



(pronounced "simple")

Crypto Multiplying Protocol Leveraging Ethereum

## Lite Paper / Tokenomics / Frequently Asked Questions

*(non-binding draft version, everything is subject to change, for illustrative purposes only)*

Multiplying Crypto Assets is more important than if the value goes up or down.

*Quick, simplified example:*

Start with 1 Token worth \$1,000 and over time it multiplies to 4 Tokens.

If the value is currently \$1,000 / Token, then the 4 Tokens are worth \$4,000

If the value is currently \$2,000 / Token, then the 4 Tokens are worth \$8,000

If the value is currently \$500 / Token, then the 4 Tokens are worth \$2,000

### How are Crypto Assets Multiplied?

The price of Crypto Assets are constantly fluctuating. By borrowing stable coins secured by the Crypto Assets, the protocol allows you to trade those stable coins for more of the assets when the price dips, therefore increasing the quantity of the assets. When the price rebounds, the protocol helps you calculate how much to sell in order to buy more on the next dip, while locking in your profits in the form of the token you want to multiply.

*Quick, simplified example:*

100 Tokens worth \$1,000 each = \$100,000 portfolio value

Price drops to \$500 each token (\$50,000 portfolio value)

You buy 20 Tokens at \$500 each = \$10,000 in debt = 18.18% LTV (Loan To Value)  
*(120 tokens x \$500 = \$60k token value. \$10k debt / \$60k token value = 18.18% LTV)*

Price goes back to \$1,000 & you sell 10 tokens

You now have 110 Tokens, no debt, and you can buy more when the price goes back down.

*(Multiplying by 10% in one cycle. Over time this compounds, especially if you're making lots of moves on smaller cycles)*

## **Is this risky?**

Cryptocurrency is a high risk endeavor. You should be prepared to lose 100% of your crypto assets in exchange for the possibility of multiplying tokens. If you cannot afford to lose your crypto assets, then don't use CiMPLE. That said, you as the user define exactly what your strategy is and therefore you can choose a riskier or less risky strategy.

## **Is CiMPLE a DAO?**

DAO stands for Decentralized Autonomous Organization. Yes, CiMPLE is a DAO, it is fully decentralized and autonomous, whereby changes to the protocol are enacted via a vote. There is a development team creating tools and making changes as voted on by CMPG token holders, but there is no company, no traditional shareholders, and no jurisdictions for legal purposes.

## **How do I get CiMPLE tokens?**

CiMPLE tokens are Buy One Get One free coupons and have no value outside of redeeming these coupon tokens for free transactions in the future. Every time you use CiMPLE there is a transaction fee of 0.3% of the value of the transaction you wish to perform (not including any fees from the underlying infrastructure, such as gas fees on ethereum, etc.). Every time this fee is paid CiMPLE tokens are minted and issued to the wallet address that paid the fee. Every time a user redeems these tokens in lieu of paying a transaction fee, the tokens are burned. Since every transaction is going to have a different value, the buy one get one free coupons are pegged to the value of ETH, whereby the transaction value is calculated in terms of ETH and the amount of CiMPLE tokens awarded is based on that day's ratio (explained below).

## **Why are CiMPLE tokens pegged to ETH and not US Dollars?**

CiMPLE is a worldwide collaboration and not based in the United States. The CiMPLE DAO intends to exist into perpetuity, and while some argue that the U.S. Dollar is currently the world's reserve currency, that isn't guaranteed into the future. ETH will continue to have value for Ethereum based transactions and since Ethereum is the Layer 1 smart contract solution CiMPLE is built on, this makes more sense.

