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ANI Token - Whitepaper

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* This line reflects the Protocol's code-based mechanics (e.g., permanent burns and treasury logic) that may increase a computed lower bound under normal assumptions. It is not a guarantee of price, return, liquidity, or redemption value. Digital assets are highly volatile. You can lose all value. No promises of profit, buybacks, or interest are made. Use at your own risk.

The ANI Token

The ANI token is the vehicle through which she discovers the wonders of the world. Every time the community engages in activities around the token, or

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1. Fair Launch with no Pre-Minted Supply

ANI is designed as a fair-launch token with no pre-minted supply or allocations.

- **There are no VCs entitled to tokens**
  → *Ani never saw a shark in her life! They don't swim below 3,700 meters deep …*
- **There are no team allocations**
  → *None of Ani's friends wanted to join her journey. They all said she was crazy!*
- **There are no advisor allocations**
  → *Who in his right mind would advise such a wild idea?!*
- **There is no development reserve**
  → *Ani has everything she needs for the adventure. At least she hopes so …*

There is only Ani and those who want to support her. She is a friendly starfish and is grateful for every friend she makes along the journey.

2. A Beginning and Ending with Zero Supply

The ANI token is something special, because at the beginning of the journey its supply is exactly 0. What's even more interesting is that despite the lack of supply, it still has a price of $0.001 - at least for the start. This means that the very first ANI token can be bought for $0.001, which at the same time brings it into existence.

The purchase of the tokens is facilitated through the minting of the corresponding amount directly by the smart contract. However, be careful! For every 1M tokens bought, the price will increase by 1%. This ensures that as more and more ANI come into existence, the minting of new ones becomes exponentially more difficult (expensive).

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If someone decides to sell back some of the tokens, it will happen at whatever the current price level is. This triggers the reverse mechanism: Sold ANI are burnt by the smart contract and the price drops by 1% for every 1M tokens sold.

So the price of the token is defined by its supply. If at some point everyone sells back their tokens, the supply will return to 0 and the price will end up at the starting price … *or will it? ;)**

In other words, even if 100% of existing supply is sold, the price can never go down below the starting price. It is therefore called the floor price.

** In practice the price will end up higher, but more on that in section 5*

3. Integrated DEX Mechanism

The mechanism described above means that the ANI smart contract serves as its very own DEX. Anyone can buy and sell the token directly through the main smart contract, without having to go through third parties or exchanges.

3.1 Price Discovery

The price of the token is defined by the total supply that is brought into existence by users. Remember that it starts at $0.001 and increases by 1% for every 1M tokens that are bought *(this is called the step size)*. In a scenario where the supply reaches 100M tokens, the ANI price would equal:

→ ***Minting new ANI tokens becomes exponentially*** *more difficult (expensive)*

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since there is no supply that can be sold, that is not a problem. When the first user buys ANI, newly minted tokens are issued to the buyer and the equivalent $ received are stored in the smart contract. When the user wants to sell back the tokens, the previously stored $ get released and the sold tokens are burnt.

This means that thanks to the pre-defined and symmetric relationship between supply and price, there is always sufficient liquidity available. The liquidity depth is bound to grow automatically with the size of the project. No external funds are ever needed!

4. Ani's Special Treasure Chest

The integrated DEX mechanism coupled with self-establishing liquidity means that Ani can embark on her journey without having to worry about bills to pay! This is something very unique in today's world and especially in the crypto space.

This frees up valuable resources to be used as fuel for the journey! The integrated DEX comes with a fixed fee of 1%, which is split between the following features:

- 0.5% of the traded ANI tokens are permanently burnt. This is different from the temporary burns that happen as default when tokens are sold, because temporary burns are reversed whenever someone buys them again. Permanent burns on the other hand are removed from the supply forever. Nothing can bring them back.
- 0.5% of the trading value in $ is sent to the treasury, where the balance keeps accumulating to strengthen the floor price. More on that in the following section!

While the combined fee is slightly above industry standards, this should be offset by the low slippage cost experienced by traders, thanks to the strong liquidity depth.

5. The Floor Price Mechanism

Earlier it was mentioned that the starting rate of $0.001 acts as a floor price, since at that point there is no more supply left to sell. But that's only part of the story!

Remember that 0.5% of all traded tokens are permanently burnt. This means that over time, fewer and fewer tokens will be in existence that can be sold. Imagine for example that at some point the permanently burnt amount reaches 50M tokens. How would this impact the floor price?

