



Daemons.fi

DeFi automation for everyone

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Abstract

DeFi requires an active participation in order to really exploit the capital efficiency. This leads to frequent simple operations that could be automated. *Daemons* aims at creating an environment in which users can 'script' operations on the blockchain and have them automatically executed with a certain frequency or if an initial condition is triggered.

Introduction

One of Decentralized Finance's greatest innovations is the fact that **capital matures returns in real time**. This means that I can harvest the fruits of some capital every minute or even every second if I want to.

Another one is the **composability**: users can move capital between platforms with extreme ease, tokens staked on a platform can be used as collateral in another one, to borrow funds that can be employed elsewhere. Each dapp operation can be seen as a LEGO building block and the things that can be built with it are limitless.

These two aspects of DeFi mean that leaving the capital unemployed represents opportunity cost. The only way around it is to do **frequent, repetitive, operations**. These operations are often **simple and could be scheduled ahead of time**.

Daemons is a platform in which users can:

- Script actions that they want to be performed onto the blockchain
- Set conditions for these actions to be executed
- Trigger the actions themselves or have them executed automatically

Real Life Examples

The following examples are simple, tried, and tested financial automation that has been employed successfully in a variety of markets throughout the years. Daemons scripts can be set up to automate these strategies for your DeFi assets with a few clicks.

Let's start with the basics:

- Perform a DCA, buying tokens every week
- Take profit/stop loss whenever the price of an asset is greater than X
- Exit from a high-risk LP pool, removing 10% of the liquidity every 5 hours
- Swap some tokens each time your balance is greater than 0

If value of BTC < 28000\$
swap 10% of my BTC for USDT

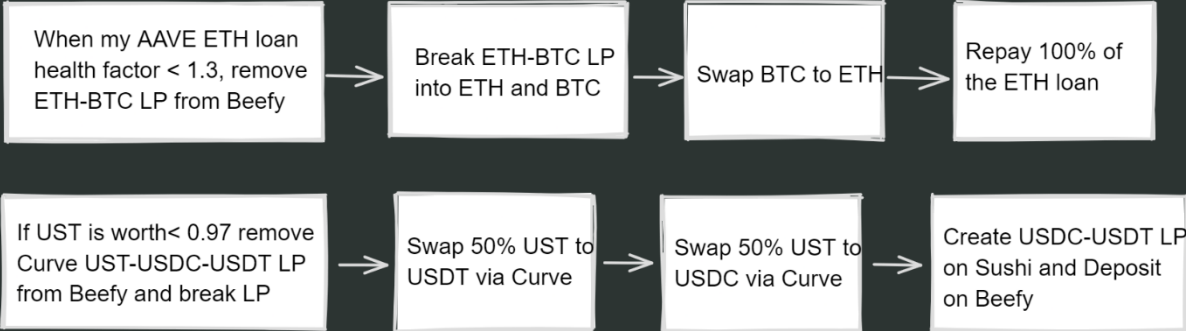
If value of BTC > 60000\$
swap 70% of my BTC for USDT

Withdraw 10% of IRON-USDC-LP every 5 hours

Now let's introduce the possibility to chain scripts to each other:

- if my Health Factor < 1.3, withdraw X-LP, zap it to BTC, repay loan on Aave
- if price of UST is < 0.97, remove UST-USDT-FRAX-LP from Curve, Swap 50% of UST to USDT via Curve, swap 50% of UST to USDC via Curve

Chained scripts are made up of simple scripts executed sequentially. The best way to exploit DeFi's LEGO money is to have LEGO scripts:



Users can use Daemons to create scripts in an **intuitive and visual way**, without having to know the pool or token addresses and abstracting the complexity of blockchain programming away.

Script Definition

Actions

Actions represent WHAT script can do. Each script has 1 action.

Daemons is designed in a way that makes it easy to add new actions, so we expect to add new ones at a regular basis. The more available actions, the more users will be able to do with Daemons.

The actions available on Daemons on release, are:

- Transfer
- Swap on UniswapV2-style DEXes
- Swap on Curve
- Deposit on Beefy
- Deposit/Withdraw from Aave
- Borrow/Repay from Aave
- Zap In (tokens to LP)
- Zap Out (LP to tokens)

Conditions

The conditions define WHEN a script will be executed. Each script can have multiple conditions.

Like actions, conditions are easy to add on demand.

The conditions Daemons will be shipped with are:

- Price (how much token A is worth in token B)
- Frequency (how often should the script be executed)
- Aave Health Factor (how healthy are the user loan right now)
- Balance (how much token A the user has at the moment)
- Repetitions (how many times shall it be executed)

Daemons Users

Script Owners

Script Owners in Daemons are users that created and own Scripts. Anyone can be a Script Owner and can create unlimited Scripts without incurring any fees.

