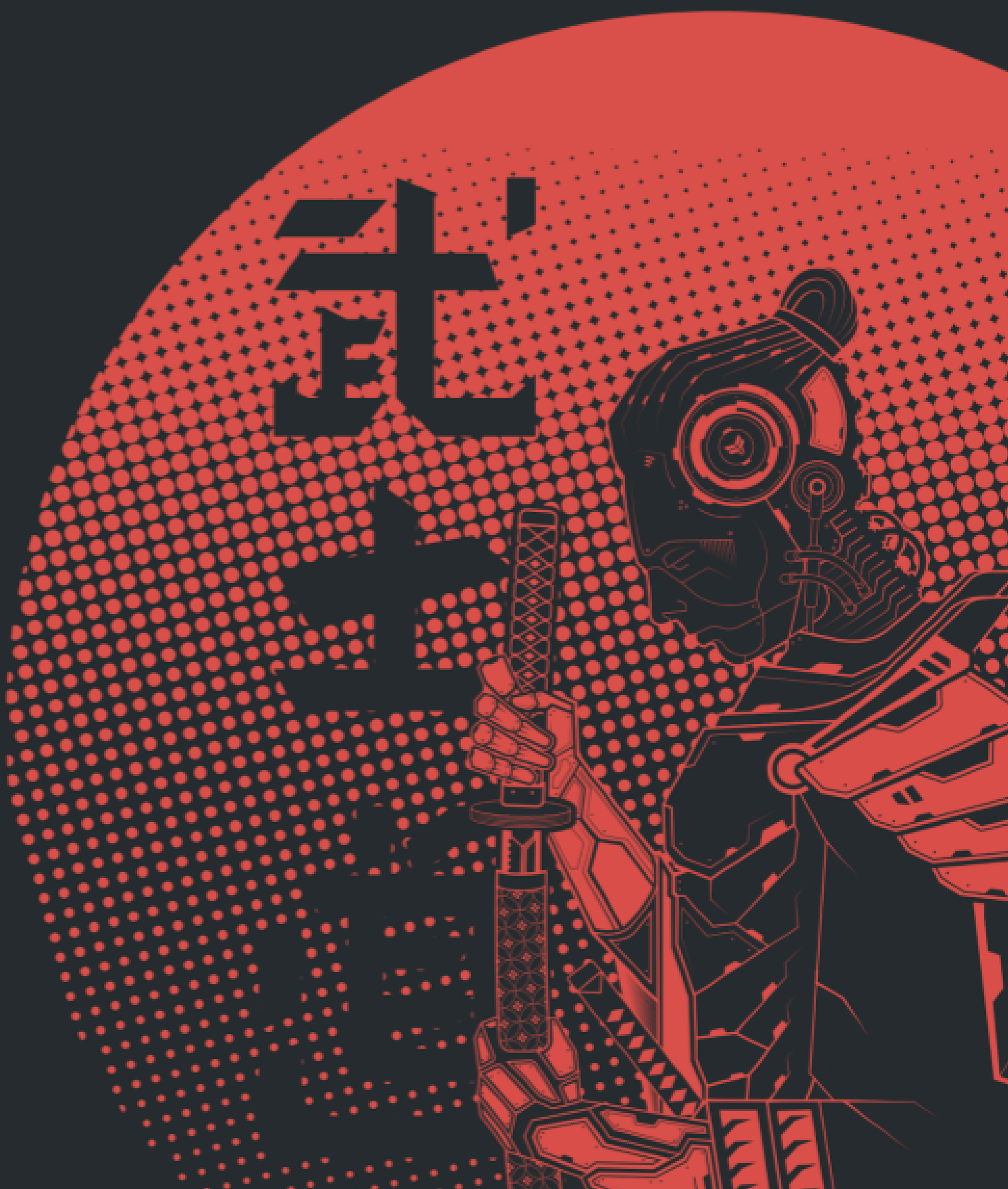

Flare Finance

White Paper v1.0

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Introduction

Foundation

The Flare Finance Foundation is a non-profit decentralized autonomous organization headed by an initially established Board of Directors. In later releases, the Flare Finance Foundation will feature community governed autonomous Board Members that act as physical entities serving on the Board alongside previously established ones. The primary objective of the Flare Finance Foundation is:

1. **Oversight** - Provide oversight and procure general maintenance.
2. **Custody** - Custody and manage network allocated reserves.
3. **Growth** - Promote growth and good standing of the platform.
4. **Development** - Support new development through Launchpads and grants allocated for open-source development.
5. **Education** - Produce and provide educational content to increase the overall proficiency of the user base.
6. **Community** - Moderate and engage with the Flare Finance Communities.

The Three Pillars of Flare Finance

The Foundation, through its inception and growth, will strive to deliver products and support companies that:

1. **Health** - Promote overall growth of the human physical, mental, spiritual, and financial well-being.
2. **Creativity** - Support the exploration and nourishment of creativity and innovation.
3. **Opportunity** - Encourage the fair growth and availability of opportunity for all.

Through this we hope to promote not only a positive financial impact, but also a positive moral, and physical impact on the world. That being said, FinTech investments will have a primary focus on supporting medical and nutritional programs, technologies, modern arts, youth and third-world centered business and education, as well as charitable foundations and organizations.

The power of a properly governed Foundation can promote global change and innovation for its community, supporters, and investors alike. While the intentions of the Foundation are positive, the Ecosystem has the right to dissolve the Foundation if they would like to do so. Upon dissolution, all assets held by the Foundation will be burned, and any cash assets will be used to purchase YieldFlare (YFLR) and YieldFin (YFIN) tokens respectively, and burned from existence.

Terminology

Decentralized Autonomous Organization (DAO) - An organization that automates decisions and facilitates cryptocurrency transactions via user governed protocols.

Smart Contract - Computerized transaction protocols that execute terms of a contract.

Ethereum Virtual Machine (EVM) - a sandboxed virtual stack embedded within each Blockchain node, responsible for executing contract bytecode.

Web3 - Open, trustless and permissionless networks enabled by blockchain technology.

Decentralized Application (DApp) - A trustless Web3 application that allows user controlled data access and services.

Automated Market Maker (AMM) - A type of decentralized exchange (DEX) protocol that relies on a mathematical formula to price assets. Instead of using an order book like a traditional exchange, assets are priced according to a pricing algorithm. This formula can vary with each protocol.

F-Assets - Trustless representations of the underlying asset on the Flare Network.

Swaps (Spot) Trading - Trades which use an AMM for pricing and LPs for liquidity

Liquidity Pools (LPs) - Smart Contracts containing ODL in the form of two currencies allowing for trustless swaps to take place.

LP Tokens - LP tokens are keys minted by the protocol which can be used to unlock staked liquidity or yield farm.

Staking - Staking is the act of locking cryptocurrencies to receive rewards.

Annual Percentage Yield (APY) - The annual percentage yield (APY) is the real rate of return earned on a savings deposit or investment taking into account the effect of compounding interest.

Annual Percentage Rate (APR) - The annual rate of interest charged to borrowers and paid to investors.

ASIC Miner - ASIC miners are electronic circuits designed for the sole purpose of mining bitcoins or other cryptocurrencies. An ASIC is an application-specific integrated circuit, meaning it is optimized to compute just a single function or set of related functions.

Hash Power - Hash power or hashing power is the power that a computer or mining hardware uses to run and solve different hashing algorithms.

Claim Token - A valueless token which allows its holder to claim a utility token. The claim token in the Flare Finance ecosystem is DFLR. DFLR allows holder's to claim YFLR.

