Smart Index Whitepaper

Smart Index (ticker: SIDX) is a SEP20 token with several advanced features deployed on SmartBCH that allows its holders to benefit from interests accrued by a managed portfolio. Composition of the portfolio is decided by token holders through voting, making it **the first deflationary and governance token on SmartBCH**.

Contract address:
0xF05bD3d7709980f60CD5206BddFFA8553176dd29
$SIDX admin wallet:
0xd11bb6a7981780aADc722146a306f7104fD93E9c
$SIDX portfolio wallet:
0xE1ae30Fbb31bE2FB59D1c44dBEf8649C386E26B3
IBO wallet:
0x00033C53E5ac4A61f084D7525BAD246E61dFDc81
Pre-sale: click here

Website: smartindex.cash
Telegram channel: https://t.me/smartindex_channel
Github: https://github.com/kratatomi/SmartIndex
E-mail: contact@smartindex.cash

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Brief summary: how does SmartIndex works?

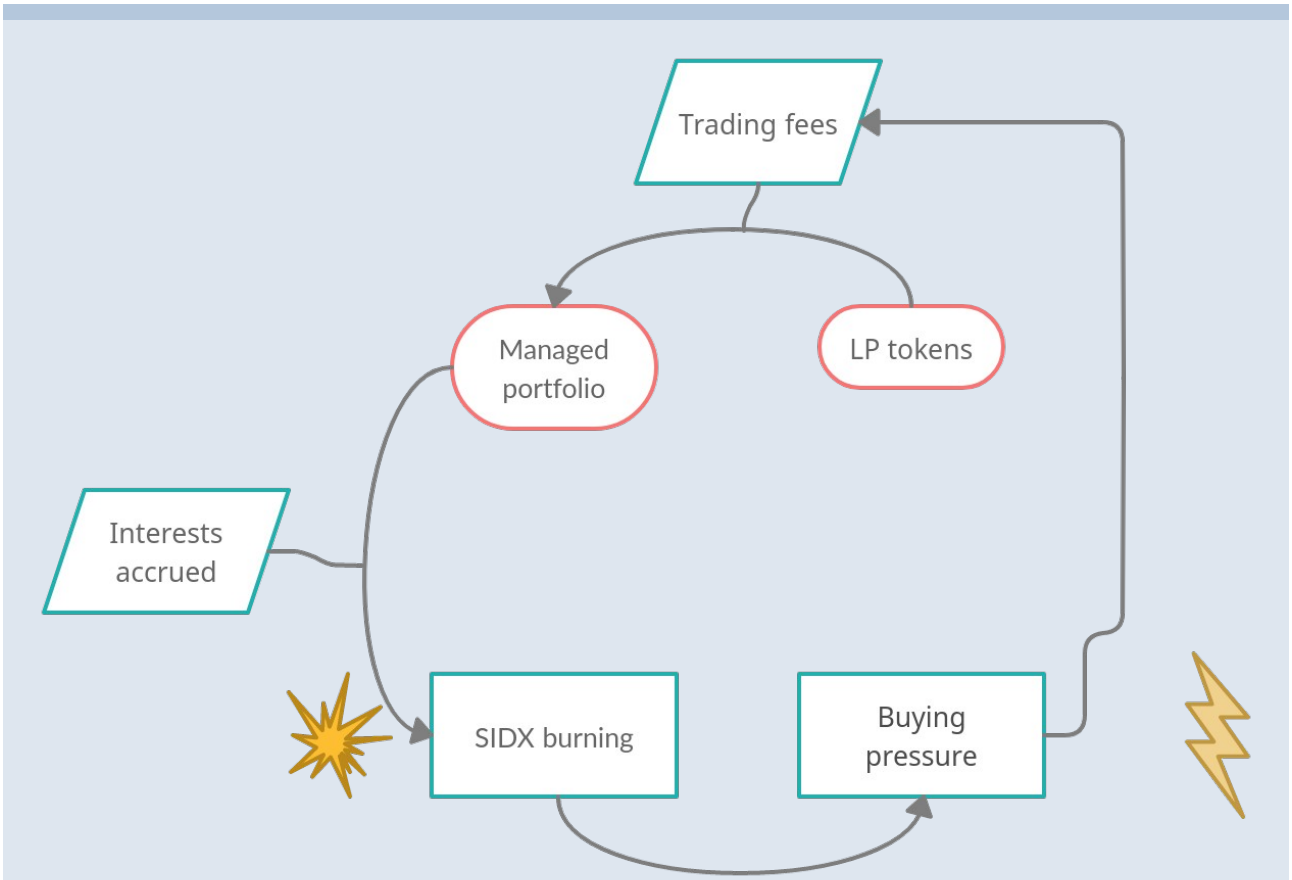


Diagram about SmartIndex function. Interests accrued by the managed portfolio are used to buyback SIDX tokens and burn them, while LP trading fees allow to add assets to the managed portfolio. Overall, there's always buying pressure on SIDX despite market conditions.

