ilien on ethereum

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"To every cow belongs her calf, therefore to every book belongs its copy" – Finnan 560AD

Copyhold – ILN & EILN – 2020

1. <u>Abstract</u>

Decentralised finance (DeFi) has made a rapid entry into the crypto space, and has significantly changed global crypto markets and traditional finance markets; Token/coin holders can avail of a DeFi market or pool, to exchange their tokens for day to day usable coins/tokens;

DeFi platforms have shifted global liquidity into this crypto space; Users can exchange their tokens/coins, and they can also be rewarded by the platform for actively staking their own liquidity (on a transaction basis), and can avail of any delta price between any local DeFi pool and the global markets, all which can provide an income stream to the attentive participant;

In addition, the prohibitive gates that prevented projects from progressing to coin listing sign up, centralised exchange sign up, and decentralised exchange sign up, have been opened up, wherein a project can easily sign up, access and create a local liquidity market, and most importantly set their own initial local market price; Thus the need arises for this expanding DeFi space, particularly for any project who wishes to sign up to coin listings and exchanges, as past requirements had evolved into prohibitive and "demi" regulated gate keeping, akin to the age old, chicken and egg scenario;

The DeFi platforms are an important and significant move away from prohibitive globalised manipulated markets, therein allowing like minded people can trade openly in a decentralised manner; The introduction of this import DeFi "bridge", has created a space, for projects that reject globalised market ideologies;

With this in mind, the ilien team outlines, the simple methodology to take a portion of the ilien central project to the DeFi spaces, whilst maintaining the core values of the central project, namely *"immutable, debt free, abundant"*;

2. <u>Introduction</u>

This white paper addendum adds to, and amends, certain existing project policies and procedures in the rev 1.0 ilien project white paper - https://ilien.io/downloads/ilien-white-paper_R1-0_Nov-2019.pdf . To understand the basis of this white paper addendum the authors suggest that one digests the white paper in the link above;

The purpose of the small changes in policies, is to enable project supporters to avail of decentralised finance (DeFi) options available now and into the future, on foreign blockchain platforms;

DeFi has made a rapid entry into the crypto space in the last quarter, and has significantly changed global crypto markets, in the way token holders can avail of local DeFi markets to exchange, convert and monetise their tokens;

These new DeFi platforms have effectively moved global liquidity in the crypto space to these local markets, where users are rewarded (on a transaction basis) for providing and staking their liquidity in a pool, and can avail of any delta price between any local pool and the global market, both which can provide an income stream to the attentive user;

The ethereum platform is currently the leading influence in the DeFi space, utilising their proof of stake and smart contract consensus mechanisms;

The ilien project is set up as a komodo asset token, and is thus a non-ethereum based blockchain, and to enable entry into the fledgling DeFi space, a mechanism is required to facilitate this; This mechanism and its procedures, will cause a small number of past policies to change;

This white paper addendum outlines these policy and procedural amendments to enable entry to any DeFi space, and outlines rewards policy for this phase of the project, and thus we are delighted to introduce an ERC20 ethereum asset, titled "ilien on ethereum" (abr. EILN);

Ilien on ethereum, EILN, is an ethereum asset token – whose circulation is created, on a 1:1 basis, by burning coin/token from the central komodoplatform ilien chain, and releasing the same amount of coin/token into circulation on the "ilien of ethereum" platform;

This is initially completed on a specific basis, and is repeatedly executed on a tranche by tranche basis, as new coin/token is introduced on to the ilien (ILN) central chain; Summarising, the circulation of ILN supply will reduce by X no in circulation, and the amount of EILN will increase by X no in circulation;

The genesis/contract block for the EILN platform, is similar to the genesis block for the ILN chain, in attributes and maximum circulation quantities; Due the 1:1 burning and circulation cycle between EILN and ILN, no more than a maximum of 10bn coins/tokens cumulatively will ever be in circulation; Thus EILN is not a wrap, nor "in/on trust", nor a derivative, nor a security of the ILN chain; Thus inbuilt debt free status of any ILN token/coin transfers over to EILN after burning;

In addition to the standardised DeFi platform pool inclusion rewards, EILN intends to reward pool liquidity suppliers for time based participation of their EILN in any EILN DeFi pool, and same rewards are funded by transferring/burning (on a tranche by tranche basis) one of the ILN tranche bonuses over to EILN platform;

In the event tethering of ILN and/or EILN and/or 1g of gold, becomes a future requirement, to enshrine debt free immutability, an example of a generic protocol for implementation is outlined below;

