

BitcoinDeFi

One for all, all for one

White Paper

Author: Bob, Alice, Jack, Naruto

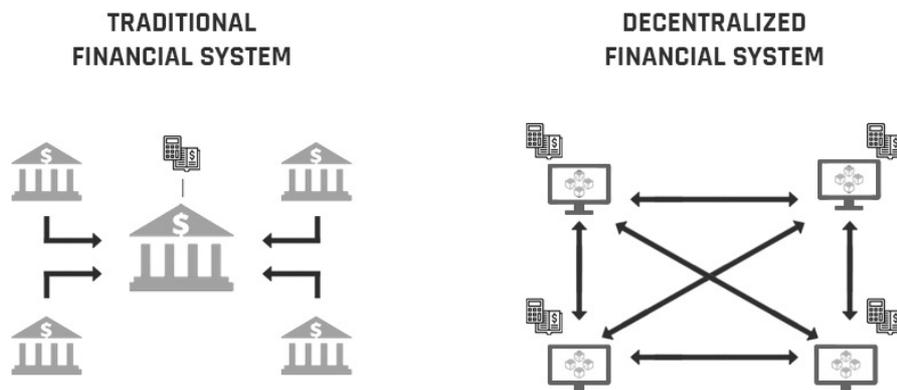
www.bitcoindexi.eu

1. Why us?

Why are Bitcoin and DeFi combined needed?

Over 11 years after the launch, Bitcoin has proven its immortal life despite ups and downs. Government and legal barriers, traditional financial institutions regulations cannot destroy this currency and its explosive growth. Bitcoin has now surpassed its last ATH (All-time high) and has hit a spectacular value of over 40.000 USD/BTC. Valuable things will last long. Bitcoin has shown that it is not only a decentralized payment mechanism, but also a "digital gold" in the global economic crisis of 2020-2021, when all strong currencies (USD, EUR) have inflationary and depreciated. What must be, must be. Bitcoin on Wall Street: S&P Dow Jones Indices, a division of financial data provider S&P Global Inc said it will launch cryptocurrency indices in 2021, making it the latest major finance company to enter the nascent asset class.

DeFi (Decentralised Finance) is one of the top killer applications. It promotes the most preminent advantages of Cryptocurrency and Blockchain technology that Bitcoin has initiated. The best innovative DeFi projects have produced operating mechanisms that bring benefits and added value for end-users and investors, such as Yield Farming of YEarn.Finance (YFI), created by Andre Cronje; Automated Market Maker (AMM) of Uniswap (UNI).



Compared to traditional finance, decentralized finance has a huge difference. Combining Bitcoin's core operating model with the largest, most popular, most sustainable Blockchain system and Defi is a way to intensely utilized its power. This direction will become widespread to meet financial needs in a decentralized way for end users, miners, investors.

2. What is BitcoinDeFi?

The top DeFi projects mainly developed on Ethereum. BitcoinDeFi is the first project built on the second layer of Bitcoin Blockchain.

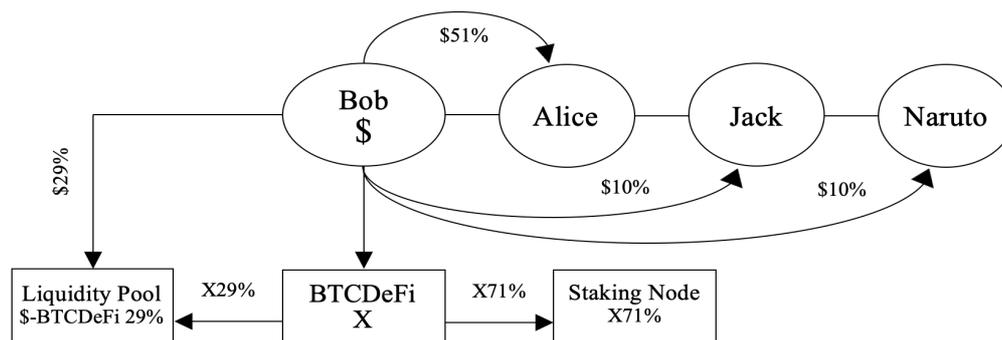
BitcoinDeFi uses Smart Contract solution on the second layer of Bitcoin Blockchain developed by FastKitten open-source, combining our algorithm model and DeFi architecture designed by BitcoinDeFi.

