The Vision Paper of NEOPIN Permissioned DeFi Protocol

Version 2.3

neopin

TABLE OF CONTENTS

This Vision Paper aims to give a concise yet comprehensive rundown of the NEOPIN Permissioned DeFi ecosystem — its vision, services, tokenomics, and roadmap devised to provide better benefits to all members of the NEOPIN community.
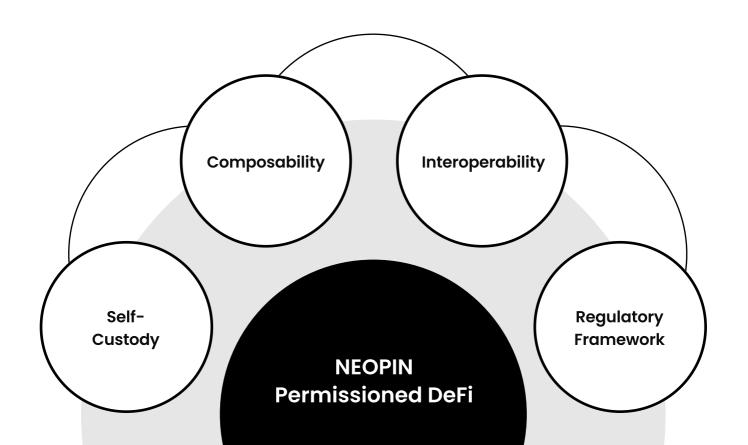
1. NEOPIN Vision

Experience the power of trust and stability, NEOPIN Permissioned DeFi

What is a "Trust"? How do you trust others? We say that we trust people not when they are friendly, but when we can transparently know who they are for a long time.

What about commercial services? Why do we trust Amazon, Google, Apple and Samsung and give them all my card and personal information? We did not trust these services in the first place. These services became trustworthy with the value of their company based on secure long term interaction with users and technologies. However, any trust we place in these services are never immutable, just like people. This applies to both traditional finance and Web 3.0 markets as well.

The traditional financial market provided reliable services, but we also hear news of some major banks being hacked or abusing users' personal and/or financial information. DeFi was created to solve this problem, but it raised an issue of inability to filter users as the service is decentralized, leading to the potential abuse of criminal proceeds such as money laundering, etc. At NEOPIN, we wanted to solve this paradox by providing a transparent, reliable and stable financial service, but one that is user-oriented financial service. We believe that the best approach to providing innovative crypto services is to take advantage of both CeFi and DeFi.
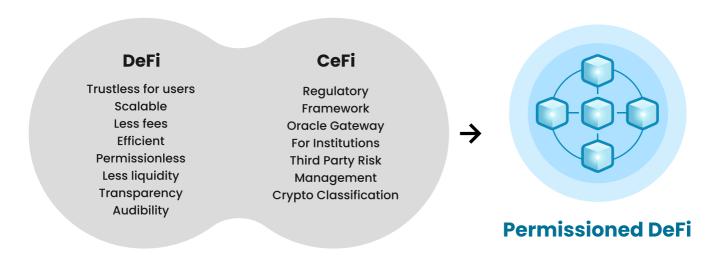
Composability

Interoperability

Self-Custody

Regulatory Framework

NEOPIN
Permissioned DeFi

2. Pathways to Permissioned DeFi

2.1 The Trial and Failure of CeFi and DeFi

The evolution of CeFi and DeFi has been rapid since the emergence of decentralized finance, centered around the Bitcoin and Ethereum networks. As a result, the ecosystems of layer 1 and layer 2 networks have grown significantly in a short period of time. However, a series of events in which the weaknesses of each area became starkly apparent have greatly affected the growth of the overall blockchain industry.

Ultimately, CeFi, which includes centralized exchanges, has faced many problems due to unclear management of customer funds, excessive third-party leverage exposure, and ethical issues, resulting in many victims. DeFi has also faced challenges, including the oracle problem of difficulty in managing counter party risk due to protocol flaws and cumulated issues erupted at the same time caused great damage.

2.2 What is Permissioned DeFi

DeFi

Trustless for users
Scalable
Less fees
Efficient
Permissionless
Less liquidity
Transparency
Audibility

CeFi

Regulatory
Framework
Oracle Gateway
For Institutions
Third Party Risk
Management
Crypto Classification

→

Permissioned DeFi

"Permissioned DeFi" is a new concept that aims to bridge the gap between centralized finance (CeFi) and decentralized finance (DeFi). The idea behind Permissioned DeFi is to take the best aspects of both CeFi and DeFi and combine them to create a financial ecosystem that is more efficient, more transparent, and more user-friendly.

