LotSwap Whitepaper

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I. INTRODUCTION

Blockchain and smart contract networks have the capability of revolutionizing global resource allocation for the benefit of all mankind. However, to date, even the most decentralized networks have remained highly exclusionary towards those unable to afford to transact on them. Great strides have been made in solving scalability issues across various blockchain networks. However, as each individual network grows, so do transaction volumes. Correspondingly, the fees associated with transacting on a given network tend to become highly positively correlated with an increase in transaction volumes.
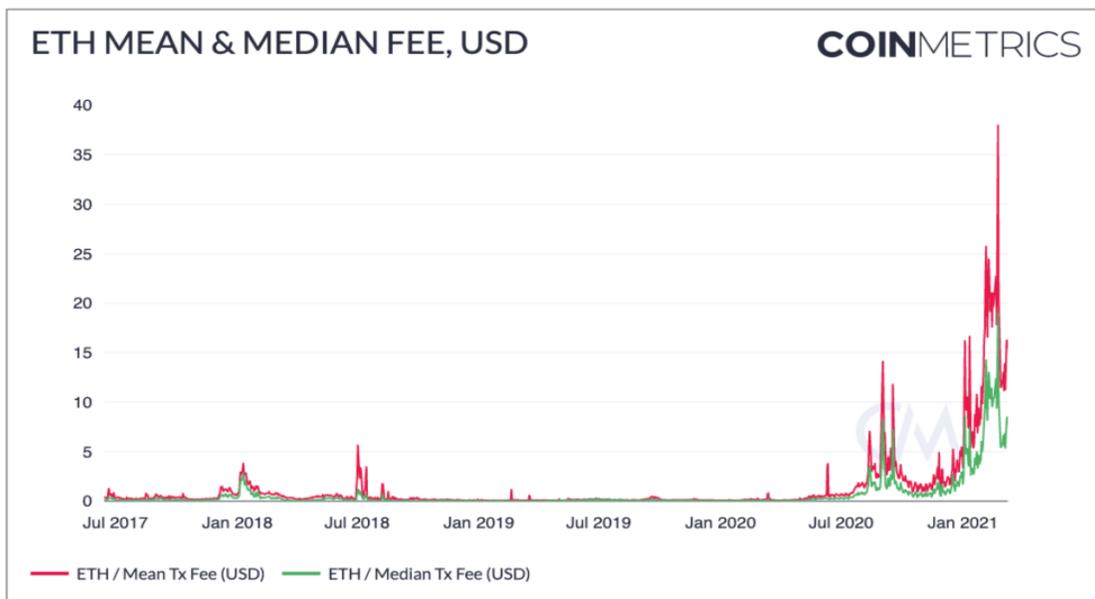
Fees and complex decentralized applications, or dApps, remain barriers to entry for both the inflow of additional capital and the mass adoption of blockchain technology. If these roadblocks remain intact and the user experience remains a pain point for potential users, blockchain networks will remain skewed towards centralization and out of reach for those whom could stand to benefit most.

Enter LotSwap, the first decentralized Lot swap, Lot bridge, and Lot farm which allows users to transact at a fraction of the cost, and with significantly improved efficiencies relative to currently available options. The service eliminates all the unnecessary complexity from the transaction, thereby proving a quick, easy experience for transactions of various levels of sophistication.
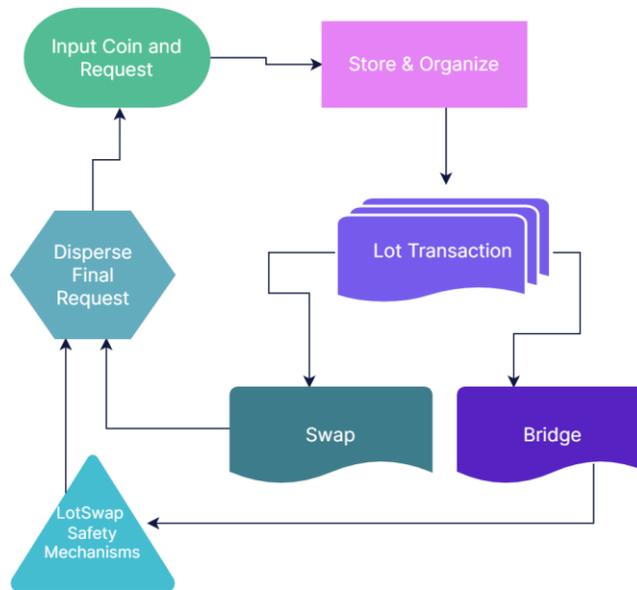
The process is simple. The user connects their wallet, selects which Layer 1 smart contract they possess, and selects what coin or token they wish to possess. One can Lot bridge coin to coin, bridge coin to swap, LotSwap on the same network, or, if liquidity providing is desired, one is able to enter a liquidity contract as a pool, all in the same transaction. This is all possible with one click.

