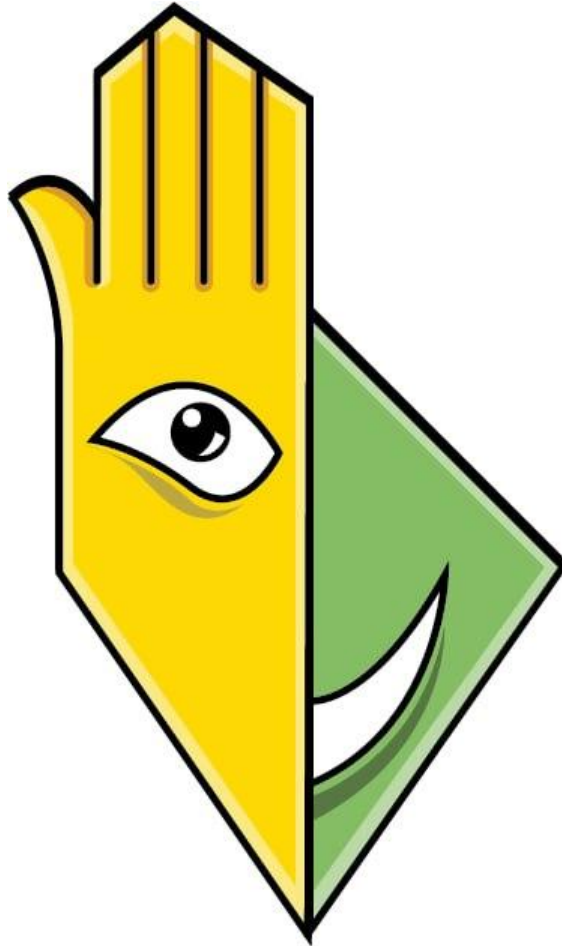


The Midas Initiative



What is The Midas Initiative?

The Midas Initiative is an initiative focused on creating a better ecosystem for the users through tokenized commodities and hybrid securities.

DISCLAIMER

The content presented in this document is for informational purposes only and is intended to provide a preliminary overview of our proposed project. It should not be considered as final or binding. Here are key points to consider:

- **Subject to Change:** The information outlined here reflects our current vision and may be subject to changes. These changes could arise from professional consultations, regulatory requirements, or efforts to optimize the project's effectiveness.
- **Regulatory Compliance:** The project will undergo adjustments to ensure compliance with relevant regulations across different jurisdictions, including but not limited to the CTFC, SEC, and MiCA. Compliance measures will encompass areas such as Know Your Customer (KYC), Anti-Money Laundering (AML), and consumer protection standards.
- **Professional Advice:** We will engage with legal, financial, and industry professionals to refine our approach, which might result in significant updates to the strategies and structures described herein.
- **Not an Investment Advice:** This document does not constitute investment advice, a recommendation, or an offer to sell, or a solicitation of an offer to buy any tokens or securities. Potential investors should conduct their own due diligence and consult with professional advisors.
- **Early Stage:** Please be aware that the project is in its developmental stage, and while we aim for accuracy and clarity, the specifics may evolve as the project progresses.

By continuing to engage with this material, you acknowledge that you understand and accept that the project details are dynamic and subject to change for reasons stated above.

INTRODUCTION

Before we get into explaining everything, let's quickly summarize what it's all about.

Tokenized Commodities at spot price:

Users will have access to buying commodities like gold at spot price on the second market, while liquidity providers will be able to enjoy yield which is gonna be slightly boosted as an incentive through a small fee applied on trades. This company focuses on reliably facilitating trading of commodities in web3, as well as ensuring safe storage and insurance for the assets.

Hybrid Crypto Securities:

Design 1: Partially backed securities:

We will create tokens that are partially backed in commodities like gold or digital assets like BTC, which will serve as a scalable safety net/contingency for their speculative value.

Quantity/Weight of underlying contingency can't decrease, but it consistently increases through fees and when new tokens get minted. Similar to any speculative cryptocurrency, except these have a scalable safety net mechanism with intrinsic value to contribute to long term sustainability.

Design 2: Fully backed securities:

We will also create a second type of tokens that are fully backed in commodities, but the weight the tokens are backed by gets increased through small fees applied on every trade by either burning the tokens or using it to accumulate more commodities for backing of tokens.

Quantity/Weight of backing per token can't decrease, but it slowly and consistently increases through fees and on mint.

Similar to stablecoins, but instead of being backed by mostly FIAT it's backed by commodities and its weight grows over time.

PART 1. - COMMODITIES

HOW DOES IT WORK?

