DAO Maker

Economics Paper

OVERVIEW OF UTILITIES,

ECONOMICS AND METRICS

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4 Brief Product Introduction

The first section of the token paper briefly covers the product line. For more detail on these, reference the whitepaper.

This paper highlights the utilities of the DAO Maker Token. It will not go into detail of the different aspects of the products and the company. For more information on these, please see our whitepaper or token metrics overview spreadsheet. The DAO Maker token enables its token holders to access governance benefits, reward distributions, collateral, and loyalty in the DAO Maker Ecosystem. The token and its desirability play a key part in user acquisition and retention for all current and future products developed by DAO Maker.

dTeams

dTeams is a SaaS solution that helps tokenized startups with everyday needs. dTeams provides the infrastructure to prevent corruption, while providing facilities for governance, staking, and safe liquidity mining, all managed through a battle-tested cPanel with a built-in CRM. It even provides job and career opportunities to people who accept specific cryptocurrencies. dTeams has a basic subscription fee, along with an additional fee that is a percentage of the volume generated on the platform.

Structured Funding

DAO Maker has raised over $35M** for tokenized startups, and these supported startups now have a collective market cap of over $300M. Our fundraising service is being streamlined with the launch of our Compliance as a Service (CaaS) platform.

The platform is a place for both token and equity ventures to raise funds, with the powerful facility of supporting various forms of refundable and risk-capped offerings. Such fundraising structures will mandate that startups provide a large portion of their raise as escrow, maintained in an insured custody. These escrowed funds ensure DAO Maker users can claim refunds within their designated time period, if requested.

5 Refundable Strong Holder Offering (rSHO)

Most startups use public sales as a means to boost their initial marketing and grow their own community. However, most public sale formats fail to achieve this.

The rSHO is designed to build a community that actively provides awareness for the company, while also inspiring confidence via a strict refund policy. In each rSHO, a percentage of non-refunded capital will reward active DAO token holders for helping tokenized startups in the DAO Maker ecosystem achieve success. Startups can opt for additional support through the ecosystem's decentralized acceleration program, in exchange for a percentage of the token supply of the startup.

Dynamic Coin Offering (DYCO)

DYCO is a new framework for money-backed token offerings. This is done by maintaining 100% of the token circulating supply backed by a significant portion of the funds raised during the token sale.

DAO Maker escrows these funds through an insured custodian. DAO Maker platform users can voluntarily claim refunds within the specified time period. Further, if the project achieves success via the DYCO, a percent of the non-refunded money is used to reward the ecosystem, as these funds are added to the DAO stakers' distribution pool.

Venture Bond (VB)

The Venture Bond offers DAO Maker users access to nearly zero-risk venture investments. A principal sum of money is used to purchase Venture Bonds issued by a startup. This principal sum is used to generate interest through insured margin funding activities on DeFi and CeFi markets.

The interest is deposited to startups, and the token/equity issued by the startup is deposited to the Venture Bold holders. At bond maturity, its buyers are returned the principal sum, leaving them with both their initial funds and newly acquired tokens or equity.

6 A percentage of startup funding is claimed by the platform to further the progress of the DAO Token, thereby incentivizing platform growth and user loyalty. Startups can opt for premium access to additional platform services, beyond structured funding and compliance, for an upfront payment of equity or tokens.

Lending Market

Venture Bonds expand the overcollateralized lending activities caused by margin funding. In order to internalize a large proportion of the market created by Venture Bonds, DAO Maker will launch a lending market, targeted at both retail and institutions who take on overcollateralized loans.

This platform will be discussed in detail later in the paper.

Venture Bond Exchange

Although a Venture Bond creates near zero-risk venture investment opportunities, they require capital lock-ins to ensure supported startups have certainty of funding flow. As a solution to the necessary lock-in feature, the Venture Bond Exchange is created.

The VB Exchange provides liquidity to DAO Maker users by facilitating the trading of Venture Bonds. The DAO token will provide trading discounts, and a portion of trading fees will be used to further the DAO token and overall ecosystem growth.

7 DAO Token Utilities

The section below gives an introduction to the various token utilities. These are then explored more deeply in follow-up segments of this paper, with each utility having a dedicated segment.

Governance and Reward Pool

Token holders have the opportunity to stake DAO tokens and gain governance power through proposals and votes on launched proposals. Participation in governance allows stakers to receive payments sourced from platform fees. Staked DAO tokens are locked for a period of time to ensure only participants with a long-term vision are can join this process.

Every company that will utilize one or several DAO Maker products will bring its own community to the DAO ecosystem. Active staking users will be able to elect a coin, which will be supported by the DAO reward pool each month.

Token Strength

To incentivize long-term user participation and growth of the platform, a portion of platform fees will be used to reduce token circulating supply. A portion of these tokens will be allocated to ecosystem incentives, a portion will be burned, and a portion will be used to assist the growth of coins that join the platform's acceleration program.

Premium Access

Token stakers also receive benefits in allocation priority and cashbacks. When the platform hosts high-demand offerings, stakers will receive priority access to these startups. Stakers also get a portion of their investments back, enabled by a cashback program. Most DAO Maker offerings face massive demand, and we expect an increase in this trend as we shift to a system that provides even greater security to retail venture investors. The launch of the decentralized acceleration programs will likely add further fuel to demand.

8 Collateral to Sponsor Lending Pools

DAO token holders will have the ability to use their staked tokens as collateral to sponsor lending markets. Sponsors will receive fees from the market they choose to support. This is explained in greater detail later in this document.

To learn more, please see the dedicated deep dives of each utility below or in our Whitepaper.

