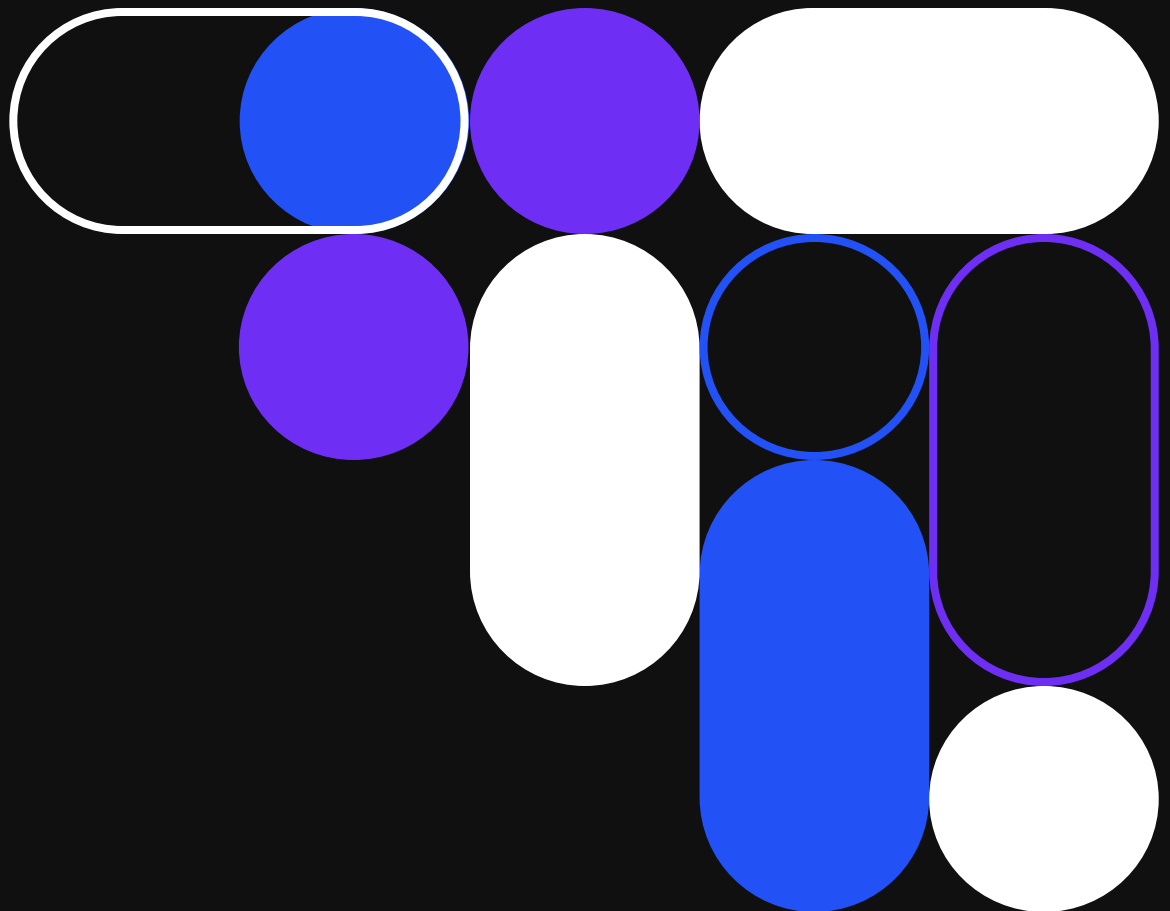


# Hifi Tokenomics Lite Paper



## Overview

### 100:1

MFT will be swapped for HIFI, pending a Governance vote, at a rate of 100 MFT to 1 HIFI

### 126.25 Million

The total supply of HIFI will be 126.25M Tokens

### 100 Million

100M HIFI Tokens will be redeemed by MFT token holders

### 25 Million

25M HIFI tokens will be allocated to Hifi Labs for continuing development and support of the Hifi Protocol, vesting over 2 years

