Coinnekt®

DAO ECOSYSTEM

Coinnekt˙

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this whitepaper constitute "forward-looking information" within the meaning of Section 21E of the Securities Exchange Act of 1934, which provides a "safe harbour" for such statements in certain circumstances.

Except for statements of historical fact, information contained herein constitutes forward-looking statements, including (i) the projected performance of the DAO; (ii) the completion of, and the use of proceeds from, the sale of CNKT; (iii) the expected development of the DAO's business, projects, and joint ventures; (iv) the execution of vision and growth strategy, including with respect to the DAO's future global growth; (v) the sources and availability of third-party financing for the DAO's projects; (vi) the completion of the DAO's projects that are currently underway, in development or otherwise under consideration; (vii) the ability of the DAO to launch a functional platform, which is related to the creation and issuance of CNKT by **Coinnekt (CNKT)** and the associated economic value thereof; and (viii) the future liquidity, working capital, and capital requirements. Forward-looking statements can also be identified by words such as "can," "expected," "will" and other identifiers of non-historical events.

Forward-looking statements are provided to allow potential purchasers of the CNKT, Utility Token 1 or Utility Token 2 the opportunity to understand management's beliefs and opinions in respect of the future. The DAO is an early-stage business with a product in development, and an investment in CNKT, Utility Token 1 or Utility Token 2 is inherently risky. These statements are not guarantees of future performance, and undue reliance should not be placed on them.

Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or result expressed or implied by such forward-looking statements.

Although forward-looking statements contained herein are based upon what management believes are reasonable assumptions, forward-looking statements may prove to be inaccurate, as actual results and future events could differ materially from those anticipated in such statements. The DAO undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change, except as required by applicable securities laws.

Unless the context requires otherwise, in this whitepaper the terms "founders," "we," "us" and "our" refer to **Coinnekt (CNKT)** Core Team and/or the DAO, and all dollar (USDT) amounts set forth herein refer to United States dollars; nevertheless, there is no direct offer or asking of prices in terms of USDT; rather we're asking Non-US Persons to interact with our platform via cryptoassets like Polygon (POL), Ethereum (ETH), Bitcoin (BTC), and/or wrapped Bitcoin (wBTC), amongst others.

Coinnekt
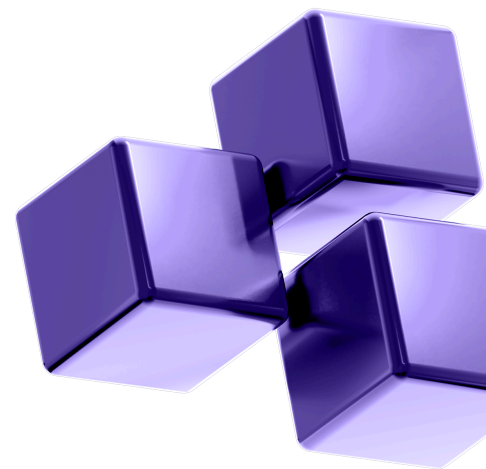
INTRODUCTION

Cryptoassets.

Since the inception of Bitcoin (BTC) technology (e.g., 'blockchain') in 2009, there has been a tremendous growth in the number of cryptoassets being available in cryptospace, either as 'tokens' or 'coins', depending on its own under-the-hood technology. The main difference between these is that a 'coin' has its own blockchain —it could be either inherited via a hard fork from another coin, or newly created, via code—; whereas, a 'token' is the result of a 'payable' smart contract being deployed on top of a particular blockchain, for example: Tether (e.g., USDT) is a 'token' of Ethereum (ETH), because there is a smart contract (e.g., executable, automated and immutable code located at a specific wallet address —known as an 'account'—) which triggers USDT minting when certain conditions are met in time as well as establishes a total supply and the number of digits to account for in transactions.

Another important aspect of cryptoassets is 'fungibility', which determines whether a specific asset is fungible or non-fungible. In this regard, Ethereum blockchain has been the most advanced and where the first tokens were ever minted. Tether is a fungible token created on top of Ethereum; you may trade USDT for ETH or vice versa, because they both share a common technological standard (ERC-20), which is based in smart contracts, and it is the same standard being used by more than 6,000 different tokens in cryptospace. Non-fungible assets, instead, are those which could either be unique or limited and non-divisible, therefore they have to be fully owned by a specific 'account' until the owner transfers it to another 'account'; nevertheless, non-fungible assets are worth a given amount of value measured either in 'fiat' (e.g., legacy currencies like USDT or $GBP) or crypto (e.g., BTC, ETH or USDT, amongst other cryptocurrencies), which allows them to be traded between 'accounts'.

Fungible Tokens (ERC-20s)

A fungible asset is often called 'Token' or 'ERC-20' regarding how it was derived from the blockchain where it operates or transacts, determining its own existence within the cryptospace. Tokens began to exist within Ethereum network as 'ERC-20' (Ethereum Request for Comment, issue #20) tokens. ERC-20 is a free (open) standard that describes how to build native tokens with distinct functionalities or use cases. Most tokens are fungible (meaning, every token is the same as any other token, and it is also divisible) to enhance and provide the basic infrastructure of the financial component of cryptospace, which almost everyone knows related to the concept of "trading".

Trading ERC-20s has been done since the inception of the first CEXs (Centralized Exchanges) and then democratized through the first DEXs (Decentralized Exchanges). Nowadays there are several categories or types of fungible tokens: tokens, native tokens, memetoks, security tokens, utility tokens, synthetic tokens, governance tokens, gaming tokens, among others within a domain of more than 25,000 on a global scale with a 100% increase rate with a 3-month frequency.

Non-Fungible Tokens (NFTs).