The mechanics for how these services are possible are as follows. LotSwap slows a user's submitted transaction slightly, allowing other users to join in the transaction alongside each other, all of which have the same designated terms for the transaction. This will Lot multiple individual orders into one larger order, thus drastically lowering the fees for the transaction. Below are some examples.

II. TRANSACTION EXAMPLES

a) Transaction Viability
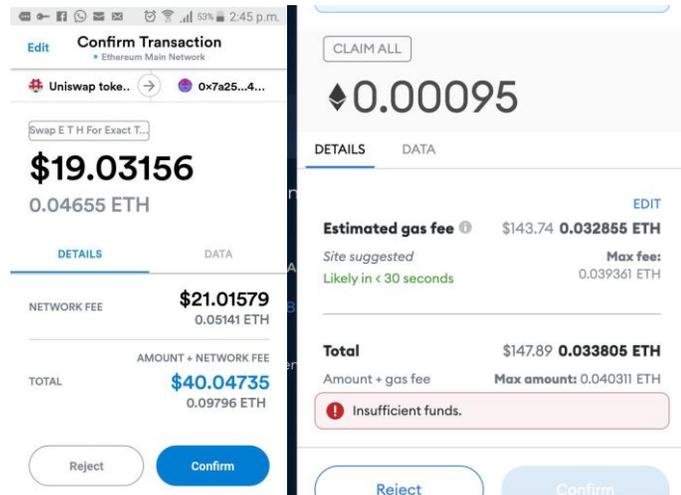
As illustrated by the above examples, there are often scenarios where it makes no sense to transact on many of these contract networks. As fees continue to rise, more individuals who have specific needs to transact will be forced away from adopting a decentralized digital experience. Below are some examples of how LotSwap can step in and remove such barriers for these types of users.

b) Bridge to Layer 2 Token

A user has $200 worth of BNB but wants $200 worth of an ERC-20 token which is not available on the Binance Smart Chain. The current method the user needs to undertake in order to complete this transaction includes them first needing to swap BNB for WETH BEP-20. The user then needs to bridge WETH BEP-20 for WETH ERC-20. Next, the user is able to swap their WETH ERC-20 for the token they desire. This complete series of transactions could cost anywhere from $400 to $100 depending on ETH network's current state of demand. Depending on the size of the transaction, this fee could total upwards of 20-50% of the principal transaction amount.

Conversely, by using LotSwap, a user could simply deposit their BNB into a LotSwap smart contract and select which ERC-20 token they desire. The user's request is Lotted with other users seeking an identical currency pair transaction with the intention of spreading the associated fees across a larger transaction base. For example, at a given point in time imagine multiple users seeking to convert BNB to the same ERC-20 token and the aggregate value of these conversions total $10,000. When LotSwap is used by these users for this transaction, the $10,000 of BNB is converted to $10,000 worth of

Lotswap and bridged to the ETH network, thereby converting the LotSwap BEP-20 to LotSwap ERC-20. From here the LotSwap is swapped to whichever ERC-20 token was requested by the users. In this example, the referenced $40 to $100 fee is now spread across the aggregate $10,000 worth of coin.

c) *Same Network Swap*

The cost to swap tokens on the ETH network is very cost prohibitive, currently in the range of $40 to $80 per transaction. However, by using LotSwap, a user can transfer their tokens to a LotSwap contract and specify the token they seek to own. When enough users desire to swap the same currency pair their orders will first be Lotted then transferred back to their address in the token they desire.

