



# MELT LABS

PLATFORM

# Introducing the Melt Labs Platform

When Project MIMO was first conceived, the core ethos was centered around pulling the worlds of NFTs & DeFi closer together, providing access to the top tier of NFTs for any investor & finding creative solutions to the illiquid nature of NFTs. We initially aimed to achieve this through a fractionalization token, which enabled investors to invest in liquid & tradable fractions of SMB 3408, a high-end Solana NFT. Melt Labs is the next evolution in our journey towards unlocking the liquidity of NFTs and expands far beyond our initial fractionalization technology.

The Melt Labs Platform will offer three main features, each centered around providing unique and accessible investing options as well as extracting the liquidity from NFTs:

- **Exchange-Traded NFT Protocol Index**
  - Fully on-chain, multi-NFT collection index that is fully collateralized by underlying NFTs. The index will be facilitated through the use of an Oracle. Index tokens will be fully tradable and will also act as governance tokens for the management of the index.
  - Management of the asset composition of the Index will be conducted by a DAO made up of Index token holders. This enables investors to take direct control over their investment and simultaneously ensures that the index tracks collections based on feedback & input from the community.
  - Enables investors to 'invest in the macro' of the NFT market at the intercollection level.
- **NFT-Backed Borrowing Protocol**
  - Public & Private markets for NFT-collateralized borrowing to provide NFT investors a source of instant liquidity and provide lenders the opportunity to generate yield.
  - The Melt Labs model is unique in that the ETNP Index operates as a liquidator in the public market.
- **Fractionalization Protocol & Launchpad**
  - Providing a full-scale Fractionalization-as-a-Service platform and launchpad with integrated DEX & staking. Offerings include self-initiated fractionalization tokens & white glove fractionalization services including the use of the unique dynamic buyout-auction protocol.

The first step towards the full release of the Melt Labs platform is via an NFT mint. Melt Labs NFT holders will be vital in the early-stage asset selection process for the Index, will be airdropped index tokens for the initial distribution & will be privy to platform revenue sharing via a staking protocol. Previews for the art & mint details are forthcoming, but the general structure and logic behind the NFT collection as well as early-access provided to MIMO benefit tier holders is highlighted at the bottom of the whitepaper.

Our team believes in the continued growth of the NFT market and their ability to effectively onboard new users to the world of crypto. As such, the Melt Labs platform will be crafted to be a potent and practical means to making the NFT investing experience more liquid, intuitive & accessible for all investors across the entire Metaverse (and multiple chains).

# Exchange-Traded NFT Protocol Index

The central focus of the Melt Labs platform will be on Indexing and structured financial products for the NFT market. These indexes will be designed to allow for a more liquid form of investing into Blue Chip NFTs at collection level.

Melt Labs Exchange-Traded NFT Protocols (ETNP) will provide simple & liquid on-chain access to the NFT market via a collection tracking product. The traditional TradeFi ETP (exchange traded product) will be adapted for the NFT market via the usage of a customized oracle in partnership with industry leaders for on-chain data.

## What is a TradeFi Exchange Traded Product

Exchange traded products (ETPs) are types of securities that track the price of different underlying assets (securities, indexes, etc). ETPs trade on exchanges, meaning that their prices can fluctuate; in addition to the effects of supply & demand, the prices of ETPs are determined by the underlying investments that they track.

## What is the Melt Labs ETNP

The Melt Labs Exchange Traded NFT Protocol (ETNP) is the first fully on-chain index providing investors with a clear, rule-based, liquid and transparent way to broadly track the price of the largest and most established (blue chip) art and collectible non-fungible token (NFT) collections. The ETNP index will provide investors exposure to multiple collections through one token. The ETNPs will be managed by a DAO - the role of the DAO in asset selection & index management will be further explained in the following sections.

Eligible collections must satisfy specific guidelines requirements (Guiding Principles). The management of the ETNP indexes will be conducted through the use of a governance token voting system. Token holders will vote on new collections to add, the rebalancing of constituent collections and number of collections to be tracked by the index. To begin, there will be one index that incorporates the top 10 NFT collections by chain (initially determined by Melt Labs NFT holders), although we have plans to expand the indexing technology and eventually offer 'themed' indexes such as metaverse-centric projects.

