Whitepaper

April 2024

Valinity.io

Introduction to Valinity

Vailinity is a DeFi protocol and ERC20 token built on the Ethereum blockchain.

Our mission is to eliminate pump and dumps and rugpulls while providing an innovative alternative to the traditional staking system. Reverse Staking is our solution, which is possible through our Tri-Treasury system, a set of smart contracts designed to balance the tokenomics of Valinity’s DeFi Protocol. Our Tri-Treasury system generates Ethereum for each VY and allows users to receive staking rewards immediately rather than over time.

Unlike most DeFi Protocols built on the Ethereum blockchain, Valinity benefits all community members rather than rewarding individual users based on their yield-producing strategy. Just by holding VY, Valinity's native token, you become a fractionalized owner of our entire ecosystem, which yields additional ETH when user interacts with it. By Reverse Staking your VY you are able to claim your yield and continue to earn.

Glossary of Terms

VY: Ticker symbol for Valinity, which is the ERC20 native token of the Valinity DeFi Protocol Ecosystem.
Reverse Staking: Allowing users to receive staking rewards immediately at the Yield Rate, based on the amount of VY which is staked. *(Also referred to as REST or RESTing)*
Yield Rate: The current amount of ETH that is backing each VY.
Yield Claimed: Yield that has been claimed in ETH for staking VY.
Revenue Cycle: Our revenue generation model, paired with the supply reduction mechanism, allows the ecosystem to maintain Yield Stability.
Equilibrium: An event that occurs once the Yield Rate has exceeded your Cost Basis.
Governance: A decentralized decision-making process that any changes to the Valinity ecosystem has to go through, making the ecosystem truly owned by its holders.

The Problem

Blockchain and decentralization has and continues to revolutionize the world in many positive ways, making financial markets more accessible and transparent. However, many issues still remain that tarnish the reputation of blockchain and cryptocurrencies. Rug Pulls and pump and dumps are issues that have haunted the cryptocurrency market since its inception.

Staking Ethereum to generate yield has become popular in the industry. Though users still struggle with long locking periods and low APY's.

Additionally, cryptocurrency holders don't see liquidity until they sell, losing potential future gains. One option holders take is to get collateralized loans, but many have suffered liquidation through volatility.

The two main issues that we have identified are:

1. Locking users liquidity for low earning
2. Rugpulls and pump & dumps
3. No safe liquidity options while holding

The Solution

The team at Valinity then asked itself how we could overcome these three undesirable problems by creating a new solution using DeFi technology that allowed users to free up their liquidity immediately.

Providing unlimited liquidity to Mint and claim Yield through decentralized and transparent smart contracts, which eliminates the risk for pump and dumps and rug pulls.

The concept of Reverse Staking was then brought into existence, allowing users to unlock their staking rewards immediately through a system of Treasuries which control the supply and demand of the native token (VY). A user can now buy VY directly from the protocol, Reverse Stake that VY through the protocol and immediately receive yield rewards based on the Yield Rate of VY, minus Burn.

In terms of rugpulls and pump & dumps, Valinity's Minting method prevents this from being able to occur. The smart contracts (Revenue Cycle Treasury) does not allow for token allocations and minting can only occur using ETH, which is locked via a smart contract (Yield Rate Treasury), making it impossible for even the core team to access. Additionally, all token sales that typically go to the founders is locked in another smart contract that the entire community owns and can access (REST). This distributed liquidity model ensures all VY tokens are liquid and cannot be minted without directly using ETH.

In conclusion, these problems are being solved by creating a decentralized ecosystem that is built for sustainability and balanced through supply and demand.

VY Native Token

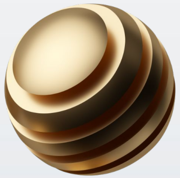
The entire Valinity ecosystem is built around VY, our ERC20 token.

VY is the currency of our ecosystem and its core utilities are to process fees for transactions and allow users to initiate Reverse Staking in the Valilnity Protocol. With a maximum supply of 7 Billion, which can only be Minted using ETH, meaning they will only come into circulation upon market demand. Each token represents fractionalized ownership in our entire protocol and the contents of its Treasuries. The token is designed to be pulled in and out of circulation depending on the transactions happening in the ecosystem.

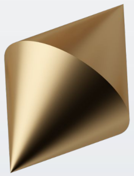
Each VY generates and is backed by Ethereum which is instantly accessible to holders.

