

WTR

The Deepwaters Utility and Governance Token

v1.01

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Feb 2023

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Introduction

The WTR token (pronounced “water token”) is a utility and governance token for the Deepwaters ecosystem. WTR is accepted for goods and services provided by Deepwaters. It also provides coordination mechanisms for future development and various system parameters. While WTR is not explicitly *required* to use Deepwaters, it will provide the user with exclusive benefits, improving and expanding the user’s overall experience while allowing them to take part in the evolution of the ecosystem through governance.

Token Economics

Overview

The total maximum supply of WTR is capped at 350,000,000 units (350 Million units). Issuance is **both** [milestone-based](#) and [time-based](#). This is an effort to ensure that token distribution is commensurate with success of the platform and distributed over time.

Payment for Goods and Services

WTR can be spent on various goods and services provided by Deepwaters. Some examples include:

- Trading fees
- Purchasing Deepwaters Memberships / Subscriptions
- Deepwaters premium data

Fees are denominated in relevant assets, corresponding to the user's actions. WTR can be used to pay a portion of these fees at a fixed dollar-denominated exchange rate of \$0.70. The allowable portion is a protocol-defined parameter, subject to the user’s current subscription and/or recent trading volume.

A relevant example:

1. User Alice executes a trade, selling 10 ETH for a price of $\frac{2000\text{ USDC}}{\text{ETH}}$
2. Alice pays a fee of 10 bps: $20000\text{ USDC} \times 0.001 = 20\text{ USDC}$:
 - a. 50% of the fee is paid in USDC (10 USDC)
 - b. 50% of the fee is paid in WTR at $\frac{1\text{ WTR}}{\$0.70\text{ USD}}$ (~14.29 WTR)

Allocation and Distribution

Overview

Distribution of tokens is designed to promote a fair and diverse set of token holders, as shown below. By enabling all stakeholders to participate in governance and token utility, the system is set up with checks and balances ensuring the best interests of the project are pursued.