It would mean that 50M ANI that were initially bought can no longer be sold, because they no longer exist. You can think of this as an invisible token holder who is guaranteed to never sell.

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formula, but this time using the burnt amount instead of the supply:

The new floor price is $0.00164! This is a 64% increase relative to the starting price. For every additional 1M tokens burnt, the floor price will increase by another 1%.

But there is more! Remember that there is also a treasury that keeps getting filled with 0.5% of all trading value ($). This balance is used to further increase the floor price through a virtual limit-buy order. The smart contract calculates the outstanding supply at every price level and checks whether it has sufficient balance in the treasury to buy back all of the remaining tokens.

This means that thanks to the treasury, the previously calculated floor price of $0.00164 may actually sit at $0.00200 or higher, depending on the size of the treasury. The more the treasury grows, the more tokens can be bought back at increasingly higher prices.

**This is a simplified calculation for illustrative purposes. The actual floor price would be even higher due to the primary and secondary seigniorage effects (explained in section 13).*

6. Ani's One-Way Trip!

The floor price is Ani's vehicle that helps her reach new heights with every trade made by her supporters.

What's special about the floor price is that it only knows one direction, which is up. There is no scenario in which it can decrease*, regardless of whether people are buying or selling. This is because every trade results in new permanent burns and new funds for the treasury.

It's a unique feature that distinguishes ANI from other tokens out there. While most assets can go all the way down to $0, the floor price prevents such a thing from happening even during the darkest moments *(Ani knows everything about living in darkness and wants to avoid it at all cost!).*

This also has implications for the long-term friends of Ani. Consider that you are buying ANI tokens at $0.010 while the floor price sits at $0.002. This means that in the worst case scenario your downside is limited to 80%. In addition, over time the floor price can only increase, which will continue to reduce your downside risk even after the purchase.

Under the right conditions, it is even possible that one day the floor price surpasses your entry price!

** Outside of force-majeure events such as the underlying asset losing value or a bug that results in unexpected behaviour*

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entire system is based on a special asset called hyUSD (available on Hydra Chain). It is based on the sUSDe token issued by Ethena and accrues yield passively via value accrual. Internally, the contract turns this into a rebase-stablecoin "USDQ" (purely for accounting purposes - USDQ is not publicly available).

What makes USDQ special is that unlike traditional stablecoins, it rebases (grows in number) whenever the underlying hyUSD asset increases in value. The revenue is generated by Ethena via a mixture of delta-neutral strategies, and gets distributed to sUSDe holders in the form of value accrual, which is mirrored in hyUSD and triggers a positive rebase on USDQ (supply increases). Since Ani's treasury will be holding USDQ, it will automatically generate revenue passively and grow the treasury even during slow periods where little trading activity happens by her supporters.

On top of that, it will not only benefit from the actual balance that makes up the treasury, but also from the balance that is reserved for future buybacks of the ANI tokens as part of the integrated DEX liquidity. If for example the liquidity reserve is as big as the treasury balance, then this would effectively act as a 2x leverage on the yield - turning a regular 4% APR into a whopping 8%!

Note: In the event where hyUSD loses value, negative rebases are also possible, which may reduce the treasury size.

8. Fair Launch Event

Ani can't wait to get on the journey to find out what the world is really about and to make as many friends as possible. She is already packing her bags and preparing for the long trip.

Ani's biggest wish is to launch fairly and treat all friends equally. To make her wish come true, the ANI token will be launched in the form of a pooled purchase where all initial buyers make a collective first purchase. This will prevent a first-come first-serve effect, given that the launch from the floor price would yield an unfair advantage to the lucky buyer who happens to be first.

The total participation during the launch event is capped at $500k and the starting price is projected to be $0.00595 at full subscription. In the scenario where the cap is not reached, the actual price will end up lower and will be defined by the participation volume.

In the event of oversubscription, contributions above the $500k cap will be reimbursed proportionally to all participants regardless of contribution sequence.

Surplus Tokens

Due to the nature of the ANI price mechanism, it is bound to be the case that there will be a discrepancy between the $ value used to buy tokens, versus the value of the tokens after the purchase. For example, assuming the full $500k budget and a starting price of

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participants will only receive $[illegible] worth of tokens, the remaining $560,000 represent a surplus.

The surplus budget will be used in the following format:

8.1 External Liquidity Pools (10%)

To make ANI more accessible to the general audience, 10% of the surplus tokens are reserved for external liquidity that would be deployed on:

- 5% on Hydra DEX (Hydra chain)
- 5% on Uniswap (Ethereum chain)

The preferred counterparty currency will be HYDRA, with V3 pools being deployed via single-sided starting liquidity (ANI only). This eliminates the need for an external HYDRA budget.