In this model, the token has twofold function:

- Representation of an asset - In this case, shares of the index
- Governance over asset management decisions of the associated ETNP

## **Guiding Principles**

The guiding principles of the Exchange Traded NFT index include:

- Index pricing decisions will follow a clear, rules-based oracle mechanism based on the oracle developed in partnership with a well established on-chain data provider. The price-tracking mechanisms will be publicly shared so investors can make well-informed decisions.
- Governance voting processes, which will be applied to the entire asset selection process, will follow clear & uniform guidelines. The same governance guidelines & voting process will be conducted any time a new NFT collection is proposed to be added to the index or for rebalancing the composition of the index. The initial makeup of the Index will be decided by a temporary DAO formed by the community of Melt Labs NFT holders in collaboration with the Melt Labs team (more on this process in the NFT Mint section).
- All decisions and interactions are done on-chain - this includes, but is not limited to, funding, redemptions, voting and index rebalancing activities.

## **Governance**

Governance tokens will be issued for each index. This methodology allows holders to participate in the asset allocation process, participate in the management of the fund they are invested in and vote for:

- Asset allocations (Weight of each collection within the Index)
- Alteration of the asset selection guiding principles
- Index rebalancing activities
- Constituents selection process (adding new collections to the index)
- Initial constituent collection is conducted by Melt Labs NFT holders

# Main Features of the Protocol

## Collateralization

During the index launch investors will be able to participate in two unique ways:

NFT Contribution: If an investor holds NFTs that are part of the initial tracked collections, they will be able to deposit the tracked NFTs and receive a proportional amount of index shares in exchange.

Liquidity Contribution: Prospective investors can deposit currency contributions in stablecoins or other whitelisted tokens to the index treasury in exchange for index tokens. The treasury will then be used by the index protocol to buy from the initial constituent NFT collections in order to maintain index collateralization value.

## Index maintenance

The index is maintained monthly & is broken up in two phases: determination phase and rebalancing phase. MeltLabs NFTs' holders have the right to participate in the governance of both activities as well as index tokens holders.

### Determination phase

The determination phase takes place during the third week of the month. It is the phase when the changes needed for the next epoch of the index are determined.

- Collections addition: during this phase community vote regarding the collections to be added to the index. If a vote for a new collection is approved, proceed with the asset allocation (weighting) process.
- Community evaluation on strategy and methodology: e.g. choosing for cap weighted or equal weighted rebalancing strategy.

### Rebalancing phase

- Following publication of the determination phase outcome, the index composition will change to the new weights on the first working day of the following month. Constituent collections will be added or removed and weights adjusted based on the results of the previous vote.
- Funds received from users purchasing NFTs out of the index vault will be reinvested into constituent NFTs in order to maintain decided weighted allocation throughout the month.

## Arbitrage, Demand & Supply Incentive Mechanisms

A key element in successfully managing the economics of the protocol is to ensure proper arbitrage between the Oracle price and Open-Market price of index tokens. Essentially, ensuring that **Open Market Price = Oracle Price** is demonstrative of the protocol's success. In order to correctly balance supply and demand across various actors interacting with the smart contract, there are a few possible scenarios and associated solutions modeled below:

### Scenario A - Open-Market price < Oracle price

1. Bob buys Index tokens on the open market
2. Token bought are then used by Bob to buy NFT from the Index Vault
3. NFTs from the Index Vault can be bought at a discounted price
4. Token exchanged to buy the NFT out from the Index vault are subsequently burned

Economics Scenario A: Bob can buy NFTs at discounted price from the Index vault. This discount is implemented to incentivize the utilization of the Index tokens and to counteract slippage experienced when buying Index tokens on the open market. When Bob buys NFTs from the vault via Index tokens, it generates an increase in value of the token on the open market because those tokens are burned. This action is key to incentivize arbitrage and avoid discrepancies between the Open-Market price and the Oracle price: if the **Open-Market price < Oracle price** then Bob will be incentivised to buy tokens on the open market and get NFTs from the vault as he is indirectly buying those NFTs at discount, leading to an eventual stabilization towards **Open Market price = Oracle price**.

