



**NFTY**  
REWARDING EXCELLENCE



# NFTY DEFI REPUTATION PROTOCOL

REWARDING EXCELLENCE



VERSION: 2.1   NAME: NFTY TOKEN   SYMBOL: \$NFTY   WEBSITE: NFTYTOKEN.IO

| 2021



## NON-FUNGIBLE TOKENS

NFT's are unique cryptographic tokens that represent a unique asset. NFTs are tokenized versions of digital or real-world assets. They function as verifiable proofs of authenticity, as well as ownership within a blockchain ecosystem. NFTs are not directly interchangeable, introducing scarcity to the digital world.

## NIFTY

A NFT or Non-Fungible Token is often termed a 'Nifty' (isn't that cute?!)

## NFTY

Symbol representing the NFTY Token, an ERC-20 token

## STAKING

Holding NFTY Tokens in a smart contract for advocacy to build reputation and rise in SOCIAL POWER

## STAKING APR

Staking rewards starting at 13.579% and up

## SOCIAL POWER

Total staked NFTY Tokens

RANK	SOCIAL RANK	TOTAL NFTY STAKED	TIME STAKED	VOTE POWER
1	PATRON	1 NFTY	ANY	1
2	IRON	500 NFTY	30 DAYS	500
3	SILVER	10,000 NFTY	45 DAYS	10,000
4	GOLD	25,000 NFTY	90 DAYS	25,000
5	PLATINUM	50,000 NFTY	180 DAYS	50,000
6	DIAMOND	100,000 NFTY	365 DAYS	100,000

## TIME STAKED

Number of days NFTY tokens have been staked

## CHAIN/BLOCKCHAIN/LEDGER AGNOSTIC

Chain/Blockchain/Ledger agnosticism refers to a single platform that allows multiple chains to be used based on an individual's preference.

## DIGITAL SCARCITY

Control over the abundance and existence of digital assets or resources.

## DIGITAL PERMANENCY

Digital permanence refers to the techniques used to anticipate and meet the expected lifetime of data stored in digital media.

## SMART CONTRACT

"A smart contract is a self-executing contract with the terms of the agreement between buyer and seller being directly written into lines of code. The code and the agreements contained therein exist across a distributed, decentralized blockchain network. The code controls the execution, and transactions are trackable and irreversible.

Smart contracts permit trusted transactions and agreements to be carried out among disparate, anonymous parties without the need for a central authority, legal system, or external enforcement mechanism" <sup>1</sup>

## PROTOCOL

"[A] set of rules or procedures for transmitting data between electronic devices, such as computers. In order for computers to exchange information, there must be a preexisting agreement as to how the information will be structured and how each side will send and receive it." <sup>2</sup>

For cryptocurrencies, the protocol establishes the structure of the blockchain – the distributed database that allows digital money to be securely exchanged on the internet.

---

<sup>1</sup> <https://www.investopedia.com/>

<sup>2</sup> <https://www.britannica.com/technology/protocol-computer-science>

# BACKGROUND

*Digital currencies and cryptocurrencies are sometimes used interchangeably despite the fact digital currencies; like consumer store points, or in-app game rewards preceded cryptocurrencies, like Bitcoin. Shockingly, non-fungible digital assets have been creeping around the interwebs since the dawn of the internet.*

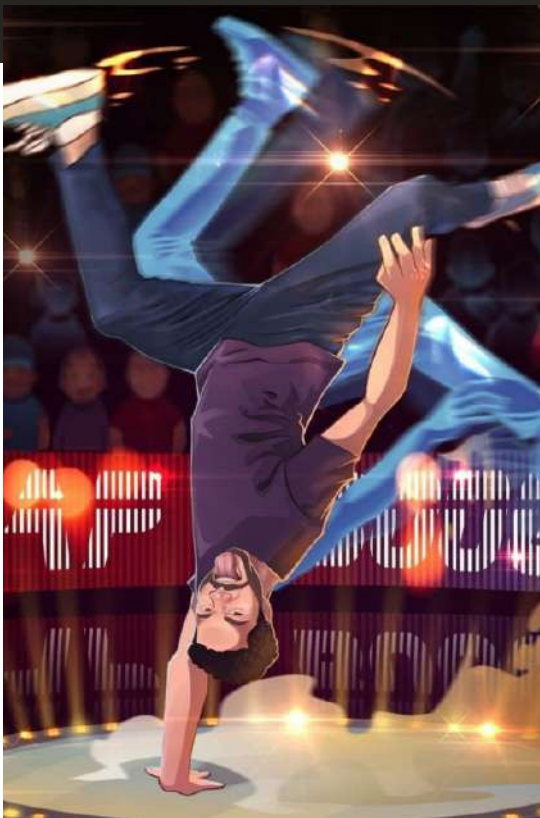
NFT's are unique cryptographic tokens that represent a unique asset. NFTs are tokenized versions of digital and/or real-world assets. They function as verifiable proofs of authenticity, as well as ownership within a blockchain ecosystem.

NFTs are not directly interchangeable, introducing scarcity to the digital world.

You....

Yes! YOU, more than likely, own some form of NFT. Event tickets, in-game items, domain names, and handles on social networks are all non-fungible digital assets, they just differ in their interoperability, liquidity, and tradeability

Many gamer nerds aren't shocked to find out many of these digital assets can be highly valued. Take for example, in 2018 Epic Games brought in 2.4 billion dollars by selling Fortnite<sup>3</sup> costumes in their free-to-play game.



<sup>3</sup> <https://www.investopedia.com/tech/how-does-fornite-make-money/>

*Beauty in the Streets is working with blockchain platform Enjin to let performing artists and dancers create non-fungible token (NFT)-based "emotes" (think animated emojis).*

*The NFTs represent signature moves and mannerisms of various performers which, in turn, can then be sold to fans via online stores and live shows and used as emotes within participating video games and apps.*

*"The company's first NFT is a signature dance move from founder Cjailon Andrade, aka Snap Boogie, called "Speedy Walkovers." Token holders are able to use the NFT to perform the move in a 3D PC and VR game called AlterVerse."*

Unknowingly, many retain digital collectibles, but technically we don't own them, or there are limitations to the ownership. Airlines points, video game character skins, "coins" on the newest social media dividend, and shopping rewards all have one thing in common: they're digital valuables.

Imagine the massive amounts of digital belongings one may retain. Of the endless online treasures one may possess, to what extent are these valuables, truly 'ours'? With Blockchain technology allowing some of the trading solutions to be solved in the exchange of digital assets, NFT memorabilia has made a lot of [us] tech geeks excited- but we aren't the only ones excited: social media king, Gary Vee, Fortune 500 Companies, retailers, governments, Internet OG's, Meme makers, musicians, artists, gamers, consumers, trading card lovers, marketplaces, pannapictagraphists (comic book collectors) and other uniquely named collectible-types, all see a big future in NFT technology.

NFT exchanges are decentralized non-fungible token (NFT) marketplaces for buying, selling, and trading NFTs.