Tri-Treasury System

3 main Smart Contracts balance Valinity's tokenomics and automate protocol sustainability. Each smart contract controls a different Treasury, becoming a pillar of functionality. As mentioned before, by holding our native token, you become a part owner of the system we're about to explain.



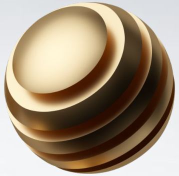
Revenue Cycle
Treasury



Yield Rate
Treasury

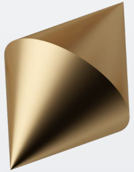
Reverse Staking
Treasury

Tri-Treasury System
Explained



Revenue Cycle Treasury

When a user buys, sells, sends or Reverse Stakes VY, the fees are paid to this treasury and those tokens are taken out of circulation. These tokens are then stored in the Revenue Cycle Treasury, reducing the active supply on the market. These tokens may only be made available again by Minting, directly from this treasury itself. VY is only minted into circulation using ETH through this Treasury. The Yield Rate Treasury is the sole beneficiary of the Minted VY.



Yield Rate Treasury

Unlike the Revenue Cycle Treasury, the Yield Rate Treasury stores all funds in ETH. These funds are only collected through the direct minting of VY from the Revenue Cycle Treasury. The Yield Rate Treasury is programmed to hold yielded ETH that can be claimed at the current Yield Rate through Reverse Staking, which is based on a formula shown in later pages.

Reverse Staking Treasury

To initiate Reverse Staking, the user must provide VY tokens, in return they will immediately receive yield in the form of ETH at the current Yield Rate and their VY starts to earn and burn. All Reverse Staked VY is stored here in the Reverse Staking Treasury since it is not removed from circulation through the Revenue Cycle Treasury. This treasury calculates the burn for RESTing and sends it to the Revenue Cycle Treasury in VY.

Revenue Cycle

The Revenue Cycle Treasury is the smart contract that Mints Valinity into existence, which can only be Minted by using Ethereum. This smart contract also receives all Burned VY from Staking and TX fees.

1) Minting VY: VY held in this Smart Contract is out of circulation and can only come in to circulation by swapping Ethereum, which is sent to the Yield Rate Treasury. If there is not enough VY to supply the demand, it will create more VY from the VY token contract. The Mint price is always 2x the Yield Rate price, adding double the amount of ETH than VY into circulation and increasing the Yield Rate.

2) Burning VY: The Revenue Cycle Treasury receives all VY tokens charged by Staking and Transaction fees removing them from circulating supply available in the open market, leaving more ETH in the Yield Rate Treasury for the remaining VY, increasing the Yield Rate.

Yield Rate

The ETH used to Mint VY into circulation from the Revenue Cycle Treasury is sent and locked in the Yield Rate Treasury, only accessible through Reverse Staking. Each staked VY will receive Ethereum calculated by the Yield Rate. The following formula outlines how the Yield Rate is calculated, remaining constant or only increasing in ETH value over time.

Yield Rate = Yield Rate Treasury Total Value (in ETH) / Circulating Supply (in VY)

Reverse Staking

VY holders can instantly access the Ethereum generated by each VY by Reverse Staking. Reverse Staking sends and locks the VY token in the Reverse Staking Treasury, sending the holder the amount of ETH generated by Each VY, calculated by the Yield Rate. Reverse Staking VY tokens has a small Burn of ~0.985%, taking them out of circulation and leaves more Ethereum in the protocol for the remaining VY, increasing the Yield Rate.

Tri-Treasury System
Visualized

Revenue Cycle
Treasury

- Mints to Public
- Collects REST burn
- Collects TX fees
- Stores Funds as VY

User

Yield Rate
Treasury

- Collects Funds from Mint
- Issues Yield Reward to Users
- Stores Funds as ETH

Reverse Staking
Treasury

- Stores RESTing VY
- Stored Funds as VY

* User is in control of every event

Tokenomics

Our Value Proposition

Valinity has zero token allocations to founders, investors, VCs, marketing teams or any other entity.

In fact, all members of the Valinity team have bought into the projects circulating supply with their own capital. This is an extremely unique quality that is native to Valinity, and a strong indicator that the team is focused on creating a thriving ecosystem filled with true believers in its solution.

The Circulating Supply and Market Cap is updated daily on our homepage, as these numbers are marked with the update.

Circulating Supply

The amount of VY available on the open market at this current time.

Market Cap

The total value of Valinity's ecosystem;
token price x circulating supply

Governance

Valinity is decentralized, even regarding its updates and software improvements.

