Scallop White Paper 2.5.2

Scallop Team

May 2022

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1. Disclaimer

Scallop whitepaper is strictly intended for informational purposes only, aimed at letting the readers know what is Scallop protocol and its logic, it is neither an offer document nor investment suggestions nor an invitation to invest in the Scallop project or mentioned projects or any of their products.

This whitepaper will update in real-time without notifications, all of the rules and explanations might still change, make sure you've saved the link to the Scallop whitepaper (https://doc.scallop.io/whitepaper.pdf) to have the latest version.

2. Preface

Smart Contract and Defi technology have been growing very fast since 2014 when Ethereum was released. In 2020, many Defi projects were announced and it affected the financial concept of all humans, it has made a great impact on the traditional concept of finance around the world. Meanwhile, on-chain collectibles and NFTs walk into people's lives too, they can be used to represent items such as photos, videos, audio, and other types of digital files. There is a lot of potential in the usage of NFTs in many aspects.

In 2022, we can see various kinds of great Defi protocols such as lending/borrowing protocol, AMM protocols, order books, and options. Given that there have been many types of Defi protocols existing, we need to be more innovative if we want to build an outstanding protocol in the Solana ecosystem.

Therefore, we have decided to build a no-loss protocol, the core logic of it is inspired by Pooltogether on Ethereum, we didn’t see any similar protocols working on Solana Mainnet and we believe it is a perfect match.

The reason that the traditional no-loss protocols are fading out of the Defi market is that users always win nothing before they win something, and it still costs a huge gas fee. This is one of the factors we chose Solana because Solana costs almost no gas fee, and which is a perfect match with no-loss projects, meanwhile, there's almost no no-loss project we can use on Solana right now. We also designed some tasks for users to make them have an extra chance to win something while they are having bad luck.

Common Defi protocols webpages are often overwhelmed with digits and numbers, which makes them lacking in warmness and enthusiasm. Thus, it is hard to increase the app user’s stickiness because it doesn’t create a connection between protocols and users. We want to make an attractive product that users like to visit, we think we can build a new

type of Defi protocol, the core product is no-loss and combine a unique NFTs ecosystem on it, this protocol will have a huge opportunity to take a part of Defi market and have its own community.

We are going to create ocean-themed tokens and NFTs to be unique on-chain collectibles as the joining rewards, and it would be like Pokemon Cards or action figures, users can see them while they are visiting our site, and it can increase the application stickiness by making them feel like they are checking their collection cabinet, and our NFTs will also interact with our protocol, making Scallop be like a small Web3 NFTs project.

Besides the low gas fees and fast speed like many new L1 or L2 chains, the features of the high composability, unique account structure, and its parallel and statelessness make Solana an outstanding Layer 1 blockchain. Scallop team thinks Solana will be a world computer and will be a part of humans' life in the future, and it is the same way that we are all witnesses to how the internet showed up and embedded in our daily life.

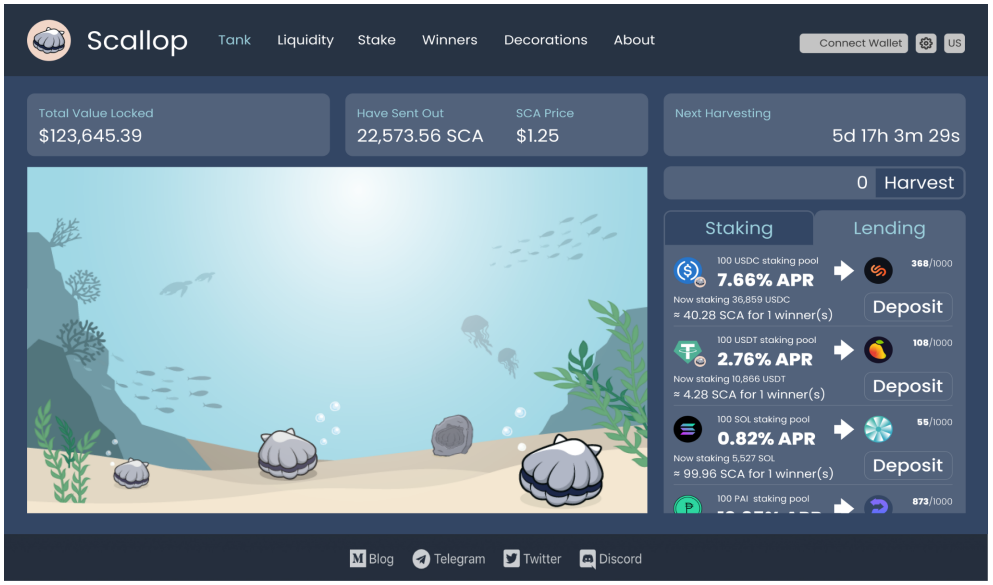
3. What is Scallop?

