Velo Litepaper

The Web3+ Ecosystem

Version 2.0



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Preface

Velo's mission is to ***revolutionize the world of blockchain utility*** through the transformational power of blockchain technology. We started with building a decentralized settlement network that allows participants to safely and securely transfer value between each other in a timely and transparent way. We believe this can be the next-generation platform that addresses the many shortcomings of today's financial services based on outdated and slow legacy systems. Combining Web 2.0 & 3.0 as Web3+ infrastructure with the compliance-friendly approach, Velo Labs' "Web3+" ecosystem will serve as a core infrastructure to onboard the current global economic activities to the blockchain along with multi-assets, chain, kyb/kyc/anonymous interoperability.

In our efforts to build our products, we have learned that there is a need to find solutions that work within the current regulatory framework, especially when it touches the utility of cryptocurrencies. A hybrid solution that combines current real world legacy services and web 3.0 is needed to provide a real viable platform for mass adoption and usage. As such, ***our core focus will be to build a next-generation financial platform around the concept of "Web3+"***. This means taking fundamental aspects of Web 3.0 technology such as being trustless, decentralized, and built around a distributed ledger on a blockchain (***putting control into the hands of the users***), and integrating the important aspects of traditional finance to ensure maximum interoperability with current market practice, and satisfying regulators.

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What's New in Version 2.0?

In this version of our litepaper, the team will expound on more insights into how our token utility is derived. Also, the future direction of where Velo's treasury will gear towards. The DAO (Decentralized Autonomous Organization) system of governance will be heavily considered to give more voice to our stakeholders and community while more blockchain infrastructure and Web3+ integration will be scaled up as Velo grows.

Additionally, the team has expanded more on Velo's unique propositions and strengths, based on real world utility and the ever-increasing network and synergy of our partnerships. Among some of the topics covered will be that of Velo's *avant-garde* infrastructure in the new Web3+ age, how we plan to ensure continued community governance and shared prosperity through new approaches, the various cross-chain integrations, enterprise-level digital infrastructure security and our strong leadership, investors and team.

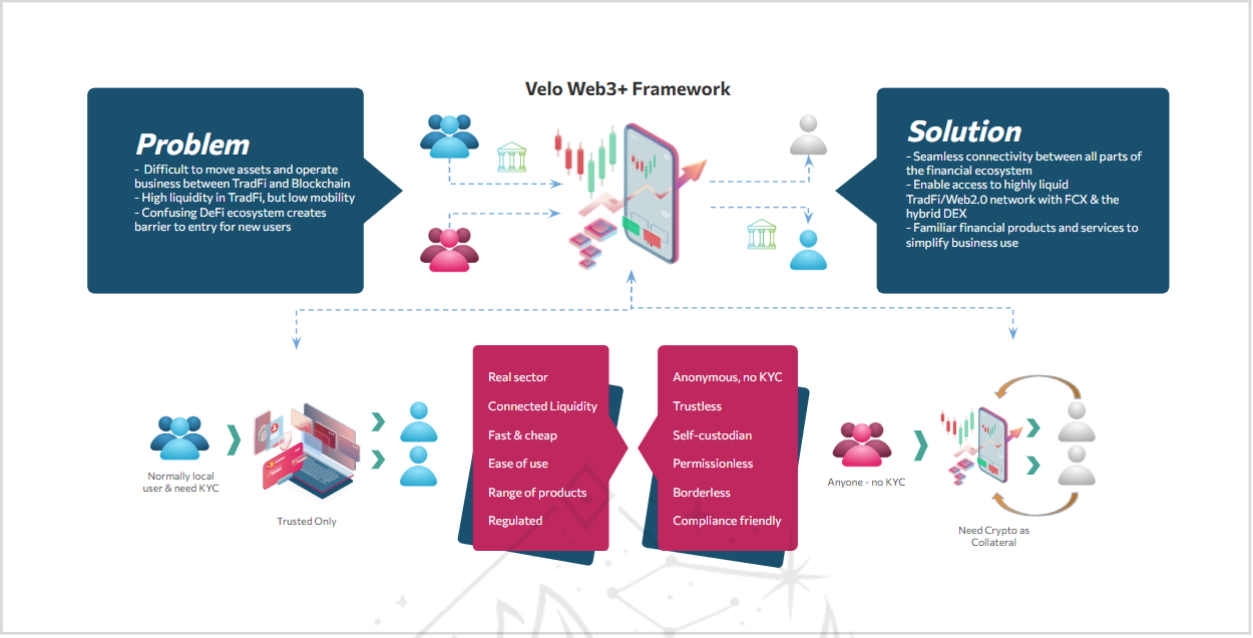
Diving deep into our Velo Identity Framework which incorporates KYB/KYC - anonymous interoperability chains is also present in this version of our litepaper, with its use cases highlighting how blockchain can be taken to the next level in terms of meeting regulatory compliance requirements. The benefits of such a framework would also reduce the risk of bad actors in the overall infrastructure of our project while maintaining its integrity and security.

