White Paper

Document Version 1.0

White paper of crypto-assets, other than asset-referenced tokens or e-money tokens under MiCAR

(Annex I, Art. 5 MiCAR)

Published on a voluntary basis.

Date of notification: XX.XX.XXXX

Issuance Date: 11.06.2024

Last updated:

The Statement in accordance with Article 6(3) of Regulation (EU) 2023/1114

'This crypto-asset white paper has not been approved by any competent authority in any Member State of the European Union.

Due to the decentralized nature of Jellyverse MiCA does not apply . Jellyverse does not know any issuer, offeror or crypto-asset service provider. This white paper will therefore limit its content to those respective chapters which may apply to the decentralized nature of Jellyverse.

The Statement of the management body of the offeror

Not applicable.

The Statement in accordance with Article 6(5), points (a), (b), (c) of Regulation (EU) 2023/1114

'The crypto-asset may lose its value in part or in full, may not always be transferable and may not be liquid.'

The Statement in accordance with Article 6(5), point (d) of Regulation (EU) 2023/1114

[Include statement where the offer to the public concerns a utility token]

'The utility token may not be exchangeable against the good or service promised in the crypto-asset white paper, especially in the case of a failure or discontinuation of the crypto-asset project'

The Statement in accordance with Article 6(5), points (e) and (f) of Regulation (EU) 2023/1114

'The crypto-asset is not covered by the investor compensation schemes under Directive 97/9/EC of the European Parliament and of the Council. The crypto-asset is not covered by the deposit guarantee schemes under Directive 2014/49/EU of the European Parliament and of the Council.'

Summary

- The summary should be read as an introduction to the crypto-asset white paper.
- The prospective holder should base any decision to purchase the asset-refenced token on the content of the crypto-asset white paper as a whole and not on the summary alone.
- The offer to the public of the JLY token does not constitute an offer or solicitation to purchase financial instruments and any such offer or solicitation can be made only by means of a prospectus or other offer documents pursuant to the applicable national law.
- The JLY token white paper does not constitute a prospectus as referred to in Regulation (EU) 2017/1129 of the European Parliament and of the Council (36) or any other offer document pursuant to Union or national law.

Characteristics of the crypto-asset

The Jellyverse is a fully decentralized structure. There is therefore no issuer or offeror of the JLY token.

The JLY token serves as a Reward, Governance, and Utility token within the Jellyverse.

It offers a variety of uses within the Jellyverse, including staking, liquidity provision, and governance. Besides that JLY will act as reward token as it has a continuous inflation over ten years until it reaches the max supply. Here's is a more detailed overview of the characteristics of the token:

Staking
Users can create staking positions, referred to as "chests," using their JLY tokens. These positions earn block rewards and a share of protocol revenues. When establishing a staking position, users can select both the duration of the stake and the amount they wish to stake. These factors directly influence the rewards received.

Liquidity Provision
As with any tradable token on Jellyverse, the JLY token can be utilized in liquidity pools, provided JLY is included in the pool. Users can add or remove liquidity using the JLY token and earn liquidity mining rewards for their participation.

Governance
The JLY token serves as the governance token within the Jellyverse ecosystem. To participate in governance, a user must have an active staking position. Voting power is determined by two factors: the duration of the token freeze and the amount of JLY tokens staked, scaling linearly with these parameters.

Below is a summary of the legal classification of the JLY token based on Liechtenstein law, translated and improved for clarity:

The scope of application of the Banking Act (BankG) does not apply. There is no need to obtain a permit under this law, as neither lending and/or borrowing activities nor securities services or ancillary services are provided.

The Jelly Tokens are not classified as e-money under the E-Money Act (EGG), and no payment transactions within the meaning of the Payment Services Act (ZDG) are processed in the Jellyverse. Consequently, the scope of the EGG and ZDG does not apply.

There is no obligation to publish a prospectus according to EEA-WPPDG in conjunction with Regulation (EU) 2017/1129, as the Jelly Tokens are not classified as financial instruments.

The facts do not constitute investment activities or securities ancillary services. Therefore, the application of the Asset Management Act (VVG) is excluded.

The provisions of the (alternative) investment funds (IUG, AIFMG, UCITSG) do not apply due to the lack of collective investment, a defined investment strategy, and the absence of external management. Thus, the project does not fall within the scope of fund regulation.

There is no registration requirement under the TVTG, as the Jelly Labs does not provide VT services.

Key information about the offer to the public or admission to trading

Initial access to JLY token

Jellyverse embodies a comprehensive decentralized ecosystem, cultivated by the collaborative efforts of diverse individuals and entities. Among these contributors, Jelly Labs AG stands as a key participant, actively engaged in the development of critical smart contracts essential to Jellyverse's functionality, including:

- Jellyswap
- Jellystake
- JLY token related contracts
- Governance related contracts

Following the full development and deployment of these protocols onto the blockchain, Jelly Labs AG commits to transparently sharing the code as open source on Github. This commitment ensures that governance transitions into the hands of the community, facilitating decentralized management of the protocols. Importantly, no individual or entity retains special rights within this ecosystem, fostering an egalitarian environment.