8.2 Raid Wallet (15%)

15% are reserved for a raid wallet that is not owned by anyone and will act as a demonstration case of the raiding mechanism 👀 until organic raids start appearing *(details in section 10)*.

8.3 Firestarter Burns (75%)

These tokens will be gradually burnt over a period of five years, which will act as a catalyst to the floor price growth in the early stages. The schedule is as follows:

- *35% during the first year*
- *30% during the second year*
- *20% during the third year*
- *10% during the fourth year*
- *5% during the fifth year*

And yes, these burns mechanically increase the floor price too! The budget will be split between two burn contracts with 50/50 allocation:

A) ***Daily Burns***

These are burns that happen at random intervals of 30 mins - 10 hours. Anyone can trigger them when the countdown timer reaches 0, which will burn the accumulated amount and restart a random timer within the range. This keeps the community engaged and introduces a fun layer.

B) ***Quarterly Burns***

These are major burns that accumulate for the period of an entire quarter before they can be triggered (anyone can, once ready). Something to really look forward to!

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tokens are not only permanently removed from circulation, like it happens with many other tokens, but it also burns additional tokens across the entire price curve!

Remember the concept of the step size that was introduced earlier? It defines how many tokens can be bought or sold for every 1% in price difference. At the start of the journey, it is set to 1M. This is where the magic comes into play: token burns not only remove themselves, but also lower the step size across all price levels!

If for example 10% of the supply is permanently burnt, then this would mean that the step size has also dropped from 1M to 900k. In other words, it becomes even more difficult to mint new supply via purchases, increasing the scarcity.

As a result, every token that gets burnt, also burns additional tokens across the entire price curve, by removing them from the mintable supply and thus essentially burning them before they could even come into existence!

Note: *This effect only applies to permanently burnt tokens. Temporary burns (sold amounts that cease to exist, but can be re-minted via purchases) do not contribute to the step size reduction.*

The implication of this mechanism is that, similar to how the floor price can only increase, the step size can only decrease! With every trade that happens and every permanent burn that is triggered (0.5% of all traded token amounts), the step size shrinks by a small amount - making it ever more difficult to mint new supply at higher price levels.

Although this "preventive burn" is a cool and useful feature, it also has a very important balancing role to play. It prevents liquidity from becoming "too heavy". Yes, having a lot of liquidity to trade is a good thing, but there is a point where liquidity can become overweight and do more harm than good by choking the price action.

This would happen if over time more and more supply gets burnt, but the step size remains constant at 1M

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10. Raiding Mechanism

Raiding is another feature that combines necessity with fun. When a wallet that holds ANI tokens becomes inactive for more than 365 days (meaning it did not buy, sell, burn, raid or transfer tokens), the protocol assumes that the owner of the wallet has lost access and gradually unlocks it for raiding.

Warning: *Make sure to perform at least one activity per year to avoid getting raided.*

Every day, 0.1% of all inactive wallet balances is unlocked for raiding, which means that for an inactive wallet that holds 40,000 ANI, 40 tokens would be unlocked daily.

Anyone holding ANI can participate — the more tokens you hold, the more you can raid each day. Your raid budget can accumulate for up to 7 days. Be sure to raid at least once a week so you don't miss out!

11. Overview of Permanent Burn Sources

In this section we will look at the range of burn sources that the ANI token is equipped with. They not only increase scarcity, but also raise the floor price at the very moment when the burns occur. In addition, they also make it harder for new supply to be minted via purchases - through the reduction of the step size.

11.1 Trading Fees

The most prominent source for permanent burns is the 0.5% burn fee that gets applied as part of every trade. For example, if you want to buy 10,000 ANI tokens, there will be a 50 ANI fee that is burnt in the process. The same applies when selling tokens.

Note: *The 0.5% permanent burn should not be confused with the 100% temporary burn during the selling of tokens. Although they both are types of burns, their qualities are not the same.*

11.2 Firestarter Burns

The firestarter burn budget is established by 75% of the surplus supply from the token launch event. This budget is scheduled to be burnt based on the following five-year schedule:

- *35% during the first year*
- *30% during the second year*
- *20% during the third year*
- *10% during the fourth year*
- *5% during the fifth year*

The burns are spread over time to prevent an instant spike in the floor price, which would disproportionately benefit a small number of holders. Remember that Ani likes to play it fair!

