale of community Staking mining. cToken itself is an acceleration turbine for community growth.

3. Liquidity Staking Token

The liquidity of Staking Token has always been a limitation of the PoS chain. For most blockchain projects that use PoS, if Token, which be pledged, need to be transacted, there is a certain unlock period. During this period, users cannot trade staking assets.

Many decentralized Staking Token liquidity agreements represent the Staking Token being pledged by issuing shadow tokens of Staking Token. The Nutbox Staking contract is a decentralized general agreement that provides this service to every community.

3.1. Staking Liquidity Protocol

Nutbox uniformly realizes the liquidity of similar assets in all communities through tToken (tradeToken, the liquidity token of Staking Token). Each type of PoS token corresponds to a different tToken. For example, tDOT corresponds to pledged DOT, tETH corresponds to ETH participating in ETH2.0, and tSP corresponds to Steem Power.

Token holders can pledge or redeem assets through the Nutbox pledge-assets smart contract, without third-party intervention. When Token holders initiate staking to the Nutbox pledge contract, they can obtain tToken 1:1. tToken that represents the ownership of the corresponding Staking Token. At the same time, any holder of tToken can initiate redemption to the corresponding Nutbox pledge asset liquidity agreement anytime and anywhere, and Staking Token will be sent to the corresponding account after unlocking.

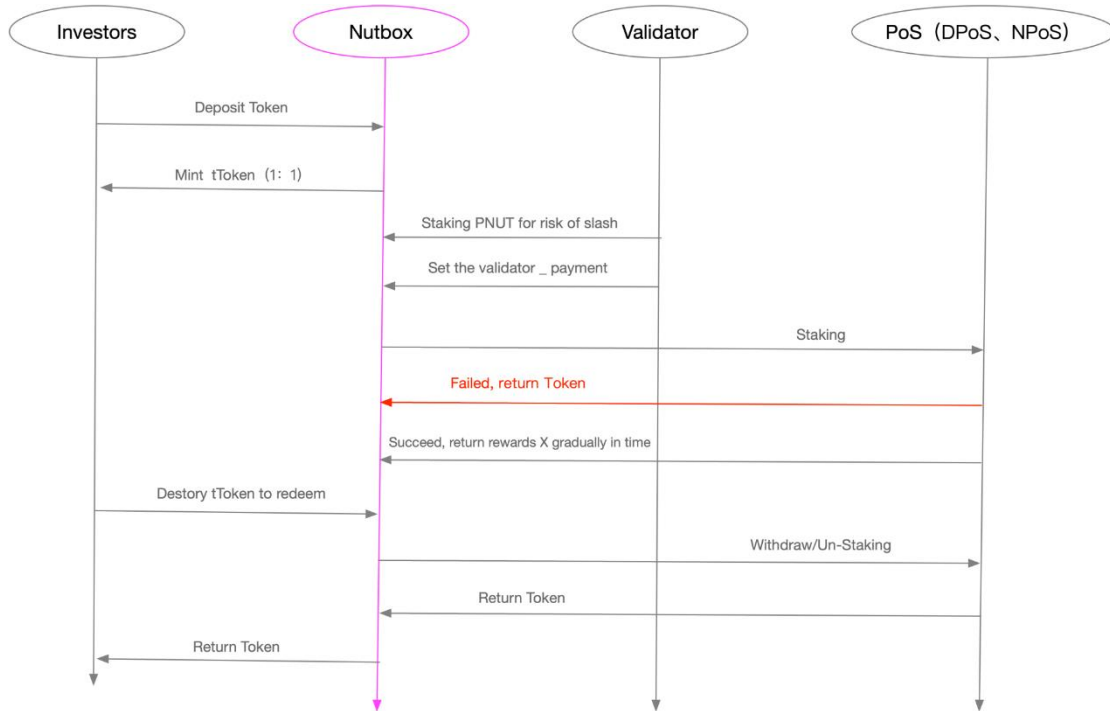


Figure7, process of Staking asset tokenization

3.2. Strength of tToken

Nutbox separates Staking reward from Staking Token, creating conditions for the community to distribute cToken through Staking Airdrop;

1. All communities share the same tToken, which increases market liquidity;
2. As a highly liquid asset, cToken has more accurate market pricing, which is conducive to stacking other DeFi projects;
3. tToken helps DeFi projects sink to the community.