In this example, the cost to execute is much more inexpensive relative to the standard case of a user engaging in the transaction as an individual. This is because the user incurs only a base fee when they send their ETH to a LotSwap contract and a pro-rata portion of the $40-$80 cost when the aggregated amount of ETH is Lotted and swapped to the desired token. Therefore, by using LotSwap, an ETH swap transaction could hypothetically cost as little as $10, perhaps even lower.

d) *Lot Farming*

LotSwap provides a huge advantage for ETH liquidity. One is able to start from a different layer 1 smart contract network and with a single transaction could, for example, convert BNB to ETH, split their ETH into half ETH, half corresponding liquidity token, and commit the total value to a liquidity providing contract. LotSwap utilizes the same Lotting technique to aggregate users who desire the same end result. Fees can also be reduced when the user exits a liquidity providing position. Typically, the complete process of providing liquidity is very fee-intensive. This process usually includes a user purchasing ETH, then paying a $30 to $60 fee to swap half the value to another token for liquidity-providing purposes, then paying $40 to $80 to enter into a liquidity contract then, finally, paying an additional $40 to $80 to exit the liquidity contract. These fees can total $150 to $200 to accomplish a round-trip, liquidity-providing transaction. By using LotSwap, a user could engage in the same transaction at a fraction of the cost.

e) *Swap Vaults*

There are instances where users are interested in swapping one token for another token with the intention of swapping back to the original token on a relatively short time scale. LotSwap contains functionality to facilitate this exact use case, but for much lower fees. LotSwap contains a swap vault which allows a user to swap tokens with a LotSwap Lot

while allowing the user to swap back to their original token when they desire to do so. Much like staking, when a wallet that has been vaulted to the LotSwap app is connected, the user is able to view their vaulted token, send the token back to their wallet, or submit their token into a Lot to be swapped out of that token. This enables the user to swap in and out of a token, with a round-trip base gas cost for potentially less than $20 compared to the standard cost of $80 to $150.

III. TOKENOMICS

The total supply of LotSwap will be 100,000,000 tokens.

On token creation, the entire supply is minted to the admin's wallet. Immediately, 98,000,000 tokens will be transferred to a storage pool where they will securely reside until they are incrementally released to the assigned Contract Pools (Ongoing Distribution %). Additionally, the remaining 2,000,000 tokens will be immediately divided and transferred to the corresponding Contract Pools outlined below (Initial Mint %).

a) *Mint Allocation*

The below allocation breakdown indicates where each token is deposited upon the initial mint as well as the ongoing distribution percentages. This way, no one allocation can flood the liquidity market and cause undue price volatility. It also means the supply is transparent. The creators and initial team members are not minting a large supply for themselves and risking the chance to drastically alter the supply. The mint structure is immutable and all allocations will patiently wait to receive their allocation over time.

| Contract Pool	Initial Mint %	Ongoing Distribution %	Max Allocation
Creators	5%	4%	2.0%
Development	20%	12%	5.0%
Adjustment Pool	10%	2%	2.0%
Marketing/Advertising	7%	5%	3.0%
Operating Expenses	8%	3%	2.0%
Reserve	10%	4%	5.0%
Liquidity Purposes	20%	70%	80.6%
Initial Team Members*	20%	0%	0.4%
Total	100%	100%	100.0%

Initial Team Member tokens to be released on 5-year vesting schedule

b) *Dynamic Distribution*

The contract has the ability to look at several influential factors that affect supply and demand dynamics for LotSwap tokens. These factors will inform the decision as to

whether or not tokens should be distributed to their respective accounts or wait until sufficient demand resumes.

Ten new tokens will be released each time the variable distribution logic is called (no more than once per minute on average). The admin will be the only user enabled to disperse token to the correct category. Before the mainnet dApp launch, no new tokens outside of the initial mint will be released from the storage pool, and only a small amount of Development, Marketing, and Network token will enter the circulating supply during the first few months of LotSwap's existence. It will be up to the team to correctly use the supply control mechanisms available to provide assurance that inflation is not outweighing demand. Around the time of the mainnet launch, the admin wallet will begin automated dispersion to correctly circulate more LotSwap to the market over time.

