

Lizard People NFT Club

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Revision 1

Abstract

In this paper we present *Lizard People NFT Club* a platform that bridges NFT, DeFi, and stable coins. We discuss our drop agenda, target chains, along with supplies of each drop. Our NFTs can be minted by a set of *welcome-listed* addresses and wallets whose balance exceeds one million US dollars. We calculate wallet balances upon the sum of USDC, USDT, DAI, and ETH/MATIC holdings of each wallet. In later phases, a set of users will be able to join balance pools and subsequently mint NFTs collectively. Besides limited-supply collectibles, each Lizard People NFT constitutes a million-dollar building block in our ecosystem with a wide range of DeFi utilities, including, but not limited to, offline staking, loans, and yield farming. Our balance-bound offline staking is a game changer for the security of DeFi as funds will not leave users' wallets and hence such funds are not exposed to risks.

Keywords: Lizard People; NFT; Million Dollar Club; DeFi NFT Bridge.

1 Introduction

Non fungible tokens (NFTs), aka collectibles, have gained popularity in the blockchain space. The value of collectibles is often determined by market demands. Collectibles released by certain artists, organizations, and institutions are considered as high value items and thus often experience higher demands (e.g., Crypto Punks, Moonbirds, and Bored Apes). To the best of our knowledge, there exists a limited set of financial utilities for NFTs apart from properties related to the art and the rarity of the collectibles. Figure 1 depicts the aggregated NFT sales over a 30-day period amounting to \$77.5 million. **Exclusivity** is a common denominator of all popular collections. Lizard People NFT Club plans to issue a set of rare collectibles in a period of a year with varying unique attributes (see the timeline in Section 2). Minters of the Lizard People NFT Club tokens will join an exclusive club whose users' balances conform to certain terms as we discuss in Section 3.

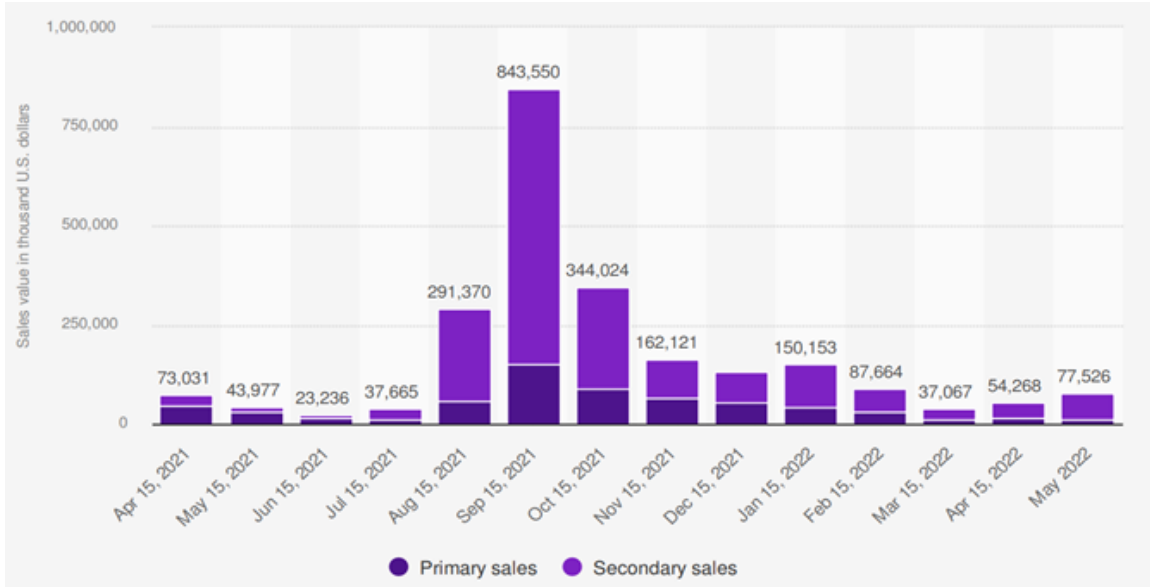


Figure 1: Aggregated NFT sales in 30-day period

DeFi (decentralized finance) has been another utility of the blockchain that gained popularity in late 2020. Yield farming, staking, and loans are amongst the most used DeFi features. Figure 2 captures the DeFi Total Value Locked (in billion dollars) in a time period of four years.