Passive rewards/bonuses for the community will be phased out on the ILN platform, in favour of active rewards/bonuses; Notification for procedural changes to current ILN passive rewards/bonuses will be announced in advance of implementation; Participants on the EILN platform will receive rewards/bonuses, only on an active participation basis;

The procedure for burning on the ILN chain and then minting similar quantity on the EILN platform is outlined in the following section;

The policy outlay for initial and ongoing ILN and EILN quantities (ILN burning and EILN circulation) is also outlined in the same section;

The quantum's for distribution of the new EILN circulated token, is also outlined, and is generally similar to the per centage quantum's utilised on the ILN chain;

3. **Methodologies**
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Find below an outline of policy, quantums and methodologies to be utilised, and future proposals if required; Any changes that are implemented in this section of this white paper addendum, such as changes to ILN distribution, over ride and supersede same relevant ILN project policies and procedures in the rev 1.0 ilien project white paper - https://ilien.io/downloads/ilien-white-paper_R1-0_Nov-2019.pdf , to enable the smooth transition and introduction of ilien on ethereum – EILN, and ERC20 mintable token; These minor changes will be implemented in the ILN tranche conversion contracts for future ILN tranches; See past tranche conversion contracts at https://ilien.io/statistics ;

a. Ilien on ethereum – initial set up details
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Name of Sub Project: ilien of ethereum

ABR: EILN

Max EILN Circulation: 10bn ERC20 minted tokens on ethereum platform

Initial ILN burn: 10% of ILN in circulation on ILN chain & 10% of T5 for DeFi staking rewards

ILN link to komodoplatform central burn wallet (1 ILN used for testing):

ILN (burn) to EILN (mint) rate: 1:1

Initial EILN circulation: 1,465,932.60162648 EILN minted for distribution, and 316,213.01696063 EILN minted for DeFi liquidity pool supplier rewards;

10% of ILN Circ	*1,465,932.60162648*
Rewards (10% T5)	*316,213.01696063*
Total	*1,782,145.61858711*

EILN Website: "www.e.ilien.io"

EILN Team: Similar to ILN team;

EILN chain genesis data link:
https://etherscan.io/token/0xb0dba4bd6b6c4fc9a1263d8c19a57a6bdd740a52

EILN mint wallet link (1 EILN used for testing):
https://etherscan.io/tx/0xa9b0b03d74dd3454d011a157d12074a10b2e37b3b7f56df245c8d535c52bb5d3

EILN Logo: similar to ilien logo - silver dot changes to silver triskele - gold dot changes to gold triskele – EILN and ILN logo different background colours;

EILN DeFi beta test pool projected set up date: c17th Dec 2020

EILN commence coin swap & distribution: 1:1 swap, pursuant to policy in section 3 (d), and projected distribution date: from 18th Dec 2020 onwards;

EILN Wallet 1: Atomicdex Pro for ILN and EILN, for swaps and distributions;

EILN Wallet 2: Metamax for EILN & DeFi;

> b. Burning ILN, and Circulating EILN
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The basis for burning ILN, and the minting into circulation of EILN will be pursuant to the policy guidelines, within this white paper addendum;

An ILN burn and an EILN mint spreadsheet/ledger will be maintained – detailing burn and corresponding mint numbers, which will detail out the policy reason for same burn and mint; A simple signed and dated statement along the lines of the following will confirm compliance with policy, for records: *"We the team confirm that we are authorised, and that we confirm that X no of ILN tokens has been burnt out of circulation to an ILN wallet that is no longer accessible by any user, and we confirm that X no of EILN tokens are available to be minted into circulation on the EILN platform";* On confirmation*,* X no of EILN tokens can be put in circulation for distribution;

On the ILN side there will be a burning procedure for burning ILN which will be published on completion at https://ilien.io/statistics and will be in that respective tranche closure document, and will have a link to the respective wallet address to observe the burnt quantity in that inaccessible burn wallet;

The initial ILN burn procedure to set up EILN will be published as a standalone document at the same link, and will have a link to the respective wallet address to observe the burnt quantity in that inaccessible burn wallet;

And ILN administration will from time to time, on approval, burn amounts of admin ILN held, and mint out admin EILN, to provide funding for project associated developments, overheads, commitments and outlays;

> c. Initial EILN quantities, and ongoing additions to circulation
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The initial quantity of EILN (to be burnt out of use from the ILN chain) is in the amount of 1,782,145 EILN (rounded), and is broken down per the following table 1