What is Scallop?
Scallop is a diverse no-loss protocol on Solana blockchain, users can deposit tokens into Scallop Pools, Scallop on-chain program will invoke lending, staking, and stable pool liquidity mining protocols to earn the yield. Every 24 hrs, a winner will be picked from each pool by the on-chain program to get most of the yields as the prize, and other yields will be in the Scallop treasury.

During the participation, users have chances to win extra tokens and Scallop NFTs by carrying out some tasks. We called Scallop NFTs "Scallop Decorations", it's like a small NFTs ecosystem, and Scallop Decorations will show up in Scallop Tank and interact with Scallop protocol.

Besides no-loss pools, Scallop will also have a swap program, SCA liquidity mining pools, and staking. In the early stage, Scallop will be more close to a diverse no-loss protocol with unique NFTs, we will make it become a play-to-earn Defi game in the future step by step.

Linktree🌲 : https://linktr.ee/scallop_io



4. Products

4.1. Overview

In the early stage, there will have 6 main products on the Scallop site, including native on-chain programs, native UI, creating new programs by using SDK/open-source repo from other protocols, links to other protocols to use the programs:

- **Scallop Pools** - Diverse no-loss lottery pools, prizes are earned from lending, staking, or stable pools liquidity mining.

- **Scallop Decorations** - Ocean theme on-chain collectibles/NFTs ecosystem.

- **Scallop Tank** - Web3 play to earn aquarium Tamagochi.

- **Scallop Swap** - SPL token swap, powered by Jupiter Aggregator.

- **Liquidity** - Offering liquidity to SCA liquidity Pools or Decorations to earn more tokens and SCA.

- **Staking** - SCA and Decorations staking with great APY and extra rewards while long-term locked.

4.2. Scallop Pools

4.2.1 Rules

Users can deposit tokens into Scallop Pools to grow scallops in Scallop Tank and join the no-loss lottery, our program will invoke SOL or SPL token staking, lending, or liquidity mining protocols (especially stable pools) to earn the interest to be the pool reward.

Every 24 hours will have a Scallop harvest time, winners chosen by VRF (Verified Random Functions) will share out around 90% of the total reward, and other rewards will be going to the Scallop Treasury, it's a flexible fund that can be the bonus lottery, or add liquidity to SCA pairs, SCA buyback, or regarded as project profit.

Users can deposit any amount of SOL or SPL tokens, every time the deposit amount changes, users need to wait for another 24 hours to join the lottery, the winning rate is the same as the tokens being deposited in the percentage of the pool token.

There will be different Scallop Pools with accept different tokens and different earning ways, you can see where the Scallop Pools fund will go, ex:

- SOL no-loss lottery by deposit SOL to stake at **Marinade/Socean**.
- RAY no-loss lottery by deposit RAY to stake RAY at **Raydium**.
- USDC no-loss lottery by deposit USDC to lend USDC at **Solend/LARIX.**
- USDT no-loss lottery by deposit USDT and USDC (auto swap by Jupiter aggregator) to do LM at **Orca/Aldrin**.

4.2.2. Earning Ways

There will be different types of Scallop pools that let users choose to, differentiate by the earning ways, we will have 3 ways to earn interest to be the lottery rewards, including staking, lending, and liquidity mining, we can even divide staking to SOL staking and SPL token staking.

4.2.2.1. Lending

Lending is the most common way to earn interest for all no-loss lottery protocols, we might choose tokens like USDC, USDT, or SOL for lending because they have more users and higher APY, these are some great lending protocols on Solana:

- **Solend (Priority)**
- **Larix**
- **Jet Protocol**

4.2.2.2 SOL Staking

Stake SOL will be one of the ways for Scallop Pools to earn interest, SOL is the native token on Solana, we are also planning to set up our own Solana Validator in the future to earn SOL directly, it will also make Scallop protocol have it's own RPC node.

These are SOL staking tokenized protocols we can use:

- **Marinade (Priority)**
- **Socean**

4.2.2.3 SPL tokens Staking

We will also let Scallop Pools earn the interest by staking some SPL tokens which their mother project has a staking program for their native token, like the projects listed below:

- **Raydium**
- **Aldrin**

It will also make Scallop protocol to be a unique Defi lego layer, you can also call it an extension layer.

4.2.2.4. Liquidity Mining

We will also join liquidity pools to earn rewards, but there will be impermanent loss during liquidity mining, so we prefer some stable pools like:

- USDT/USDC at **ORCA, Aldrin**.
- mSOL/SOL at **Marinade, Quarry**.

And to do liquidity ming the client usually needs to have two kinds of tokens to join it, we will invoke **Jupiter Aggregator** SDK to solve this issue.