Pool Supply - The total amount of rewards left to be distributed to Stakers.

Technology

Flare Finance is built using various development languages including React.JS, Node.JS, and Solidity. Our platform operates trustlessly utilizing **smart contracts** deployed on the **Flare Network** *(FLR)*, the world's first **Turing-Complete Federated Byzantine Agreement** Network based on the **Avalanche Protocol** *(AVAX)*. The Flare Network leverages the capabilities of the **Ethereum Virtual Machine**, making it easily adoptable by current smart contract developers familiar with the Solidity development language.

Flare Finance is a **Web3 Compatible Decentralized Application Network** built for trustless engagement in peer-to-peer financial ecosystems. Information provided to the platform is controlled entirely by the user and can be modified to fit user preferences within their Web3 Compatible Wallets *(i.e. MetaMask or DCent Wallet)*. Information is provided to the platform upon connecting, and deleted from the platform upon disconnecting.

Flare Finance utilizes various third-party technologies to offer the best regulatory compliant solution to ensure KYC and AML policies are followed as much as possible. These technologies will help offer a more regulatory friendly solution for our users and a safer place to engage with peer-to-peer financial solutions.

Flare Finance is built entirely from the ground up with some inspiration from a number of industry focused developments including:

- **UniSwap** *(www.uniswap.org)*
- **1Inch Exchange** *(www.1inch.exchange)*
- **bZx Protocol** *(www.bzx.network)*
- **NexusMutual** *(www.nexusmutual.io)*
- **Yearn Finance** *(www.yearn.finance)*
- **Binance** *(www.binance.com)*

We give recognition to these innovative developments and their founders for the time put in to deliver such groundbreaking decentralized technologies to the industry.

Thank you for your hard work!

Flare Finance

Flare Finance is the first institutional-grade decentralized finance platform built on the Flare Network. It offers a suite of 6 unique decentralized finance products dedicated to bootstrapping the Flare Network with a single suite DeFi solution for business and retail finance products. Flare Finance utilizes Web3 capabilities to allow people to engage with our products and services trustlessly without giving up custody of their funds.

The protocol is a compliant **decentralized autonomous organization** with added **KYC** and **AML** regulatory features ensuring a trustable experience. It offers unique features like tax solutions to help ensure users are supported with tools that can help them accomplish their goals. Our suite of products is diverse and includes; **yield farming, swaps and leverage trading, asset wrapping, peer to peer loans, decentralized mutual funds, and yield mining**. Let's dive into each one of these products.

FlareX

FlareX is the ecosystem's swaps and margin trading platform. It allows traders to swap and leverage various tokens trustlessly in a non-custodial manner. FlareX utilizes immutable smart contracts to provide **automated market makers** (AMMs) with liquidity. Participants of the ecosystem can become **On-Demand Liquidity Providers** (ODL) Providers and earn fees for doing so in the form of a boosted liquidity pool position.

Trading Pairs within FlareX are handled by Governance proposals to reduce spam and scam attempts within the trading platform. Initially, FlareX will allow all trading pairs against:

- **YieldFlare** (YFLR)
- **YieldFin** (YFIN)
- **YieldUSD** (YUSD)
- **Spark** (FLR)
- **Trustless XRP** (FXRP)
- **Trustless Dogecoin** (FDOGE)
- **Trustless Litecoin** (FLTC)
- **Trustless Stellar Lumens** (FXLM)

F-Assets can be voted in by Governance as more are added to the Flare Ecosystem. Additionally, tokens bridged from **FlareWrap** are automatically added upon approval via a Governance proposal. This means assets from other networks can be traded easily once they are added to the cross-chain asset bridge.

Swaps Trading

Swaps Trading on FlareX is conducted easily on the platform. Traders can select which tokens they would like to trade, view charts detailing previous price history, volume, available liquidity, and how much their trade will impact the market they are trading in. Additionally, traders can see the amount of fees that will be taken from their trade if conducted.

Price History on FlareX is a collection of trades over a period of time displayed in intervals for traders to have a better understanding of the overall direction of the market within that time interval. Price Increases are represented by Green Bars on FlareX, while Price Decreases are represented by Red Bars. Users are able to select from available time intervals (1 minute, 5 minutes, 15 minutes, 30 minutes, 1 hour, 2 hours, 4 hours, 12 hours, 1 day, 1 week, and 1 month) and utilize various charting tools to help their overall trading experience.

Volume on FlareX is displayed and accurately reflects overall buying and selling pressure on the platform within the selected trading pair. Heavy Buy volume within a selected time interval is indicated at the bottom of the trading chart by a Green Bar. Heavy Sell volume within a selected time interval is indicated at the bottom of the trading chart by a Red Bar.

Liquidity on FlareX varies from pair to pair depending on participation in the liquidity pools. FlareX utilizes an adaptable supply curve to produce liquidity as closely correlated to a live market as possible. This means that supply is gradually more available based on specific pricing points established by live market conditions. In the event that live market conditions are not available, the supply curve reverts to a base supply curve for the most adaptable trading scenario.

Fees from each trade are taken in the form of the currency being traded. At launch, fees are set at 0.30% of each trade conducted. This fee is adjustable via a Governance proposal. Fees are distributed back to Liquidity Providers and APY Cloud as:

- 90% goes back to Liquidity Providers
- 8% goes to the Team/Investors
- 2% goes to the APY Cloud

Liquidity Pools

A liquidity pool is a smart contract that locks tokens to ensure liquidity for those tokens is available on a decentralized exchange. FlareX allows participants to supply traders with Decentralized On-Demand Liquidity (ODL) and collect passive income via trading fees in the same manner as centralized exchanges like Binance.

FlareX liquidity pools require a 50/50 token split meaning the user must provide equal value amounts of both tokens. After providing liquidity, the system mints **LP Tokens** for the user, which acts as keys to unlock the provided liquidity. Fees are accrued in real time relative to the users pool share as trades occur. A user can collect their accrued trading fees and reclaim their provided liquidity at any time. When a user withdraws from the liquidity pools, they burn their LP tokens. In exchange for the LP tokens the system returns the original tokens provided as liquidity plus liquidity provider fees accrued or minus impermanent loss.

Liquidity Providers are key to the success of any AMM and therefore must be adequately incentivized. Driven by the Flare Networks F-Asset Reward Pools, FlareX LP's offer triple rewards to participants in the form of:

- Liquidity Fees
- FLR Reward Drops on F-Assets
- FlareFarm Launchpad Rewards (Optional)

All accrued rewards are collected when a user burns their LP tokens, +/- impermanent loss.

FlareFarm

FlareFarm allows holder's to participate in non-custodial yield farming and token Launchpads. Initially, it will serve as the main point of rallying the Flare Ecosystem to participate in their share of earning the low-supply primary Governance token, YieldFin (YFIN). As the network progresses, FlareFarm will serve as the home for many new token Launchpads. Participating in earning the primary Governance token can be done utilizing all primary F-Assets within the Flare Network. FlareFarm and FlareX work hand in hand, meaning you will need liquidity pool tokens from FlareX to begin utilizing FlareFarm..

Yield Farming

Yield Farming, or liquidity mining, begins by users deciding if they would like to participate in **Single** or **Dual-Token Farming Pools**. These farming pools will determine which tokens and how much of each you will need to begin farming in your selected pool. **Single-Token Farming Pools** are pools that do not require LP Tokens to participate in. Participants can easily take part in the farming pool by staking the required currency. **Dual-Token Farming Pools** are pools that do require LP Tokens to participate in. They provide a higher APY, but require the use of LP Tokens representing two tokens stored in the designated Liquidity Pool on FlareX. (I.E. YFLR/YUSD LP Tokens represent 50% YFLR and 50% YUSD placed in the liquidity pool)

While participating in yield farming, a holder earns the following:

1. Yield in the form of the tokens being distributed from the farming pool.
2. Yield in the form of fees accrued in the liquidity pool your tokens are participating in.
3. Appreciation/Depreciation of the underlying token assets being utilized.