9 Governance and Payments

DAO Maker has been an innovator in the token-enabled governance space since 2018, as the Social Mining product was cored around this. The product has been available long before governance attracted hype during the 2020 DeFi explosion. Over the years, as we advanced our product through its live implementation in some of the most successful projects in the space, we acquired proprietary data and battle-tested strategies in the creation of effective, efficient, and successful governance systems.

Incentivizing Long-Term Staking

For token holders to participate in governance, tokens have to be staked. The DAO token staking program differs from most in that staked tokens undergo a time lock. Users governing the DAO ecosystem should have a long-term, vested interest. The lockup and vesting of staked tokens ensure only users interested in a lasting commitment to the ecosystem participate in proposals and voting.

Stake Activation Period

After initiating a stake, holders have to wait 14 days for the stake to become active. During the 14-day period, holders are unable to participate in governance, nor do they receive staking rewards.

Stake Unlock Period

The token unlock will have 5-day cooldown period. Tokens can be withdrawn from governance after 5 days.

Stakers who want wan urgent exit will be able to do so, for a fee. An ***express unstaking*** fee will be charged, starting at 1% of staked tokens for an instant unlock. The fee will reduce by 0.2% every 24 hours. After 5 days, the fee will reach 0.

Any tokens claimed from express unstaking will be burned.

Time Since Unlock Request	Fee
Instant Unlock	1%
After 24 hours	0.8%
After 48 hours	0.6%
After 72 hours	0.4%
After 96 hours	0.2%
After 120 hours	0%

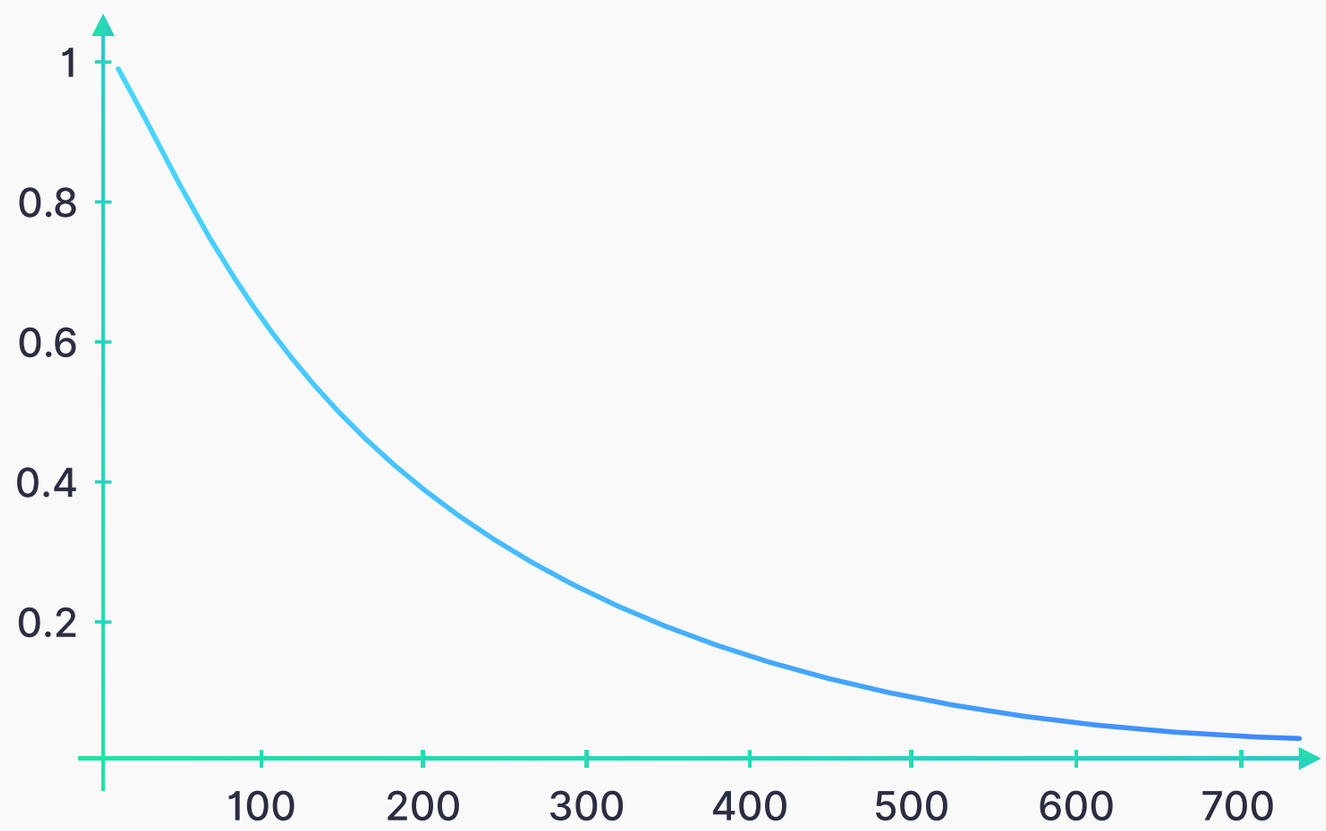
This system is designed to encourage governance participation by only those interested in the project's longevity. It also ensures people do not bounce in and out of staking during price volatility, an act that only furthers volatility.

The staking system is designed to build commitment within the community and ecosystem participants.

Reward Distribution

Platform fees build up the governance reward pool. 0.5% of the pool value will be distributed every day. Given the example of a new reward added to the distribution pool, the first half of the new reward will be distributed quickly (approximately 5 months). The second half, though, will take be distributed over a long period of time. This ensures the distribution pool has adequate reward liquidity, regardless of market cycles.