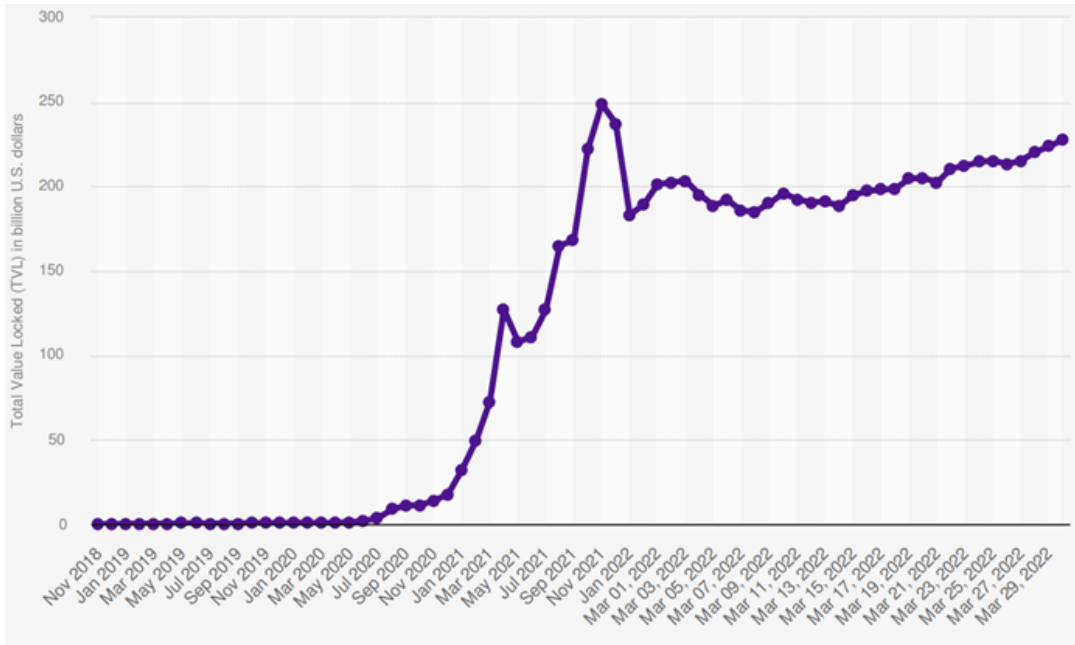


Figure 2: DeFi total value locked in billion dollars in the past four years

Unfortunately, hacks (due to vulnerabilities or ignorance) and dishonesty of platform operators have hurt plenty of DeFi users. This is mainly due to the fact that users need to **trust third-party platforms with their funds**. If platforms fail to secure deposited assets, users sustain losses. Lizard People NFT Club tackles the security issue by omitting the need for funds being deposited into third-party applications. As we will discuss in the future versions of this document, holders of our NFTs will be exposed to DeFi benefits in a novel offline staking paradigm.

2 Roadmap

- 09/09/2022

The 313 Drop (Hello World!!!!) Wallets with balances above 1 million USD on Ethereum are added to a welcome-list (snapshot taken on 05/02/2022). The mint opens on the stated date at 00:00 EST and it will be exclusively open for the welcome-listed users for 7 days. Afterwards, any wallet with a minimum of one million dollar USD balance can mint while the supply lasts. The balance is computed over DAI, USDC, USDT, and ETH. The mint is based on a dutch auction starting at 1 ETH initial price and dropping 0.01 ETH every 2 hours until it reaches 0.01 ETH floor price. From this phase on our floor price will be set over 0.5 ETH, persistently.

