

PolkaFinance: White paper



PolkaFinance

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Abstract

PolkaFinance is the first creation, distribution, discovery, and trade platform for digital assets secured by NFT technology based on HECO. PolkaFinance has its token and designed rewards, engagement, investment, trade, community governance, and incentive systems using PolkaFinance tokens.

PolkaFinance platform is a place where creators, traders, collectors, and investors are engaged with EAC(Encrypted Art Content) and ESC(Encrypted Streaming Content), and any digital assets that are backed with blockchain. PolkaFinance supports the tokenization of any non-NFTs digital assets, it also expands the potential of the digital assets, making it possible to generate more profit, other than just one-time trade, by the unique copyright trade and future leverage.

PolkaFinance tokens offer access to PolkaFinance platform within the community. Users can buy, earn, stake, and redeem PolkaFinance tokens on the platform to trade, tip, donate, to gain access to exclusive events, and governing rights. Participants are rewarded with PolkaFinance tokens for their involvement and engagement on the PolkaFinance Platform.



The Ecosystems and Market Size of NFTs

NFTs in the form of crypto-collectibles, gaming assets, trading cards, and other categories are prized for growth. they're unique, provably scarce, liquid, and usable across multiple applications. After it was introduced to the world, it has enjoyed a significant increase in the aspects of sales volume and users. PolkaFinance divides them into two categories: EAC and ESC. EAC stands for Encrypt Art content. It contains the current NFTs and to-be NFTs, such as artwork, game items, collectibles, and domains. In 2020, the sales volume of NFTs trades and NFTs games reached 80 million U.S. Dollars, and in March 2021, the monthly sales volume was over 100 million U.S. dollars for just one single NFTs trade platform.

Farming

Yield farming is a method to harness idle cryptocurrencies such as coins, tokens, stable coins, and put those assets to work in a decentralized finance fund, often generating interest rates that range between conservative 0.25% for less popular tokens and above 142% for some PLF loans.

Staking:

Proof of Stake's rules are changed to account for the user's stake in the blockchain network. Once the coins are "mature" enough, meaning they have a specific number of confirmations, they can be staked. The equation from (1) is changed as follows:

$$\text{hash}(B) \leq \text{balance}(U) \times \frac{M}{D} \quad (2)$$

where

- hash(B) is the hashing function
- B is the block header of the current block
- balance(U) is a function that returns the balance of address U
- M is the maximum value of the hashing function (upper boundary)
- D is the target difficulty

PolkaFinance Overview

Current Problems on Digital Assets and Solutions

Virtual Monopolies and Decentralization

Even since consumers began to use the Internet extensively in the mid-1990s, the Internet has been proved to be the gospel of creators. On one hand, the Internet provides a huge new platform to contact fans and acquire new audiences. On the other hand, it's awash with pirates who copy the creator's work and sell it or give it away for nothing. Meanwhile, giant tech platforms like Amazon, Spotify, YouTube, and Netflix have come to enjoy virtual monopolies when it comes to selling ESC and failed to pay out a fair share to artists.

On PolkaFinance, it offers a way for creators/owners to sell digital assets that are scarce and unique. This scarcity means that they can not only enjoy a new source of income but also get some profits when the NFT is resold. The creator doesn't have to be an industry giant or traffic attractor to make a profit from his or her work or digital asset. On PolkaFinance, creators can trade directly and leverage confidently with any user through automated smart contracts hosted in the public and proven environment.

Digital Copyrights

In the current internet media world, there exist a thousand ways to watch a film, but it is impossible to know where the real origin copy of the movie is. But with NFTs, everyone will know who is the holder of the real copy, and anyone could pay to make it theirs, either partial or complete, and could share the profit from the content afterward. NFTs provide a way to counteract the unlimited copying ability of the Internet, and lets artists/owners prove that digital work/assets are unique. In the current world, no matter it is an actual good or a digital asset, anyone can make a perfect copy of the original version. Now, this is the technology that can cure this problem.

Ownership Over Access

Creators' ability to sell NFTs could take some of the bitterness out of the copyright debate as to the business model of online distribution shifts from trying to sell as many copies as possible to selling fewer items for more money to dedicated fans. Currently, on Spotify, 90% of what is streamed on it, is from 1% of performers, and middle to low-class creators have no control of their content, regarding the price and traffic. But on PolkaFinance, the content creator could set the initial price, and let the real fans pay for it.

PolkaFinance also supports the trade of the ownership of EAC, making it possible for real fans to own, instead of just enjoy, the valued EAC. It opens up a new, much-needed revenue stream for artists while simultaneously creating a wealth of new fan engagements and value. PolkaFinance removes unnecessary middlemen/intermediates and allows direct payment relationships between creators and audience.