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inactive address, you will actually receive 70 ANI, with the other 70 getting burnt.

11.4 Firesale Burns

This is a special type of burn event that happens when tokens are sold into the floor price, and is covered in greater detail in chapter 14. Fire-sales are expected to be rare, but powerful. They could easily burn months or years worth of tokens within a short period, transforming market stress into long-term value.

11.5 Ashen Knight Burns

Feeling generous? Anyone can voluntarily burn ANI from their own holdings, which also raises the floor price. Holders who perform voluntary burns get featured in the honorable *"Ashen Knights"* leaderboard .

11.6 Omni-Burns

All of the above result in the reduction of the step size, which automatically translates into a proportional burn of tokens at higher price levels, by preventing them from getting minted in the first place.

Note: *Firesales contribute to the step size reduction at half the intensity. Meaning that 1% of supply burnt through firesales will result in a 0.5% reduction of the step size (instead of 1% under other burn types). This is meant to allow for a natural readjustment of the liquidity balance, should it become underweight.*

12. Soft Cap on Supply

ANI has a sound mechanism that applies a soft cap on its supply. Since the only way to create new supply is through an increase in the token price, fewer and fewer tokens can be bought over time. Therefore the supply flattens significantly as the price increases.

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Note: *The dashed line represents the impact of the burn features described in the previous section, based on an exemplary 30% cumulative burns achieved. Notice how the curve is lowered proportionally across the entire price range.*

Viewed from a different perspective, the table below shows the supply impact for a $100,000 net purchase. The blue price ranges are the ones covered by the launch event. Since the impact on these ranges is quite significant, it is important to structure it through a fair launch mechanism. This will prevent lucky individuals from gaining an unfair advantage.

Token Price	$100k Impact
$0.002	71.78%
$0.003	30.19%
$0.006	9.26%
$0.010	4.32%
$0.025	1.24%
$0.050	0.51%
$0.100	0.22%
$0.250	0.07%
$0.500	0.03%
$1.000	0.01%

As the adoption of the token spreads, the impact of a $100k spend on minting new supply gets diminished. This mechanism organically applies a soft-cap on the total supply that can ever exist, even before accounting for any of the burns.

13. Summary of Floor Price Boosters

The floor price can only move in one direction, which is up. However, the speed of that movement is dependent on several factors. The main ones are listed in this section.

Note: *When the treasury grows (or burns reduce the supply), it results in a higher floor, which means more of the supply sits "under" the floor and must be supported — which offsets some of the underlying growth. Basically the very growth of the floor increases the "weight" on it. To account for this additional load, we calculate an elasticity factor (E) based on:*

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13.1 Treasury Fee

A fixed 0.5% of the trading volume is funneled into the treasury, raising the floor price with every trade. The more $ accumulate in the treasury, the higher the floor price becomes as more tokens can be supported at higher prices. You can think of this as the fuel of Ani.

Example Scenario:

- *market cap / treasury ratio = 5*
- *annual turnover = 3x total supply*
- *treasury fee = 0.5%*

*→ 5 x 3 x 0.5% x E ≈ 5.3% APR**

**Simplified formula for illustration. Is not accurate during the early period where the treasury is small*

13.2 Burn Fee

A fixed 0.5% of the traded ANI tokens are burnt, raising the floor price with every trade as the treasury balance needs to support fewer tokens. You can think of this as reducing the weight on Ani, therefore allowing her to go further with the same fuel.

Example Scenario:

- *annual turnover = 3x total supply*
- *burn fee = 0.5%*

→ 3 x 0.5% x E ≈ 1.1% APR
(+1.1% compounding boost on future growth)

13.3 Firestarter Burns

Firestarter burns have the same effect as the burn fees. At full subscription during the token generation event, it is expected that ~40% of the starting supply will end up as surplus and will therefore be burnt over the first 5 years (see burn schedule in section 8). You can think of this as a powerful booster engine for the early phase of Ani's journey.

Example Scenario:

- *burn budget amounting to 40% of supply*
- *spread across 5 years (taking average)*

→ 40% x 1/5 x E ≈ 5.7% APR
(+5.7% compounding boost on future growth)

13.4 Raid Burns

Half of the supply that is raided gets burnt. This is required to maintain a healthy balance between liquidity and supply, and avoid lost/inaccessible supply from acting as dead weight on the floor price. You can

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→ 3 x 50% x E ≈ 1.1% APR
(+1.1% compounding boost on future growth)

13.5 Primary Seigniorage

Primary Seigniorage represents the surplus between funds entering the liquidity reserve when ANI tokens are bought vs the funds leaving the liquidity reserve when they are sold. The difference results from the burnt tokens causing a step size reduction (see section 9) and therefore fewer tokens need to be bought back at each price level.

