Whitepaper

Sept 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 & dumps, rugpulls, margin calls, and token allocation, while providing an innovative alternative to traditional DeFi. **Valinity Reserves** is our solution, which accumulates assets (ex. ETH, WBTC, and PAXG) through our Tri-Treasury System that acquires assets at a multiple of the **Loan-to-VY (LTV)** price.and allows for VY holders to collateralize and take loans on an asset of choice. **Asset Acquisition** along with our deflationary token sets VY to outperform all of the assets it holds, making it superior to all.

Unlike most DeFi protocols that offer Staking or traditional loans, Valinity provides an ETF-like token that benefits all holders equally. Just by holding VY, Valinity's native token, you become a beneficiary of the entire ecosystem, through the increasing LTV of the assets that the holders interacts with.

By Collateralizing your VY you are able to claim the asset of choice at the LTV and continue to refinance as the LTV rises.

Glossary of Terms

VY: Ticker symbol for Valinity, which is the ERC20 native token of the Valinity DeFi Protocol Ecosystem.
Collateral Loan: Allowing users to receive **the LTV asset** immediately at the **LTV**, based on the amount of VY which is **Collateralized**.
LTV: The current amount of ETH that is backing each VY.
Outstanding Loan: The amount of Asset that has been Loaned.
Valinity Acquisition Treasury: The VAT is the sole recipient of VY generated from interest, transaction fees and newly minted VY from the VTC. This VY is sold to the VY/USDC LP and **acquires assets** for the VRT. VAT first uses the VY in its possession and if more is required, VTC will mint the required amount. This is known as Asset Acquisition.
Valinity Reserve Treasury: The VRT stores all ETH acquired by the VAT, which can be loaned by collateralizing VY.
Valinity Collateral Treasury: The VCT stores all collateral VY used for loans.
Equilibrium: An event that occurs once the **LTV** 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.

Collateral Loans & Staking have become popular in the industry. Though users still struggle with **Margin Calls, locking periods, Rugpulls, Pump & Dumps, and Token Allocations**.

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 three 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 without margin calls.

The concept of **Valinity Reserves** was then brought into existence, allowing users to collateralize their VY for ETH immediately through a system of Treasuries, which control the Asset Reserves and the Collateral of the native token VY. When a user buys VY, they can immediately Collateralize it for any Asset in the Valinity Reserves at the respective LTV, providing instant liquidity with refinancing options and no Margin call.

In terms of rugpulls and pump & dumps, Valinity's Asset Acquisition method prevents this from being able to occur. The smart contracts (**Valinity Acquisition Treasury**) does not allow for token allocations and Asset Acquisition can only occur when the algorithm sells VY to the Valinity LP. The assets acquired are locked in the smart contract (**Valinity Reserve Treasury**), making it impossible for even the core team to access.

In conclusion, these problems are being solved by creating a decentralized ecosystem that is built to acquire assets and provide collateral loans at the asset LTV without margin calls.

VY Native Token

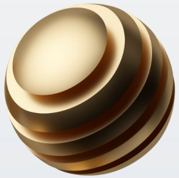
The entire Valinity ecosystem is built around **VY**, our ERC20 token.

VY is the currency of our ecosystem and its core utilities are to process fees for transactions and allow users to collateralize their VY in the Valilnity Protocol. With a maximum supply of 7 Billion tokens, which can only be added to circulation through the Valinity Acquisition Treasury algorithm, meaning they will only come into circulation upon market demand. Each token represents fractionalized ownership in our **Valinity Reserves** and the contents of its Treasuries. The token is designed to be cycle in and out of circulation through Asset Acquisition, transaction fees and interest.

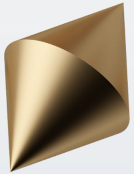
Each VY can be collateralized for Ethereum or any other Asset in reserve, instantly accessible to holders.

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.



Valinity Acquisition
Treasury



Valinity Reserve
Treasury

Valinity Collateral
Treasury

Tri-Treasury System
Explained

Valinity Acquisition Treasury

When a user swap, sends or collateralize VY, the fees are paid to this treasury and those tokens are taken out of circulation. These tokens are then stored in the here, reducing the active supply on the market. These tokens may only be made available again by Asset Acquisition, directly from this treasury itself to the liquidity pool. The Valinity Reserve Treasury is the sole beneficiary of the acquired assets.