Non-fungible assets are called 'Non-Fungible Tokens' (NFTs) regarding its existence on cryptospace. They began to exist as 'ERC-721' (Ethereum Request for Comment, issue #721) tokens. ERC-721 is a free (open) standard that describes how to build non-fungible or unique tokens on the Ethereum (ETH) blockchain. While most tokens are fungible (meaning, every

token is the same as any other token, and it is also divisible), ERC-721 tokens are all unique; think of them like rare, one-of-a-kind collectibles.

In 2018, the Enjin platform developers proposed another standard called 'ERC-1155', a novel interface for smart contracts which may include any combination of fungible tokens, non-fungible tokens, or other configurations (e.g., semi-fungible tokens) which allows NFTs to be minted as bulk tokens, allowing them to be partially fungible in relation to certain properties, attributes or classes which give them 'equal' value amongst their supply. ERC-1155 solves the problem about having to create a unique smart contract for each token type or collection.

Whether a crypto project uses ERC-20, ERC-721 or ERC-1155 as its token minting and redeeming standard, or it creates a new blockchain for its purpose, what becomes relevant is how will the selected standard fit the use case appointed by the corresponding business plan. There are plenty of different mixes all over cryptospace. Additionally, to ETH-based NFTs, there are other blockchains which are also able to support this class of cryptoassets (e.g., EOSIO, WAX, NEXUS, POLKADOT, TEZOS, POLYGON, ENJIN, SOLANA, AVALANCHE, BINANCE CHAIN, etc…).

Even though digital art's collectable character is a significant factor to look for when trying to establish the heading of NFTs in cryptospace, the truth is much brighter than what we have previously thought of, for sure. NFTs will be around humanity for the next 100 years. Everything will be unique and irreplaceable, and we shall be able to create systems and methods through which we can efficiently organise them all.

Decentralized Finance (DeFi).

When you think of a cab or a taxi you are implicitly calling for its bounded regulation laws to exist, meaning that any given taxi has to have a legal permit or government authorization or licence to be able to provide transportation services to people which require them to be moved from one location to another; these regulations include approved tariffs or price lists, zonings, insurance policies, service guidelines, amongst others which have to be observed by the taxi owner and/or driver to be able to provide public transportation services. Now, think about Uber.

What companies like Uber have done to the taxi-cab industry is to decentralise transportation services via private sector providers, lowering transportation prices and establishing different service guidelines and standards which people seem to be more comfortable with, as well as accessibility from any smartphone device, making it open, faster, and economically efficient for both drivers and passengers.

The key concept here is the 'non-bureaucratic' relationship between economic agents and their means to accomplish their individual or aggregated goals.

Similarly, 'fiat' currencies are minted by monopolistic government-driven agencies or entities which have more or less autonomy from political influences, known as 'central' banks. These entities cannot properly function without the existence of a given set of agents called 'banks', which disperse, collect and invest money to gain profits. So, for any given 'fiat' currency minted by its creator (*e.g.*, central bank), there exists a market which can be described —as any other market— by means of its supply and demand curves (*e.g.*, functions) and in terms of 'price' and 'quantity', whereas the current price and quantity of

any given asset is known as its 'equilibrium' point (*e.g.*, the specific point where the demand meets its supply curve). In the money market this 'price' is called 'interest rate' (e.g., the price of money).

What a bank usually does to earn profits is either to lend money at a higher interest rate than the one it pays its users for their deposits, or to borrow it at a lower interest rate than the one it charges its users for their loans. The difference between active (credit) and passive (savings) interest rates is the actual gross profit of any bank in the world; for that reason, some banks decided many years ago to invest some of their actual assets into different kinds of portfolios ranging from real estate acquisitions (e.g., coming from mortgage liquidations) to stock positions (e.g., stock options, derivatives, futures), thus maximising their profits.

The actual decisions that make a bank to invest into this or that portfolio are being made upon its Board of Directors and Shareholders Assemblies; to be a part of those colleges and to have a vote are both difficult to achieve to the average investor or bank account user, because it requires a huge amount of capital invested into the bank in question as well as the previous approval to have a vote within those corporations. So, even if a random bank account holder is not comfortable with his/her money being invested into some portfolio or specific financial instrument the bank has decided to invest, it is irrelevant to the final decision about doing it, and the profits that are expected to be gained by the bank's decision is not going to benefit the account holder, in any manner.

With the development of the blockchain industry during the past fifteen years, it is now possible for the average bank account holder/user and the 'unbanked' to profit from their own financial investment decisions, regardless of any banking system where he/she has some of his/her wealth invested. It is possible thanks to an innovative approach called 'Decentralised Finance' ecosystem.

Firstly, cryptoassets allow any person to self-manage his/her wealth without the inefficiencies proposed by the legacy 'fiat' banking system, because they thrive within a peer-to-peer transactions technology system (e.g., blockchain), —significantly reducing if not disappearing— the utmost expensive 'agency costs' that any bank poses to each and every user/account holder anywhere in the world.

Secondly, lending and borrowing are both economic activities that are financially intensive and not privative to banks (e.g., in the 'legacy' kind of way), thus, via blockchain enabled applications, any person is able to find another who is looking to lend part of his/her wealth in exchange for a profit, as well as able to find someone who is looking to borrow a determined amount of wealth in exchange for a profit. Both 'wealth' and 'profits' are measured in cryptoassets, being the more liquid ones the most demanded by the market (e.g., Tether or USDT, Bitcoin or BTC, Ethereum or ETH).