**OpenSea** brands itself as the biggest marketplace for digital goods, it was the first decentralized NFT marketplace, founded in January 2018. Alex Atallah and Devin Finzer, OpenSea Founders, felt blockchain needed an NFT marketplace after seeing the success of CryptoKitties.

# HIGHEST SELLING NFTS IN HISTORY

Here's the Top 5 NFT's sold according to an article by Art Net News in late June 2021, where Sarah Cascone covered the 14 Most Expensive NFTs Sold to Date. Source. Sarah notes the evolution of nfts is rapid as eight of the top 10 NFT art sales were bumped from the list in as little as four months time.

## 5. Mad Dog Jones, *Replicator*

\$4.1 million, April 2021, Phillips

Mad Dog Jones, REPLICATOR (2021). Courtesy of Phillips.

Michah "Mad Dog Jones" Dowbak became the most expensive living Canadian artist with his auction debut at Phillips earlier this year, marking the house's first foray into the world of NFT art. His piece, *Replicator*, is unique in that it will generate new NFTs every 28 days—sort of like the old-school photocopier it depicts. The buyer could ultimately own between 180 and 220 unique NFTs, each of which has its own resale value.

## 4. Edward Snowden, *Stay Free* (Edward Snowden)

\$5.4 million, April 2021, Foundation

Edward Snowden, *Stay Free* (Edward Snowden). Courtesy of the artist.

Edward Snowden's NFT artwork features the court documents deciding that the National Security Agency's mass surveillance practice violated the law, with his portrait by Platon overlaid above the text. The proceeds went toward the whistleblower's Freedom of the Press Foundation.





### 3. Beeple, Ocean Front

\$6 million, Nifty Gateway, March 2021

Noted NFT collector Justin Sun just missed out on the Everyday's auction as the lot's underbidder, but snapped up this Beeple work mere weeks later. One of the drawings from Beeple's "Everydays" series, Ocean Front is meant to be a warning of the dangers of climate change, with the artist promising to donate the proceeds to the charity the Open Earth Foundation.



### 2. Beeple, Crossroads

\$6.6 million, February 2021, Nifty Gateway

Beeple, Crossroads (2020). Courtesy of the artist.

The original buyer didn't know which work of art he would actually receive with his \$66,666.66 purchase of Crossroads at Beeple's first NFT sale, "The First Drop," in October 2020. There were two possible images, depending on the outcome of the U.S. presidential election. After the votes were tabulated and the piece was finalized, to show a defeated President Donald Trump lying naked and covered in graffiti on the roadside, the collector flipped it for 100 times more the original sale price.

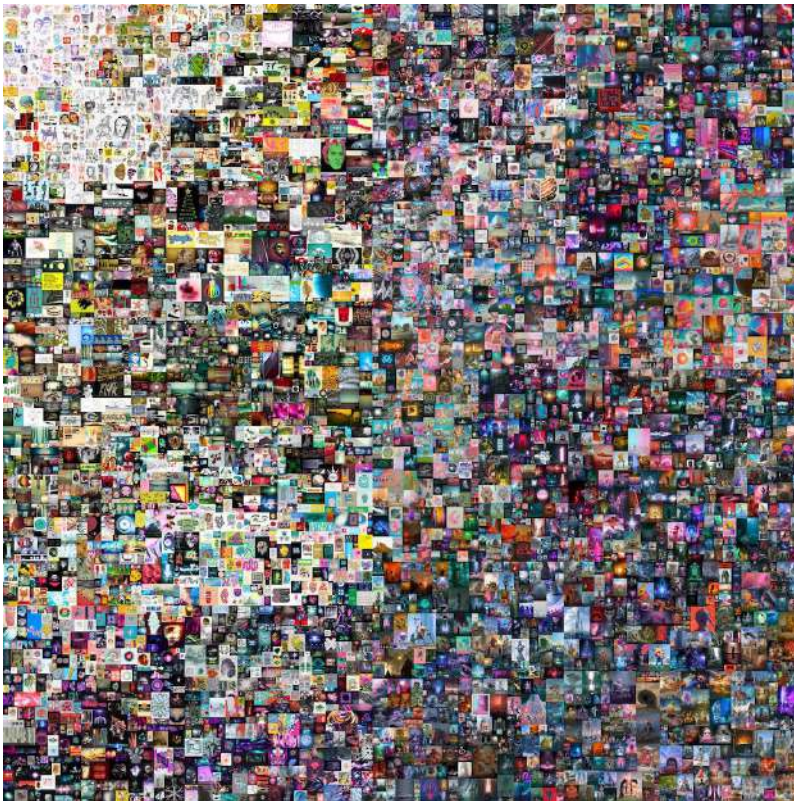


## 1. Beeple, Everyday—The First 5000 Days

\$69 million, March 2021, Christie's

Beeple, Everyday—The First 5000 Days NFT, 21,069 pixels x 21,069 pixels (316,939,910 bytes). Image courtesy the artist and Christie's. Source.<sup>4</sup>

It seems unlikely that other NFT artworks will be able to match the mammoth price point achieved by Beeple's Everyday at Christie's, but if this volatile new marketplace has taught us anything, it's to expect the unexpected.



Rarible first appeared in 2020, and was designed to be the world's first community-owned NFT marketplace using a native ERC-20 RARI token. RARI token owners receive governance rights with the ability to vote or put forward any protocol proposals. According to Rarible, RARI is the first token used for governance within the NFT space. Additionally, Rarible brought about the concept of "Marketplace Liquidity Mining." Alongside the ability to purchase NFTs, the RARI token is rewarded to active users on the platform for buying and/or selling on the NFT marketplace. This example shows how utility tokens are a natural fit with NFT platforms, but in this case it only provided a bonus rather than solving a market problem.

---

<sup>4</sup> <https://onlineonly.christies.com/s/beeple-first-5000-days/lots/2020>





# PROBLEM

NFT exchanges suffer from a lack of any way to determine quality and accordingly categorize items for sale. Most platforms currently show the most popular items, the newest items, the cheapest and most expensive items, and other metrics which can be quantified from each auction's metadata.

This is not how auctions for art and other collectibles work in real life.

When it comes to physical pieces, there are entire networks which have been built up over millennia to validate the quality, authenticity, and reputability of both creators as well as their creations. These networks are dedicated to identifying the good and separating them from the bad; they are what allow patrons, collectors, and other connoisseurs to rest assured that they are getting something special and not being duped into buying trash.

There is no analogue for these networks when it comes to digital art, collectibles, and other NFTs.

Consequently, fraud and plagiarism are major concerns on existing platforms. There is no readily identifiable way for a buyer to know the item they are considering is genuine. No reputable curators or critics exist in this space. Since the only way to identify "quality" is by popularity, low-effort or uncreative works which appeal to the

lowest-common denominator are amplified while high-effort, stunningly creative works are relegated to the bottom of the list.

This is not just a concern for individual items - the lack of such reputation networks means that the data which are gleaned from sales are not aggregated to cultivate greater understanding of market trends, seller offerings, buyer interests, or anything other than pure quantitative metrics. Number of transactions and prices are the only information generated by the current system.