The reward distribution curve is calculated as **(1-(1/200))^∞**



11 Strong Holder Offering

DAO Maker Platform will offer fundraising through traditional offerings, rSHO, DYCO, and Venture Bond. These structured fundraising systems will be available to both equity crowdsales and token sales. The rSHO will be an exception, as it will be just for tokens.

The rSHO lets projects use the DAO Maker fundraising platform to operate a compliant public sale, with access to massive exposure and the opportunity to seed a powerful community. The key attraction point is that the rSHO incentivizes the DAO Maker community to support the projects that use this system.

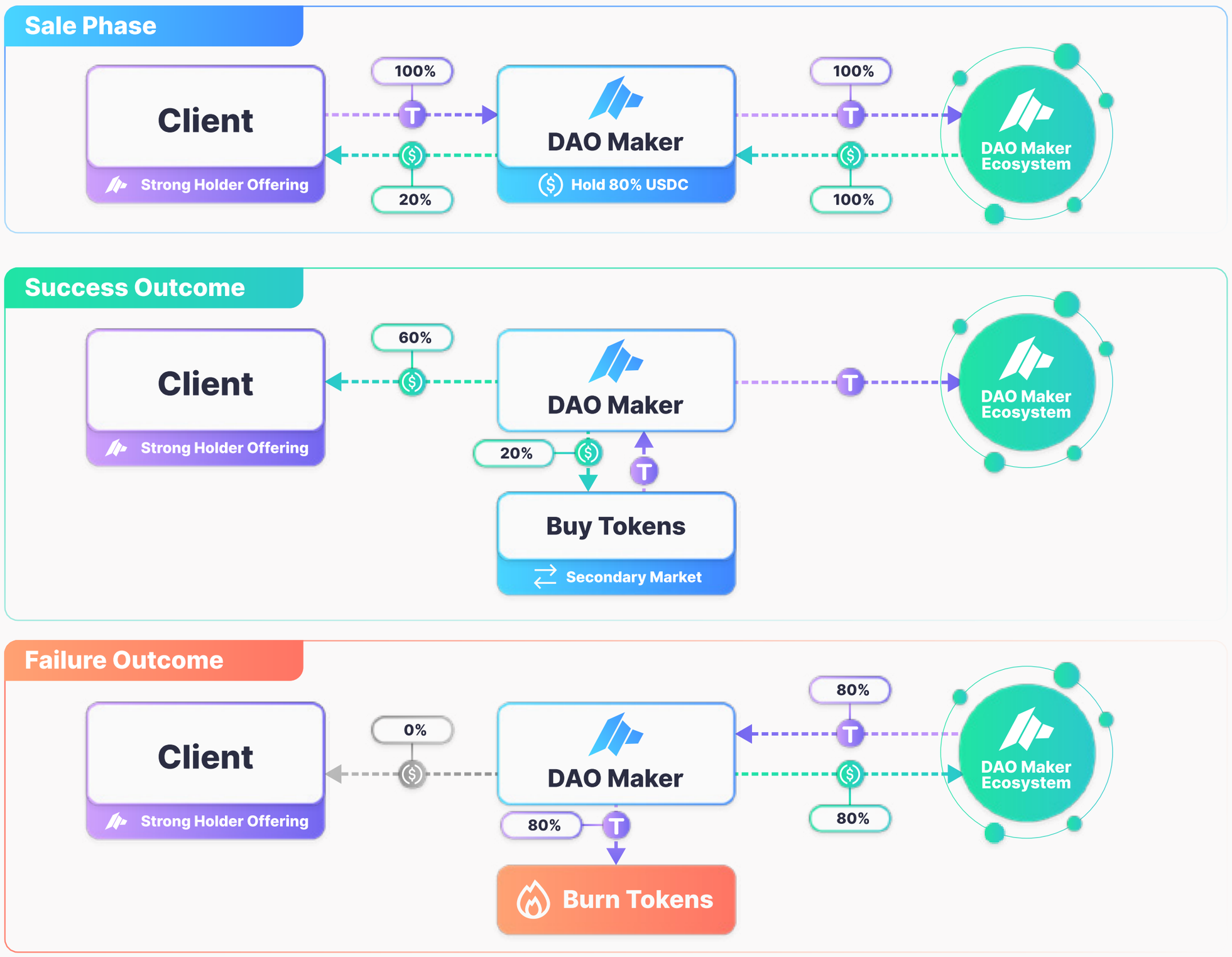
This opportunity will be available to projects that offer 80% of the raised funds for potential refunds for participants in case people are not satisfied with the progress in the first 6 months from TGE. In order to create a positive incentive model, DAO token stakers will receive additional rewards in the form of tokens that join via rSHOs. However, the distribution of rSHOs will not be even.

The Distribution

The projects using the SHO will offer refunds within a 6-month period from the point of TGE. If the project does well, funds will not be refunded. These stats and terms might vary over time.

A percent of non-refunded capital will be used to buy back the project's tokens on the secondary market. Then these tokens will be distributed to DAO stakers. So, if a project runs a SHO, it is bound to give refunds if people seek them. At the same time, if it does well, people will not want refunds, but a success fee will be applied.

The success fee will be used to buy the project's tokens, and then distributed to DAO stakers. This incentivizes DAO stakers to have a reason to facilitate the success of ecosystem projects. Hence, this operation is titled "decentralized acceleration."