Finally, because of the decentralised nature of cryptoassets and the auditable smart contracts that put them into play, any person can determine the viability of a project which aims to provide its users with high yields in exchange of them investing (e.g., 'staking') their cryptowealth into the project's platform or ecosystem, making informed decisions that could eventually derive into very significant profits at a very low financial cost.
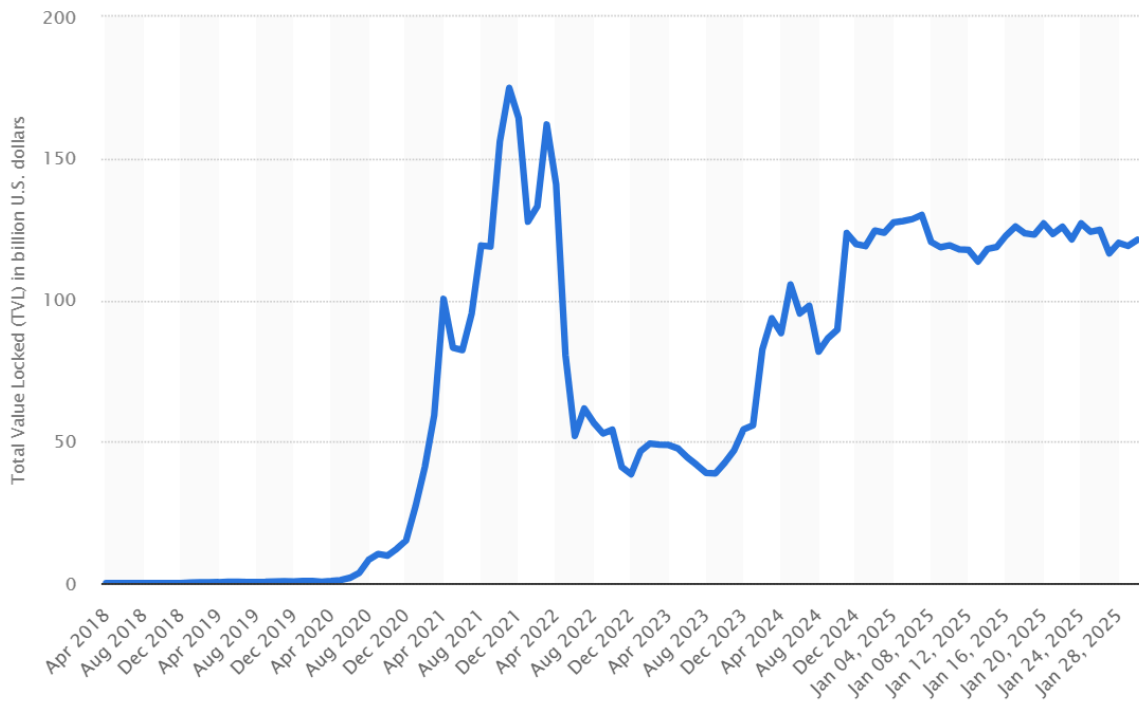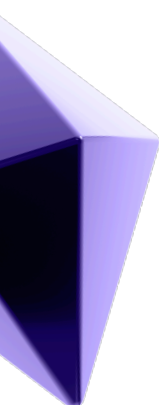
Similarly to NFTs, DeFi's niche in cryptospace has seen unparalleled growth in 2020, with its Total Value Locked (TVL) surging from 4 USDT (back in August 2017) to roughly 180 billion USDT (as of October 2021). Individually, each ecosystem is experiencing massive exponential growth, but few projects combine the tremendously explosive potential of both NFTs and DeFi in a hybrid ecosystem with enjoyable dynamics that makes investment (e.g., 'staking') decisions accessible, secure (no impermanent loss) and clearly profitable, until **Coinnekt (CNKT)**.

DeFi staked NFTs.

Having reviewed both NFT and DeFi ecosystems, the concept of 'staking' should be clear to any person reading this paper; for those who want to ask further, here it is what we believe is the easiest explanation: 'staking' is a DeFi term referring to the decision and action of someone investing a portion of his/her cryptoasset wealth into a financially driven project on the cryptospace, in exchange for a determined/determinable share of pooled profits, typically associated with APYs (Annual Percentage Yields) or 'block rewards'.

For example: Alice has 3,000 USDT currently stationed in her wallet and she is pursuing to make some profitable decision to grow her wealth by about 30% in a year; she could: a) Acquire some 'alts' (ERC-20 tokens and the sort), which she believes are in a bullish breakout —based on social media trending statistics and opinions of influencers, biassed towards that expected outcome—; b) Acquire some cryptoart or gaming NFT collectibles (ERC-721 tokens and the sort), which she believes will accrue considerable value in the next months or years —based on the artist's fame and last sold prices of his/her digital art—; or c) Stake a portion of the CNKT she holds in her wallet into a high yield 'Liquidity Pool' (LP) or staking contract available at some DeFi platform she heard was providing lending and borrowing services —based on the APY (Annual Percentage Yield) offered by that specific LP or staking offer—.

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Let us briefly analyse each possible scenario outcome for Alice: a) Given her inexperienced knowledge about fundamental and technical analysis of financial instruments such as cryptoassets, Alice's decision on acquiring a couple of ERC-20 tokens positions based on social media trends made her lose around 1,500 USDT (e.g., half of her cryptowealth), so instead of making 30% profits on top of her initial investment, she ends up being 80% farther from her financial goal; b) Alice's decision on spending 60% of her cryptowealth into a couple of ERC-721 tokens (NFT collectibles), presumably made by a relevant digital artist and traded in a top NFT market, ended up in an uncertain time-lapse of waiting until some other person is willing to acquire those precise NFTs for 130% the price she paid for them before, leaving her with 40% liquidity to possibly make some profits; and, c) Alice's decision on staking 80% of her cryptowealth in an LP or staking contract from some DeFi platform that offered her a 120% APY, ended up in her waiting for 3.75 months to accrue a 30% profit over her previous USDT balance, so now she has 3,900 USDT.