As Velo continues to build and scale further up down the road, periodic and more frequent updates to our litepaper will be written. This will be paramount for the confidence of our communities and token holders, as well as investors and long-term partners. Moving forward, Velo Labs will have even bigger plans for the future, incorporating more traditional and industry partners into the new Web3+ and blockchain age.

We plan to release additional updates for our communities as the development of our offerings and roadmap milestones gets progressively fulfilled.

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What We're Solving



The current issue with legacy and traditional systems is that even if compliance and regulatory frameworks are there, they allow little in the way of anonymous transactions and privacy. Through the use of blockchain protocols, advanced cryptographic techniques and flexible network architectures, Velo is looking to unlock potential latent in many industries by reducing inefficiency gaps and tightening processes. Through interoperability; seamless and secure sharing of KYB (Know Your Business) and KYC (Know Your Customer) information between trusted entities can be carried out, while data privacy is enhanced. Velo's interoperability chain will act as a decentralized repository of verified KYB/KYC data, accessible only to authorized participants. When a transaction or interaction occurs, the involved parties can request and verify each other's KYB/KYC information from the chain, thus establishing trust and regulatory compliance.

Velo's KYB/KYC - Anonymous Interoperability Chain can be separated into three parts, namely, KYB/KYC - KYB/KYC, KYB/KYC - Anonymous, and Anonymous - Anonymous. All three have different processes and mechanisms that will give us expected outcomes in the use cases that we will mention later in this paper.

This is where Velo tokens will be of utmost importance as it is the bedrock upon which the whole ecosystem and driving utility is built upon. Lightnet already uses Velo tokens to transact

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for blockchain remittance transfers and as we scale up more mergers, partnerships and acquisitions, the flow and spread of our Velo token utilization will multiply.

Nova

Nova Chain is an EVM-compatible blockchain that we operate into to support other core platforms. The mainnet will use NOVA tokens as its gas fee, which will not have any monetary value. The chain focuses on user acquisitions for decentralized applications adoption where users can request NOVA tokens to their wallet through our provided faucet. But each request will only be possible if the balance of NOVA falls under a specific amount to ensure no hoarding. The chain will streamline the onboarding process for users who want to interact in our dApps ecosystem and provide NOVA gas fees to operate the wallet. This will be helpful for those users who may not be accustomed to operating a Metamask or DeFi wallet on their own. Moreover, it will help facilitate the interoperability of multi-chains, multi-assets, multi-role of users like KYB/KYC or anonymous, including bridging between web2.0 and web3.0 services.

Velo's Unique Proposition & Strengths

The Velo Ecosystem & Infrastructure: Empowering a New Era of Blockchain Solutions

The Velo ecosystem is a dynamic and interconnected network built on the foundations of our Velo tokens. Designed to be EMV-compatible, our infrastructure enables seamless integration, allowing developers to harness the power of Velo while leveraging their existing codebase and knowledge. Velo's infrastructure is based on our Nova Chain. With major differentiations as follow:

1) **Bridging TradFi and DeFi through Nova Chain:** Velo infrastructure offers web2.0 and web3.0 interconnectivity by bridging the gap between the TradFi and DeFi and partners will benefit from this systemic shift through our ecosystem. Banks like SEBA Bank, Asia Digital Bank (ADB), merchants like VISA, and remittance companies like iRemit to bridge DeFi to TradFi as well as digital exchanges like PDAX (Philippine Digital Asset Exchange) have already been onboarded. Blockchain and Fintech firms like the Kyber network and Finclusive are also our partners.

2) **Organic Retail User Acquisition and KYC Onboarding for Enterprise Users:** Our chain facilitates user acquisition drives by facilitating the current web2.0 traffic through to

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the web3.0 world. It is currently open for public users while whitelisted enterprises can deploy their services on our ecosystem.

3) **Power of Decision-Making via DAOs :** Velo token holders will be granted the right to vote in some aspects in accordance with our DAO system of governance as mentioned before i.e. staking their tokens for a designated period of time for such proposals from our partners or potential projects. One of the exchanges we have partnered with is the top 5 CEX, Bybit which also employs their own form of DAO governance. We have also listed our VELO token on their exchange as well.

4) **Low Conversion Cost and Lowered Barrier to Consumer Behavior Change:** Instead of charging infrastructure gas fees to users, we offer low gas fees via Nova tokens, which will not have monetary value and are not traded on any exchanges, and users can request for NOVA to their wallets through our provided faucets.