Account % of Respective Max through Time*
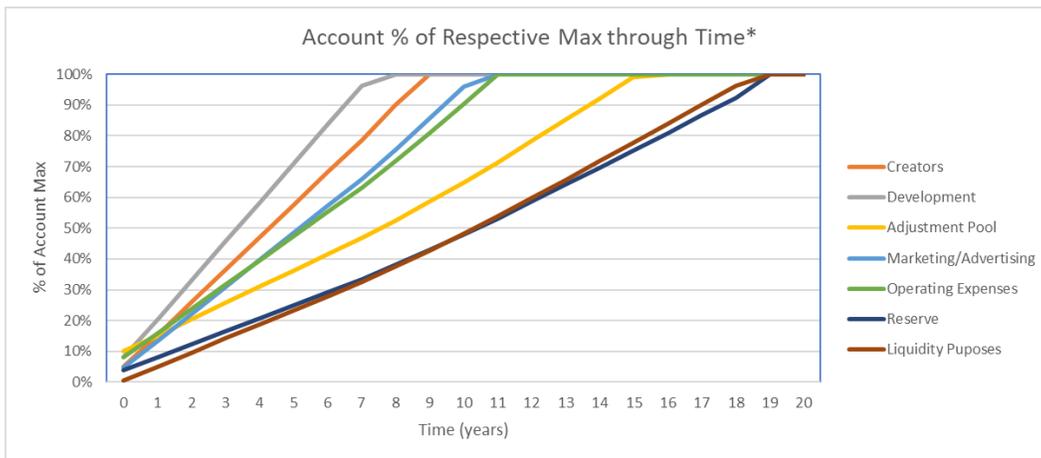
Represents the minimum theoretical amount of time a pool/account could be maxed out

As soon as the voting mechanism is in place, the admin will be kicked out of accessing these contracts. Then, voting by token owners will be the only mechanism for determining how the tokens will be spent.

IV. ROADMAP AND TIMELINE
a) *First Steps & Actions*
   The testnet Lot dApp is available to use and test. The LotSwap team seeks to collect data in order to both analyze at what point contract storage becomes a bottleneck and to see if there is a point at which the Lot concept is no longer cost effective relative to transacting on an individual basis. Meanwhile, the LotSwap team will begin the base bridge layer and security mechanisms which will enable a rollout of the mainnet Lot dApp.

In order to balance both time-to-launch and security, the first bridge implementation will include the use of a group of Chainlink nodes. Chainlink's cross-chain interoperability protocol messaging system is a very suitable solution for launching a mainnet service as soon as possible. Over time, however, the LotSwap team intends on building a native protocol which includes a private consensus network of nodes, of which only the bridge contracts are allowed to interact with the cross-chain protocol.

Once the mainnet service can be implemented, a portion of the development team can begin to focus on how to expand services, pairs, and the overall experience while the remaining developers can start to test the private node consensus network. It is believed that LotSwap's network paired with a private node and cross-chain protocol offers the best defense system against a range of potential security vulnerabilities.

b) *Timeline*

Q1 2022 – Token Launch & Testnet Dapp

LotSwap will launch the mainnet token so it is available for purchase. At the same time, the testnet token and dApp will launch so that users can see what the project attempts to accomplish, but also to see if there are bugs that require remediation. Additionally, the test will indicate to what degree scalability issues may occur within the contract storage mechanism.

Q2 2022 – Bridge Launch & Mainnet Dapp

Utilizing the first portion of the decentralized bridge solution, LotSwap can launch a safe bridge in the second quarter of 2022 to allow users to more easily swap and bridge at lower costs. With the success of the V1 bridge, the next steps will be to add bridge contracts to some of the other smart contract networks such as Solana, Avalanche, Polygon, & Fantom.

Q3 2022 – Add Lot Liquidity Contracts & Begin Decentralized Bridge Node Solution

Once the bridge is safe for cross-chain use, the network will also want to provide Lot liquidity contracts, especially to the Uniswap network. This will enable an individual with small amounts of coin to participate in UniswapV3. For each available pair, there would be multiple time-based contracts that would allow a user to provide liquidity and generate fees for themselves.

The other major aspect of the project that will increasingly receive attention is in implementing the decentralized node network which creates a private network with a private chain to store and send messages off-chain to various smart contract platforms. Between the safety mechanisms off-chain and the localized and private on-chain storage, LotSwap will aim to create the perfect balance of accessibility and security.