When a new update is proposed in the ecosystem, a formal proposal is created for all holders of the native token to vote on. This proposition is transparently outlined with the smart contract available for review and audit. Holders of VY can use their tokens as a vote to either move forward or halt the proposed update. If the vote passes, the core developers move forward, implementing the new smart contract and transferring all relevant funds from the outdated smart contract to the newly minted version, thus completing the update.

P2P Marketplace

So far, we've covered the two ways the protocol provides liquidity for VY:

1) Users can buy newly minted VY tokens from the Revenue Cycle Treasury.

2) Users can claim the Yielded ETH from the Yield Rate Treasury at the Yield Rate for each VY.

VY can be bought in the open market, through various Exchanges, however users can also choose to use Valinitys decentralized P2P Marketplace, where users can directly liquidate staked VY without requiring to deposit Ethereum to unstake. Trading on other Exchanges carries a 2% fee in addition to any fees from the Exchange itself. Another benefit of the P2P Marketplace is that it is free from liquidity provider fees and third party Exchange fees. The P2P Marketplace allows users to create new listings to sell or buy a certain amount of tokens at the value they prefer. Other users can view these listings in the public P2P Marketplace and then buy or sell tokens directly from the user who posted the listing. This manual transaction, which has a 2% fee that goes to the Revenue Staking Treasury and positively affects the overall ecosystem, including the Yield Rate and current market value of our native token. Additionally, the 2% fee on the ETH transaction contributes to the development, security, and audits of the ecosystem. The P2P Marketplace is 100% decentralized and Smart Contract based.

Equilibrium & Beyond

Due to the Yield Rate only increasing over time, long-term holders will eventually experience Equilibrium. This event happens when a user's ETH value moved into the Valinity ecosystem cannot decrease since the Yield Rate has exceeded their cost basis. The time it takes to accomplish Equilibrium will vary between users since the time of entry, entry price, and protocol activity are all significant factors in the rate at which the Yield Rate grows.

Equilibrium also marks the point where users have received, in the form of Yield, the amount of ETH they have put into the protocol. While still having ownership of their VY, which could be sold at any moment for the difference of the market price and claimed Yield. While still holding VY users can claim newly yielded ETH.

Conclusion

Valinity is a decentralized ecosystem that yields Ethereum for its holders, governed by its community. Every transaction in its ecosystem, from token sales to DEX fees, directly benefits each token.

There are 3 main smart contracts that empowers the ecosystem, called the **Tri-Treasury System**:

Revenue Cycle Treasury, Yield Rate Treasury & Reverse Staking Treasury

VY can only be minted by the Revenue Cycle Treasury. When VY is purchased from this smart contract, the ETH generated is directly sent to the Yield Rate Treasury, where they are locked and only accessible through VY and distributed by the formula, ETH in the protocol ÷ VY in circulation. Solving the issue of pump and dumps and rugpulls that have plagued the blockchain space.

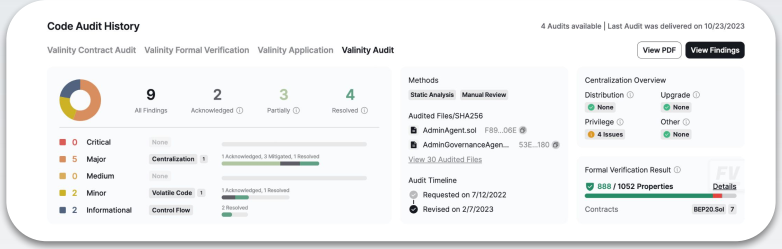
All fees in the ecosystem, which include 2% DEX/transfer fee are charged in its native token VY and sent back to the Revenue Cycle Treasury, taking the VY out of circulation. This leaves more Ethereum in the Yield Rate Treasury to be distributed to the remaining VY in circulation.

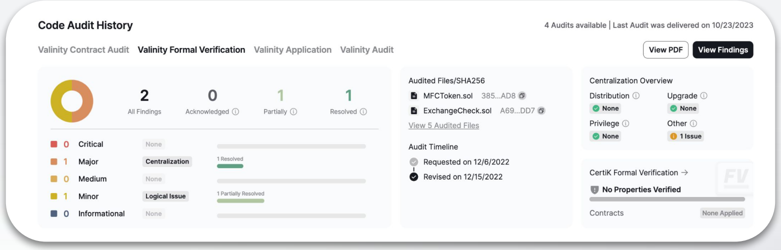
The way that holders claim the generated ETH is by Staking their VY, in a new mechanism that Valinity calls Reverse Staking. By Reverse Staking, VY is sent to the Reverse Staking Treasury, that unlocks the ETH in the Yield Rate Treasury to be claimed by its holders. While VY is staked in the Reverse Staking smart contract, it has a burn rate of 0.98%/month, further increasing the amount of ETH for the remaining VY in circulation.