What was the relevant difference between scenarios a), b) and c)? Although they each represented a diverse Risk-to-Reward Ratio, the level of certainty about the actual factors which were necessary to determine the profitability of her investment in scenario c) was the highest of them all, thus making it the most informed decision. This is the real power of DeFi.

Let us now imagine Bob, with a cryptowealth valued at 30,000 USDT. Bob wants to invest 20% of his cryptoassets into some platform which offers him a 60% APY (that means 5% profits expected, each month, during the investment period). He manages to find some NFT-based DeFi platform offering 72% APY, subject to a minimum staking amount condition and the obligation to acquire at least 1 NFT from it; the price of the NFT is around 10% of his initial investment of 6,000 USDT, so he has got 5,400 USDT liquidity left; if he wants to acquire another NFT he has to pay double of the quantity paid for the first one, leaving him with 4,200 USDT liquidity; with his current staking power, he is not going to achieve that 300 USDT expected profit on a monthly basis, because he is not currently staking his whole initial investment, but only a 33.33% of it.

What has happened in this last Bob's scenario is that even though he was clearly informed about the APY and he was able to calculate the time he would have to stake in order to get his expected profits, the transactions costs and the staking terms and conditions were not fully disclosed to him and he ended up losing value while enabling his staking power; so, in any case, Bob would not have invested the whole 6,000 USDT he was planning to, but rather around 90% of it, which would force him to stake longer and spend more in order to achieve his expected profit outcome.

The NFTs Bob acquired were necessary to be able to stake on that DeFi platform, functioning like his own 'private keys' to access the desired Pool and which represented his legitimate claim on profits at the end of his staking period. NFTs function as a boundary between undesired anonymous code injection looking to manipulate a smart contract and whitelisted accounts who can withdraw value from one or more Pools; they can be pictured as passports which protect private data of their holders, as well as credentials to access restricted code areas with pretty good defined and clear boundaries between them, leaving no place to confusion or misrepresentation on any given claim of profits or voting rights.

Having understood what an ERC-20 token is, we need to analyse what a 'stablecoin' means. The own phonetics of the word refers to its meaning ('stable', which signifies 'balanced', 'non-volatile', 'with equilibrium'), so the main use of a stablecoin has a lot to do with providing a means to neutralize volatility within one or more ecosystems in cryptospace.

Let us imagine Alice and Bob. Alice enters our ecosystem and swaps (trades) a portion of her current ETH (Ethereum) holdings for CNKTs that were in the hands of Bob, so Alice is leaving the 10% volatility corresponding to ETH for the 50% volatility corresponding to the CNKT. In exchange, Bob is leaving the 50% volatility corresponding to the CNKT to play with the 10% volatility corresponding to ETH, because in their respective preferences curve that is what each one of them need or want, meaning: their own choices.

Now, picture Alice and Bob in this exchange of volatility (10% for 50%, and *vice versa*), if Alice is looking forward to maintain her wealth intact in the short term, the best option would be for her to trade back CNKT for Ethereum, but she wants to use Utility Token 1 and Utility Token 2, and the only way to acquire them is via the CNKT, so she would lose her possibilities if she swaps back. So, what can she do to not lose wealth in the short term? The answer is: swap her CNKTs for a stablecoin.

So, Alice could come back the next day and swap her stablecoin tokens for CNKTs, without being subject to the latter token's volatility trips during the hours between when she exchanged (swapped) ETH for CNKTs and when she decides how much of Utility Token 1 she wants to acquire and how much of Utility Token 2 she needs to acquire, too.

There can be at least two different types of stablecoins: the algorithmic one, and the 'PoR' ('Proof-of-Reserves') one. The first one functions as a permanent balancer within its native ecosystem, as the perfect neutraliser for volatility. The second one is preferred when there's a public scale of the business, so it is usually pegged to a national currency like USDT (United States of America's *dollar*), or $MXN (Mexico's *peso*), and the requirement is that for every stablecoin token being minted, there should be one USDT or $MXN in the bank to back that supply.

A BETTER MODEL FOR A DEFI ECOSYSTEM.

The model.

So far, we have reviewed the concept of 'staking' in relation to DeFi and NFTs, but we have not analysed the other important concept about 'burning' crypto.

When a cryptoasset creation code or smart contract allows the 'disappearing' of any amount of its current circulating supply, given certain necessary conditions being fulfilled, we are talking about 'burning' those coins or tokens. The total supply of that cryptoasset is going to be diminished in the exact amount of the burnt units, probably making each remaining unit more valuable or worthier in absolute terms.

A simple way to put this is to say that 'burning' is one method of making 'tokenomics' (e.g., token economics) decisions to make its behaviour inversely from inflationary, which attends to one of legacy economics' concept: 'inflation', meaning the generalised increase of prices that will then have a negative impact on all fungible assets (losing their intrinsic value or buying power) and thus, 'burning' would be protecting holders' wealth by increasing their wealth in relative terms.

Until now, there has not been any DeFi platform who has successfully implemented both 'staking' and 'burning' into their tokenomics ecosystem. What has been done by a few recent DeFi projects was to enable the possibility for users to simply stake or burn a limited quantity of NFTs, but that sole decision has not been designed to significantly transform neither current market capitalization nor price of its native token.

So, for the **Coinnekt (CNKT)** ecosystem, the model is: a modular scalable ecosystem, based on its native token (CNKT), including an Polygon based DEX (Decentralized Exchange) with its own Launchpad (for every Productive Project being listed), its own NFT Marketplace (including uNFTs, caNFTs, and generic NFTs), its own Stablecoin, and a trans-versatile governance module for holders of a certain minimum amount of native tokens.