5) **Differentiated Revenue Generation Business Model:** Our unique revenue generation model sets us apart. Unlike traditional models that collect fees from infrastructure usages, we prioritize building robust partnerships and businesses around our blockchain with real-sector businesses. By sharing in the revenue and profits generation of these partner enterprises, we establish a mutually beneficial relationship, driving innovation and sustaining long-term prosperity for all parties. Some of our partners in the on/off ramp and OTC infrastructure are Altonomy and VISA.

On top of increased participation from MTOs, remittance companies and top banks in the TradFi industry, Velo is taking legacy systems to the future by linking up with blockchain, fintech and digital remittance firms. Protocols and the use of smart contracts will cause transfers to be executed in real-time. Our money transfer, crypto and digital service licenses in different countries will ensure things are done and scaled in a regulatory-friendly way. An example of such a partnership is with *Inception*, a traditional remittance firm that leverages Velo's blockchain technology, resulting in a better cost-to-serve, faster speed and lowered fees. Inception has also joined Bitazaa after onboarding into Velo's ecosystem. Our platform then becomes a dynamic and vibrant ecosystem where users can access different offerings from multiple enterprises, giving rise to a "network effect".

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VeloDAO: Empowering Community Governance and Shared Prosperity

At Velo, we are dedicated to advancing the concept of Decentralized Autonomous Organizations (DAOs). By embracing the principles of DAOs, we will move towards a more transparent, democratic, and collaborative ecosystem. Through DAO, Velo token holders will garner benefits as follow:

Decentralized Decision-Making: DAOs in the Velo project will distribute decision-making power among token holders. Through voting mechanisms, participants can actively shape the direction and development of Velo, ensuring the community's collective wisdom guides important decisions. Velo token holders have the opportunity to participate in voting processes pertaining to proposals in the ecosystem. Voting on matters such as revenue-sharing mechanisms, project details, and the utilization of our infrastructure will be carried out. Velo DAO will foster inclusivity on top of allowing stakeholders to have a say in key initiatives.

Whitelisting Projects: Nova Chain, our private blockchain, incorporates dApp voting to determine which projects can be whitelisted for deployment on our infrastructure. The process will ensure dynamism and innovativeness, allowing stakeholders voices to be heard in selecting projects that align with our vision.

Transparency and Trust: The Velo DAO concept promotes transparency within the Velo ecosystem. All decisions and proposals are recorded on the blockchain, ensuring that they are immutable and visible to all participants. This transparency builds trust among stakeholders, as they can verify the fairness and integrity of the decision-making process.

Alignment of Interests: The interests of the Velo token holders and our ecosystem will also be aligned. Once token holders have a stake in the success of our ecosystem, they are more likely to make decisions that prioritize long-term growth and sustainability. This alignment creates a positive feedback loop, driving development and benefiting all participants.

Flexibility and Adaptability: Our DAO offers flexibility and adaptability, allowing Velo's ecosystem to evolve in response to changing market conditions and community needs. Through voting mechanisms, the community can propose and implement changes, enabling dynamism and resilience in a rapidly evolving blockchain landscape.

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Continuous Improvement: DAOs encourage continuous improvement and innovation within the ecosystem. Through proposal voting, participants can suggest and implement enhancements, leading to the evolution of the infrastructure, services, and partnerships. This iterative process enables the ecosystem to stay competitive and adapt to emerging trends.

VELO's Liquidity Aggregation and Continuing Interoperability Development

Velo will also allow liquidity aggregation from DEXs and liquidity pools by exploring additional sources of liquidity because it is a crucial key feature to ensure the most competitive rates for our partners, regardless of the currency pair. This will permit the value exchange for businesses to be faster, more affordable and more convenient as we refine the processes necessary to support the compliant use of digital credits in a regulatory-friendly manner. The continuing development of the interoperability and performance of our blockchain infrastructure through bridging the most popular blockchains in the market will allow liquidity from other networks to be transferred to our own, enhancing its usage and keeping liquidity mobile through interconnectedness.

Best Practices in IT and Security

Velo also employs the best IT security and security audit companies like *Inspect, PeckShield* and *SlowMist*, all of whom have performed the necessary security audits for us. Our technical team routinely conducts stress testing and technical updates so all our products and services are optimised for operations and can withstand the rigours of extreme conditions. Our system is also currently being used by big banks and financial institutions, who employ enterprise level technologies in their respective networks and processes, therefore users can rest assured Velo is implementing the highest standard in IT and business security practices.

Ensure Velo Token's Demand is accrued from Real World Use Cases

The heart of our ecosystem lies in the Velo token ($VELO), a powerful asset designed to fuel our vision. They are the main currency within the Velo ecosystem, offering a range of functionalities and benefits to token holders which include but are not limited to:

Revenue-Sharing Opportunities: Velo token holders have the unique opportunity to share in the revenue generated by businesses built on the Velo infrastructure. This includes a range of

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ventures such as remittance services, decentralized exchanges, and merchant payment solutions via our partnership with Lightnet. Holding Velo tokens grants individuals a stake in the success and growth of these ventures.