Once a Script is created, it will be added to Daemons Script Database Queue and, whenever the conditions are satisfied, it will be marked as "executable".

NOTE: For a Script to be executed, you'll need to make sure that you've deposited some coins in the Gas Tank, to cover the execution costs.

Script Executors

Executors are Daemons users that execute Scripts. Any user can be both a Script Executor and a Script Owner at the same time. To execute scripts, one needs nothing more than a bit of the chain's native coin to pay for the transaction fees. **Each time a Script is executed, the executor will be rewarded with an amount of DAEM tokens (more or less) equivalent to the gas spent.**

Executors have 3 possible options:

- Immediately sell DAEM at market price, to get back the amount spent for the execution of the Script
- Stake the DAEM tokens to have access to the platform profits (more of this in the tokenomics section)
- Use DAEM as a tip on their own Scripts to get priority execution

Daemons is the first **decentralized automation platform** in DeFi and script executors are one of the most important pieces of the mechanism that makes this possible.

Tokenomics

DAEM-onic token

The native token of the Daemons platform is called DAEM. The DAEM token can be used by:

- Script Owners to incentivize Script Executors to execute their scripts via tipping.
- Daemons platform to reward Script Executors each time they run a pending "executable" Script
- Token owners to get access to the platform's governance rights
- Token owners to get access to the platform's profits

The DAEM token and tokenomics have been built with a clear goal: have a **sustainable** and **investible** token, with a **net deflationary** model, to make sure its value increases over time. Its tokenomic model is a culmination of all the innovations and designs that have been successful in DeFi so far. We basically studied the history of all DeFi and got the best part of each model.

Overview

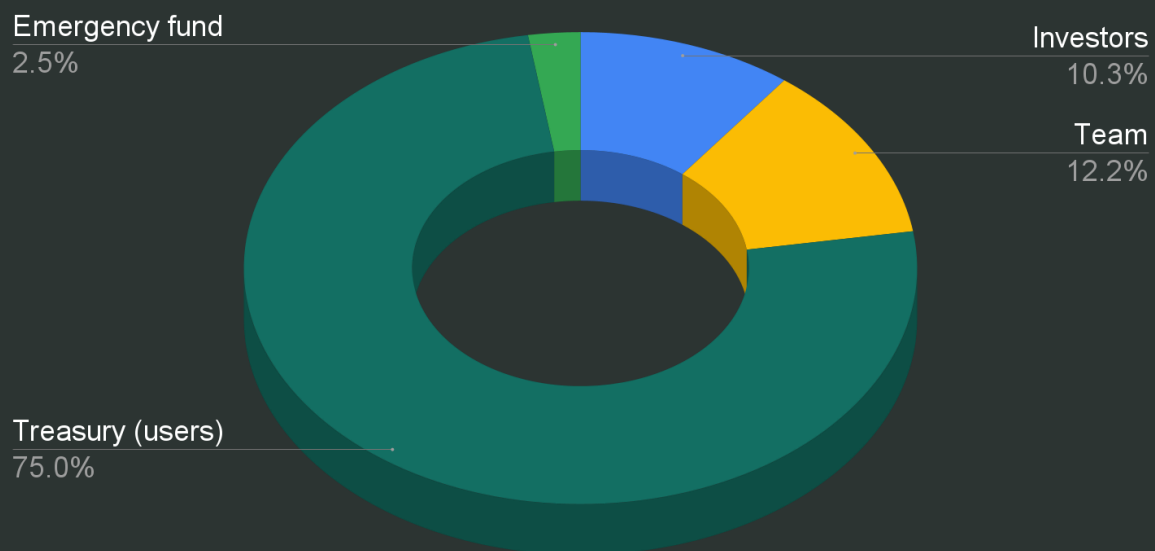
The main aspects of the DAEM tokenomic model are:

- **Finite supply** at 1B tokens
- **Low emission**, proportional to the platform volumes
- **Profit redistributions**, users are the first beneficiary of the platform's activity
- **Platform buybacks**, reducing the amount of DAEM in circulation
- **Protocol-Owned Liquidity**, a perpetually locked liquidity pool to stabilize the token's price

Supply

The DAEM token will have a fixed supply of 1B tokens. These tokens will be generated at the genesis and will be distributed in the following manner:

- 75% will be distributed to the platform's users
- 22.5% will be given to the team and investors, with a vesting period of 4 years.
- 2.5% will be placed in an emergency fund and will be used when the platform is in need



After the initial minting, no new DAEM tokens will be created and the supply will stay constant.