Yield Farming is non-custodial, meaning participants retain full control of their own funds. Rewards are generated on a per block basis and are determined by calculating the Annual Percentage Yield against your total staked holdings.

APY for each pool is determined by the following equation:

[Pool Supply x Current YFIN Price in USD) / Total Value Locked in USD] x 100% = APY%

APY is dynamic, it increases and decreases as variables which affect it come into play: Market health, price history, total value locked, and amount left to be mined.

Launchpad

FlareFarm Launchpad is a user-governed token Launchpad geared towards giving holder's a chance to support projects hoping to build in and around the Flare Finance Ecosystem. Launchpads are altered forms of yield farming pools with different specified conditions than their liquidity mining counterparts. Unlike regular yield farming pools, Launchpad pools do not require Liquidity Pool Tokens, and can only be participated in by joining with either YFLR or YFIN tokens.

Tokens to be issued through the FlareFarm Launchpad are decided by a Governance proposal. New projects hoping to launch can submit their project details on the Flare Finance Forums for public review and discussion. If the project passes public review, it can then proceed to submit a Governance proposal that will receive votes either for or against its launch on the Launchpad. If passed, the farming pool will automatically become active and holder's of YFIN and YFLR can begin to participate in earning their share of the Launchpad distribution.

While participating in a Launchpad, three things take place for all participants:

1. Your YFLR and YFIN is locked up for a variable amount of time decided by Governance; Usually between 14 to 31 days.
2. You are automatically distributed your entire allocation of the token upon entry lock up in relation to the max amount of participation allowed and the amount you have locked up.
3. You begin to accrue YFIN from the Launchpad per rewards period. You can withdraw accrued YFIN anytime you would like over the 14 to 31 days.

Once the Launchpad concludes, holder's of the token can begin trading the token on FlareX. Additionally, locked up YFLR and YFIN become available for withdrawal. Projects may elect to provide multi-stage Launchpad pools that offer different participation limits, distribution rates, and lock-up periods. Participation in all is not mandatory and is, of course, user preference.

Projects who participate in utilizing the Launchpad must provide both a fee in $YFLR or $YFIN as well as a fee in the form of their token.

Launchpad Fees are distributed:

- 33% is recirculated to the APY Cloud
- 33% is provided to the Foundation
- 33% is provided to Team/Investors

Token Fees are distributed:

- 33% is provided to all Launchpad Pools (Boosted Farming)
- 33% is provided to the Foundation
- 33% is provided to Team/Investors.

Governance can vote to request that the Foundation burn their received supply if they would like to do so. If not, received fees from the Foundation will be vested and released monthly over 1 year to be utilized for operating expenses or grants to new projects.

FlareWrap

FlareWrap is a non-custodial cross chain asset bridge. It allows holder's of tokens on other smart contract networks to bring their currencies to the Flare Network trustlessly and without a third party middle-man (I.E. Centralized Exchanges). Additionally, it allows users of the Flare Network to bridge Flare Native Tokens to these same networks to participate in other ecosystem services.

Asset Wrapping

Asset Wrapping begins with Governance and holder's deciding which networks and tokens they would like supported on FlareWrap. Initially, networks such as Ethereum, Terra, and Binance Smart Chain will be supported by FlareWrap. Additionally, their respective main network tokens and stablecoins will be readily available for bridging (I.E. ETH, LUNA, BNB, USDT, UST, and BUSD).

To reduce the risk of spam and scam attempts on the network, new tokens and networks must be added via a Governance proposal. Only those tokens and networks with substantial support will be bridged and supported by FlareWrap.

Wrapped Assets are placed in a non-custodial smart contract along with other holder's assets of the same kind. Upon wrapping from the outside network, a bridge relay sends information to on-chain smart contracts to mint new assets to the holder's provided receiving address. When a holder of wrapped assets would like to exit to their original off-chain network, they can do so by burning the wrapped currency on FlareWrap and receiving their unwrapped currencies.

Wrapping has a variable fee determined by Governance. Initially, this fee will be set at between 0.1% and 0.5% depending on the amount being wrapped. The fee scales as follows:

- $100,000 or less is 0.5% per transaction
- $100,001-$500,000 is 0.4% per transaction
- $500,001-$1,000,000 is 0.3% per transaction
- $1,000,001-$5,000,000 is 0.2% per transaction
- $5,000,000+ is 0.1% per transaction

The fees are distributed as follows:

- 50% is distributed to the Team/Investors Contract
- 50% is distributed to the APY Cloud

FlareMine

FlareMine serves as the ecosystem's infinite mining portfolio manager. It delivers a means for Bitcoin and Litecoin ASIC Miners to utilize their miners to earn various non-PoW assets, such as Celsius (CEL). This is accomplished utilizing a modified mining pool with added features allowing for quick enabled swapping of mined currencies to selected payout currencies.

Additionally, FlareMine can serve as a means for participating miners to have their assets automatically converted and distributed in the form of F-Assets. This means that Bitcoin and Litecoin miners can mine F-Assets directly to earn passive FLR rewards on their mining rewards and begin to utilize them across the Flare Network. Alternatively, they can choose to mine directly to their Bitcoin or Litecoin wallets if they would like to divert any of our available features.

F-Asset Management

A primary benefit of the FlareMine Decentralized Mining Pool is that it facilitates a means for direct F-Asset Minting. Mining through the FlareMine pool automatically converts assets from their base form into their trustless form allowing for interactions with endless possibilities due to the smart contract capabilities of the Flare Network. This constant mining into F-Assets can help promote a long term supply crisis in the form of readily available base currency, and promotes more use on the Flare Network by pushing that supply into programmable trustless currency.

Profit Distribution

Another primary benefit of FlareMine is that it allows miners to earn various Non-PoW currencies in the form of profit distributions. FlareMine allows not only F-Assets to be distributed in place of mined Bitcoin and Litecoin, but also includes any bridged assets with enough liquidity on FlareX to support the needed trade liquidity to issue these distributions.

Initially, mined Bitcoin and Litecoin can be converted and paid out to miners in the form of:

- FBTC
- FLTC
- FXLM
- FDOGE
- FLR
- YFLR
- YFIN
- YETH
- YBNB
- YLUNA
- YUSD

Profit Distributions are paid out once every 24 hours to allow for the mining pool to accrue enough earnings to reduce trading fees when trading on FlareX to requested payout assets. Assets are sent to the miner's provided payout addresses. The address is given to the mining pool when a miner begins mining on the platform. All actions on FlareX are handled trustlessly via smart contracts and can be modified via user Governance.

INFORMATION ON FLAREMUTUAL AND FLARELOANS WILL BE MADE AVAILABLE IN THE v2.0 RELEASE OF THIS WHITE PAPER.

APY Cloud

APY Cloud is the first user governed dynamic yield aggregator. It allows for a long-term, sustainable yield platform. Additionally, APY Cloud creates a predictable minimum and maximum APY for long-term incentivized Governance staking. With APY Cloud, participants of the Flare Finance ecosystem can rest assured that their long term yield goals can be met within reason by utilizing our product suite.