Q4 2022 – DAO Staking Program

With the success of the LotSwap bridge, the contracts will begin to take in revenue in the form of bridge/swap fees. Based on the fee revenue distribution which is described below in the Swap Fees section, 80% will go towards providing staking rewards for token holders who stake LotSwap.

At this point, LotSwap will begin to build the staking contract and platform so that users can easily load their wallet and stake LotSwap with a click of a button. The contract takes a relatively simple mathematical approach. There will be a base amount of LotSwap entered into the contract from available tokens in the reserve and adjustment pools. Then each time fee revenue is sent to the contract, it will be distributed on a pro-rate basis according to the percentage of locked token a user owns versus the total locked amount of token in the contract.

Testing on the decentralized node bridge network will begin during this quarter.

Q1 2023 – DAO

The voting structure will be used to push for a fully decentralized organization run by all the token holders. Simultaneously, additional networks will be added that are in need of Lot bridging and Lot liquidity providing.

The bridge node solution will continue a feedback loop process to finalize a working model for an ultimate release.

Q2 2023 – Full-service Swap

With enough contract liquidity, LotSwap will be able to provide various pairs across multiple networks. As liquidity and reserves increase, further expansion of swap/bridge/lp offerings is possible.

If the bridge node solution still requires further work, it will become a top priority to get a full release version so that the network can take advantage of the safety features and benefits of this type of bridge implementation

Q3 2023 – Full-service Liquidity

Once there are swap pairs available across various networks, LotSwap will be able to offer a liquidity section to add to the total locked value for each pair. Then, LotSwap holders can earn rewards staking and liquidity providing all with an effortless, easy-to-use dApp.

Q4 2023

Any in-house swap and liquidity work will be continued to completion, particularly as additional liquidity pairs are added. As the initial roadmap nears its conclusion, a comprehensive assessment of accomplished work will inform next steps. The LotSwap project will transition to a model where voting token holders will start to help build the new road map as the second year of LotSwap rounds out and plans for the next phase are formulated.

V. CONTINGENCY PLANS

As the LotSwap family continues to grow, so will its knowledge and ability to implement better solutions for the network and its token holders. As the mainnet dApp gets released, if the current participants of LotSwap want to further alter any of the tokens' functions or features, there will be the opportunity to redeploy the LotSwap token with any new features and allow a 1:1 swap from the original LotSwap token.

VI. NETWORKS TO IMPLEMENT LOT CONTRACTS

The first two networks to Lot Bridge, LotSwap, and Lot Farm will be Ethereum and Binance Smart Chain. The beta dApp currently has the test networks for these two. As long as the bridging solution and safety mechanisms are adequate for off-chain messaging, it is imperative to move very quickly to add the following initial networks:

- Cardano	- Avalanche	- Solana	- Polkadot
- Terra Luna	- Polygon	- Chainlink	- Algorand
- Fantom	- Stellar		

After creating bridge contracts on all of the initial networks, the following networks are intended on being added:

- Tron	- Near	- Internet Computer	- Vechain
- ETH Classic	- Tezos	- Elrond	- Iota
- EOS	- Harmony	- Stacks	- Radix
- NEO	- Kadena	- Waves	- Secret

VII. SWAP FEES

Certain services are intended to be administered through liquidity pool providers while other services are to be managed through a to-be-created DAO. For LP pool participants, the total per-transaction fee will be divided on a pro-rata basis amongst pool participants.

For DAO-handled services, each fee that is assessed will be allocated in the following manner:

> 80.0% Staking Rewards
> 5.0% LotSwap Reserve
> 5.0% Development Fund
> 4.0% Marketing/Advertising Fund
> 3.0% Operating Fund
> 1.5% Burned
> 1.5% To Creators

Failed Transaction Reimbursement

Since a single transaction could kick start a full Lot to transact and eventually disperse on the backend, it's possible that the final transaction before Lot can fail and, thus, a user could lose any gas. Additionally, it is possible that a user towards the backend of a Lot could experience slightly higher gas. What LotSwap would like to do is utilize the adjustment pool funds and let

users submit failed transactions as a possible reimbursement. The user would upload the hash transaction and a small fee to a reimbursement contract where the contract can analyze if the hash is unique and is a legitimate request for reimbursement on a failed transaction. If approved, the contract sends the refund back to the user based on the address they used to submit the claim.