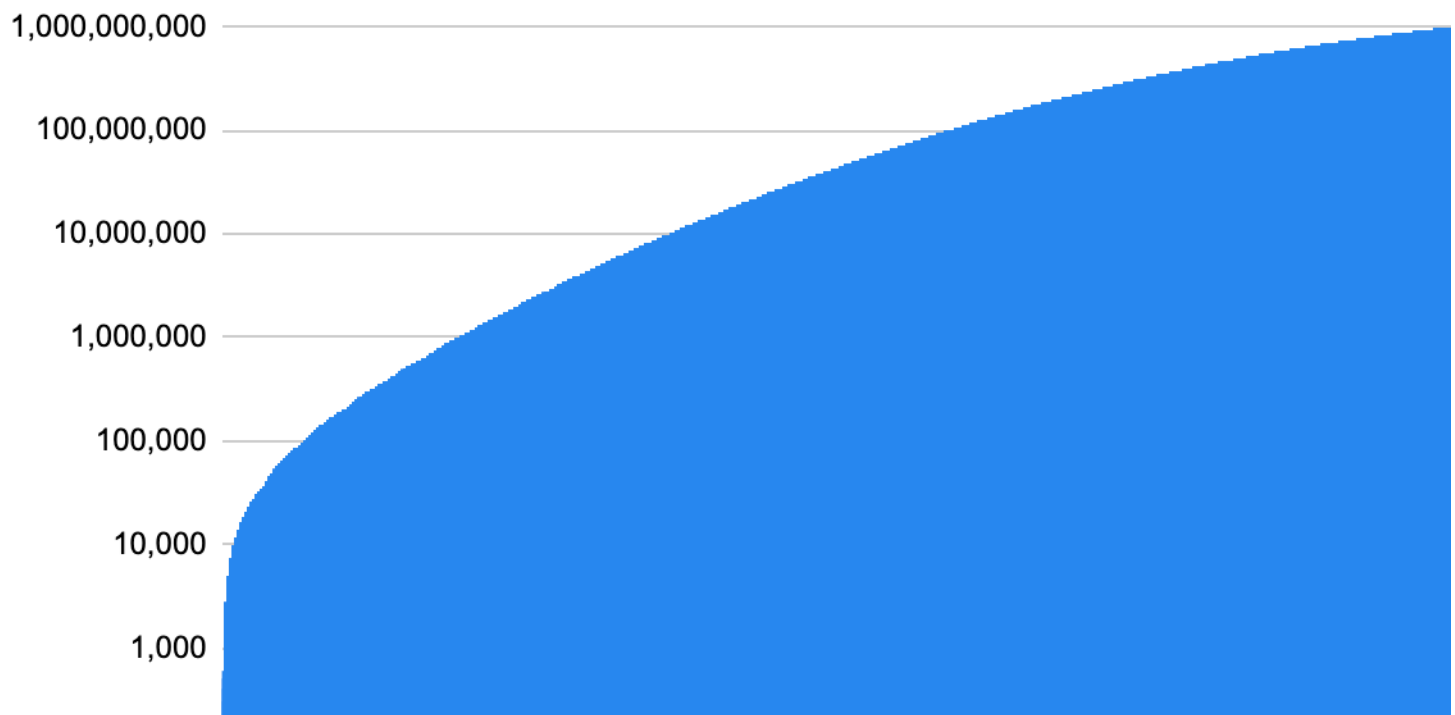
This does come with some trade offs. If the value of ETH varies in terms of US Dollars, then the issuance and redemption rate of CiMPLE tokens also varies in terms of US Dollars. If ETH goes up in terms of US Dollar value, so does the issuance / redemption rate of CiMPLE and if ETH declines in US Dollar value, so does CiMPLE's issuance / redemption rate in terms of US Dollars.

## **How does the issuance / redemption rate of CiMPLE change?**

The longer a user holds CiMPLE tokens, the more value these coupons represent in terms of a discount in future transaction fees. The redemption rate of these tokens changes every 24 hours and is a relationship between ETH & CiMPLE tokens, such that the ratio of issuance and redemption increases, in terms of ETH, each day. Below is a 30 year time horizon in the rate of change for redemption and issuance rates for CiMPLE coupon tokens, unless governance votes to change the redemption rates.

# 30 Year comparison of the daily rate of CiMPLE to GWEI's of ETH

From 100 GWEI to 1 ETH



Day 1 issuance / redemption rate is 1 CiMPLE = 100 GWEI (.0000000001 ETH)

After 30 years issuance / redemption rate is 1 CiMPLE = 1 ETH

For the first 365 days, each day the ratio is increased by 100 GWEI

Each year, the daily increase in the issuance / redemption rate is recalculated using two forces: an increasing force and a decreasing force so the growth rate tapers over time.

