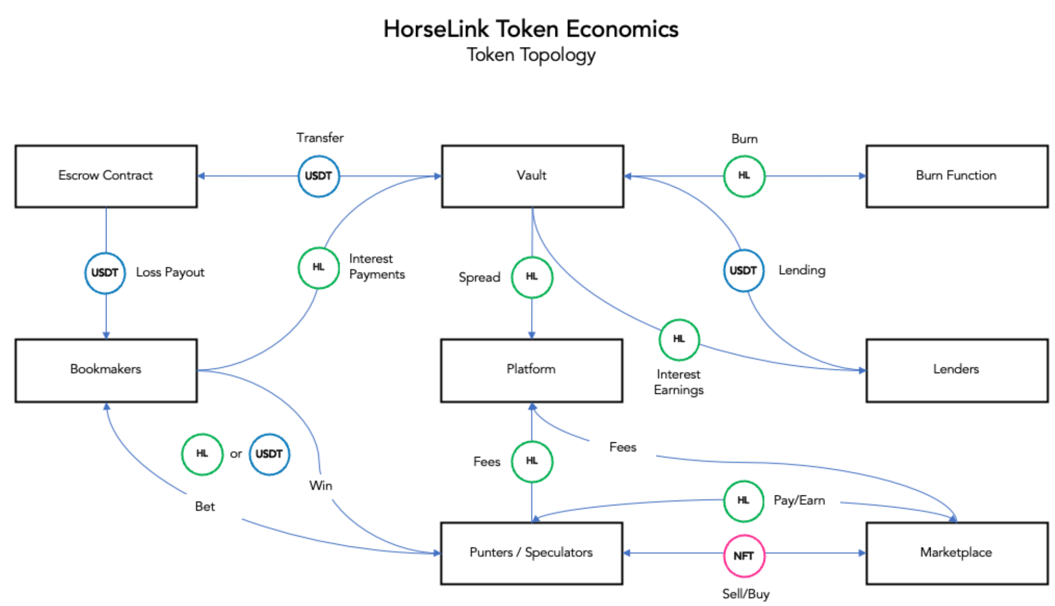
# HorseLink Token Economics

## Summary

HL is the cryptographic token on the HorseLink platform and powers its ecosystem. HL is issued natively on Ethereum as an ERC-20 token. This enables compatibility with the vast Ethereum ecosystem and infrastructure.

This document is prepared to describe the usage of the token and the economics of its token sale.

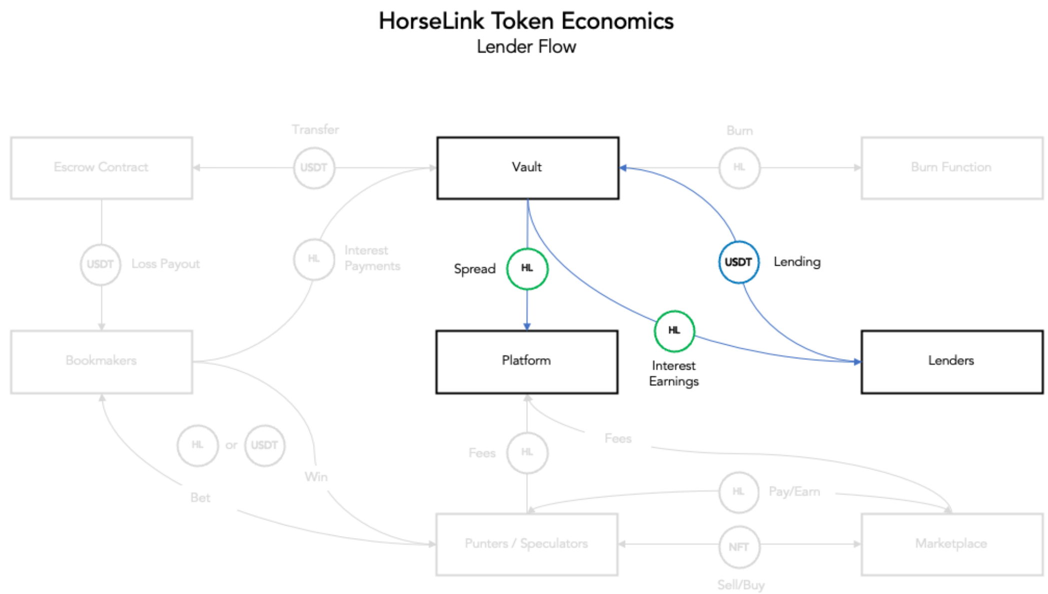
## Token Topology




HorseLink is a token-powered liquidity platform that connects lenders, bookmakers, punters and speculators together. Lenders fund vaults, which in turn finances a bookmakers position, enabling them to manage a high volume of punters and speculators. HorseLink provides an escrow contract to assure that loss payouts occur, and works with a series of decentralized oracles to gather race outcome information to release escrow payments.