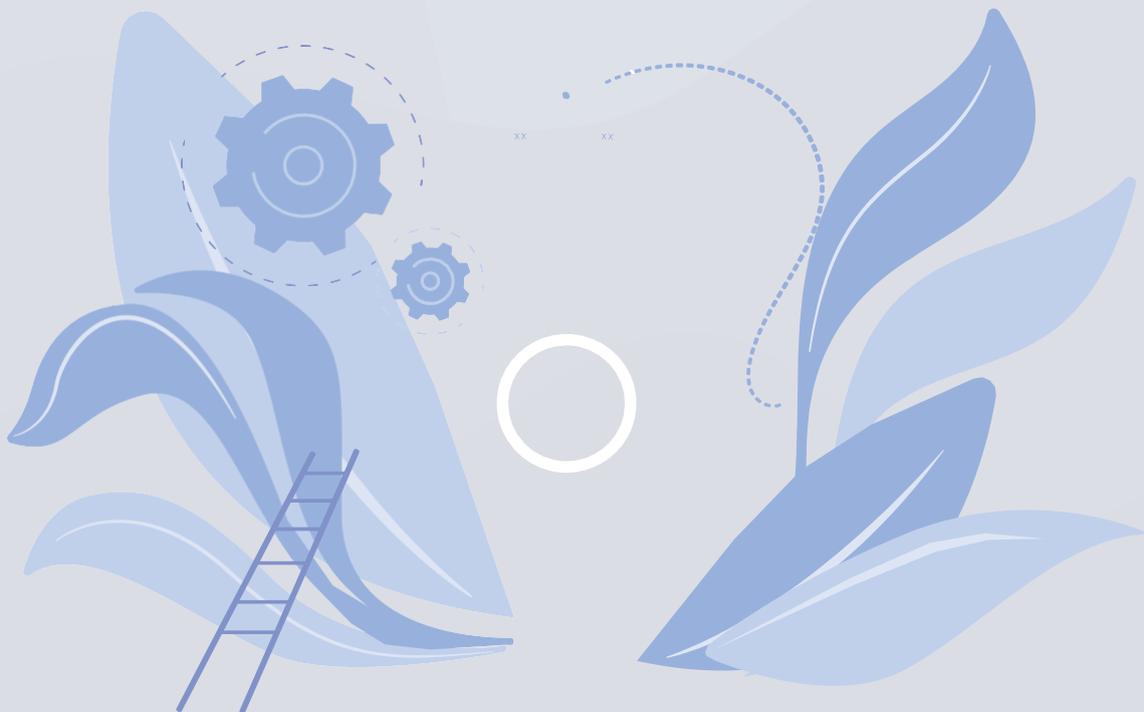
Not-yet Minted EAC and ESC

Lots of digital content/assets in the current world are not yet tokenized, which fail to dig out the real value and potential of such digital assets. PolkaFinance will make it easy for holders and creators to tokenize their EAC and ESC, by a simple mint process. The cost of the minting is extremely low and even free. PolkaFinance is open to all content types from 2D images to 3D models, domains to music albums, show to films.

Our Goal

Current goal: Digging out the true value of NFTs, organizing the infrastructure that makes EAC and ESC ownership universally accessible, tradable, and profitable. With the core of decentralization, the community will be governed by all shareholders and token holders who're verified.

The ultimate goal: Making it simple to tokenize all EAC and ESC, develop a decentralized NFTs commerce ecosystem, from creation, searching, trading to financialized, with high performance and low cost.



Why PolkaFinance?

Features



Minting

is the main function of PolkaFinance. It encourages and supports creators and holders to submit their digital assets, and help transfer them into NFTs. It is currently the fastest and easiest way to mint, and most importantly, the transfer costs very little and could even be free!



NFTs Discovery

is the primary way to find NFTs on PolkaFinance. PolkaFinance will work with artists, Dapps, creators, and NFTs holders to enable a wide selection of NFTs that could be present to the users and traders. The searching and pushing mechanism will remember user's views, trades, and bookmarks, and give suggestions when users are browsing the platform.



Buying and Selling

are transparent, efficient, decentralized, and easy to operate. And various trade methods will be supplied, including the direct sale, auction, private sale, and one-time price(for movies, songs, eBooks, etc.).



Future leverage of NFTs

will be introduced with the application of smart contracts. The financial potential of NFTs has not been fully discovered and even understood. PolkaFinance will support NFT's financial activities such as fractional trades, leasing, depositing NFTs to loan, second sell, etc. The value of the NFTs will be determined by a mechanism designed specifically for NFTs.

One stop user experience



at PolkaFinance, users could complete any activities related to NFTs from minting, searching, trading to chatting, and making friends. It doesn't require any special knowledge, it's just as easy as using eBay.

Various types of NFTs, including AI content are accepted.



PolkaFinance supports all kinds of digital assets, such as EAC and ESC. It will also integrate with a mechanism that could use AI to generate the ESC for users, like videos and music. The users only need to input the topic and idea, and the tokenized ESC will be available and the users could trade them afterward.

Low and fixed cost



for current NFTs trade. PolkaFinance charges a fixed percentage commission rate for all trades, no matter how big or small it is. Also, users who participate in trading may get rewards from the system.

Fundraising



Is possible for content creators on PolkaFinance. The Creator could tokenize their script, blueprint, or drafts of work and sell it, while other users who believe in it may invest and get the share they paid for. After the content is finished and starts to generate profits, all shareholders will get their portion.