The increasing force is 75% increase per year (ex: 100 GWEI -> 175 GWEI added to the ratio daily)

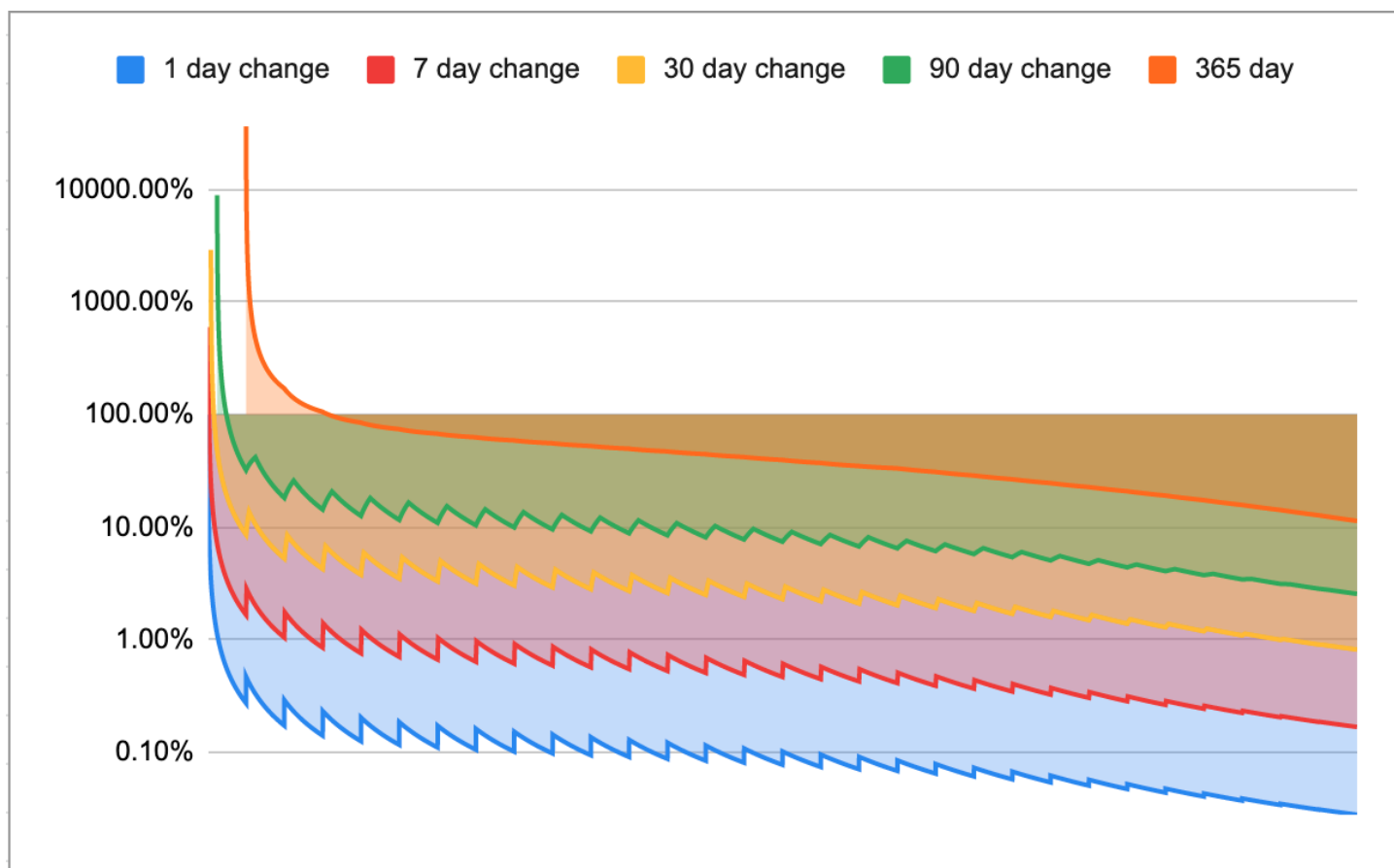
The decreasing force is 98.1% with an exponent of the number years of reassessment. (ex: year 3 = 2 reassessments =  $98.1\%^2 = 96.2\%$ )

Year 2 =  $100 \text{ GWEI} * 1.75 * 0.981^1 = 171.7 \text{ GWEI}$  added daily

Year 3 =  $171.7 \text{ GWEI} * 1.75 * 0.981^2 = 289.2 \text{ GWEI}$  added daily

Year 30 =  $279,276 \text{ GWEI} * 1.75 * 0.981^{29} = 280,897 \text{ GWEI}$  added daily

Below is a chart analyzing the difference in redemption rates over a 30 year period:



### Why do CiMPLE tokens have an increasing issuance/redemption rate?

This is because the CiMPLE DAO needs to ensure it has enough resources to sustain itself indefinitely. By increasing the issuance/redemption rate daily, it encourages early adopters to pay more fees now and cash in on their free transactions at a later date. In essence, the CiMPLE DAO is borrowing from its future cash flow to fund its current growth and development needs.