Below we describe how these tokens function within the ecosystem and drive value for their users.

## Lender Flow




Lenders form an important base for the HorseLink ecosystem by providing capital and help fund the various vaults on the platform.

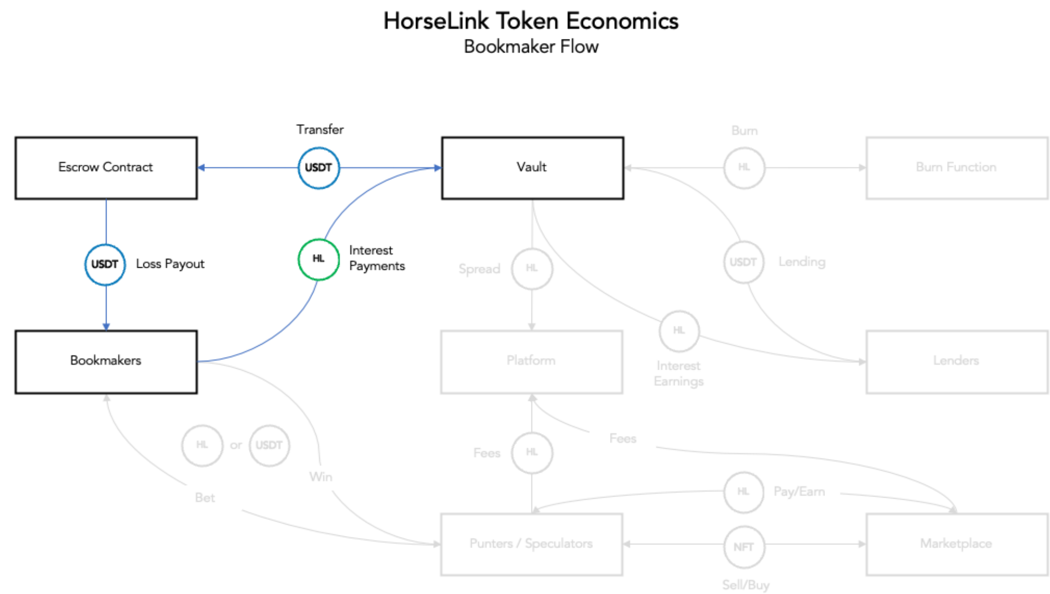
Vaults – single-token liquidity pools that hold lender funds.  Deploys capital to escrow contracts to help fulfill bookmaker liabilities.  Receives and streams interest payments to lenders.

Lenders receive interest payments from bookmakers in return for providing backing to their liabilities.  These payments are exclusively made and received in HL token.  The platform receives a spread on these payments as a fee for service, typically around 10% of the interest received.  The interest paid to a vault is variable, depending on the individualized market risk parameters of each bookmaker.  Thus, a vault's interest payments to a lender is an aggregate of the combined interest rate and risk of its loaned capital.

A portion of the vault holdings are undeployed to enable lenders to withdraw funds instantly.

Vaults can be funded in any mainstream cryptocurrency, so long as there is a market demand for it.  Initially, USDT will be the primary currency utilized in the vaults.

## Bookmaker Flow




Bookmakers are responsible making the market in each race and series of bets. A bookmaker can only structure as many bets as it can afford to pay out. To increase the volume of bets a bookmaker can take, they can share their liabilities with the platform by borrowing payout funds to make good on each bet they take. In return, they must make interest payments on these borrowed funds.

The relationship is symbiotic, as the more volume of bets a bookmaker can make, the more the lenders and platform can make it fees.