More Value, Higher Distribution

Understandably, not all stakers will be able to support all projects in the ecosystem. Even then, a portion of the SHO success tokens will be given to all stakers to ensure the ecosystem's success is socialized.

A portion of the SHO success tokens will be reserved as an additional reward for DAO stakers who played an active role in the success of the project whose tokens are being distributed. The additional reward will have a skew towards those that added the most value. The value assessment will be done through participation in the SHO project's Hub or DAO.

The community itself will regulate the reward skew by deciding each project's supporters' value add.

13 Platform Fee Distribution

A portion of platform fees from Social Mining and dTeams will be used to buy tokens of projects that join the DAO Maker ecosystem.

Secondary market buys powered by DAO Maker platform fees will pose great opportunity for token action surrounding small caps. It will also be a powerful exposure opportunity for both large and small caps. This system incentivizes projects to join the DAO Maker ecosystem to avail two benefits:

- get exposure to the DAO Maker community
- benefit from the price action and volume generated by the buy back

We want to incentivize projects to use the various DAO Maker products. By creating a supporting event for liquidity and exposure, DAO Maker essentially shows loyalty to projects that become a part of its ecosystem.

The introduction of this system increases the conversion rate of new users to purchase DAO Tokens and become more active in the DAO community. These users then activate as holders, that are eligible to cast regular votes, determining which project's token should be purchased.

As token holders will be rewarded, it will be in their interest to offer support to selected projects, as the success of those tokens will benefit them. This will provide incredible community support to selected projects, further growing the value of joining the DAO Maker ecosystem. This reward pool **listing** will be voted upon each month, with voting power being derived from the amount of tokens held (not staked).

14 Loyalty Perks

Holders of DAO tokens will benefit from loyalty benefits ranging from cashbacks on investments to priority in allocations.

Cashback

Based on a user's stake, they will receive a tiered cashback on the fee that is otherwise charged to the project.

For example, suppose a person is staking 500,000 DAO tokens. He/she would qualify in tier 2 (T2) of the loyalty program, which gives 65% cashback on the platform fee.

Now suppose this person participates in a crowd equity offering with a $10,000 purchase, and the platform fee to the project (raising funds) is 7%. The person would not only purchase $10,000 of equity, but also receive a cashback in the height of 65% of the 7% fee. That's 10,000 * 65% * 7%, which is $455.

The person gets $10,000 of the equity purchased, and an additional $455 in cashback as a loyalty bonus for staking. If the person is not staking and is just holding tokens, the loyalty reward is reduced by 75% on all tiers.

Holding	% of Fee Cashback	Assuming 7% Fee on $10k Purchas	Cashback Value
20,000 (Tier 6)	10%	0.1 * 0.07 * 10,000	$70
50,000 (Tier 5)	20%	0.2 * 0.07 * 10,000	$140
100,000 (Tier 4)	35%	0.35 * 0.07 * 10,000	$245
250,000 (Tier 3)	50%	0.5 * 0.07 * 10,000	$350
500,000 (Tier 2)	65%	0.65 * 0.07 * 10,000	$455
1,000,000 (Tier 1)	100%	1 * 0.07 * 10,000	$700

The cashback system will be initiated once finalized, for which the timeline is not defined yet. The numbers and variables shown above are only meant as examples and may vary from the cashback system implemented in the future.

15 Allocation Priority

DAO Maker's DYCO and rSHO offerings have seen great demand, especially in the small public rounds. The DAO token will give its holders priority in our offerings. Tokens in the SHO ecosystem will continue to play a role in allocation priority, but the larger portion of allocation will be based on holding/staking status of DAO tokens.

16 DAO Collateral for Lending Pool Sponsorship

Venture Bonds rely on interest generation on stablecoins. While the interest can be generated on any trusted DeFi and CeFi platform, DAO Maker will launch a lending platform to internalize as much of the lending market it builds, as possible. This allows for additional value adding token utilities for the DAO token.

Industry-approved assets will be default listed on the lending platform due to their safety and based on their established market liquidity, i.e. wBTC and ETH.

Beyond the large cap assets, DAO tokens will be usable as collateral to sponsor lending pools of any token. Any token could be added to the lending market through its smart contract. However, for these non-default tokens to have a lending market, DAO tokens must be staked as a collateral. They represent a form of protection in case the sponsored token faces an extreme price drop.

DAO tokens that are staked for governance and are receiving distribution rewards can also claim an additional source of revenue. This means stakers will earn governance rewards, and also be able to use their stake to create lending pools that generate additional rewards for them.

Terms of Sponsorship

Pool sponsorship is time-locked. The minimum time range for sponsoring a pool is 30 days. Beyond that, sponsors can make a lending pool last up to 2 years. 30 days is the minimum time period to facilitate any meaningful lending market. At the same time, a 2 year limit is placed just to ensure no one mistakenly locks their tokens for an incredible long period, like 100 years.

The duration at which the lending pool is sponsored is displayed to market participants. Any borrowed assets must be returned before the final date of pool sponsorship.

Any loans taken by depositors must also be returned before that closing of the pool. If assets are not returned within the time limit, the participants of the sponsored pool will have their assets liquidated.

Borrow Limits

The amount of assets that depositors can borrow cannot be more than 40% of the dollar value of the DAO tokens used to sponsor the pool.

Example:

If $100,000 worth of DAO tokens are used to sponsor a CRV (Curve) lending market, the maximum amount all BNB depositors can borrow is $40,000.