The NFTY protocol has identified this as a major concern within the NFT industry and has set out to remedy these failings.



## SOLUTION

The aforementioned issues are being addressed through the application of the NFTY Protocol, powered by the protocol's own NFTY token and facilitated with the USDT stablecoin. The protocol combines these two tokens to create numerous mechanisms which form a reputation layer that can be overlaid onto any NFT exchange. This reputation layer addresses many of the concerns both sellers and buyers have when transacting NFTs or when considering entering the market.

Quality, especially when it comes to fine art and collectibles, is often a subjective measure. When something is subjective, it is extremely difficult if not impossible to precisely quantify. If something cannot be quantified, the sort of logic and analysis applied by computers and code to automate a process is far less effective. This is especially true in fluid situations where comparisons are frequently of an apples-to-oranges variety.

Creative works by and large fall into this category. The human element involved in assessing their value and efficacy means that determination can't be reduced to an algorithm; a living, breathing person with feelings and emotions must render a value judgement.

This is the soul of great art, and that appreciation is what makes us better than machines.

NFTY recognizes this, and brings economic incentives to bear on the evaluation of NFTs by leveraging decentralized finance, colloquially referred to as DeFi, to make the vetting process a highly rewarding one. Furthermore, NFTY makes a game out of the entire endeavor - there are rewards to

be earned and levels to be achieved, along with influence and notoriety to be won. The truly dedicated could devote their entire lives to the process of verifying the authenticity and assessing the subjective value of great works, while earning a living for doing so. This is the core of the NFTY protocol's gamified farming mechanisms.

Passionate advocates for great art are given the means to come together and promote the finest works humanity has to offer. This is sorely needed in the digital space; it is far too common for lesser, low-effort works lacking passionate creativity to become popular or valuable. Oftentimes this is simply because bots effectively spammed social media with clickbait, or because the work was a forgery or plagiarized.

The NFTY Protocol's application of financial incentives for advocates to root out these imposters and elevate greatness addresses these concerns, and helps exceptional art stand out. It works in the physical universe; it can work in the digital metaverse.

NFTY aims to apply this reputation layer to all NFTs and as such is marketplace agnostic. The VLBO luxury NFT platform serves as the first use-case for this protocol, but there are no impediments to wider adoption. This protocol provides value for all parties across all barriers. This is as true for sellers as it is for buyers, for advocates as it is for auction platforms. Sellers gain value from greater sales prices thanks to heightened visibility, buyers gain value from protection against fraud and knowing the subjective value of items on which they're bidding, advocates gain value from rewards paid out of the final sales price, and platforms benefit from the severe reduction in fraudulent or low-quality content they host.

The power of this reputation layer enables quantification of inherently qualitative, subjective measures - auctions can be evaluated by their popularity as well as their expert-ranked quality. This crowdsourcing of quality measurement creates a multi-layered 'wisdom of the crowd' which allows both buyers and sellers to gain transparent insights into the true value of a work, collectible, or even experience being auctioned.

This is an unparalleled development in digital transactions that is vital for the human element NFTY enables great art to retain its humanity as it increasingly moves online, and is key to elevating our species as we enter this new frontier.





**NFTY**  
REWARDING EXCELLENCE



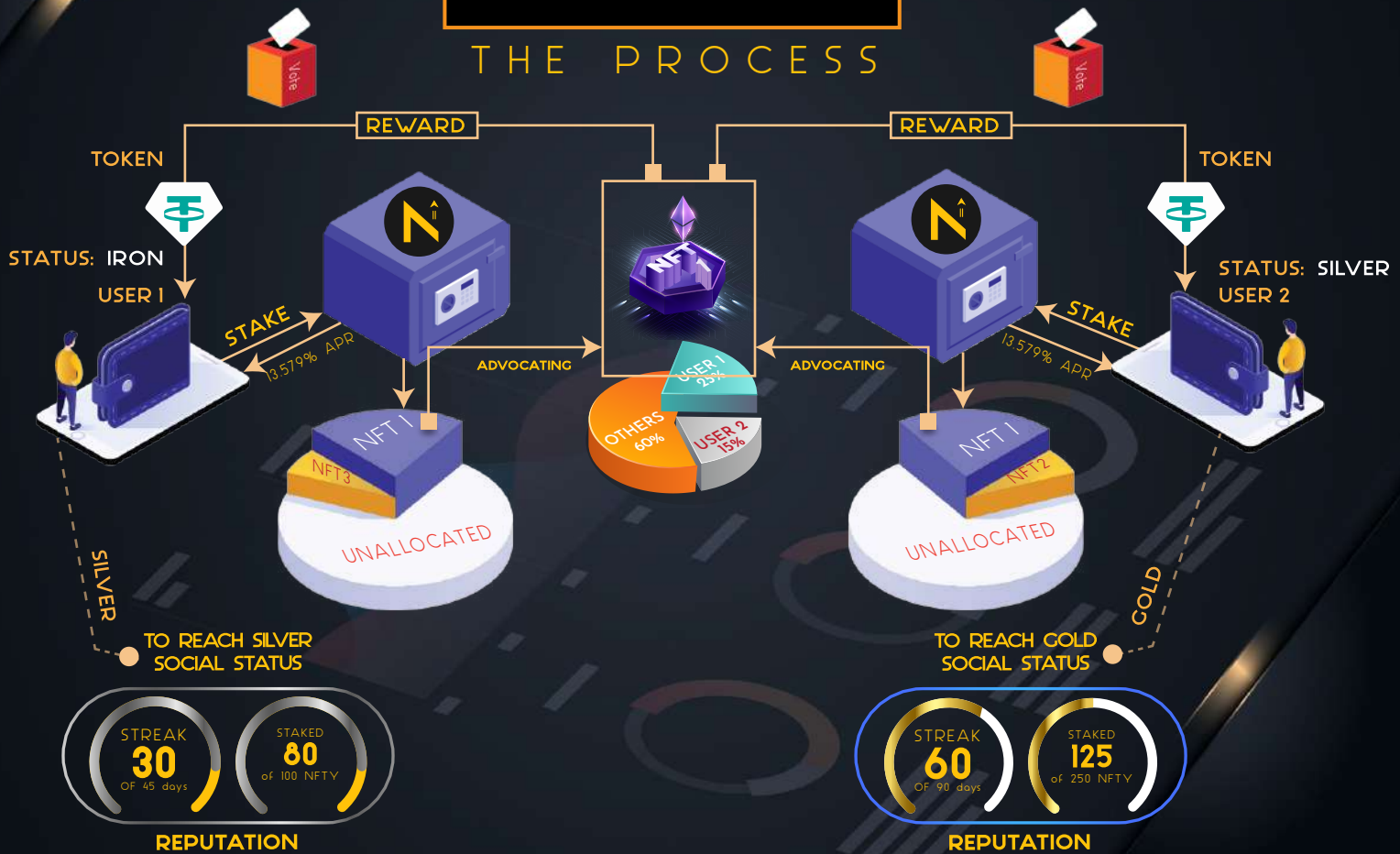
# REWARDING EXCELLENCE

The NFTY ERC20 Token is used with the NFTY Protocol to Stake, Advocate and Vote which builds a user's reputation.



