NAMA Protocol

Light Paper

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Abstract

NAMA Finance is dedicated to providing a series of protocols and tools for the NFT niche but promising market, and we're pleased to announce the NAMA protocol first.

NAMA protocol is a fully decentralized and community-driven NFTs liquidity protocol that is built on multi-chain natively. That means the NFT assets owners can use their NFTs as collateral to get loans not only on any EVM compatible and scalable L2 and side-chains e.g. Polygon, Arbitrum, BSC, and Optimism etc, but also on other fast and low gas fee blockchains like Solana, NEAR, FLOW, and WAX etc. Beyond that we'd also experiment with the other emerging EVM compatible solutions like Harmony and OASIS network.

With NAMA protocol, borrowers can stake their NFT assets and borrow Stablecoins, lenders can lend their funds to loans and get attractive interest, and liquidity providers can provide liquidity and get farming rewards. The protocol's unique AI-based Oracle will keep running behind the scenes to analyze the activities in the NFTs trading market in real-time, it provides NFTs appraisal and loan risk assessment which will be a massive benefit for both borrowers and lenders.

This light paper is a reader-friendly description of the protocol, explains how NAMA protocol is trying to solve for current NFT liquidity and pricing problems.

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Chapter 1

Introduction

1.1 Background

NFTs are taking off and driving a new wave of crypto adoption. Even in Uniswap V3, LP positions will be represented by NFTs. As an owner or a collector, your NFTs are precious, perhaps it's an NBA top shot, or maybe it's a CryptoPunk. You enjoy them, proud of them, and know the value of them, until one day you just realize that's all you can do before you sell them!

Liquidity is the key.

Valuable NFTs are heavy assets, they sit there and are just a part of your Balance Sheet. You won't be able to turn the potential value into the money before you sell it.

But what if you want your cake and then still eat it? What if you want to make the most of the NFTs' value, without selling them? The question can go on and on, but we need a solution to address the key issue: LIQUIDITY.

1.2 What is NAMA

NAMA Finance is more than A Decentralized NFT Liquidity Protocol. NAMA combines the DeFi and NFTs together which enables lenders to earn high fixed interest and borrowers to use their NFTs as the collateral to apply for loans. NAMA aims to solve the 2 biggest challenges here: NFT Liquidity and NFT Pricing.

- NFT Liquidity: Anyone can be a borrower, and stake their NFTs as collateral for getting a loan. Borrower requests a loan via our intuitive UI, and once the loan is fulfilled by one or many lenders the borrower can claim the loan amounts via the smart contract. On the other hand, anyone who has stable coins and staking them into Nama pools can be a lender. Lenders can invest in each listed loan items with any amount they like, meanwhile they will get attractive interest as well as NAMA rewards.
- NFT Pricing: Nama provides an AI-based Oracle behind the scenes, it will not only assess the loan risk but also give a maximum borrow amount for loans based on the real-time NFT trading market.

1.3 Our Mission

NFT has been playing a more and more important role in the crypto market, not only because it's integrated with a growing number of products, but also it is being accepted by more and more giants. For example, Uniswap V3 LP tokens is represented by NFTs.

Moreover, as a perfect bridge between the crypto universe and the real world, NFT can also be easily used in various industries like games, music, movies, art, metaverse, collectibles, or even financial markets. In the foreseeable future, NFT will be widely seen in both the crypto world and our day-to-day life.

However, it comes with challenges that all those valuable NFT assets are lacking liquidity, also it is hard to get an accurate and reasonable appraisal of the NFT assets, especially using NFTs as the collateral in the lending and leasing market.

NAMA protocol is a solution for addressing the current NFT challenges, it is a decentralized liquidity protocol for NFT-secured borrowing and high yield lending, and it's going to be totally community-driven eventually.

1.4 Others

- Support NFTs from all protocols: Not only ERC-721 or ERC-1155, but also the NFTs on Flow and other blockchains.
- Powered by DeFi: No arbitrator, no hassle.
- NFT trading tailored Oracle: Provide NFTs appraisal and loans risk assessment.
- Safe and Secure: By leveraging Nama Oracle with audited smart contracts.
- DAO-structured community governance: Everyone has the opportunity to shape the future success of the Nama community.

Chapter 2

How NAMA works

2.1 Brief Introduction

In the NAMA world, there are in total three types of user roles that exist in two indivisible and inseparable ecosystems: Lender, Borrower and Liquidity Provider in Loan Transaction Ecosystem and Token Ecosystem.

