

KEYFI Token Economic Model

*Platform Utility, Governance Participation,
Liquidity Mining Rewards and Staking for Identity Credentials*

Author:
Ben Gervais, Co-Founder of KeyFi

KeyFi
<https://keyfi.com>

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Abstract

The KeyFi platform requires a native platform token in order to provide decentralized governance, to incentivize users of the platform and to power future smart contract functionality. This native platform token, called KEYFI, is designed to provide maximum flexibility for development and usage. This document outlines the specific functions and the economic model for KEYFI.

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8. Summary

1. Overview

This document is intended to provide a description of the KEYFI token specifications and use cases, both current and forward-looking. The current use cases are not yet final and are subject to change, as not all components are yet deployed and live on the KeyFi network.

1.1 What is the KeyFi platform?

The KeyFi platform is an app-based platform for managing decentralized finance (DeFi) assets across multiple protocols, including Compound, Aave and others. The platform offers token staking incentives that require a unique decentralized identity credential, which is powered by SelfKey.

1.2 KEYFI Token Specifications

The following are the current technical specifications of the KEYFI token as currently deployed on Ethereum. Specifications on other networks may change slightly.

1.2a Technical Specification

Follows ERC-20 standard, built with OpenZeppelin contracts.

<https://docs.openzeppelin.com/contracts/2.x/api/token/erc20>

1.2b Smart Contract Interface

<https://etherscan.io/token/0xb8647e90c0645152fccf4d9abb6b59eb4aa99052#readContract>

<https://etherscan.io/token/0xb8647e90c0645152fccf4d9abb6b59eb4aa99052#writeContract>

1.3 KEYFI Token Availability

The KEYFI token is designed to be used across multiple blockchain networks to provide services for as many users as possible. The following networks are expected to be the initial networks on which KEYFI is deployed:

1.3a Ethereum Network

Ethereum is our primary network for integrating with DeFi platforms, and it is the first network for which we have released a token. Ethereum will be the base layer for any token abstractions. Layer 2 integration and eventual migration to ETH2 are both part of our Ethereum development roadmap.

1.3b Binance Smart Chain (BSC)

BSC has gathered significant momentum in terms of both user activity and the total value locked in their on-chain platforms. We may integrate with BSC-based DeFi platforms and release a BSC-compatible KEYFI token.

1.3c Polkadot Network

The Polkadot Network provides a very comprehensive set of technical capabilities, including the ability to run parachains, which opens up new possibilities. We plan to integrate with, and develop on, the Polkadot Network. This includes releasing a KEYFI token that is compatible with the network and can integrate with SelfKey's ongoing Polkadot decentralized identity project.

2. Design Principles

The KEYFI token economic model and usage design follow a set of four general principles in order to achieve the objectives of the platform:

2.1 Path to Full Decentralization

The token must be able to be fully decentralized and 100% community-controlled upon completion of the decentralization roadmap.

2.2 Identity Credentials

The token must be able to interact with decentralized identity credentials for use cases requiring regulatory compliance and other identity-related use cases.

2.3 Interoperability

The token should be implemented using existing concepts and technology that are interoperable with multiple protocols.

2.4 Flexibility

The token should be flexible with regard to the ability to mint and burn supply in order to create a sustainable long term token economic model.

3. Decentralized Identity

One of the primary purposes for KeyFi is to make use of decentralized identity infrastructure within the context of providing services for a DeFi platform on the Ethereum network. Identity infrastructure support is powered by SelfKey and further upgrades to the decentralized identity credentials will be adopted as they are released by SelfKey. There are two components of the KEYFI token that are specifically related to decentralized identity:

3.1 DeFi Eligibility Credentials

In order to access the KEYFI token rewards smart contract, the interacting Ethereum address is required to be associated with a valid DeFi Eligibility credential. Addresses are added to a registry contract only after the owner of the address has passed an identity verification process. Any addresses that attempt to interact with the rewards contract without a credential will be blocked. This has many further potential use cases across a wide variety of applications.

3.2 Identity Staking

To further support the value of a decentralized identity credential, a system of staking KEYFI or other tokens is expected to be implemented. Such a system may enable further functionality, such as a method to track user reputation and a system to arbitrate disputes. For example, users could stake a certain amount of tokens (KEYFI or other tokens), which will be used as a form of guaranty for their identity claims. If users are found to be falsifying their identity claims, their stake could be slashed—in a manner similar to how node validators in a proof-of-stake system are slashed if they misbehave. This would tie into a reputation system in which a user's reported reputation would increase or decrease according to multiple factors.

4. Governance

Another primary use case for the KEYFI token is to power platform governance. This is to be rolled out in phases, from voting on platform and development roadmap features, to eventual community control of the token contract and treasury.

4.1 Proposals

KEYFI token holders can issue a proposal following the KIP (KeyFi Improvement Proposal) guidelines in the KIPS repository on GitHub.

<https://github.com/KEYFLAI/KIPS>

4.2 Voting

KEYFI token holders can vote on proposals using the KeyFi Snapshot portal. Snapshots of account token balances are taken from time to time to determine eligibility to cast votes on proposals.

4.3 Implementation of Proposals

If a proposal passes a vote in accordance with the KeyFi governance rules, the KeyFi development team is responsible for the implementation of the changes or improvements outlined in the proposal.

5. Liquidity Mining

To support availability of the KEYFI token, incentives are provided for certain liquidity providers on DeFi protocols such as Uniswap.

5.1 KEYFI Liquidity

Currently there is a pool for the USDC / KEYFI pairing on Uniswap. Liquidity providers for this pool can stake their LP tokens on the KeyFi platform and receive KEYFI token rewards. If further KEYFI token pairings are added in the future, incentive rewards for those pools may be implemented, depending on whether such rewards are approved through the governance system.

5.2 Secondary Market Incentives

Other reward incentives may be implemented for other use cases on the platform, such as interest-bearing token swaps or partner pools.

6. Platform Usage

As more KeyFi platform features are released, the use cases for KEYFI tokens will increase.

6.1 Smart Contract Usage Rewards

With the development planned for proxy contracts that batch transactions together to interact with multiple platforms, KEYFI token rewards can be accrued by credential holding accounts.

6.2 Staking for Benefits and Discounts

When purchasing a subscription to KeyFi PRO, users may stake KEYFI tokens in order to receive a substantial discount.

7. Implementation Roadmap

Currently the KeyFi platform and KEYFI token are in the early stages of development. The following outlines our expected development roadmap, but is subject to change.

7.1 Phase 1: v1 Contracts and Core App

This is the currently-deployed version of the KeyFi platform app and token rewards smart contract.

7.2 Phase 2: Pro App

Upon completion of the development of the KeyFi Pro App, several new features relating to the KEYFI token will be released, including additional types of staking and increased opportunities for governance proposals.

7.3 v2 Contracts

A v2 set of smart contracts may provide additional KEYFI token usage. This could include benefits from staking KEYFI as well as token incentives for platform usage.

7.4 Full Decentralization

The goal for both the KeyFi platform and KEYFI token is to be fully decentralized and all management of the platform is to be decided by the community of KEYFI token holders.

8. Summary

With the further development of the DeFi ecosystem across multiple chains and protocols, KeyFi will remain committed to developing a solid token economic model for the KEYFI token. This includes being open to change and adopting new developments that fit our specific use cases.