**NFTY**  
REWARDING EXCELLENCE

## THE PROCESS



### STAKE

Staking NFTY token's establishes a user's reputation, giving them the ability to advocate NFTs while gaining a 13.579% APR.



### VOTE

Each Social Rank carries voting power to help define NFTY's governance.



### ADVOCATE

Use staked NFTY token's to advocate for NFTs that yield the highest return. When an NFT is sold a portion of those sales are sent as USDT to each advocator based on their total allocation.



### REPUTATION

A user's reputation is determined by how long and how many NFTY token's they are staking which dictates their Social Rank.



## USE CASES

While there are many applications for the reputation layer provided by the NFTY protocol, the first planned use case is integration into the NFT peer-to-peer auction house known as VLBO. This partnership will serve as the proof of concept for the protocol while enabling VLBO to offer services no other NFT exchanges can match. This partnership will help both operations grow over time.

The unique value add provided by NFTY dovetails beautifully with the VLBO business model - VLBO focuses on luxury, exclusivity, and elite service; NFTY enables the quality identification abilities necessary to properly deliver on a promise of high-end products and services. By integrating the NFTY protocol into VLBO, that exchange is able to highlight the top-tier works while minimizing buyer and seller exposure to lower quality NFTs.

As the first and only exchange using NFTY at launch, VLBO has an additional unique leg up over competing platforms. VLBO's high-dollar minimum listing price benefits NFTY by providing greater returns to the protocol than would be earned with much lower average transaction values.

Once **VLBO** demonstrates the protocol's value, NFTY will be well-situated for integration with other NFT exchanges and third-party platforms. NFTY can provide value to any digital venue where goods are exchanged. This protocol can be applied to NFT exchanges like VLBO and traditional online storefronts like Amazon or eBay. Fraud and deceit are rampant on all web-based commercial platforms; NFTY helps all adopters identify quality and reject inferiority.

Platforms which do not primarily use distributed ledger technologies pose greater hurdles to integration and are not main targets. They may become suitable in time, especially as these services begin forays into the blockchain and cryptocurrency space, such as Facebook and its integrated Marketplace.

More natural use cases are those with a structure similar to VLBO, which is a business model with numerous competitors that focus on different niches. NFTY is niche and platform agnostic - any digital storefront, exchange, auction house, or trading platform where goods and services are exchanged can potentially integrate NFTY and gain value from doing so. The protocol governing board will assess market conditions over time once the initial proof of concept has been demonstrated and consider approaching other platforms at that time. It will also give full consideration to any platform that expresses interest in adopting the protocol.

The NFTY protocol is more than a reputation layer; NFTY collects and pins the metadata about each transaction. This data is immutable and publicly accessible via the IPFS data storage solution. As the protocol is adopted by more platforms, the amount of metadata aggregated grows substantially. Making more and more information available for analytics purposes makes using the protocol streamlined: quality becomes more discernible, trends become more apparent, and fraud becomes more detectable.

These combined use cases give NFTY strong, monopolistic network effects: the more the protocol grows, the more valuable it becomes and the more difficult it becomes to replace.



# TOKEN MODEL

## SUMMARY

The NFTY Protocol uses two tokens: \$NFTY and Stablecoins. The NFTY token was created by the protocol to facilitate a reputation layer for NFT transactions. Stablecoins is used to bid on and pay out auctions, as well as all fees and rewards paid out via the NFTY protocol. These fees/rewards include the protocol fee, the affiliate fee, and the advocacy farming reward.

NFTY tokens are designed to be limited and grow slowly to encourage loyalty. This creates strong network effects, as respected advocates are continually rewarded for doing their due diligence and only endorsing the best auctions. Dedicated advocates with substantial skin in the game could make their efforts into a full-time job where they are paid exclusively based on the quality of their evaluations.

This further supports buyers and sellers by keeping undesirable content and preventing lowest-common denominator items from becoming popular on platforms. Furthermore, sellers are empowered with additional control over their auctions to create maximum flexibility.

## VALUE PROPOSITION

NFTY is a utility token used throughout the NFTY protocol to create a reputation layer, using gamified staking and farming activities to crowdsource reputation data. The process leverages economic incentives and rewards funded from 7.5% of the final payout of any auction which uses the NFTY protocol. The reward is distributed to a pool of “endorsers” or “advocates” in proportion to their respective allocations, in NFTY token. This reward is received in stablecoins. This incentive gives the participants the challenge of defining the best strategy to “endorse” auctions based on their ability to close the sale, possible amount of the final payout, and the number of other advocates currently endorsing the auction.

This creates a multitude of possible strategies without incentivizing the endorsement of non-sellable, low-quality products and spammy content as doing so is not economically viable. Overall, this acts as a filter and data analytics platform where a user can determine the degree of desirability and expected sale and potential value of an NFT.

## TOKEN TYPE

NFTY is a utility token for crowdsourced reputation, accessibility, advocacy, and governance.

## TOKEN DETAILS

**Native Ledger:** Ethereum

**Name:** NFTY Protocol

**Symbol:** NFTY

**Decimals:** 18

**Type:** ERC20

**Initial Supply:** 5,000,000

**Maximum Supply:** infinite

**Mintable:** per staking (13.579% APR,  
Minted upon claiming or unstaking.  
This would be, "13.579% APR and up,  
minted upon claiming or unstaking

**Uniswap fair launch supply:** 5,000,000

**Starting liquidity (USD):** 500,000

**Starting price (USD):** \$0.10

## TOKEN SUPPLY

The token total supply is infinite. New tokens are created by a staking mechanism which provides a 13.579%- 16.079% staking reward.

Every time a participant claims or unstakes NFTY tokens, new tokens are minted and sent to the participant's wallet. The newly created totals are added to the total supply of NFTY tokens

## NFTY TOKEN & STABLECOINS

The NFTY Protocol infrastructure below uses different tokens:

- NFTY token
- Stablecoins

\$NFTY is used in the protocol for:

- **Advocacy:** Endorsement of NFT products/services/experiences, resulting in the farming of stablecoin rewards
- **Social rank:** in exclusive auction/events and governance
- **Social power:** Total possible endorsement potential
- **Staking:** Locking NFTY tokens in a smart contract to accumulate social power, achieve increasingly higher social ranks, and earn yields in NFTY's
- **Participating in auctions:** Greater social rank and power grants access to exclusive content

Stablecoins are used in the protocol for:

- Buying and selling NFT's
- Farming reward from endorsements
- Protocol fees
- Affiliate fees

# STAKEHOLDERS

## AUDIENCE

Prospective participants encompass a wide range of individuals with different objectives. These audiences combine to create the reputation layer which helps evaluate NFTs and those participating in transactions. These audiences are:

**Crypto and DeFi enthusiasts** - Anyone passionate about the cryptocurrency, decentralized finance, blockchain, and distributed ledger technology who seek to earn profits through these mechanisms, develop the technology which underlies them, or apply those technologies to unique use-cases to solve problems in novel ways

**Traders and speculators** - Individuals and organizations who attempt to earn profits by exchanging fungible and non-fungible items, usually by purchasing then at a higher price than they paid to acquire them

**NFT, art, and collectibles enthusiasts or collectors** - Patrons, buyers, investors, and others who seek to acquire high-end physical or digital items for themselves or on behalf of others

**NFT, art, and collectibles creators or sellers** - Artists, owners, agents, and other individuals or groups of individuals who have an item they wish to sell either for themselves or on behalf of another

**NFT, art, and collectibles marketplaces** - centralized and decentralized platforms where the groups of enthusiasts, collectors, creators, and sellers come together to conduct transactions in a secure manner

## PERSONAS - WHICH CONNAISSEUR ARE YOU?

Most protocol participants fall under one three primary personas: advocates, buyers, and sellers.