Jelly Labs itself does not offer any tokens publicly. JLY token are minted by a decentralised network, in particular by a smart contract. The JLY token are therefore not offered through a traditional public sale but via a unique launch event, which will last approximately 96 hours. This event allows participants to purchase JLY tokens using SEI tokens on the Sei blockchain. Importantly, the SEI tokens used in the purchase will not directly benefit Jelly Labs financially. Instead, these SEI tokens will be pooled with an additional quantity of JLY tokens. This process is designed to establish initial liquidity in a way that ensures the protocol, rather than Jelly Labs, benefits from the pooling of these tokens. Here is a detailed breakdown of the process:

- Token Purchase: Participants buy JLY tokens with SEI tokens during the launch event.
- Token Generation Event (TGE): Buyers receive their JLY tokens during the TGE, based on their purchases.
- Liquidity Pool Creation: The SEI tokens collected from buyers are pooled together with an additional allocation of JLY tokens. This step is crucial for creating initial liquidity.
- Liquidity Lock-in: The liquidity pool (LP) tokens created as a result of this pooling are then send to the governance address. This action locks the liquidity, ensuring it is protocol-owned and not directly benefiting Jelly Labs financially.

This entire operation is automated and managed by a smart contract, ensuring a transparent and fair process for establishing initial liquidity without any direct financial gain to Jelly Labs.

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Part A: Information about the offeror or person seeking admission to trading

Due to the decentralized nature of Jellyverse MiCA is not applicable. Jellyverse does not know any issuer, offeror or crypto-asset service provider. This white paper will therefore limit its content to those respective chapters which may apply to the decentralized nature of Jellyverse.

A1. Name

Not applicable

A2. Legal form

Not applicable

A3. Registered address

Not applicable

A4. Head office

Not applicable

A5. Registration Date

Not applicable

A6. Legal entity identifier

Not applicable

A7. Another identifier required pursuant to applicable national law

Not applicable

A8. Contact telephone number

Not applicable

A9. E-mail address

Not applicable

4a A email address of the offeror or the person seeking admission to trading, and the period of days within which an investor contacting the offeror or the person seeking admission to trading via that telephone number or email address will receive an answer

Not applicable

A10. Response Time (Days)

Not applicable

A11. Parent Company

Due to the decentralized nature of Jellyverse MiCA is not applicable. Jellyverse does not know any issuer, offeror or crypto-asset service provider. This white paper will therefore limit its content to those respective chapters which may apply to the decentralized nature of Jellyverse.

A12. Members of the Management body

Due to the decentralized nature of Jellyverse MiCA is not applicable. Jellyverse does not know any issuer, offeror or crypto-asset service provider. This white paper will therefore limit its content to those respective chapters which may apply to the decentralized nature of Jellyverse.

A13. Business Activity

Jelly Labs is no issuer or offeror nor a CASP. Jelly Labs is only an advisory company supporting with marketing, technology and IT services including the development of technology and similar activities

A14. Parent Company Business Activity

Not applicable.

A15. Newly Established

Not applicable

A16. Recent financial condition

Not applicable

A17. Financial condition since registration

Due to the decentralized nature of Jellyverse MiCa is not applicable. Jellyverse does not know any issuer, offeror or crypto-asset service provider. This white paper will therefore limit its content to those respective chapters which may apply to the decentralized nature of Jellyverse.

Jelly Labs AG was established in June 2023, securing ~$2 million through SAFT agreements from early investors in the same year, providing runway coverage until the end of 2024. The

enduring success of Jelly Labs hinges on the prosperity of Jellyverse, as Jelly Labs AG does not derive direct financial benefits from Jellyverse, which operates as a fully decentralized entity and refrains from favoring centralized entities.

Part B: Information about the issuer, if different from the offeror or person seeking admission to trading

Due to the decentralized nature of Jellyverse MiCa is not applicable. Jellyverse does not know any issuer, offeror or crypto-asset service provider. This white paper will therefore limit its content to those respective chapters which may apply to the decentralized nature of Jellyverse.

B1. Name

Not applicable

B2. Legal form

Not applicable

B3. Registered address

Not applicable

B4. Head office

Not applicable

B5. Registration Date

Not applicable

B6. Legal entity identifier

Not applicable

B7. Another identifier required pursuant to applicable national law

Not applicable

B8. Parent Company

Not applicable

B9. Members of the Management body

Not applicable

B10. Business Activity

Not applicable

B11. Parent Company Business Activity

Not applicable

Part C - Information about the operator of the trading platform in cases where it draws up the crypto-asset white paper

Due to the decentralized nature of Jellyverse MiCa is not applicable. Jellyverse does not know any issuer, offeror or crypto-asset service provider. This white paper will therefore limit its content to those respective chapters which may apply to the decentralized nature of Jellyverse.