One of the key problems with current DeFi suites is investors tend to be attracted to platforms with the most yield offered at the time. These APY % rates, sometimes in the high thousands, are almost always unsustainable and result in mining a token with little to no growth potential when planning for long term returns. While there is nothing wrong with High APY Rates, it is necessary to strongly incentivize reduction of the new circulating supply from inflation to maintain the value of users' total value locked. DeFi platforms should be flexible to changing market conditions and ultimately seek to provide a form of decentralized financial planning for the user by promoting common long term financial principles like saving and investing for the future.

With APY Cloud, we implement an innovative solution to this exact problem. APY Cloud is an intelligent yield aggregate savings protocol. It helps the ecosystem remain in a healthy financial state by being the network's personal "financial planner". APY Cloud completes a 3-step procedure when deciding how to react to the current and future outlook of the financial ecosystem, and accomplishes these steps to better adjust and support the holder's token value. The steps to this procedure are:

***Step 1* — What is the currently voted Minimum Governance APY, Maximum Governance APY, and Excess Threshold?**

First, APY Cloud decides what amount the Minimum Gov. APY and Maximum Gov. APY are set to by Governance and adheres to these numbers. For this example, and for initial launch, these numbers will be set at a minimum of 5% and a maximum of 35%. Once APY Cloud has determined these numbers, it decides what the excess threshold is. For this example, and for initial launch, it will be 20% of the Maximum Gov. APY over itself. Once it has determined these three numbers it can move on to Step Two.

- Minimum Gov. APY = Minimum APY Earned for Governance Staking (5%)
- Maximum Gov. APY = Maximum APY Earned for Governance Staking (35%)
- Excess APY Threshold = Max Percentage over Maximum APY before Savings Accrue (20% over = 7%)(Excess Threshold = 42%)

***Step 2* — Is there enough Protocol Earnings to cover the Minimum Gov. APY x Total Value Locked?**

Second, APY Cloud decides whether or not there is enough protocol earnings within its contracts to cover the required yield to be paid out to the Governance Pool. In this example, there will be $1,000,000 TVL locked in Governance Staking. With the Minimum Gov. APY of 5%, there would need to be $50,000 of Protocol Earnings to cover the Minimum Gov. APY and effectively pay Governance Staking Participants. Once APY Cloud determines how much Protocol Earnings it contains in comparison to this needed amount, it can proceed to make a decision.

***Step 3A* — No, there are not enough Protocol Earnings to cover the Minimum Gov. APY required for distribution!**

Since there is not enough Protocol Earnings to cover the set Minimum Gov. APY, the platform will calculate the dollar value needed to match the yield deficit and distribute the appropriate amount of $YFLR from the APY Cloud to match this deficit with the available Protocol Earnings.

In the event there is minimal protocol earnings, the platform configures each block reward to distribute $YFLR on a timed release schedule established by Governance, in this example it will be 1/94,608,000 (3 years in seconds). This time release is initiated if the conditions are met by estimating if the amount to be distributed for that yield period (each block) exceeds the Sustainable APY Term creating a **Stressed Distributions** Period from then on and enabling **Bond Distributions**.

***Step 3B* — Yes, there are enough Protocol Earnings to cover the Minimum Gov. APY required for distribution!**

Since there are enough Protocol Earnings to cover the set Minimum Gov. APY the platform will distribute all available Protocol Earnings continuously until these earnings either exceed the Excess APY Threshold (Step 1) or induces a **Stressed Distributions** Period (Step 3A) by falling below the Minimum Gov. APY. In the event there is an abundance of protocol earnings, and the Excess APY Threshold is exceeded, there is a fair distributions mechanism in place to help ensure long-term yield potential for holder's and platform users. This fair distribution mechanism is called **Excess Distributions**. All together it forms **Reactive Distributions,** a period of varied yield distributions that adapts to the current financial ecosystem produced by its participants.

Excess Distributions

Excess Distributions take place quarterly when platform earnings exceed the Excess APY Threshold (Page 5) for more than 3 consecutive months. At this time, 10% of the saved excess is distributed for that quarter in the form of additional yield added to each product's rewards pool. This distribution continues for as long as the platform earnings continue to exceed the Excess APY Threshold, providing more savings to the APY Cloud (Thus sustaining the Excess Distributions). If the average Governance APY falls below the Excess APY Threshold for that month, the cycle completes distributions for the quarter and stops until appropriate conditions are met again.

Average Governance APY is calculated by APY Cloud keeping daily record of average hourly APY, then keeping monthly record of the average daily APY. If this number continues to produce an excess, the APY Cloud continues to produce another cycle of Excess Distributions. If the Average Governance APY falls below during any of the 3 months within the distribution cycle, it will complete that cycle and wait for 3 more consecutive months of platform earnings exceeding the Excess APY Threshold.

Each month during the three-month Excess Distributions cycle 10% of the accrued savings is distributed. This distribution allocation ratio is established through Governance proposals. These proposals decide how much goes to each of the yield contracts for the 4 products in the ecosystem that distribute yield for staking or providing liquidity; FlareX, FlareFarm, FlareLoans, and FlareMutual. The end result is a sustainable yield protocol in optimum conditions that can survive the most crucial downturns of the market.

Stressed Distributions

Stressed Distributions are enacted when the platform begins to underperform and becomes unable to supply the Minimum Gov. APY established by its participants through protocol earnings alone. Stressed Distributions are a means of limiting output during a down cycle while still generating rewards for its participants at a bare minimum.

During Stressed Distributions, time supersedes necessary yield. What this means is, in the previous examples we established a time period of 3 years that the reserved YFLR Pool of 40M must distribute over from any given point of operation, meaning that for each distribution, it calculates if the next distribution will take it outside of, or back inside of, the desired time schedule to maintain a 3 year token distribution in the event of a long-term usage downturn. For every block distribution, APY Cloud will determine if the released amount is more or less than the desired time release schedule while also determining if the amount covers the deficit between platform earnings and Minimum Gov. APY needed to distribute to TVL. If this amount breaks the 3 year token distribution cycle, it will only distribute up to 1/94,608,000 of total Pool Value per block to maintain the cycle. If this amount does not break the 2 year cycle, it will distribute the entire needed amount to cover the deficit.

Stressed Distributions enacts a way to provide considerably reasonable APY during the worst conditions, while also incentivizing recovery through the use of Bonded Distributions. Bond Distributions is the final partition to the APY Cloud and will be explained in the next sub-topic. All of which makes delivering an all in one yield aggregating savings protocol that is adaptable to most situations possible.

Bond Distributions

Bond Distributions is a period of open price support during Stressed Distributions where holder's of YFLR can purchase Bonds at a 1:1 ratio for their YFLR locking in both a continued allocation of YFLR Governance Yield and a guaranteed minimum interest in the event of Protocol Earnings picking back up and issuing an Excess Distribution. This effectively creates a means to promote price support and ecosystem activity by reducing circulating supply indefinitely until activity and value return to the ecosystem to push it into an Excess Distributions phase.

As described in “Stressed Distributions” above, during a period of low Protocol Earnings, yield distributions cover the Protocol Earnings deficit in the form of YFLR from the Governance Staking Pool at a rate pre-determined by Governance. This rate establishes a maximum amount that can be distributed per rewards period to sustain the minimum time frame permitted under the established timed release schedule. This amount is covered by the 40M YFLR Reserved in the Governance Staking Pool, but ultimately could result in the entire staking pool being depleted if not for Stressed Distributions and Bond Distributions.