VIII. SCALABILITY TESTING

One key element relating to the initial Lotswap launch on the testnet is the degree to which the contract size may influence the level of gas fees assessed. Two paths have been identified to resolve this issue should the level of gas fees fail to scale down relative to contract size as anticipated. One option is to create additional contracts and integrate more demand through more contracts. Another option is to move to more of an off-chain storage solution while utilizing several encryption and verification protocols, thereby assuring that if off-chain storage is compromised, the protocol for storing, reading, and writing stored data cannot be altered. This preliminary test will afford LotSwap the opportunity to best structure the storage method which will lend itself to implementing more technical features outlined in the roadmap.

IX. DAO STAKING

In Q1 2023, the LotSwap team would like to make LotSwap a DAO-staking system. At that stage of the roadmap, the contracts will have the ability to provide utility and service to the users. The revenue that is generated from these contracts can be dispersed to stakers which incentivizes them to further lock value into the LotSwap network and be rewarded for doing so. The stakers own the network and, therefore, they own the contract that provides services to the network. Furthermore, they own the revenue that is generated from those services.
Additionally, the stakers will retain voting rights which allow them to put forth their ideas and desires to shape, alter, or add on to the existing services that the contracts provide. LotSwap is intended to provide a much-needed service that can be owned and managed by individuals irrespective of prior economic advantage.

X. VOTING MECHANISM

The LotSwap voting mechanism is anticipated to be built in Q3 2022. Staking members will then be able to submit proposals and vote on them. Proposals and votes will be submitted using encrypted messaging which will be signed by the private key of the respective staker's wallet. Therefore, each private key will be allowed to cast a vote on proposals and the network will store the results on the ledger. This process is designed to promote maximum transparency. The structure of the voting mechanism will be critical to assuring the LotSwap project remains decentralized. LotSwap plans on implementing mechanisms that identify voter manipulation such as single user private key accumulation. Voting will occur in specific windows making it

hard to cast votes across many wallets. It will also require a few other steps like an sms or email verification method step and human verification step, possibly 2FA authentication as well. The community will need to develop more mechanisms to assure one person or group does not take over 66% of votes.

Proposal and voting submissions should be easy enough for a single user to manage one private key but too complex and time consuming to manage multiple private keys for voting purposes.

The complete set of potential voting loopholes cannot feasibly be solved at the time of the LotSwap launch. However, over time voting should allow for the correct future solutions to be implemented to further reduce centralized authority.

XI. BRIDGE VULNERABILITIES

The vulnerabilities associated with blockchain network bridging have been well documented. This is typically related to the feature of the process where two communicating chains must send their messages off chain in order for the other to receive and read it. This off-chain step creates the potential vulnerability where nefarious actors could mint additional coin from the pool without first needing to burn coin, thus resulting in liquidation of the contract's liquidity. LotSwap will have many mechanisms in place to prevent such unwarranted burns and mints. One potential method could be for when a Lot/transaction amount exceeds a certain threshold, for example $50,000. These transactions could go through additional verification steps to assure the mint has been accurately requested, only after an equivalent burn amount has been executed. This would ensure that if the LotSwap protocols were bypassed, such an exploit would be identified and nullified expeditiously. An additional measure could be in setting a maximum Lot/transaction size, for example $200,000. Concurrently, a maximum and equivalent mint amount could be set at this level to ensure no mint is ever above the maximum transaction amount.

XII. DISTRIBUTED SERVER NODES AS PROOF OF STAKE CONSENSUS

The vision for how the long term decentralized bridging process will function incorporates a multitude of nodes utilizing randomized onion routing techniques. Upon sending the signed message, the contract will split the message, sign it multiple times, and send it through randomized route tunnels which will each then be onion-routed across multiple nodes. Once each piece of a signed message is separately onion-routed, they are both sent to the other contract where the message can be checked for a correct signature before decoding.

There will be an incentive for setting up a node in the form of rewards from fees processed. The node will have the same structure as the original bridge. When the message is received, the

node verifies it is correct, and passes it along the node chain. However, at no point does the node have access to the key to read or write the message itself.