This means if someone deposited $10,000 worth of CRV in the pool, they will be able to borrow $4,000 worth of other assets (like USDC). However, if a person deposited $200,000 worth of CRV, they won't be able to borrow more than $40,000 because that pool is sponsored with only $100,000 worth of DAO tokens. Total borrow limit for all depositors is only $40,000.

Deposit Limits

Continuing the example above:

The maximum limit of deposits in any pool is 4 times the dollar value of the DAO tokens. This means if CRV deposits reach $400,000, deposits will become locked.

This is in order to prevent situations in which $1,000 worth of DAO tokens sponsors a market in which $1,000,000 worth of CRV becomes deposited.

Lenders' Safety Assessment

Non-established tokens are too volatile due to low liquidity to provide safety for lenders. If CRV depositors borrow USDC, it is important that the USDC lenders are getting collateral worth more than the amount they have lent.

To address this issue, only 40% of deposit amount can be borrowed. This means an instantaneous drop of more than 60% would be needed to put the USDC lenders at risk.

Even if CRV were to drop by 60% in a sudden collapse, USDC lenders won't be at risk. Someone had to sponsor the CRV with 2.5x the size of the borrow limit of CRV depositors. This means even if CRV dropped by 100%, the money owed to USDC lenders is recovered by the pool sponsor.

This ensures the system cannot be gamed. A person won't be able to just mint tokens, manipulate their price, and then borrow USDC against useless coins. The pool's borrowing capacity depends on the DAO tokens used to sponsor it.

Payments to Sponsors

Non-default contracts sponsored in DAO tokens will receive payments from the borrowers. The sponsor would additionally receive payments from depositors in case they borrow other assets (like USDC).

Continuing the example of $100,000 of DAO tokens deposited to sponsor a CRV (Curve) pool. The market's sponsor would be paid from the people who deposit CRV to borrow USDC, and also from the borrowers of CRV from the depositors.

When CRV depositors would use their collateral to borrow a maximum for $40,000 of another coin, they'd pay a premium on top of the base interest rate, with the premium paid to the sponsor. Meanwhile, people who join the market to borrow CRV will have to pay an interest too. A portion of this interest will go to the sponsor.

Ecosystem Safety Assessment

The DAO token derives its value from a wide array of revenue sources and ecosystem benefits, the lending pool and therefore it faces no existential crisis from the failure of any particular lending pool. Still, only a maximum of 25% of circulating DAO tokens could be applied to pool sponsorships. This figure may be changed in the future.

The opportunity to use the DAO token as a lending market sponsor offers benefits to more than just DAO token stakers. Coins that join the ecosystem can use their native tokens as collateral for borrowing or to earn interest and can do so by buying DAO tokens in order to collateralize and sponsor their own cryptocurrency.

19 DAO Token Details

The DAO token will be sold utilizing a 65%-refund Dynamic Coin Offering (DYCO). The token will also be vesting using a toll bridge. While the standard distribution is 20% at TGE and then 20% per quarter for 4 quarters, DYCO participants will have the opportunity to claim all tokens in advance by paying a toll.

DYCO Refunds

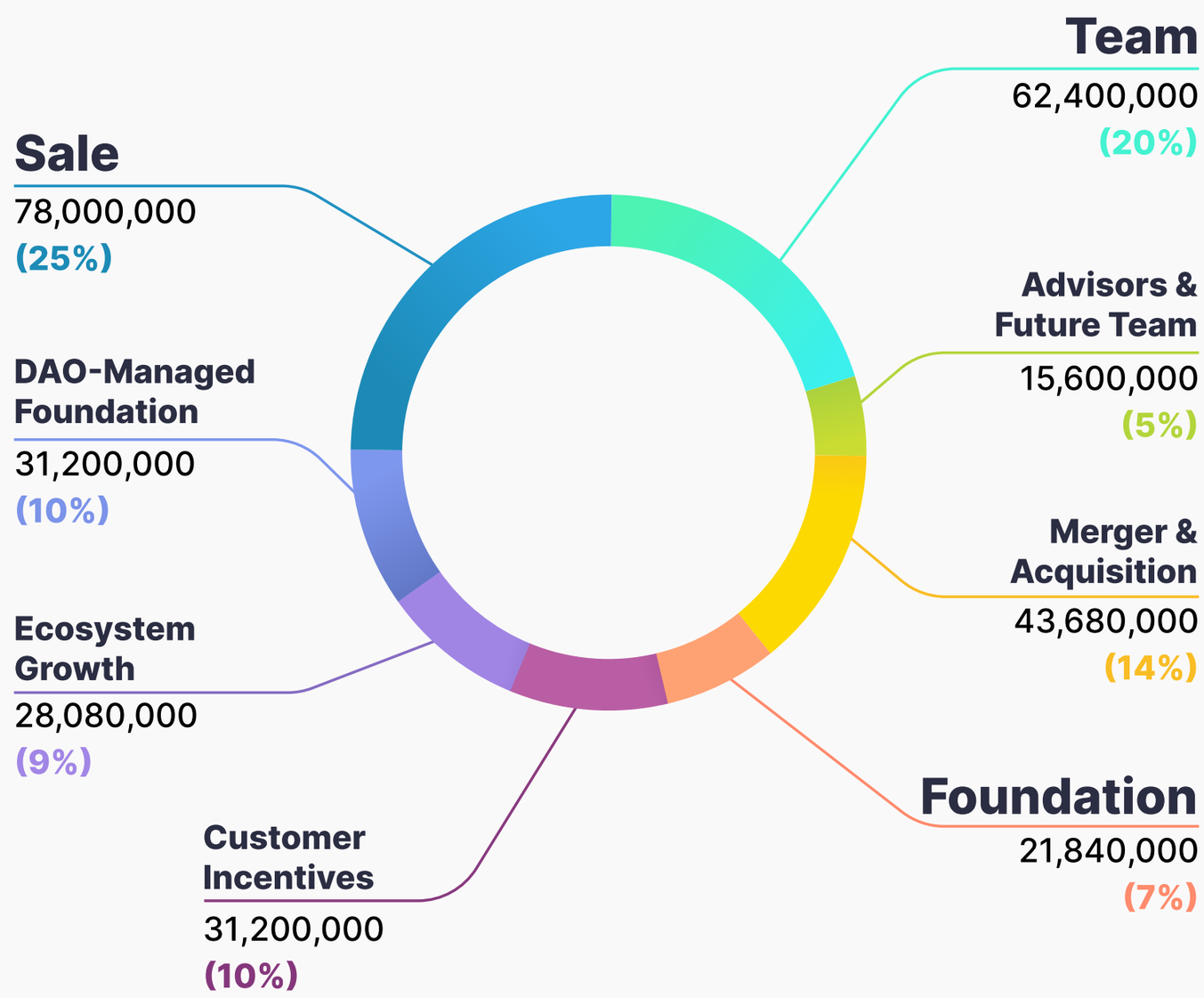
The refund milestones will be at 4, 7, and 12 months from TGE.