Bond Distributions take place between the time Stressed Distributions begin and end. This is called the “Bonding Period”. During the Bonding Period, holder's of YFLR who are participating in Governance Staking can opt into the Bonding Period with their staked tokens. Their YFLR is locked indefinitely into the Bonding Contract, providing the holder with a 1:1 peg of BondFlare, or BFLR, for every YFLR they bond. Bonds are a representation of YFLR Governance staking rewards, token appreciation, and bonding rewards. To claim bonds and exchange it back into YFLR, a holder of a bond simply opts out of the Bonding Period and begins this unlocking period at any point in time. This unlocking period lasts 7 days, but can be reduced or extended via Governance Proposals. Bonds are, in theory, YFLR indefinitely removed from circulation until converted back into YFLR either before or after the rewards period.

Bond Distributions enable the ecosystem to sustain itself during periods of lesser usage. While traditional treasury yield bonds have a set maturity rate usually between 5 and 10 years, Flare Finance Bonds do not have a set maturity rate. While bonding can only take place during Stressed Distributions, claiming these bonds can take place at any time, allowing the holder of the bond to determine their desired maturity rate and ROI. There are three outcomes of purchasing a bond during the bonding period:

1. *After purchasing the bond, the market rises. Users gain value based on token appreciation, but exit before Excess Distributions, resulting in only gaining token appreciation and Governance Staking Rewards.*

2. *After purchasing the bond, the market rises. Users gain value based on token appreciation, and you allow Excess Distributions to run until it fulfills its cycles, resulting in gaining token appreciation, Governance staking rewards, and your share of the Excess Distributions allocated to participants in the Bonding Period.*

3. *After purchasing the bond, the market falls. Value may be lost to token depreciation, but users are able to claim at any time to exit the market.*

Participating in the Bonding Period does not remove the ability for the Governance staker to earn their Governance Staking Rewards. These rewards are accrued regularly and can be claimed at any time just as if you had not participated in the Bonding Period. The indefinite time frame for the bonds stems from the need to achieve Excess Distributions before rewards are distributed to Bonding Participants. Bonds are high risk, high reward products providing the ecosystem with a last resort fail safe by incentivizing removal of supply from circulation in hopes of creating a supply squeeze while demand is still present. In the event the Bonding Period is successful, and the platform achieves Excess Distributions, bond holder's will automatically begin to accrue additional rewards in Governance Staking without any need for further action. Their bond will remain locked until the end of Excess Distributions, at which point, the bonds are claimed automatically. Rewards can be claimed at any time during this period and are not limited to claiming at the end of Excess Distributions.

In the event a user decides to claim Bonds after the Bonding Period, but before Excess Distributions, they will NOT receive any form of reward during the Excess Distributions cycle. They will instead only be entitled to token appreciation and Governance Staking Rewards. They will receive 1:1 return of their YFLR along with all Governance Staking Rewards earned. In the event a user decides to claim their Bonds during the Excess Distributions Period, but before it ends and automatically claims these bonds, the user will only earn the distributions up until the point of claim and none beyond the last day of the unlocking period.

Tokenomics

The Tokenomics of every decentralized ecosystem are key to the short-term and long-term potential it aims to present. Within the Flare Finance Ecosystem, utility is divided amongst the two primary tokens. These two tokens are **YieldFlare** (YFLR) and **YieldFin** (YFIN). When both tokens are utilized appropriately in the ecosystem, they enact a form of ecosystem-wide **checks and balances** to help diversify power amongst holder's while retaining specific value within each.

The initial airdrop will consist of our DAO Claim Token, **DAOFlare** (DFLR). DFLR is a ticket used to claim your airdropped utility tokens and membership into the Flare Finance ecosystem. Once DFLR is received, users can visit the Claim Page to claim their YFLR after reviewing a set of tutorials and agreeing to a set of basic terms and conditions outlining the risks associated with usage of a decentralized application and the various recommended optional responsibilities associated with holding YFLR.

YieldFlare (YFLR)

YieldFlare (YFLR) is the ecosystem's secondary Governance token. It has a primary focus on service within the FlareX Application, but additionally serves as secondary Governance under YieldFin when activity is not prevalent enough to sustain Governance and accountability.

YFLR, once claimed, has several use cases within the ecosystem, including but not limited to:

1. Replacing exchange fees on FlareX.
2. Secondary Governance under YieldFin (YFIN).
3. Voting on new token listings on FlareX.
4. Voting on new trading pairs on FlareX.
5. Staking it on FlareFarm to earn the primary Governance token, YieldFin (YFIN).
6. Participating in liquidity pools on FlareX.
7. Participating in Launchpads on FlareFarm.
8. Replacing fees on FlareWrap.
9. Providing it as collateral for loans on FlareLoans.
10. Providing it as coverage on FlareMutual.

YieldFlare and its available use cases will continue to expand as more products begin to build on the Flare Network within the Flare Finance ecosystem.

YieldFlare (YFLR) will maintain a max supply of 110,000,000 tokens and, by default, does not have the capabilities to mint further tokens. These token distributions will be detailed in the "Distributions" section below.

YieldFin (YFIN)

YieldFin (YFIN) is the ecosystem's primary Governance and rewards token. It has a primary focus on service across the entire ecosystem and maintains a higher authority in swaying the outcome of various forms of Governance proposals in the ecosystem. Unlike YFLR, YFIN can not vote on new token listings and trading pairs on the FlareX platform, additionally, it does not serve as a fee replacement token on FlareX nor FlareWrap.

YieldFin, serving as a primary Governance token, allows its holder's to engage in voting on your choice of a plethora of network-related operational changes. Beyond Governance, it serves as the primary rewards token on FlareFarm, and can be utilized on all other platforms with the exception of not being used for fee replacement.

YFIN, once mined, has several use cases within the Flare Finance ecosystem including, but not limited to:

1. Primary Governance over YieldFlare (YFLR)(1:10,000).
2. Participating in liquidity pools on FlareX.
3. Staking it on FlareFarm to earn more YieldFin (YFIN).
4. Participating in Launchpads on FlareFarm.
5. Providing it as collateral for loans on FlareLoans.
6. Providing it as coverage on FlareMutual.

YieldFin and its available use cases will continue to expand as more products begin to build on the Flare Network within the Flare Finance ecosystem.

YieldFin (YFIN) will maintain a max supply of 11,000 tokens and, by default, does not have the capabilities to mint further tokens. These token distributions will be detailed in the "Distributions" section below.

F-Assets (FLR, FXRP, FLTC, FDOGE, and FXLM)

F-Assets (FLR, FXRP, FLTC, FDOGE, and FXLM) are utilized heavily within the Flare Finance Ecosystem. Spark Token (FLR) serves as the primary gas token on all Flare Finance Applications. Users of our platform must have Spark Token to begin processing any and all transactions on the platform. Gas fees are determined by the network. Flare Finance users do not have the option to change these fees. All F-Assets, including FLR, will be able to:

- Swap, Leverage, and provide assets for Liquidity on FlareX.
- Stake and Farm on FlareFarm.
- Wrap on FlareWrap.
- Loan and Borrow on FlareLoans.

- Provide and Purchase Coverage on FlareMutual.
- Purchase gear in the Merchandise Shop.

Additionally, Flare Finance offers holder's of F-Assets the opportunity to earn triple rewards by participating in Minting F-Assets (earning FLR), providing those F-Assets to Liquidity Pools (earning fees), and staking those LP Tokens in FlareFarm (earning yield).