The funds raised during the SIDX token pre-sale will be used to buy assets on the SmartBCH network. These assets, located in the managed portfolio, will accrue interests which will be use to buy back SIDX tokens and burn them. LP tokens will earn trading fees which will add new assets to the managed portfolio. This way, SmartIndex becomes a deflationary asset whose price performance does not only relies only speculation. Token holders can change the composition of the portfolio through voting in the next phase.

Advantages: game theory behind SmartIndex

One could wonder what are the advantages of holding SmartIndex instead of holding the same assets as the managed portfolio holds, in a non-custodial way. The main feature of SIDX is that it takes advantage of inflationary assets to become deflationary. If the managed portfolio reach an elevated value, it could put significant selling pressure to its assets will putting significant buying pressure on SIDX. If market gives a low value to the SIDX token, the amount of tokens burned will be higher.

On a bear market, SIDX could perform better than inflationary assets. In this kind of market conditions, interests on stable coins like FlexUSD are usually high, putting buying pressure on SIDX, while other assets value relays just on speculation.

But the most interesting feature of SmartIndex is the potential to influence the SmartBCH market. In case the portfolio manages an elevated value, changes in its composition can influence the price of involved assets. In this case, there's economic incentive to hold SIDX and vote on proposals that could appreciate certain assets or depreciate a competitor's token.

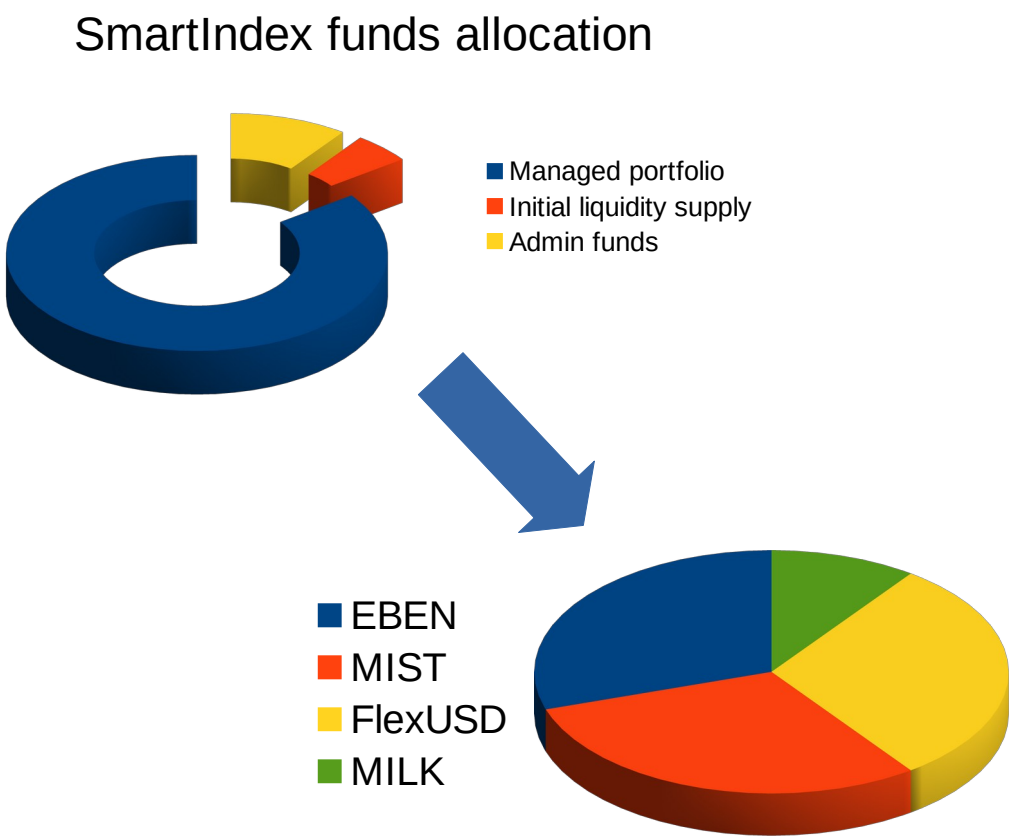
Token pre-sale

Smart Index token pre-sale will be done as IBO on Benswap. 850,000 $SIDX tokens will be offered at a fixed price (see below). Unsold $SIDX tokens will be burned. As permission is granted to Benswap to spend $SIDX tokens, pre-sale will be perform from an *ad hoc* wallet (pre-sale wallet) to prevent future exploits.