**Advocates:** These participants endorse auctions and farm stablecoins in the process. They buttress the protocol's reputation layer, as well as their own followers and fans

**Sellers:** These participants are NFT owners/creators, traders, flippers, and collectors. They are typically artist, entertainers, musicians, creative workers, and galleries

**Buyers:** This group has a fair amount of overlap with the Sellers persona, as these participants are often NFT owners, traders, collectors, and investors as well as galleries entertainers

## ADVOCATES

Participants who use their "social power" to endorse a specific auction are called Advocates. They are rewarded for this action via a process called "farming". The farming reward is paid in USDT which is deducted from the auction's final payout. The total amount of the farm reward for a given auction represents 7.5% of the total amount for which that auction sold.

Advocates can:

- Endorse auctions
- Cancel their endorsements



## SELLER

Sellers create each auction. Auctions can either be fixed price or follow a traditional increasing price format. Each time sellers create a "unique auction", they are creating a smart contract that will self-destruct once the auction is closed and payout is confirmed. Auctions start with numerous default initial settings, many of which can be adjusted by the seller prior to creating the auction. These settings are:

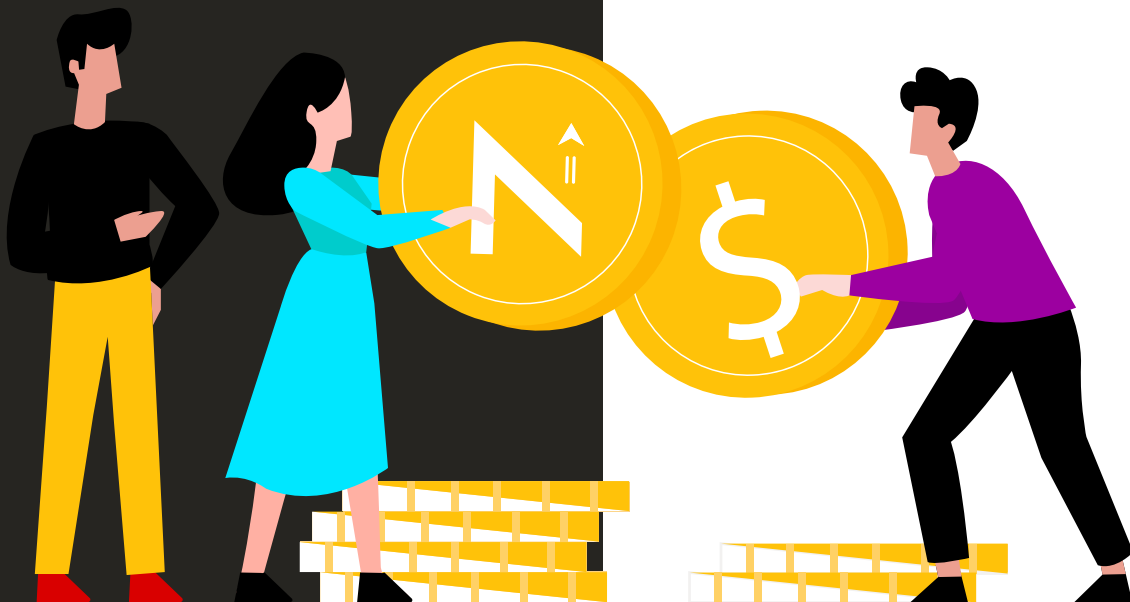
- Auction type
- Initial bid price or fixed price
- Advocacy/endorsement window
- Auction duration
- Minimum bid
- Minimum endorsement
- Maximum endorsement
- Minimum social rank for participation

## BUYERS

Buyers participate in auctions to acquire NFTs. Collectors can search through all existing auctions as well as closed ones for comparisons. Some auctions may require a certain social rank in order to advocate and bid as determined by the Seller.

## REVENUE MODEL

2.5% of the total payout of every auction goes to the platform for maintenance purposes as a transaction fee. Liquidity market maker fees on Uniswap belong to the protocol and collect a 1% fee from each transaction.



# NFTY PROTOCOL

## SUMMARY

The NFTY Protocol uses the NFTY token to augment the NFT transaction process while rewarding participants for their efforts and their loyalty. NFTY holders who lock their tokens in a smart contract can advocate for auctions on exchanges which have integrated the NFTY Protocol, earning rewards for doing so in addition to accruing benefits and yields for platform loyalty.

Sellers are also given greater control over their auctions through the NFTY Protocol - they are empowered to be more selective regarding who may bid on their items and grow their reputation as they sell more quality works. Buyers pay less in native ledger transaction fees due to the smart contract structure and are able to find quality offerings more effectively.

These benefits combine to form a robust reputation layer which rewards all participants and creates network effects which strengthen the protocol over time.

## DECENTRALIZED FINANCE FOR NFTS

NFTY offers economic opportunities to create a marketplace agnostic reputation index for NFT's of all sorts. This opportunity offers two Decentralized Finance products:

- Staking NFTY token for an annual yield ranging from 13.579% to 16.079%
- Farming Stablecoins from allocated endorsement (proportional to NFTY allocated from a pool of endorsers sharing 7.5% of an auction payout)

The following section defines the rules and concepts associated with the protocol.

## STAKING - SOCIAL POWER

Social power is a core concept of NFTY protocol. It is based on the act of locking NFTY tokens in smart contracts. Social power has an impact on almost every aspect of the protocol, including:

- advocacy
- social rank
- social power
- staking
- participating in auction
- governance voting

## SOCIAL RANK

The concept of social rank is a gamified status system for managing the inclusion of participants in specific auctions, events/experiences, voting on changes to the network, and increasing annual yields.

### The rank is determined by two factors:

- Total staked NFTY tokens, also known as Social Power
- Total time staked

The total amount staked represents a participant's holdings. It is achieved by locking NFTY tokens in the 'staking smart contract', which provides an annual yield starting at 13.579% and increasing as social rank increases up to a maximum of 16.079%.

The total time elapsed represents a participant's loyalty to the protocol. This is achieved by keeping some NFTY tokens locked in the staking smart contract. Loyalty is represented by the number of days NFTY tokens have been staked. Loyalty is reset if all tokens are unstaked. The minimum staking amount is 1 NFTY token.

