

Meridian Network

LITEPAPER **v 1.0**
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Born as an alternative to current DeFi protocols, Meridian Network is set to become the first ecosystem of dapps/protocols to be community run, governed by its own users through a set of DAO-implemented mechanisms.

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Enabling DeFi through community governance

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DeFi – An introduction

DeFi is a term that's been going around the crypto-scene for quite some time now, touted as the next big step in decentralized ledger technologies. But what is DeFi?

In simple terms, it is finance related software that's built to be used with a DLT (namely blockchain) thereby taking advantage of all the characteristics this type of technologies present – transparency, immutability, interoperability, programmability, among others.

In a broader view, DeFi refers to a paradigm shift at the economic level enabled by DLT, happening right now on several levels, ranging from P2P payments to smart-contract enabled auto loans, including fiat-pegged stablecoins, with new use cases popping up at an increasingly higher rate. Its absolute goal is to decentralize traditional financial services, turning them into permissionless financial services.

There is no denying that DeFi has established itself as one of the leading areas within the blockchain space.

The possibilities are endless: DeFi solutions that present an innovative way of engaging in borrowing & lending, allowing for instant transaction settlement as well as the ability to collateralize digital assets; DeFi protocols allowing companies to track the value of their digitals assets and analyze a whole new array of data without the need for software/system integrations due to incompatible software; applications built on top of public DLT's, enabling a myriad of use cases including wealth management and insurance, two of the most sought out financial utilities.

Each DeFi dapp/protocol can be seamlessly combined with the next one, connected to each other using smart contracts. You can think of smart contracts as API's, though unlike traditional API's smart contracts are standardized and highly adaptable. Something that would require a very specific API in traditional systems can be achieved by changing a set of parameters in a smart contract.

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Meridian Network as the layer for DAO-governed DeFi

What exactly is Meridian Network?
Let's start by defining a DAO. A DAO is a decentralized autonomous organization. In other words, it is a system where the rules are embedded into its code, and no single entity has the power to make decisions on behalf of the others, a management problem known as the principal-agent dilemma.

Through open-source protocols, DAO's dictate how users interact with each other, using game theory to steer the actions of its members as opposed to legal contracts, incentivizing people to make decisions that best suit the group's interests as well as their own. It eliminates the need for individuals to trust each other. DAO's are incorruptible, fully transparent, and autonomous.

At its core, Meridian Network aims to become an ecosystem of DeFi protocols 100% governed through a community-driven DAO, allowing its users to choose the set of rules that is most favorable to them.

The way we will do this is by releasing DeFi dapps that have a DAO governance mechanism embedded into their code, and users will be able to use these dapps/protocols and decide on their variable features/ attributes through voting. The LOCK token will serve as the measure of voting for these dapps. This is not the only use for the LOCK token, as will be seen on our second protocol to be released within 2 months.

We have chosen the Ethereum network for our initial DAO implementation, as it is currently the most widely used and standardized smart contract platform, seeing as compatibility is paramount to any DAO-governed system.