- **Pre-sale period**: 2 weeks
- **Soft cap**: 5 BCH
- **Hard cap**: 170 BCH
- **Raising tokens**: WBCH (wrapped BCH)
- **Price**: 1 WBCH = 5,000 $SIDX (0.0002 WBCH per $SIDX)
- **Pre-sale link**: click here

Funds allocation

Once the token pre-sale is finished, funds will be allocated in the next fashion: 85% on the managed portfolio, 5% for supplying initial liquidity in DEXs and 10% for the admin, to allow further development.



Managed portfolio

The managed portfolio consist in several assets located on the SmartBCH network which continually acquire interests. The initial composition of the portfolio is:

- 30% EBEN, deposited in the EBEN pool on Benswap.
- 30% MIST, stacking on Mistswap.
- 30% FlexUSD, a stable coin issued by CoinFlex which accrues interests every 8 hours.
- 10% MILK, deposited in the MILK pool in Muesliswap.

Once the voting system is deployed, the funds can be reallocated according to approved proposals by token holders. This way, token holders will decide which assets are the most profitable and invest accordingly. This can include other deflationary assets, NFTs or even funding projects on the SmartBCH ecosystem.

Initial liquidity on SmartBCH DEXs

5% of the funds will be used to provide liquidity at the very least on the SIDX/BCH pair on Mistswap and Muesliswap. Benswap requires prior approval but SIDX will be probably listed on Benswap.

Upon providing liquidity, the admin will own LP token which accrue trading fees. This fees won't be used to burn SIDX but for depositing more assets on the managed portfolio. This decision can be revoked by the community after voting.

Admin funds

SmartIndex admin will manage 10% of the raised funds at will. The initial intention is to pay hosting costs and allow further development. The value of the funds will decide which developments are possible, see Road map.

SEP-20 smart contract

SIDX is a SEP-20 token deployed on the SmartBCH blockchain. The contract was created using OpenZeppelin Wizard to ensure there aren't potential exploits on it. The source code is available and verifiable using Contract Verifier.

The features of the contract are:

- **Name**: SmartIndex
- **Ticker**: SIDX
- **Total supply**: 1,000,000 tokens
- **Non-mintable**: there won't be more tokens than the initially pre-minted when the contract was deployed, in order to remove the risk of rug pulls by the admin.
- **Burnable**: the burning function will allow periodically destroying the tokens bought with the interests accrued by the managed portfolio.
- **Pausable**: this function allows to stop token trading. It will be used if the token or an important DEX where it's traded is affected by an exploit. Pauser role can be eventually granted to trusted people located in different time zones to obtain a quick response in case of hacking.
- **Snapshots enabled**: snapshots allow to obtain a balance sheet of every token holders. The main function of a snapshot is voting. Before a voting campaign, a snapshot will be taken, to avoid token holders vote more than once with the same tokens by transferring them to new addresses. Snapshots will be public.
- **Access control by roles**: SmartIndex contract is managed by roles: admin, pauser and snapshot. The admin will delegated the last 2 roles to trusted members within the community.

- **Non-upgradeable**: the contract cannot be upgraded, to make it easier to implement and avoid potential scams by the admin. If new advanced functions have to be added, the tokens will be migrated.
- **On-chain voting**: this feature allows future on-chain governance, see Road map.

Voting platform

The voting platform for SmartIndex will be deployed on SmartIndex.cash. Voting will be perform off-chain, but on-chain voting could be possible in the future if development funds allow it.

How voting works

Only token holders can vote to decide the fate of the SmartIndex project. Voting is subjected to the next rules:

- **Proposal threshold**: proposals can be made by anyone holding at least 5,000 SIDX tokens.
- **Voting period**: 1 week by default, modifiable for every proposal.
- **Quorum required**: 100,000 SIDX (10% of total SIDX supply).
- **SIDX tokens allocated in the admin wallet cannot be used to vote,** in order to give all the decision power to the token holders.