- 10/10/2022

The 1013 Drop (Hello Polygon!!!) In this drop 313 NFTs are available to mint on Polygon and 700 NFTs will be available to mint on Ethereum. Wallets with balances above 1 million USD on Polygon are whitelisted (snapshot will be taken in August 2022). The mint opens on August first at 00:00 EST. On Polygon, the mint will be exclusively open for the whitelisted users during the first 8 hours (until 08:00 EST). Afterwards, any wallet with a minimum of one million dollar USD balance can mint while the supply on the network lasts. The balance is computed over MATIC, DAI, USDC, USDT, and ETH. The mint is based on a dutch auction starting at the initial price of 1 ETH and dropping 0.01 ETH every 2 hours until it reaches 0.5 ETH floor price.

- 11/11/2022

The Collective Mint Day (Hello Collective Wealth!!!) So far we only allowed wallets with a minimum of one million USD to mint our NFTs. In this phase, multiple users can own an NFT by raising 1 million USD balance collectively. Users can join a pool (only showing their balance) and once their collective balance reaches 1 million USD, they can mint an NFT. Every user in the pool will own a percentage of the NFT corresponding to their balance.

- 12/12/2022

The Staking Day (Hello DeFi!!!) The million dollar NFTs constitute a foundation for an algorithmic stable coin backed by a Curve pool. NFTs can be used as collateral to take out loans. Moreover, NFTs expose users to a wide range of DeFi benefits such as yield farming. More on this will be released soon!

- 02/02/2023

The Million Dollar Drop (Hello Lizard People!!!) The final phase of the platform. Users with balances above one million USD (individually or collectively) can mint NFTs. The supply will be limited to the market cap of accepted tokens.

3 Design

In this section we cover the first drop, i.e., the 313 Drop, design decisions. We discuss the selection of welcome-listed wallets and conditions required to match for wallets that request mints.

3.1 Accepted Balance

We accept four tokens balances in our platform, viz. USDC, USDT, DAI and ETH. Below we capture our reasoning as to why these tokens were selected.

3.1.1 ETH

ETH is the native currency of the Ethereum network with a market cap of \$217b.

3.1.2 USDT

After some early fluctuations, the price of USDT (Tether) has been stabilised against the U.S. dollar since 2020. In 2021, Tether ranked as one of the biggest crypto-currencies in the world. USDT token is pegged to the U.S. dollar at a 1:1 ratio. Moreover, USDT constitutes more than half (54%) of the Total Value Locked in DeFi. The market value of USDT has reached \$83.24b, in May 2022.

3.1.3 USDC

USDC's market cap is about \$52b and it is ranked fourth after USDT, ETH and Bitcoin. USDC is pegged by US dollar held in reserve short-term or treasury bonds. USDC bridges DeFi market to the traditional US financial market.

3.1.4 DAI

DAI is the third stable coin in our list with a market cap of \$9.5b (May 2022). DAI is the product of an open-source software called the Maker Protocol, a decentralized application running on the Ethereum blockchain. DAI maintains its 1:1 ratio with USD through smart contract vaults with over-collateralized ETH . The ecosystem of DAI is highly dependent on the ETH price in the market.

As of now we calculate wallet balances based upon four tokens, viz. USDC, USDT, DAI, and ETH (or Matic on Polygon). Every time we mention wallet balance in this paper, we refer to the sum of the four stated tokens held by the wallet in USD.

3.2 USD Price Oracle

We use Chainlink price feeds to calculate the USD worth of the accepted tokens.

3.3 Welcome List Population

We fetched blocks between 12008748 and 14666330 to compile a list of wallets whose balance exceeded 1 million (US) dollars on May 5, 2022. We took into consideration all the transactions that involved the accepted tokens (see Section 3.1).

3.4 Mint Terms

There are two conditions meeting either of which can enable a mint (while supply lasts):

- Wallet’s accepted balance exceeds one million USD.

$$\sigma = \sum DAI + ETH + USDC + USDC \geq \$1,000,000$$

- Wallet’s address is included in the welcome-list

4 Future Work

As briefly introduced in Section 2, we intend to bridge the NFT world, DeFi, and Stable coins. Lizard People NFTs can constitute a new paradigm for stable coins, i.e., stable coins based on NFTs and wallet balances. Furthermore, Lizard People NFTs will expose users to a wide range of utilities. We will discuss such utilities in detail in future versions of this document.