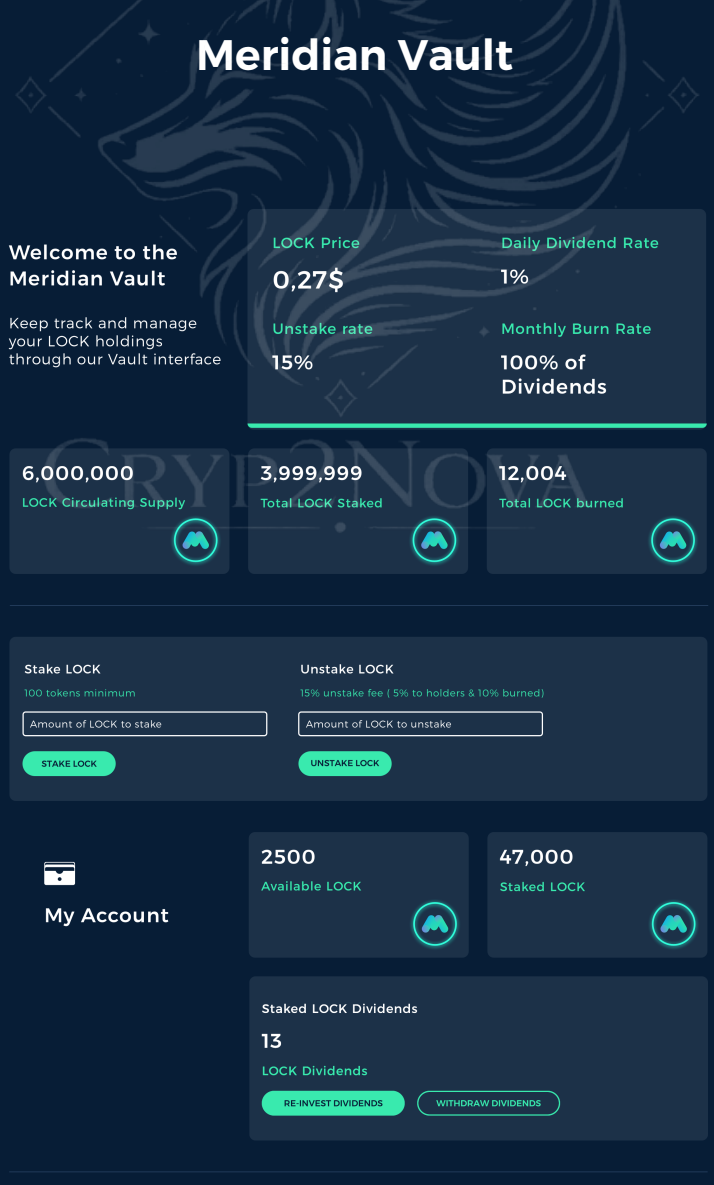
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Meridian Vault

Our first DeFi protocol

Our first dapp, the Meridian Vault, will be running for up to 2 months starting from launch date. At the end of this period we will replace the Meridian Vault with our second dapp, which we will elaborate on in the next section. While the Meridian Vault is live there will be a 10% burn on every LOCK transfer between wallets.

The Meridian Vault is a staking interface where users can stake and unstake their LOCK, re-invest and withdraw their LOCK dividends, and view up to date Vault metrics as well as LOCK's current price.



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The Meridian Vault is based on a game-theory derived concept that combines a series of deflationary and inflationary mechanisms designed to reward holders and prevent selling.
To better understand how these mechanisms work, let's break them down.

Two variables for each staking month:

Daily dividend rate - percentage referring to the amount of daily LOCK users earn through staking

Unstake rate – percentage referring to the amount of LOCK users forgo when they unstake; a portion of the unstake penalty LOCK gets redistributed to current stakers while the remainder is burned

Values for each month:

1st month:
1 % daily dividend rate
15% unstake rate

2nd month:
1.5 % daily dividend rate
25% unstake rate

Unstaking rules:

1st month: **15% total - 5% distributed to holders & 10% burned**

2nd month: **25% total - 10% distributed to holders & 15% burned**

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Estimated dividend rewards for the first month:

Staking after 1 month excluding unstake rewards				
initial deposit	Total dividends (1%)	15 % unstake fee	total after unstaking	Gain
2,000	695.70	404.35	2,291	14,57 %
5,000	1,739.24	1,010.89	5,728	14,57 %
10,000	3,478.49	2,021.77	11,457	14,57 %
25,000	8,696.22	5,054.43	28,642	14,57 %
50,000	17,392.45	10,108.87	57,284	14,57 %
100,000	34,784.89	20,217.73	114,567	14,57 %
200,000	69,569.78	40,435.47	229,134	14,57 %

The above table does not take into account dividends received when others unstake, so the potential gains displayed are a fairly conservative estimate.