### 1.25 Million

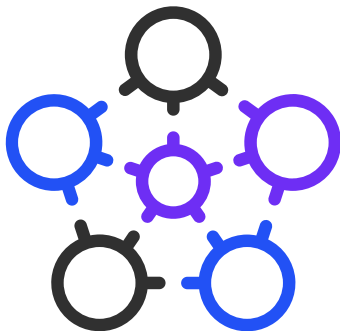
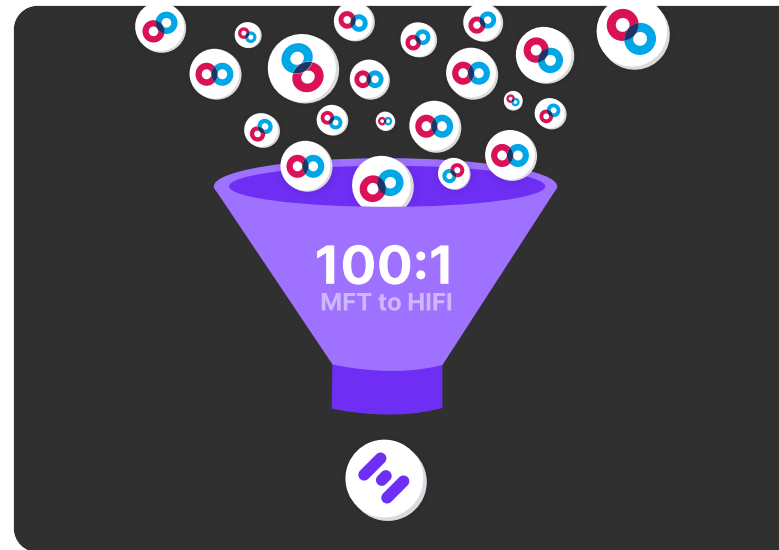
1.25M HIFI tokens will be airdropped to MFT holders participating in Governance votes

Hifi Tokenomics will present a governance framework to **transfer power to HIFI Token holders**

**Hifi DAO will become a distinct legal entity** that governs the protocol through HIFI Token voting

**Hifi Labs will continue to support** the protocol, ensure a smooth transition to Hifi DAO, and fuel growth

Hifi DAO Governance uses **Hifi Improvement Proposals (HIPs)** to deploy actions and contracts on-chain



## Introduction

This lite paper will introduce the core concepts of Hifi Tokenomics, that will pave the way for full decentralization and autonomy of the Hifi Protocol and establishment of the Hifi DAO.

The Hifi Protocol offers users access to instant liquidity against their digital assets. Hifi's focus is to serve NFT Communities as its primary customer. NFTs are onboarding the most users to the blockchain, and Real World Assets (RWAs) are positioned to onboard the greatest amount of value on-chain. Helping NFT communities maximize **growth and retention** will drive value, usage, and new users to the Hifi protocol.

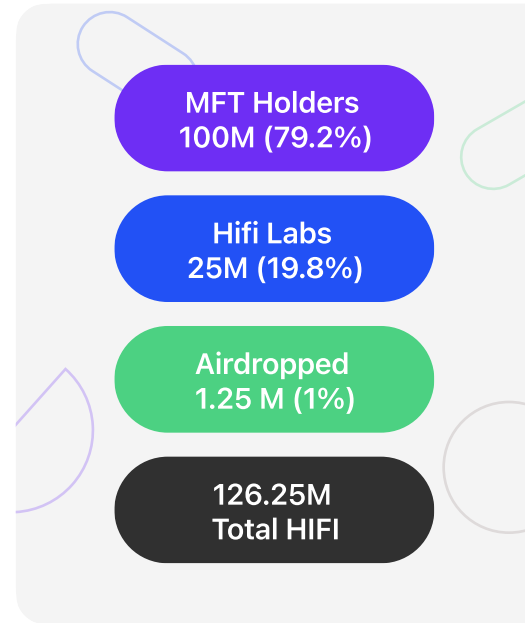
## Hifi Token Swap

Our transition to the HIFI Token and establishment of the Hifi DAO are momentous steps in the path to full decentralization. HIFI token holders control the Hifi protocol and have the ability to deploy resources to drive widespread adoption of the protocol. MFT will be exchanged for HIFI at a rate of 100 MFT per 1 HIFI, with the supply changing from 10B MFT to 126.25M HIFI.

### Of the 126.25M HIFI

- 100M HIFI will be redeemed by MFT holders
- 25M HIFI will vest to Hifi Labs over 2 years for continued support of the protocol, ensuring a smooth transition to Hifi DAO, and fueling growth
- 1.25M HIFI will be airdropped to MFT holders who voted in Initiation Governance votes

To begin the Token Swap, MFT will be used to vote through Snapshot to adopt the smart contracts responsible for converting MFT to HIFI.



## Transition to Hifi DAO

To ensure a sustainable future for the Hifi Protocol, the Hifi DAO will officially become a legal entity separate from Hifi Labs. HIFI Token holders will be members of the Hifi DAO, and decisions will be made by voting with the HIFI Token.