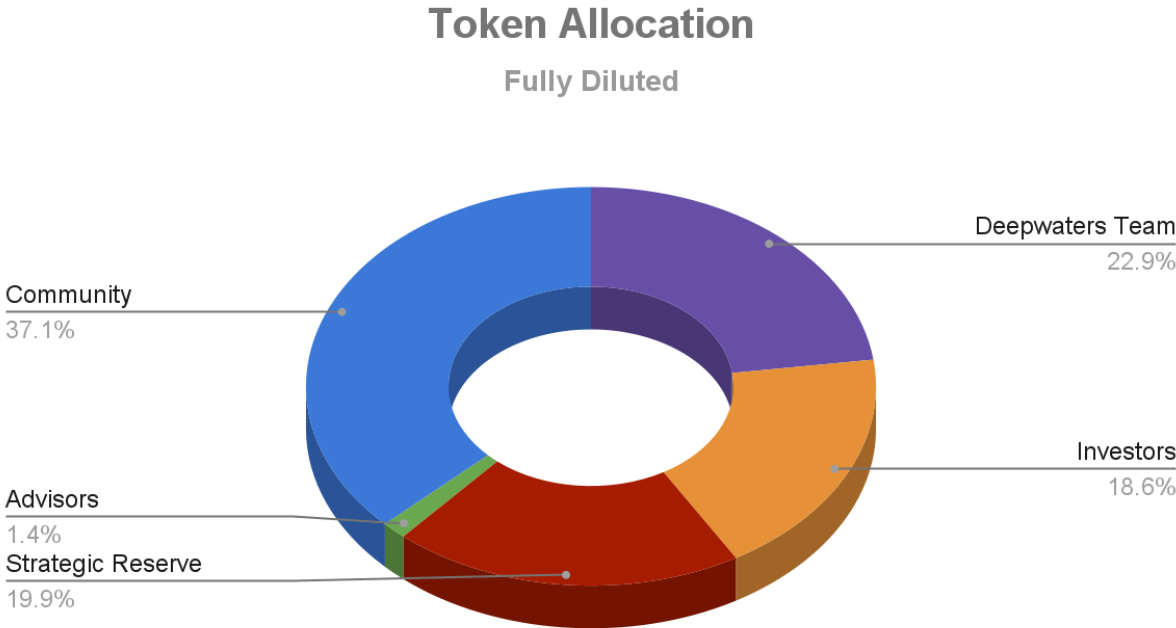


Figure 1: Fully Diluted Token Allocations

Token Allocation: Detailed

Fully Diluted

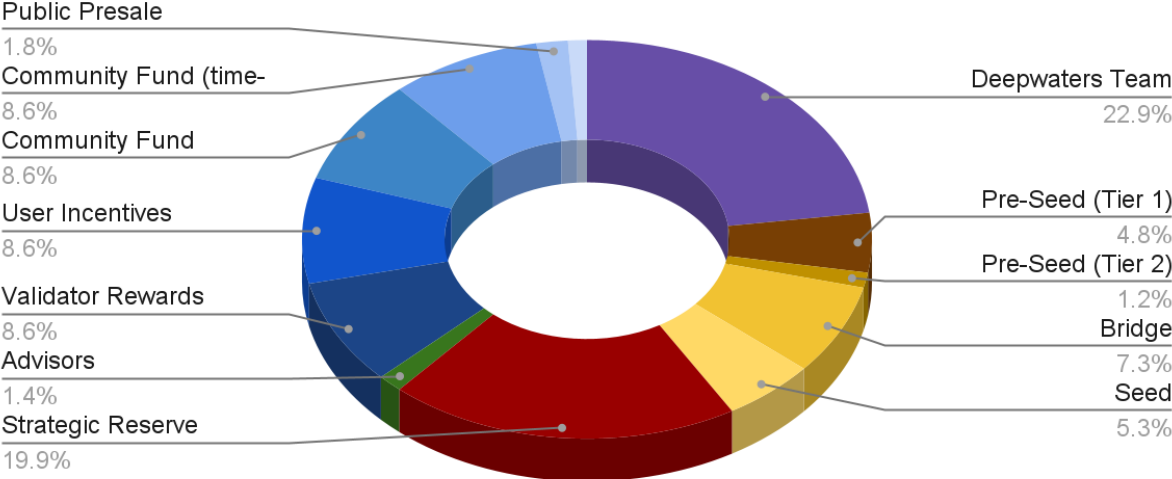


Figure 2: Fully Diluted Token Allocations (Detailed)

Group	Token %	Tokens
Deepwaters Team	22.86%	80,000,000.00
Pre-Seed (Tier 1)	4.82%	16,866,250.00
Pre-Seed (Tier 2)	1.23%	4,291,666.67
Bridge	7.33%	25,650,000.00
Seed	5.27%	18,457,059.00
Strategic Reserve	19.92%	69,735,024.33
Advisors	1.43%	5,000,000.00
Validator Rewards	8.57%	30,000,000.00
User Incentives	8.57%	30,000,000.00
Community Fund (milestone-based unlock)	8.57%	30,000,000.00
Community Fund (time-based unlock)	8.57%	30,000,000.00
Public Presale	1.79%	6,250,000.00
Marketing / Promotion	1.07%	3,750,000.00
Total Tokens (fully diluted)	100.00%	350,000,000.00

Table 1: Token Allocations

Additional details about various stakeholders can be found below:

- **Deepwaters Team** - Allocated for the Deepwaters team, but can be allocated to further community programs (farming, LP, etc.)
 - 88% of team allocation: 2yr vest, 6mo cliff, quarterly distributions (from mainnet launch)
 - 12% of team allocation: Set aside as 'employee incentive pool;' reserved for recruitment, retention, and bonuses (vesting varies)
- **Investors** - Current investors in the project (and pre-allocated to current round). Unsold tokens will roll over to 'Strategic Reserve.'
 - 2yr vest, 6mo cliff, quarterly distributions (from mainnet launch)
- **Strategic Reserve** - Held by Deepwaters for purposes of liquidity, partnerships, future investors, etc.
 - Can be used at the discretion of the company with the following restrictions:
 - Cannot be reallocated to team or advisors
 - Cannot be sold on the open market by Deepwaters
 - Any sale or other disbursement of tokens must have at least a 6-month lockup / cliff (call options to market makers must be either 1) European or Bermudan style and have at least a 6-month period before they can be exercised, or 2) American style with the lowest strike price at least 100% above the then-current market price)
- **Advisors** - Allocated for rewarding advisors to Deepwaters, but can remain unused or be allocated to further community programs
- **Community** - Allocated for distribution to Deepwaters users and validators.
 - **Validator Rewards** - Awarded to validators for ensuring security of Deepwaters
 - Milestone-based unlock
 - **Liquidity Incentives** - Awarded to users to incentivize ecosystem growth and early adoption
 - Milestone-based unlock
 - **Community Fund (milestone-based)** - Strategic reserve controlled by WTR governance: to be used for community incentive programs
 - Milestone-based unlock
 - **Community Fund (time-based)** - Strategic reserve controlled by WTR governance: to be used for community incentive programs
 - Unlocked monthly over 4 years, starting at platform launch
 - **Public Presale** - Allocated for public launchpad offerings
 - **Marketing / Promotion** - Allocated for promotional purposes, including airdrops. For the purposes of our projected supply we assume there is no lockup, but some of this allocation may have a to-be-determined lockup period.