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DAO-based Balancer Pool
Our second (and permanent) DeFi protocol

After some consideration regarding existing DeFi protocols, we started out with the idea of launching a DAO/community-driven balancer index fund, using our own token combined with deflationary properties.

During our initial research, our development team realized liquidity pools (namely Uniswap V1) lacked the required smart contract functionality which would allow for compatibility with deflationary tokens. While researching alternatives, we were told this would be fixed and a new Uniswap version (V2) would be released, including a router expected to be compatible with deflationary tokens.

As everyone recalls this turned out not to be true, as deflationary tokens struggled with the sell function on Uniswap V2 (specifically STA), causing users not to be able to sell their STA through the liquidity pool. We consider STA to have done an outstanding job in dealing with this situation in a swift and appropriate manner while keeping their holder's interests in mind, and we can only expect to match their level of responsiveness should we face similar hurdles in the future.

As so, we decided to postpone our initial plans of launching a deflationary token to be used with a DAO-based balancer index fund, as there was simply too much uncertainty surrounding the implementation of such a novel concept. We chose to wait for another 1 to 2 months as our development team felt the need to dig a little deeper into this idea, and instead we opted to launch the Vault, our staking dapp, for a short period while we finished research/development on our second DeFi protocol.

The Meridian Vault was created as a bonus for our users, to thank them for trusting us and at the same time giving us, the Meridian team, enough time to create a name for ourselves and demonstrate our future plans.

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The way our DAO-governed index fund will run, is by having LOCK holders voting on which assets the fund will hold. By leveraging the collective research effort from the community, we can set up a consensus-driven index fund.

The main idea is that users will be able to make proposals of any assets they deem attractive/worthy and vote on whether to add them to the pool. Just as an example, holders could vote for the creation of a new balancer pool, let's call it "hidden gem pool", and label it "high risk". They could propose adding assets representing recently launched projects, for investors that have a higher risk appetite.

We have split development for this second protocol into two separate stages, or milestones, having general guidelines as follows:

Milestone 1:

- Creation of a Balancer index fund containing the LOCK token
- Initial tokens decided by the team
- A combination of low, medium and high caps

Milestone 2:

- Creation of a community-based proposal system
- System must allow for both balancer asset voting and proposal submissions
- Integration of a re-buy & burn function for the LOCK token through fees acquired from the balancer pool (only applies to fees earned to LOCK pooled from team wallets)

As previously stated, the Meridian Vault will be running for a max period of 2 months, most likely around 1 month. This is the timeline we have set to launch milestone 1. At the same time we launch milestone 1 we will be disabling the Meridian Vault and our holders will be able to begin adding their LOCK as liquidity to the first balancer pool.

We will be releasing further details regarding the DAO-driven balancer index fund on our litepaper v1.2, to be released after our Vault launch.

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Meridian Roadmap

April 2020
Research begins
Focus shifted towards
balancer pools / DAO

May 2020
Decision to launch the Meridian
Vault as first protocol
Ongoing research into DAO/DeFi protocols

June 2020
Project launch
Meridian Vault announcement
Meridian Vault testnet
Uniswap listing

July 2020
Litepaper release
2nd DeFI protocol announcement
Meridian Vault launch
Token swap
Third party audit
First Marketing stage

August 2020
DAO balancer index fund launch
New exchange listing

September 2020
Third DeFi protocol announcement
Second Marketing stage

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LOCK Token

Together with Meridian Vault launch, we will open the swap portal which will allow holders to swap their MRDN for LOCK at a 1:1 ratio, for an indefinite amount of time.
At the same time we will also remove all liquidity from Uniswap and re-add it after we swap the MRDN tokens for LOCK tokens. **Liquidity will be re-added at the exact same ratio (i.e. if we remove 200 ETH and 800,000 MRDN, we'll re-add 200 ETH and 800,000 LOCK).**

Locked Liquidity

We'd also like to take this opportunity to inform our holders that we will lock all the liquidity we add to Uniswap. This has been a topic of concern for our community so we thought we should take the opportunity to announce it.