Native Token.

Coinnekt (CNKT) has a unique Native Token called **CNKT**, which is *smarkt*-developed EDISON (Ethereum/Polygon Distributed Source Native)© Token, built as a miniDApp itself, meaning that every element of it is practically impossible to crack. Each element of this miniDApp is an item managing a unique functionality or feature that the overall Native Token has to have, in a modular way, by design. So, instead of having a unique smart contract that has a number of features that are called when the smart contract executes, the **CNKT** approach gives the opportunity to include or exclude one or several features from the possibilities being coded into the miniDApp itself, for any given moment in time.

The Native Token will have a Total Supply of 10,000,000,000 tokens, with 18 decimal places. It will be fully minted at once to **Coinnekt (CNKT)** ecosystem's treasury wallet, which will then distribute the allocations accordingly to the corresponding Tokenomics.

Utility Tokens.

Coinnekt (CNKT) is based on the interactions of several Utility Tokens, meaning that there will be a number of possible products, services, deeds, and/or shares to be acquired with **CNKT** and only within the ecosystem itself. Each Utility Token (*e.g.*, "1" and "2") will have its own Total Supply and inner dynamics, depending on the effective product(s), service(s), deed(s) or share(s) that it represents (*e.g.*, an airline would be offering transportation services, either perfectly exchangeable for a ticket or a discount on its purchase within a limited period of time).

So, if Alice wants to buy a flight to Cancún, Mexico, she will swap (exchange) a number of **CNKT** for an amount of Utility Token 1 (*e.g.*, the one corresponding to the airline being listed on the DEX via its Launchpad system) that is sufficient to acquire a full ticket to that destination. This means that the corresponding airline would have the corresponding agreements signed in order to allow digital purchases of their tickets with the aforementioned Utility Token 1, within **Coinnekt (CNKT)** ecosystem.

The same dynamics would happen with any given Utility Token 2 (mezcal bottles), or Utility Token "n", giving these projects the ability to be listed on the ecosystem's DEX but at the same time behaving as utility tokens within the ecosystem.

Smart Burning©.

Coinnekt (CNKT) enables, by design, the possibility to burn big chunks of its own native token when certain conditions are met, but instead of making direct artificial changes over the macro-tokenomics variables of its native token (e.g., **CNKT**), it allows the two initial (e.g., Utility Token 1 & Utility Token 2) Pools' tokens to compete against each other, that is, to engage in financial warfare between them. The loser's token smart contract will automatically instruct the winner's token smart contract to burn a variable amount of its own total supply, proportional to the difference between both Pools TVL (Total Value Locked), which derives into the desirable outcome of each of the winner's tokens to raise its purchasing power in relation to **CNKT**. On the contrary, the loser's token diminishes its purchasing power in relation to **CNKT**'s current price.

The algorithm for Smart Burning© consists of the following elements: TVL (Total Value Locked, in USDT), UTLiPs (Utility Tokens Liquidity Pools), NTCS (**CNKT** Native Token Circulating Supply), TF (Timeframe, in minutes), and K (Constant).

$$SB = \left(\frac{UTLiPs * TVL}{NTCS * TF} \right) * K$$

Thus, the Smart Burning© algorithm would render the following amount of Native Token to be burned, per minute, given the fact of 2 UTLiPs with a TVL of 100,000 USDT, a NTCS of 15,000,000, and a K of 339,881.80608: 733.29408 Native Tokens burned.

$$SB = \left(\frac{2*100000}{15000000*1} \right) * 339,881.80608$$

$$SB = \frac{200000}{15000000} * 339,881.80608$$

$$SB = 0.01333 * 339,881.80608$$

$$SB = 4,531.7574144$$

That means that with everything staying the same over time, the Total Supply of **CNKT** will be diminished by 2,381,891,697.00864 **CNKT**, per year, amounting to an equivalent of 23.82% of its Total Maximum Supply, which is at least 4 times greater than the standard inflation rate for any developed country in the world.

Regardless of which Pool won the latest round, starting from Stage II of the DApp, the Smart Burning© factor will affect CNKT's total supply via continuous burning events, with a fixed rate, as follows:

Periodicity (DAYS)	Burn Rate (%)
1	0.001
7	0.050
30	0.100
90	0.500
180	1.000
360	5.000

This profitable outcome does not include actual market capitalization of the project during time, and neither does it consider market volatility events, which could make CNKT price even higher at any given point, from a technical analysis perspective.

So, the non-compounded formula for the Smart Burning© factor in regards to CNKT Total Supply, for the first 360 days, would be:

$$SB_{360} = ((0.001 * 360) + (0.050 * 52) + (0.1 * 12) + (0.5 * 4) + (1 * 2) + (5 * 1))/100 * 10000000000$$

$$SB_{360} = (0.36 + 2.6 + 1.2 + 2 + 2 + 5)/100 * 10000000000$$

$$SB_{360} = 0.1316 * 10000000000$$

$$SB_{360} = 1,316,000,000$$

That means that in 360 days, the Total Supply for the CNKT would be no greater than 8,684,000,000 tokens, which means that 13.16% of it was burned and a corresponding increase of its relative value in terms of USDT will also be observed.

Liquidity Pooled NFTs.

There are two initial CNKT Pools in **Coinnekt** DEX, additional to the basic pair (CNKT / POL): one, the Utility Token 1; and the other, Utility Token 2. When the NFT module is live within the ecosystem, each new user will be able to claim one NFT (graphical) from each Liquidity Pool, but can only join one Pool at the beginning, and then another, and so forth, until the same user has claimed his/her first NFT from every liquidity Pool available within the DEX; when that happens, that same user will be able to partake in more than one Pool at any given time.