- 30% of sold tokens will be refundable after 4 months at $0.065
- 40% of sold tokens will be refundable after 7 months at $0.065
- 30% of sold tokens will be refundable after 12 months at $0.065

Collectively, the three refund rounds add up to all tokens sold under the DYCO.

Token Metrics

- **Token Type:** ERC-20
- **Token Sale:** DYCO
- **Ticker:** DAO
- **Dynamic Supply:** 234M (max refund) to 312M
- **Dynamic Hardcap:** 2.73M - 7.8M
- **Dynamic Valuation:** $10.92M - $31.2M



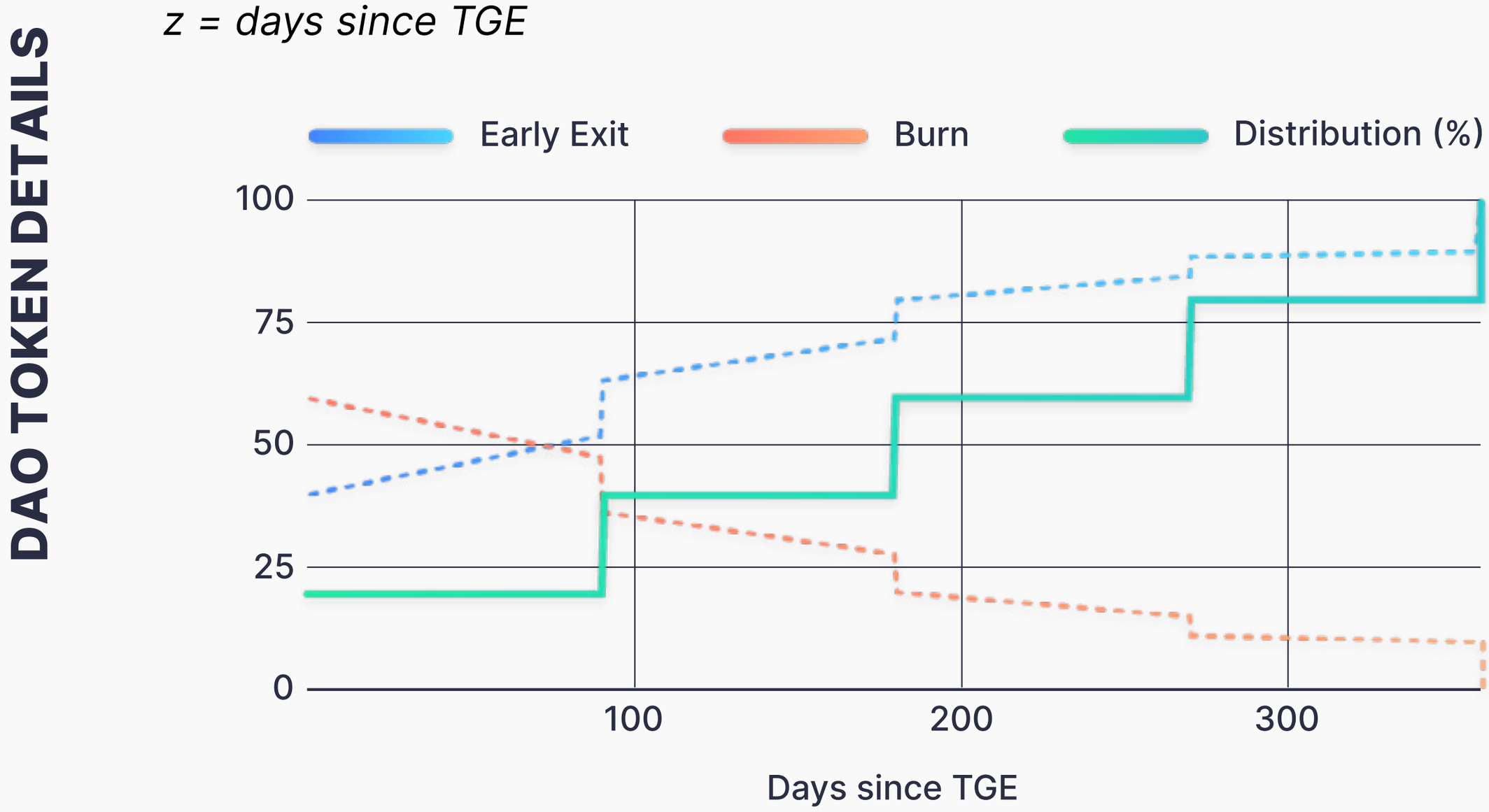
20 Vesting & Toll Bridge

The Toll Bridge is enacted by the smart contract that distributes the tokens to buyers. The smart contract manages the distribution per three calculations: quarterly distribution, toll bridge burns, and toll bridge claims.

