

# UNVEST

## The cross-chain DeFi protocol for trading unvested tokens

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### **ABSTRACT**

Unvest Liquid Vesting is a noncustodial vesting platform and trading protocol implemented for the Ethereum Virtual Machine. The Unvest contracts work in tandem with atomic swap contracts and decentralized order books to facilitate the trustless trade of tokens locked in early investor vesting schedules.

Unvest provides free-to-use tools for projects running IDOs, curates a public-facing market interface and generates ecosystem revenue on pre-unlock trading activity.

After our proof-of-concept launch on Ethereum, we will deploy our contracts on other chains and Level-Two protocols including (but not limited to) Binance Smart Chain, Solana, Cardano, Polygon and Polkadot.

# 1. INTRODUCTION

Some of the most significant gains (in terms of multiples) in each cryptocurrency market cycle are made in early funding rounds and public presales. Increasingly, these offerings are being enjoyed by more and more classes of investor.

Investors access low-price tokens in exchange for accepting lockups and vesting schedules lasting 3-48 months. Investors frequently see huge paper gains but cannot trade their tokens and book profits. Presuming the continuation of a 4 year bear/bull market cycle surrounding Bitcoin's halving events, many tokens sold during a bull-market presale may not vest until the next bear market, wiping out the bulk of paper gains.

The only option for taking profits is to organise an off-chain peer-to-peer trade. The only real arena for this type of trade are OTC (over-the-counter) desks and Telegram groups, typically unavailable or unknown to retail investors.

Both buyers and sellers that do have access to OTC desks are forced to negotiate risky, laborious & complicated deals with high fees.

Founders organizing their IDO vesting schedules typically face pushback when looking to introduce vesting periods or token lockups. VCs and private investors are motivated to push for high "TGE unlock" percentages. Founders risk losing out on investment capital if they are unable to accommodate these demands.

Founders want to protect their token price and narrative. This is why vesting exists, to deter dumping on main exchange pairs and liquidity pools. Founders do not universally object to OTC deals in principle, because trading pairs are not affected. Founders do not have an inherent problem with tokens changing hands before they vest. Therefore, **in the interest of market efficiency, vesting tokens should be tradeable**. In the interest of security, that trading should (if and when possible) happen completely on-chain and trustlessly.

The most efficient way to achieve this is prior to the IDO stage, in coordination with founders.

For founders, determining vesting terms is a complicated undertaking involving back-and-forth consultation with early backers, VCs, retail and influencers.

Even when founders arrive at a vesting schedule that placates all parties, they're still faced with additional work building out their vesting contract. Any bespoke, innovative or advanced vesting

features generally mean a minimum \$50,000 USD in development/Audit costs and increased risk and delay. This is a non-starter for most lean, early-stage ventures.

If founders were given a free-to-use, fully audited, white-labeled vesting tool and claim portal with many useful advanced features, the code required to support tradable vesting allocations or “**Liquid Vesting**” could be baked-in. Founders get what they want, and the marketplace is better served as a result.

Unvest is building a range of products and services to make this vision a reality.

## **INITIAL PRODUCT RELEASE ROADMAP**

Indicative only and subject to change

### **Liquid Vesting Beta**

Launching with a partner project - July 2021

### **Liquid Vesting Full Platform**

Launching with UNV Token and partner projects - Q3 2021

### **Liquid Vesting NFTs**

Q4 2021

### **Pledging & Fund Collection Tools**

Q4 2021

### **Locked Token Airdrop Tool**

Q4 2021

## 2. LIQUID VESTING

Our native platform/utility token - UNV (yu-ɛn-vi) - will launch with Liquid Vesting.

Early investors in UNV are subject to a 9 or 12 month vesting schedule. Depending on the round, tokens vest in 3 or 4 quarterly (once every 3 months) instalments. Launchpad participants have a 3 month vesting schedule with 1 monthly instalment.

Through **Liquid Vesting**, Investors can freely trade and transfer their unvested tokens without affecting the main Uniswap liquidity pool or any CEX markets for UNV.