BitcoinDeFi System Model

Let's follow Bob, Alice, Jack, Naruto, and Jang with their Crypto Moon Dream to understand how the system works.

Bob starts joining the system, called *The Contributor*. Bob needs to deposit at least 100 USD in BTC, ETH, USDT, etc. Bob will mine an X amount of BTCDeFi (equivalent to USD/BTCDeFi market price).

- $X = \text{Deposit} / 71\% \text{ USDT} / \text{BTCDeFi current price}$.
- $71\%X$ is staking in Bob's Node (Wallet Staking Node) with the interest of 0.1%/day, equivalent to 3%/month, 36%/year.
- $29\%X$ will transfer to Liquidity Pool.
- 51%100USD will immediately transfer to Alice – *The Recipient (Alice is Bob's referrer)*.
- 10%100USD will immediately transfer to Jack – *The Recipient (Jack is Alice's referrer)*.
- 10%100USD will immediately transfer to Naruto – *The Recipient (Naruto is Jack's referrer)*.
- $29\%100\text{USD}$ will transfer to Liquidity Pool.



**If the Contributor's amount is greater than the amount of Recipient has contributed previously (Cash Contribution = Total BTCDeFi staking x rate), the Recipient will only get an amount that not exceeding the proportion and level corresponding to the money he has contributed. The excess will flow into the Liquidity Pool.*

The Recipient can purchase additional BTCDeFi and put it into the Staking Node that adequate to the Contributor's deposit value.

The cycle repeats itself for the next person who joins the system.

For example:

The next Contributor is Jang. Jang deposit 500 USDT.

- Current price of BTCDeFi is 0.11 USDT/BTCDeFi
- Jang mined $500 \text{ USDT} / 0.11 = 4545.45 \text{ BTCDeFi}$.
- Jang Staking Node = $71\% \times 4545.45 = 3227.27 \text{ BTCDeFi}$
- Liquidity Pool = $29\% \times 4545.45 = 1318.18 \text{ BTCDeFi}$

Naruto is Jang's referrer.

- Naruto' Staking Node has $1925 \text{ BTCDeFi} \times 0.11 \text{ USDT/BTCDeFi} = 211.75 \text{ USDT}$. Naruto will receive $211.75 \text{ USDT} \times 51\% = 107,99 \text{ USDT}$.
- If Naruto wants to get the maximum amount of money from Jang is:
 $500 \text{ USDT} \times 51\% = 255 \text{ USDT}$. Then Jang needs to buy more BTCDeFi to increase the amount of BTCDeFi in Staking Node, greater or equal to 500 USDT.

The situation is similar to Jack, Alice, and Bob when facing Jang. They have to consider keeping or purchasing additional BTCDeFi to increase Staking Node Volume.

- BTCDeFi Supply for the add-on option for Naruto, Jack, Alice, and Bob is only in 29% BTCDeFi that four people have mined, stored in the Liquidity Pool.
- Now the BTCDeFi price has increased to 0.12 USDT/BTCDeFi.

Naruto, Jack, Alice, Bob all directly received USDT from Jang + the BTCDeFi prices they are holding have increased.

The system does not keep your money.

Crypto Moon Dream of Bob, Alice, Jack, Naruto, Jang is coming true step-by-step.

Node Owners have the right to withdraw or deposit, increase or decrease the BTCDeFi in their Node, the benefits when receiving the contribution vary accordingly. If the Node Owner withdraws all the BTCDeFi in the Node, they will exit the system.

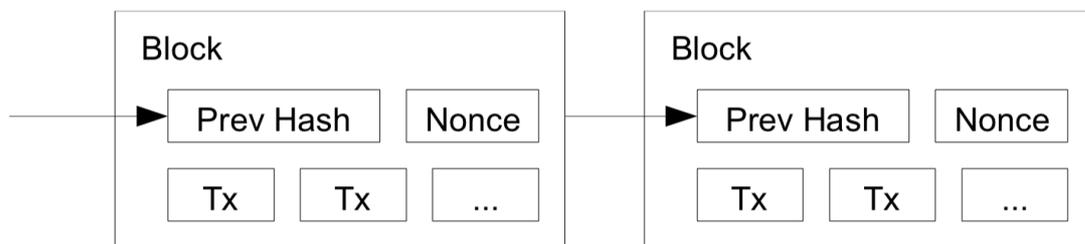
BitcoinDeFi Blockchain architecture

BitcoinDeFi blockchain is the second layer built on the first layer of Bitcoin blockchain.