4.3. Scallop Decorations

4.3.1. Overview

In Scallop, we will mint some ocean theme NFTs called Scallop Decorations, its goal is useful on-chain collectibles, they will be shown at Scallop Tank and interact with Scallop protocol, which means you can say Scallop Decorations is a small on-chain collectibles ecosystem.

How do users get them:

- Carry out some tasks in Scallop protocol.
- We will give them away at some events in our community.
- Users might get them at events hosted by our friendship projects.
- Buy them on **Scallop** or **Serum** DEX or **Metaplex** market.

4.3.2. Fungible Decorations

4.3.2.1. Seagrass Decorations

Seagrass can reach heights of 200 feet (60m), which is as tall as a 20-story building🏢.

Address : SeawdHf3NHG6gxCrezQxr5oJAHTLJd6JsQxxd144yaz
Symbol : Seagrass
Name : Scallop Seagrass Decorations
Decimals : 0
Current Supply : 9999
Rarity : ★☆☆☆☆

4.3.2.2. Fossil Decorations

There were archaeologists found Scallop fossils on Mount Everest🏔️!

Serum Market ID (Fossil/USDC):
NF5PoXovc9wpWMPMrGeCQSmJRAEEUFCR3UZGVHTonf9
Address : FossiLkXJZ1rePN8jWBqHDZZ3F7ET8p1dRGhYKHbQcZR
Symbol : Fossil
Name : Scallop Fossil Decorations
Decimals : 0
Max Supply : 400 (Fixed)
Rarity : ★★★★★

4.3.2.3. Moray Decorations

Moray eels have two jawbones, after finding the target, the eel will bite it and the second jaw will jump out of the throat, and then drag the food into their stomach 💀!

Address : MoraycScyx4PNYbecRjnw3qXiC6syZkQRH9PoWUoioL
Symbol : Moray
Name : Scallop Moray Decorations
Decimals : 0
Current Supply : ?
Rarity : ★★★☆☆

4.3.3. NFTs Decorations

We will mint NFTs Decorations by using **Metaplex** Solana NFTs Metadata Standard, each NFTs Decorations will have many different attributes which means each of them will be one and only, total supply will be limited too.

You can mint NFT decorations by using SCA or SOL to buy NFTs Decorations or Decorations Eggs (It's a resident NFTs candy machine). The income will be divided to 4 parts:

- Scallop Lab
- Buyback
- Artist
- Marine Conservation Group

4.3.3.1. Hermit Crab Decorations

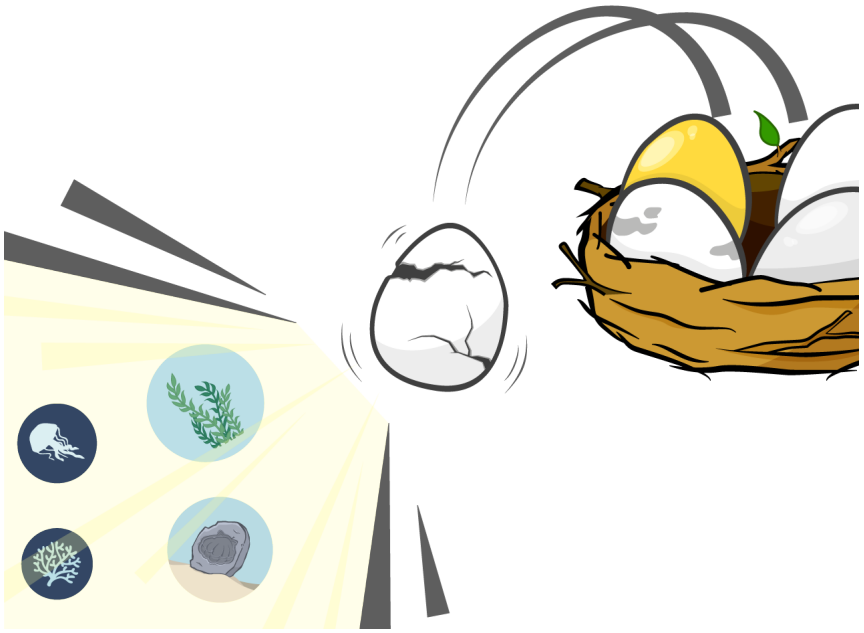
4,200 unique Hermit Crabs NFTs created by Scallop Labs, they are the coolest Scallop Decorations which can also be your pet in Scallop Tank in the future🐚🦀!

4.3.4. Usage

We will note some trivia next to Scallop Decorations and make an illustrated book to let users love to collect them, these are some possible usages of them:

- Whitelisting for IDO, NFTs minting.
- Holding some kinds of Scallop Decorations can let you can join some VIP Scallop Pools.
- Stake Scallop Decorations for mining SCA, Scallop Tank will only show staked decorations in the future.