Valinity Reserve Treasury

Unlike the Valinity Acquisition Treasury, the Valinity Reserve Treasury stores all funds assets acquired. These funds are only collected through the direct selling of VY from the VAT. The VRT is designed to hold all assets and they can be claimed at the current LTV through Collateral Loans, which are based on a formula shown in later pages.

Valinity Collateral Treasury

To initiate a Collateral Loan, the user must provide VY tokens, in return they will immediately receive the loan of the selected asset at the current LTV. All Collateralized VY is stored here, since it is not removed from circulation through the Valinity Acquisition Treasury. This treasury calculates the interest for the loan and sends it to the VAT in VY.

Valinity Acquisition Treasury

The VAT is the smart contract that sells VY into circulation, which is done algorithmically. This smart contract also receives all fees that are charged in VY from Loans and TX fees.

1) Asset Acquisition: VY held in this Smart Contract is out of circulation and can only come into circulation by selling in the Valinity LP. The asset that is acquired is sent to the Valinity Reserve Treasury. If there is not enough VY to supply the demand, the VAT calls the Valinity Token Contract to mint the required amount. The algorithm sells VY at 2x or greater of the LTV price, adding double or more the amount of asset than VY into the ecosystems circulation, increasing the LTV.

2) VY Fees: The VAT receives all VY tokens charged from Interest and Transaction fees, removing them from circulating supply available in the open market, leaving more assets in the VRT for the remaining VY, increasing the LTV.

Valinity Reserve Treasury

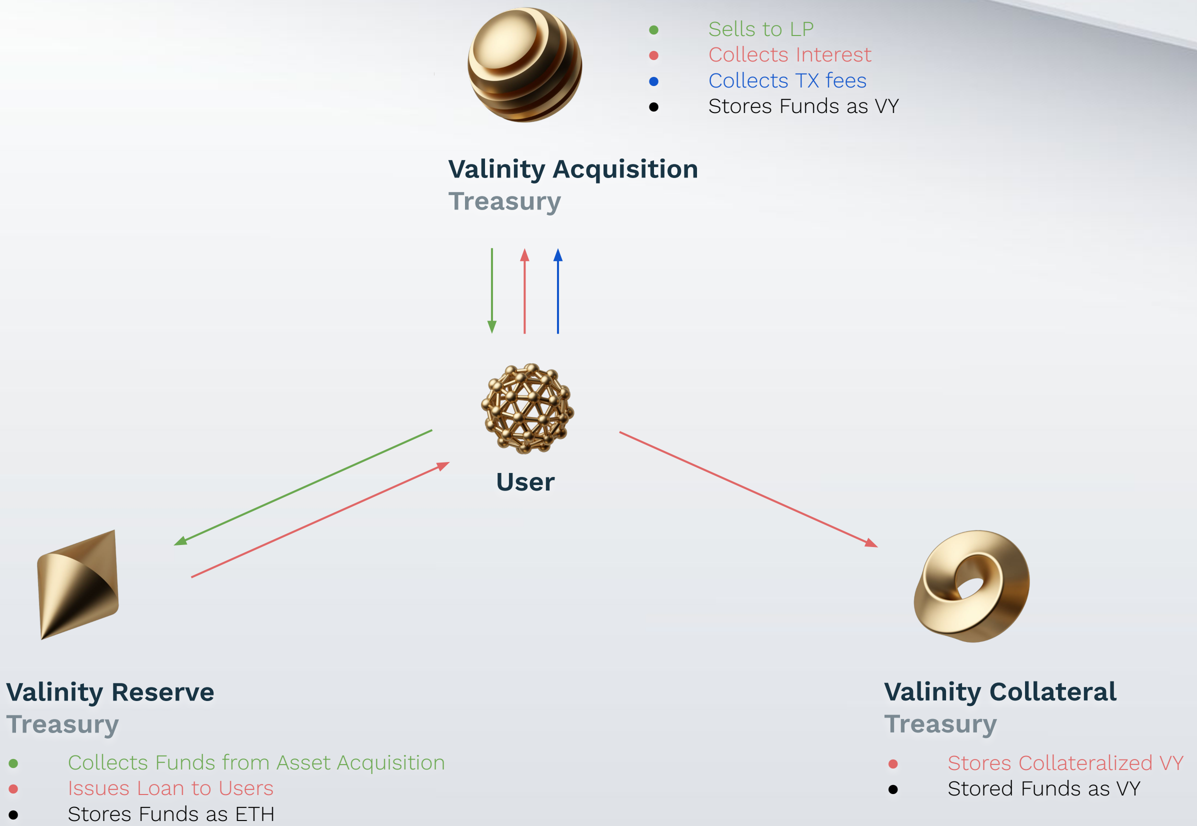
The assets acquired from Asset Acquisition VY into circulation is sent and locked in the VRT, only accessible through Collateral Loans. Each collateralized VY will receive the selected asset, calculated by the asset LTV. The following formula outlines how the LTV is calculated, remaining constant or increasing in value over time.