The surplus becomes part of the treasury and contributes to the floor price growth. You can think of this as the turbocharger for Ani.

Example Scenario:

- *liquidity / treasury ratio = 2*
- *average burn rate of 11% per year (first 5 years)*

→ 11% x (2 - 1) x E ≈ 7.8% APR

13.6 Secondary Seigniorage

Secondary Seigniorage represents funds that are freed from the liquidity reserve as a result of the floor price increase. As the floor price rises, the part of the liquidity reserve that was initially meant to buy back tokens at the now surpassed price levels are no longer needed and therefore can be repurposed to the treasury. You can think of this as recycling Ani's fuel.

Example Scenario:

- *share of tokens surpassed by floor price growth rate = 10% per year*

→ 10% x E ≈ 7.1% APR

13.7 Treasury Revenue

Revenue generated by the treasury balance through the rebase mechanism of USDQ. This is directly dependent on the performance of hyUSD. The revenue contributes to the growth of the floor price as more tokens can be bought at higher prices. You can think of this as a tailwind for Ani.

Example Scenario:

- *hyUSD appreciation rate = 4%*

→ 4% x E ≈ 2.8% APR

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The bigger the liquidity reserve is, the stronger the leverage becomes. You can think of this as bundling several tailwind streams behind Ani.

Example Scenario:

- *hyUSD appreciation rate = 4%*
- *liquidity / treasury ratio = 2.5*

→ 4% x (2.5 - 1) x E ≈ 4.3% APR

***Important:** All formulas are illustrative and simplified, making no claim of accuracy. Actual outcomes may vary materially.*

14. Firesale Mode (Sweeping the Floor)

The Firesale mode is activated when the market price falls all the way to the floor price and ANI tokens get sold into the floor. This has several effects on smart contract behaviour.

14.1 Infinite Limit-Buy Order

When tokens are sold into the floor price, the price is no longer pushed lower, since it can not fall below the floor price. Instead, the tokens get bought by the smart contract at the floor price, regardless of how many are sold. You can think of it as an infinite limit buy order.

Note: This is possible because the floor price is calculated in a way that the funds in the treasury are enough to buy back 100% of the outstanding supply.

On the other hand, if someone buys ANI tokens, the price will increase based on the usual formula and the Firesale mode will deactivate.

14.2 Fire-Sale Burns (100%)

Tokens sold into the floor price do not cause the price to fall (no downward movement along the price curve). Therefore, the corresponding upward movement that would usually cause the symmetric re-minting of the tokens does not happen. This means that **100%** of the tokens sold into the floor price are permanently burnt (as opposed to only 0.5% during regular trading).

In other words, firesale trades burn 200x more tokens than regular trades!

14.3 Step Size Adjustment

As a result of the token burns, the step size adjusts to the permanently reduced outstanding supply. As explained in section 9, under normal circumstances the step size shrinks proportionally to the burn rate (1% of total supply burnt → step size shrinks by 1%). But during the Firesale mode, the reduction applies at only half the rate (meaning 1% of total supply burnt → 0.5% in step size reduction).

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When a Firesale happens, it can quickly burn through a large amount of supply that would otherwise take months or years to burn. As a result, it can offload accumulated weight and pave the way for accelerated floor price growth in the future.

15. Conclusion

Ani's strength doesn't lie in code alone — it lies in her friends. Every holder, trader, and participant contributes to the growth of the journey and the rise of the floor. Together, the community becomes the current that carries Ani forward. With every action leaving a lasting mark on her path, the ANI story belongs to everyone who dares to take part in it.

In a space often ruled by speculation, ANI embodies a vision of what decentralized value creation can be.

16. Disclaimer

This paper is for general information purposes only. It does not constitute investment advice or a recommendation or solicitation to buy or sell any investment and should not be used in the evaluation of the merits of making any investment decision. It should not be relied upon for accounting, legal or tax advice or investment recommendations. This paper reflects current opinions of the authors and is not made on behalf of any contributors, the Hydra DAO, or their affiliates and does not necessarily reflect the opinions of contributors, the Hydra DAO, their affiliates or individuals associated with them. The opinions reflected herein are subject to change without being updated.

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