In order to be a truly decentralized bridge, the network cannot rely on any single server to load and send the front end to users or to send messages to and from contracts. LotSwap's solution is to allow individuals to obtain miniature, at-home node servers and contribute their node as a staking consensus network with a data layer. At scale, a network consisting of hundreds of thousands of nodes could handle millions of swap requests per minute. This node network concept is also an improvement on current bridging methodologies in that the nodes themselves are incentivized through a staking system to create a consensus layer which, in an immutable ledger, stores the transaction requests to be Lotted, as well as the messages to send to and from different chains.

A key attribute of this proposed node network is that it is completely closed off to any other users, data, or IP addresses. The entire consensus chain itself would be used to ensure that only the contracts themselves can store and recall this data with no possibility of manipulating values between send and receive. Due to a highly distributed node network, LotSwap nodes and contracts would run multiple encrypted routes for messaging and data calling. They would also run various checks before decrypting data to ensure that no data has been tampered with. Because the network is completely closed off, the only possible vulnerability is potential hacking a node itself. One additional safety feature could be for the staking node to lose their funds if their node is identified as having attempted to manipulate data.

Additionally, as a key purpose of LotSwap's design is to assist individuals transacting in lower amounts, individual user transaction amounts are capped at $10,000 while a total per Lot maximum of $200,000 is also in place. Therefore, there can never be a mint that exceeds this $200,000 level. In the event that someone was able to manipulate an amount in the data, the Lot would fail, as the amount would be greater than this threshold level.

If such a flaw were to take place, there would be an immediate reconciliation of the final transaction with the many routes of messaging sending the data. This reconciliation process could be used as a way to halt the Lotting system until the situation can be examined. This could result in a maximum loss to unknown vulnerabilities of only $200,000, an extremely small value relative to a network that could be transacting several orders of magnitude greater than this figure annually.

As soon as the development team is able to create the staking consensus and data layer and test the aforementioned security mechanisms, LotSwap will create a plan for the distribution of these staking nodes.

XIII. SAFETY MECHANISMS & SECURITY PROTOCOLS
The following mechanisms and protocols are being considered for inclusion within LotSwap in order to promote security throughout the ecosystem.

- Private network of nodes forming PoS consensus chain – The main infrastructure of the bridge will be not only a private network of nodes or servers. Rather, each node will stake LotSwap to become a staking node. This also makes the node part of a private consensus chain in which the network uses the ledger to store transaction data off-chain from the original transaction for both the purpose of Lotting and for when minting. This ensures the message is safely transferred to the receiving contract.
- One admin contract address that is allowed to use the network – A potentially integral mechanism LotSwap can utilize to keep the stored messages and bridge message safe is to only allow one entity to have access inside the network. This would require the private signature of the contracts which would all align to one signature. This allows for the identification of any unauthorized read and writes that may occur across the entire network.
- Detection of an IP on the private network or any other interactions that are not the admin key – Since only one user would be allowed to make such modifications, breaches can be continually searched for. If there are any incoming threats identified, the network could pause functions until such identified threats are eliminated.
- Signed messages from only the admin – As a secondary layer of protection, not only is the admin signature the only user on the network, but when the messages are passed the admin signature is the only signature that is allowed to utilize the mint and burn function.
- Encrypted random multi-routed multi-message systems check – When a message is sent to or from a contract for burning and minting, the message is replicated multiple times and sent across a series of nodes. This makes identifying the route nearly impossible if a bad actor were to attempt to intercept the message. Even if one were able to penetrate the network and find the right route amongst millions of possibilities, they would also have to find the other randomized 5-10 different routes passing the same message. Using this methodology, when all messages get to the ending contract the contract would have multiple versions of the message that can be compared. Any discrepancy across any received messages would indicate an attempt to tamper the message, at which point it would be sent back as an error and not processed.