3.3. Staking + DeFi

The tToken releases the liquidity of Staking Token, and when combined with DeFi, it will activate the original asset of Staking Token. The tToken allows the community to naturally build DeFi applications in the community to meet the needs of community users.

Nutbox uses a series of components to connect the community with DeFi platforms such as UniSwap, SushiSwap, Aave, etc., to bring financial services such as decentralized transactions, lending, and liquidity mining to the community. Nutbox

directly introduces decentralized financial services in the community scene, allowing financial institutions to face users directly. The project founders with non-technical skills can use these modules to provide community users with a series of DeFi services, making it easy for each community to have its own community bank. In this regard, Staking Airdrop enables community promoters to expand the community's first DeFi scenario-all Staking mining banks in the community. All decentralized exchanges and decentralized lending platforms in the community will also be deployed in the same way.

Community members form a community. The community provides financial services for community members, and the service income belongs to all the community. Nutbox, through tToken and cToken, will open a real decentralized financial service.

3.4. Vote bidding market

As soon as tToken is minted and generated, tToken holders can unconditionally select specific validators and enjoy the governance rights of the original PoS chain. Otherwise, the governance right will enter the bidding market by default.

Any validator on the PoS chain can join the Nutbox validator set. If the validator wants to enter, they must first make a commission bid and pledge a certain amount of NUT as a deposit to prevent Slash. The volatility of the quoted price will change according to market demand, and bidders may get profits from the user's staking reward. Normally, the staking rewards for users nominating validators will be issued to Nutbox contract accounts after deducting the validator commissions.

When the market has a strong demand for voting rights, bidders will pay extra to obtain voting rights, and users will receive additional rewards from bidders as staking rewards. In this case, the staking rewards that users get from Nutbox will be higher than the maximum rewards obtained on the original PoS chain.

3.5. Liquidity incentive of tToken

Under the Nutbox economic model, 5% of PNUT will be reserved for incentivizing tToken liquidity. This part of Token will be distributed according to the value generated by users' generation, holding, and circulation of tToken, including but not limited to providing liquidity for tToken, incentivizing third-party integration of tToken, etc. The specific distribution ratio and details will be decided by a referendum every three months.

Nutbox will also encourage more developers to integrate the Nutbox pledge liquidity

protocol into its wallet, DApp, Exchange or community. Users can generate channel parameters by using the Nutbox tToken staking protocol. The parameters will record the contribution of the corresponding channel based on the value of Token staking. In the tToken liquidity incentive fund pool, 30% of the shares will be used to incentivize channel contributions, which will greatly encourage the integration of channel channels.

4. Yield Farming

In addition to distributing cToken through Staking Airdrop, the community can also distribute cToken to members who bring value to the community through Yield Farming. Community users participate in Yield Farming, bring liquidity to cToken or tToken, and receive cToken rewards.

4.1. Nutbox DeFi launcher

The Nutbox DeFi launcher provides a set of contract components for the community project team, giving community projects the opportunity to combine various DeFi modules in various ways around tToken and cToken to create their community financial services.

4.1.1. Community Swap

Through the api provided by Dex such as Sushiswap and Uniswap, Nutbox enables the community project team to automatically create CommunitySwap based on cToken and tToken, and CommunitySwap shares the liquidity pool with Sushiswap or Uniswap.

Community users can trade in the community's Dex, provide liquidity for trading pairs, participate in liquidity mining, and can also participate in the community's Yield Farming and receive cToken as rewards. The community project team can also, like Sushiswap, distribute 1/6 of the transaction fee to the community fund to support the development of the community.

4.1.2. Community Lending

Similar to Community Dex, Nutbox DeFi launcher also enables community project teams to automatically create Lending based on cToken and tToken, such as mortgage tToken to loan USDT, mortgage cToken to loan USDT, etc. The community project team

can also start a loan liquidity incentive similar to Compound, and incentivize cToken for community users who use Community Lending.