### Scenario B - Open-Market price > Oracle price

1. Bob deposit (sells) NFTs in the Index vault
2. The deposited NFT is priced based on the Oracle price
3. Bob receives corresponding Index tokens in exchange for the NFT

Economics Scenario B: When Bob deposits the NFTs he receives Index tokens in exchange based on the price set by the Oracle. This action is key to incentivize arbitrage and avoid discrepancies between the Open-Market price and the Oracle price: if the **Open-Market price > Oracle price** Bob will be incentivized to deposit his NFT and receive freshly minted tokens which will sell on the open market for a premium. This dilutive action eventually restores the equilibrium **Open Market price = Oracle price**.

The third scenario below does not directly involve arbitrage but it is a main function in enabling the economics of the Index.

### Scenario C - Index as a Liquidator

1. Alice borrows money by depositing her NFT in the public borrowing market
2. Alice enters the liquidation zone
3. The protocol mints index tokens and sells them on open market
4. The protocol liquidates Alice with proceeds from the sale and retrieves the NFT to be placed in the Index Vault

Scenario C is the 'engine' to enable the Index to operate as a liquidator for the public borrowing market. This mechanism ensures that:

- That there is a certain turnover of NFTs in the vault
- That those NFTs are bought at discount and can be sold at discount to incentivize buy pressure on the open market and discount the slippage effect of open market Index token purchasing
- Ensure continuous liquidation incentivized by the mechanism interaction itself

#### *Index Liquidator Activity (Index Lending & Borrowing mechanism)*

The index will act as one of the liquidators for the NFT lending protocol (more on this in the following sections). Assuming that another liquidator does not collect first, the index will liquidate the borrower and collect the liquidation fee.

Once liquidation occurs, the liquidated NFT will become part of the index. The previous owner of the NFT will have 24 hours to buy back the NFT. If the previous owner does not buy back the NFT, the NFT will become part of the index and available for anyone to purchase it out of the vault. During the first 24 hours as a part of the index, the liquidated NFT will be priced at the amount needed to pay back the lenders. If the NFT is not purchased during this time period, the Oracle will then be used to decide the price of the NFT.

## The Oracle

The Oracle will be used to price the through the tracking of certain NFT collection data - in order to achieve this the Oracle will use:

- Historical exchange activity (purchases & sales related to the collection)
- Excludes wash-sales and outliers. This tracking will be periodically written on-chain by a network of decentralized Node Operators
- Time-Weighted Average Price (TWAP) of both sales and floor prices to create a blended price
- Machine Learning model to predict and improve pricing accuracy and pricing estimates

The use of a TWAP helps to mitigate outlier events by taking the average of multiple sales over a predefined period of time, making manipulation difficult and expensive. Additionally, tracking only the average price of the lowest-priced floor listing will help mitigate the issue of users borrowing more in funds than their NFT is actually worth. This model resolves issues associated with variable pricing for different NFTs in a collection by using the lowest common denominator.

Scalability becomes a key element while using this approach as multiple collections must be aggregated and tracked under an unique umbrella, giving the opportunity to generate various indexes, each with strategic allocations and risk profiles. Although the initial index will be a simple, 'top collections' index, forthcoming indexes will allow investors to participate in different indexes based on their individual risk appetites and investment theses.



# Public & Private NFT-Backed Borrowing Protocol (NBBP)

This NFT backed borrowing model aims to make illiquid assets (the NFT) more liquid by allowing users to borrow against their NFT. The NBBP will be available on Solana and Ethereum with the goal to provide instantly unlocked liquidity across the entire metaverse.