For example, Alice first decides to join the Utility Token 1 Pool (*e.g.*, because she values airline tickets more than mezcal bottles) and thus claims her very first NFT on that Pool; she chooses to stake that NFT for a 1-day timeframe, so she will not be able to claim her very first Utility Token 2 NFT, until that given period of time has come to an end (*e.g.*, the UTC countdown resets to 'zero'); then, she claims her Utility Token 2 NFT and decides to stake it for a 30-day period, so she is now able to stake her Utility Token 1 NFT for any other period different from the one she has chosen in relation to Utility

Token 2 Pool. Subsequently, Alice will be able to stake simultaneously on both Utility Token 1 and Utility Token 2 Pools, even for the same periodicity, once her first staking periods on each Pool have fully ended.

The utility of NFTs in this hybrid ecosystem could be explained from different angles: first, they help to identify, without any doubt, the owner of a whitelisted account (ngNFT©, or non-graphical NFT); second, they are used as a private key that enables its owner to stake tokens in the corresponding Pool and for a determined amount of time (graphical NFT); third, they allow the modification of the given Pool's smart contract ecosystem in a trustless manner and without any mistakes (that is, by correctly feeding its modifiable parameters based on the staking period of time and the graphical NFT that has been claimed by the user), so the user receives the expected profit and gets to also keep the NFT once unstaked from the Pool; fourth, they represent an intrinsic value which can be redeemed by selling the NFT on any secondary market; and, fifth, some of they are parts of a bigger 'collective' NFTs called "cNFTs" (community NFTs), whereas each Pool has its own set of cNFTs accordingly to the staking period of their users, the biggest cNFTs are those related to the 1-year staking period and the tiniest pertain to the 90-day staking timeframe, having the possibility to be assembled in lesser amounts of time, depending on the users intensity on minting or claiming new NFTs.

Unique "ACCESS" ngNFTs©.

In sum, "ACCESS" ngNFTs© are used to enter the **Coinnekt (CNKT)** ecosystem; ngNFTs© have the main functionality of bringing entropy to deterministically random hashes used within the dApp, as well as building a concrete relationship between any given user's data and the ecosystem itself, making them our own digital-ID standard.
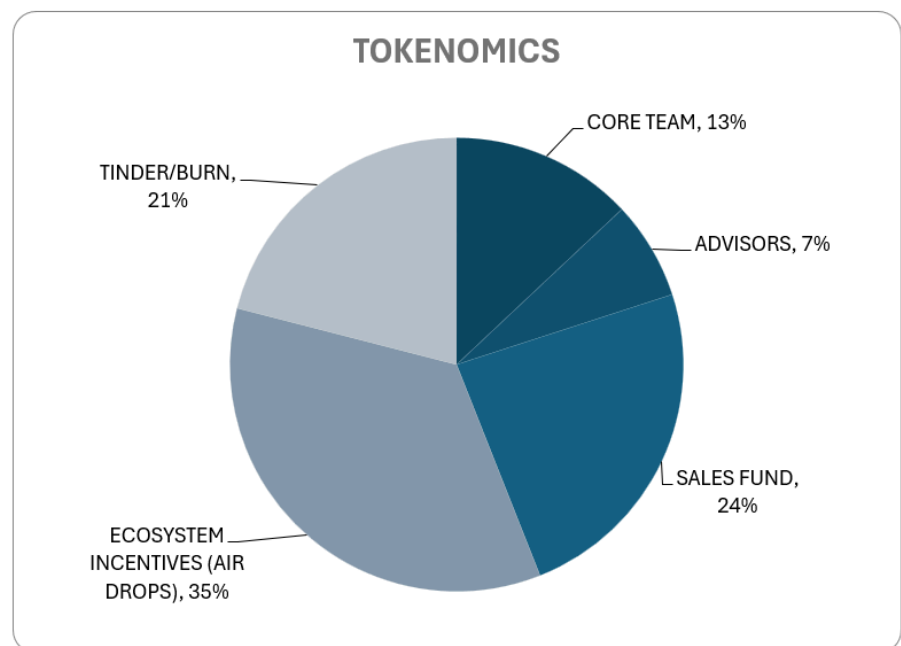
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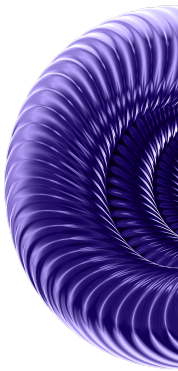
TOKENOMICS

Distribution.

TOKENOMICS	
13.00%	CORE TEAM
7.00%	ADVISORS
24.00%	SALES FUND
35.00%	ECOSYSTEM INCENTIVES
21.00%	TINDER/ BURN
100.00%	

Note: the only "Unlocked" tokens will come from Private & Public sales and MKT events.

TOKENOMICS

CORE TEAM, 13%
ADVISORS, 7%
SALES FUND, 24%
ECOSYSTEM INCENTIVES (AIR DROPS), 35%
TINDER/BURN, 21%

Note: The only 'unlocked' allocations will come from Private & Public Sales events.

Private Sale.

There will be an Exclusive Pre-Access event, as well as a Private Liquidity Auction to be held just afterwards the Landing Page is Launched (according to the corresponding Roadmap). **Coinnekt (CNKT)** ecosystem's treasury will allocate **15,000,000 CNKT** to be acquired by select qualified invitees who wish to profit from liquidity mining at this early stage of the ecosystem's life. The target price for **CNKT** by the end of this stage will be **0.36 USDT**.

Public Token Distribution.