Distributions

Tokens within the Flare Finance Ecosystem are issued by the Flare Finance Foundation. The Foundation manages any and all distributions of tokens received and allocated to the Foundation with direction from DAO participants. Distributions of the YieldFlare (YFLR) and YieldFin (YFIN) tokens are as follows:

YieldFlare - DAO Offering (40M YFLR) (36.36%)

40,000,000 YFLR will be made available to claim by the Foundation for participants of the Initial DAO Offering (IDO). The IDO is a period where holder's of the valueless DAO Claim Token, DAOFlare (DFLR), are able to swap for the full-feature utility token, YieldFlare (YFLR). holder's of Spark Token (FLR) will receive DFLR automatically based on the available circulating FLR supply at the time of snapshot. This ratio is detailed below:

45,827,728,412 FLR Total is available for XRP holder's.

15% (6,874,159,261.80 FLR) of this is made available at the time of network launch.

40,000,000 DFLR is available to claim for the holder's of the circulating 6,874,159,261.80 FLR.

40,000,000 / 6,874,159.261.80 = ~0.0058 DFLR per FLR

Once DFLR is received, holder's can visit the YieldFlare Claim Page and login with their Civic KYC-Verified wallet address and review a set of tutorials and terms of service. If a user is not already KYC-Verified, they can take the time to do so at this time. Once verified, holder's of DFLR can initiate the swap to YFLR and begin to engage with the Flare Finance Ecosystem.

YieldFlare - APY Cloud (40M YFLR) (36.36%)

40,000,000 YFLR will be made available by the Foundation and held within the APY Cloud for distributions during times of lessened platform revenue. The 40,000,000 YFLR allocated to APY Cloud is considered a supply buffer and has an initial release schedule of 5 years. This timer is established in the event of the platform entering Stressed or Bonded Distributions.

In optimal conditions, the 40,000,000 YFLR allocated to the APY Cloud will never need to be utilized.

YieldFlare - Foundation (20M YFLR) (18.18%)

20,000,000 YFLR is self-allocated to the Foundation, by the Foundation, for use as growth and operating reserves. A financially equipped Foundation means that new projects, platforms, and team members can be brought to the ecosystem to aid in compounding value into the Flare Finance ecosystem.

The Foundation Reserves are to be allocated as follows:

- 10M YFLR is to be utilized for Growth and Operating Expenses by sole discretion of the Foundation. (With reporting requirements to be submitted to the DAO.)
- 10M YFLR is to be reserved for utilization by the DAO holder's themselves via Governance Proposals.

The 10M YFLR self-allocated to the Foundation is to be utilized for growth and operating expenses within the Foundation itself. These funds can be utilized in any number of ways including, but not limited to:

- Covering operating expenses such as salaries, office expenses, legal, and other expenses necessary to the daily operation of the Foundation.
- Providing Grants to new projects wishing to build in the ecosystem and on the network.
- Investing in short-term and long-term profitable strategies to expand the overall financial strength of the Foundation.
- Issuing bounties to white-hat hackers and penetration testers for bugs and exploit discoveries.
- Covering expenses to build new platforms and addons by request of the DAO.

The 10M YFLR self-reserved by the Foundation for DAO holder's is to be utilized in any way seen fit by the DAO holder's themselves. These funds can be utilized in any number of ways including, but not limited to:

- Providing Grants to new projects or developers wishing to build in the ecosystem and on the network.
- Covering expenses associated with Governance requested marketing and promotional materials.
- Creating new farming pools and Launchpads on FlareFarm.
- Burning the tokens or Redistributing the tokens back to the APY Cloud.

Alternatively, participants in Governance have the option to dissolve the Foundation. In the event of this, all Flare Finance assets (YFLR and YFIN) will be burned, and any cash or crypto assets will be used to buy back more YFLR and YFIN. Which will also be burned.

YieldFlare

Team /Investors (10M YFLR) (9.1%)

10,000,000 YFLR tokens are allocated by the Foundation to the unrelated for-profit original development entity, Flare Finance, Inc. and investors in the platform as a Builders/Founders Fee. It is to be vested appropriately over 1 year and released monthly over that time. Additionally, it is provided for usage by the Team or Investors to test utility and functionality of the platform as they please.

During the vesting period, the Team/Investors have the right to stake their monthly released shares into FlareFarm pools. YFIN earnings are unvested and are distributed by sole discretion of the unrelated for-profit entity. The Foundation reserves the right to buy back these shares at market rate and burn the supply if the DAO would agree to do so.

YieldFin - FlareFarm (8,000 YFIN) (72.73%)
8,000 YFIN is issued by the Foundation to the initial FlareFarm Distribution Contracts. Distribution will take place over 2 years in all Initial Distribution Farms and will have quarterly distribution halvings. Initial YFIN Distribution is spread across 8 farming pools on FlareFarm. These pool, and their distributions, are as follows:

YieldFin FlareFarm Distributions

Pool	Rate	Allocation
YFLR	1x	344 YFIN
FLR/YUSD	2x	672 YFIN
YFLR/YUSD	2x	672 YFIN
YFIN/YUSD	3x	1,000 YFIN
FXRP/YUSD	4x	1,328 YFIN
FLTC/YUSD	4x	1,328 YFIN
FDOGE/YUSD	4x	1,328 YFIN
FXLM/YUSD	4x	1,328 YFIN

Bi-Annual Halvings are enacted as distribution checkpoints. Each pool will undergo a halving every 6 months with 50% of the supply being distributed within the first 6 months. The final halving will take place 1 year and 6 months in, at which point, rewards will continue to be distributed until the final block reward is issued. Once FlareFarm distributions are complete, the platform will offer various Launchpad tokens, staking pools, and Governance pools all established by YFIN holder's themselves.

YieldFin - FlareLoans (1,000 YFIN) (9.09%)*

1,000 YFIN is issued by the Foundation to the initial FlareLoans Distributions Contracts. This is to be utilized in the form of APY for participants who engage in borrowing and lending on the platform. Initial YFIN Distribution is set for 2 years of usage. The lending and borrowing APY at launch is as follows:

YieldFin FlareLoans Distributions

Activity	Min. APY	Max. APY	Variable APR
Lending	>=5%	>=20%	None
Borrowing	<=5%	<=20%	>=2%-17%

Bi-Annual Halvings are enacted as distribution checkpoints and will follow the same schedule as FlareFarm regarding timing of halvings and final release schedule.

YieldFin - FlareMutual (1,000 YFIN) (9.09%)*

1,000 YFIN is issued by the Foundation to the initial FlareMutual Distributions Contracts. This is to be utilized in the form of APY for participants who engage in providing coverage or purchasing coverage on the platform. Initial YFIN Distribution is set for 2 years of usage. The covering and coverage APY at launch is as follows:

YieldFin FlareMutual Distributions

Activity	Min. APY	Max. APY	Variable APR
Covering	>=5%	>=20%	None
Coverage	<=5%	<=20%	2%-17%

Bi-Annual Halvings are enacted as distribution checkpoints and will follow the same schedule as FlareFarm regarding timing of halvings and final release schedule.

YieldFin - Foundation and Governance Reserves (1,000 YFIN) (9.09%)

1,000 YFIN is issued by the Foundation to the Reserves Pool to be dually utilized for community Governance and foundation related proposals. This is to be utilized in any way deemed fit and necessary by Governance participants, and can also be utilized to cover regular operational and legal expenses when deemed necessary.

The use cases of the YieldFin Reserve Pool are endless, and when used appropriately can help generate further growth and value within the Flare Finance Ecosystem. These available use cases include, but are not limited to:

- Covering operating expenses such as salaries, office expenses, legal, and other expenses necessary to the daily operation of the Foundation.
- Providing Grants to new projects wishing to build in the ecosystem and on the network.
- Investing in short-term and long-term profitable strategies to expand the strength of the Foundation.
- Issuing bounties to white-hat hackers and penetration testers for bugs and exploit discoveries.
- Covering expenses to build new addons by request of the DAO.
- Covering expenses associated with Governance requested marketing.
- Creating new farming pools and Launchpads on FlareFarm.
- Burning the tokens or redistributing the tokens back to the APY Cloud.