Section – Table 1: Initial EILN in circulation

10% of ILN Circ	*1,465,932*
Rewards (10% T5)	*316,213*
Total	*1,782,145*

The methodology to add to the EILN circulation on an ongoing basis, is quite simple to work out, as tranches of new ILN are circulated into existence by way of tranches of lien conversion contracts; 50% of all new ILN coins entered into circulation are distributed by the project utilising current white paper methodologies, in the form of good causes, bonuses, gifts etc; The current 50% spread is in table 2 below, and we change two % allocations moving forward, to new %'s per table 3; The items and percentages marked in yellow in table 3 are burnt on ILN, and minted to EILN on a tranche basis; The "10% foreign crypto" from any future ILN tranche becomes EILN to be distributed to those that qualify or swap for new minted EILN at 1:1 exchange; And the "5% type 1 bonus" from any future ILN tranche, becomes the EILN DeFi staking rewards pot;

Section - Table 2: Old ILN Dist (T4&T5)

Good Cause	*15.00%*
M Node - Bonus Type 3 - top 100 Pro Rata Bonus	*5.00%*
Tranche Bonus Type 1 (1ILN)	*10.00%*
Admin	*5.00%*
Foreign Crypto Gift	*5.00%*
Pre Pay Bonus - Type Bonus 2 (50ILN)	*10.00%*
Total	*50.00%*

Section - Table 3: New ILN Dist (T6+)

Good Cause	*15.00%*
M Node - Bonus Type 3 - top 100 Pro Rata Bonus	*5.00%*
Tranche Bonus Type 1 (1ILN)	*5.00%*
Admin	*5.00%*
Foreign Crypto Gift	*10.00%*
Pre Pay Bonus - Type Bonus 2 (50ILN)	*10.00%*
Total	*50.00%*

d. EILN is minted into circulation – distribution methodologies
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Pursuant to initial EILN mint amounts above, how a holder of ILN, swaps to get EILN needs to be clarified to avoid confusion;

First smart contract minting of EILN:

The initial EILN reward pot (for participating in an approved EILN DeFi Pool) is minted from the burning of 10% of ILN tranche 5 (which was assigned as a future bonus to be distributed to qualifying wallets, on the ILN chain), and the figure of 316,213 EILN (rounded) is minted into circulation; This amount of EILN is assigned as a total reward pot, portions of which are to be shared on a pro rata basis for staking in an approved EILN DeFi Pool;

Thereafter, 5% of every future ILN tranche is burnt, and minted into new circulating EILN adding to that staking pool pot, on an ongoing basis;

Second, Third, etc smart contract minting of EILN – initially 10% of the ILN chain is burnt and minted into EILN circulation

This amount total equates to a new minted amount of 1,465,932EILN (rounded), originating from 10% of the current total of ILN circulation, which is burnt out of use on the ILN chain;

This 1,465,932 EILN, amount is made up from a once off "hauling in" of half the amount of ILN coins (732,966 ILN- rounded) from the "project inputters" (aka those who invested their liens in the ILN project), and they will receive on a 1:1 basis, the same amount swapped back in new minted EILN, after that ILN amount is burnt; Each inputter gets to put an equal amount of ILN in, and receive an equal amount of EILN out, and this total amount is divided up equally among the inputters, only if they wish to partake in the EILN phase of the project; This system, for the inputters, will operate on an ongoing basis, when future traches of ILN are released into circulation, obviously on the provision they hold sufficient ILN coin, to swap on a 1:1 basis for newly minted EILN; EILN allocations not taken up by the inputters, will be transferred as an add, to the 34% community pot for distribution by swapping, out to the community;

The remaining half of 732,966 ILN (rounded) required, is burnt from the "friendly foreign crypto gift" ILN master wallet (and other master wallets if necessary), and then minted into new EILN circulation; This EILN will be shared out as follows (and the following %'s represent a % of total - 1,465,932 EILN): 15% is assigned and shared out by swapping with the EILN team to the good cause participants on an equal basis, 1% is assigned to EILN administration, and 34% is assigned to the rest of the community by a phased release of EILN, to give all within the community a chance to get and swap into EILN token for themselves; The swap allocations for ILN wallet holders from this 34% community pot, will be detailed on "www.e.ilien.io"; Any EILN swap allocations not taken up within a set time, will be transferred as an add, to the 34% community pot, and these EILN add amounts will be distributed by DEX swapping, to the community;