LTV = VRT Ecosystem Total Value (in Asset) / Ecosystem Circulating Supply (in VY)

Valinity Collateral Treasury

VY holders can instantly access the Asset generated by each VY through Collateral Loans. A Collateral Loan sends and locks the VY token in the VCT, sending the holder the amount of Asset generated by Each VY in that ecosystem, calculated by the Asset LTV. Collateralizing VY tokens has a small interest rate of ~0.985%/month, taking them out of circulation and leaves more of the asset in the protocol for the remaining VY, increasing the LTV.

Tri-Treasury System
Visualized



* 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.

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. A vote of 70% is required for a vote to pass and the initiator of a vote must have 700,000 VY tokens in their wallet.

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 collateralized 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 LTV only increasing over time, long-term holders will eventually experience Equilibrium. This event happens when a user's Asset value moved into the Valinity ecosystem cannot decrease since the LTV 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 LTV grows.

Equilibrium also marks the point where users have received, in the form of LTV, the amount of Asset 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 outstanding loan. While still holding VY, users can refinance their loan when the LTV rises.

Conclusion

Valinity is a decentralized ecosystem that acquires Assets for its holders, governed by its community. Every transaction in its ecosystem, from token sales, interest, and TX fees, directly benefits each token.

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

Valinity Acquisition Treasury, Valinity Reserve Treasury & Valinity Collateral Treasury

VY can only be brought into circulation by the VAT. When VY is sold from this smart contract, the Asset Acquired is directly sent to the VRT, where they are locked and only accessible through VY and distributed by the formula, Asset in the protocol ÷ VY in circulation. Solving the issue of pump and dumps and rugpulls that have plagued the blockchain space.

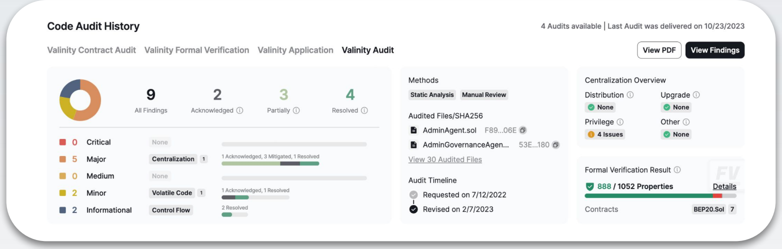
All fees in the ecosystem, which include 2% tx fee and interest are charged in its native token VY and sent back to the VAT, taking the VY out of circulation. This leaves more of the Asset in the VRT to be loaned/refinanced for the remaining VY in circulation.

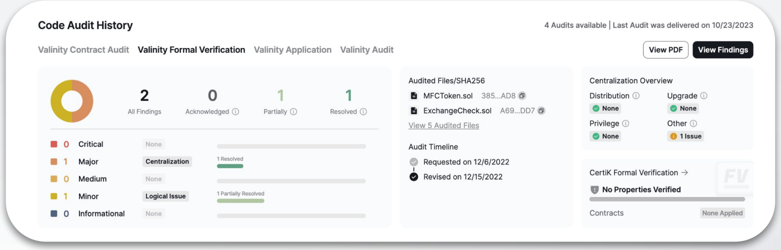
The way that holders create a loan of the generated asset(s) is by collateralizing their VY, in a new mechanism that does not have a margin call, VY is sent to the VCT, that unlocks the Asset in the VRT to be issued as a loan to the holder. While VY is collateralized in the VCT smart contract, it has an interest rate of ~0.98%/ month, further increasing the amount of ETH for the remaining VY in circulation.