We will illustrate them with the below process examples in the depth explanation section.

Loan Transaction Ecosystem:

- The process for Borrowers to Apply or Repay a loan.
- The process for Lenders to lend money to a loan.

Token Ecosystem:

- The process for Liquidity Providers to Yield Farming.

2.2 Overview of NAMA Architecture

The diagram below describes the high-level architecture of NAMA V1:

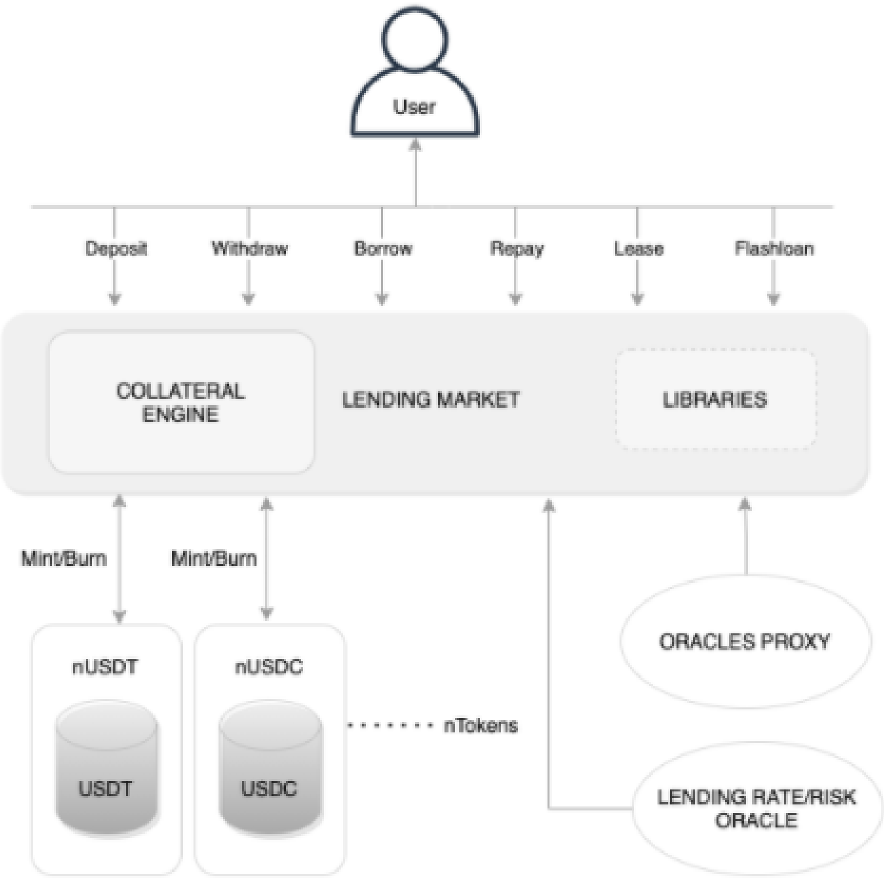

Figure 2.1: Architectural System Design

2.3 In depth explanation

Loan Transaction Ecosystem: The process for Borrowers to Apply or Repay a loan

- To apply for a loan, borrowers just need to submit a simple application with NFT assets details.