Besides the current supply of MRDN, there will be an increase in LOCK's total supply due to the dividends LOCK holders will earn from staking. As we mentioned, the Vault will only be operational for 1 to 2 months max, after which there will be no more staking.

What does this mean for LOCK's total supply?

MRDN total supply is 10,000,000 MRDN, which translates to 10,000,000 LOCK after the token swap. We also estimate that the LOCK total dividend rewards from staking will be between 1,000,000 to 3,000,000 LOCK.

There will be no LOCK issuance besides what holders earn from staking during the 1-2 month staking period.

As a precautionary measure, we have created a pool of 5,000,000 LOCK for dividend distribution. All undistributed LOCK will be burned at the end of the Vault period.

We calculated LOCK total supply to be somewhere between 11,000,000 LOCK to 13,000,000 LOCK at the end of the staking period, with 100% of the new LOCK tokens in the hands of holders.

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MRDN Token Expenditure

From the initial **10,000,000 MRDN** tokens:

- **5,251,826 MRDN** were added to Uniswap;

- **170,000 MRDN** were used to pay for design (website, branding, Vault, etc)

- **150,000 MRDN** were used to pay for the website implementation and MRDN token smart contract issuance

- **293,450 MRDN** were sold for 45 ETH, of which 40 ETH were added as liquidity to Uniswap, and 5 ETH used to pay for administrative costs (hosting, website, developer milestones, etc)

- **10,800 MRDN** were used to pay our admin team from Discord and Telegram

- **4,123,924 MRDN** tokens are held by the team.

LOCK token allocation and foreseeable expenditure can be found on the next section.

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LOCK Token Allocation

As previously stated, the team will hold 4,123,924 LOCK, from a total supply of 11,000,000 – 13,000,000 LOCK.

LOCK Total Supply :



Total 12,000,000 LOCK

Note:
From the above supply, both the “Circulating Supply” and the “Estimated Staking rewards” are 100% in the hands of holders.

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Team tokens allocation can be seen below:



Total 4,123,924 LOCK

Note:

- The 1,000,000 LOCK founder shares will be vested. Starting at the end of the Vault period (1 to 2 months from now) founders will receive a total of 200,000 LOCK per month for a period of 5 months. Founder shares vesting period will end in January 2021;

- A portion of the 823,924 LOCK allocated to “Development” will be used to pay for both the Meridian Vault and the new website, with payment due at beta launch.

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About us

We are aware of the concerns having an anonymous team brings to the table. As our followers know we try our best to answer our community's questions and doubts, and we have said numerous times that we will only disclose the team's identity when the whole team unanimously agrees to it.
We hired one of the best solidity developers on the market to guide our product development efforts, and took the opportunity to make a public announcement as we thought it might ease some of the uncertainty our team's identity had created.

The team is aware that disclosing the identity of its members would be beneficial to the project in these coming months, and we plan on discussing this matter after our Meridian Vault launch.

In the meantime, feel free to check all our channels, we have an amazing team of moderators on both Telegram and Discord who will readily answer all your queries. We'd also like to point out that we are constantly releasing development updates and designer updates on our Discord, for those keen to keep up with the product's development. We also push regular updates to our Github, feel free to check them and provide any feedback you think is relevant.

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Website: https://meridian-network.co/
Telegram: https://t.me/meridiannetwork
Medium: https://medium.com/@meridiannetwork
Twitter: https://twitter.com/networkmeridian
Contract: https://etherscan.io/address/0x896a07e3788983ec52eaf0f9c6f6e031464ee2cc#code
Github: https://github.com/cryptopinions3/meridian
Discord: https://discord.com/invite/VtWCdwk

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