Once a proposal is approved, the admin will take a snapshot of SIDX balances. Snapshot id will be publicly available so every token holder can check their balance at snapshot time and every proposal will be linked to a snapshot id. Token holders will have 1 week to vote. Off-chain voting doesn't cost gas: holders just have to sign with their Metamask (or alike) wallet and the front-end will store the vote.

On-chain governance

SmartIndex smart contract allows for on-chain voting. If dev funds are enough, on-chain governance will be enabled without any kind of migration. OpenZeppelin governor contract will be deployed on SmartBCH and governance UI will be accessible on SmartIndex.cash. Although SmartIndex could become a Decentralized Autonomous Organization (DAO), that's out of scope for this humble project.

Road map

SmartIndex is born with a simple philosophy: being able to quickly deliver a minimum viable product. Then, based on the funds allocated allocated in the admin wallet, try to improve the project to benefit both token holders and the SmartBCH ecosystem. Everything developed for SmartIndex will be open source, allowing other projects on SmartBCH to add governance mechanism and other improvements developed for SmartIndex.

First stage: SmartIndex release (from now to January 2022)

Once the pre-sale is done, SmartIndex will quickly become a working product.

- The managed portfolio will be funded.
- SIDX token will be listed on SmartBCH DEXs and liquidity added.
- Weekly buyback and burning of tokens will be performed and published on smartindex.cash website.
- SIDX will be listed on Marketcap.cash to allow users track its price and liquidity.
- Pauser and snapshot roles can be granted to trusted token holders at this stage.

Second stage: off-chain voting platform (first half of 2022)

Off-chain voting platform is expected to be live on smartindex.cash in the first half of 2022. The features will be the ones described on the Voting Platform section. The composition of the managed portfolio will then be decided by token holders, this includes buying other kind of assets like deflationary coins of NFTs. They will be also able to vote on the SmartIndex road map, so further improvements written in this whitepaper are subjected to the community's will.

Third stage: on-chain voting platform (second half of 2022)

SIDX smart contract allows for on-chain voting. If funds availability allows it, a Governor contract will be deployed on the SmartBCH ecosystem and a voting user interface build on smartindex.cash.

Another improvement is to have a smart contract able to managed it's own liquidity, in order to reduce trust in the admin. This way, the contract will hold the assets and sell the harvest earnings periodically. Ideally, multiple signatures from token holders should be needed to re-allocated funds. SIDX smart contract will need to be upgraded, in that case a migration will be performed after a snapshot is taken and new SIDX tokens will be swaped by the old ones in a 1:1 basis. A successful audit of the new contract is a must before performing the migration, as such advanced features allow for back doors.

Four stage: further development

SmartIndex has to become as decentralized as possible. Becoming a DAO is out of scope for this project but if it's successful enough, it will be done. The main objective from this point is to have a decentralized managed portfolio.

I compromise to take care of this project from the next 5 years (until 2028). By then, if SmartIndex is not able to sustain in a decentralized way and I don't want/can continue managing the project, one of the next things will be done (decide by the voting):

- The managed portfolio wallet will become a multi signature wallet which keys will be granted to multiple long-term, trusted SIDX token holders.
- Redeem the assets in the managed portfolio to token holders.

Risks and liability

There are several risks involving SmartIndex. Assets in the managed portfolio are owned by a single party, at least in the first stages of development, so this project relies on trust. This is the main risk of SmartIndex.

As the smart contract follows OpenZeppelin standards, is open source and verified, risks involving the smart contract are greatly reduced. The contract doesn't allow minting new tokens and it's not upgradeable, diminishing the risk of a rug pull.

The voting platform is centralized and owned by the admin. Also, the community cannot enforce approved proposals: token holders have to trust that the admin will honor his word.

SIDX token price is decided by the market, as well as the price of the tokens in the portfolio. No one can warrant how will perform the token in the market or promise returns.

Common risks that apply to others cryptocurrency projects, like private keys leakage, apply to SmartIndex as well.

About SmartIndex admin

I'm libertarian0x0 from Reddit, mod of r/SmartBCH_DeFi. I'm a BCH enthusiastic and I've been pretty active in r/btc for years, as you can check. I ran a successful flipstarter campaign to bring SmartBCH support to AtomicDEX and I'm a federator of Tokenbridge.cash, a project that bridges SmartBCH with Ethereum and Binance Smart Chain. Another federator there knows my real identity. You can find me at Telegram under the nickname @silken666, where I'm pretty active at the SmartBCH community group.