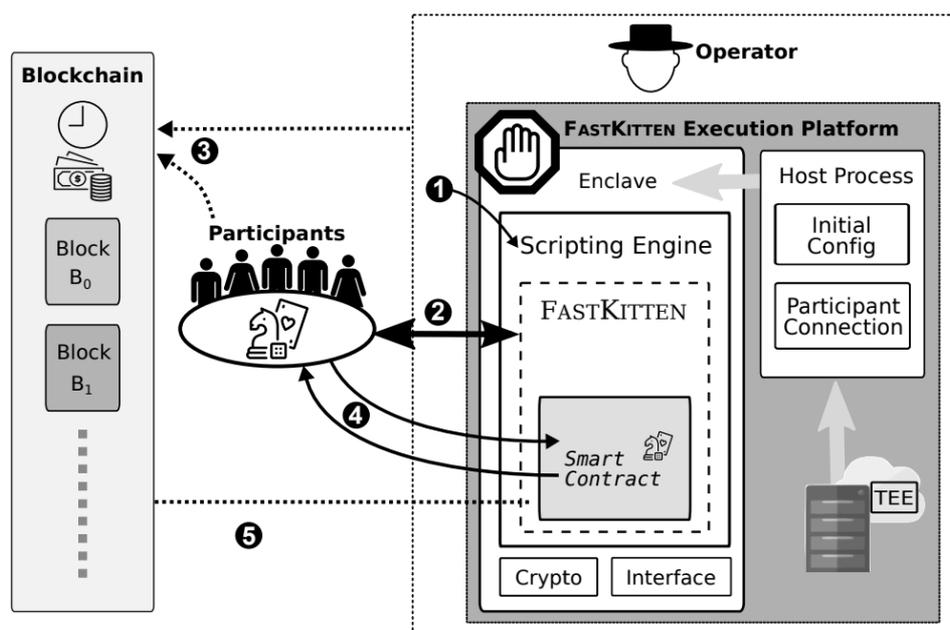
BTCDeFi is a native token running on the BitcoinDeFi blockchain.

BTCDeFi is a BTC 2.0 version that combines the power of DeFi.

The First Layer: Bitcoin core blockchain [1]



The Second Layer: BitcoinDeFi blockchain = FastKitten core + BitcoinDeFi algorithm [2]



3. Motivation - Strategy - Game Theory

Motivation

Peers contribution has existed for a long time among the community is now provided with a blockchain platform for sustainable operation management and easily extended. Mutual actions that are strongly encouraged with BTCDeFi rewards will further promote the activity.

This mechanism is like a machine that is driven by two powerful engines:

- The first engine: Benefit from peer-to-peer mutual fund activities between Contributor and Recipient.
- The second engine: BTCDeFi rewards that are intended to encourage mutual coordination.

Strategy

There are multiple options. The Contributor - Node Owner is now in front of a choice to give more, get more, make more and vice versa. Node Owner can own one or several Nodes by depositing to mine BTCDeFi in other system's locations.

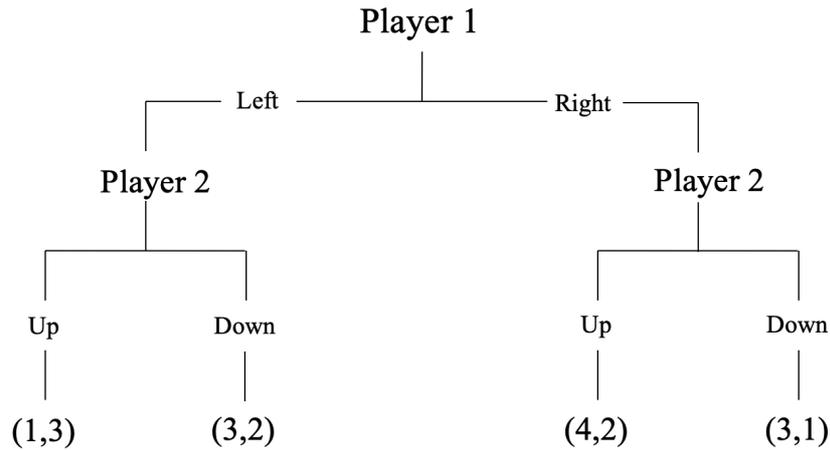
The Contributor and Recipient can purchase additional BTCDeFi and deposit to Staking Node to raise the Node Owner's benefits. Conversely, Contributor can withdraw at any time to sell apart or all tokens in the Node. If choosing this option, they will be reduced by partial or total loss of the Staking Node owner benefits.

