



Decentralized Resource Exchange - Lease Everything

CHEX Tokenomic Model

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ABSTRACT

Chintai launched on the EOS blockchain (“EOS mainnet”) in October 2018, becoming the first of its kind decentralized resource exchange.

Chintai currently operates with a fee-less, liquid, high capacity, transparent token leasing market for native EOS computational resources. Since launch, Chintai has grown to be the largest token leasing platform on the EOS mainnet, and played a critical role in ensuring the mainnet economy functioned smoothly during a sharp rise in demand for CPU in Nov/Dec of 2018. At its peak, the Chintai market size grew to a combined all-time high of 20m+ EOS, with more than 65,000 EOS interest generated in the second week of December alone.

Chintai has proven the potential for digital asset leasing. All design elements outlined in the original Chintai whitepaper for a commercial-grade leasing exchange capable of servicing the EOS mainnet have been achieved, and the concept has been thoroughly proven through organic usage.

Utility tokens are forecasted to be a primary driver for the new digital economy. We expect utility tokens to follow the same trend as EOS mainnet tokens - as scarcity of utility resources increases, so will demand for the associated leasing markets. Chintai will be designed, and well positioned to service the anticipated needs of multiple EOSIO chains, any utility token such as [LiquidApps](#) “DAPP token”, other digital assets such as NTFs (non-fungible tokens), and any digital asset that has demand for leasing exchange.

Chintai will be expanded into a comprehensive decentralized resource exchange with a tokenomic model that enables fundamental utility benefits to be accessed by the entire community. Additionally, Chintai will aim to be compliant with all regulatory standards in order to integrate with mainstream economies, offer a wider range of services, and help EOS achieve the ultimate goal of the project: mass adoption.

INTRODUCTION

Chintai was originally conceptualized to be:

“...a community owned dApp solution for efficient EOSIO based token leasing [...] that provides a highly liquid, high capacity, transparent token leasing market [...] and will be free to use for both sides as a crucial means of ensuring full market efficiency, functioning and price discovery without transaction fees or pool distortion.” (Chintai Whitepaper, 2018)

The Chintai exchange launched in October 2018 with functionality surpassing that specified on the original roadmap, and has fully delivered on the original whitepaper concept of a commercial-grade token leasing exchange capable of servicing the needs of EOS. We’ve outlined a plan to develop Chintai in response to the growing needs of the many EOSIO chains, and utility based dApps that are rapidly launching on EOSIO. Our vision entails expanding the Chintai platform into a comprehensive **resource exchange** comprising of:

1. Native token leasing for any EOSIO blockchain for CPU/NET including an integrated REX interface
2. Leasing of potentially any Utility Token - e.g. DAPP Token Market
3. EOSIO RAM trading
4. OTC (over-the-counter) Bespoke Token Leasing
5. 100% on-chain decentralized exchange (DEX) capable of hosting all EOSIO trading pairs
6. Digital Asset NFT & SFT Leasing / Auctions - e.g. game assets (as non-fungible tokens)
7. CHEX Smart Matching for automated leasing that yields the highest returns from any leasing market at any given moment
8. dApp Bonds - Issuance and Secondary Derivative Trading Markets
9. EOS and CHEX Token Futures - hedging and speculative trading

Chintai and the CHEX token will combine to allow the platform to expand and service nearly any blockchain or digital asset. By introducing CHEX, both fiscal and utility ownership benefits are explicitly accessible to the entire community. Consequently, long-term circular usage within the EOSIO-based resource economy is properly incentivised, while businesses and users can access a seamless, secure single point of entry to service all of their resourcing needs.