### Hifi Protocol

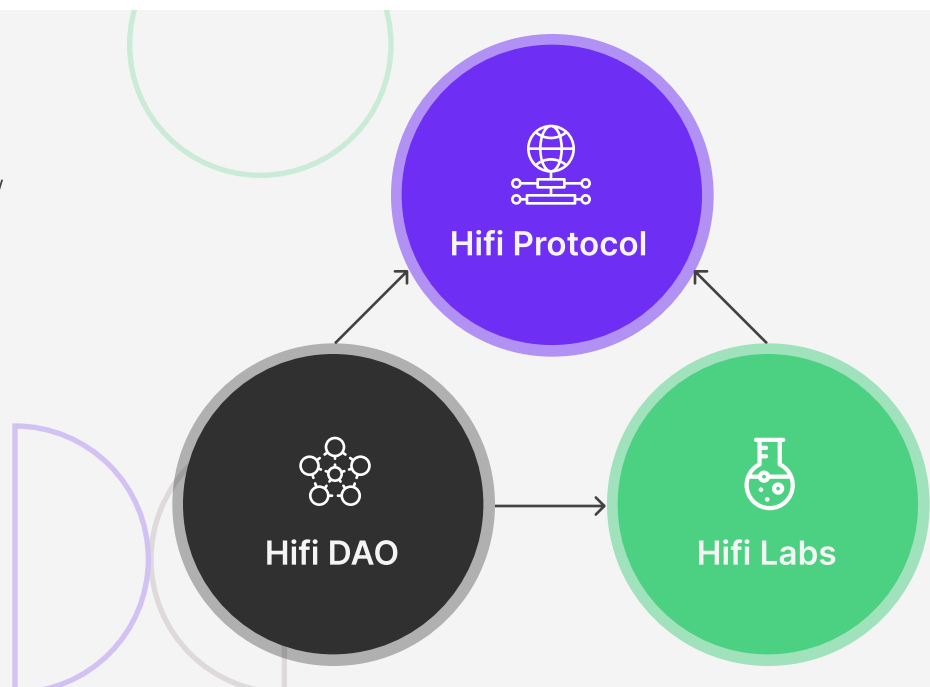
The platform end users will use to borrow against their collateral

### Hifi DAO

New legal entity, token holders will be members and decisions regarding the protocol will be made by voting on proposals

### Hifi Labs

Support the protocol, ensure a smooth transition to Hifi DAO and fuel growth



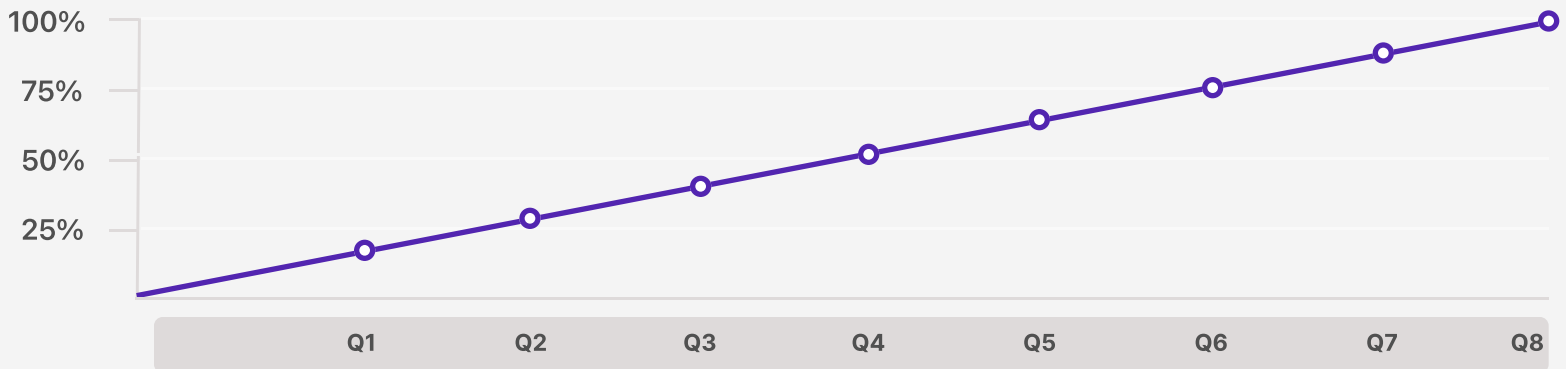
## Growth Fund

Hifi Labs will operate on a two-year contracted basis with Hifi DAO. This clarity in the relationship reaffirms, what's already coded into Hifi's smart contracts, HIFI token holders control the Hifi Protocol and the HIFI Token.