Staking and loyalty contribute to token scarcity because staked tokens are not available on the open market. Both of these actions contribute to participants' access to auctions, advocacy, and governance.

Social rank also has competitive qualities. Because social ranks are not only achieved by the amount of NFTY staked, but also loyalty, social rank can not simply be purchased; it must be earned.

Social rank can serve as a filter for sellers who only want elite buyers for selected auctions. Certain events will require invitees to have achieved a certain rank.

Rank will also impact the governance voting powers.

## THERE ARE MULTIPLE RANKS:

RANK	SOCIAL RANK	NFTY STAKED	TIME STAKED	STAKING YIELD	VOTE POWER
1	PATRON	1 NFTY	ANY	13.579%	1
2	IRON	500 NFTY	30 DAYS	14.579%	500
3	SILVER	10,000 NFTY	45 DAYS	15.079%	10,000
4	GOLD	25,000 NFTY	90 DAYS	15.579%	25,000
5	PLATINUM	50,000 NFTY	180 DAYS	15.829%	50,000
6	DIAMOND	100,000 NFTY	365 DAYS	16.079%	100,000

### Social Rank rules:

- Achieving a social rank requires staking NFTY tokens
- Higher social ranks can be achieved both by increasing the quantity of NFTY tokens staked and by remaining staked over longer periods of time
- A social rank may be lost if any of the two criteria (total stake, total time) are no longer met, which results in dropping to a lower rank
- Unstaking all NFTY tokens completely resets the total time staked value for the participant.
- Each social rank achieved increases the annual yield for staking, applied retroactively to all currently pending unclaimed yields

### CLAIM/LEVEL UP

Participants' social power increases each day as their staking streak grows and as they accrue additional NFTY tokens via the daily compounded annual yield. This leads to situations where a wallet would achieve a new social power rank if the NFTY tokens were unstaked. To promote ongoing staking, participants will be given the ability to claim new ranks by claiming the accumulated tokens necessary to achieve this rank once the staking APR has yielded a sufficient payout to bestow a new rank.

## FARMING - ADVOCACY

Advocacy is the use of "social power" to endorse a specific auction by allocating staked NFTY tokens to it. Endorsements are made with the objective of getting the highest payout from the overall reward given to advocates, which is equal to 7.5% of the total auction payout. This has the effect of ranking auctions by which auction is the most prized.

This mechanism incentivizes participants to search for the best possible auctions, hidden gems that are less crowded, or those which may generate high payouts. Overall, advocates generate a "wisdom of the crowd" reputation layer indicating to all possible buyers the "trendiness" of any specific auctions.

### Advocacy rules:

- The social power used for advocating is locked within the smart contract and cannot be used for other endorsements until the auction to which that social power is allocated is over. Afterwards the social power can be used again.
- Every time an advocate endorses an auction, only half of their remaining social power may be used. (e.g. with 100 total NFTY tokens, the first auction can only use 50, then 25, then 12.5, then 6.25, etc.).
- There is a minimum endorsement of 1 NFTY.
- The endorsement can be cancelled up until the auction is initiated
- At the end of an auction, 7.5% of the total payout will be distributed in Stablecoins amongst all advocates that endorsed this specific auction.
- The reward is distributed proportionally to the social power of all advocates. (i.e. if Alyze Sam uses 10 NFTY and Chris Mills uses 20 NFTY, Alyze Sam gets 1/3 of the 7.5% advocacy reward).
- Rewards are paid in Stablecoins and sent to the bank smart contract, not the wallet directly. Advocates can withdraw their rewards at any time.
- Total allocation power is equal to total staked plus total projected annual yield.
- NFTY tokens allocated to an auction cannot be unstaked until the auction ends.

## AUCTIONS

Auctions are created by sellers via the smart contract factory to sell NFT's. Each auction is a single new smart contract that exists until it is closed and payouts are executed.

### Auctions rules:

- Auctions have three types: digital goods, physical goods, and events.
- Physical goods and events require seller KYC
- Auctions have an initial bid value set by the auction creator for which the default is \$1,000 USD for digital or physical goods and \$100 for events).
- Auctions have an adjustable set advocacy period from the time it is created until the point where it drops, which defaults to 72 hours.
- Auctions need endorsements from at least two advocates or they will be auto-delisted after the advocacy period ends.
- Auctions have an adjustable minimum set advocacy amount in number of tokens which defaults to 1 NFTY.
- Auctions can set a maximum advocacy amount value in the number of tokens, which defaults to an infinite amount of NFTY.
- Auctions are conducted in Stablecoins (ie USDC).
- Auction payout is divided between the seller (90%) the advocates (7.5%) and the protocol fee (2.5%).

## REPUTATION

Reputation crowdsourced data acquisition is done on a bidimensional approach:

- By auction
- By sellers

Advocacy is always done on a specific auction. The seller will have a reputation rank that is the average of all auctions endorsement level (in number of tokens) and a total all-time allocation towards the seller's auctions.

## ACCESS/EVENTS

The platform will offer events of all sorts, some more exclusive than others. A participant's social rank is the primary determinant for whether a given participant may access these events. Platinum events will be once every year, while other ranks will have events more often. There will be events that are hosted by the auction platform itself as well as events that can be hosted by individual sellers.

## BANK

The bank is a deposit/withdraw smart contract for the Stablecoins which are used for bidding on auctions, for payouts, and for advocacy rewards. Participants can either deposit or withdraw Stablecoins from the smart contract at any time unless their Stablecoins are locked.

The bidding process reserves Stablecoins from a bidder's wallet via the bank smart contract. When a bid is placed, it is locked from the bank smart contract.

Stablecoins are only transferred upon deposit to and withdrawal action from a participant's wallet to the bank smart contract. The bidding, auction seller payout, advocacy reward, and protocol fee are only changing ownership inside the bank smart contract. This limits the movement of tokens and enhances security.

The token in the bank smart contract is associated with the depositor wallet and can only be withdrawn by using the corresponding wallet's signature, making it non-custodial.

### RULES:

- Participants can deposit and withdraw any tokens not currently allocated to an active bid at any time.
- Bids will lock the token in the bank until the auction is closed or the user is outbid.



# TOKENOMICS

## SUMMARY

NFTY is designed to reward loyalty and discernment while improving the overall understanding of the NFT market. This is accomplished by offering a very generous annual yield for those who commit to supporting NFT exchanges and further rewarding them for properly identifying quality NFTs. New NFTY is only generated from those who hold it being loyal patrons of NFT platforms, and provides those patrons with Stablecoins when they use their NFTY on those same exchanges.

The protocol is independent of any specific NFT platform and can be integrated into every exchange which desires to implement a reputation layer. Accordingly, NFTY's applicability grows over time, which continually increases the value of the network.

## SCARCITY & INFINITE SUPPLY

The NFTY token is built with scarcity and exclusivity in mind. The initial supply is 5,000,000 tokens will increase very slowly using the daily compounded annual yield (13.579% - 16.079%) to mint new tokens. This would give a maximum of 5,727,062 NFTY after one year if all tokens are staked for the entire duration. This slow inflation mechanism balances the concerns of scarcity and community growth.