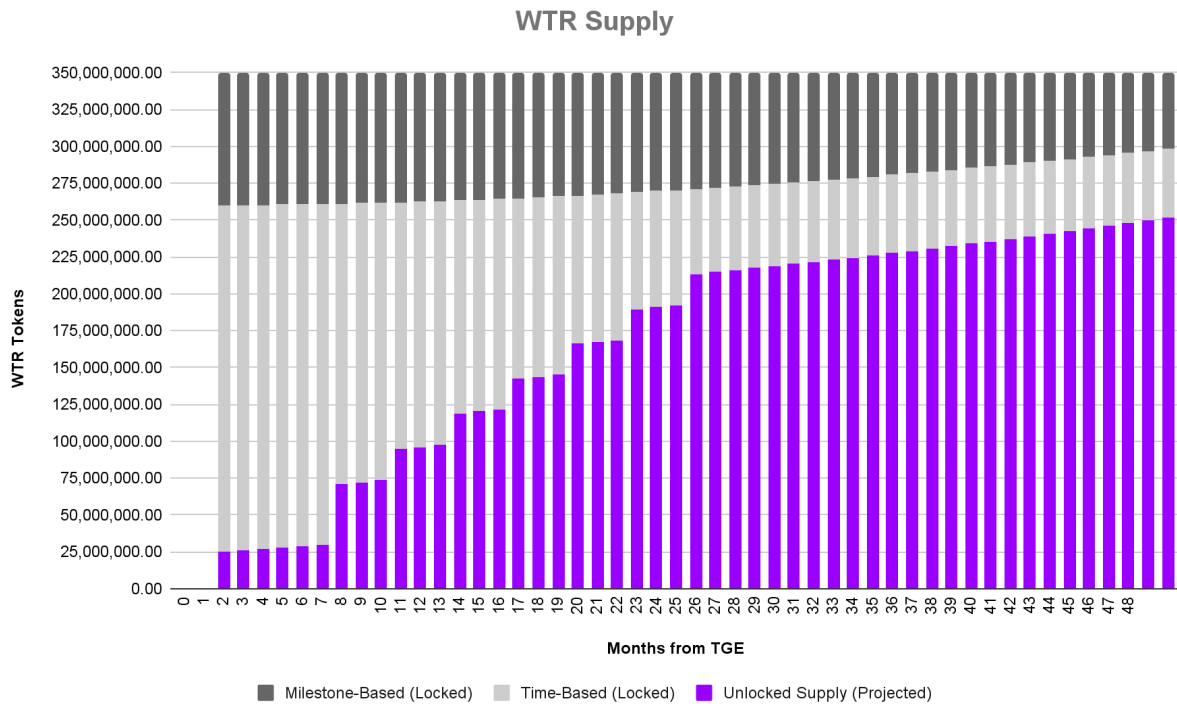


Figure 3: Total WTR Supply (Projected)

