SLAP

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A DeFi experiment with the Spontaneous Liquidity Accumulation Protocol (SLAP)

WHAT IS SLAP

SLAP, the Spontaneous Liquidity Accumulation Protocol, is a new generation DeFi protocol that allows STEAM on-chain liquidity to grow spontaneously in an automatic and trustless way.

The STEAM stakers in SLAP will be entitled to rewards in stablecoins, rather than through inflating the protocol's token.

The protocol's goal is to become the value anchor of the crypto market, through ever-increasing liquidity and ever-decreasing slippage.

Note: The Protocol token of SLAP is STEAM.

SOLVING ONGOING AND ROOTED ISSUES IN THE DEFI SPACE

Liquidity is the key

Liquidity mining has been widely applied in many DeFi projects. Protocols pay incentives as rent to borrow liquidity from participants. However, this often brings about hyper-inflation, while liquidity may end up being controlled by whales, meaning a project could easily suffer adverse consequences when whales stop participating.

Inflationary returns are not optimal

Olympus created the concept of POL (Protocol Owned Liquidity) and managed to control over 95% of its liquidity, while bringing an extraordinary compounding APY to its stakers. However, the return is maintained through high inflation. The real APY in dollar value can hardly be assured.

Value anchor in crypto markets

Dollar-pegged stablecoins still dominate the crypto value measurement. But is it the optimal choice? Over the long run SLAP aims to provide a better solution. Being that the protocol is consistently accumulating liquidity over time, SLAP aims to become an anchor of value - and greatly surpass the capabilities of fiat-pegged stable coins.

HOW SLAP WORKS

Users

Get vested STEAM in return ↑ ↓ Contribute assets to bond

Bonding Contract

↓ Deposit assets in the treasury ↓

$ Treasury

↓ Distribute through allocation contract ↓

Allocation Contract

Minting and adding liquidity	Buying-back and adding liquidity	Distributing to STEAM stakers	The team, as rewards for marketing activities, promotion, and the DAO	Buying-back and burn
↘	↙	↓ Hard money return ↓	↓	Decreasing circulation ↓
Ever-increasing liquidity pool			**DAO**	

SLAP

KEY FEATURES

Non-inflationary

STEAM can only be minted through the bonding contract or by adding liquidity to the allocation contract.

Ever-increasing liquidity

The allocation contract will constantly increase pool liquidity, either by minting and contributing or buying back and contributing.

100% protocol controlled liquidity

One of the key mechanisms behind SLAP relies on the contribution of liquidity via the protocol itself, spontaneously. The STEAM liquidity pool on DEXes will most likely be 100% controlled by the protocol itself.

Constant buying power

The allocation contract will produce constant buying power for the STEAM tokens. A proportion of the treasury funds will be applied to buy back STEAM from the market and contribute to the liquidity pool, periodically.

Yields in hard money

STEAM stakers will be eligible for staking rewards from the crypto assets in the treasury, rather than through inflating the STEAM token. In other words, the STEAM stakers are earning USD.

STEAM is not backed but has a price floor

With limited circulation, the potential price floor of the STEAM token can be calculated, under the hypothesis that all of the circulating supply is sold back into the liquidity pool, following the XYK algorithm.

SLAP VS OHM

Similarity

- Similar bonding mechanisms in terms of stable assets. Bonding to mint tokens.
- POL (Protocol Owned Liquidity) is the key.
- Attractive rewards to stakers.

Differences

	SLAP	OHM
Fundamentals	Ever-growing Liquidity	Game theory (3,3)
Liquidity Accumulation	Active by buying back and minting	Passive by selling LP bonds at a discount
Token Inflation	Non-inflationary	High inflation
Staker's rewards	Stable assets	Through inflation
APR or APY fundamentals	APR on stable assets	APY on inflationary rewards
Backed or not	No, but has a potential price floor	Backed by 1 DAI or other stable assets
Buying back	Constant buying back activities	No
Team's allocation	No allocation of STEAM tokens to the team, which will only get rewarded from bonding, which is 50% of the Operation and DAO part in the treasury funds. This eliminates any potential dumping pressure from the team.	The DAO and team get newly minted tokens as rewards when bonding

MARKET DYNAMICS

Early Participants

- This model could provide exceptionally good returns for early participants, especially for stakers. This is because the market price is likely to be hyped up early on, and the bonding price will be going up accordingly. Early stakers will be eligible for the shares in the distribution of the assets in the treasury pro rata.

When the price rises

- A rising token price will encourage bonding and accumulate funds in the treasury.
- The APR for a purchase-and-stake or bond-and-stake strategy will become lower and will discourage these behaviors.

The adjustment stage

- As the circulation increases and the treasury accumulation in the bonding activities cannot match, the APR for stakers will likely decrease. Staking will become less attractive, and the selling activities will drive the token price down.
- When the token price is dropping, the APR for a purchase-and-stake or bond-and-stake strategy will increase, as the rewards are lagged and in stable assets, and there will be fewer stakers when circulation is decreasing. This, on the contrary, will encourage purchasing and bonding.

The stable stage

- After enough liquidity is accumulated and the market demand for this model is exhausted, the liquidity and price of the token will reach a relatively stable stage.
- At this point, the bonding and distribution mechanisms will be stopped, the token’s supply will be capped and SLAP will become a fully community driven project. The protocol-controlled liquidity pool will provide a safe and stable liquidity assurance for transactions, and the token itself will become the value anchor of the crypto market.

STEAM TOKEN DISTRIBUTION

STEAM follows the standard ERC20 format and its total supply is not capped.

STEAM tokens can only be minted through the bonding contract or by adding liquidity to the allocation contract. This means that newly minted STEAM always comes at a cost. There will be no free STEAM allocation or mining.

The team has no allocation of the STEAM tokens and only receives a percentage of rewards in the treasury accumulated from bonding.

A genesis launch (bonding) will be considered to create the community and build the initial liquidity. Whitelisted members can participate in the genesis launching event.

SLAP is planning for a private fundraising round prior to the genesis launch.

FUNDRAISING PLAN FOR THE PRIVATE ROUND

Amount: 1M USD

Investors can either choose to have STEAM tokens or a share in the team's allocation

Token Choice:

STEAM price in this round: 3 USD

Accepted assets: USDC, DAI, and H2O with the same 1 USD rate (H2O may have a natural discount as they are now traded below 1 USD)

Vesting Term: 1/3 released every 30 days, after 30 days from the launching date

Team Allocation Choice:

Every 100K USD investment can have 3% in the team's incentives, controlled by smart contract.

Purpose

- 50% will be used to create the initial liquidity pool when launching. The pool will be created at least at the price of 10 USD, and the genesis bonding will start from the price of 5 USD.
- 40% will be used for the future distribution to stakers.
- 10% will be used for marketing purposes.