Hikari Protocol Lightpaper v1.0

Abstract

Middleware and infrastructure for the grassroots of Web3 has been underdeveloped for the amount of institutional capital that has made its way into the ecosystem. We can see various institutional grade products that have already been built for sophisticated markets - examples being RFQ venues, SORs, Smart contract automation, remittances, and escrow products. Inefficiencies lie in the development of such products for early stage tokens and emerging projects which creates wide discrepancies for a prototypical token founder's path to scale. We will outline the following points and research:

1. *Product Roadmap Introduction*: This section will outline various products that will solve the issues created by an inefficient market. We will also speak to the *commercialization, application techniques, and the Competitive landscape* for the following products:

   (1) Hikari OTC; (2) Hikari Escrow; (3) Hikari Pay (4) Hikari Labs; and [redacted].

2. *Tokenomics:* The growth of the $HIKARI token in addition to other leading thoughts on our progression. This includes further incentivizations for external partnerships for growth.

1. Product Roadmap Introduction

The Hikari Protocol is creating the tools required for increased efficiency in the small cap digital asset markets.

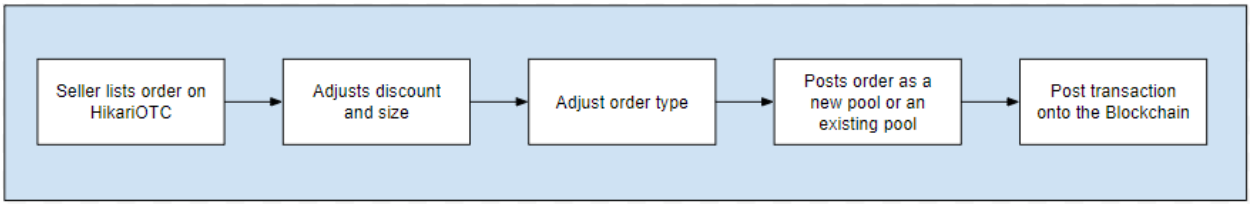
HIKARI OTC

We have designed an OTC matching engine for the buying and selling of tokens in the form of a P2P wallet transaction. We have streamlined this process to allow a trustless system between the project founders, token ‘whales’, and alpha seekers. How we differentiate from a traditional OTC desk is that we have developed OTC pools, to allow sellers to be able to aggregate their orders on a FIFO basis to increase liquidity. We leverage market knowledge, transaction experience, and a unique access to industry networks to unlock value. Future iterations will allow us to sell presale allocations, provide liquidity for NFTs and more.

Problems and Solutions

The state of large cap tokens pose a huge problem to larger holders as well as project founders without a reliable OTC user. Larger profit takers will not only experience slippage but can cause a liquidity cascade whereas their sell will have continued detrimental effects on the chart. Early stage project founders will also experience difficulties in being able to manage their treasury if it’s in their native token. Hikari OTC will let these counterparties be able to seamlessly take profit and allow new entrants to take advantage of their desired entries.

Workflow



Sellers of tokens will be able to list their tokens in a variety of order types. We won't solely cater to fill or kill order types as typical OTC platforms do. We can enable sellers to be able to interact with a plethora of counterparties indicative by their wallet address and accessible pseudo-anonymously through the platform. Our OTC Pools will create more efficient markets as we see the current problems of the Swap Protocol market in the long term. We will deploy various order types such as TWAPs and VWAPs in the future on top of OTC in order for a more efficient market as we develop this product. Lastly, an API will also be needed to aggregate competitor order types and to standardize the format in order to unify and stop the proliferation of OTC order books that not only slow trades but decrease overall liquidity in the market.