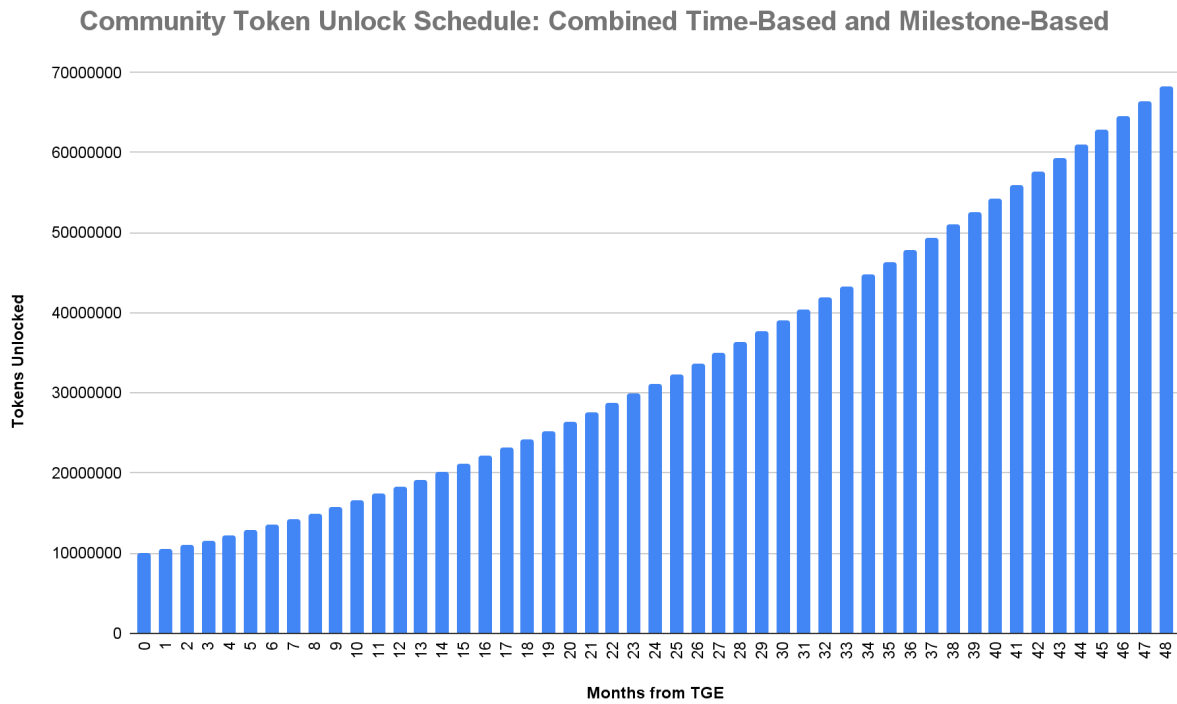


Figure 4: Community Token Distribution (Projected)