Scallop NFTs Decorations will be like a pet in Scallop Tank, it will interact with Scallop on-chain program making Scallop like an ocean-theme Web3 Tamagotchi in the future.



4.4. Scallop Tank

It’s a front-end block showed a slice diagram of the sea, like a small aquarium in Scallop dapp, it will show all Scallop decorations and the scallop you have (if you joined a Scallop Pool you will have a scallop, the size depends on the amount of token you deposited), we will use Canvas or Unity 2D to build it.

In the future, your Scallop NFTs Decorations will be your pets in Scallop Tank, we will have some on-chain program to interact with your NFTs, such as feed it, let it go to sleep, or play around with it, making it be a Web3 play to earn aquarium Tamagotchi.

4.5. Scallop Swap

We will use Jupiter Aggregator SDK to build a Scallop Swap program, we even think all the protocols that accepted many kinds of tokens should have a swap program, it will be convenient for users and increase the app stickiness.

4.6. Staking

We will have SCA and Scallop Decorations staking.

4.6.1. SCA Staking

SCA staking with great APY and extra rewards while long-term locked, the reward will be according to staking weighting and different locked day limits.

- No limit - 0% bonus
- 15 days - 3% bonus
- 30 days - 5% bonus

The reward amount will be a fixed supply SCA according to the time and token model, all of the staking address will share out the staking supply each 8 hours, which means the proportion will be:

$$1(no\ limit)\ :\ 1.03(15\ days)\ :\ 1.05(30\ days)$$

4.6.2. Decorations Staking

We will have Scallop Decorations staking, only the staked decorations will show up in Scallop Tank, stake decorations can share out a small number of SCA rewards.

4.7. SCA Liquidity

We have liquidity pools on some AMM protocols on Solana, these are the projects we would like to have pools:

- **Raydium**
- **Orca**
- **Aldrin**
- **Quarry**

Users can click links to offer liquidity to SCA liquidity pools such as SCA/USDC at **Orca**, and SCA/SOL pool at **Aldrin** to earn more of their tokens and SCA.

5. Scallop Token (SCA)

5.1. Overview

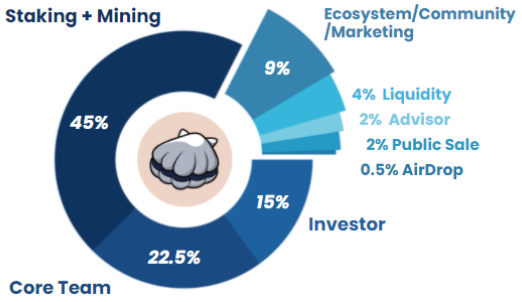
Address : ScaLopYHz9eKtDdKs4yLswwq2RSUtNMZVdPynMcYcc9
Symbol : SCA
Name : Scallop
Decimals : 6

- Initial Circulating Supply 15,625,000 SCA.
- Max Supply 250,000,000 SCA.
- Team tokens are locked on-chain with a cliff of 1~2 year and 2~3 year linear unlocking.

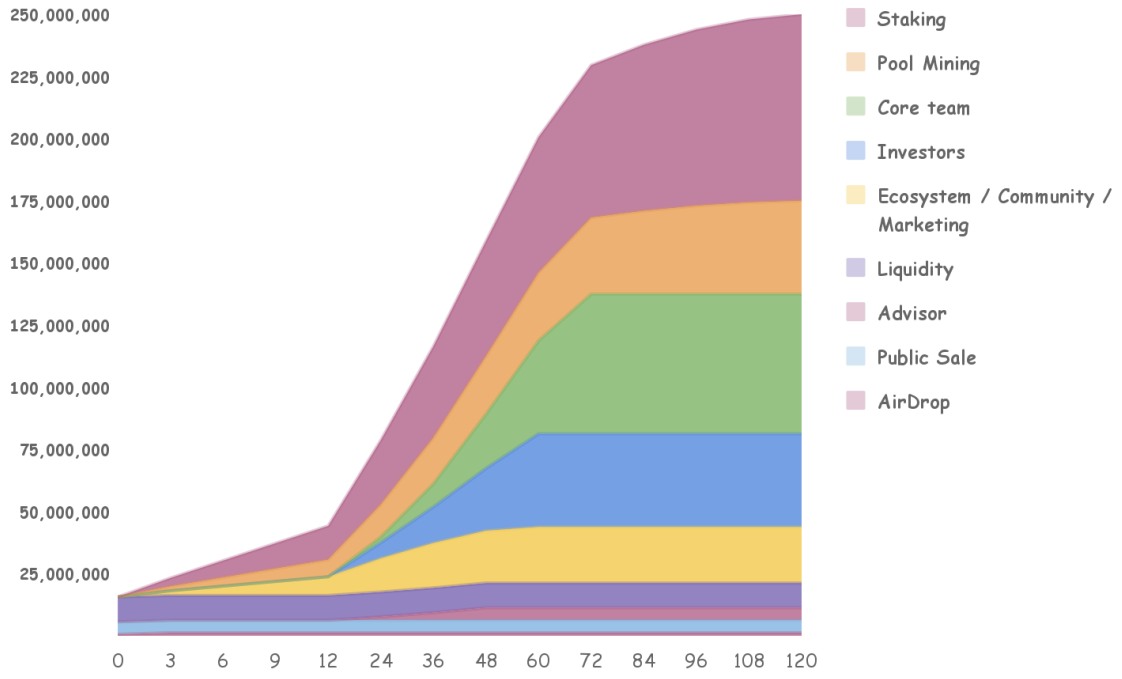
We use **Bonfida token vesting** to lock the tokens and divide them into 9 parts:

- Staking
- Pool Mining
- Core Team
- Investors
- Ecosystem/ Community/ Marketing
- Liquidity
- Advisor
- Public Sale
- Airdrop

5.2. Model

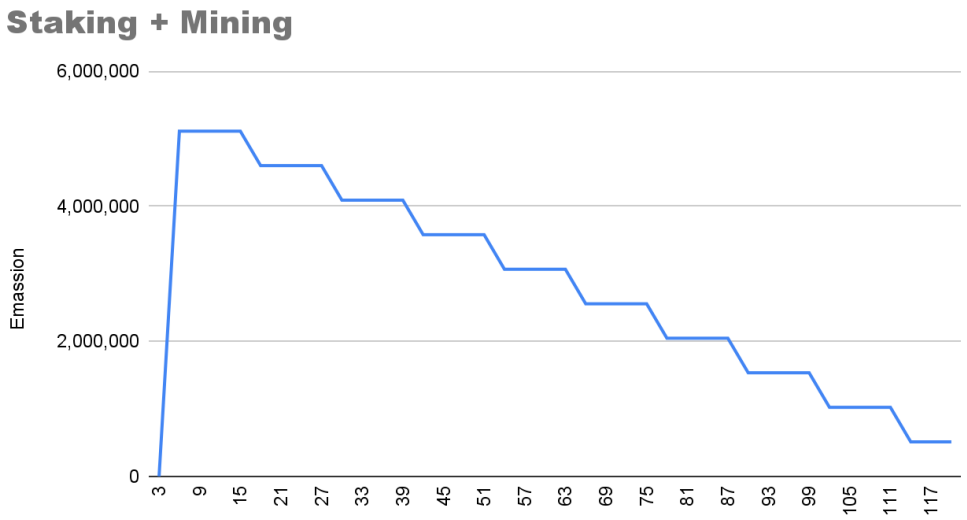


ALLOCATION	PERCENTAGE	NUMBER OF TOKENS
Staking + Mining	45.00%	112,500,000
Core Team	22.50%	56,250,000
Investor	15.00%	37,500,000
Ecosystem/Community/Marketing	9.00%	22,500,000
Liquidity	4.00%	10,000,000
Advisor	2.00%	5,000,000
Public Sale	2.00%	5,000,000
AirDrop	0.50%	1,250,000
TOTAL	100.00%	250,000,000



5.2.1. Staking + Pool Mining

Staking + Pool Mining part will be the 45% of SCA token model, emissions will the emissions will continue for 10 years and decrease year by year in step-wise. The full amount of the budget will not necessarily be emitted during that period.



5.2.1.1. Liquidity Mining Reward (10%)

Users can do the Liquidity mining and share the pool mining reward at some SCA Liquidity Pools such as SCA/USDC, SCA/SOL.

5.2.1.2. Tasks Reward (5%)

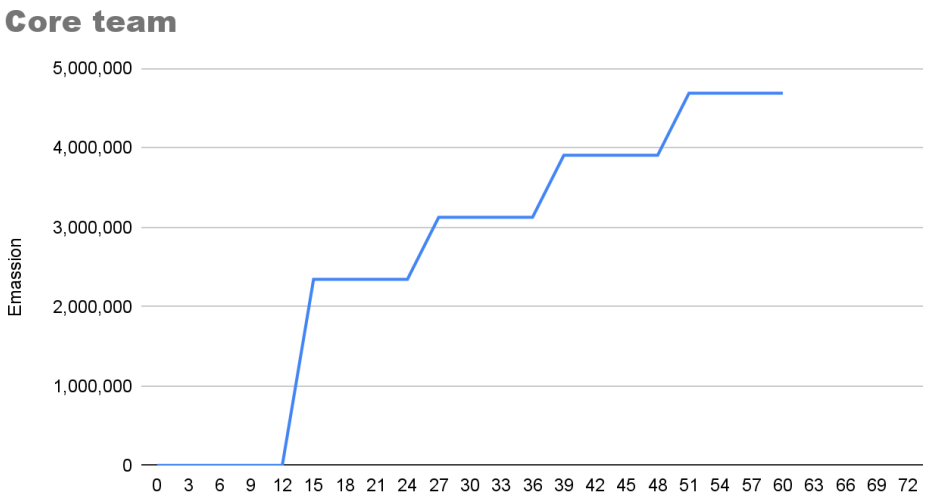
There will be an amount of SCA to be the Tasks Reward irregularly, the tasks will be like if an address stakes some tokens over a month in Scallop, they can share out an amount of SCA.

