

Smart Index Whitepaper



Smart Index (ticker: SIDX) is a SEP20 token with several advanced features deployed on SmartBCH that allows its holders to benefit from interests accrued by a managed portfolio. Composition of the portfolio is decided by token holders through voting, making it **the first deflationary and governance token on SmartBCH.**

Contract address:
0xF05bD3d7709980f60CD5206BddFFA8553176dd29
\$SIDX admin wallet:
0xd11bb6a7981780aADc722146a306f7104fD93E9c
\$SIDX portfolio wallet:
0xE1ae30Fbb31bE2FB59D1c44dBEf8649C386E26B3
IBO wallet:
0x00033C53E5ac4A61f084D7525BAD246E61dFDc81
Pre-sale: [click here](#)

Website: smartindex.cash

Telegram channel: https://t.me/smartindex_community

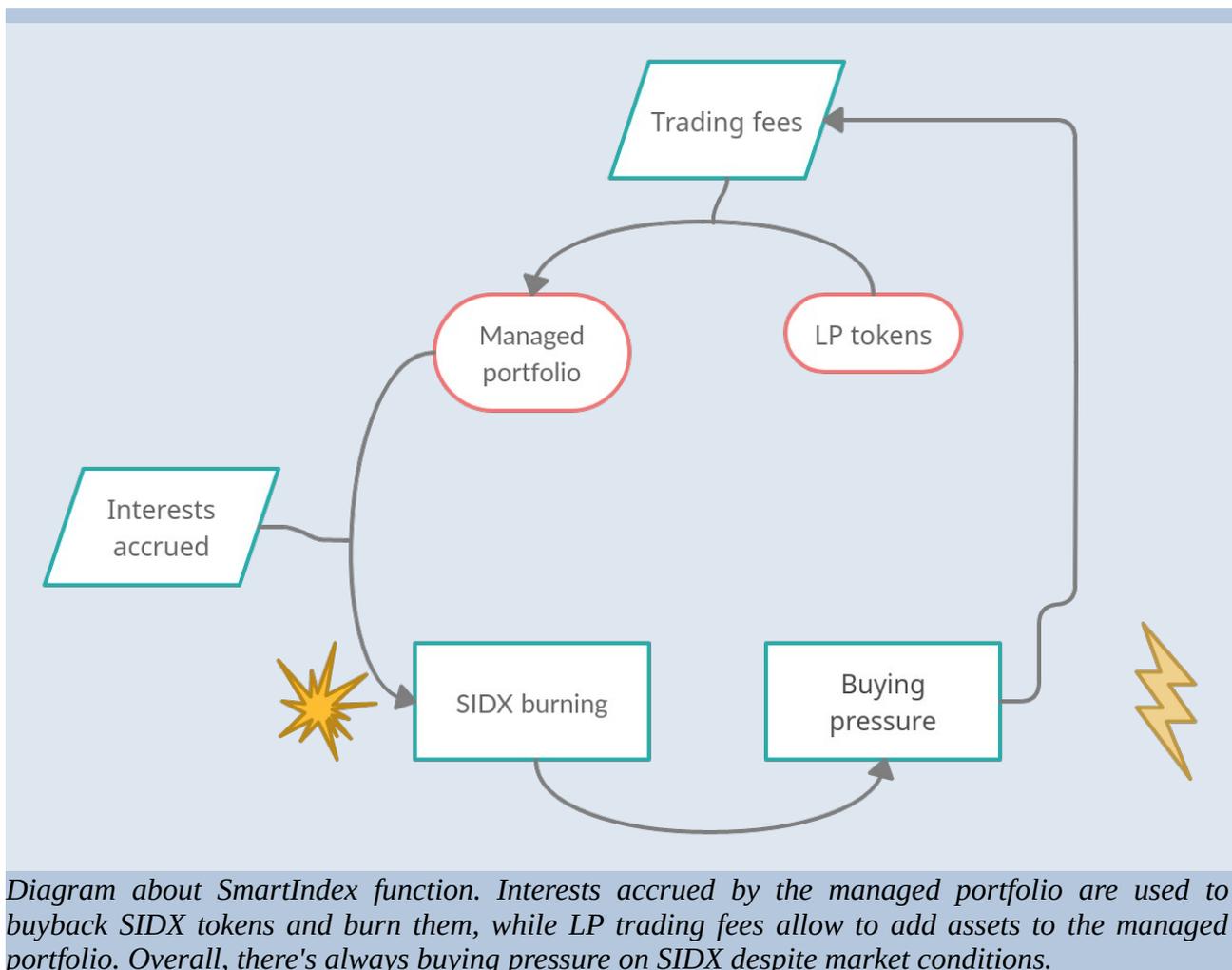
Github: <https://github.com/kratomi/SmartIndex>