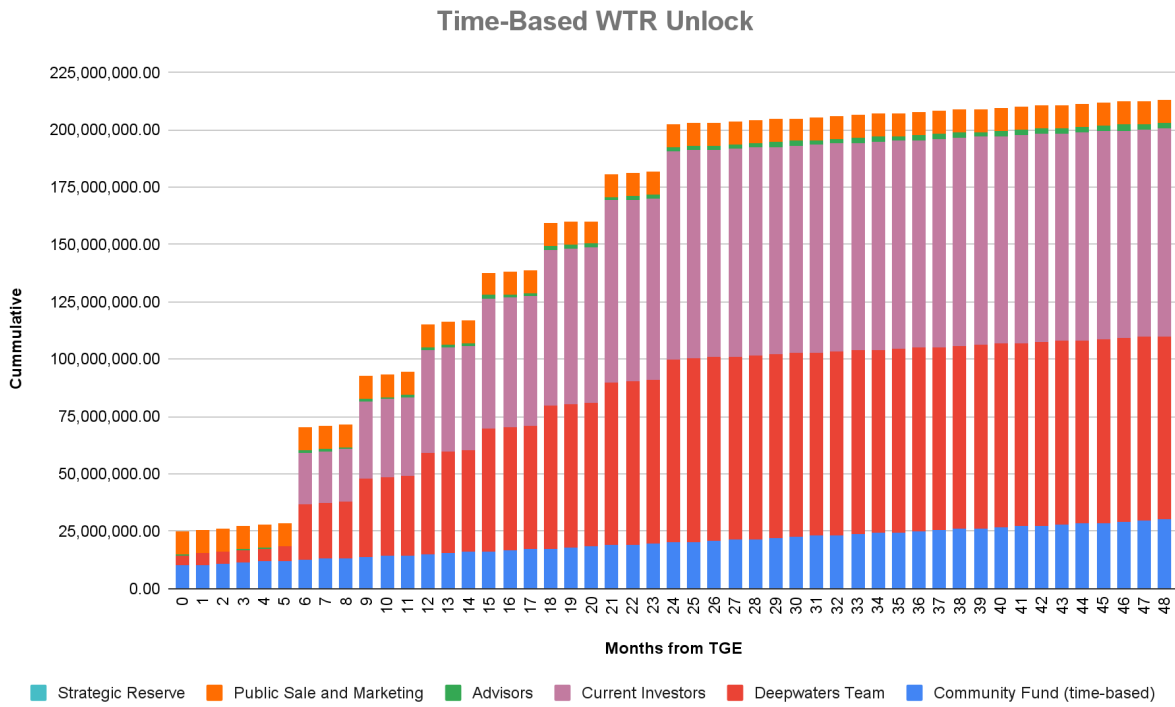


Figure 5: Time-Based Token Issuance

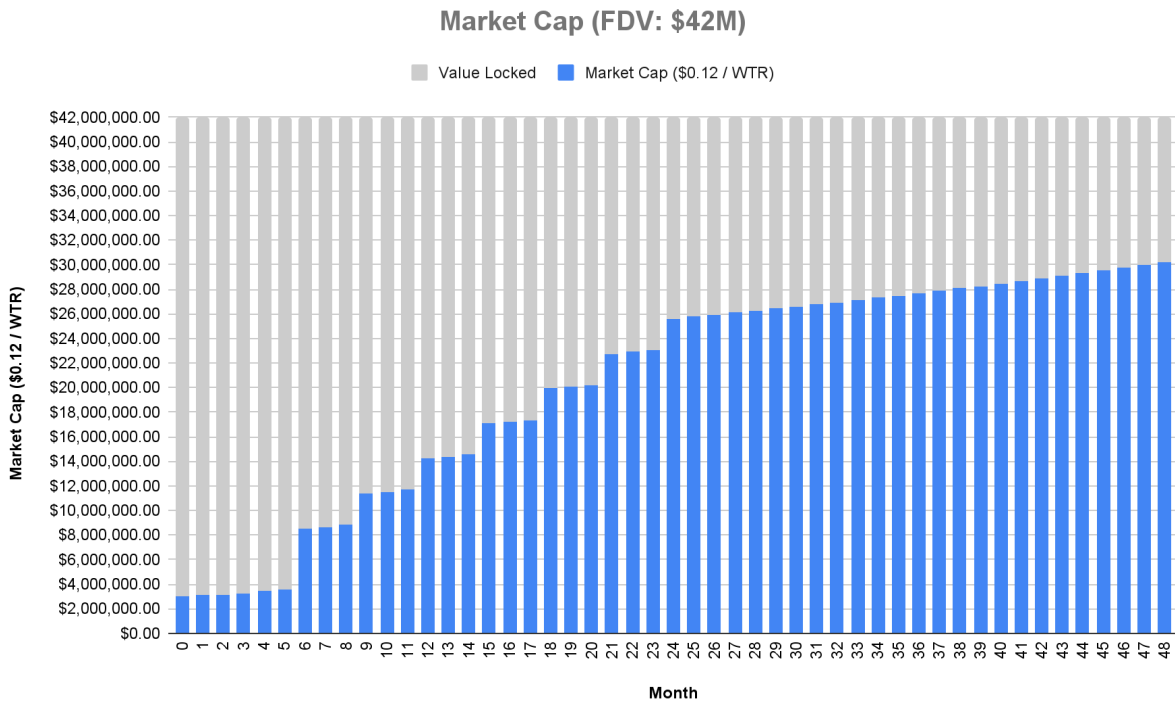


Figure 6: WTR Market Cap (Projected)

Investors

Deepwaters 'Investors' represent private investment in equity. This allocation includes all past and future fundraising.

Group	Token %	Tokens
Pre-Seed (Tier 1)	25.84%	16,866,250.00
Pre-Seed (Tier 2)	6.58%	4,291,666.67
Bridge	39.30%	25,650,000.00
Seed	28.28%	18,457,059.00
Total	100.00%	65,264,975.67

Table 2: Investor Allocations

Token Allocation: Investors

Fully Diluted

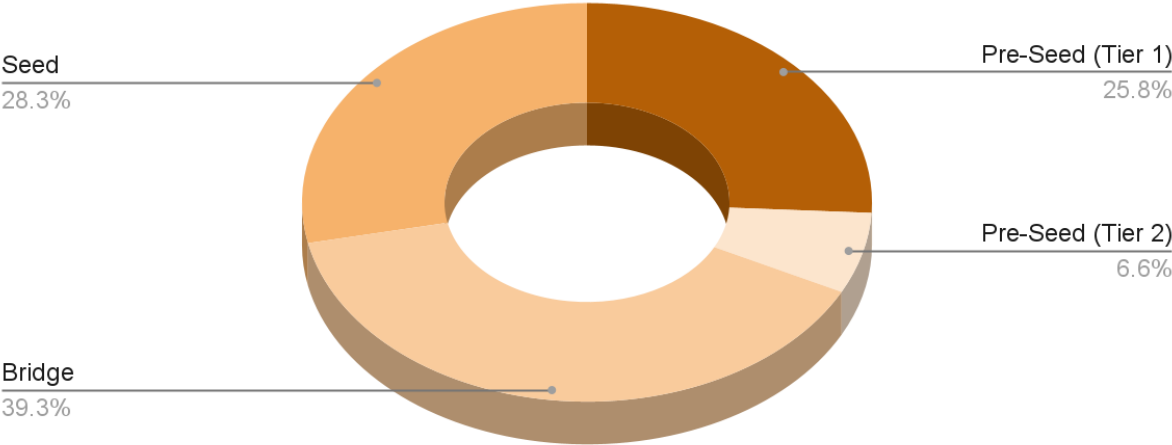


Figure 7: Investor Token Allocations

Community

Deepwaters 'Community' represents its users and validators. Tokens will be distributed to incentivize user behavior, secure the network, and build community. Activities eligible for user incentives include but are not limited to:

- Trading and market-making
- Community-building tasks and initiatives
- Customer referrals