The future rights to unlocked UNV are issued at TGE in the form of 6 different ERC-20 tokens:

<b>UNV-3M</b>	3 month locked UNV
<b>UNV-6M</b>	6 month locked UNV
<b>UNV-9M</b>	9 month locked UNV
<b>UNV-12M</b>	12 month locked UNV

On day 1, each Investor is sent their small unlocked allocation of UNV, as well as the appropriate quantity of Liquid Vesting tokens (eg. 25% each 3M, 6M, 9M, 12M), depending on their round. Investors can instantly trade and transfer these tokens.

Unvest will facilitate an on-chain OTC atomic swap market and trading interface to support this.

*The main Uniswap pool for unlocked UNV token will have at least \$200,000 in liquidity pooled.*

Anyone can freely trade locked UNV, buying and selling each of the four classes of **Liquid Vesting** token.

1/2/3/6/9/12 months after the TGE, one by one, each class of token matures.

Mature **Liquid Vesting** UNV tokens can be burned 1:1 to claim regular UNV tokens from the **Liquid Vesting** contract.

After a **Liquid Vesting** token class matures, its Uniswap liquidity is pulled and distributed among the remaining pools that have not yet matured. Unvest's portal replaces the link to trade with a link to redeem their mature tokens for unlocked UNV.

**Liquid Vesting** UNV tokens have no utility value until redeemed for UNV, they cannot be staked or counted as UNV balance for any airdrop or launchpad eligibility. They are a separate class of token, redeemable for UNV token in line with the terms of the UNV vesting schedule.

**Liquid Vesting** UNV tokens are fungible and can be traded on Uniswap and transferred between wallets. Centralized exchanges can choose to list any of the 4 classes of **Liquid Vesting** UNV tokens, separately to (liquid) UNV tokens.

*This listing will serve as a proof of concept, allowing the DeFi community to gain a real-world understanding of the market dynamics at play when unvested tokens are made trustlessly tradeable, transferable and composable - and what price impact that may have on the core asset, in this case, UNV.*

Because **Liquid Vesting** tokens exist on-chain and are freely tradeable, anyone can create a DEX or CEX market for any Liquid Vesting token. We will provide an explorer tool that allows users to browse tokens that have passed through the Liquid Vesting contract, their classes of Liquid Vesting tokens, and the contract addresses of those tokens.

A known limitation of Liquid Vesting using fungible tokens is that it does not handle linear (block-by-block) or high-frequency (daily, hourly) vesting schedules well. One reason is the high gas fees involved in claiming many separate token classes upon maturity. Another is the impracticality of trading against many hundreds of token sub-pairs for each instalment.

For linear or high-frequency vesting schedules, we are building **Liquid Vesting NFTs** (described in the next section).

*Our distribution services are free to use for Projects. The fees are only collected while vesting tokens are being traded on-chain, the user pays, and only pays if they're actually utilizing the service. A user that holds their tokens until they're fully vested pays no fees.*

### 3. LIQUID VESTING NFTs

For certain vesting models and allocation types, an NFT acting as a wrapper or proxy for unvested Token allocation ownership, works better than a set of fungible ERC-20s.

Let's imagine a typical linear-vesting presale...

*Early investors in "XAMPL" token are subject to an 8 month linear-vesting schedule with a four month cliff, tokens vest-by-block and can be claimed with a network transaction whenever the owner chooses.*

Before Unvest, vesting and ownership would be tied to an ETH (or other network) address. Transferring these rights on-chain was impossible.

Now, by issuing a set of **Liquid Vesting NFTs**, the ownership rights for each fixed-size basket of unvested tokens can be tied to the ownership of a corresponding NFT.

This means the linear vesting can continue and be claimed multiple times by multiple owners throughout the entire lifespan of the NFT, based on whoever owns the NFT at a given time.

For each participant in their early investment rounds, the project owner generates an NFT. NFTs can be generated by the Unvest contract, or the project can supply their own existing NFTs. Each NFT will represent a fixed amount of unvested tokens. They can vary in size depending on the allocation size of each presale participant. Tokens associated with each NFT are sent to the **Liquid Vesting NFT contract**, which then distributes them to investors.

The Unvest contract then sends each participant their NFT, which is then immediately transferable and can be sold on any marketplace that supports the ERC-721 (or equivalent) standard. The NFTs can also be viewed and sold on Unvest's own trading interface.

When an NFT is sold or sent to another address, the vested tokens that have already been claimed (or for installment-based vesting, airdropped) remain with the original address. The new owner is entitled to claim all tokens that vest for the duration of their ownership of the NFT, until maturity.