Lifetime income



For content creators is a feature on PolkaFinance. All creators could set a rate that for each selling of the content, he or she will share a certain amount of the income no matter how many times the NFTs have been traded.

Scenario Explanation

1. A has a card from NBA Top Shot, which is already an NFTs, thus A could just upload it onto PolkaFinance, set a price and that's it. If a buyer is interested in this item, the trade could be done with the transfer of the PolkaFinance tokens.
2. B has a domain that he has uploaded onto PolkaFinance, made it NFTs, and priced it. But one day, more than 2 buyers want to buy it. In this case, B will set a minimum price and all potential buyers will bid for it.
3. C is an individual singer, he has finished two new songs and decided to upload them onto PolkaFinance. Since it's a song, C needs to set three prices: one-time listen to prices, life-long listen to price and copyright price. In this case, if D is interested in the song, D could pay to listen to it. If D likes the song or believes the song has the potential to become popular, D could buy the copyright of the song, saying D pays 30%. So in the future, for all the profits this song makes, 30% of it will come to D.
4. E has finished a movie script and he decided to sell the copyright of it since he needed to raise money to film it. So, E sets a price for the copyright as 100 tokens, a view fee as 1 token, and a basic income for himself as the creator as 0.1 tokens/view. Then F and G like it and get 30% and 70% of the copyright, respectively. Then E uses the fund to film and assume that the movie is finished and watched 100 times, thus the total income would be 100 tokens, while 10 tokens will come to E, the creator, and the rest of it will be distributed to F and G, as 27 to F and 63 to G.
5. H has a movie NFTs, which is valued as 300 PolkaFinance on PolkaFinance. At the same time, H wants to loan for 100 PolkaFinance for a year, thus he could deposit the NFTs to PolkaFinance, and the platform will loan him and take the NFTs as the mortgage.

PolkaFinance Tokens

At PolkaFinance tokens will be utilized to support and govern the community. The token will function as both a governance token and a utility. Also, verified users with a certain number of tokens will enjoy a series of benefits, which is limited to no-token holders.

Token Usage:

Enable transactions to be settled. PolkaFinance is a reference currency for all tokens in the platform of PolkaFinance. By holding PolkaFinance, the investor is holding part of every token ever created with the PolkaFinance. It could be used to trade NFTs and pay for the commission fee. Also, the view fee of streaming NFTs will be processed by PolkaFinance, depending on the fraction and times that the NFTs are being viewed.

Promote NFTs. PolkaFinance could be used to increase the exposure of the NFTs over the marketplace and let more people see it. The more PolkaFinance invested by the owner, the better position the NFTs will be placed.

Enjoy platform benefits. Users with at least 50 PolkaFinance will become verified users, the benefits contain but are not limited to having higher limits to mint the EAC and ESC, issuing more NFTs, having the access to sales events, and a lower commission when trading the NFTs on the platform.

Governance access: Users with more than 100 PolkaFinance will have the right to initiate and take part in the vote of community/platform governing, such as voting for the trading commission fee change, minting limit change, hosting service fee change for streaming NFTs, sales events, etc. Governor users will receive profit share every quarter (but the amount of PolkaFinance hold should be above 100 for at least 6 weeks)

Make the chart. Every week the platform will select a feature NFTs and push it to the home page. Verified users have the right to vote for the featured product from the popular list.

Tipping and donation: Donate to the community or tip the content creator you like. The donation and tipping will be recorded and ranked.

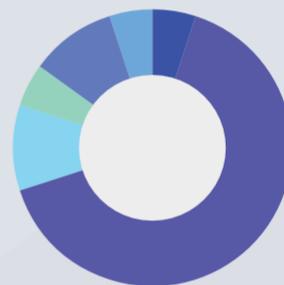
Token Distribution

Category	Percentage	Vesting
● Sales (ISO):	5%	N/A
● IDO/Presale/Startup:	50%	N/A
● Development and CEX Listing:	10%	N/A
● Lending/Borrowing:	5%	12 Months
● Marketing, community and airdrop:	10%	24 Months
● Team/Devs:	10%	By Proposal

Token Distribution:

Sales

The token will be distributed to both private and public sales. The tokens for the initial offering will be released for private sales, while the rest will be released for public sales.



Total Supply: 10,000

Private Sale Supply: 5%

IDO/Presale/Startup: 50%

Initial cap: 5500PLF

Token Mining

On PolkaFinance, the mining tokens will be allocated to the rewards to the sales participants. The reward will be released on a fixed schedule. The amount that is released will be dropped as time goes on, with the purpose to encourage and reward early contributors who help the community to set up and grow.

Liquidity Fund

The liquidity fund allocation is reserved for the future needs of liquidity provided and other bounties.

Team

This part of tokens is used to compensate the excellent team and advisory board, which incubated and make it possible for PolkaFinance to grow healthily and sustainably. All team tokens will have a lockup time and the vesting period only starts one year after the ICO.

Treasury Fund

The treasury fund allocation will be used to cover the cost of all activities and events within the ecosystem and the platform.

Reserve

The reserve allocation will be reserved until an emergency pool is required in any case. The release of the reserve will require approval from PolkaFinance stakeholders via the platform's governance mechanism.