5.2.1.3. Staking Reward (30%)

Please refer to 4.5. Staking.

5.2.2. Core Team

Core Team part will be the 22.5% of SCA token model, locked on-chain with a cliff of 1 years and 4 years of step-wise unlocking.



Some of SCA tokens are for Scallop core contributors who contribute Scallop projects before seed round, some are Scallop Lab operational fund for running Scallop.

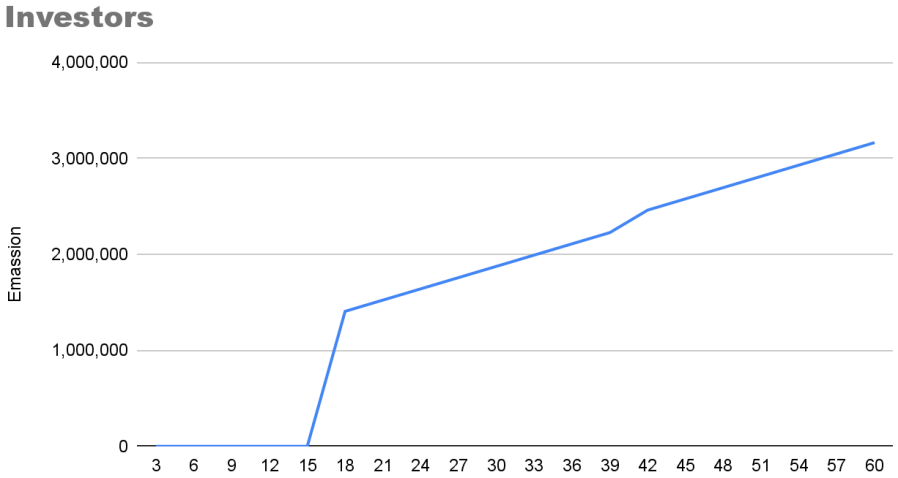
Scallop Lab operational fund usage:

- Development
- Sever, RPC Node, CDN, Security, Working tools, etc..
- Flexible Funds

5.2.3. Investors

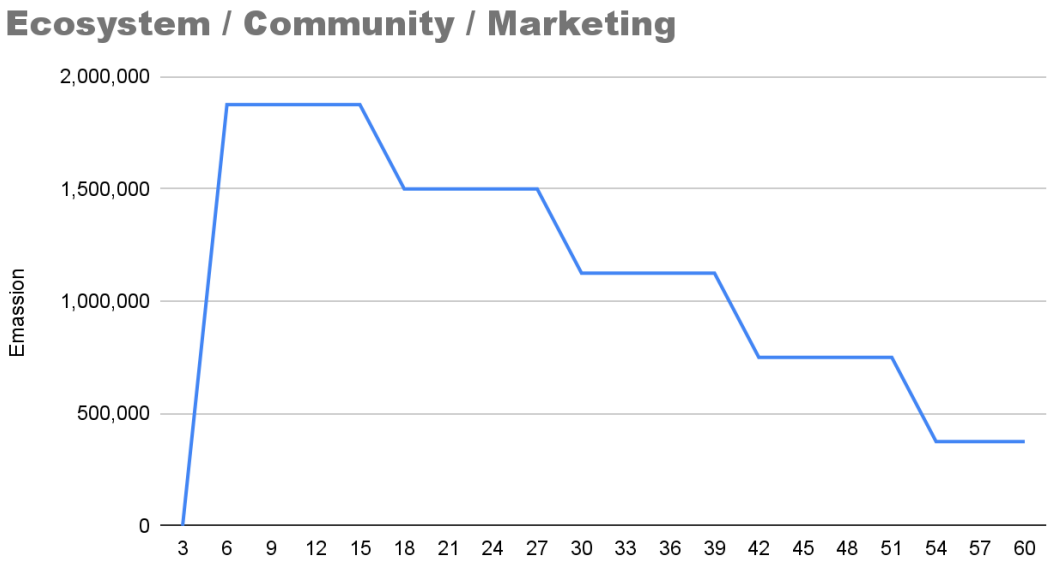
Investors parts will only be seed round, locked on-chain with a cliff of 1 year and 4 years of linear unlocking.