CeFi has a reputation for stability, security and regulatory compliance, but it can be lacking in terms of transparency and accessibility. On the other hand, DeFi has a reputation for transparency, accessibility and innovation, but it can be lacking in terms of stability, security and regulatory compliance.

Permissioned DeFi aims to solve these problems by leveraging the strengths of both CeFi and DeFi, such as providing a stable and secure platform with regulatory compliance, while also providing transparency and accessibility as well as innovation and flexibility.

The Permissioned DeFi ecosystem is expected to bring many benefits to the financial industry, although it is still relatively new and rapidly evolving. For this reason, Permissioned DeFi offers the DeFi products such as yield farming, lending, borrowing, liquidity staking and token swapping, which are available on the DeFi protocols and at the same time are compliant in terms of regulation.
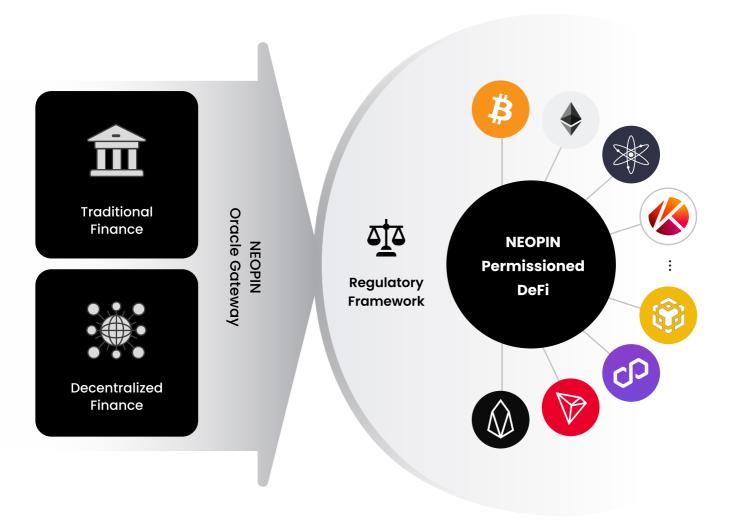
2.3 The necessity of Permissioned DeFi

The Web3 market is in need of a new direction for the continued growth and mass adoption that everyone has been clamoring for over the past decade. While we have been through all the noise and scandals coming from both centralized platforms and decentralized ecosystems, the innovators in the industry have been quietly preparing to embrace a regulatory environment that will allow them to build an open and welcoming ecosystem to invite traditional financial market participants.

The reason why billions of dollars of traditional finance hasn't been unlocked and deployed in the Web3 space is because there is no real bridge between the traditional world and the decentralized finance ecosystem.

The lack of regulation and standards in the crypto space is what Permissioned DeFi is designed to address. It does this by being compliant with the regulations that make it easier for law enforcement to identify potential criminals in a more straightforward way. Permissioned DeFi is also characterized by centralized entities that make use of governance structures that are similar to those that are known from the traditional financial sector. At the same time, it leverages the efficiencies of decentralized finance for cost reduction.

3. NEOPIN Permissioned DeFi Landscape

NEOPIN is a Permissioned DeFi protocol that has an innovative approach to the market, taking advantage of CeFi and DeFi. The protocol aim to lead a new era of the Permissioned DeFi by leveraging the stability and security of centralized systems with the flexibility and transparency of decentralized ones. Combining the strengths of both systems, providing its users with greater trust and stability through the implementation of KYC and AML procedures. Unlike address-based DeFi projects, which can be vulnerable to external security threats, NEOPIN has implemented strict security policies such as a KYC identification system and AML guidelines since its protocol launch in January 2022.

NEOPIN offers a range of DeFi services, including staking, swap and yield farming in various cryptocurrencies. These services have been designed with ease of use and positive user experience in mind.
NEOPIN is constantly working on innovative ideas that will allow its users to make use of the assets they have accumulated through the protocol in a variety of ways, including DeFi, Staking, X2E (P2E, S2E, M2E) and NFTs.