### Escrow and Shared Liability

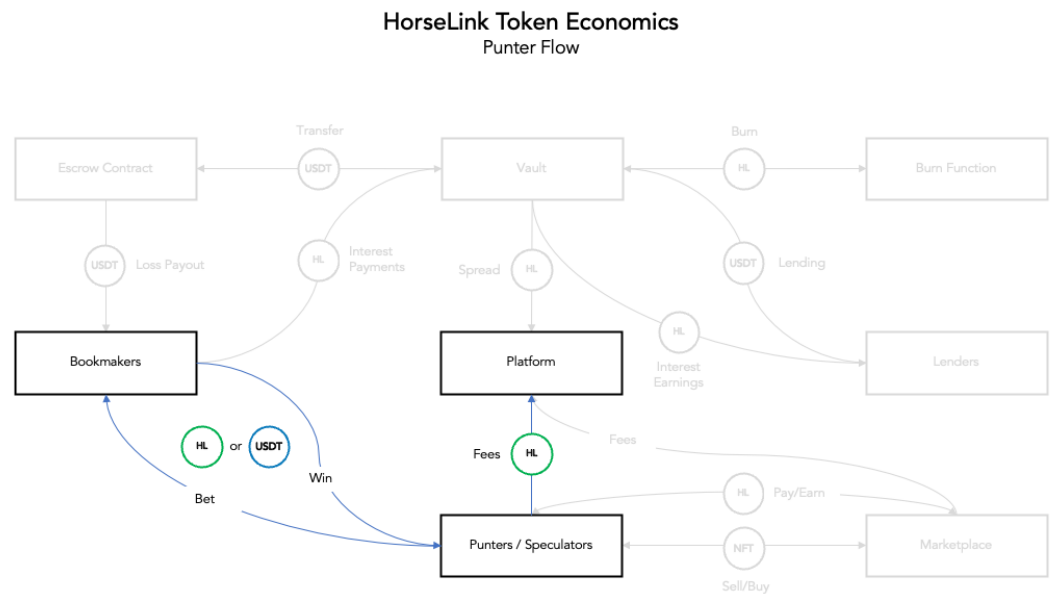
Each bet's potential loss is funded into an escrow contract by the vault, assuring the punter that the payout funds are available. In future versions a collateral system may be implemented in which a bookmaker must put up 10% of the total liability of each bet to assure it has skin in the game and only structure bets that have a high chance of a good economic outcome. In the launch version, no collateral will be required.

### Ratings

In future versions, the platform intends to implement a rating system. Bookmakers are rated based on their performance. Their interest rate and cap on borrowed funds is dictated based on this rating. A bookmaker can be temporarily or permanently barred from using the platform if they repeatedly abuse the platform or lose vault funds. The platform will utilize a proprietary credit scoring system to determine the risk and reliability of a bookmaker. Each

new bookmaker will only have limited access to vault funds, until they are able to build up a track record of good performance.
Ratings will not be available in the launch version.

## Punter / Speculator Flow



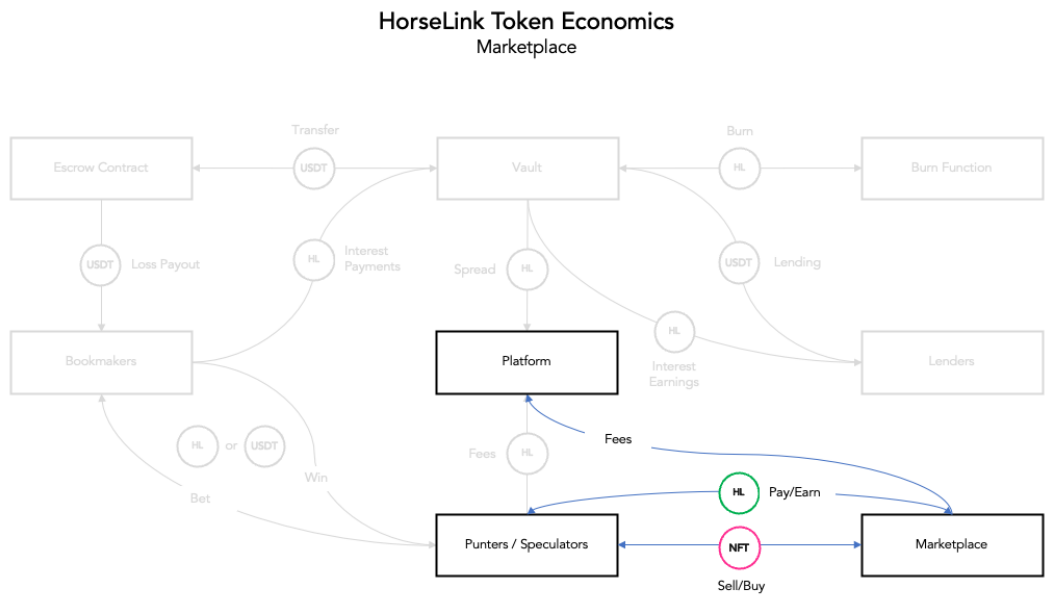

Punters and Speculators make up the other side of the bet taken by the bookmaker. Punters and Speculators can bet in HL token or USDT. In the future other currencies may be supported on the platform.