In addition to opening its own Community Swap and Community Lending, the community can also open Community Staking, where community users pledge cToken to obtain cToken.

By making the Nutbox DeFi launcher contract open source, the community and investors can know that any DeFi activity they participate in is reliable. On the basis of security, Nutbox DeFi launcher allows any community to have the ability to combine DeFi modules to create community financial services.

4.1.3. More mining method

Since the community project team has assembled a group of members with the same consensus through cToken, this group has the voting rights and ownership of Staking Token. For some PoS chains, its Staking Token holders not only have the right to vote on nodes/validators, but also have other rights and interests.

For example, in the Polkadot community, Staking DOT holders can also vote for PLO slots. This creates another way for tDOT holders to participate in the community: use tDOT to vote for parachain candidates supported by the community, mint cToken. Scenarios such as this will be motivated by the multi-mining pool of Staking Airdrop or the multi-mining pool of Yield Farming.

Staking Airdrop and tToken introduce Staking reward and Staking Token into the DeFi ecological application, which bring more benefits to staking token holders:

- 1) Staking reward;
- 2) liquidity pool reward;
- 3) Farming reward.

4.2. Liquidity airdrop pool

The community project team initiated incentives for Community Dex, Community Lending, etc. by creating a liquidity airdrop pool. Once the community have deployed the CommunitySwap pool and Community Lending pool, the cToken in the liquidity airdrop pool can be used to incentivize Yield Farming.

The liquidity airdrop pool is the same as the Staking mint pool and the Community fund pool. Each time a cToken is generated, it will be distributed into these pools proportionally. The staking mint pool and the liquidity airdrop pool are controlled by the

parameters set at the beginning of the contract creation by the community project team, and the community fund pool will be controlled by the community's multi-signature.

5. Community DAO

Through a series of standard contracts, Nutbox allows non-technical project founders to configure their community DAO governance module at the beginning of the project. The DAO fund comes from the z part of the cToken distribution in chapter 2.3.

Community DAO enables the project to be ultimately managed by its community. Contributors hand in proposals, which are discussed on the community media, and are voted by community members. All proposals need to be passed by the community before to be implemented. Community DAO gives the community the ability to reward some non-standard contributions. The proposal and voting process is as follows:

1. Community contributors submit proposals;
2. The community fully discussed the proposal;
3. cToken POWER holders vote on the proposal;
4. DAO Fund automatically distributes cToken to the passed proposal;

cToken Voting POWER can be set according to the situation: 1) Each pledged cToken is equivalent to 1 cToken POWER; 2) Each cToken in the cToken-DOT pool or cToken-tToken pool is equivalent to 2 cToken POWER;

Nutbox will help the community build a DAO to achieve decentralized governance.

6. DApp launcher

There is a middle layer between fundamental protocol and community, which helps communities engage in community assets tokenization through Staking Airdrop. with community token(cToken), it is natural to embed cToken into kinds of application scenarios.

6.1. cToken +

As a Blockchain built on Substrate, once connected to Polkadot as a parachain, cToken is like a meta-application, which can be combined with ETH's decentralized finance, Steem's decentralized social networking, and IPFS's decentralized storage. This brings composability to the community's DApp scenarios. Just as most of DeFi projects are combinations of Dex, lending, liquidity mining, etc. Various application scenarios will be combined around cToken in the DApp required by the community, playing a

major role value. At the most basic level, Nutbox allows anyone to provide services such as "Staking + DeFi" community pledge mining, community decentralized transactions, and decentralized lending and etc easily.