E-mail: contact@smartindex.cash

Index

Smart Index Whitepaper.....	1
Brief summary: how does SmartIndex works?.....	3
Advantages: game theory behind SmartIndex.....	4
Token pre-sale.....	4
IBO: finalized.....	4
Private sale.....	5
Funds allocation.....	5
\$SIDX tokens allocation.....	5
Raised funds allocation.....	6
Managed portfolio.....	6
Initial liquidity on SmartBCH DEXs.....	7
Admin funds.....	7
About LAW punks.....	7
SEP-20 smart contract.....	8
Voting platform.....	9
How voting works.....	9
Voting for liquidity redistribution.....	9
On-chain governance.....	11
Road map.....	11
First stage: SmartIndex release (from now to January 2022).....	11
Second stage: off-chain voting platform (first half of 2022).....	11
Third stage: on-chain voting platform (second half of 2022).....	12
Four stage: further development.....	12
Risks and liability.....	12
About SmartIndex admin.....	13

Brief summary: how does SmartIndex works?



The funds raised during the SIDX token pre-sale will be used to buy assets on the SmartBCH network. These assets, located in the managed portfolio, will accrue interests which will be used to buy back SIDX tokens and burn them. LP tokens will earn trading fees which will buy the best performing asset from the managed portfolio and add to it. This way, SmartIndex becomes a deflationary asset whose price performance does not only rely on speculation. Token holders can change the composition of the portfolio through voting in the next phase.

Advantages: game theory behind SmartIndex

One could wonder what are the advantages of holding SmartIndex instead of holding the same assets as the managed portfolio holds, in a non-custodial way. The main feature of SIDX is that it takes advantage of inflationary assets to become deflationary. If the managed portfolio reach an elevated value, it could put significant selling pressure to its assets will putting significant buying pressure on SIDX. If market gives a low value to the SIDX token, the amount of tokens burned will be higher.

On a bear market, SIDX could perform better than inflationary assets. In this kind of market conditions, interests on stable coins like FlexUSD are usually high, putting buying pressure on SIDX, while other assets value relays just on speculation. Also, staked [Celery](#) on the portfolio wallet can be switched to payout phase upon voting, to avoid a decline in SIDX price. Selling NFTs is another decision voters can take to avoid financial loses.

But the most interesting feature of SmartIndex is the potential to influence the SmartBCH market. In case the portfolio manages an elevated value, changes in its composition can influence the price of involved assets. In this case, there's economic incentive to hold SIDX and vote on proposals that could appreciate certain assets or depreciate a competitor's token.

One last feature that makes holding SIDX attractive is the ability to vote on other platforms through the governance tokens deposited in the portfolio. For example, voting on the FlexDAO or DEXs with their respective tokens. This way, SIDX becomes a governance token for multiple platforms.

Token pre-sale

IBO: finalized

Initially, Smart Index token pre-sale was done as [IBO](#) on [Benswap](#). 850,000 \$SIDX tokens were offered at a fixed price (see below) from a total supply of 1,000,000 \$SIDX tokens. As permission is granted to Benswap to spend \$SIDX tokens, pre-sale was perform from an *ad hoc* wallet (pre-sale wallet) to prevent future exploits.