There will be 2 kinds of market for the Melt Labs NFT-backed borrowing protocol (NBBP): the public market and the private market:

## Public Market

There are three main actors in the public market borrowing model:

### Borrower:

The Borrower is a user that contributes an NFT from a whitelisted collection as collateral. That collateral enables the borrower to borrow funds from the public pool.

The Borrower also is required to pay yield on their loan, which provides incentive for the Lender to provide liquidity. The NFT valuation in the public market is derived from the oracle.

### Lender:

The Lender is a user that lends liquidity in the form of various whitelisted tokens. This liquidity will be lent to the borrowers, who will pay a yield on their loan.

The following outcomes can occur in the NBBP Public Market:

1. The borrower doesn't get liquidated and the lender collects yield.
2. The borrower gets liquidated. From here, there are three possible outcomes:
  - A core feature for the public market model is that the Index acts as one of the liquidators for the NFT lending protocol. Assuming that another liquidator does not collect first, the Index will liquidate the borrower and collect the liquidation fee as well as the collateralized NFT.
  - The lender buys out the collateralized NFT for a discount.

### Liquidator:

The Liquidator is a user that checks if the borrower is in the liquidation zone. If the borrower is in that zone, the liquidator can liquidate the borrower in order to retrieve part of the liquidity that has been provided for the collateralized NFT.

### *Public Market Action Flow*

The lender first lends out the liquidity. The borrower provides a whitelisted NFT and borrows based on the established LTV ratio. In the public market, the relationship between the lender and the borrower is established via the liquidity of the lender. Further, in this type of public market there is only a loose correlation between borrower and lender - they are not bonded directly and the liquidity simply flows from one side to another

*All 3 of the actors have incentives and risk associated with participation in the protocol:*

- The lender can obtain a yield, but if enough NFTs get liquidated, the lender risks having a significant portion of their lendable liquidity locked for a period of time.
- The borrower can retrieve liquidity from their NFT assets, but must avoid the liquidation zone.
- The liquidator can gain a yield by facilitating liquidations.

### **Private Market**

The NBBP will also offer a private market option in which the relationship between borrower & lender is much more direct. The roles of the borrower, lender & liquidator are slightly different in the private market model:

#### **Borrower:**

The borrower is the user who lists an NFT (from whitelisted collections) as collateral and requests a certain amount of liquidity in exchange for the collateralized NFT. A lender can then select that NFT to provide liquidity against to begin the private lending transaction. In the private market, the borrower still needs to pay yield to incentivize the lender to provide liquidity.

#### **Lender:**

The lender fulfills the same role of lending liquidity to the borrower in the form of a whitelisted token. The difference in the private market is that the lender has the ability to choose a specific NFT to provide liquidity against. If the borrower gets liquidated, the lender receives the collateralized NFT automatically.

#### **Liquidator:**

The private market liquidator acts the same as the public market liquidator. The main difference between these two models is that the index does not operate as a liquidator in the private market.

### *Private Market Flow*

The borrower first starts a private market by depositing an NFT as a collateral. The lender chooses a preferred NFT (from a list of borrower-deposited NFTs) and deposits a corresponding amount of whitelisted tokens. The borrower then can withdraw that liquidity & must pay yield on it.

*All 3 of the actors have incentives and risk associated with participation in the protocol:*

- The lender can obtain a yield and receives the collateralized NFT if the borrower gets liquidated.
- The borrower can quickly exchange an illiquid NFT for liquid assets, but risk getting liquidated.
- The liquidator can gain a yield by facilitating liquidations, although the Index does not operate as a liquidator in the private market.

### **Key Features of the Protocol**

1. The ability for the borrower and lender to participate in the public market or for the borrower to start a private market.
2. The ability for the lender to gain yield based on how much their liquidity is being used on the borrowing side.
3. Index operating as a liquidator in the public market model, which ensures a certain liquidation degree.

# Fractionalization Technology

Melt Labs began as a fractionalization project and this technology will remain central to the forthcoming platform - Fractionalization will be offered as a Service via the Melt Labs launchpad to the public. Fractionalization is an effective means for investors to gain more liquid exposure to blue chip & high value NFTs at a fraction of their full cost.