Group	Token %	Tokens
Validator Rewards	23.08%	30,000,000.00
User Incentives	23.08%	30,000,000.00
Community Fund (milestone-based unlock)	23.08%	30,000,000.00
Community Fund (time-based unlock)	23.08%	30,000,000.00
Public Presale	4.81%	6,250,000.00
Marketing / Promotion	2.88%	3,750,000.00
Total	100.00%	130,000,000.00

Table 3: Community Allocations

Token Allocation: Community

Fully Diluted

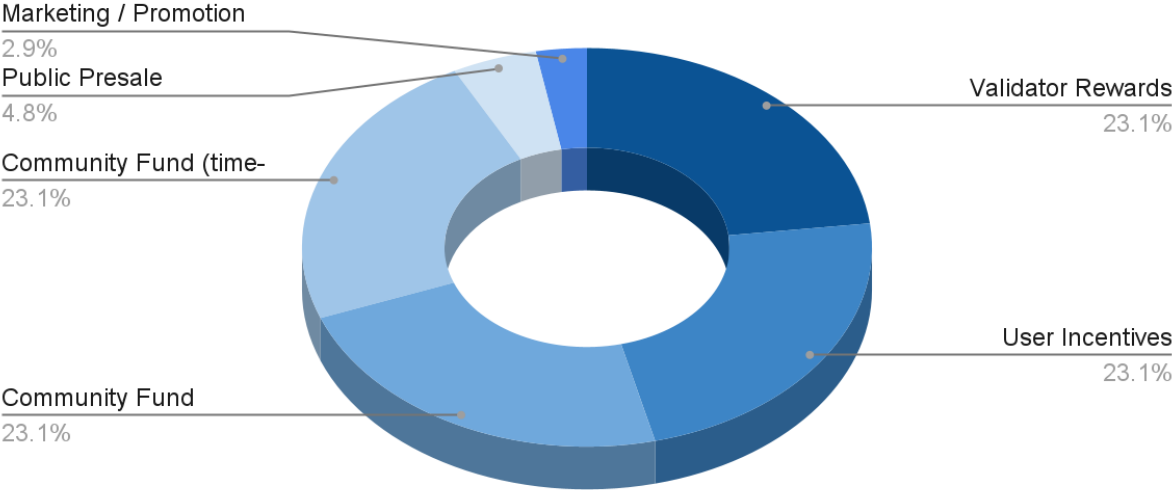


Figure 8: Community Token Allocations

Token issuance to the community is **both** milestone-based and time-based. This is an effort to ensure that token distribution is both commensurate with success of the platform and distributed over time.

Milestone-Based Community Token Distribution

Three fourths ($\frac{3}{4}$) of all distributed community tokens are released by Deepwaters Qualified Fees (this includes trading fees, membership fees, and other qualifying paid goods and services in the Deepwaters platform). The aforementioned tokens will be evenly split between the Community Fund, Validators, and User incentives. Users who are participating in the platform, will receive user incentive commensurate with their individual activities.

The rate of unlocking tokens is initially set to 100% of platform generated fees, at a fixed conversion rate of \$0.70 / WTR. The rate of issuance can be adjusted by the Deepwaters team with coordination of the WTR community.