Liquidity Pool stores 29% total deposit (BTC, ETH, USDT) + 29% total mined BTCDeFi.

Liquidity Pool will supply BTCDeFi for purchasing demand to increase the Node staking amount.

Game Theory

The game theory algorithm is set-up to promote voluntary tactical choices among the participants. Win-win will be the participant's preferred choice when faced with the motivational scenario. The benefits vary according to the situations when the system operates. [3]



4. Tokenomic

BTCDeFi Supply and Demand comparative:

BTCDeFi Supply

- BTCDeFi cannot pre-mine.
- When comparing the benefits of withdrawing and depositing BTCDeFi in the Contributor and Recipient's Staking Node, keeping and increasing options would be overwhelming.
- Only 29% of BTCDeFi is mined in the Liquidity Pool.
- Halving: The volume of BTCDeFi will halve again every 500,000 BTCDeFi mined.

BTCDeFi Demand

The need to buy more BTCDeFi to deposit in Staking Node will increase to raise the Node Owner benefits.

➤ Relationship between demand and supply:

- Only 29% Supply of BTCDeFi will be mined. The reward for mining new blocks will halve after every 500,000 BTCDeFi mined.
- Demand will always increase because of the need to buy more BTCDeFi staking, which brings dual benefit for the Node Owner.

5. Token

Token type

- BTCDeFi is the token of BitcoinDeFi Blockchain – the second layer built on top of the Bitcoin Blockchain.

- BTCDeFi is a Utility Token.
- BTCDeFi is the System Administrator Security Token.

Token mining

- BTCDeFi is mine by miners who are recently mining Bitcoin if they are also involved in running Node operating system.
- Node Owner mining BTCDeFi by joining, supporting and introducing more Contributors.

Halving

The amount of BTCDeFi will halve after every 500,000 BTCDeFi mined.

Token staking

- User participation in the system by mining and staking BTCDeFi, locked in Node
- BitcoinDeFi staking incentive = 0.1%/Daily equivalent to 3%/Monthly, 36%/Yearly.

Token distribution

- There are only 21 million BTCDeFi that can be mined in total.
- BTCDeFi cannot be Pre-mine (similar to BTC).
- BTCDeFi is only supplied by mining and staking activities. The first Contributors are the initiators of the system's first Genesis block.

6. BTCDeFi Wallet

Wallet + Exchange + Staking Node combined

- Cold Wallet: Token Storage.
- Hot Wallet: Send and receive token.
- Exchange: Buy and sell token.
- Node: Staking + Running the system.
- 2-layer Security 2FA 

7. Compliance

BTCDeFi is a Utility Token, not a Stock. Hence it does not violate federal securities laws of the United States in 1933 and other nations.

8. Roadmap

Quarter 4/2020

Develop:

- Bitcoin blockchain second layer analysis - Bitcoin core + FastKitten core + BitcoinDeFi algorithm.

Quarter 1/2021

- Complete: Web, Dashboard, System logic.

- Develop:

- Bitcoin core + FastKitten core + BitcoinDeFi algorithm.
- Wallet (cold + hot), Staking Node Wallet, Exchange Wallet.
- Contributors community building up.

Quarter 2/2021

Complete:

- Wallet (cold + hot), Staking Node Wallet, Exchange Wallet.
- Exchange wallet listing.
- Farming Pool.
- Bitcoin second layer deploy (Bitcoin core + FastKitten core + BitcoinDeFi algorithm).
- Contributors community worldwide speed up.
- Developers community building up.

Quarter 3/2021

- Multi Exchange listing

- BitcoinDeFi ecosystem building up.

Quarter 4/2021

AMM (Automation Market Maker) deploy on BitcoinDeFi blockchain.

2022

- Full Options services for DeFi spaces.

- Developers community boost.

- Contributors worldwide boost.

- Real-life application boost.

9. Team

- Bob: Blockchain, Defi, Game Theory researcher. Full-stack developer.
- Alice: Full stack developer.
- Jack: Computer science.
- Naruto: Token Economic mashup.

Reference

- [1] Bitcoin White Paper
- [2] FastKitten White Paper
- [3] The basic Game Theory