Should a punter win, they receive the winning from the bookmaker based on the token the bet was originally made in. In the future, the platform may earn a fee taken from the bookmaker for each bet made, though to encourage betting and volume, there is no fee incurred at launch.

### NFTs and Speculators

For each bet created with a bookmaker an NFT is generated with the bet parameters and sent to the wallet address of the speculator. Each NFT serves as a claim ticket to the winnings of a particular bet. The market value of each NFT may fluctuate based on the realtime odds of each race. For example, a bet placed early in the season may have high payout odds due to the increased risk that the outcome may not payout, but may have such odds decrease over time as payout chance increases. Thus, an NFT may increase in value as these odds go down, allowing speculators to profit off of market changes in any bet placed.

## Marketplace



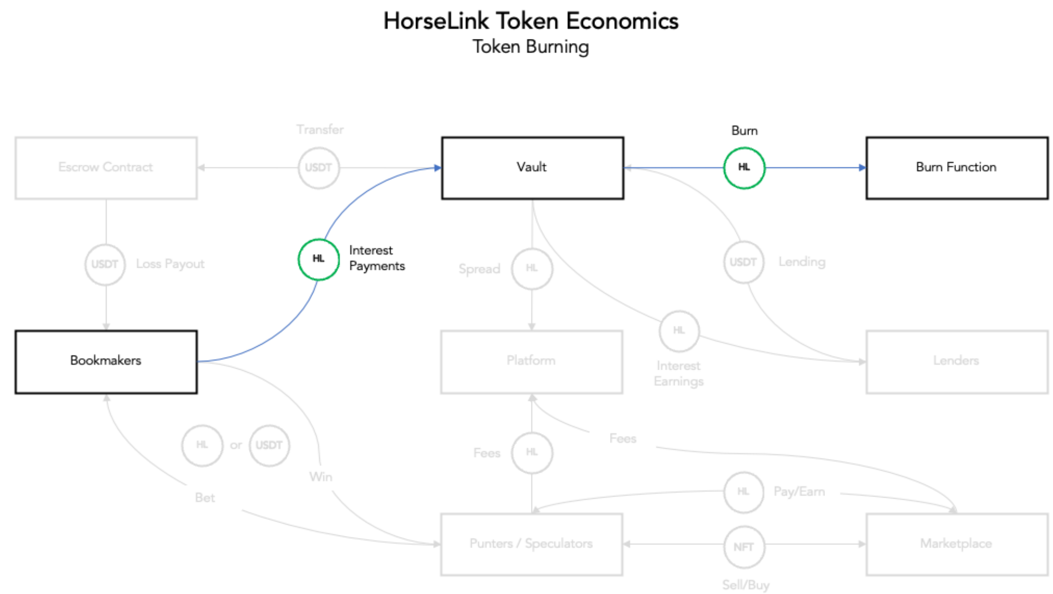

The HorseLink NFT Marketplace is a web-based destination for speculators and punters to visit to buy and sell bets on upcoming races.  As each bet is encapsulated into NFT format, punters and speculators can take specific bets by purchasing the NFT directly.

The marketplace will display data on each NFT including the current odds, asking price, last sale price, issuing bookmaker, etc.  Each NFT is a unique ERC-721 token and as such the parameters of each bet cannot be changed.  For example, the bet amount is hardcoded into the contract, so large bets remain as large bets and therefore the NFT may be priced accordingly.

Wins that occur are paid out by bookmakers directly to the wallet that holds the NFT, so the NFT is essentially a claim ticket for automated payouts.  Payouts are handled automatically by the platform's escrow contract.