The annual yield is not static. While 13.579% is the base yield that anyone who stakes at least the minimum of 1 NFTY will earn, the individual rate applied to each wallet increases with social rank. Wallets that have achieved the Iron rank gain an additional 1% to their yield rate, bringing their total to 14.579%. Silver and Gold ranked wallets each gain an additional 0.5%, meaning a Gold wallet earns a 15.579% annual yield. Platinum and Diamond wallets each gain another 0.25%, creating a maximum 16.079% annual yield.

Since this inflation is directly indexed to the amount of NFTY token staked, or the total *social power*, the protocol experiences organic growth in total token supply. This both favors the action of staking to accumulate social power and social rank, as well as creates enough additional token liquidity for more participants to join the network.

Furthermore, staked tokens are not available to buy, sell, or otherwise transact on the open market. This creates a proportional scarcity directly correlated to the amount of newly minted NFTY tokens.

The protocol itself will not have the ability to mint new tokens; this will be a privilege only granted to the staking smart contract.

## TOKEN ECONOMY

**NFTY's economics revolves around three major values:**

- DeFi Opportunities
- Crowdsourced Data
- NFT Auction Protocol

## DECENTRALIZED FINANCE

One large part of the activity in the network is promoted by the two major economic opportunities, “staking” NFTY in smart contracts and “farming” Stablecoins through endorsement or advocacy.

The economic driver for the staking mechanism is based on the NFTY token *not being a medium of exchange*, but rather a utility token that grants access to exclusive products and services, governance over the network, and economic opportunities.

The main value of endorsement is the concept of crowdsourcing data in a gamified environment that rewards the participants. The endorsement mechanism uses economic incentives which encourage participants to adopt their own personal advocacy strategies, pushing them to select and define the “trendiness” of a NFT product/service/experience in ways which provide value to those who will bid on it.

The other part of the DeFi environment is centered around the bank smart contract and the bidding mechanism. These functions employ the Stablecoins token for easier usage based on a known and well understood unit of account. It offers a low slippage and abundant liquidity to the buyers and sellers.

## CROWDSOURCED DATA

This economics driver is related to the endorsement ‘farming’ action discussed in the DeFi section. Advocacy is rewarded from the auction payout in Stablecoins. Consequently, the economic incentive for getting quality crowdsourced data about NFTs and their creators/collectors directly depends on the auction process.

The advocacy process uses the NFTY token. NFTY tokens need to be staked in order to be

allocated for endorsement. Participants are incentivized to “allocate” a percentage of their available NFTY tokens to individual auctions for a specific NFT product/service/experience. An auction can only be started if it has at least two different advocates. Assuming the auction is successful, 7.5% of the Stablecoins payout is placed into a pool to be shared amongst the advocates. This pool is distributed to advocates in proportion to the amount of NFTY token each allocated to the auction.

This motivates participants to choose auctions which have a good chance of actually selling, do so possibly at a higher-than-expected value, and consider how much social power is already competing for the shared reward pool. Strategies must balance these concerns, creating an interesting spread of layered trendiness levels for unique auctions and facilitating long term data acquisition on the NFT sellers/creators/collectors.

## NFT AUCTION PROTOCOL

This economic driver offers a trustless peer-to-peer environment for NFT sellers and buyers to conduct transactions. Both buyers and sellers benefit from the advocacy mechanism to either increase their auction’s visibility or to find valuable NFTs they can purchase.

The protocol offers the ability to mint, trade, and collect NFT’s while building long term value for creators and collectors on their portfolio. A portion of the added value experienced by both the buyers and sellers of NFTs is pumped back into the system to incentivize continual engagement. By distributing the payout reward to the endorser advocates pool, the network effects created by this reputation layer encourages collecting of ever more quality data.

# GOVERNANCE

## SUMMARY

The NFTY Protocol Corporation oversees the development and deployment of the NFTY Token, plus its associated smart contracts. The Corporation will maintain a governance board consisting of an even number of individual Corporation team members, as well as a community board seat. The community board seat votes according to the will of individual NFTY token holders, weighted by their vote power as determined by their Social Power.

No person or group has special access to NFTY tokens. All acquisitions must be made by purchasing tokens out of a liquidity pool or earned through staking APR. This pool's initial launch is on Uniswap and funded by Hitcents.com, Inc. until market maker fees reimburse the cost of the liquidity, at which point the fund will revert to the protocol.

## NFTY PROTOCOL'S FAIR LAUNCH

A "fair launch" means that no founders, developers, funders, sponsors, or any other entity have any special right or claim to pre-mined tokens. In fact, there are zero pre-distributions or special allocations whatsoever for anyone, regardless of their affiliation with the project.

The only advantage offered to the team behind NFTY is the right to participate in a single purchase round before the general public has access to the liquidity pool. Eight (8) individual founders and developers are given the option to each purchase up to 100,000 NFTY tokens at the initial starting value simultaneously. These tokens are not set aside for the founding team; anyone participating in the round is required to buy their tokens out of the same liquidity pool available to the general public and must use their own personal funds to pay for them.

Additionally, the NFTY Protocol Corporation itself will be permitted to partake in this round and purchase a maximum of 500,000 NFTY tokens, representing 10% of the total initial supply. This will enable the team to conduct airdrops to a set of initial advocates including celebrities, entertainers, NFT influencers, and other well-known individuals to stimulate traction for the platform.

Using a fair launch helps prevent massive inflation or dumping, while protecting the value of the token for the community by ensuring anchors against price volatility exist while also maintaining a broader token holder distribution. This means nothing was given away for free.

## SMART CONTRACT UPGRADEABILITY

The NFTY smart contract is upgradable. This upgradability is managed through a multi-sig wallet that controls the proxy smart contract. Each board seat will receive one signature. Whenever the smart contract needs to be upgraded for any reason, a **2/3** majority vote of the signature holders will unlock the multisig signature that actively controls the proxy.

When combined with audits, smart contract upgradability is the best means to protect the community from any unforeseen vulnerabilities and safeguard protocol changes in the future.

## VOTING POWER

Proposals for changes or upgrades to the protocol that are made public through websites affiliated with the protocol including Uniswap, nftytokens.io, and VLBO.com allow community participants to use their social rank to vote on their adoption. The votes are calculated from a chart of voting power that corresponds to the social rank of each wallet. This mitigates the voting power differential between users with shorter staking times and long time stakers.

RANK	SOCIAL RANK	TOTAL NFTY STAKED	STAKING APR	TIME STAKED	VOTE POWER
1	PATRON	1 NFTY	13.579%	ANY	1
2	IRON	500 NFTY	14.579%	30 DAYS	500
3	SILVER	10,000 NFTY	15.079%	45 DAYS	10,000
4	GOLD	25,000 NFTY	15.579%	90 DAYS	25,000
5	PLATINUM	50,000 NFTY	15.829%	180 DAYS	50,000
6	DIAMOND	100,000 NFTY	16.079%	365 DAYS	100,000

## PROPOSALS & VOTES

Proposals are put forward using the governance tab of the NFTY protocol webpage. All proposals are available for a period of no more than 90 days. Proposals can only be made if the sought after changes have proven viable.