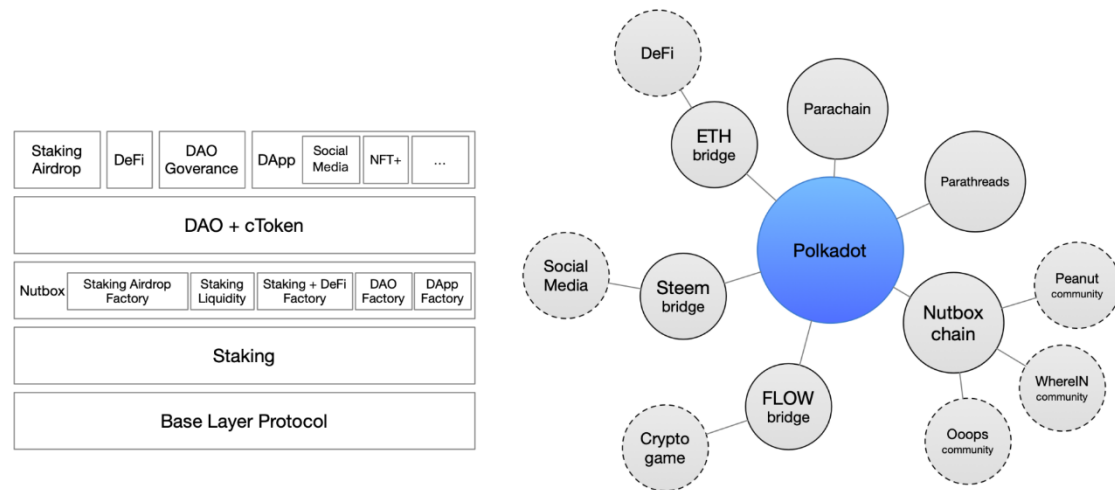


Figure8, underlying architecture and ecosystem

6.2. Donut Protocol

Nutbox is to bridge Steem and Polkadot, the infrastructure is called Donut. Donut will bring an incentive-driven-content media to Polkadot. Community with Donut can impel its member to produce good community-related contents and social interaction by community token distribution. It also expands token application scenarios, such as advertising and ect.

Nutbox Dapp launcher will deploy Donut automatically, it will bring token-driven media to every community. Pursuing a "code-free" approach, the Nutbox DApp launcher combines various application scenarios required by the community, and constructs them into the community DApp as constructing Lego blocks. These application modules will be realized through many parachains and cross-chain bridges on Polkadot. The Nutbox DApp launcher integrates these services and provides them to the community in the form of APIs.

7. Security of PoS Chain

Familiar with financial failures in history, the Liquidity token, as a sort of derivatives, increases the complexity of assets structure at PoS blockchain, may result in decentralized financial systematic risk.

Especially, the staking token represents the governance right of the PoS blockchain. When some delegation agents hold the voting right inherited from their clients, there

may be a conflict of interests between agents and their clients. When some centralized staking service agents accumulate their voting power, the PoS consensus security risk emerges.

Facing the challenge of centralized staking, it is very important to improve the level of decentralized custody pledge and achieve true decentralized custody. However, decentralized custody needs to expand more application scenarios around the liquidity token of a specific Staking Token and increase its utility as collateral. Otherwise, if Staking Token's liquidity token lacks a liquid market or is not integrated into other applications, decentralized custody is basically useless.

The decentralized pledge agreement returns the voting power of Staking Token to community users. cToken and community DeFi expand the application scenarios of Liquidity Staking Token. The more communities that issue cTokens, the more active the PoS chain ecology will be. The services provided by Nutbox will add a layer of insurance to the security and prosperity of the PoS chain.

8. Nutbox Economy

8.1. The main target

Nutbox's first goal is to provide liquidity for the Staking Token of the PoS chain. In addition, it is more important to support the ecological community on the PoS chain by issuing cTokens and using "Staking + DeFi" to launch the community application scenarios. We believe that only plenty of communities involving into the PoS blockchain ecosystem can bring security and value to the PoS blockchain.

As a Polkadot parachain, Nutbox is connected to other chains through Polkadot, and shares basic consensus with other parachains to ensure security. Therefore, Nutbox will pay a certain percentage of Token as the cost of Parachain slots or threads.

8.2. Nutbox Token – NUT

NUT is a cross-communities token, which is designed to promote the Nutbox ecosystem of kinds of protocols.