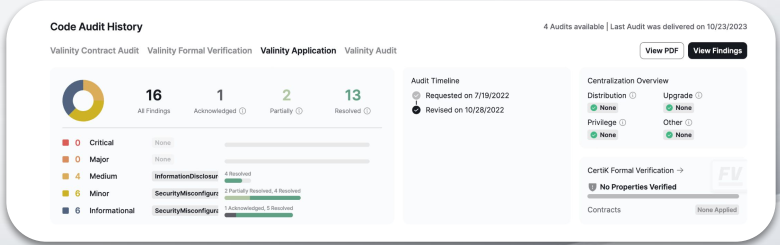
Valinity aims to be the evolution of blockchain technology, further increasing decentralization and fairness. As there is no vesting program or token allocation, founders, VC's and developers have bought VY like every other Member. Making founders, developers, and members equal – as DeFi & Blockchain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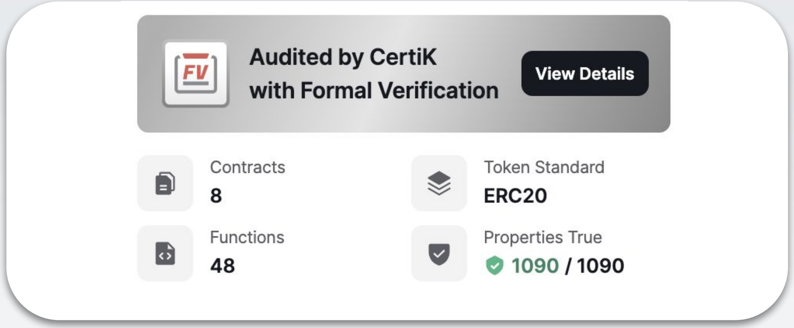

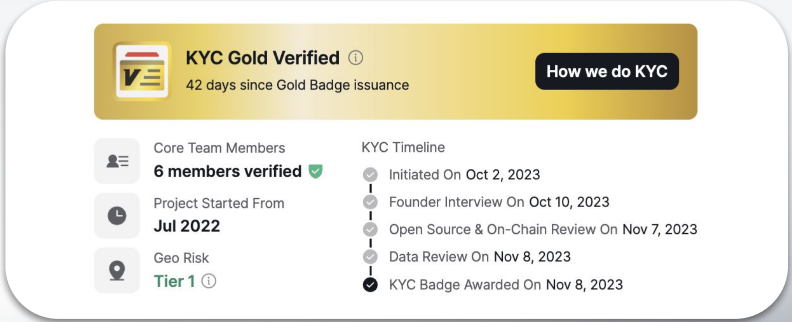

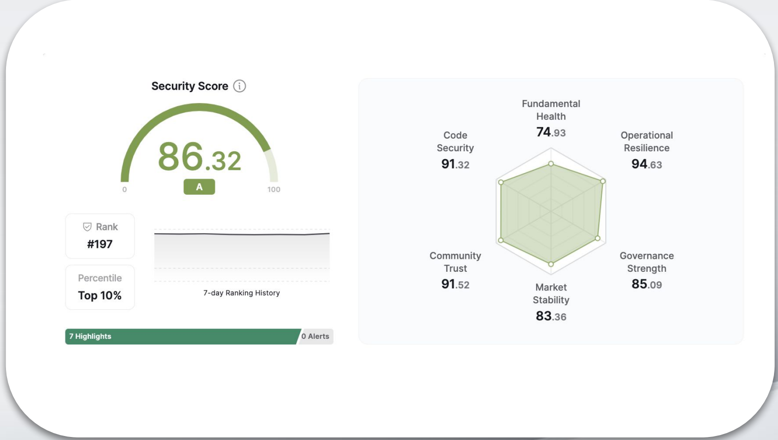

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