Alternatively, participants in Governance have the option to dissolve the Foundation. In the event of this, all Flare Finance assets (YFLR and YFIN) will be burned, and any cash or crypto assets will be used to buy back more YFLR and YFIN. Which will also be burned.

****INFORMATION ON FLARELOANS AND FLAREMUTUAL YIELDFIN DISTRIBUTION PROCEDURE WILL BE FURTHER DETAILED IN THE v2 RELEASE OF THIS WHITE PAPER.***

Governance Structure

Flare Finance operates as a decentralized autonomous organization. This being said, operations rely heavily on holder participation in the established Governance structure. FlareGovernance (or FlareGov for short) is conducted trustlessly via a network of interconnected smart contracts that hold power over various platform wide settings and reserve pools. These settings and reserve pools are controlled by Governance proposals submitted and voted on by the holder's of YFLR and YFIN themselves. Through proper participation, the Flare Finance ecosystem can begin to take form and better fit its holder's demands. All the while, working to provide as personalized of a user experience as possible.

Participation in Governance is entirely optional, and holder's are not penalized if they choose not to do so. Instead, holder's of YFIN and YFLR are incentivized to participate in Governance through various Governance Staking rewards mechanisms. This produces tokenized incentives for holder's to stake their currency and participate in producing new Governance proposals and participating in voting on already existing ones.

Governance Staking

Governance Staking takes place on FlareGov accessed via the FlareFarm navigation system. holder's of YFLR and YFIN can participate in Governance Staking at any time and are free to enter and exit this staking pool freely. Participation in Governance Staking opens up a few benefits for Stakers:

1. Governance Staking Rewards in the form of YFIN, YFLR, FLR and other F-Assets.
2. Proposals that allow for Stakers to create Governance Proposals for a fee.
3. Voting that allows for Stakers to vote against standing proposals.

Governance Staking Rewards are generated daily from the APY Cloud in the form of various assets utilized across the platforms. They are then distributed to Stakers based on several influencing factors:

1. Total Supply Locked in relation to YFIN and YFLR Circulating Supply (I.E. 2,000 out of circulating 8,000 YFIN [25%] and 20,000,000 of circulating 40,000,000 YFLR [40%])
2. Current Available Protocol Revenue (I.E. $1,000,000 in various assets)
3. Total Value Locked (I.E. $10,000,000)
4. Amount Staked by the Participant (I.E. $2,000 with 1 YFIN and 1,000 YFLR)
5. Current Max and Min APY (I.E. 35% and 5%)

Let's begin several examples to describe how Governance Staking calculates and rewards participants:

Finding the appropriate reward amount to distribute to YFLR and YFIN Stakers:

We begin by taking the Total Supply Locked in relation to YFIN and YFLR Circulating Supply. In this example, we are aware that the Max Supply of YFIN is 11,000. 8,000 YFIN is circulating in the ecosystem freely as it has been mined from FlareFarm. 2,000 YFIN is staking in FlareGov, meaning 25% of the total circulating supply is staked in FlareGov.

Total YFIN Circulating Supply Staked = (2,000 / 8,000) = 0.25 or 25% or 25/100

In this example, we are aware that the Max Supply of YFLR is 110,000,000. 40,000,000 YFLR is circulating in the ecosystem freely as it has been airdropped by the Flare Foundation. 20,000,000 YFLR is staking in FlareGov, meaning 50% of the total circulating supply is staked in FlareGov.

Total YFLR Circulating Supply Staked = (20,000,000 / 40,000,000) = 0.50 or 50% or 50/100

We now know that 25% (or 25/100) of the YFIN supply is staked in FlareGov, and 50% (or 50/100) of the YFLR supply is staked as well. We can then find the average rewards ratio needed for each token *based on Governance participation as follows:*

Total Weight = (25 + 50) = 75
Total Weight of YFLR = (50 / 75) = 66.6%~
Total Weight of YFIN = (25 / 75) = 33.3%~

In this example, the appropriate reward amount to distribute to Governance participants would be:

66.6% of rewards to YFLR Stakers
33.3% of rewards to YFIN Stakers

Calculating how much rewards should be distributed to YFLR and YFIN Stakers based on Weighted Average and Total Protocol Revenue:

In this example, we are aware that 66.6% of rewards should be distributed to YFLR Stakers and 33.3% of rewards should be distributed to YFIN Stakers.

For this example, there will be $1,000,000 in Total Protocol Revenue in APY Cloud for Governance Stakers. We can easily plug this into a simple equation to find:

$1,000,000 x 0.666 =
$666,666.66~ to YFLR Stakers
$1,000,000 x 0.333 =
$333,333.33~ to YFIN Stakers

Based on the above equation, we now know that $666,666.66 is going to YFLR Stakers and $333,333.33 is going to YFIN Stakers based on the next influencing factors.

Calculating the Total Locked Value in the form of each token and how much each token is currently priced at:

In this example, we are aware that $666,666.66 of rewards should be distributed to YFLR Stakers and $333,333.33 of rewards should be distributed to YFIN Stakers. We also are aware that 50% of the circulating YFLR supply is staked in the FlareGov (20,000,000 YFLR) and 25% of the circulating YFIN supply is staked in FlareGov (2,000 YFIN).

For this example, there will be $10,000,000 of Total Value Locked staked across the platform in the form of both tokens. We can find how much of each token is staked by completing the following equations:

Total Value in YFLR = $10,000,000 x .666 = $6,666,666.66~
Total Value in YFIN = $10,000,000 x .333 = $3,333,333.33~

We can then further find the current price of YFLR and YFIN by completing the following equations:

Current Price of YFLR = $6,666,666.66 / 20,000,000 = $0.333 per YFLR~
Current Price of YFIN = $3,333,333.33 / 2,000 = $1,666.66 per YFIN~

We now know that there is $6,666,666.66~ of YFLR staked in FlareGov at a price of $0.0333 per YFLR. We also know that

$3,333,333.33~ of YFIN is staked in FlareGov at a price of $1,666.66 per YFIN.

Calculating how much rewards should be distributed to EACH YFLR and YFIN staked based on Total Value Locked and Total Rewards for Each Staking Pool:

In this example, we are aware that $6,666,666.66 of YFLR value, or 20,000,000 of YFLR circulating supply, is staked in FlareGov and is allocated $666,666.66 in rewards. We also are aware that $3,333,333.33 of YFIN value, or 2,000 of YFIN circulating supply, is staked in FlareGov and is allocated $333,333.33 in rewards. We can now find how much rewards each YFIN and YFLR is allocated by completing the following equations:

Rewards per staked YFLR = $666,666.66 / 20,000,000 = $0.0333 per YFLR staked in the form of various F-Assets

Rewards per staked YFIN = $333,333.33 / 2,000 = $166.66 per YFIN staked in the form of Various F-Assets.

In this example, we also are aware that Alice has $2,000 in assets staked on FlareGov in the form of 1 YFIN ($1,666.66 per) and 1,000 YFLR ($0.333 per). To find Alice's Potential Max APY, we complete the following equation:

Total Annual Rewards for Alice's Staked YFIN = 1 YFIN x $166.66 Rewards per YFIN = $166.66
Total Rewards for Alice's Staked YFLR = 1,000 YFLR x $0.0333 Rewards Per YFLR = $33.33

We now know that Alice's Potential Max APY for her currently staked YFIN and YFLR is:

$166.66 for her 1 YFIN (or 10% APY)
$33.33 for her 1,000 YFLR (or 10% APY)

Ensuring protocol can distribute Max Potential APY based on APY Cloud Max/Min APY Settings:

We now know that Alice has a max potential APY of 10% based on all of the above information. We also know that the minimum APY established by the APY Cloud is 5% and the maximum is 35%.