Ultimately, based on its secure security protocols and regulatory environment, NEOPIN aims to become an open blockchain platform that bridges traditional finance and DeFi protocols for broader audiences.
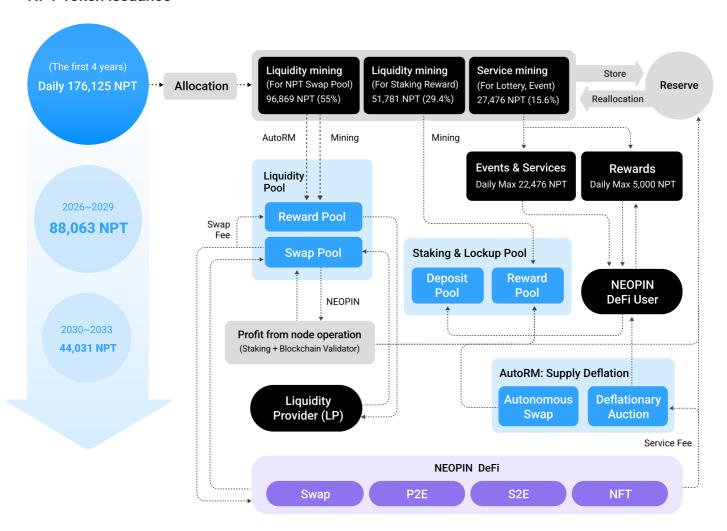
4. NEOPIN Economy

The NPT economy connects various crypto financial services, such as P2E, S2E, M2E, and NFT, through which users and liquidity providers can benefit from NPT. Users can supply virtual assets or NPT into a liquidity pool on NEOPIN, generating fees for swap transactions and contributing to the growth of the NEOPIN ecosystem and the value of NPT. The NPT economy is designed to reward users based on their contribution to the NEOPIN ecosystem.

NEOPIN aims to create a user-centered ecosystem by establishing a sustainable token economy and distributing a significant portion of the rewards to users.

4.1 NPT Economy

NPT Token Issuance

NPT serves as the main economic medium for exchange and rewards within the NEOPIN ecosystem. The NPT Economy clearly defines the contributions of participants to the ecosystem and provides relevant rewards to contributors.

4.1.1 Rewards for participation in the ecosystem

The NPT economy is a system designed to encourage spontaneous participation from users. It rewards participants based on their contributions to the ecosystem, with the rate of rewards adjusted proportionally to the contribution.

Rewards for Staking

① Rewards are provided proportionally to the amount delegated to a staking product.
② In staking products, both staking rewards and mining rewards are given based on the user's contribution to the ecosystem.

Rewards for Liquidity Providers

① Mining rewards in Yield Farming are earned based on the interest rate.
② Liquidity providers are rewarded with fees generated from swap transactions by users.
③ A portion of the profit generated from the operation of a staking node is continuously traded in liquidity pools, and the resulting rewards are provided as additional profit.

Rewards for NPT Lockup

① Rewards for lockup products are provided proportionally to the amount of locked NPT.
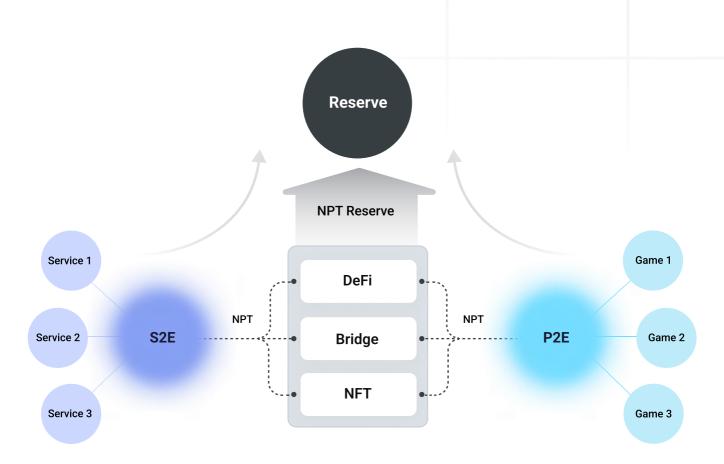
Rewards for events & services

① Rewards are offered for participating in events to promote the use of NEOPIN services.

The maximum amount of liquidity and service mining rewards are based on the volume of the liquidity pool and the NEOPIN ecosystem. The distribution of NPT is adjusted to maintain the value of NPT and encourage continuous participation until the NEOPIN ecosystem is fully expanded. To ensure transparency and reliability, the distribution of NPT will be disclosed periodically.

4.1.2 Maintaining the sustainable ecosystem

NEOPIN rewards users for their contributions to the ecosystem. Without these rewards, the motivation to participate in the NEOPIN ecosystem may decrease, which could threaten the stability of liquidity pools.

NEOPIN maintains the stability of the NPT economy with stable circulation of NPT in the NEOPIN ecosystem through Swap, NFT marketplace, P2E, and S2E.

- Expanding Swap products by supporting multiple chains
- Increasing NPT usage by expanding X2E (P2E, S2E, M2E) services
- Creating an initial liquidity pool to buy back NPT
- Using profits to buy back NPT from the market

This circular structure of the NEOPIN ecosystem encourages user participation and helps sustain the ecosystem by collecting rewards from a variety of services.