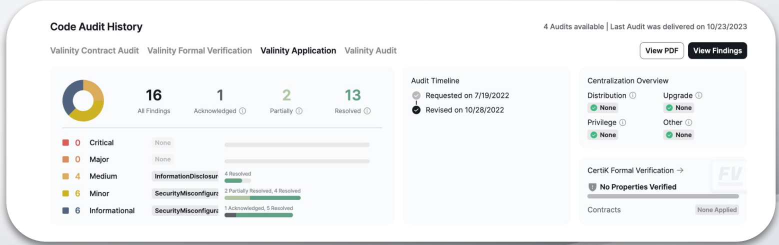
Valinity aims to be the evolution of blockchain technology, further increasing decentralization and fairness. As there is no vesting program or token allocation, founders, VC’s and developers have bought VY like every other Member. Making founders, developers, and members equal – as DeFi & Blockchain were intended to be. Driven by its Community for its Community.

Security

Valinity's smart contracts have been audited through Certik with publicly listed results. Their core team has been approved through their KYC process as well. Link: https://skynet.certik.com/projects/valinity







Security II

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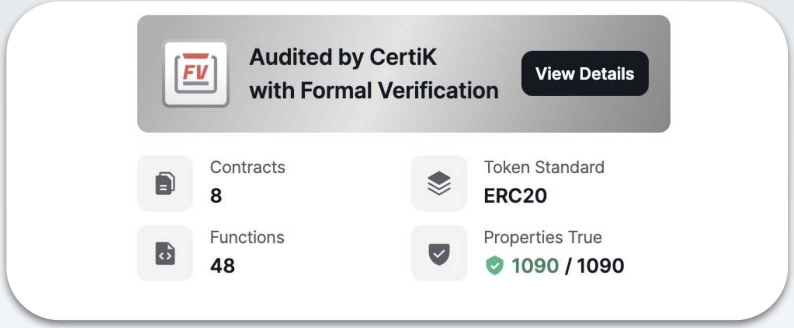

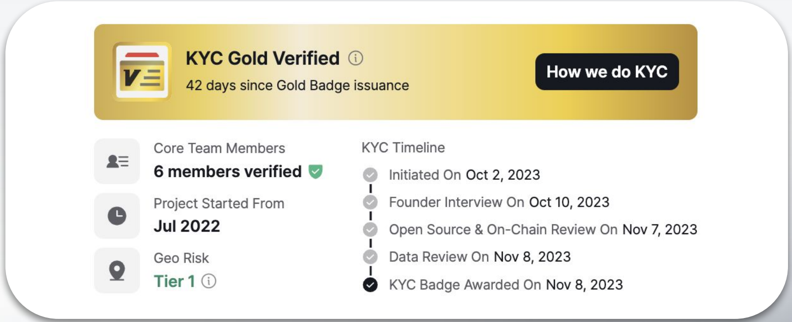

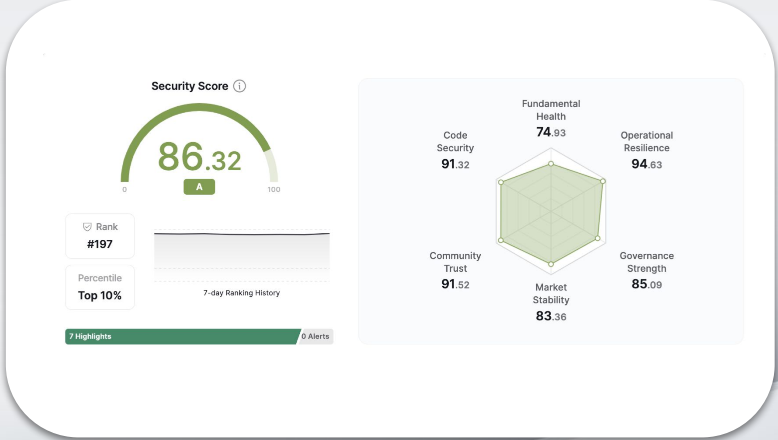

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