We pand to have a Seed Round (10%) and others are for Future Round (5%).



5.2.4. Ecosystem / Community / Marketing

Locked on-chain with 5 years of smooth unlocking quarterly.



We will have some marketing events hosted with some Crypto Media, like:

- The Astronaut (English)
- SolanaArmy (English)
- Chainnews (Chinese)
- Zombit (Chinese)
- Abmedia.io (Chinese)
- Blocktempo (Chinese)
- Wind Crypto (Turkish)
- VIC Group (Vietnamese)

Or some Solana unofficial Telegram group with different languages. We've already had contact with Solana Chinese fans group, Solana French fans group.

To host some marketing events or have some materials like:

- Ask me anything
- Podcast
- Youtube Videos
- Articles

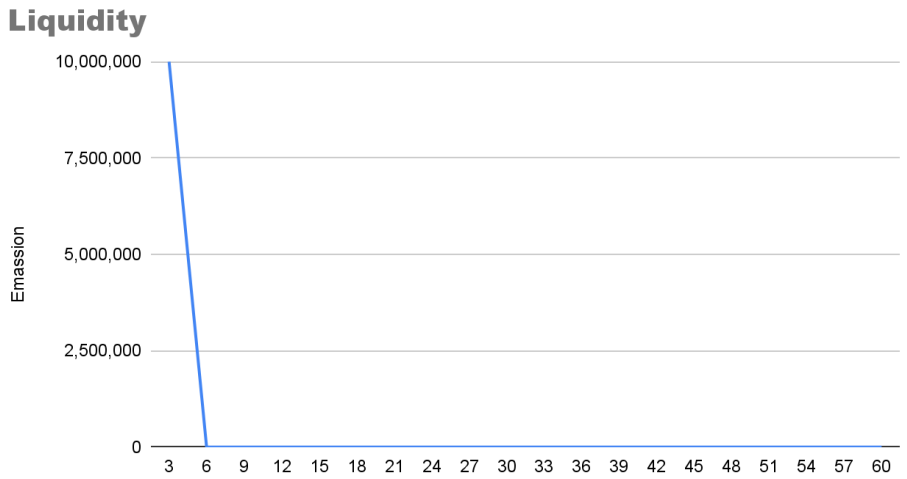
The topic will include:

- No loss Lottery protocols.
- Solana is a perfect match with no loss lottery protocols.
- Introduce Scallop.

Part of Ecosystem / Community / Marketing will give away to volunteer MODs of users, and we will have some community events and have some SCA give away.

5.2.5. Liquidity

Unlock and join the liquidity pools at the begining.

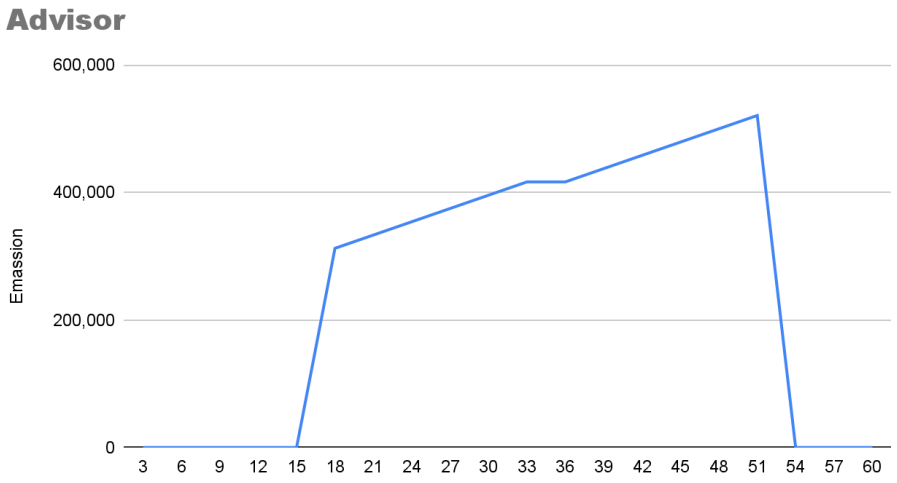


Liquidity / Market Makers:

- **Scallop**
- **Orca**
- **Raydium**
- **Serum**
- **Atrix**
- **Saber**
- **Cropper**