### Are CiMPLE tokens a security?

No, CiMPLE tokens are a buy one get one free coupon and have no value outside of being redeemed in lieu of paying a transaction fee for using the service.

### What are CMPG tokens?

CMPG stands for Crypto Multiplying Protocol Governance.

CMPG tokens allow holders to vote in changes to the CiMPLE DAO according to the percentage of CMPG tokens held in their wallet relative to the circulating supply of CMPG tokens. For example, if a CMPG holder has 1% of the circulating supply of CMPG tokens and only 50% of CMPG token holders vote, then their vote counts as 2% of the total votes. 51% of the vote is required for a change in the protocol to be enacted.

Unless changed by vote, the CiMPLE DAO will issue 33% of certain transaction fees to CMPG token holders in the form of insurance against their accounts getting liquidated. There are 2 ways that the CiMPLE DAO does this. The first is with stablecoins that become claimable within the insurance accounts. The second way is with non-voting tokens like ETH, where the CiMPLE DAO will make those tokens claimable in the multiplying

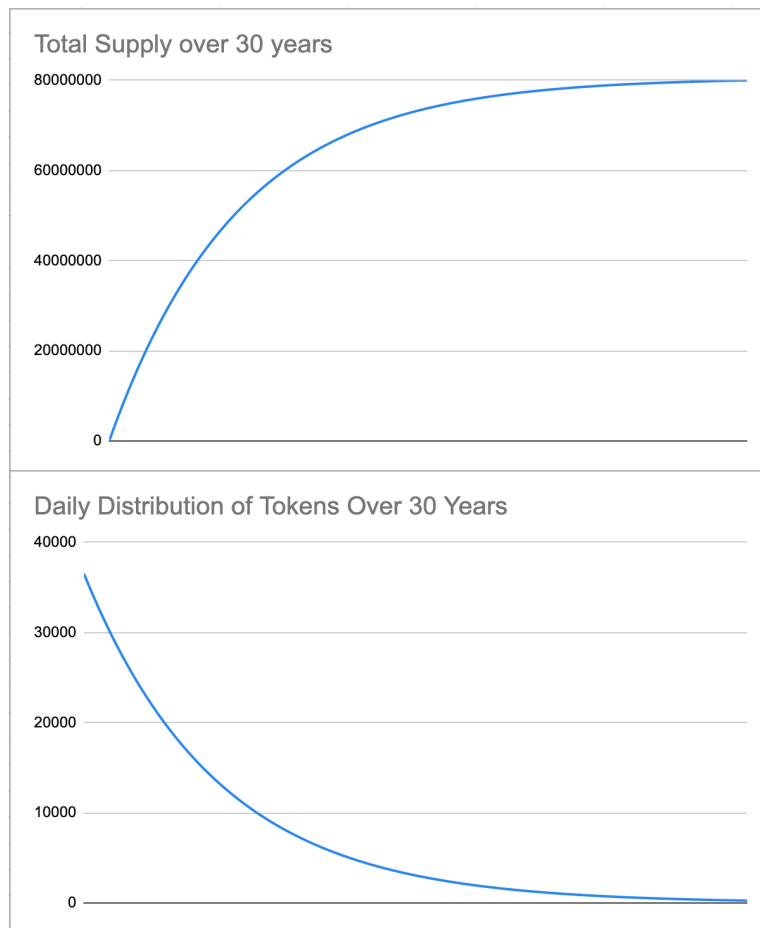
account, this lowers the user's risk of liquidation by increasing their collateral and as a result lowering their loan to value ratio. The insurance protection that comes with CMPG ownership helps fight against liquidations and allows the token holder to be more aggressive in their multiplying strategy, this also means that those that have the most to gain from CMPG token ownership are the users who have the most at risk capital and have the most to gain or lose from CiMPLE's success or failure.

The CiMPLE DAO will retain tokens that come with voting rights so that the DAO can ensure that it has a strong voice in the governance of protocols that the CiMPLE DAO relies on to function. This means CMPG token holders can vote on how the collective voting power of the CiMPLE DAO will vote.