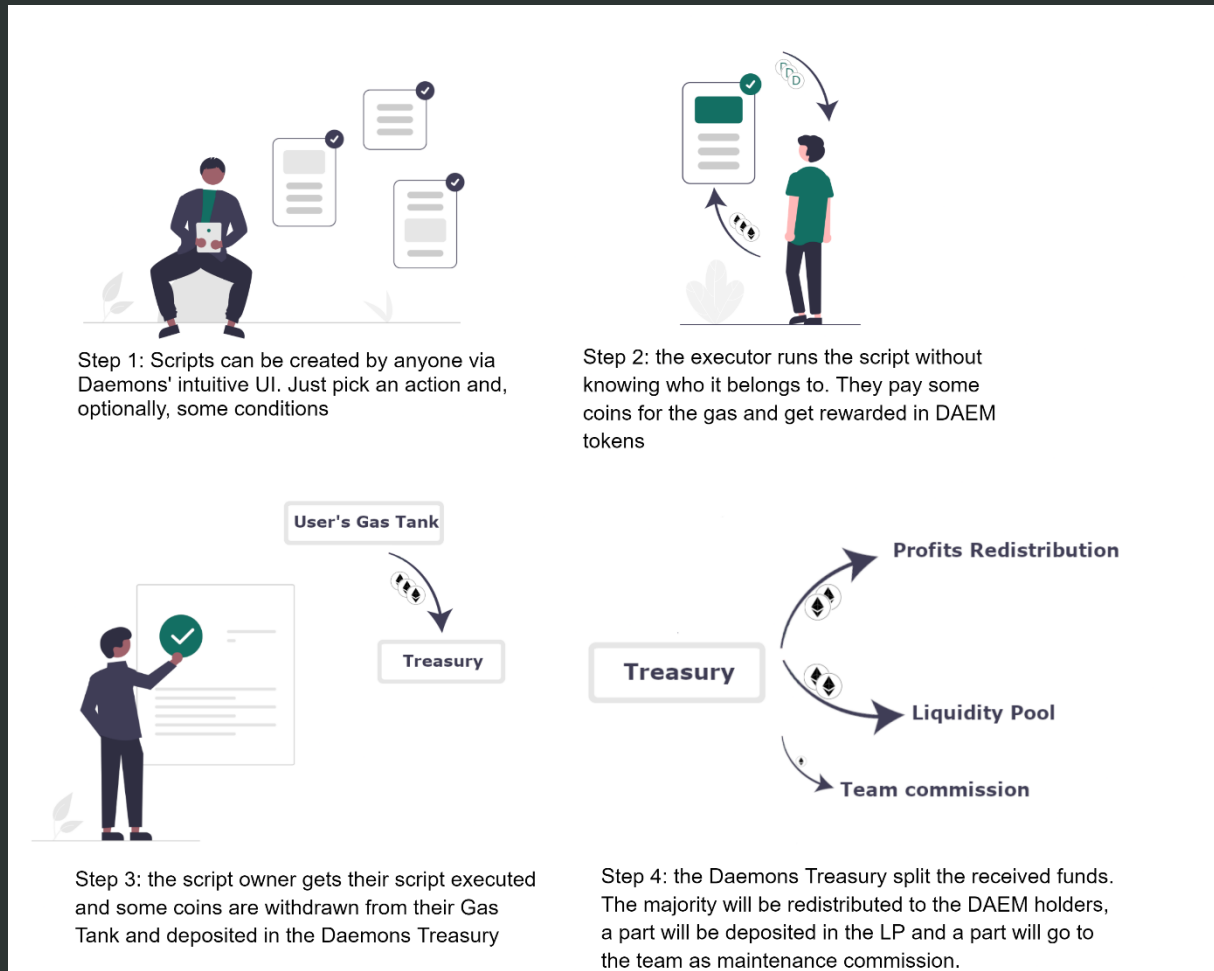
Emission

The DAEM tokens stored in the treasury will be given as reward to the script executors, in a measure proportional to what they spend in gas to execute the scripts.

For example, if John executes the script with ID 11225566 and spends 0.001 ETH for it, Daemons will reward him with an equivalent amount of DAEM tokens, that will be claimable anytime from the platform.