Since Alice's APY falls between the minimum and maximum allowed APY, her max potential APY becomes her guaranteed APY going forward unless a variance occurs in protocol earnings, resulting in less or more yield generated for her stake.

Proposals

Proposals are the ecosystem participants method to incite change platform-wide. Proposals are powerful, and when used appropriately, can encourage a better financial outcome for the ecosystem, and vice versa. Proposals are accessible to holder's of YFLR and YFIN who are participating in Governance Staking. Proposals cost a dynamic fee relative to the average amount of YFLR and YFIN staked in Governance Staking.

Fee Structure:

YFLR Staked	YFIN Staked	Fee
10,000,000+	1,000+	0.0000001%
1,000,000+	100+	0.000001%
100,000+	10+	0.00001%
10,000+	1+	0.0001%
1,000+	0.1+	0.001%
100-	0.01-	0.01%

The above chart represents that if 10,000,000+ YFLR and/or 1,000+ YFIN is staked in Governance Staking, that the cost to submit a proposal will be, in dollar value, 0.0000001% of the entire staked amount. Denied Proposals recirculate the fees back into Governance Staking, while Approved Proposals burn the fee from existence permanently.

Proposals begin on the FlareGovernance platform, and require the user to have the current minimum amount of tokens staked to cover the necessary fee associated with the proposal of choice. Types of proposals vary below is a list of some of the proposals you can submit for each platform:

FlareX:

- Change Swap/Margin Fee
- Add/Remove a Token or Trading Pair
- Request a Feature

FlareFarm:

- Request a Farming Pool
- Utilize the Launchpad
- Request a Feature

FlareWrap:

- Change Wrapping Fee
- Add/Remove a Token or Network
- Request a Feature

FlareLoans:

- Change Borrowing Fee
- Add/Remove a Lending/Borrowing Pool
- Request a Feature

FlareMutual:

- Change Coverage Fee
- Add/Remove a Token, Project, Agent, Oracle, Exchange, etc.
- Request a Feature

FlareMine:

- Change Mining Fee
- Add/Remove a Token or Mining Pool
- Request a Feature

Foundation:

- Request a Product or Feature

- Submit a Grant, Event, Meeting, Reporting, or Technical Request
- Submit a Bug or Hack Bounty
- Request to Dissolve the Foundation

APYCloud:

- Alter Minimum and Maximum Governance APY
- Alter Maximum Governance APY Threshold
- Alter Excess Distributions Payout Time Frame and Length of Payouts
- Alter Reserve Pool Payout Time Frame
- Alter Rewards Period
- Alter Rewards Payout Method
- Request to Distribute Reserve Pool

Reserves:

- Submit a Request to Distribute Reserves
- Submit a Developer Payout or Grant Request
- Submit a Request to Burn Reserves

Voting and Weight Structure

Once a Proposal is submitted, it becomes publicly available for review by other participants in Governance Staking. The Voting period lasts 14 days (336 hours) from the moment the proposal is submitted, and requires a minimum vote threshold of 10% to decide the proposal. This 10% is based on the amount of YFLR and YFIN staked in Governance Staking. If the proposal receives more than 10% at any time during the voting period, in the form of either YFLR or YFIN, the time frame will accelerate to 3 days.

Once a proposal reaches the end of the Voting Period, votes are counted and the proposal either is passed or rejected. If a proposal is passed, it is automatically enacted on the system if it is an automated proposal. If the proposal is rejected, it is isolated and stored in proposal history. Not achieving the minimum vote threshold automatically rejects the proposal.

Weight of each vote is different relative to the ratio of each token's max supply. This ratio is:

1 YFIN : 10,000 YFLR

This means that for every 10,000 YFLR votes, 1 YFIN vote can meet that voting power. This ensures a fair economical entry into the Governance ecosystem.

In conclusion, the token you use determines the weight of your vote in the ecosystem. A certain amount of votes are needed to pass a proposal once submitted. Proposals are created by the holder's of YFLR and YFIN and a fee is associated with creating these proposals. Proposals have endless potential in directing the future of the financial ecosystem. Operating as a decentralized organization, Flare Finance, with aid of its holder's, has potential to produce a robust, lively, financial ecosystem.

GENERAL AND UTILITIES DISCLAIMERS

These materials (the "materials") are not intended to be an offer to sell, or a solicitation of any offer to buy, any security or other financial instrument or to invest in the YieldFlare or YieldFin tokens and are for informational, illustration and discussion purposes only. These materials are as of april 29th, 2021, may not be complete or final, may be estimated, are subject to change and do not contain all material information regarding an investment, including specific information relating to an investment's risks. The use or offering of the YieldFlare or YieldFin tokens has not been registered, qualified, or approved under any securities, futures, financial instruments, capital markets, or exchange control legislation, regulation, or ordinance of any jurisdiction in all jurisdictions, the offer to sell and solicitation to buy a YieldFlare or YieldFin token is directed solely to qualified institutional investors, qualified professional investors, and those other sophisticated persons to whom offers and solicitation may be made without any licensing, registration, qualification, or approval under applicable law (collectively, "qualified persons"). These materials do not constitute an offer, distribution, solicitation, or marketing to any non-qualified person and is not an offering to the retail public in any jurisdiction where such offering is unlawful. You should disregard this information sheet if you are a non-qualified person before you decide to invest in a YieldFlare or YieldFin token, you should carefully read Flare Finance's documents and consult with your own advisors. An investment in a yieldflare or yieldfin token is speculative and involves risks, which you should understand prior to making an investment. A YieldFlare or YieldFin token will fluctuate in value, and may be volatile, especially over short time horizons opinions, assumptions, assessments, statements or the like regarding future events or which are forward-looking, constitute only subjective views, beliefs, outlooks, estimations or intentions of flare finance, should not be relied on, are subject to change due to a variety of factors, including fluctuating market conditions and economic factors, and involve inherent risks and uncertainties, both general and specific, many of which cannot be predicted or quantified and are beyond the control of Flare Finance. Flare Finance does not make any representation or warranty as to the accuracy or completeness of the information contained in these materials. Flare Finance has no obligation to update or keep current any information or projections contained in these materials. There can be no assurance that the tokens will ever be issued or dividends will be paid; flare finance is subject to complex, evolving and expansive us and foreign laws and regulations; there is no assurance that token purchasers will receive a return on or of their investment; Flare Finance has limited operating history, which makes it hard to evaluate its ability to generate revenue through operations; a token holder generally will not have voting rights or ability to influence Flare Finance's decisions; Flare Finance may be forced to cease operations; Flare Finance may not successfully develop, market and launch the flare finance account system, and, even if launched. The flare finance account system may not be widely adopted and may have limited users and could be subject to significant competition; prices of blockchain assets are extremely volatile and fluctuations in the price of digital assets could materially and adversely affect Flare Finance's business. Token holder's shall not be entitled to any utility functionality as part of the token. Nevertheless, the company expects to endeavour to provide certain additional benefits to holder's of the tokens in the future. These will not be a part of the terms and conditions of the tokens, but rather benefits voluntarily provided by the company to token holder's. These discretionary benefits may be withdrawn or changed at any time at management's discretion.