### How are CMPG tokens awarded?

The total supply of CMPG tokens is 100 Million.

80.1 Million CMPG will be rewarded for staking CiMPLE tokens. Each day for 30 years, slightly less governance tokens will be issued. That fixed amount of CMPG issued per day will be evenly split according to how much CiMPLE each user account has staked. On day 1, 36530 CMPG will be awarded, then each day the daily issuance of CMPG will decrease by 0.045% The 30 year distribution graph looks like this:



10 Million CMPG will be held by the CiMPLE DAO for the purposes of trading governance tokens with other protocols to ensure CiMPLE and its underlying protocol's interests are more secure.

9.9 Million CMPG will be issued to the founding team as a thank you for gifting this project to the world instead of keeping it to themselves. This also serves as a mechanism for the founding team to have a stronger vote in

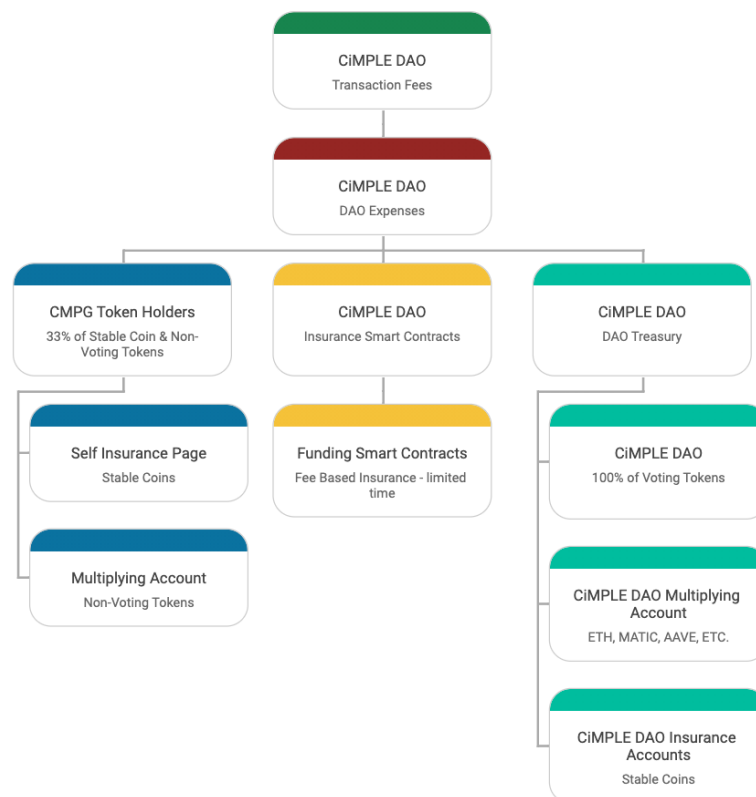
the beginning, but every day their voting power decreases as that voting power shifts to the users.

## Are CMPG Tokens a security?

No, the fundamental question in analyzing whether or not CMPG tokens are a security is “are users purchasing this token with some expectation of a return?” The answer is a clear *NO!* The CiMPLE DAO is not selling any tokens to anyone for any reason. 90% of CMPG tokens are given away for free, no one is buying them, so they cannot be purchased with an expectation of a return. The other 10% of CMPG tokens are exchanged for governance tokens of the underlying protocols that are required to run CiMPLE, this too is not a sale. There is an open question about what it means to be sufficiently decentralized, the Shapiro test wants to see that less than 10% of the governance tokens are issued to the founders, which is the case with CMPG tokens.

## What does the CiMPLE DAO do with the transaction fees?

The first thing the CiMPLE DAO needs to fund is the individual contributors who are building the project. To attract the best talent, the CiMPLE DAO cannot expect the best results from volunteers, and instead the CiMPLE DAO will pay above the average market rates for similar services. At scale, the operating expenses will be a fraction of the transaction fees collected. Once fees collected exceed operating costs, the remaining allocation is as follows, unless changed by vote: 1/3rd goes directly to CMPG token holders, 1/3rd is allocated to funding fee based insurance smart contracts and the final 1/3rd is allocated to running CiMPLE strategies at the treasury level to ensure the long term viability of the CiMPLE DAO. In order to offer fee based insurance smart contracts, the CiMPLE DAO needs to have sufficient assets to cover the user’s losses according to the terms of those smart contracts. The exact settings for the CiMPLE Strategies will be voted upon by CMPG token holders and may have separate strategies for different tokens. At any point CMPG token holders can vote on changes to this formula.