4.1.3 Automated Reallocation Mechanism(AutoRM)

Automated Reallocation Mechanism (AutoRM) reduces NPT's circulating supply and increases its value by automatically reallocating tokens based on protocol fees and node validation revenue. The NEOPIN community can participate in AutoRM initiation proposals and voting based on their staked NPT, aiming to make NPT more attractive and ensure its long-term sustainability.

It consists of two sub-protocols, Autonomous Swap and Value-Up Auction.

Autonomous Swap

Autonomous Swap works as follows:
① A portion of the node validation revenue generated on the NEOPIN platform is collected.
② The collected node validation revenue is used to autonomously retrieve NPT tokens from different pools on the NEOPIN platform through smart contracts.
③ The retrieved NPT tokens are then reallocated to the protocol reserve by smart contracts.
④ The Autonomous Swap mechanism will be triggered every month and will provide front-running opportunities for the NEOPIN community to regularly take advantage of increased reward rates across its yield farming pools.
⑤ The amount of NPT to be reallocated is determined by the total node validation revenue generated by NEOPIN.

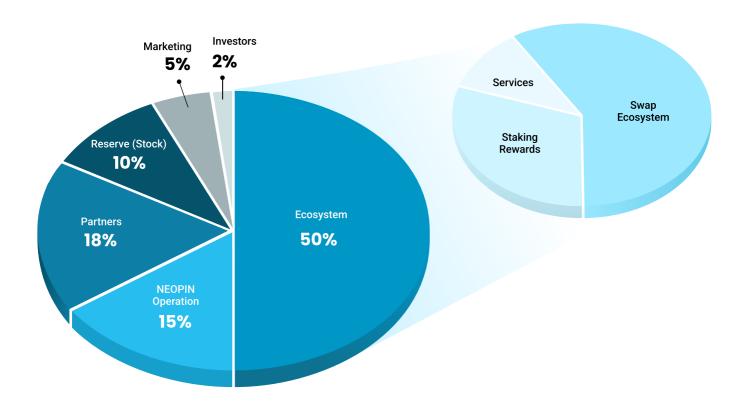### Value-Up Auction

The Value-Up Auction works as follows:
① A portion of the protocol fees is collected from the blockchain networks operating on NEOPIN.
② The collected protocol fees are used to allocate for an auction through smart contracts.
③ NEOPIN users can bid on this auction using NPT. The highest bidder will be able to own an asset portion of the auction.
④ The NPT tokens paid for the auction are immediately reallocated to the protocol reserve by smart contracts.
⑤ The Value-Up Auction mechanism will be triggered every month, providing arbitrage opportunities for the NEOPIN community.
⑥ The amount of the asset portion of the auction will be determined by the volume of transactional activity on the NEOPIN platform and market price of NPT token at the moment of the auction launched.

• The initial proposal was announced to the NEOPIN community on December 6, 2023. The majority of NEOPIN community members voted to approve the deployment of the AutoRM protocol on the NEOPIN platform on December 19, 2023.

4.2 Issuance and allocation plan

4.2.1 Issuance

A total of 1 billion NPT tokens have been issued, and only a small portion of the total amount will be made available for trading in the market each month in order to ensure the long-term sustainability of the platform.

Category	Total (%)	Amount (NPT)
Ecosystem	50.0%	500,000,000
NEOPIN Operation	15.0%	150,000,000
Partners	18.0%	180,000,000
Reserve	10.0%	100,000,000
Marketing	5.0%	50,000,000
Investors	2.0%	20,000,000
Total	100%	1,000,000,000

A portion of the NPT tokens will be allocated to the ecosystem for use in creating an initial liquidity pool, providing staking rewards, mining rewards, and service rewards. This helps to support the long-term operation of the NEOPIN ecosystem.

Category	Eco (%) (Eco volume)	Total (%) (Eco/Total volume)	Amount (NPT)
🔵 Swap Ecosystem	59.50%	29.75%	297,500,000
🔵 Staking Rewards	26.46%	13.23%	132,300,000
🔵 Services	14.04%	7.02%	70,200,000
Total	**100%**	**50.0%**	**500,000,000**

[Ecosystem Allocation]

The Operation allotment is used to incentivize the project team and is distributed based on an individual's contribution to the ecosystem. The Reserve allotment is used for expanding the ecosystem beyond the allocated purposes. The Partnership allotment is used to increase the use of NPT by establishing new partnerships and developing new services.
The lock-up period for this allotment may vary depending on the nature of each partnership. The Marketing allotment is used for marketing expenses to actively promote the NEOPIN project and increase the number of participants.