Reduced Fees and Staking Rewards: By utilizing Velo tokens for transactions within the ecosystem, participants benefit from lower fees, promoting affordability and accessibility, thus driving wider adoption and enhancing the overall user experience. Velo token holders can also earn additional rewards by staking their tokens for a designated period of time. This incentivizes long-term commitment and contributes to the stability and security of the Velo ecosystem.

Velo Identity Framework

KYB/KYC - Anonymous Chain Interoperability

The Velo Identity Framework is a unique solution combining the benefits of KYC/KYB verification on top of anonymous interactions on the blockchain. It serves to strike a balance between regulatory compliance and user privacy - enabling secure and transparent interactions while respecting users rights to anonýmity.

It operates through a two-tiered system. First, a robust KYC/KYB chain where participants can verify themselves and their business credentials will ensure that all network participants are validated entities, thus enhancing trust and mitigating the risk of fraudulent activities in the ecosystem.

Second, the Velo Identity Framework introduces an anonymous blockchain layer that enables pseudonymous interactions via encryption techniques and privacy-preserving protocols. Users can then engage in transactions and communications anonymously. This layer protects users' privacies while maintaining the integrity and security of the network.

Businesses can then conduct secure and compliant transactions through both KYC/KYB verifications and anonymous interactions and this will be suitable for a vast number of use cases. The approach opens up opportunities in the decentralized sphere where user interactions via smart contracts can meet regulatory requirements for identity verification. P2P transactions and communications in industries like supply chain, digital rights and intellectual property management can also be facilitated.

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KYB/KYC - KYB/KYC

An example of a KYB/KYC use case will be that of a financial institution wanting to onboard a new corporate client. Through leveraging Velo's interoperability chain, the FI can quickly and securely verify the client's business credentials such as registration details and ownership information. This streamlines the onboarding process by reducing the time and effort needed for due diligence, enhancing efficiency and meeting regulatory requirements.

KYB/KYC - Anonymous

This example is that of an e-commerce platform that enables buyers to transact anonymously with verified sellers. Velo's interoperability chain will allow buyers to verify the sellers' KYB/KYC information without disclosing their own identities. Trust is then established between both parties, reducing fraud risk and bolstering participation from privacy-conscious users.

Anonymous - Anonymous

A decentralized platform which allows users to communicate and share content anonymously can be used to illustrate this scenario. Velo's interoperability chain ensures users' identities remain private while facilitating secure messaging and content sharing. Users can then interact freely without fear of their personal information being exposed.

By incorporating KYB/KYC and anonymous interoperability chains in our networks, potential projects that onboard with us can address a large range of use cases, catering to the needs of both regulated industries and privacy-conscious individuals. Robust encryption algorithms, privacy-preserving protocols and a scalable infrastructure to handle the diverse use cases to ensure data integrity would also be implemented.

Strong Leadership and Ensuring Good Corporate Governance

The Velo team comprises industry veterans, spanning from serial entrepreneurs, investment bankers, technical development managers, and software engineers, who are all wholly competent at what they personify and do. Adding to the business and technical prowess to our full-time team are our highly regarded advisors from prestigious universities like MIT

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(Massachusetts Institute of Technology), Stanford, Carnegie Mellon and The University of Chicago.

Token Distribution and Vesting Update

	Token Allocation	Token Allocation after token burn
Listing	200,000,000	200,000,000
Private Placement	1,462,900,000	1,462,900,000
Founders	3,000,000,000	3,000,000,000
Velo Development Reserve	7,000,000,000	**5,000,000,000**
Early Backers and Advisors	2,370,000,000	2,370,000,000
Strategic Partners	5,483,550,000	5,483,550,000
Community Development	5,483,550,000	**3,483,550,000**
Reserve	5,000,000,000	**3,000,000,000**
	30,000,000,000	**24,000,000,000**

The table above shows the distribution of VELO tokens. In 2022, Velo decided to burn 6 billion tokens. These tokens are taken out of Velo Development Reserve, Community Development and Reserve, thus, the total supply of tokens have reduced from 30 billion to now at 24 billion tokens.

In terms of vesting, Private placement vesting has no concluded. Founders and Early Backers & Advisors have 2 more years of vesting which will see token release in 2024, and 2025.

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In Conclusion

Velo's vision is to be a global project on top of being market leaders for South East Asia. Hence, the integration of more partners, chains and financial institutions, merging the best in technologies in Silicon Valley with a robust and well-partnered business network in Asia.

Velo is fortunate to be backed by leading conglomerates across Asia with the CP Group, Hashkey, UOB, LDA Capital and Signum Capital (to name a few). Our closed alliance network will be fully established to grow the offline and online digital credit ecosystem together.

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