There will be a series of Public Token Distribution events which will be published via the official **Coinnekt (CNKT)** social media accounts and strategic allies' communication services.

At this phase, through a broader and final Private Liquidity Auction, **CNKT**'s target price is expected to be roughly **1.00 USDT**. An approximate amount of **5,000,000 CNKT** will be available to be acquired by interested individuals who will bid USDT in exchange for **CNKT** allocations during a period of 16 hours. The minimum allocation will be bottomed at **10,000 CNKT** per investor. This is the stage during which an approximate number of 180,000 new users should be on-boarding the ecosystem through the acquisition of **CNKT** either within the ecosystem's DEX or via a CEX (Centralized Exchange) that has **CNKT** listed.

To be eligible, individuals must have been **whitelisted** first either by Coinnekt's team or any of its strategic allies and participate during the Liquidity Auction event (this will determine the final public price of **CNKT** to the cryptospace in general, which means that other listings over Binance, Uniswap, PancakeSwap or SushiSwap could be made after this milestone).

Trading DEX

Liquidity Mining.

Liquidity Mining will be available to all **Coinnekt (CNKT)** ecosystem users holding **CNKT**, once the Liquidity Pool's appropriate conditions are met. There will be a special Liquidity Program which will be organised and hosted by **Coinnekt (CNKT)** own DEX; users who want to partake in this program will have to provide liquidity over **CNKT**/POL pair on Uniswap (uniswap.org) and proceed to lock their LP tokens through our special smart contract in order to be benefited with a generous APY. Duration of this activity will be capped to 180 days. APYs will be duly published once Stage II of the DApp is live.

The overall outcome wanted here is to have the certainty that a minimum amount of **CNKT** will NOT be sold or used, providing stability to the ecosystem as a whole, preventing the massive sale of **CNKT**s and protecting its value over time, guaranteeing growth instead of loss.

CNKT / POL Liquidity Pool.

Coinnekt (CNKT) ecosystem's users will be able to stake their POL to earn **CNKT**, thus providing liquidity necessary to maintain **CNKT** price action and reduce volatility. There will be three different liquidity programs available: one, which is the Liquidity Mining described above; a second one, regarding uniswap.org LP tokens, which will be honoured in terms of its own set of rules and conditions (e.g., 0.03% of all trades made, proportionally to each user's own LP share); and, a third one, which consists of our own **CNKT** / ETH trading pair within the ecosystem's DEX, where we will distribute millions of **CNKT** each year.

The minimum POL lock-up period will be 7 days, and the maximum will be 180 days. The initial APY of the latter aforementioned option will be 21%; so, the maximum payable yield in the minimum scenario would be 0.4038% (weekly), and it will be redeemable in **CNKT**. This program will be available after the Stage II release of the DApp has been deployed and online.

wBTC/CNKT LP.

There will be a proper wBTC/**CNKT** Liquidity Pool for wBTC holders which want to provide liquidity or swap to **CNKT** to be able to interact with the ecosystem. This LP will be available by Stage III.

Project Launchpad

This is **Coinnekt (CNKT)**'s own method through which any project will be able to launch its own native token, as well as its initial NFT Collection, during a selected maximum period (from 1-day to 30-day). Client's (Productive Project) own user base

will be able to swap POL tokens for **CNKT**, and then provide liquidity on whatever desired Pool (Liquidity Pool) from the ones available. Different power attributes as well as digital art or cryptoart pieces will be available to choose from NFT Collections, through the ecosystem's Marketplace.

Dynamic will consist of selecting two different products / services from the corresponding Productive Project (DEX client) to be listed; each one of them will be issued a sub-utility (synthetic) token and make them available through the DEX to ecosystem's users that will then pour liquidity to either one of them during the corresponding period of time (from 1-day to 30-day); in the end, the overall winner (the one that was poured more liquidity than the other) Pool will set the relative price of that project's native token in terms of **CNKT**, as well as in relation to ETH within the ecosystem's DEX. This will be the starting point for that Liquidity Pool or DEX pair to be listed within the DEX itself and made available to any user who wants to trade **CNKT**s for the products / services being offered by the project in question.

UTLiPs (Utility Token Liquidity Pools)

Differently from an ordinary Liquidity Pool (LP), our UTLiPs do not have impermanent loss. This is mainly due to two different reasons:

1. Because the price divergence between the assets in the pool will eventually reverse, causing the effects of impermanent loss to be fully mitigated.
2. Because the assets within any UTLiP are either utility tokens or NFTs.

The NON-impermanent loss feature comes from the fact that these tokens are NOT securities, as well as that their listing is ONLY within the ecosystem's DEX; so, to have impermanent loss would necessarily have to mean that the value of the utility tokens being held within the user's wallet is decreasing over time, because their absolute value in terms of POL is less than that corresponding to the time when the tokens were acquired firstly by that specific user. In the end, it is not even possible to declare impermanent loss for any utility token within the ecosystem, because all of the listed tokens are also involved with its Smart Burning© algorithm.

Utility Token 1 / CNKT Farming.

Any **Coinnekt (CNKT)** Utility Token 1 UTLiP user who wants to accrue value will be able to stake his/her Utility Token 1 to harvest **CNKT**s, just by staking his/her Utility Token 1 tokens and/or NFTs into the Utility Token 1 / **CNKT** Pool. Initial ratio will be fixed at 100 Utility Token 1 / 1 **CNKT** and it will change with time, in terms of the result of community voting via governance module, once the Stage V is online.

Let us think of Alice who has been staking her Utility Token 1 NFTs into the Utility Token 1 / **CNKT** Pool for a 180-day period; regardless of other actions taken within the ecosystem, she is going to be benefited from the Smart Burning© protocol, increasing her staking power from the specific amount she was individually staking at, accruing even more significant amounts of **CNKT** to be exchanged for POL, or swapped for wBTC.