The top fractionalization platform on ETH, fractional.art, has a combined market cap of approximately \$1Billion (combined value of all fractionalization tokens) compared to less than \$25million across all fractionalization tokens currently on Solana. With the release of more educational materials and marketing exposure, the Melt team strongly believes that the fractionalization market on Solana will continue to grow alongside further increase in Solana users. This growth will be further exacerbated by more advancements in Solana DeFi and the low transaction fees & speed on the SOL blockchain.

Melt Labs fractionalization technology will be leveraged in three main areas:

## Fractionalization Launchpad

The MIMO Fractionalization Protocol offers an all-in-one suite, combining the fractionalization process with ability to run public & private presales, and 'IDO' launch for top tier NFTs both on Solana and Ethereum. Different packages for the launchpad will be available for DAOs, project teams or individual investors, which include in-house marketing services, exposure to our established community and the development of high-level written content.

The protocol offers the ability to customize the following parameters:

### Vesting Mechanism and Tokenomics

Via the MIMO platform, we provide the possibility to pre-set distribution tokenomics. Each allocation can be predetermined and set with specific vesting periods applied directly in the smart contract along with automatic distribution to inputted wallets. This allows initiators of the fractionalization token to avoid early price manipulation and ensure proper liquidity management during the token launch until public release on a DEX.

### Presale Customization

Full customization of Presale Protocols offered, which includes:

- Dates of Presales
- Amount of Presale Rounds
- Private / Public Presales
  - Private Presales facilitated through access token, which is created and facilitated within the MIMO Platform
  - Enables DAOs and project teams to easily whitelist their community members. Higher service tiers include whiteglove distribution of access tokens.

- Pricing Premiums of Presale Rounds
- Minimum and Maximum Individual Contribution to Presale Rounds
- Minimum and Maximum Total Contributions to Presale Rounds
- Vesting Time Periods
- IDO Date / Time
- Higher tiers of Service & Consulting Packages will receive a dedicated developer and marketer to walk fractionalization initiator through the entire process and assist on presale and launch days

Whitelisted tokenomics for DAOs & private investors

Our protocol allows DAOs and whitelisted private investors to customize an IDO launch. Specific access tokens can be distributed based on DAOs participants and whitelisted investors. Each ad-hoc access token represents a price range allocation right and vesting.

## Integrated DEX & Staking

In order to support the Fractionalization Launchpad and properly manage emissions, tokenomics and fractions distribution, initiators will have the option to list on the MIMO in-house DEX. The DEX will be specifically catered to the fractionalization market and will include highlighted analytics which will help with managing token distributions and analyzing arbitrage opportunities between consensus NFT valuation (more info on consensus valuation in the DBAP section) and live trading market cap.

### Serum-based order book & DEX

Our protocol uses a Serum-based order book to manage orders, core swap functionalities and brokerage activities directly on the platform. This will be facilitated through the use of Raydium open source contracts.

### Staking & Farming

Staking and farming activity will be available for each pair, allowing fraction holders to deposit LP into the vault to earn preset APY. The staking function is fully integrated with our Dynamic Buyout Auction Protocol, so that the launch of the auction protocol starts once farming & yield payouts end. Project initiators will have the option to also distribute staking rewards to incentivize liquidity and avoid selling pressure until the agreed launch date for the auction to start. This "built-in-house" approach is vital in managing inflation & supply / demand throughout the entire lifecycle of the token fractionalization.

### Analytics dashboard:

Custom-built dashboard for every fractionalization token on the MIMO platform to provide clear, high-level information to fractionalization initiators and investors. The dashboard will assist in understanding the driving economics and implications of participation in the fractionalization lifecycle:

### NFT & Trading Statistics:

- Open Market Asset Valuation (Live Market Cap)
- Current Floor Price of NFT
- Current expected NFT price (Derived by our Chainlink Oracle)

### DBAP Statistics:

- Fractions Deposited as Votes
- Current Reserve Price as Determined by Community Vote
- Arbitrage & Trading Opportunities between Reserve Price & Open Market Valuation

The MIMO Project is heavily focused on bridging advanced DeFi concepts into the NFT market. As such, a holistic data & analytics overview is key to educating and providing information and transparency to fractionalization holders.