NUT is also a transaction intermedia between community members. It provide participants a safe solution for transaction or settlement. It should be noticed that NUT will be used in the economic domain of Nutbox. There is no other specific clear or implied right other than Nutbox service payment and transaction.

8.2.1. Releasing

The initial total of NUT is 1 billion, and the tokens will be distributed after the launch of the Nutbox Network mainnet. NUT adopts the half-life method to produce according to the block, and its distribution is divided into three parts: ① 55% is used to support Nutbox ecosystem building; ② 35% is used for operation of DAO fund, allocation of founding team and institutional fundraising, of which 15% is used for periodic institutional fundraising; ③ 10% is used for Nutbox Parachain validators.

8.2.2. Nutbox Ecosystem Part

The most important thing for Nutbox is to promote the development of Staking Airdrop, Liquidity Staking Token, Nutbox DApp launcher, and to introduce tToken into the application scenarios of various communities.

Nutbox will consider incentives for channels that support Staking Airdrop and Liquidity Staking Token. As long as developers integrate Peanut pledge mining and Nutbox pledge asset liquidity protocol into their wallet, DApp or Exchange, they will receive a certain percentage of rewards (controlled by the benefit ratio).

Nutbox will also incentivize the behavior of providing liquidity for tToken and NUT: 1) tToken and NUT related trading pairs; 2) tToken related mortgage lending pool; 3) Token conversion into tToken. The proportion of NUT distributed by each part will be adjusted according to the revenue created by each pool. The list of trading pairs and the list of lending pools which participate in Yield Farming will be voted on by NUT holders, and the list will be updated every 6 months.

55% of NUT minted will be used by yield farming, part of which will serve as incentives for the entire ecosystem, including PLO slot auctions, Oracle use and cross-chain related costs.

8.2.3. Treasury distribution

Nutbox simultaneously generates 10% NUT into the National Treasury (Nutbox.dao Fund) while carrying out Ecosystem Part. This part of NUT will be used to incentivize the construction of the entire ecosystem, including the Nutbox founding team, market and operations team, Nutbox Steem participants, venture capital, and other members participating in the Nutbox ecological construction.

In order to promote the launch of the Nutbox network, a large amount of investment from the founding team and other resources is required in the early stage. The Nutbox network will give 25% of the NUT to reward the founding team and investment institutions. The 10% NUT held by the founding team will be locked for 24 months after the mainnet is launched and will be released linearly in 12 months at the end of the lockup period. The 15% NUT held by investment institutions will be released according to different lock-up periods and unlock periods after the mainnet is launched.

As the v1 network of Nutbox, Peanut is the testnet, The main task is to explore Staking Airdrop, Liquidity Staking Token, Yield Farming, Community DAO, and DApp launcher. Its relation to the Nutbox Blockchain is just like the relation between Kusama and Polkadot.

The Peanut community DAO Fund will take out part of the PNUT to support the Nutbox v2 network. Similarly, PNUT holders will receive at least 0.5% of the NUT, that is, 5 million NUT. This part of the NUT will be airdropped to PNUT holders in a certain manner after the mainnet goes online.

8.2.4. Nutbox parachain validators

As an independent Parachain in the future, Nutbox will have its own validators while sharing consensus security with Polkadot. 10% of the total NUT will be continuously rewarded to Nutbox validators after the Nutbox blockchain is online.

8.3. NUT value chasing

An asset which storing value

Stores of value refer to assets that can maintain their value, and assets that will not depreciate significantly over time. The value of each PNUT in circulation is supported by the actual value. All NUT transactions are publicly visible on the blockchain, and its design makes it possible to maintain a stable value in a volatile market.

An exchange intermedia

The intermedia of exchange refers to all things that can represent value standards and are used to promote the sale, purchase, or exchange/transaction of goods or services. As an intermedia of exchange, NUT can be cross-linked into the PoS chain ecology through Nutbox, matching the corresponding scenario, and use NUT to complete transactions and add value to NUT. For example, you can pay NUT to get upvote from

nutbox.mine on the Steem blockchain.