Utility Token 2 / CNKT farming.

Just as it happened with Alice's staking into the Utility Token 2 / **CNKT** pool, the same will happen to Bob, who has been staking all his Utility Token 2 NFTs into the Utility Token 2 / **CNKT** Pool to farm **CNKT** or other Launchpad to-be-released token (e.g., productive project native token).

A common property to both Utility Token 1 & Utility Token 2 Pools is that impermanent loss gets fully neutralised and overran by the compounded yields being generated through our ecosystem's DeFi features (like the Smart Burning© algorithm), which means that users will not take 'unaccounted' financial risks related to losing a significant amount of their provisioned tokens to any Pool, but instead of that, they will accrue value continuously, because of the Smart Burning© algorithm and protocol.

NFT MARKETPLACE

Every NFT Collection will have its own place within **Coinnekt (CNKT)**'s ecosystem. Full-sized crypto projects which will also launch their own native tokens and build their brands through the Trading DEX's Launchpad, will have their corresponding NFTs; every new element will correspond to its own NFT Edition, of a given Series into a certain Collection. NFTs will be related with at least two different classes: IBOs (Interactive Blockchain Objects) and/or RWAs (Real-World Assets).
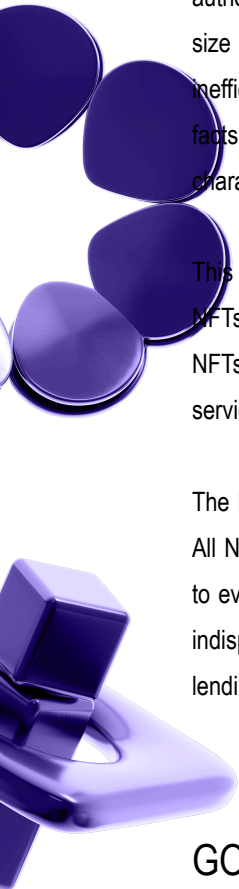
IBOs

Any and all new IBOs (Interactive Blockchain Objects) within **Coinnekt (CNKT)** will always correspond to an NFT, regardless of it being a caNFT, ngNFT©, uNFT, pNFT, sNFT, dNFT or just a regular NFT, regardless of it being an ERC-1155, ERC-721, or any other standard; within our ecosystem we use distinct types of NFTs: the graphical (NFTs), the non-graphical (ngNFTs©), the utility (uNFTs), the product (pNFTs), the service (sNFTs), the cryptoart (caNFTs), and the domain (dNFTs).

RWAs

Any and all RWAs (Real-World Assets) related to **Coinnekt (CNKT)** will always correspond to an ERC-721 NFT, or any other similar standard; within our ecosystem we will assign RWAs to their corresponding pNFTs, depending on their category (e.g., products made by any productive project which token has been released through our Trading DEX Launchpad). If Alice is a pNFT holder, then she is entitled to receive the correlated RWA, whenever applicable.

ngNFTs©

The non-graphical (ngNFTs©) developed by *smarkt* have many important uses, even more: they are fundamental to both the Smart Burning© factor & algorithm, and the Staking (including Farming) & Lending (including Borrow) protocols, which are the foundational concrete pillars of **Coinnekt (CNKT)** ecosystem. We will dive deeper into ngNFTs© on a later version of this whitepaper —once the Stage II of the DApp is online—.

The graphical NFTs, or just the 'ordinary' ones, are equally useful as they are aesthetically valuable given the original and authentic illustration or cryptoart they include within them, nevertheless, they swallow big chunks of block's mempool total size (the amount of virtual memory they consume), and they demand to be rendered on-chain, which is a high-cost and inefficient way to use NFTs, making them the most expensive class of cryptoasset to hold and transfer. Regardless of these facts, Collectors love to be able to contemplate their cryptoart pieces, no more than they love to show them off, analyse their characteristics, and interact a bit with other users' collections.

This is the main reason why we have decided to create our own Marketplace, as a common ground for users to trade their NFTs, to search for a specific Edition, Series and/or Collection, to browse for pieces, Artists or Collectors, to buy/sell/melt NFTs, and to produce interesting entertainment experiences while accruing value or exchanging them for products or services from DEX's listed projects.

The Marketplace will have every NFT Edition, Series, Pool, and Collection, from the first one, up until the latest one listed. All NFTs will be acquired with CNKTs. New Collections will be listed there too, on a first-come-first-served basis, accessible to every CNKT holder duly registered which has also minted his/her "ACCESS" ngNFT©. Minting an "ACCESS" ngNFT© is indispensable to access the Stage III **Coinnekt (CNKT)**'s ecosystem, and profit from its benefits (from DeFi products like lending or staking, to NFT trading).

GOVERNANCE MODULE

Once **Coinnekt (CNKT)**'s ecosystem has launched its own Trading DEX, NFT Marketplace, Project Launchpad and Stablecoin successfully, there will be a rollup release that will embed a Governance Module which will be available to any "ACCESS" ngNFT© holder. Minimum required amount to upload a proposal or vote for it will be fixed at 10,000 **CNKT**; every such ngNFT© holder will have one vote, regardless of the **CNKT** amount he/she holds surpassing that minimum. Only ngNFT© holders will be given access to voting systems.

Users will be able to upload and/or vote for proposals regarding the following key aspects: NFT pricing, NFT attributes, commissioned cryptoartists (NFT creation), NFT maximum supply, LPs APYs, DEX's transaction fees, projects to be Launched, trading tools or pairs, among other subjects which will be duly explained once the Governance Module is live over mainnet.