Vesting sold Tokens

- **Public Sale Tokens:** Fully Unlocked at TGE
- **Short Term Round:** 20% unlocked at TGE followed by quarterly vesting of 20% + Toll Bridge
- **Long Term Round:** 1 year lock followed by quarterly vesting

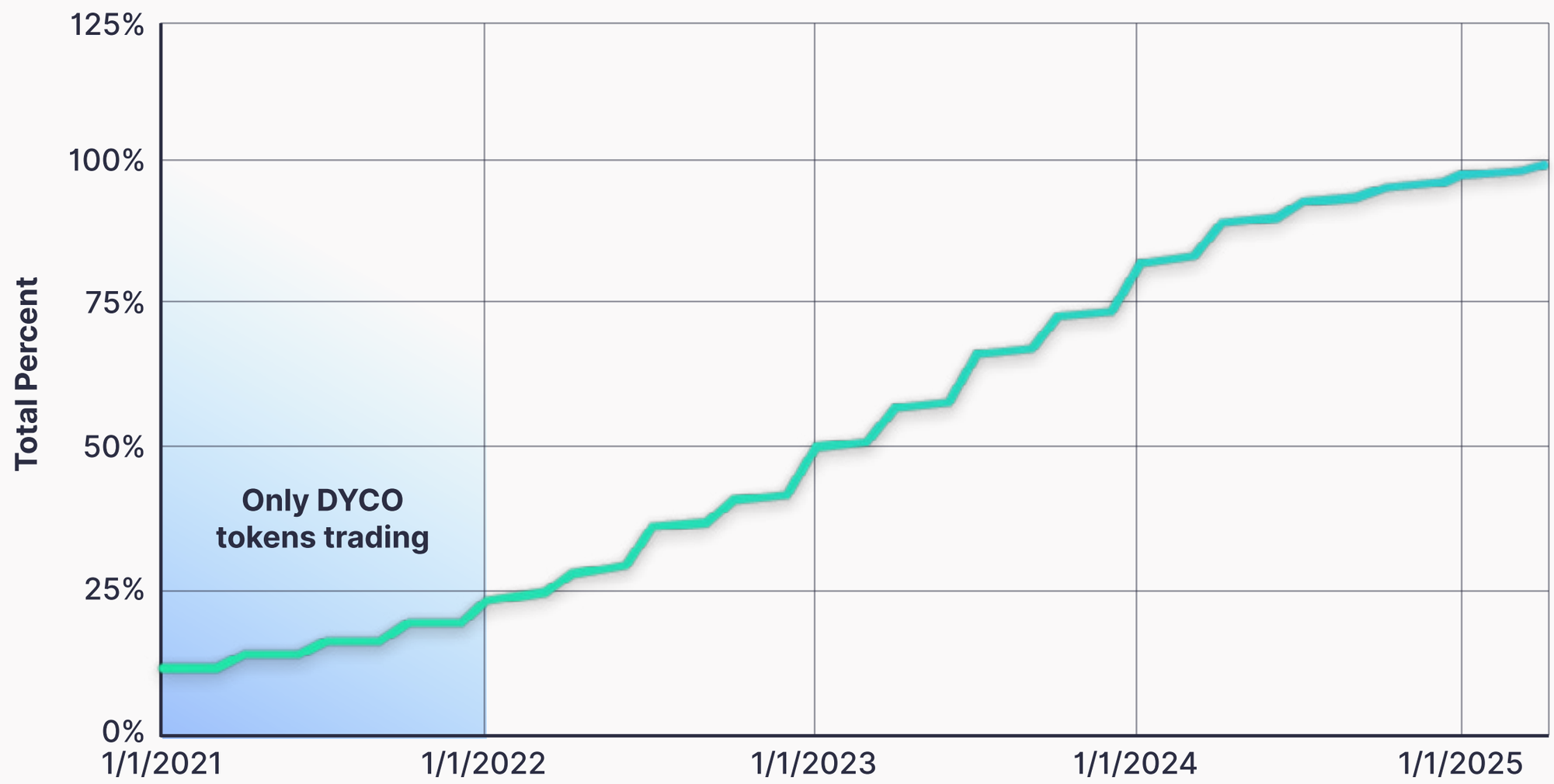
*Toll Bridge Claim = 100 - [(100 - x) * (0.75*(360-z)/360)) + 10*(z/360)]*
x = vesting schedule
z = days since TGE



Day since TGE	Distibution (%)	Burn	Claim
0	20	60	20
89	20	47.6	32.36
90	40	36.3	23.75
179	40	27.6	32.40
180	60	20	20
269	60	15.1	24.94
270	80	11.3	8.75
359	80	10	9.9
360	100	0	0

Total Token Distribution

- **Team:** 1.5-year lock, followed by 12.5% equal quarterly vesting
- **Advisors:** 1.5-year lock, followed by 12.5% equal quarterly vesting
- **Foundation:** 2-year lock, followed by 14.28% quarterly unlocks
- **Mergers & Acquisitions:** 5% unlock after 5-quarter lock, then 10% after 6 months, followed by 28.3% biannual unlock
- **Customer Incentives:** 3-month lock followed by unlocks only per platform usage
- **DAO-Managed Foundation:** 3% unlock after 12 months, then 4 quarters of 5% release, then 4 quarters of 8% release, and then 5 quarters of 9% release
- **Ecosystem (Community) Incentives:** 7.5% after 12 months, followed by 2.5% per following month



Full vesting schedule and metrics can be found in our [Distribution Schedule spreadsheet](#).