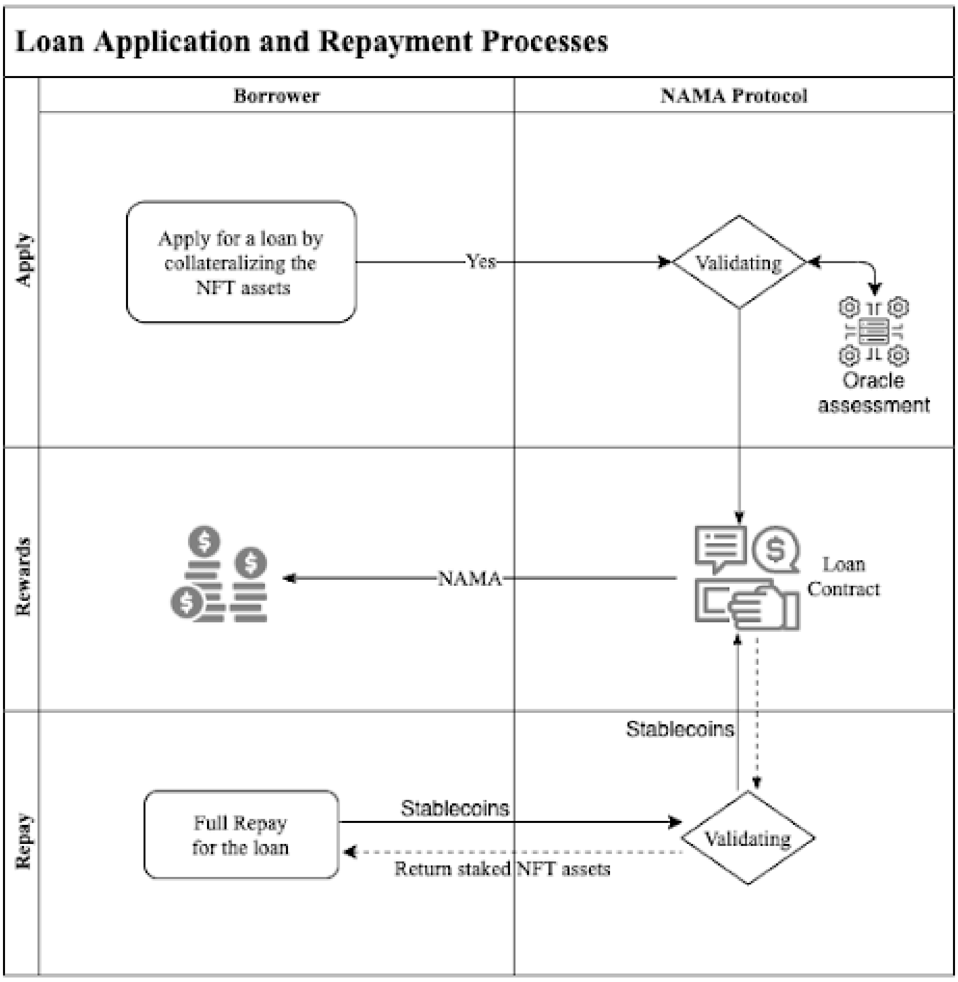

Figure 2.2: Loan Application and Repayment Processes

- On submitting the application, NAMA Oracle will do some assessments around NFT assets value and its potential risk.
- Once the application is successfully submitted, borrowers' NFT assets will be secured in a smart contract.
- To repay the loan, borrowers will need to pay back the right amount of borrowed stable coins plus the interest before the due date.
- On successfully repaying a loan, borrowers will not only get their NFT

assets back but also be rewarded with NAMA tokens based on the amount of the loan.

Transaction Ecosystem: The process for Lenders to lend money to a loan

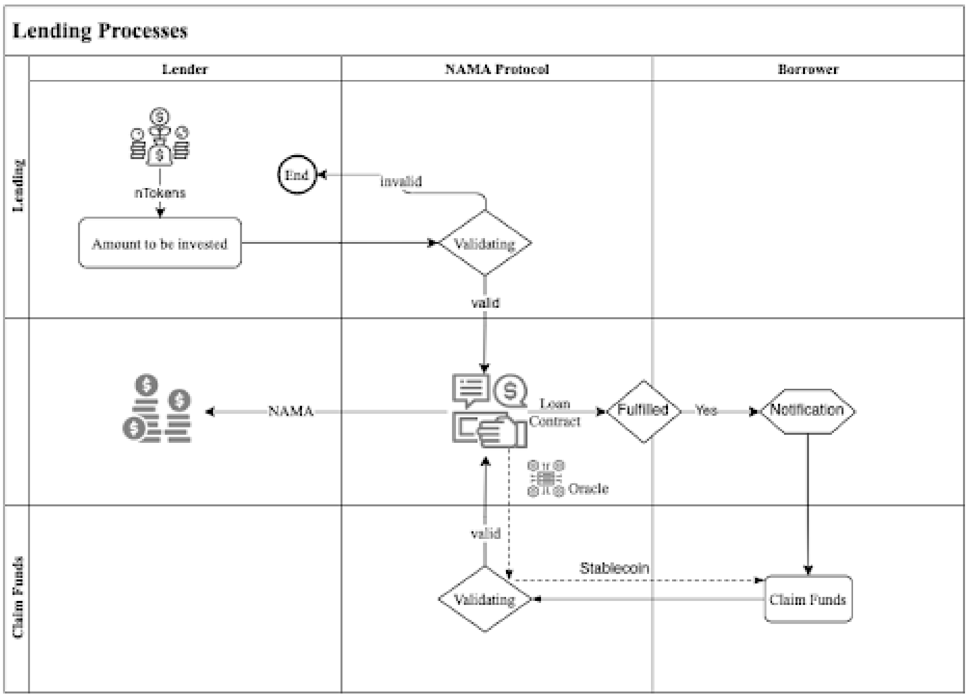

Figure 2.3: Leading Processes

- First thing first, lenders need to deposit stablecoins to NAMA pools.
- By doing that, they will get corresponding nTokens (e.g. nUSDT, nUSDC) as the circulating currency in NAMA protocol. With nTokens, lenders can invest in one or more loans, or proportionally participate in the investment of listed loans.
- Once a loan is fulfilled, the borrower will be notified so that they can claim the loan.