Future new minted EILN (derived from future ILN tranches) will be shared in the same methodology, however these new minted EILN to be swapped and shared out, will be funded from the ILN "friendly foreign crypto gift" pot (10% of every future tranche); And as

mentioned, the EILN DeFi liquidity pool supplier rewards will be funded from 5% of every future tranche, which equates to 15% of every future tranche being burnt on ILN, and minted into new EILN circulation;

The sharing out, by the swapping of minted EILN (derived from the burn of the ILN "friendly foreign crypto gift" pot), on a 1:1 basis with holders of ILN, will result in a similar quantity of ILN (10% of a tranche) being received back into the ILN ecosystem; This 10% of all tranches received back, will be utilised as a new active reward/bonus pot in the ILN ecosystem;

Over the coming months, a web based automated methodology will be utilised for sharing EILN coin among the inputters, and the good cause folk; Initially this sharing out task will be manual for the team, and communications will be conducted on discord or by email;

The table below explains EILN share out %'s:

Section - Table 1:

	%	Share	EILN originates	Share Method
Inputters (currently hold c50% of ILN in circ)	50	Equal	ILN Foreign Friendly Pot (initially a once off only burn of 5% of ILN in circ, to get c1.4m EILN into circ)	1:1 with EILN team (future plan to automate)
Good Cause recipients	15	Equal	ILN Foreign Friendly Pot	1:1 with EILN team (future plan to automate)
Admin	1	n/a	ILN Foreign Friendly Pot	n/a
Community	34	n/a	ILN Foreign Friendly Pot	1:1 with EILN team (future plan to automate) – Swap allocations not taken up, will be swapped out through a DEX

e. <u>EILN pool liquidity suppliers reward – for an approved EILN pool</u>
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Any approved EILN DeFi pool will reward pool liquidity suppliers; The initial reward amount/pot available, will represent approximately 22% of EILN in circulation, and subsequent reward amounts (from future ILN tranches), for these future minted EILN tokens, will represent 50% of those future minted tokens;

These sizable rewards incentives (beyond the standard DeFi pool transaction incentives) for any liquidity pool supplier, assists the participant in their decision, to remain in an EILN approved pool, for longer periods;

Incentive reward schemes will be offered to participants, to promote new DeFi features, being introduced and launched out to the community;

EILN DeFi pool - rewards approval:

Any EILN DeFi pool must be approved, to receive rewards; Determining pool factors for reward size and approval are: pool value, opposite coin(s), pool projected lifetime, etc; Rewards are settled in EILN; This reward approval process will initially be manual;

EILN DeFi pool liquidity suppliers - rewards settlement strategy:

Liquidity pool suppliers rewards, are based on the number of DEX pool coins a liquidity supplier holds in the pool (UNI -V2 or equivalent) for the duration of their participation in that pool, against the total approved reward amount for that approved EILN DeFi pool;

f. Option – EILN tethering to 1g of gold, and/or ILN

This white paper policy addendum provides and permits the introduction of a tethering protocol, if the need should ever arise;

See below an example of a tethering protocol (for EILN tethered to price if 1g of gold):

The example protocol would increase the global supply of EILN, when the market price of EILN exceeds an established target range, and would decrease the global supply of EILN, when the price falls below this range; The amount of token required to achieve this, is calculated using the formula $X * Y = K$, (where X = Total of EILN in circulation, Y = price of 1 gram of gold);

The intent is, that releasing more EILN – will add sell pressure to the market, and that removing EILN – will reduce sell pressure; This allows the broader EILN network valuation (commonly referred to as the "market capitalization") to fluctuate with supply and demand for EILN, while retaining the price of individual EILN around a steady nominal target;

All EILN supply changes would occur via a smart contract function; And same supply changes relate proportionally, to how far off the market price is, in relation to the target price, and would take effect over the course of a 30-day period;

4. **Video links to explain DeFi Pools**

As mentioned earlier, it is important that people understand the basis of operation of 3rd party DeFi pools, particularly the likes of uniswap, balancer, etc - and the following recent & informative animated videos are a very good place to start;

- https://www.youtube.com/watch?v=LpjMgS4OVzs
- https://www.youtube.com/watch?v=cizLhxSKrAc

5. Closing of this white paper addendum & thank you's!
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In closing the team would like to thank any and all who assisted and invested their time, over the last few months in this new "ilien on ethereum" phase of the project;

Again we cannot stress enough, that it is important <u>that people do their own research into DeFi, and educate themselves and understand the use of the various DeFi platforms, and associated wallets etc, prior to utilising any 3rd party DeFi platform</u>;

We trust that the information herein brings clarity to this phase of the project;

End of WP R1.1 (addendum to WP R1.0)

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