22 Dynamic Coin Offering (DYCO)

A DYCO offers its participants the ability to refund any purchased token, whether they held them or sold them at a profit. A DYCO is a token sale framework in which utility tokens are USD-backed for a large time period. This, by design, generates a token model that has limitations to the downside but has the freedom to move upwards.

A DYCO's downward movement is limited through guaranteed buybacks.

Speculative and utility values of a utility token are based on product success, demand in staking, revenue-based buybacks, product fees, token-based loyalty programs, etc. With DYCOs, utility tokens also have a base value due to the guaranteed refunds.

Projects selling tokens under a DYCO framework guarantee to return a percentage of the raised money back to DYCO participants through buybacks.

ICO/IEO Mcap = Speculative value + Utility value

DYCO Mcap = Speculative Value + Utility value + % of DYCO funds

This creates a stop-loss or limited downside for DYCO participants. However, all participants have full exposure to the success and appreciation of a token from day 1.

Benefits of a DYCO

- Teams must be transparent & successful, or else 100% of sold tokens are refunded & burned, thereby eliminating the project
- After refunds, the only tokens left in the supply are the ones owned by dedicated holders
- Teams have to comply with their lockup terms; losing holders' confidence results in refunds
- Team tokens begin unlock after final refund; circulation consists only money-backed & refundable tokens

Maximum exposure to the appreciation of a project's token and downside protection covered by refunds. Refund dates are stated in advance. Each refund date leads to:

- A refund-supported price floor
- Arbitrage opportunity for DYCO participants if tokens are offered below price floor
- Money back in the hands of the community & secondary market with each refund
- Tokens removed from the hands of non-holders
- Unwanted tokens permanently removed from supply through burns
- Organic volume and liquidity, driven by arbitrage opportunity and refunds

Success of the Orion DYCO, and its Lessons

Orion Protocol raised approximately $3.5M through a DYCO, and then went on to become one of the best performing projects of 2020. The purpose of the DYCO was to re-instill confidence in the primary market, and it achieved this with stellar success.

As the Orion team began to deliver rapidly, the token shot up in value at a rapid pace. The DYCO creates a strong buy-side liquidity given that DYCO funds can themselves offer buy backs in the form of refunds.

Meanwhile, the standard release format of tokens does not balance out the sell side. Further, it does not reward the team for delivering overwhelming success from the get-go. At the same time, it limits the amount of funds a team has for expanding its early success: it pushes expansion of success to a later stage, which is not necessarily a fit for all projects.

Thus, the DYCO is upgraded to include a Toll Bridge.

DYCO v2

Rather than go about a traditional distribution schedule, the DYCO will use a toll bridge.

Token buyers are not mandated to comply with the distribution schedule. They may opt to claim all their tokens at any point, by paying a toll fee.

The toll fee starts at 60% at TGE and reduces to 0% at the point of the last distribution.

Those who are willing to claim tokens at their standard distribution period won't be affected by the toll fee. Meanwhile, token buyers who want to capitalize on sudden large price appreciation will be able to claim all their tokens 100s of days in advance, at the expense of a toll fee.

Benefits of the DYCO v2

The DYCO v2 is a win-win-win-win scenario.

- Those who want to exit early can do so;
- Market has confidence in price discovery;
- Long-term holders benefit from the burns generated by the flips;
- The project can access some early funding if people want a quick exit if early growth is more than expected.

The introduction of the toll bridge offers an opportunity for anyone interested to flip or simply aiming for a target average price per token to exit at any point they feel comfortable. That's why this system is better twined for building a community focused on a project's longevity.

A tolled DYCO also gives secondary market buyers confidence in the token's market value. Given that all tokens can be claimed by DYCO participants at any instance, any market price is not going to be severely impacted by the quarterly release. It also ensures sudden pricing spikes are mitigated. The DYCO on its own creates a great buy side liquidity as DYCO funds can offer refunds.

Now the toll bridge allows a balancing measure in times of extreme positive price volatility. This creates a healthy price discovery.

Toll Bridge Explained

The Toll Bridge is enacted by the smart contract that distributes the tokens to buyers.

contract manages the distribution per three calculations: quarterly distribution, toll bridge burns, and toll bridge claims.

Quarterly Distribution

Each DYCO participant receives a toll-free quarterly distribution of 16%, in addition to 20% release at TGE.

Toll Bridge Burns

When a DYCO participant requests future distributions in advance, the smart contract will act as a toll bridge. The contract will apply a toll on the user's request and send the tokens taken as a toll to the burn address.

Toll Bridge Claims

When a DYCO participant requests future distributions in advance, a number of tokens will be available for a claim (minus the toll). The claim amount is the final amount of tokens the user receives after the toll is applied. The smart contract tracks the amount each user can claim at any given point.

The distribution, claim, and burn options will be available through DYCO participants' DAO Maker account.

Toll Amounts

The toll amount starts at 60% on day 1 and reduces to 0% at the point of final quarterly distribution. The toll burn reduces on a curve, and is further minimized with each distribution. The burn to claim ratio starts high but becomes nearly even by the last quarter.

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