### **Does the CiMPLE DAO sell insurance?**

The name 'insurance' was chosen to represent in one word the idea behind the self insurance strategy. The strategy is to sell a certain percentage of your tokens when they hit new highs as insurance against a market correction. If the market drops, then the user's portfolio value is higher than if they did not sell any at that new high. This also means the user can afford to take out larger loans, since they have the funds available to pay down their debt. Larger loans allow the user to multiply their tokens at a faster rate.

Because larger loans allow the user to multiply their tokens at a faster rate, there will likely be users who wish to pay a fee into a smart contract where if the price of their token goes below a certain value, the smart contract will pay down their debts before the lender forces a sale of the user's collateral to pay down the debt. The CiMPLE DAO cannot offer this service to its users until the CiMPLE DAO has enough treasury assets to fund all of the smart contracts requested by the users. CMPG token holders will vote on the details of how these smart contracts would function and when they will become available.

### **Does the CiMPLE DAO do airdrops?**

Whenever voted upon by the CiMPLE DAO, airdrops will be issued according to the terms of the vote. This is the digital equivalent of physically mailing coupons to potential customers. Airdrops can be specific in nature to a specific group of users the CiMPLE DAO wants to attract. Again, these are coupons that have no value other than redemption in lieu of paying transaction fees. The CiMPLE DAO will not airdrop CMPG tokens because they can only be earned through staking.

### **Does the CiMPLE DAO have a grant program or other reasons for minting CiMPLE tokens?**

Yes, upon approval of governance vote, the CiMPLE DAO may mint and issue CiMPLE tokens in the form of a grant and/or payments for goods and services. Since CiMPLE tokens are coupons for free transactions, this would be the CiMPLE DAO deciding that it is better to borrow from its future cash flow to fund whatever the CiMPLE DAO wants to fund, rather than using the CiMPLE DAO's treasury assets.

### **If users take their CiMPLE or CMPG tokens and offer them on an exchange, does the price on the exchanges affect anything in regards to CiMPLE's issuance or redemption of those tokens?**

No, unless CMPG token holders vote to change this, there is no correlation between exchange prices of CiMPLE tokens and the issuance / redemption rate. CMPG tokens are never sold to anyone for any reason, they are only given away for free and therefore the rate of free will remain unchanged regardless of what happens on exchanges.

### **Does the CiMPLE DAO have an affiliate program?**

Yes. In order to get an affiliate link, you must have an existing account containing at least 0.1 ETH equivalent in CiMPLE, then using a connected wallet (such as MetaMask), you can sign a transaction to verify that you have the required assets and generate an affiliate link that will bring your referrals to a unique page that will track who signs up using your referral link.

The amount of CiMPLE tokens awarded will be based on the total average amount of assets deposited into the referral's account over a 30 day period. This is to prevent abuse where someone could use the same funds to open hundreds or thousands of accounts in order to maximize their acquisition of CiMPLE tokens. This also helps when someone is just testing with a small amount, but plans to deposit more when they get more

comfortable.

As an incentive to encourage your referrals to make their own referrals, you also get ½ of the CiMPLE you would have gotten if you'd directly made the 2nd referral.

The amount of CiMPLE tokens one receives for making a referral is based on the exchange ratio of CiMPLE to ETH and the average ETH value of the referral account over a 30 day period. The calculation is 1% of the square root of the average ETH value of the referrals account over their first 30 days at the exchange rate of day 15.

For example, if userA refers userB and userB refers userC, and userB has an average 30 day account value of 4 ETH while userC has an average 30 day account value of 9 ETH, then userA would receive the amount of CiMPLE that would equate to 0.02 ETH for userB and 0.015 ETH for userC according to the exchange rate of the 15th day after userB and userC opened their accounts.

$$\text{userB} = 1\% * \text{square\_root}(4) = 0.02 \text{ ETH equivalent according to the exchange ratio}$$

$$\text{userC} = 0.5\% * \text{square\_root}(9) = 0.015 \text{ ETH equivalent according to the exchange ratio}$$

userB would also receive the equivalent of .03 ETH in CiMPLE tokens for referring userC