- Each token represents **ownership** of a specific commodity, where one token equates to one gram or unit of that commodity.
- Token holders can exchange their tokens for the corresponding commodity at any time.
- While users can purchase gold at the spot price in the secondary market, minting new tokens incurs a premium to cover costs and prevent market exploitation.
- The treasury's gold reserve grows with each new token minted, maintaining the token-to-commodity backing ratio as minting funds are used to acquire more of the commodity.
- Liquidity providers earn from yield in the liquidity pool, enhanced by a minor fee charged to sellers on each transaction.
- Reserves are securely vaulted and undergo regular audits to verify the reserves, ensuring transparency and trust through proof of reserves.

FEES

- Liquidity Incentives: Fees ranging from 0.05% to 0.20% to encourage and reward liquidity provision.
- Company Fees: Also set between 0.05% and 0.20%, directed towards covering operational costs, new token initiatives, building company reserves, event funding, and other corporate activities.

Our goal is to maintain fees at the lower end to foster higher trading volumes. The range provided accounts for flexibility in fee application, allowing adjustments based on operational needs and market conditions.

REDEMPTION

- Token redemption for the corresponding physical commodity can be initiated through our website at any time. Upon redemption, the tokens are permanently removed from circulation (burned).
- Stringent protocols will be established to guarantee accurate redemption without discrepancies, ensuring that gold is only released from the treasury for legitimate redemptions.
- Redeemers are responsible for covering any shipping related expenses. Additionally, due to regulatory requirements, KYC (Know Your Customer) and AML (Anti-Money Laundering) procedures will be implemented to ensure legal compliance during the redemption process for commodities.

MINTING

Each new token minted will be priced at the cost required to back it with the corresponding commodity, plus a slight premium.

This premium serves multiple purposes: preventing market abuse, encouraging peer to peer trading, and covering the operational costs of minting.

To ensure regulatory compliance and immediate token availability, pre-audited reserves are gonna be maintained.

This allows for prompt token release post minting, although initial scalability might be limited by available funds.

EFFECTS OF MINTING OR REDEMPTION

Minting introduces more assets into the treasury proportionate to new tokens, while redemption removes tokens from circulation alongside an equivalent amount of assets, preserving the value ratio meaning the value remains unchanged.

Example:

- Initial Scenario:
 - Token Supply: 100M
 - Gold Price: \$80/gram
 - Treasury Size: 1,000,000 grams
 - Treasury Value: \$80M
 - Value per Token: \$0.80

- Minting 10% More Tokens:
 - New Token Supply: 110M
 - Additional Treasury Value from Minting: \$8M
 - New Treasury Size: 1,100,000 grams
 - New Treasury Value: \$88M
 - Value per Token remains at \$0.80
- Redeeming 10% of Tokens:
 - Remaining Token Supply: 90M
 - Gold Redeemed: 100,000 grams
 - Remaining Treasury Size: 900,000 grams
 - Remaining Treasury Value: \$72M
 - Value per Token still at \$0.80

This demonstrates that the token's value remains the same as long as the token-to-treasury value ratio is preserved, assuming the value of the asset it's backed by does not change.

DISTRIBUTION

There will be no presale events, and the team will not receive any token allocation at launch. However, an allocation will be made for liquidity pools to facilitate trading.

Additional details regarding the token distribution will be provided ahead of the token sale.

STORAGE

The final storage location has yet to be finalized.

Professional advice will guide the decision, considering import tariffs, regulations, taxes, and other logistical factors.

Likely candidates include high-security vaults in Dubai, Singapore, or Switzerland, with the potential for multiple storage sites to optimize efficiency and minimize redemption-related costs for users.

PROOF OF RESERVES

We are committed to full transparency and will conduct regular audits of our holdings.

Additional reserves will be pre-audited to facilitate immediate token minting without the delay of post-mint audits.

CUSTODY

The assets within the treasury are not owned by the company, instead, they belong to their respective token holders.

The company does not reserve the right to sell your assets.



Part 2. - SECURITIES

HOW DOES IT WORK?

The securities will initially operate with two different concepts explained below:

Fully backed tokens

It works similar to the tokenized commodities we mentioned [here](#), but it has few differences.

- Instead of using the fee as an incentive for liquidity providers, it will be used to burn the tokens in order to reduce the token's circulating supply. This results in tokens being backed by an increasing weight of the specified asset over time.
- Unlike the commodities company, the weight to which tokens are backed is not fixed 1:1, instead it's continuously growing.

Please note, this does not guarantee profit as a token's value ultimately depends on its underlying assets.

Partially backed tokens

These tokens will mostly resemble other speculative cryptocurrencies but with partial backing in commodities like precious metals or digital assets like BTC.