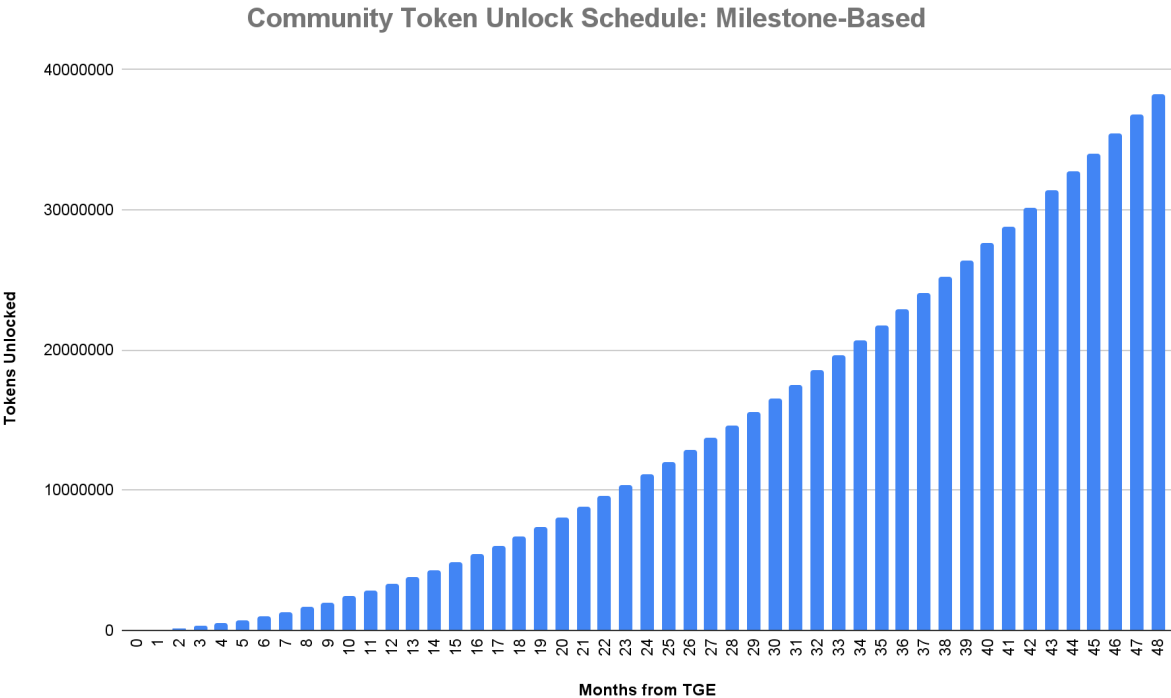


Figure 9: Community Token Unlock Schedule: Milestone-Based (Projected)

Time-Based Community Token Distribution

One fourth ($\frac{1}{4}$) of all distributed community tokens are released monthly over a period of 4 years into the Community Fund. These tokens are eligible for distribution in accordance with governance voting and intended to grow the Deepwaters community and promote healthy token economics for users and validators.

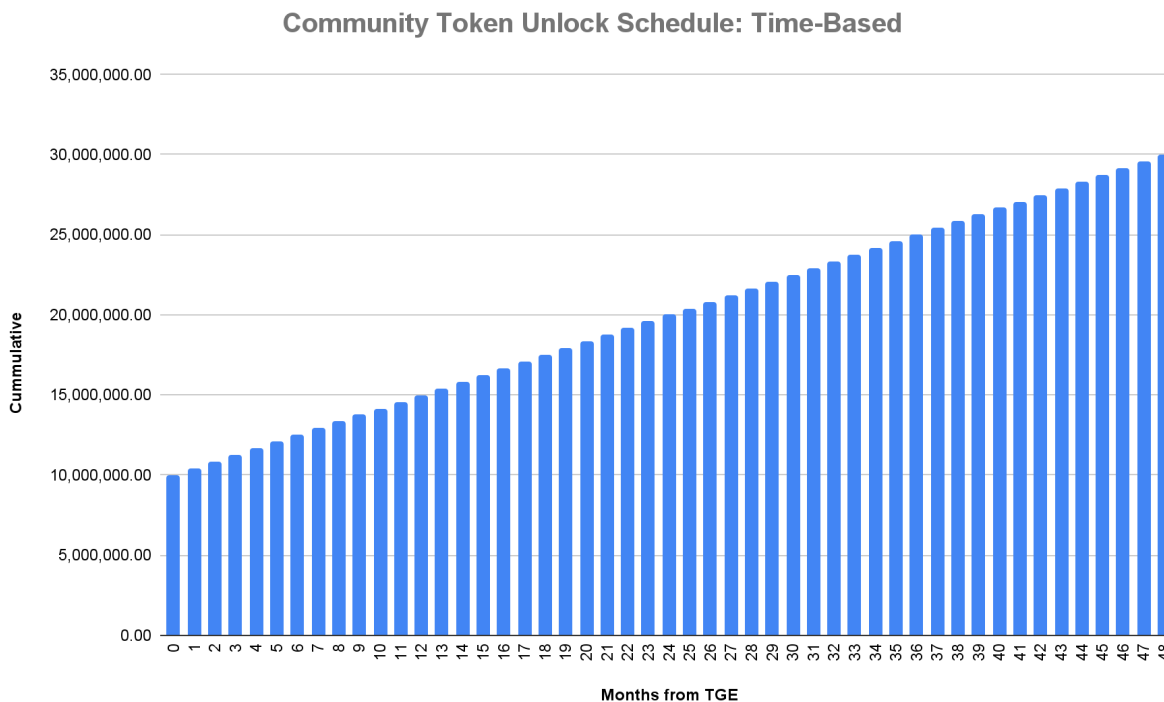


Figure 10: Community Token Unlock Schedule: Time-Based

Community Fund

Distribution of Community Fund tokens must be initiated by Deepwaters governance. Governance will initially be controlled by the Deepwaters team and replaced by a community DAO (planned for Q3 2023). The fund is intended to be flexibly used for the following purposes, with the intention of promoting a healthy token economy and community growth:

- Additional user incentives
- Additional validator rewards
- Community programs and marketing
- Network upgrades

Validators

Anyone may independently build and run the Deepwaters Validator Client. In running the client, a validator will subscribe to Deepwaters remote Trusted Execution Environment attestation and help to ensure the platform is running as intended. Validators are compensated in WTR rewards for the number of successful validations and awarded bonuses for performance, including:

- Overall up-time
- Length of continued validation

Note: Validations are rate-limited (depending on the overall number of validators).