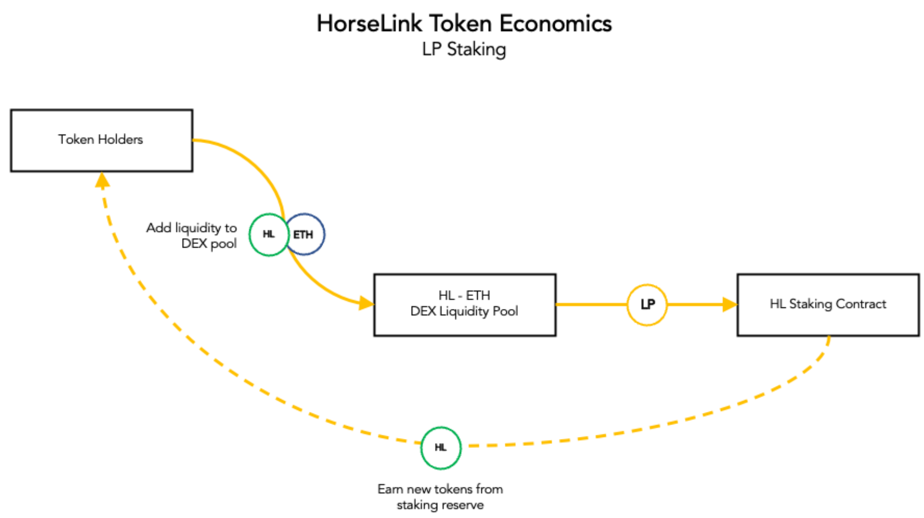
The launch version will not have any fees for NFT transactions.  In the future the platform may take a sales fee for each NFT sold.

## Token Burning




At the core of HorseLink's economic model, is a deflationary mechanism to accrue value to the token. It does this by burning a portion (10%) of the collected interest payments. Burning occurs automatically at the time each interest payment is made. The percentage burned is subject to change.

# Staking



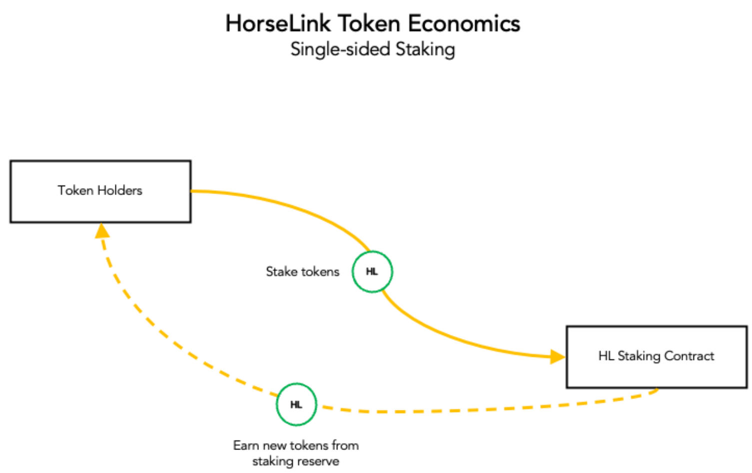

Post token sale, HL is expected to be available on decentralized exchanges, however, no new HL tokens will be created. New HL can be redeemed exclusively through token staking.

HL can be earned when participants add liquidity to the HorseLink DEX liquidity pool. HorseLink will create a staking contract that is activated when LP shares generated from liquidity providers are deposited into the HL staking contract. HL is paid into the staking pool and earned by LP miners based on their pro-rata share in the staking pool.

Staking is designed to reward participants who lock their HL tokens while providing much-needed liquidity to the DEX pool. In return, they are given HL from the staking reserve.

The staking reserve is a finite and exhaustible resource that is expected to incentivize early participants. Should the platform become profitable, the staking reserve may be replenished, in part, by token buybacks.

## Bonus




HL can also be earned by directly staking HL tokens into the token staking contract. This enables participants to earn additional HL in return for locking their HL tokens within the staking contract. Stakers earn returns based on the duration of their commitment (lockup) as per the chart below.

| Lock Duration | APY Bonus Multiplier |
|---|---|
| 0 weeks | 1x |
| 24 weeks | 1.5x |
| 52 weeks | 2x |

## Governance and Voting

HL tokens are also limited governance tokens that allow token holders to propose and vote on community changes to the platform. Votes run through a 3-step process starting with an initial solicitation of interest on the community forum, followed by a consensus vote in the form of an HorseLink Improvement Proposal and finally implementation.

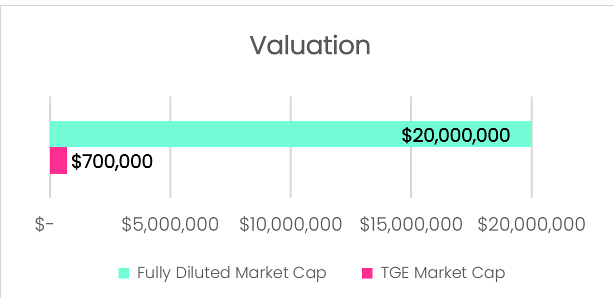
Examples of decisions that may be candidates for proposals and votes include platform feature requests, improvements and enhancements.