A kind of service fee

The decentralized automatic network formed by the Nutbox protocol provides services to members every second. When the community project team issues cToken through the Nutbox protocol, or starts Yield Farming, or configures DApp launcher, or community members generate tToken, it needs to pay a certain amount of NUT to obtain network value-added services.

A participant right

The validators on the candidate list need to pledge part of the NUT which is used as an insurance or a slash-risk cushion. The amount of pledged NUT can be altered according to the performance of the validators.

NUT can also use on-chain governance functions such as on-chain voting, technical committee, treasury distribution, referendum governance, validators election, etc. Holding NUT can gain rights in Nutbox network governance.

9. Nutbox DAO

Nutbox DAO was established to support the long-term development of Nutbox Blockchain, and its funding comes from 10% NUT that flows into the DAO treasury.

9.1. Treasury management

In the long term, the series of Nutbox protocols are completely controlled by the holder of NUT POWER. The holders of NUT POWER can vote to determine how the organization's profits are handled, such as repurchasing and destroying NUT. After the process consensus is formed, the consensus will be turned into a smart contract through proposal + treasury allocation. In the end, the organization of the treasury is DAO, managed by the holder of NUT POWER as appropriate.

9.2. DAO committee

Since Nutbox is a decentralized community governance, in order to adapt to the

changing environment and support continuous contributors, the DAO committee handles daily affairs. Before the early release of cross-chain pledge protocol, the DAO committee made decisions on behalf of the community, but major decisions must be committed by the community in the form of proposal voting.

The DAO committee is voted by NUT POWER holders. Once the members of the committee are elected, they will serve for six months and are subject to community supervision.

No less than 10% of the Nutbox treasury NUT is awarded to the DAO committee to encourage community members to make quick and small daily contributions to Nutbox.

9.3. Voting proposal

Nutbox started governance in a decentralized manner through the governance module from day one. This allows NUT POWER holders to control the agreement, and only with the approval of NUT POWER holders can the agreement and financial management be updated.

9.3.1. Process

The governance process starts with the submission of a proposal, and the community can discuss the proposal. Any individual or organization that meets the requirements can submit a proposal. Holders of NUT POWER can vote on the proposal after full discussion.

If the proposal snapshot is passed and can be directly executed through the standard contract, the approved action will be executed immediately. If code deployment is required, after the code is developed, it will be deployed after auditing and re-governance voting.

9.3.2. Time line

Proposal Discussion: 3-7 days

Proposal Voting Snapshot: 3 days

Locked before execution: 12 hours

9.3.3. Prerequisite

Before submitting the proposal, the user must transfer 10000 NUT to the State Treasury, and the 10000 NUT will be refunded after the proposal passes the preliminary review. The transfer amount will not be refunded if it does not meet the basic requirements.

VOTING POWER can be set according to the situation:

- 1) Each pledged NUT is equivalent to 1 VOTING POWER;
- 2) Each PNUT in the NUT-ETH pool or NUT-DOT pool is equivalent to 4 VOTING POWER;
- 3) Indicators determined by other communities .

Threshold of proposal approval: $(\text{consent vote} - \text{veto vote}) / (\text{all candidate vote}) > 30\%$

10. Documents

- 《liquid-staking-report》
- 《Bitcoin and the Three Laws of Robotics》 <https://letstalkbitcoin.com/bitcoin-and-the-three-laws-of-robotics>
- 《DAC Revisited》 <https://letstalkbitcoin.com/dac-revisited>
- 《Steemit's Evil Plan for Cryptocurrency World Domination》
<https://blog.nutbox.io/@dan/steemit-s-evil-plan-for-cryptocurrency-world-domination>
- 《Protocols, Not Platforms: A Technological Approach to Free Speech》 Mike Masnick
- 《Ethereum: The Ultimate Smart Contract and Autonomous Corporation Platform on the Blockchain》
<https://web.archive.org/web/20131219030753/http://vitalik.ca/ethereum.html>
- 《Stafi 协议》 <https://docs.stafi.io>
- Staking 收益市场 <https://www.stakingrewards.com>