- The token allocation plan outlined in this document is subject to change based on the progress of the roadmap and technical development, or any other circumstances that may affect token issuance and distribution. If any changes occur, NEOPIN will provide details on their website.

5. Roadmap

2022 2Q

Protocol Expansion Phase 1

- Expand financial services (Stake, Swap, Yield Farm)
- Release P2E games (Brave Nine, Crypto Golf Impact)

2022 1Q

Official Release

- Official NEOPIN service launch
- Release staking services
- Listing on global exchanges

2022 4Q

Protocol Expansion Phase 3

- NEOPIN Open Platform Alpha
- Multi-chain implementation
- Launchpad for game/service providers

2022 3Q

Protocol Expansion Phase 2

- NEOPIN Web Alpha
- Expand financial services (Stake, Swap, Yield Farm)
- Support manual token addition

2023 2Q

Protocol Expansion Phase 5

· Launch NEOPIN Premium Membership Program
· Add Support Liquidity Staked Assets

2023 1Q

Protocol Expansion Phase 4

· Add Support Ethereum, Polygon Bridge and
  Wrapped Token Features
· Launch Yield Farming Pools, Swap Features for Ethereum,
  Polygon assets
· Launch Stable coin related Products
· Add Support Ethereum, Polygon networks
  on NEOPIN Connect

2023 4Q

Protocol Expansion Phase 7

· Add support for Finschia Blockchain Network
· Add Support 1 More EVM compatible Layer1
network
· Launch Bridge Feature on NEOPIN Web
· Release Major NEOPIN Protocol Updates

2023 3Q

Protocol Expansion Phase 6

· Launch Governance Voting Platform with L1 network support
· Add Support Cosmos-compatible Network

2024 2Q

Protocol Scaling for Mass Adoption Phase 2

・Launch PDT staking product and governance vote protocol for the Project Dragon mainnet to build competitive DeFi products and community-driven blockchain network

・Launch the first PDT token migration for the Project Dragon mainnet built by Klaytn and Finschia Foundation, providing KLAY/FNSA <> PDT swap migration

・Add support new blockchain ecosystems to NEOPIN protocol

・Expanding PoS Staking product to provide competitive yield generating opportunities

・RWA(Real-World Asset) based Earn product for more sustainable DeFi

・Multi-chain asset based derivative yield boost product

・Initiate the NIP-01 Automated Reallocation Mechanism (AutoRM) to reduce NPT circulation supply

2024 1Q

Protocol Scaling for Mass Adoption Phase 1

・Scaling NEOPIN protocol for mass adoption by add support major crypto assets on NEOPIN Bridge

・Launch the first DEX for the Project Dragon mainnet built by Klaytn and Finschia Foundation, providing nFNSA/KLAY YF Pool

・All-New NEOPIN Membership program

・Initial launch of RWA(Real-World Asset) based Earn product on NEOPIN protocol

・Multi-chain asset Earn product based on derivative yield boost protocols

・Expanding PoS Staking product to new blockchain ecosystems

・Initiate the first NIP-01 Automated Reallocation Mechanism(AutoRM)

2024 4Q

Protocol Scaling for Mass Adoption Phase 4

・Leverage its expanded blockchain networks support including Ethereum, Polygon, Project Dragon, etc to becoming Asia's top leading Permissioned DeFi and User-friendly Decentralized Crypto Bank

・Add support new PoS Staking product which provide competitive yield

・Expanding RWA(Real-World Asset) based Earn product portfolio which provide less volatile yield generating opportunities

・Expanding Accessible Earn product portfolio based complex derivative yield boost protocols

・Initiate the NIP-01 Automated Reallocation Mechanism(AutoRM) to reduce NPT circulation supply

2024 3Q

Protocol Scaling for Mass Adoption Phase 3

・Dex Aggregator Integration to add support wide-range of crypto asset portfolio on NEOPIN Swap protocol

・Add support competitive PoS Staking product

・Simple Earn product based on RWA(Real-World Asset) which provide less volatile yield generating opportunities

・Accessible Earn product based on complex derivative yield boost protocols

・Initiate the NIP-01 Automated Reallocation Mechanism(AutoRM) to reduce NPT circulation supply

6. Disclaimer

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 We recommend all participants to consult legal, financial, tax, regulatory and/or other experts and decide participation on one's own risk.
 The NEOPIN project currently does not guarantee any of the planned products and services to be released in the future, and the roadmap in this paper is merely a reference material for suggested products and services. The project plans provided are subject to change due to circumstances.

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