## Dynamic Buyout Auction Protocol (DBAP)

The Dynamic Buyout Auction Protocol enables holders of fractionalized NFT tokens to vote on a reserve price for the underlying, fractionalized NFT. These tokens are effectively governance tokens that enable holders to collectively set a buyout reserve price for the NFT. The DBAP is a democratic, community-driven process that calculates reserve price via an ongoing weighted average. When 50% of the tokens are deposited as votes, any interested party can deposit funds equal to or greater than the reserve price, which will start an open auction. At the conclusion of the auction, the winner can redeem their bid for the underlying NFT and all fractionalized token holders can exchange their tokens for their respective share of proceeds from the auction.

The Melt Labs team strongly believes that fractionalization projects must offer an option for a buyout. If there is no buyout option, the token is not truly collateralized by the underlying NFT asset. Our Dynamic Buyout Auction Protocol technology enables consensus valuation via weighted average voting and only unlocks when a majority of holders vote in favor of buyout.

### Summary of DBAP Voting, Auction & Redemption

In this section, FT refers to Fractional Tokens that represent shares in the underlying NFT that can be used for voting.

#### Voting for a Reserve Price

To vote for a reserve price:

1. Input the desired buyout price in SOL (ex. 3000 SOL).
2. Input the amount of tokens you would like to use for your vote.
3. Click deposit and vote and approve the transaction in your wallet.

Votes for reserve price cannot be 5 times lower or 5 times higher than the current reserve price. For example, if the current reserve price is 3000 SOL, the minimum reserve that one can vote for is 600 SOL and the maximum is 15000 SOL. This feature is meant to keep the reserve price within a generally realistic range.

#### Calculation of the Reserve Price

The reserve price is calculated via an ongoing weighted average of the deposited votes. Below is a basic example of how the reserve price gets calculated:

Three users vote for a reserve price. User 1 has 10000 Fractional tokens (FT) and votes for a reserve price of 4000 SOL. User 2 has 50000 FT and votes for a reserve price of 4500 SOL. User 3 has 25000 FT and votes for a reserve price of 2500 SOL. The reserve price is then calculated based off of a weighted average:

$$\begin{aligned} & 4000 \text{ SOL}(10000 \text{ FT}) + 4500 \text{ SOL}(50000 \text{ FT}) + 2500 \text{ SOL}(25000 \text{ FT}) \\ & / (10000 + 50000 + 25000) \\ & = 3852.94 \text{ SOL Reserve Price} \end{aligned}$$

### **Withdraw Tokens from Voting Vault**

Users can withdraw their tokens from the voting vault at any time. The 'Vault Balance' reflects the total amount of FT that have been deposited as votes from the wallet that is currently connected. To remove tokens from the voting pool, input the desired amount of tokens to remove, click on the withdraw button and approve the transaction. There is no lock up time for deposited tokens. This is designed to allow holders to retain full control over their FT holdings and quickly react to changing market conditions.

### **Bidding**

The bidding section of the DBAP allows for users to bid on the underlying, fractionalized NFT and will facilitate the entire auction process. All bids including the first bid (equal to or greater than the set reserve price) are placed in this section. This section also allows bidders to increase a preexisting bid if they have been outbid. New bids must be 1% higher than the current highest bid. For example, if a 3500 SOL bid is placed, the minimum next bid must be 3535 ( $3500 + (3500 \times 1\%)$ ). The auctions are currently set to run for one week.

### **Withdraw Outdated Bid**

If a user is outbid and does not want to increase the bid that was already placed, they can withdraw their outdated bid. This is designed so auction participants can get their funds back before the conclusion of the week-long auction process. Conversely, the current highest bid cannot be withdrawn once it is placed.