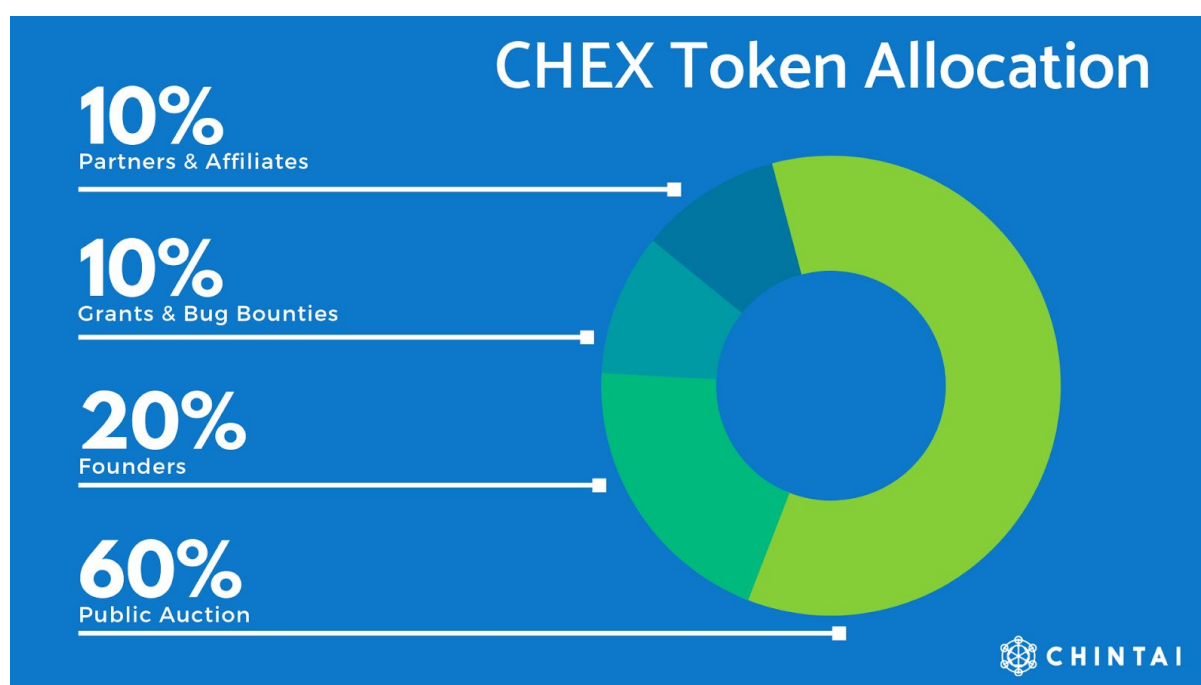
CHEX TOKEN DISTRIBUTION

The Chintai exchange token will use the symbol **CHEX**, which will be hosted on the EOS mainnet. The maximum supply will be **1bn tokens**. The token model is based on a deflationary mechanism whereby fees can be redirected to buy and burn CHEX. Therefore, the circulating supply will continually decrease over time.

CHEX will be distributed over a 240-day Dutch auction, with each daily round selling **2,500,000** tokens pro-rata. This means the tokens in each daily round will be split proportionately with the participants of the round. The auction will start on **Mar 29, 2019** and end on **Nov 24, 2019**. Consequently, the CHEX distribution will be allocated to as wide a range of community members as possible, resulting in a sufficient opportunity for a properly decentralized token supply. Supply, demand, and organic free market forces will enable the market to assess and price CHEX on an ongoing basis.

SUPPLY ALLOCATION

- 60% will be distributed in the 240-day auction (certain geographic regions will be restricted)
- 20% will be distributed to founders and vest over a 2 year period
- 10% will be reserved for bug bounties and project advisors. Project advisors will be subject to the same 2 year vesting schedule as founders.
- 10% will be reserved for strategic affiliate partners to encourage investment into Chintai ecosystem development



SUPPLY AND SCARCITY

We believe that an important aspect of tokenomic value is a known, **finite supply** with proveable **scarcity**. CHEX achieves this through an on-chain token generation mechanism that provides complete transparency relating to a finite and reducing supply.

Fees generated by platform usage may be used to purchase CHEX on a secondary market and burned/removed permanently from circulation in a **perpetual deflationary model**, which promotes token scarcity. No dividends will be distributed to CHEX token holders. CHEX will be a utility token that provides the baseline liquidity pool and “relay” economy across all Chintai platform markets. Additionally, distribution of the range of passive income sources from all other tokens will take place via CHEX.

CHINTAI FEES

The core Chintai code is principally designed to flexibly incorporate new leasing markets as they emerge. Chintai will transition into a self sustaining platform, whereby 20% of fees are used to pay for ongoing platform development and running costs. Additionally, up to 80% of total fees may be used to buy and burn CHEX on a daily basis. Fees will accrue in the Chintai smart contract, which will have the capability of being auto-converted to CHEX via the Chintai DEX where they may be burned, resulting in an ongoing deflationary cycle. This framework also has the added benefit of increasing token velocity.

Chintai revenue streams will include transaction fees from the Chintai leasing markets, OTC (over-the-counter), NFT's, dApp Bond issuance, and secondary token trading markets. Trading fees on the decentralized exchange (DEX) module, along with RAM trading and other EOSIO token leasing markets will all provide additional revenue streams. Long term plans include working with and becoming fully compliant with regulators to offer a resource exchange with fiat pairings, and KYC for any markets that require these features.

TOKEN UTILITY

CHEX tokens have three core utility elements designed to give holders control over their security, fees, and passive income that Chintai generates for them.

a. LOCK / UNLOCK

CHEX holders will be able to leverage a security feature that allows them to hedge against theft by having customizable lock periods from 1 to 90 days.

b. REDUCED FEES

When users make CHEX-based trades, they receive a 25% reduction in the fee applied versus placing orders in another token that requires Chintai to carry out conversion.

c. CONVERSION EFFICIENCY

Token holders wishing to lease out to the highest income source will be able to do so efficiently with “CHEX Smart Matching”. Chintai will convert all lender assets into CHEX as its shared liquidity pool from which to convert into whatever underlying asset for leasing is required. i.e. EOS, WBI, TLOS, dApp Bonds, SFTs (semi-fungible tokens), and NFTs (non-fungible tokens)⁽ⁿ⁾. This feature can be executed in markets the lender specifies, or automated to seek out the highest possible passive income return that can be found at any given time. Thus, holding CHEX in Chintai could allow lenders to receive passive income as interest from borrowers paid in the form of CHEX.