- **Pre-sale period:** 2 weeks (from 4th to 18th Nov)
- **Soft cap:** 5 BCH
- **Hard cap:** 170 BCH
- **Raising token:** WBCH (wrapped BCH)
- **Price:** 1 WBCH = 5,000 \$SIDX (0,0002 WBCH per \$SIDX)
- **Pre-sale link:** [click here](#) (ended)

These are the statistics of the IBO:

- **Unsold SIDX tokens:** 810539,558
- **SIDX sold:** 39460,442
- **BCH raised:** 7,892 ([soft cap reached](#))
- **BCH raised after Benswap tax (0,5 %):** 7,852

After several problems with the Benswap team which lead to low public exposure of the IBO, there was a discussion in the public SmartIndex Telegram group to perform a second fund raising round on [BCH PAD](#), which was finally rejected.

Private sale

Unsold SIDX tokens from the IBO will be sold under demand by the admin until 5th December 2021, when unsold tokens will be burned. This private sale will be announced in several channels.

Funds allocation

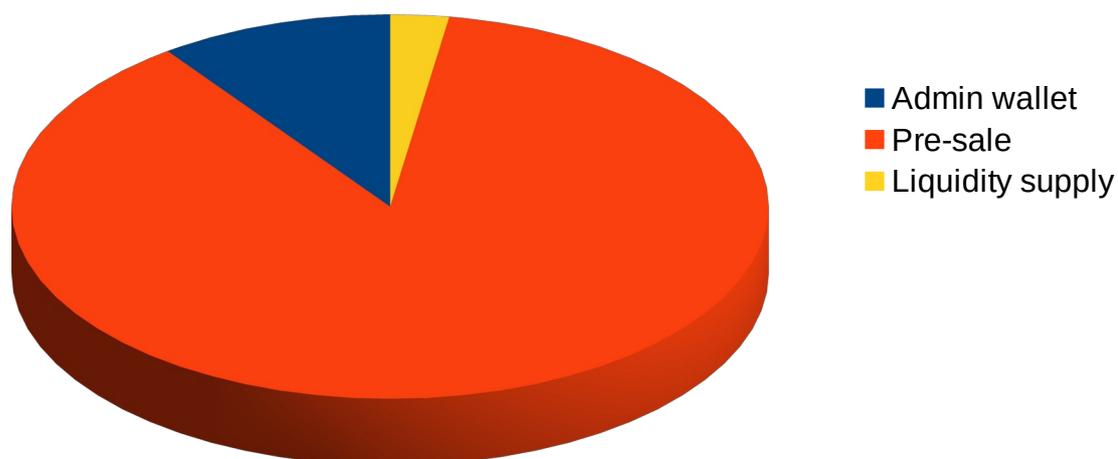
\$SIDX tokens allocation

The total supply of \$SIDX tokens is 1,000,000 (one million) and no more tokens can be minted (see [SEP-20 smart contract section](#)).

Destination	Percentage	Amount
Admin wallet	10,00 %	100000
Pre-sale	87,50 %	870000
Liquidity supply	2,50 %	380000