### **Deposit FT to Redeem SOL**

At the conclusion of the auction, FT holders will be able to exchange their fractionalized tokens for SOL based on their % holdings of the total supply. To calculate how much SOL will be received from an auction, multiply % of holdings with the buyout price. For example, if a holder has 100,000 FT or .1% of the total supply (assuming 100,000,000 total supply) and the underlying NFT is bought out for 4000 SOL, the FT holder will be able to redeem their 100,000 FT for 4 SOL ( $4000 \text{ SOL} \times .1\%$ ).

### **Redeem your NFT**

The winner of the buyout auction can redeem their bid for the underlying NFT, when the 7 day auction concludes. The redeem NFT function will only be available for the winner of the auction.



## The Melt Labs NFT Collection

Melt Labs will mint a collection of 8888 algorithmically generated NFTs - these NFTs provide access and utility with the platform described above. Holding a Melt Labs NFT will grant holders:

- Privileged access to platform products
- Participate to royalties and revenue distribution generated by platform products
- Gaining upside of NFT token scarcity and appreciation due to high tech product developments in place

Keep your eyes on our social channels for art teasers, a detailed overview of NFT utility & minting procedures.

### MIMO Benefit Tier Holders

As mentioned previously, MIMO benefit tier holders will receive special access to the Melt Labs NFT product. MIMO benefit holders will receive airdrops for both the Solana & Ethereum mint:

- Tier 1: 130,000 MIMO Tokens Held
  - Airdrop of 1 Melt Labs NFT and Whitelist access for mint
- Tier 2: 42,000 MIMO Tokens Held
  - Whitelist access for mint

### Goals for the Melt Labs NFT Mint

1. Raise capital in order to fund the continued development & expansion of the Melt Labs platform.
2. Raise capital to purchase NFTs & provide liquidity for the ETNP Index.
3. Directly collaborate with the NFT community to effectively structure the initial collection portfolio for the ETNP Index.

### NFT Utility

Holding a Melt Labs NFT will initially provide the follow utilities:

- Fractionalization Privileges & Discounts  
Melt Labs NFT holders will be able to access discounted presale prices for future fractionalization events on the platform. Holding the NFT will also provide a discount on initialization fee for fractionalization tokens.
- Exchange Traded NFT protocol  
A percentage share of the Index will be allocated to NFT holders (represented by Index tokens) in two waves: first, there will be an airdrop to all delisted NFTs. Second, tokens will be distributed overtime via a staking system. Although community governance over index

management will be conducted with index tokens, this allocation & distribution ensures that all NFT holders will have the opportunity to participate in asset management governance decisions.

- Before the launch of the index, NFT Holders will participate in a DAO with the single goal to select constituent collections for the launch of the index. These collections can be changed and rebalanced by the Index token holder DAO, but NFT Holders will play a vital role in shaping the early stages of the ETNP index. Once initial constituents are voted on, the Melt Labs teams will use the allocated portion of funds to buy NFTs from each of the collections to collateralize the index.
- Revenue sharing model & incentives(\*)  
Each Melt Labs NFT holder is entitled to receive progressive revenue share of the platform via a locked incentive system model. 10%-20% of total revenue generated will be distributed monthly to the Melt Labs NFTs holders under the condition of a 30-day lock of their NFT into a staking vault. Each month Melt Labs NFTs holders will have the opportunity to go on our platform and claim their NFTs (unlock) as well as their allocated portion of revenue. The holders will then have the option to relock their NFT for the next epoch and subsequent revenue share rewards.

(\*) Platform revenue stream table

Product	Revenue type	Amount	Description
Fractionalization	IDO consulting and Platform fees	5%	Platform fees to access whitegloves consulting and platform capability during fractualization launchpad
Auction & buyout protocol	Platform fees	2%	Platform fees charged to access and usage of the DBAP protocol
DEX & Staking	Staking fees (deposit & withdraw)	1%	Platform fees charged to staking deposit & withdraw
Indexes	Index Fees	1%	NFTs deposit & withdraw into the Index
Lending	Lending Fees	0.5%	Lending & borrowing activity



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