The Growth Fund will vest linearly over 2 years to Hifi Labs. These resources support Hifi Labs in two specific objectives, managing a smooth transition of operations to Hifi DAO, and fueling growth and adoption of the Hifi protocol.

Future resource needs outside this scope are allocated using Hifi DAO Governance. These needs may include new Audits, Development, Incentives, Liquidity, and Staking.

**Growth Fund Vesting Schedule**  
2 year, linear



## Hifi Incentives

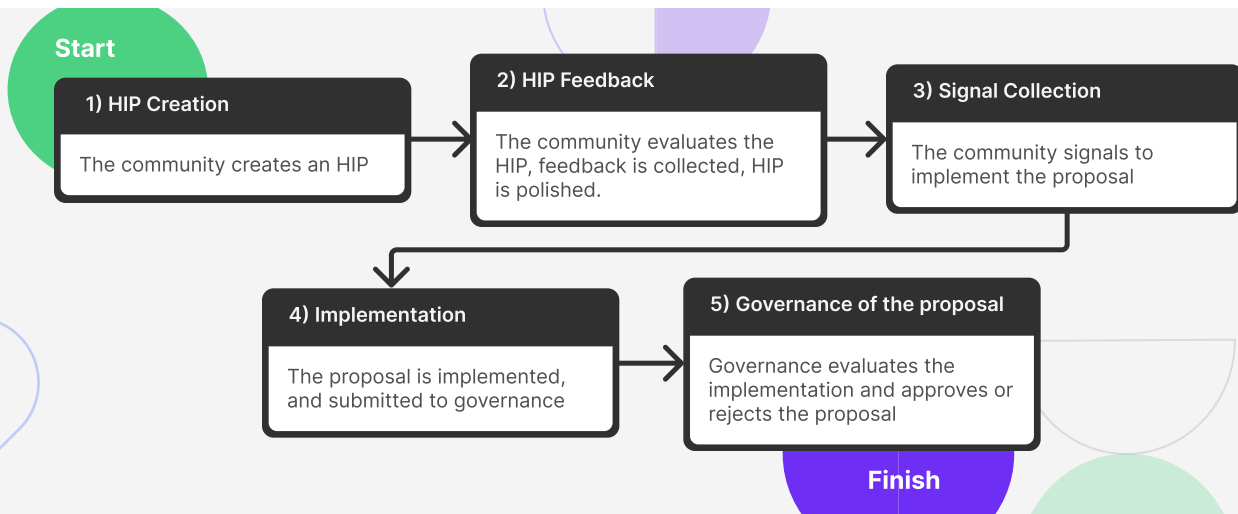
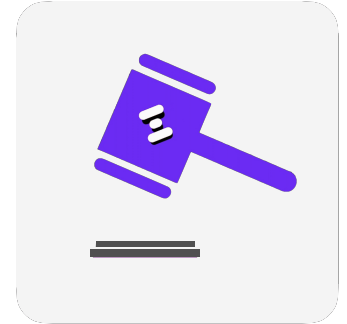
The Hifi DAO will have the power to create an Incentive Program to fund or reward those supplying liquidity to the protocol.

The Hifi DAO may also decide to allocate rewards to applications that integrate with the Hifi ecosystem. Decisions to allocate resources will be made through Hifi DAO Governance.

## Hifi DAO Governance

Hifi Tokenomics begin in governance forums and are accepted through on-chain Hifi Improvement Proposals (HIPs) using HIFI Token voting.

This process ensures HIFI Token holders have a chance to review, debate, and vote on proposals before they are deployed on-chain. HIFI Token holders can choose to vote on proposals or delegate their votes to other members of the Hifi DAO.



## Hifi Policies and Parameters

Hifi Protocol Policies and Parameters will be set through Hifi DAO Governance, and will determine the direction of the Hifi Protocol and the Hifi Token.

**Economic policies** - Economic policies will govern the future of the Hifi Token. Token Holders can choose to mint or burn tokens, incentivize growth, fund future development, and much more.

**Market parameters** - Market parameters set the rules around the Hifi Protocol. This includes supported collateral types, loan to value ratios, duration of bonds, and debt limits.

## A Bright Future

Hifi Tokenomics is an enormous step forward for the Hifi Protocol and our community. HIFI token holders are empowered by governance to manage every aspect of the protocol. Join our discussions in discord and on the governance form to help shape our future together!