\$SIDX token distribution

Total supply: 1,000,000 tokens



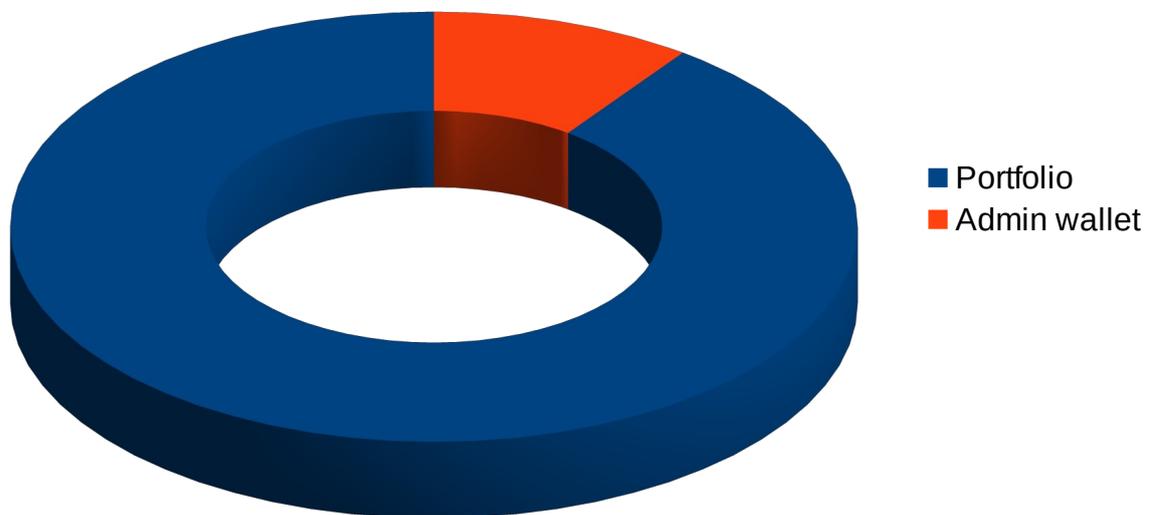
Raised funds allocation

Funds will be raised in the form of Bitcoin cash (BCH) on the SmartBCH Network and once the pre-sale is done, they will be distributed this way:

Raised funds allocation	Percentage
Liquidity supply	0 % *
Portfolio	90,00 %
Admin wallet	10,00 %

* Funds (BCH) for liquidity supply will be provided by the admin.

Raised funds allocation



For every \$SIDX token, 0,0002 BCH will be paired on AMMs (Automated Market Makers).

Managed portfolio

The managed portfolio consist in several assets located on the SmartBCH network which continually acquire interests. The initial composition of the portfolio is:

- 25% MIST, stacking on [Mistswap](#).
- 25% FlexUSD, a stable coin issued by [CoinFlex](#) which accrues interests every 8 hours.
- 15% EBEN, deposited in the EBEN pool on [Benswap](#).
- 10% MILK, deposited in the MILK pool in [Muesliswap](#).
- 5% for buying law punks on [BLOCKNG](#). See more on the “Law punks section”.
- 5% [AxieBCH](#), which performs payouts in form of BCH.

- 5% [Celery](#), a blockchain-based annuity which earns 100% APY on staking. All CLY tokens will be staked.
- 5% [BCH PAD](#), which performs airdrop to token holders.
- 5% [FLEX](#), which can be staked on FLEXDAO to earn rewards and voting power (once available).

Once the voting system is deployed, the funds can be reallocated according to approved proposals by token holders. This way, token holders will decide which assets are the most profitable and invest accordingly. This can include other deflationary assets, NFTs or even funding projects on the SmartBCH ecosystem.

Initial liquidity on SmartBCH DEXs

80% of the funds destined to liquidity supply (4 BCH) will be deposited on the SIDX/BCH pair on Mistswap, the other 20% (1 BCH) on the SIDX/BCH pair on Tangoswap.

From this time, trading fees will be collected weekly and used to buy the asset with better performance. Performance will be based on relative yield that every asset in the portfolio gave the last week.

Admin funds

SmartIndex admin will manage 10% of the raised funds at will. The initial intention is to pay hosting costs and allow further development. The value of the funds will decide which developments are possible, see [Road map](#).

About LAW punks

SmartIndex portfolio holds initially 5 punks, which were kindly donated by @Stockleezy. 60 LAW tokens were donated by @TheWobs, 100 by @thesis_st8mint and 20 by the admin to upgrade the punks.

The initial list of punks hold by the portfolio is:

- [Punk 5742](#)
- [Punk 8571](#)
- [Punk 7571](#)
- [Punk 7056](#)
- [Punk 7097](#)
- Current hashrate: 71.358

Punks are staked to earn LAW tokens. These tokens will be use to further upgrade the punks, but other uses can be decided upon voting.



As every wallet can only stake 5 punks, new punks will be added to new wallets managed by the admin, whose addresses will always be public.

When buying new punks, efforts will be made to maximize the hashrate of the punks bought with the funds available. Punks will be bought on [BLOCKNG marketplace](#) or [OASIS](#) (if available at launching time). Remaining BCH that cannot be used for buying punks will be staked in [BLOCKNG beam](#) for earning LAW.