- Upon borrowers repay the loan in time, lenders will be notified so that they can claim back the principal together with interest.

Token Ecosystem: The process for Yield Farming

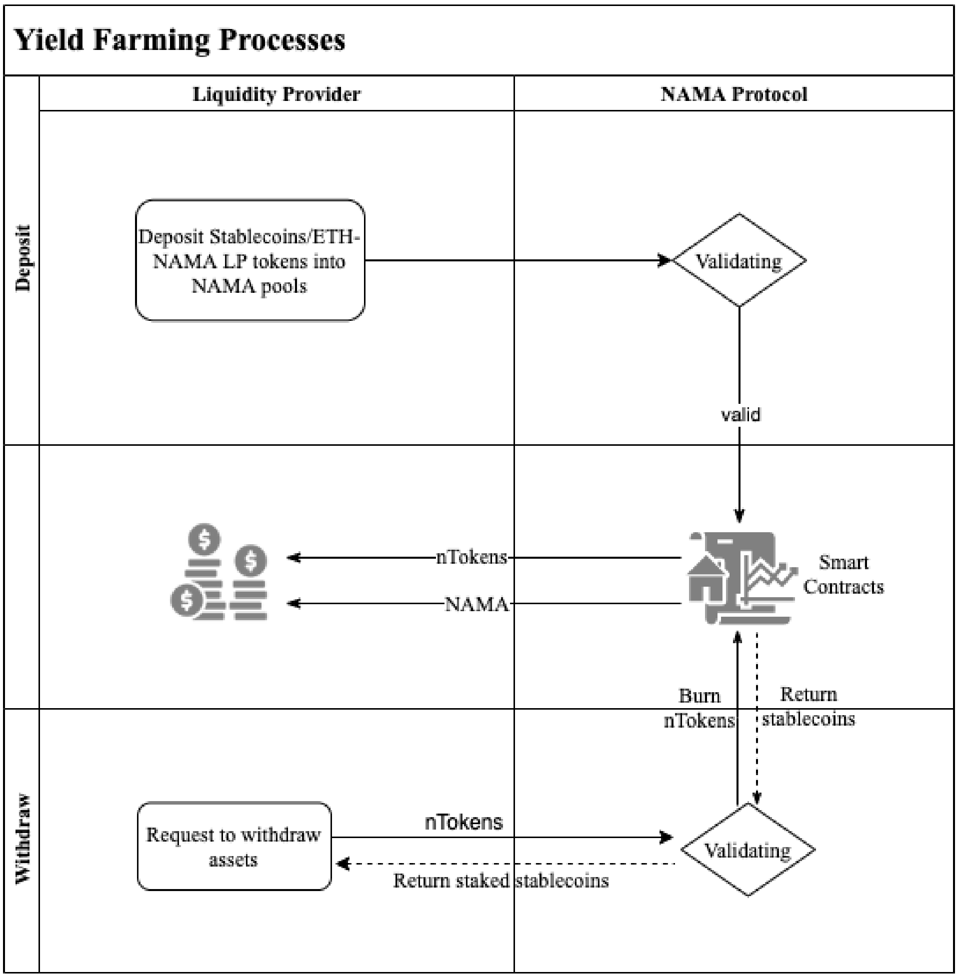

Figure 2.4: Leading Processes

- To deposit, the Liquidity Providers (LP) will need to put stablecoins or ETH-NAMA pairs to NAMA liquidity pools.
- By doing that, they will both get NAMA token rewards periodically based

on the amount of their deposit. On top of that, the stablecoins providers will also get nTokens.

- In terms of withdrawal, stablecoins providers just need to swap stablecoins back with their nTokens, and then the nTokens will be burnt.

- One thing to note is that the stablecoins providers can easily become lenders as long as they invest in any NFT loans with their nTokens.

2.4 Loan Liquidation

In case borrowers fail to repay the loan in time, the collateralized NFT assets will need to go through a liquidation process.

The NFT assets will be sold during the liquidation process, and the money will be paid back to the creditors(lenders of this loan).