To be eligible for validator rewards, a user must complete KYC / AML requirements and opt-in as a validator. Additionally, they must bond a fixed number of WTR tokens. Unbonding of tokens takes place linearly over a 30-day unbonding period. Each verified Deepwaters user is allowed only 1 compensated validator.

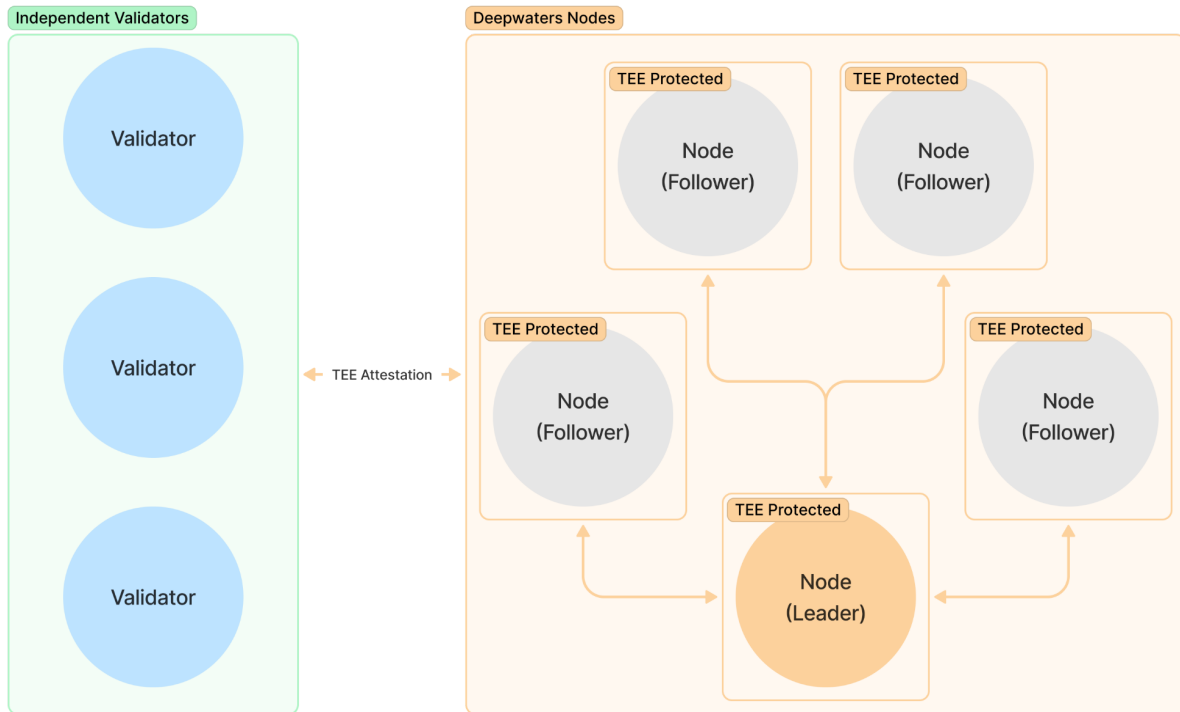


Figure 11: Architecture - Validators and Nodes

Governance

Overview

WTR is used for proposals and voting on critical parameters of the Deepwaters Token (WTR). This includes but is not limited to utilization of the Community Fund and protocol upgrades.

Governance initiatives will take place in both the Deepwaters discord to discuss proposals as well as on Snapshot.org and/or the Deepwaters platform for proposal creation and voting. Users will be required to pledge the minimum threshold amount of WTR tokens as collateral to create a proposal.

Proposals

All governance decisions are expected to follow a predetermined proposal lifecycle, in order to establish consistency and maintain full transparency within the Deepwaters community. The noted lifecycle is also subject to changes through governance, based on community feedback.

Lifecycle

1) **Discussions**

All governance proposals are recommended to be discussed in the Deepwaters discord before posting a proposal. The intent of these discussions is to gather feedback from the wider Deepwaters community, and define ideas before submission.

2) **Submission**

After discussion with the community, a proposal is to be submitted in the form of Deepwaters Improvement Proposal template.

3) **Voting**

Upon submission, proposals go through a predefined Voting Delay period before voting begins. After the delay period, the proposal will go through a predefined Voting Period, during which all WTR holders will be able to vote (For, Against, or Abstain) on the live proposal.

4) **Implementation**

If the proposal passes, the Deepwaters team will integrate the proposed changes.