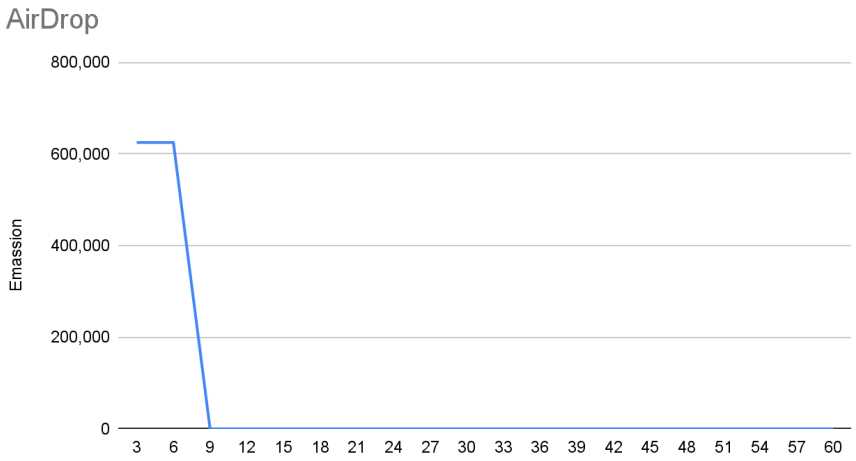
5.2.6. Advisor

locked on-chain with a cliff of 1 year and 3 years of linear unlocking.



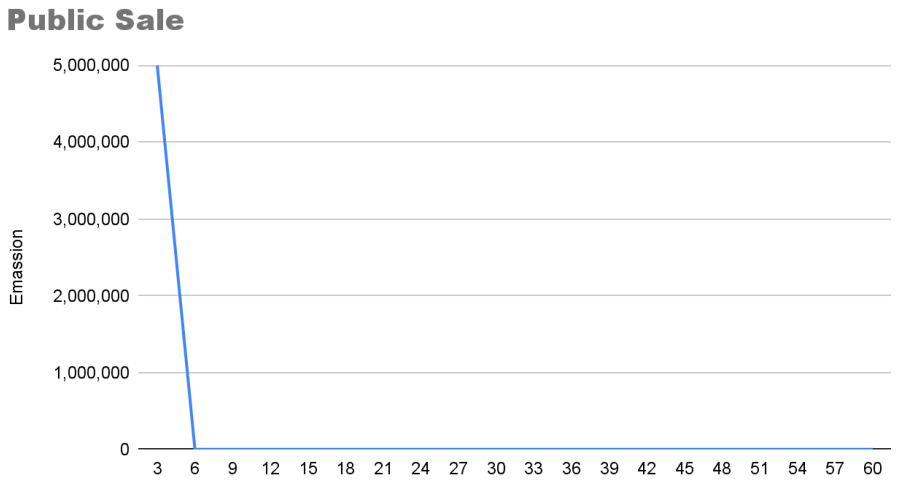
5.2.7. Airdrop

0.5% or SCA token supply (1250000 SCA) are going to airdrop to users while TGE.



5.2.8. Public Sale

Unlock at the begining, we will have 2 IDO with different platform.



Solana IDO platform we might use:

- **Scallop**
- **Raydium**
- **Solanium**
- **Solaunch**

5.3. Token Utility

5.3.1 Voting

SCA token is designed to shift towards governance, we are focusing on some interesting voting projects on Solana, once ready, we will shift governance to token holders.

This will allow holders to vote on some subject like：

- New Scallop Decorations
- Scallop Improvements
- Set up new Scallop Pools

5.3.2 Liquidity Mining

Offer liquidity to SCA/USDC, SCA/SOL liquidity pools setted by these project:

- **Aldrin**
- **Orca**
- **Raydium**
- **Serum**
- **Atrix**
- **Saber**
- **Cropper**

5.3.3 Staking

Please jump to 4.5.1. SCA Staking.

5.3.4 Solana Pay

Users could use SCA to buy Decorations Eggs🥚, Scallop Merchandise, or we will collab with diving center in the future.

5.4. Scallop Treasury

Durring users interact with Scallop, Scallop Treasury will got some tokens from:

- Part of pool interest.
- Scallop Pool in/out fee.
- Scallop Swap, Liquidity Pool Fee

These tokens will go to Scallop treasury, and the possible usage will be:

- Lottery for users.
- Some task reward.
- SCA Buyback & burn.
- Scallop Lab income.
- Donate to some marine conservation groups.

6. Road Map 🗺️

6.1. ~ Q4 2021

- Landing Page V1
- Solana Season Hackathon (**Community Contribution 16th Place at Asia**)
- Solana Ignition Hackathon (**Community Contribution 1st Place at Asia**)
- Merkle Distributor on Mainnet

6.2. Q1 2022

- Solana Riptide Hackathon (**Community Contribution 8st Place at Asia**)
- Scallop on Devnet

6.3. Q2 2022

- Scallop on Mainnet Launch
- Hermit Crab NFTs
- Landing Page V2
- Scallop IDO

6.4. Q3 2022

- Scallop token (SCA)
- Scallop Swap
- SCA & Decorations Staking

6.5. Q4 2022

- Scallop Pool V2
- Scallop DAO
- Scallop Tank V2