- Tokens are backed by their own individual treasury, providing a scalable contingency or collateral value, which acts as a safety net and establishes a scalable price floor based on intrinsic value.
- The funds for buying assets for the treasury come from fees applied to sellers on trades.

CONTINGENCY

(Partially backed tokens)

Tokens are backed by a treasury which provides contingency/collateral value, enhancing resilience even during market downturns.

- **Treasury Funding:** The assets for the treasury are purchased from fees applied on trades or from minting new tokens.
- **Price Floor:** The total value of underlying contingencies effectively creates a price floor with intrinsic value.

The contingency of tokens are based on the following key factors:

- **Circulating token supply**
- **Total value of the assets in the treasury the token is backed by**

Example:

Token supply: **100 Million**

Value of a single gram of gold: **\$80**

Size of the treasury: **1,000,000 grams of gold**

Value of the treasury in USD: $1,000,000\text{g} \times \$80 = \$80,000,000$

Contingency per token: $\$80,000,000 / 100,000,000\text{Tokens} = \mathbf{0.8\$ \text{ per token}}$

However the value of the token on the market remains purely speculative and is based on market demand.

Be aware that one day when tokens cease trading for whatever reason, these contingencies per token will be distributed.

In such an event the funds from the Liquidity Pool allocated by the fees will be used in a following way:

- Securities tokens will be burned to reduce supply, improving the backing per remaining tokens in circulation.
- Other pairs will be converted to stablecoins or corresponding commodities, enhancing the backing per token.

These measures ensure better protection for holders, especially those buying at higher prices.

There is another important thing to consider about this design and that is its recovery potential due to contingencies in case of a market downturn.

Example:

Initial Conditions:

- Token Supply: 10M
- Market value per token: \$1
- Market Cap: \$10M
- Treasury: \$3M (30% of Market Cap)

If the market cap drops to \$6M, the token's backing increases to over 50% of its current market value, potentially attracting more investors due to reduced risk and increased growth potential.

MINTING

(Partially backed tokens)

Users will be able to mint more tokens if there is a liquidity issue due to the shortage of the tokens in circulation or if the contingency is lagging behind.

Minting costs the market price plus additional fees to prevent exploitation and market oversaturation. The pricing formula is still under consideration to ensure efficiency and prevent exploitation (like buying via minting giving much better rates than buying from other users).

The funds gained from selling the minted tokens would be converted to corresponding assets used to back them and added to the treasury which serves as its contingency.

This greatly benefits all holders, since the backing of the tokens gets reinforced at the tokens second market value, which is the strongest way contingency can get reinforced.

It is very important to balance the contingency, if contingency lags behind a lot it's recommended to mint more tokens to balance things out.

(Fully backed tokens)

Each new token minted will be priced at the cost required to back it with the corresponding commodity, plus a slight premium. This premium serves multiple purposes: preventing market abuse, encouraging trading among peers, and covering the operational costs of minting.

(Applies to both partially backed and fully backed tokens)

To ensure regulatory compliance and immediate token availability, pre-audited reserves are maintained.

This allows for prompt token release post minting, although initial scalability might be limited by available funds.

LIQUIDITY

(Partially backed tokens)

Liquidity pools need to be deep enough to manage price volatility, yet allow for enough movement for trading profits.

Fees are used to consistently reinforce these pools, aiming for a balance where the price isn't too volatile, and the contingency scales effectively.

This also requires some responsibility and consideration from the user side & to be aware of the underlying risks.

(Fully backed tokens)

For fully backed tokens volatility isn't an issue, since it doesn't have a speculative market value, as the value is directly pegged to the value of the treasury.

In case there is a shortage of tokens available on the market users will be able to mint more tokens.

FEES

(Partially backed tokens)

There will be up to 3 types of fees applied on every trade:

- Treasury fees (used for backing the token)
- Company fees (used for operational expenses)
- Liquidity fees (used for reinforcing the liquidity pools)

(Fully backed tokens)

There will be up to 2 types of fees applied on every trade:

- Treasury fees (used for backing the token)
- Company fees (used for operational expenses)

As previously stated we will aim to keep fees as low as possible, but we will have to make sure it's sustainable since storage & insurance also have an annual cost on the total value of the assets in the vault.

It's still not decided if the fully backed tokens will utilize liquidity incentives.

PROOF OF RESERVES

(Applies to both partially backed and fully backed tokens)

Both token types will undergo regular audits of treasury holdings for regulatory compliance and transparency.

- Operational Ease: Using the same vault as the commodities company from the The Midas Initiative which is gonna be our main supplier ensures an efficient and error-minimized process.
- Public Verification: Digital assets like BTC offer real time public visibility on the blockchain, alleviating concerns regarding reserve authenticity.
- Pre-audited Reserves: Additional reserves will be pre-audited to facilitate immediate token minting without the delay of post-mint audits.