SEP-20 smart contract

SIDX is a SEP-20 token deployed on the SmartBCH blockchain. The contract was created using [OpenZeppelin Wizard](#) to ensure there aren't potential exploits on it. The source code is available and verifiable using [Contract Verifier](#).

The features of the contract are:

- **Name:** SmartIndex
- **Ticker:** SIDX
- **Total initial supply:** 1,000,000 tokens
- **Non-mintable:** there won't be more tokens than the initially pre-minted when the contract was deployed, in order to remove the risk of rug pulls by the admin.
- **Burnable:** the burning function will allow periodically destroying the tokens bought with the interests accrued by the managed portfolio.
- **Pausable:** this function allows to stop token trading. It will be used if the token or an important DEX where it's traded is affected by an exploit. Pauser role can be eventually granted to trusted people located in different time zones to obtain a quick response in case of hacking.
- **Snapshots enabled:** snapshots allow to obtain a balance sheet of every token holders. The main function of a snapshot is voting. Before a voting campaign, a snapshot will be taken, to avoid token holders vote more than once with the same tokens by transferring them to new addresses. Snapshots will be public.
- **Access control by roles:** SmartIndex contract is managed by roles: admin, pauser and snapshot. The admin will delegated the last 2 roles to trusted members within the community.
- **Non-upgradeable:** the contract cannot be upgraded, to make it easier to implement and avoid potential scams by the admin. If new advanced functions have to be added, the tokens will be migrated.
- **On-chain voting:** this feature allows future on-chain governance, see [Road map](#).

Voting platform

The voting platform for SmartIndex will be deployed on [SmartIndex.cash](#). Initially voting will be done through [checkbook.cash](#) app, until the off-chain platform is build. Later upgrades to enable on-chain voting will be performed if funds availability allows it.

How voting works

Only token holders can vote to decide the fate of the SmartIndex project. Voting enable changes in the managed portfolio, the project roadmap or decide votes in external platforms if the portfolio owns the respective governance token.

Voting is subjected to the next rules, despite the platform used:

- **Proposal threshold:** proposals can be made by anyone holding at least 5,000 SIDX tokens.
- **Voting period:** 1 week by default, modifiable for every proposal.
- **Quorum required:** 10% of total remaining SIDX supply except admin funds.
- **Latency period:** period before the approved proposal becomes effective.
- **SIDX tokens allocated in the admin wallet cannot be used to vote**, in order to give all the decision power to the token holders.
- Proposals can have multiple options, but **proposals with no options to reject them won't be valid.**

For voting on [checkbook.cash](#), a step by step tutorial will be uploaded to SmartIndex website.

In the case of off-chain voting, the admin will take a snapshot of SIDX balances before the voting. Snapshot ID will be publicly available so every token holder can check their balance at snapshot time and every proposal will be linked to a snapshot ID. Token holders will have 1 week to vote unless the proposal states otherwise. Off-chain voting doesn't cost gas: holders just have to sign with their Metamask (or alike) wallet and the front-end will store the vote. The result will be published on the website and the Telegram group.

Voting for liquidity redistribution

First voting for liquidity redistribution will happen on 15 January, 2022, [as stated on the Initial liquidity section](#). Voting for liquidity redistribution will happen every 3 months, so it's scheduled this way:

- 15rd January
- 15rd April
- 15 July
- 15 October

Exceptions will be the closure of a DEX where \$SIDX liquidity is deposited or if there is evidence to think the funds are in danger in certain DEX.

On-chain governance

SmartIndex smart contract allows for on-chain voting. If dev funds are enough, on-chain governance will be enabled without any kind of migration. [OpenZeppelin governor contract](#) will be deployed on SmartBCH and governance UI will be accessible on [SmartIndex.cash](#). Although SmartIndex could become a Decentralized Autonomous Organization (DAO), that's out of scope for this humble project.

Road map

SmartIndex is born with a simple philosophy: being able to quickly deliver a minimum viable product. Then, based on the funds allocated in the admin wallet, try to improve the project to benefit both token holders and the SmartBCH ecosystem. Everything developed for SmartIndex will be open source, allowing other projects on SmartBCH to add governance mechanism and other improvements developed for SmartIndex.