Once a proposal has been endorsed by the community, the change will be placed on a testnet for a period of no less than 30 days for testing by the community. The change proposal, once in testnet mode for the full period, can be validated to production by another vote from the community. During this period, the change will be thoroughly tested. This ensures that the proposals and changes voted by the community are realistic and can be thoroughly vetted before affecting the protocol.

Anyone who puts forth a proposal becomes responsible for developing a pull request branch from the open source repositories. If the change is endorsed, this pull request will be merged in the governance testnet and put to the test. Low quality or obscure code may be rejected by the protocol even if voted in by the community.

## GOVERNANCE STRUCTURE

The governance structure is made via online vote using digital wallets associated with a social rank on the NFTY protocol. The user needs to select the proposal then select whether they accept or reject the call to action.

The governance smart contract manages the proxy smart contract and is the administrative, or the creator, address of the protocol. This ensures any changes to the protocol are validated by the community.

The protocol reserves itself emergency rights to apply changes on the fly and make a post-mortem vote to validate or revert the changes in case of security issues, vulnerability, or equivalent emergencies. This will give the community the ability to roll-back changes that are deemed to be unnecessary or a mistaken security issue.

## LIQUIDITY POOL

The initial NFTY liquidity pool will be locked in the Uniswap smart contract using a multisig address to prevent anyone from unilaterally withdrawing the assets. The liquidity pool belongs to the protocol once lender Hitcents.com, Inc. has been reimbursed through market maker fees; it will not be withdrawn, except to list NFTY on a major central exchange which requires liquidity that can only be sourced from the Uniswap pool. Market making is part of the revenue model of the protocol - the pool must be maintained.

## SECURITY

The infrastructure uses a proxy pattern for upgradability (see: *smart contract upgradability above*) and a modular smart contract build for easier maintenance, upgrades, and security audits. The protocol will run a minimum of two annual audits from recognized firms and will also run a bug bounty program in order to mitigate the most risk possible for the network users.

The smart contract uses the best practices for the handling of stablecoins and the minting of NFTY tokens. The protocol corporation also maintains a dedicated team to mitigate and react to any unforeseen vulnerabilities with the utmost efficiency.

Additionally, user's optional profile data will be stored with IPFS and linked directly to registered wallets. The NFTY protocol will utilize APIs to access IPFS and blockchain-based data so nothing is stored in a centralized database.



## OPEN SOURCE

The NFTY protocol source code and smart contract will be full open source using the MIT license. This will enable the community to create proposals, review the code, and search for bugs to earn the associated bounties.

## TRANSPARENCY

The smart contracts infrastructure will be verified on Etherscan and will be publicly available for review and inspections by the community and industry professionals. All transactions will be recorded at the balance of all NFTY holders and will be public at any time.

The system will be fully trustless apart from the auction bidding system, for performance reasons, offering a highly reliable level of security and transparency.

# TECHNOLOGY

## SUMMARY

While the goal of NFTY is to serve all blockchains where NFTs are being deployed, this protocol will be deployed on Ethereum initially due to this blockchain being the home of most NFTs. NFTY will enable permanent, decentralized data storage for all NFT metadata to eliminate the problem of data siloing that occurs due to the multi-chain nature of NFT transactions and the existence of many different auction houses which do not share data.

The protocol will employ a series of smart contracts to execute its functions and also utilize stablecoins to facilitate advocacy reward payments. The NFTY token will initially be obtainable through decentralized exchange services where it will remain until the valuation has increased 100x, at which point it will move to a traditional centralized exchange.

## PERMANENCY

The NFTY protocol will automatically store any metadata associated with a minted NFT to a private IPFS network in order to keep a permanent record for our users. This helps to solve the problem of NFT metadata being stored on a centralized network. In the past digital assets have been stored on

marketplace's databases, which negates the purpose of using a blockchain. When using a centralized database, if the data gets compromised, what the NFT actually represents could be lost or changed, making the NFT nothing more than a unique ID and become unavailable. IPFS creates a secure and decentralized source to store valuable NFT data and helps with cross-chain integration.

## CHAIN AGNOSTIC

The NFTY protocol aims to become ledger agnostic and serve the whole NFT community by building bridges between all ledgers commonly used for NFTs. This will enable NFTY to encompass the vast majority of minted NFTs. While the NFTY protocol will start on the Ethereum blockchain, it will integrate other popular chains over time.

## DISTRIBUTED LEDGER

NFTY token is an Ethereum ERC-20 token that will be replicated on other ledgers. The protocol infrastructure is built using a proxy pattern with a set of modular smart contracts on the ledgers where it can be utilized.

## INITIAL EXCHANGE

NFTY will be released on Uniswap. The initial liquidity will remain locked in a Uniswap smart contract until the token reaches a \$50,000,000 USD market cap. Afterwards, the protocol corporation will reach out to established exchanges such as Binance/Binance USA, Kraken, Coinbase, and/or Gemini with the intent of becoming listed on one of these platforms via an initial exchange offering, or an IEO.

The NFTY token will start with a \$500,000 USD liquidity pool at a starting price of \$0.10 per NFTY token.

## SMART CONTRACT STRUCTURE

Proxy

**NFTY erc20 smart contract**

- transfer

**Staking**

- Stake/unstake NFTY

**Bank**

- Deposit/withdraw stablecoins

**Auction Factory**

- Create/start/destroy auction

**Auctions driver**

- Bid Stablecoins/Payout/Reward

**Advocacy**

- Endorse/cancel endorsement

**Vault**

- deposit/withdraw NFT's

**Governance**

- vote/cancel vote

**NFT Minting**

- Mint NFT

# NFTY RECOMMENDS VLBO'S WHITE GLOVE SERVICE FOR ASSISTANCE

## PLATFORM ASSISTANCE

VLBO's Concierge Services team encompasses a powerhouse of nft and blockchain technology experts. VLBO also has legal advisors and technologically advanced artists that are eager to serve you and list your creative genius to monetize and build your resume, eternally.

## ONE-ON-ONE TRAINING

Too overwhelmed, but want to continue to be ahead in the entertainment world? VLBO's experts will work with creatives one-on-one so you too can become an nft expert

## CONTENT APPROVALS


The Concierge Services team and experts will also approve, reject, or escalate content based on guidelines our community helps us set to keep your valuable art next to other treasures. For more information on Content Approvals, see content guidelines on VLBO.com.

## CONTENT PROMOTION

VLBO's Concierge Services team will not only take your art and do all the work for you, but VLBO wants you to monetize greatly, so we can also promote your work on our platform and help you globally digitally market your art to increase auction awareness and price.

## MULTI-LANGUAGE SUPPORT

English, French, Spanish, Arabic, German, ASL, Mandarin, Russian, Hebrew- and more!  
Need another translation?



IT'S NIFTY's  
PLEASURE TO FIND  
YOU EXACTLY WHAT  
YOU NEED FOR  
NFT SUCCESS.