Project owners can also tie their own original artwork and bespoke utility features to their NFTs, meaning they may carry additional value, even after all associated tokens have vested and been claimed.

*Note: As well as linear vesting, Unvest Liquid Vesting NFTs will also support instalment-based vesting and other vesting types.*

## 5. MARKETPLACE & BETA/PRIVATE ISSUANCE OF OFF-CHAIN TOKEN WRAPPING (OFF-CHAIN OTC TOKENS)

Use of the Liquid Vesting contracts will be open and unvetted. In much the same way that anyone can create an ERC-20 and add a liquidity pair on Uniswap. We will adopt a similar approach to discoverability and warnings around duplicate/scam tokens.

Through our Crypto VC and Launchpad partners, we will be working directly with select projects to onboard them, providing a test case for each of the Liquid Vesting products.

Once a critical mass of high-quality projects are using Liquid Vesting, we will release a customer-facing marketplace interface where anyone can buy and sell locked assets. We will use token lists as well as manual curation to protect the integrity of the marketplace.

Following through on the initial vision for Unvest, giving liquidity to the trapped investor for existing high profile tokens- we will begin a private trial of our **off-chain** product with an extremely thorough vetting process. To bolster the appeal of the marketplace, we will be targeting a basket of Coinlist offerings (FLOW, Casper etc.) with long vesting schedules and high multiples over presale price. To ensure trust, all off-chain products will be backed by legal agreements with clear penalties and collections arrangements in place with suppliers.

The heavy vetting and closed access will only be on the token **supply-side**, buyers can enter the marketplace without restriction or the need to KYC. During the closed-beta period, all off-chain assets will be backed by collateral in the form of Liquid-locked UNV from the rewards pool.

*Liquid Locks are explained in the following section.*



## 6. LIQUID LOCKS VIA NFTs OR FUNGIBLE TOKENS

Until 2021, it was unusual for a live protocol with a circulating supply to pursue a token sale. **Rally (RLY)** proved that post-launch sales are viable with their Coinlist offering in April.

Despite RLY trading on exchanges since October 2020. Rally and Coinlist were able to sell \$22M RLY to over 40,000 new holders at a 30% markdown (to compensate for the RLY tokens being locked up for a 12-month linear release).

Liquid Locks enable this functionality in a trustless decentralized manner. Liquid Locked tokens can be deployed by established projects as either NFTs or tokens. Like all other Unvest offerings, Liquid Locked tokens/NFTs are tradable until maturity on Unvest marketplace.

Teams simply send their tokens held in treasury to the Unvest **Liquid Locks** smart contract and specify their desired parameters in our UI. The contract will also be open for any project to use, but we will place a particular focus on vetting and co-promoting strong projects.

Once the user base of the Unvest marketplace outsizes the number of holders of a given token, a partnership becomes mutually beneficial. The project gains revenue, exposure and new holders, while Unvest bolsters its marketplace offering. Unvest also gains revenue when vesting tokens/NFTs are traded before maturity.

We will target undervalued, established products with strong fundamentals and co-promote them.

## **7. UNVEST DAO**

A Decentralised Autonomous Organization is governed by a governance token. Unlocked UNV will serve as the governance token for the Unvest DAO. All token owners will be able to submit and vote on proposals using open-source governance tools.

Over a period of many years, ownership, voting rights and keys will be moved to the DAO, so that the DAO can set the control parameters for the Unvest smart contracts.

The network of trusted entities and framework for deriving their trust developed in the previous phase will assist DAO operations. The trust scores established over years of marketplace development can help inform hiring decisions by the DAO to execute protocol upgrades, feature updates, upgrades, marketing and other needs that serve the community.

## **DISCLAIMER**

This paper is for general information purposes only. It does not constitute investment advice or a recommendation or solicitation to buy or sell any investment and should not be used in the evaluation of the merits of making any investment decision. It should not be relied upon for accounting, legal or tax advice or investment recommendations. This paper reflects current opinions of the authors and is not made on behalf of Unvest Holdings, Unvest Limited, or their affiliates and does not necessarily reflect the opinions of Unvest Holdings, Unvest Limited, their affiliates or individuals associated with them. The opinions reflected herein are subject to change without being updated.