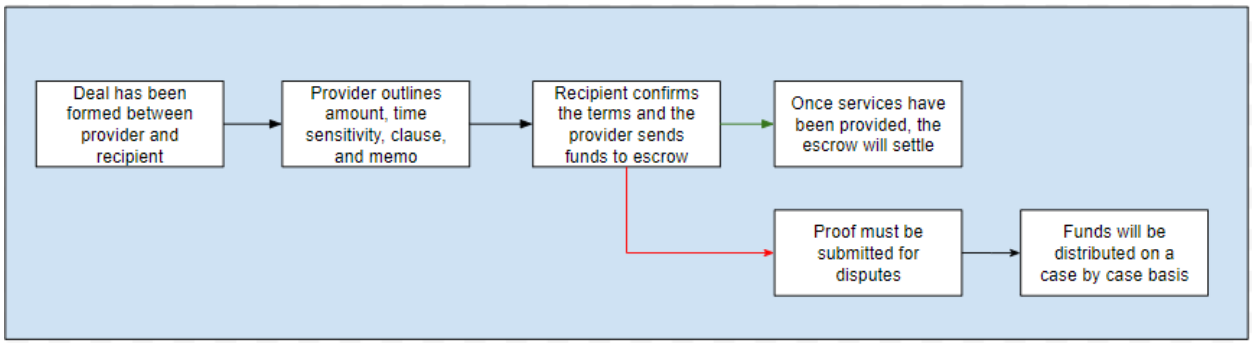
HIKARI ESCROW

Hikari Escrow is outlined to solve a lot of the issues instilled in a pseudo-trustless ecosystem today. Many of the escrow products such as Etana and Bitrated are services meant for institutions and Bank to Crypto transactions. Where we see more appeal and heavier transaction volume lies in the service transactions of project owners and their peers.

Problems and Solutions

We can see a plethora of providers for various services especially in the lead ups of the marketing phase for tokens. Some of these services include a fast tracked CMC/CG application, agreements to social media marketing campaigns from various influencers and agencies or payments from smart contract audit firms. Failure to provide services will be one distinctive reason for these escrows to exist, but a larger threshold for sensitivity in these payments would be time. Time sensitivity lies in marketing - for the early stages of a token these projects rely on catalysts from their marketing campaigns as well as getting the traction for further price discovery. Hikari Escrow allows the various counterparties to negotiate private deals with their counterparties and have funds in an escrow that will have time based expirations for certain deliverables to ensure a trustless service economy.

Workflow



HikariEscrow allows service providers to be able to add memos, clauses, and time sensitivity to their payments. This instills trust and modularity into the transaction similar to traditional proposals generated by these agencies in Web2. By making these escrow contracts modular, we can provide counterparties with flexible term contracts that will make the dispute process more granular and clear. In the case of disputes, we will have an internal team that works with the

counterparties to deal with any evidence shown to draw conclusions.

We do not think this will be a huge overhead as the contracts can automatically create clauses for payment release. Examples of clauses can include something similar to “Provider must do a joint AMA session on X Y Z channels with X project - Release 0.2 Tokens to Provider - Complete / Incomplete”. As we develop this product further, we will provide the option for projects to create their own proposals and scope of work documents that will increase their operational efficiencies.

HIKARI PAY

Hikari Pay enables the process of payments from project owners to core team members and auxiliary team members alike. We allow batch payments, time series payments, drip payments all from one interface. Modularity allows the flexibility for payments to be done on a wallet to wallet basis.

HIKARI LABS

Hikari Labs is a suite of smart contract templates designed to allow developers to launch their own contracts and projects. These templates include tax token contracts, reflection token contracts, and more.

2. Tokenomics

$HIKARI is the holdings token that represents the utility & access of current and future products of the company. This allows a multifaceted way to increase the demand while reducing the total supply of the token. Currently we have buy and sell taxes that will decrease as we increase the amount of products in our ecosystem. Eventually our target amount would be 0% and we will be able to earn from the spreads indicative of our respective products.

HikariOTC - Buyback and burns will occur from the transactional flow of successful OTC trades. This includes OTC transactions which get routed to our liquidity partne
rs for the possibility that they connect via API.

HikariEscrow - Buyback and burns will occur as a service charge for using the service. Additional accruement of fees may come from using time sensitive payment options or disputes.

HikariLabs - Upon deployment of a contract, we will imbed buyback and burn fees that apply to a set timeframe of the projects' lifespan (permitting that they themselves have a taxation. This will ensure that any product using our contracts will be able to distribute value to our ecosystem.

For now, these mechanics are still being worked on, and will be a core topic of discussion as we move towards a governance based voting system with $HIKARI tokens. However our team is actively going to be moving towards a deflationary tokenomic ecosystem to incentivize new holders.

Conclusion

The Hikari Protocol is a suite of powerful web3 developer tools that aims to provide value to the entire ecosystem. These tools will alleviate the scalability for any token projects that want to increase efficiency in their operations. In return, the value that is provided out into the ecosystem will trigger a buy back and burn function to allow the $HIKARI token to not only be able to lead governance for the protocol, but make $HIKARI a net deflationary utility token - thus increasing in value.