- Onion routing where each route has 3-10 onion-node routes before destination – Inside of the multi-message process described above, each route could also randomly selects 3-10 nodes so that routing identification becomes improbable since this process is occurring 5-10 times simultaneously.
- Seal-proof layer tampering – Along with each message the network could create a unique hash with it, acting like a seal much like a medicine bottle. All messages in the random multi-route process could be created with this unique hash so that when the ending contract receives all the messages, each one is decrypted with the onion layer protocol. However, upon opening the last layer the unique hash is referenced to ensure that the seal is still set from the original message creation. Any discrepancy across even one of the multiple messages being received would result in an error and the inability to mint or burn.
- Every time a user submits a transaction to the LotSwap contract they could also be submitting that data to an associated immutable private chain network directly. Therefore, when using the data as a Lot, there would also be a reference/index from the user on the front end. Confirming that all of these indexes match in a Lot could be another check to ensure the messages coming in on the front end are the same when they were received on the back end.
- Last Check – The receiving contract could do one final check by running a web3 call to the blockchain explorer to verify that the transactions being minted for all constituents both align and add up to the data received directly from the immutable ledger.
- Lots could be limited by token amount so that the mint function could similarly be restricted to this token amount. This concept scales. So, as the transaction fee estimate goes up per dollar, the Lot limits could be increased until it caps at $150,000, at which point the Lot will be executed, assuming other factors didn't already Lot the group. This means the mint function could never be used to mint more than $150,000 at a time. If an exploit were to be found, the bridge could be paused temporarily until the issue is resolved, resulting in much lower potential losses.
- Transaction amounts could be limited on a per-user basis as well. The network is designed primarily for users who want to facilitate smaller transactions, not whales. This implies that for each individual transaction that is part of a larger group there is a limitation to how much can be sent to the associated address tied to that stored amount. So, there can never be an instance where the data can be modified resulting in the contract liquidating large sums of its liquidity.
- The contract itself has a 'require' limitation regarding how much is allowed to be transferred out to any one address at any time. It also has a 'require' limitation regarding how much is allowed to be burned and minted during the cross-chain interaction.

- AI search and analysis software that scans LotSwap contracts on Etherscan/BscScan which looks for patterns of manipulation – This could assist in halting transactions if there's an instance of a security breach.

XIV. AUDIT SERVICE

LotSwap intends on utilizing the Slowmist audit service. A Contract Security Audit can be performed to provide additional assurance that the LotSwap token and bridge contracts are bug free, with no security vulnerabilities. The audit will also help determine if any additional security mechanisms need to be implemented to further secure the network. The network is open to other audit services and even multiple audit services to assure the network has been checked by an array of professionals.

XV. HACKATHON

When the LotSwap mainnet dApp goes live there will be an ongoing competition which asks the best engineers and hackers in the business to pentest the LotSwap system for errors, bugs, and security vulnerabilities. Rewards will be given based on the severity of the issue that developers may find. There will also be monthly prizes if someone is able to find a vulnerability in that given month, a small portion of residual monthly prizes will roll into the following month to incentivize developers to always be on the lookout for leaks in the system.

XVI. WHALE MECHANISMS

To prevent whales from manipulating the LotSwap token price, LotSwap has implemented some anti-whale features. There is a limit to the number of tokens a user can sell both at once and over a 3-day period. If a user is relinquishing more than 1% of the current total supply, either in a single order or over a 3-day period, the amount up to the 1% of supply is allowed to be sold. However, the amount in excess of the 1% limit will be kept by the contract. Also, if any address has liquidated more than a certain percentage of the total supply over a 24-hour period, they will be prevented from selling tokens for 3 days.

XVII. ABOUT THE TEAM

The LotSwap team was formed as a result of discussions on an anonymous message board regarding theoretical ways to reduce fees and create off-chain/on-chain security. Participants in these discussions had skill sets ranging from economics, finance, investing, trading, and programming.

In short order, these discussions produced the initial framework for the LotSwap protocol and associated security features. Shortly thereafter, it was also concluded that if infrastructure was so important to maintaining decentralized integrity, the ownership structure should also reflect the

general ethos of the project. It quickly became apparent that if ownership is to remain distributed across the network and not concentrate in a handful of users, then nearly 100% of the token supply should ultimately be available for liquidity as the project matures.

The first members of the team decided to allocate 2% of the total supply to themselves and allow 98% of the supply to be earmarked for liquidity purposes. Additionally, the first members are only initially minting 0.2% of the total supply for themselves on the front end with the remaining 1.8% balance to be received incrementally over an estimated 4-to-5-year period. Furthermore, the first members are bound to the exact same anti-whale measures in place as every other user/owner.

Anonymity is also an attribute the initial LotSwap team finds to be important. The team feels it has the chance to put forth a valid solution towards multiple problems that persist in the industry. Additionally, the team envisions the LotSwap project as being able to turn into a community of owners to better organize both people and ideas.