First stage: SmartIndex release (from now to January 2022)

Once the pre-sale is done, SmartIndex will quickly become a working product.

- The managed portfolio will be funded.
- SIDX token will be listed on SmartBCH DEXs and liquidity added.
- Weekly buyback and burning of tokens will be performed and published on [smartindex.cash](#) website.
- SIDX will be listed on [Marketcap.cash](#) to allow users track its price and liquidity.
- Pauser and snapshot roles can be granted to trusted token holders at this stage.

Voting will be enabled using [checkbook.cash](#), a platform developed by Kui Wang (SmartBCH lead dev), [as explained in SmartIndex website](#). A step by step tutorial will be published on SmartIndex website. As token holders will be able to make changes on the project roadmap, the contents of this sections may not be performed.

Second stage: off-chain voting platform (first half of 2022)

Off-chain voting platform is expected to be live on [smartindex.cash](#) in the first half of 2022. The features will be the ones described on the [Voting Platform section](#). As on-chain voting is more desirable due to transparency, the admin could decide to directly deploy the on-chain voting platform if funds and time availability allow it.

Third stage: on-chain voting platform (second half of 2022)

SIDX smart contract allows for on-chain voting. If funds availability allows it, a standard Governor contract following OpenZeppelin guidelines will be deployed on the SmartBCH ecosystem and a voting user interface build on smartindex.cash.

Another improvement is to have a smart contract able to managed it's own liquidity, in order to reduce trust in the admin. This way, the contract will hold the assets and sell the harvest earnings periodically. Ideally, multiple signatures from token holders should be needed to re-allocated funds. SIDX smart contract will need to be upgraded, in that case a migration will be performed after a snapshot is taken and new SIDX tokens will be swaped by the old ones in a 1:1 basis. A successful audit of the new contract is a must before performing the migration, as such advanced features allow for back doors.

Four stage: further development

SmartIndex has to become as decentralized as possible. Becoming a DAO is out of scope for this project but if it's successful enough, it will be done. The main objective from this point is to have a decentralized managed portfolio.

I compromise to take care of this project from the next 5 years (until 2028). By then, if SmartIndex is not able to sustain in a decentralized way and I don't want/can continue managing the project, one of the next things will be done (decide by the voting):

- The managed portfolio wallet will become a multi signature wallet which keys will be granted to multiple long-term, trusted SIDX token holders.
- Redeem the assets in the managed portfolio to token holders.

Risks and liability

There are several risks involving SmartIndex. Assets in the managed portfolio are owned by a [single party](#), at least in the first stages of development, so this project relies on trust. This is the main risk of SmartIndex. A [dead man's switch was implemented](#), but the admin deserves the right to transfer the project to a person known to the community in the event of force majeure.

As the smart contract follows [OpenZeppelin](#) standards, is open source and verified, risks involving the smart contract are greatly reduced. The contract doesn't allow minting new tokens and it's not upgradeable, diminishing the risk of a rug pull. Source code is [available in Github](#), including the flattened contract.

The off-chain voting platform is centralized and owned by the admin. Also, the community cannot enforce approved proposals: token holders have to trust that the admin will honor his word.

SIDX token price is decided by the market, as well as the price of the tokens in the portfolio. No one can warrant how will perform the token in the market or promise returns. This white paper contents no financial advice and SIDX buyers must do their own research.

Common risks that apply to others cryptocurrency projects, like private keys leakage, apply to SmartIndex as well.

About SmartIndex admin

I'm [libertarian0x0](#) from Reddit, mod of [r/SmartBCH_DeFi](#). I'm a BCH enthusiastic and I've been pretty active in [r/btc](#) for years, as you can check. I ran a successful flipstarter campaign to bring SmartBCH support to AtomicDEX and I'm a federator of [Tokenbridge.cash](#), a project that bridges SmartBCH with Ethereum and Binance Smart Chain. Another federator there knows my real identity. Some little projects that I develop for SmartBCH are used by other projects, like my [airdrop tool](#). You can find me at Telegram under the nickname [@silken666](#), where I'm pretty active at the [SmartBCH community group](#).