REDEMPTION

(Applies to both partially backed and fully backed tokens)

- Token redemption for the corresponding physical commodity can be initiated through our website at any time. Upon redemption, the tokens are permanently removed from circulation (burned).
- Stringent protocols will be established to guarantee accurate redemption without discrepancies, ensuring that gold is only released from the treasury for legitimate redemptions.
- Redeemers are responsible for covering any shipping related expenses. Additionally, due to regulatory requirements, KYC (Know Your Customer) and AML (Anti-Money Laundering) procedures will be implemented to ensure legal compliance during the redemption process for commodities.

How does minting or redemption affect pricing and overall performance?

(Partially backed tokens)

Minting affects the backing of the token in the best way possible.

The cost to mint new tokens is tied to the current speculative market price, with the proceeds directly reinforcing the treasury/contingency reserves.

This significantly strengthens the backing per token, enhancing the entire ecosystem.

Though anticipated to be infrequent for partially backed tokens, redemption can still positively impact the ecosystem by decreasing the number of tokens in circulation.

This reduction means that any subsequent additions to the treasury/contingency are distributed among fewer tokens.

(Fully backed tokens)

Minting or redemption do not affect the current value or backing of the token due to the ratio of tokens/value of the treasury remaining the same before and after.

Minting introduces more assets into the treasury proportionate to new tokens, while redemption removes tokens from circulation alongside an equivalent amount of assets, preserving the value ratio.

However the fewer tokens there are in circulation the more weight they accumulate, since any new additions of assets to the treasury is used to back fewer tokens. It is important to have a healthy Demand/Supply ratio, which is why we will incorporate measures to ensure it the best we can.

Example:

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STORAGE

(Applies to both partially backed and fully backed tokens)

The final storage location has yet to be finalized.

Professional advice will guide the decision, considering import tariffs, regulations, taxes, and other logistical factors.

Likely candidates include high-security vaults in Dubai, Singapore, or Switzerland, with the potential for multiple storage sites to optimize efficiency and minimize redemption-related costs for users.

CUSTODY

(Applies to both partially backed and fully backed tokens)

The assets within the treasury are not owned by the company, instead, they belong to their respective token holders.

The company does not reserve the right to sell these assets.

COMPANY FUNDS

(Applies to fully backed tokens)

The company reserves the right to either redeem or sell its own tokens on the market, depending on the needs and conditions of the market.

- a. In the case of redemption the tokens get burned, which results in any new addition of assets to the treasury being shared across less tokens, resulting in better accumulation of weight from any future additions to the treasury. **Useful when there is a surplus of tokens in circulation.**
- b. Selling the tokens back on the market does the opposite since the tokens stay in circulation, however it helps create liquidity and trading volumes. **Useful when there is a shortage of tokens in circulation.**

SYNERGY

The securities company greatly benefits from the commodity company and vice versa.

Securities company has instant access to commodities like gold at spot price with minimal overhead costs since both use the same vaults, while the commodities company will have more trading volume & it will be able to secure better terms with suppliers due to higher amounts of commodities getting bought.

This results in a mutually beneficial synergy for both ecosystems and its users, reduced operational overhead costs, as well as a quicker and more efficient execution.

Aside from presenting a unique value proposition, many of these assets are designed to be resilient against various economic stressors such as wars, inflation, and similar events that typically impact economies; for instance, gold and silver historically increase in value during such times.

These assets should also maintain their value or even thrive during periods when the broader cryptocurrency market experiences downturns.

Indeed, it's highly probable that these assets would perform better in bear markets compared to other crypto assets.

This project has been conceptualized with these considerations in mind, aiming to address several issues currently plaguing the cryptocurrency space, ranging from economic design flaws to psychological factors affecting user behavior.

Problems being addressed:

- Pump and Dump Schemes: Prevention of manipulative market practices.
- Unfair Launches: Ensuring equitable access from the outset.
- User Protection/Safety Nets: Implementing measures for investor security.
- Transparency: Committing to transparency in operations and reserves.
- Sustainability: Creating models that are viable long-term.
- Crypto Depreciation During Unrest: Offering assets that potentially appreciate or hold value during economic or geopolitical instability.
- Dependence on Bull Markets: Reducing reliance on market highs for project survival, providing stability even during market lows.

IMPORTANT LINKS

Website: TBA (In development)

Twitter: x.com/TheMidasInit

Telegram: t.me/TheMidasInitiative

Telegram Announcements: t.me/TheMidasInitiativeAnn

Discord: discord.gg/8efE9ydpdq