Chapter 3

Protocol Actors and Governance

3.1 Key Protocol Actors

Liquidity providers Liquidity providers (LPs) are individuals that provide capital for Nama Protocol's liquidity pools. In other words, LPs are responsible for supplying and depositing the lending capital.

Lenders: Lenders are liquidity providers who would like to lend their fund to borrowers. In return they will get attractive interest and NAMA as rewards.

Borrowers: Borrowers are the people who use their NFTs as collateral for getting a loan, to borrow stablecoins like USDT, USDC, or DAI etc.

Oracles: Oracles are used for price appraisal, risk management and multiple chains data processing.

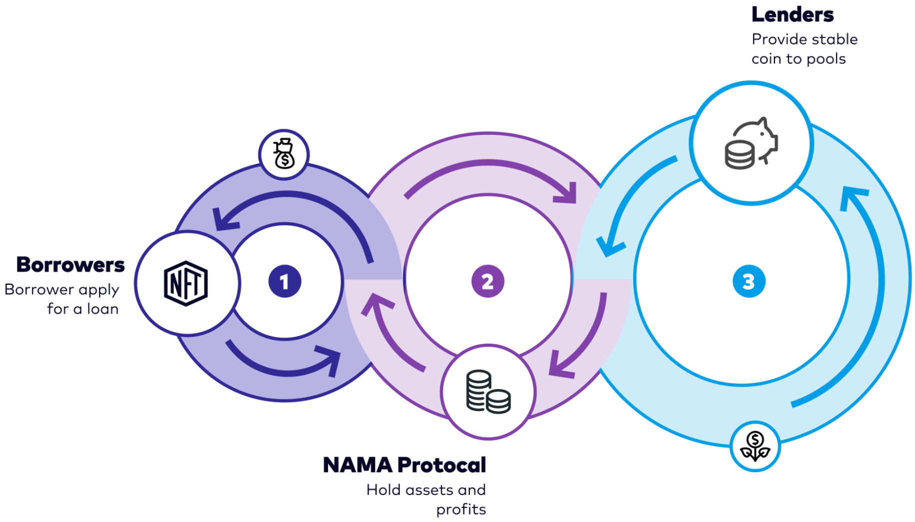

Figure 3.1: Protocol Actors

3.2 Protocol Governance

Protocol Governance At its inception, protocol governance will be delegated to internal team members. Future iterations of the Nama Protocol will introduce a decentralized governance organisation (DAO). The protocol will utilize the DAO mechanism to enable members transparently submit and vote for proposals that represent community requests or feedback . All community members have the opportunity to shape the future success of the Nama protocol.

Chapter 4

Roadmap

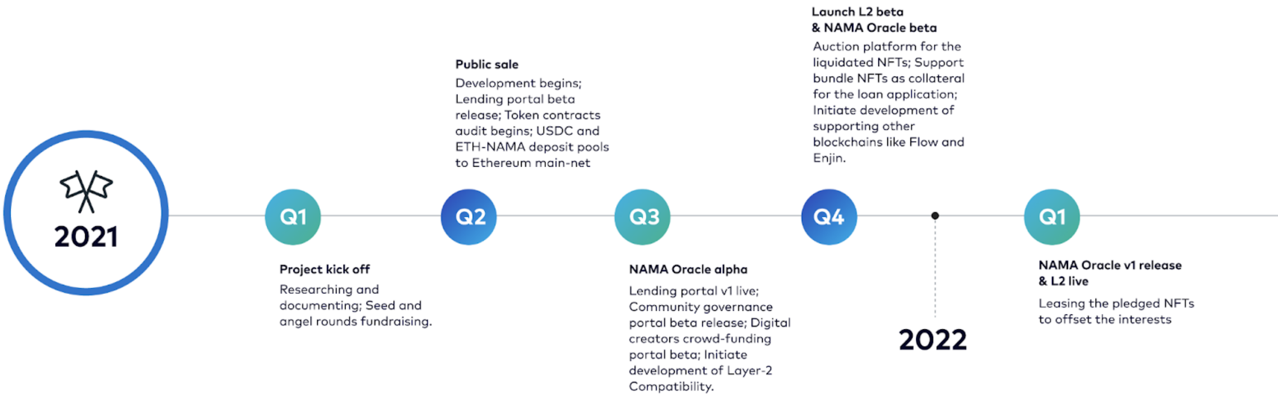

Figure 4.1: NAMA Roadmap

Chapter 5

Contacts

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