SIFT Voting Proposal

SMART INVESTMENT FUND

Smart Blockchain Trading and Managed Investment Portfolio

Website: SmartIFT.com
Email: ico@smartift.com

SVP001: Token Redeployment

The Issue

Since the SIFT ICO completed the token has been tradable. During this time, it has been noticed that several transactions have extremely high gas usage in certain scenarios. This has caused several investors to ask for ways to fix the high gas issues.

The issue arises due to how the smart contract is authored. We designed the contract in such a way that it is extensible – we can "plug in" special functionality through other smart contracts that can easily get a full list of token holders. This can be used, for example, to aid voting or dividend payments without a requirement to manually reconcile token-holder lists at the start of such a process. Part of this functionality means that whenever tokens are received by a new party we must create add them to separate ledger of owners and when someone sells all their tokens we must remove them from that ledger. This is a gas-intensive activity and, with the current number of holders, is significantly higher gas than we originally expected in certain scenarios.

There are four types of transaction that can be made with SIFT as defined below.

Sender	Recipient	Suggested Gas	Cost at 1 GWei	Cost at 21 GWei
Sends all SIFT	Has no SIFT	3,500,000	0.0035 ETH	0.0735 ETH
Sends all SIFT	Already has some SIFT	2,500,000	0.0025 ETH	0.0525 ETH
Sends some SIFT, but not all	Has no SIFT	600,000	0.0006 ETH	0.0126 ETH
Sends some SIFT, but not all	Already has some SIFT	60,000	0.00006 ETH	0.00126 ETH

If you are, for example, sending SIFT to an address at an exchange that already has SIFT (for example EtherDelta) and you maintain some SIFT for yourself this means a very low transaction fee of 60,000 gas (between 2 cents and 20 cents depending on the price you chose to pay for gas). If you were to send all your SIFT to an address that does not hold SIFT (a new wallet address for example) then you could see a much higher fee (in the range of $0.91 to $19.11).

The Solution

The only solution to this problem is to re-issue the token contract for SIFT. We would create a new contract that was a completely generic ERC20-compliant without the additional multi-contract ledger support that we have created. This would give all transactions a suggested gas limit of approximately 60,000. We could still maintain voting and dividend payments using slightly different mechanisms. Rather than having this defined in the contract we would capture a list of token holders at a defined block height directly from the blockchain and use this list to supply the smart contract with valid addresses.

We would ensure the contract copied the list of existing token holders as soon as it was deployed. Everyone who held 1 SIFT on the current contract would immediately hold 1 SIFT on the new contract. We would also arrange for the old contract to be removed from EtherDelta and the new contract added at this point in time.

There may be some time (a period of days) when the contract was not listed on an exchange.

The old contract would still exist but would not have dividends paid to it, nor would it be listed on any exchanges. We would also get the official branding for the token removed from MyEtherWallet and other sources.

Decimalisation

Many people have also asked about decimalising SIFT. This is the process of adding support for partial-SIFT rather than complete SIFT (for example you could own 0.125 SIFT). There have been concerns that certain exchanges would take a percentage of transactions resulting in entire SIFT being taken. Since the only way to decimalise SIFT is with a new smart contract it also makes sense that we propose this change at the same time.

If SIFT-holders vote to deploy a new contract we could optionally increase SIFT's decimal places to 18 to match those on Ethereum. This would allow for much smaller amounts of SIFT to be transacted. Whilst SIFT is currently only worth (at raw USD value) $2 per SIFT it could conceivably

grow to significantly more in the coming years and it may be desired to send smaller amounts.

Anybody holding 1 SIFT currently would still have 1 SIFT in this system and the total supply would be the same – the only difference is that you could send much smaller amounts to other Ethereum addresses (for example 0.000000000000000001 SIFT).

Dividends would still be paid proportionally to the total supply – for example if dividends of $0.50 per SIFT were declared and you owned 0.125 SIFT you would receive a dividend equivalent to 6.3 cents.

Voting

The following are the proposals being put forward for voting. The specific smart contract for this vote and the instructions for voting will be separately published.

There are two separate questions to be voted on. Entitled SIFT-holders can vote on one or both questions or can chose not to vote at all. SIFT-holders can change their vote at any time up until the vote closes.

Timescales

Vote Announcement: 19th September 2017 10:00 GMT
Vote Opens: 26th September 2017 10:00 GMT
Vote Closes: 3rd October 2017 10:00 GMT

Proposal 1: SVP001-01 Redeployment

Question	Should SIFT reissue its smart contract to resolve the issue with gas?
Answer 1	Yes
Answer 2	No
Entitlement	All token-holders as of the date of vote announcement will have a right to vote. Each SIFT entitles the holder to a vote. For example, someone holding 5 SIFT at the time of the vote will be entitled to 5 votes on each proposal.

Determination	The implemented solution will be the answer that gets the majority of SIFT allocated to it.

Proposal 2: SVP001-02 Decimalisation

Question	If the contract is reissued should it be decimalised to 18 decimal places?
Answer 1	Yes
Answer 2	No
Entitlement	All token-holders as of the date of vote announcement will have a right to vote. Each SIFT entitles the holder to a vote. For example, someone holding 5 SIFT at the time of the vote will be entitled to 5 votes on each proposal.
Determination	The implemented solution will be the answer that gets the majority of SIFT allocated to it.
Notes	SIFT holders that vote No to the first question can still vote on this question. If SVP001-001 votes No then the result of this vote will not be implemented.

SIFT Recommendation

SIFT recommends that you vote No to SVP001-01 and Yes to SVP001-02.

Recommendation 1: SVP001-01

Changing the smart contract to alleviate gas concerns does make some sense. Despite this we believe that the actual cost of gas is not significant enough to justify a potentially major change.

Our understanding is that the majority of SIFT holders plan long-term holdings rather than short-term flips. Since the token itself does not carry monetary value the only time that a transfer is likely is when a token is sold. It is therefore going to be a very rare occurrence compared to many other tokens.

If SIFT-holders do want to transfer SIFT setting a price of 1GWei for gas will keep transaction costs low even in a worst-case scenario. These transaction costs are also mitigated somewhat by keeping a single SIFT in your wallet.

Some of those that hold SIFT will not be in Telegram or subscribed to our newsletter. We believe that potential confusion caused by a token swap outweighs the immediate benefits and that just decimalising SIFT does not give sufficient reason to cause potential confusion about a token redeployment.

For these reasons, we recommend a No vote on SVP001-01.

Recommendation 2: SVP001-02

If SVP001-01 receives a majority yes vote we see no problem with decimalising the token. SIFT are not strongly for or against decimalisation of the token, however many of our investors have requested this during the ICO and since that time. We do not feel decimalisation of the token is worthy of deploying a new contract by itself. If, however, the contract is being redeployed we feel that this is an ideal time to address these concerns.

For this reason, we recommend a Yes vote on SVP001-02. It is important to note that SVP001-002 (Decimalisation) cannot be implemented unless SVP001-001 is also implemented. For this reason, if you care most about decimalisation you should also vote yes to SVP001-01.