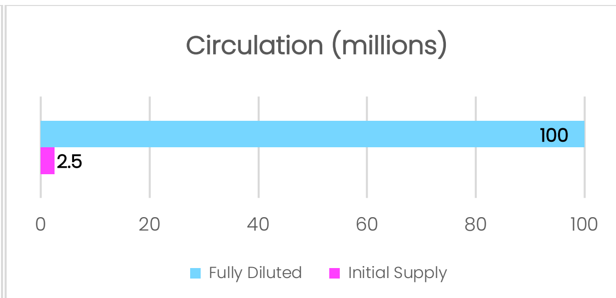
## Token Sale

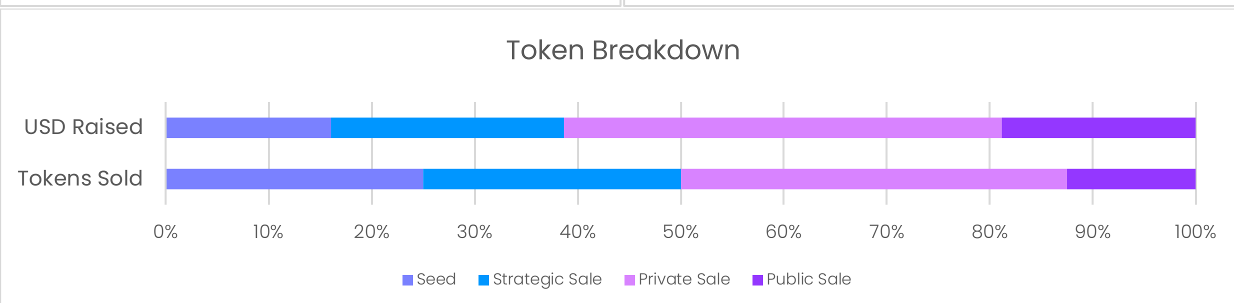
HL shall only be made available for purchase through its token sale or on the secondary exchange market.

HorseLink will create 100,000,000 (100 million) HL tokens at the token generation event as its total token supply.  No other tokens will be created.  These tokens will be sold according to the following structure:

| Sale Period | Tokens Sold | Selling Price | Amount Raised |
|---|---|---|---|
| Seed Sale | 10,000,000 | USD 0.085 | USD 850,000 |
| Strategic Sale | 10,000,000 | USD 0.12 | USD 1,200,000 |
| Private Sale | 15,000,000 | USD 0.15 | USD 2,250,000 |
| Public Sale | 1,000,000 | USD 0.20 | USD 1,000,000 |
| **Totals** | **40,000,000 HL** | **-** | **USD 5,300,000** |



Tokens created by the contract will be distributed based on the following:

## HL Token Distribution


### Seed
**10%**
**10,000,000 HL**

Vesting
- 12 mo. lockup
- 24 mo. linear vesting thereafter

### Strategic Sale
**10%**
**10,000,000 HL**

Vesting
- 6 mo. lockup
- 24 mo. linear vesting thereafter

### Private Sale
**15%**
**15,000,000 HL**

Vesting
- 6 mo. lockup
- 18 mo. linear vesting thereafter

### Public Sale
**5%**
**1,000,000 HL**

Vesting
- 10% released at listing
- 6 mo. lockup
- 12 mo. linear vesting thereafter

### Team
**15%**
**15,000,000 HL**

Vesting
- 12 mo. lockup
- 24 mo. linear vesting thereafter

### Operations & Dev
**10%**
**100,000,000 HL**

Vesting
- 6 mo. lockup
- 18 mo. linear vesting

### Treasury
**10%**
**10,000,000 HL**

Vesting
- Unlocked based on governance vote

### Marketing & Growth
**10%**
**10,000,000 HL**

Vesting
- 3 mo. lockup
- 24 mo. linear vesting thereafter

### Staking Reserve
**10%**
**10,000,000 HL**

Vesting
- Unlocked as per actual earnings
- Max 1M HL per mo.

### Exchange Liq. & MM
**3%**
**3,000,000 HL**

Vesting
- 2M unlocked at DEX listing
- 1M unlocked at CEX listing or after 3 mo.

### Advisors
**2%**
**2,000,000 HL**

Vesting
- 12 mo. lockup
- 24 mo. linear vesting thereafter