Execution Flow

The execution flow always follows these steps:



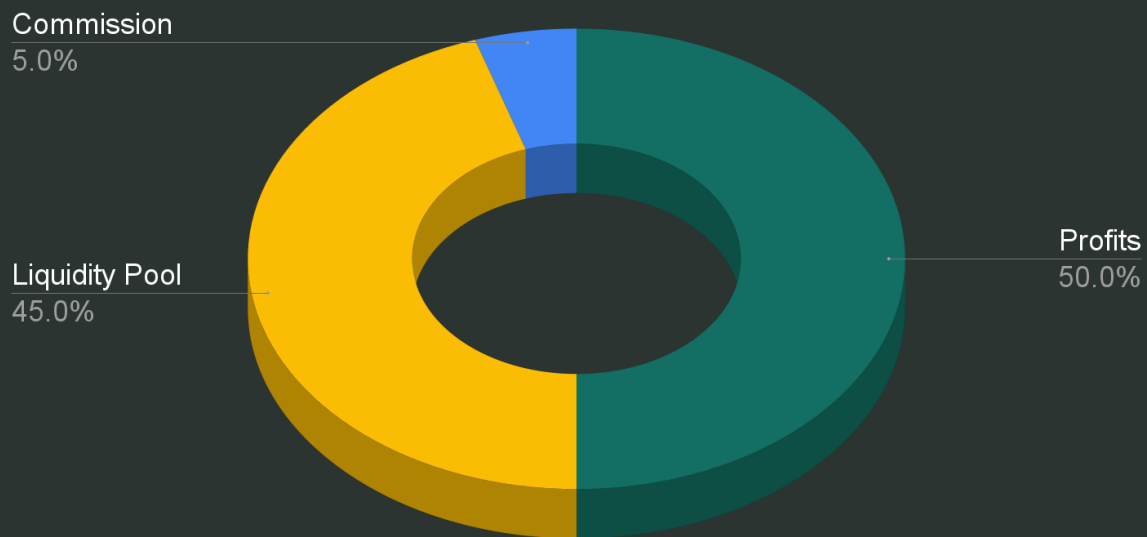
- **Step 1:** anyone can create Scripts via Daemons' UI, without coding knowledge or costs. They just need to pick an action and, optionally, some conditions
- **Step 2:** The Executors run the Script without knowing who the Script belongs to (only the public address). Essentially, they will be paying for the gas required for the Script execution and will be rewarded in DAEM tokens
- **Step 3:** The Script Owner gets their Script executed and the cost of the Script execution is deducted from the coins in the Gas Tank
- **Step 4:** The coins deducted from the Script Owner are deposited into the Daemons Treasury, which splits it *between Profit Redistribution, Liquidity Pool, and Team Commission.*

Treasury Management

The treasury will automatically split its funds into the following 3 categories:

- Profit Redistributions
- Liquidity Pool
- Commissions

The shown percentages are the initial ones, but **it will be possible to change them through governance.**



Profit Redistributions

DeFi platforms generally push users to stake their tokens through hyper-inflationary strategies that dilute the value of the token over time. These strategies generally involve minting more tokens, increasing the circulating supply exponentially while increasing sell pressure for the platform's native token. Daemons is taking a different approach, that's why we'll reward DAEM holders with the chain's native coin (e.g. ETH for Ethereum, AVAX for Avalanche, etc.) rather than more DAEM tokens.

The Profits-Redistribution pool represents the amount of ETH (or other coins, depending on the chain) that will be **redistributed to DAEM stakers over time**. It will initially be set to 50% of all the ETH entering the Treasury.

Users will be able to stake DAEM directly on the platform without any locking period or restriction of any kind.

Due to this special design, **the profits distributed are not influenced by the price of DAEM**. For example, if the value of DAEM drops, the APY would rise accordingly, incentivizing more and more people to buy/earn the DAEM token and stake it. Even if the price dropped to 0, it would still be valuable to hold, as it gives access to the ETH in the treasury.

Liquidity Pool

DeFi 2.0 tried to solve a huge problem in DeFi: mercenary capital. A common occurrence in DeFi applications is a lot of users joining a protocol to take advantage of incentivized yield farming. As soon as the incentives are gone, they dump the application's token and move their liquidity elsewhere, leaving the protocol vulnerable and with drained liquidity pools.

At Daemons, we took the concept of Protocol-Owned-Liquidity and stripped it of all the inflationary ponzinomics and rebasing token tactics. What remains is a **sustainable way to lock capital forever in a Liquidity Pool, owned by the protocol**, benefitting every user of the ecosystem.

Example: Each time ETH proceeds enter the treasury, it will be allocated to the Liquidity-Pool portion (initially 45%) and:

- use 50% of it to **buy back DAEM at market price**
- use the remaining 50% along with the purchased DAEM as an LP position
- **deposit the LP position as Protocol-owned liquidity, locking the funds forever**

Benefits of the proposed approach:

- Ensures that DAEM stays liquid and easy to swap
- Protects the price from fluctuations when whales sell or buy huge quantities of tokens
- Protects DAEM holders from bank runs

Commission

A small percentage of the ETH entering the treasury (initially 5%) will be used to pay developers, servers, marketing, etc. These funds will be utilized in a way that platform can work at its best, grow and expand its operations, and be maintained at the highest security and performance standards.