For borrowers, the conversion activities carried out by Chintai to fill orders are invisible. Chintai will match cross-market orders based on the desired rate and length of time; handling the bandwidth resource management and token conversions automatically.

In the future, BTC or ETH holders may also be able to leverage **CHEX Smart Matching** to seamlessly convert into CHEX, and automatically receive continual passive income from whatever competing sources offer and generate the best ROI. Lenders will be able to stop earning passive income and convert back out again on their own terms.

A CHEX paired **futures market** is planned to enable holders to hedge their cross token rate volatility risk for whatever period they wish to earn passive income, and allow other market participants to arbitrage and speculate on the various markets.

EOSIO SISTER CHAINS & TOKENS

EOSIO already has several “sister chains”. Recent additions to the EOSIO ecosystem include, WAX, Telos, Wobli and BOSCore. Chintai will service all EOSIO chains that have sufficient economic activity, and use interblockchain communication when available to integrate the Chintai ecosystem.

Many dApps are launching their own tokens on EOS too - some of which may have delegated utility functionality that would also benefit from a leasing market. Chintai will aim to work with these projects and be ready to integrate CHEX to serve such applications as and when they launch. The Chintai DEX is planned for later in 2019 (see roadmap) and will focus on adding token trade pairings with existing utility token leasing markets.

CHINTAI DIGITAL ASSET MARKET

Many dApps and games are currently working on tokenizing and standardizing their in-app items/services using blockchain technology. Virtual items can be easily forged and falsified due to the lack of standard and security while liquidations were limited only within one platform. However, these limitations can be overcome with standardization of virtual items using blockchain technology. Also, liquidation of these items and the value transfers within participants' network could be seamless.

While there will be more than one standard, market participants would need a go-to place where they can do leasing and trading of various assets in their accounts. The Chintai platform will add this sophisticated functionality to borrow and trade tokenized virtual items. Chintai is already the most common and widely used platform for EOS token leasing. Various dApps, especially gaming ones, will be able to lease or sell their items using Chintai's infrastructure. They will be able to promote their items more easily through Chintai, and gamers will be able to borrow and test the items. Buying their favorite items can also be an option through the Chintai DEX. Chintai Virtual Item Leasing is not limited here. It could also be applied to various memberships. Various dApps could lend tokenized subscriptions / memberships to attract users and collect fees.

We anticipate the future economy will highly rely on the sharing economy. In the sharing economy, everyone can participate in transactions as a lender if they wish to share their own resources, or a borrower who pays a fee for mutually agreed terms and utilizes as many resources as needed.

CHINTAI RESOURCES

Auction Portal:

<https://chex.chintai.io>

Website:

<https://chintai.io>

Help Portal:

<https://help.chintai.io>

Original Whitepaper:

<https://github.com/eos42/Documentation/tree/master/Chintai/whitepapers>

Medium Articles:

<https://medium.com/@ChintaiEOS>

Telegram:

<https://t.me/ChintaiEOS>

Twitter:

<https://twitter.com/chintaieos>

APPENDIX

- 1) NFTs will be independent of the CHEX token and handled by OTC markets.

LEGAL DISCLAIMER

THE PURPOSE OF THIS TOKEN-ECONOMIC PAPER IS TO PROVIDE FACTUAL DETAILS RELATING TO CHINTAI AND THE CHEX TOKEN TO POTENTIAL TOKEN HOLDERS IN CONNECTION WITH THE PROPOSED DISTRIBUTION. THE INFORMATION SET FORTH BELOW MAY NOT BE EXHAUSTIVE AND DOES NOT IMPLY ANY ELEMENTS OF A CONTRACTUAL RELATIONSHIP. ITS SOLE PURPOSE IS TO PROVIDE RELEVANT AND REASONABLE INFORMATION TO POTENTIAL TOKEN HOLDERS IN ORDER FOR THEM TO DETERMINE WHETHER TO UNDERTAKE A THOROUGH ANALYSIS OF THE COMPANY WITH THE INTENT OF ACQUIRING CHEX TOKENS.

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THE CHEX TOKEN CAN BE CATEGORIZED AS A UTILITY AS IT DOES NOT ENTITLE TOKEN HOLDERS TO RECEIVE PROFITS FROM CHINTAI OPERATIONS. THE TOKEN IS REGARDLESS SUBJECT TO CERTAIN VOLUNTARY RESTRICTIONS TO BE COMPLIANT WITH US SECURITY LAWS AND RULES, AND THEREFORE RESTRICTS ACCESS FOR US-CITIZENS, “GREEN CARD” HOLDERS, AND RESIDENTS OF THE US TO THE CATEGORY OF “ACCREDITED INVESTORS”, PURSUANT TO THE US SECURITY ACT REGULATION D RULE 506 (4). ADDITIONALLY RESIDENTS OF CHINA ARE EXEMPTED FROM ACCESSING THE PURCHASE OF CHEX.

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