C1. Name

Not applicable

C2. Legal form

Not applicable

C3. Registered address

Not applicable

C4. Head office

Not applicable

C5. Registration Date

Not applicable

C6. Legal entity identifier

Not applicable

C7. Another identifier required pursuant to applicable national law

Not applicable

C8. Parent Company

Not applicable

C9. Reason for Crypto-Asset White Paper Preparation

This whitepaper was drafted and published on a voluntary basis to provide network participants as much transparency as possible.

C10. Members of the Management body

Not applicable

C11. Operator Business Activity

Not applicable

C12. Parent Company Business Activity

Not applicable

C13. Other persons drawing up the crypto-asset white paper according to Article 6(1), second subparagraph, of Regulation (EU) 2023/1114

Not applicable

C14. Reason for drawing the white paper by persons referred to in Article 6(1), second subparagraph, of Regulation (EU) 2023/1114

Not applicable

Part D - Information about the crypto-asset project

D1. Crypto-asset project name

Jellyverse

D2. Crypto-assets name

Jelly Token

D3. Abbreviation

JLY

D4. Crypto-asset project description

Jellyverse emerges as a part of a fully decentralized blockchain ecosystem, introducing two pivotal protocols:

Jellyswap and JellyStake.

- Jellyswap represents a decentralized exchange (DEX) inspired by the proven Balancer protocol, offering the flexibility to create weighted pools comprising up to 8 tokens. This feature enhances liquidity and trading efficiency within the ecosystem.

- JellyStake stands as a staking protocol, empowering users to stake their JLY tokens and earn real yield derived from the entire suite of Jellyverse protocols. This comprehensive approach to decentralized finance (DeFi) aims to provide users with diverse engagement options for digital assets, encompassing trading and staking functionalities. A user-centric governance model guides the ecosystem's development and evolution, ensuring alignment with community interests. Crucially, Jellyverse will incorporate on-chain governance from its inception, eliminating any administrative rights or multisig wallets to exemplify its commitment to decentralization and transparency. Anything configurable (which is not hard coded) within Jellyverse can be managed through governance. In practical terms, this means that every smart contract has a set of parameters that can be adjusted at any time. These parameters determine the behavior of the smart contracts, such as the fee for a swap transaction. Changes to these parameters can only be made through the governance system, with the governance smart contract serving as the owner of these contracts.

In the Jellyverse governance system, anyone can propose a change by submitting a proposal to the governance smart contract. A proposal includes a set of transactions that need to be executed if the community accepts the proposal. Users then vote Yes, No, or Abstain, with their voting power determined by their staking position. If a proposal is approved, anyone can trigger the execution of the proposal transactions to implement the change. An example might be to change the fee structure of Jellyswap.

D5. Details of all natural or legal persons involved in the implementation of the crypto-asset project

Due to the decentralized nature of Jellyverse MiCa is not applicable. Jellyverse does not know any issuer, offeror or crypto-asset service provider. This white paper will therefore limit its content to those respective chapters which may apply to the decentralized nature of Jellyverse.

D6. Utility Token Classification

The JLY token serves as a Reward, Governance, and Utility token within the Jellyverse. Below is a summary of the legal classification of the JLY token based on Liechtenstein law, translated and improved for clarity: The scope of application of the Banking Act (BankG) does not apply. There is no need to obtain a permit under this law, as neither lending and/or borrowing activities nor securities services or ancillary services are provided. The Jelly Tokens are not classified as e-money under the E-Money Act (EGG), and no payment transactions within the meaning of the Payment Services Act (ZDG) are processed in the Jellyverse. Consequently, the scope of the EGG and ZDG does not apply. There is no obligation to publish a prospectus according to EEA-WPPDG in conjunction with Regulation (EU) 2017/1129, as the Jelly Tokens are not classified as financial instruments. The facts do not constitute investment activities or securities ancillary services. Therefore, the application of the Asset Management Act (VVG) is excluded. The provisions of the (alternative) investment funds (IUG, AIFMG, UCITSG) do not apply due to the lack of collective investment, a defined investment strategy, and the absence of external management. Thus, the project does not fall within the scope of fund regulation. There is no registration requirement under the TVTG, as the Jelly Labs does not provide VT services

D7. Key Features of Goods/Services for Utility Token Projects

The JLY utility token offers a variety of uses within the Jellyverse, including staking, liquidity provision, and governance. Here’s how these services operate:

Staking

Users can create staking positions, referred to as "chests," using their JLY tokens. These positions earn block rewards and a share of protocol revenues. When establishing a staking position, users can select both the duration of the stake and the amount they wish to stake. These factors directly influence the rewards received.

Liquidity Provision

As with any tradable token on Jellyverse, the JLY token can be utilized in liquidity pools, provided JLY is included in the pool. Users can add or remove liquidity using the JLY token and earn liquidity mining rewards for their participation.

Governance

The JLY token serves as the governance token within the Jellyverse ecosystem. To participate in governance, a user must have an active staking position. Voting power is determined by two factors: the duration of the token freeze and the amount of JLY tokens staked, scaling linearly with these parameters.

DEX (Decentralized Exchange):

JellySwap is a fork of Balancer V2, a leading automated market maker (AMM) developed by Balancer Labs and deployed on the Ethereum network in February 2020.

JellySwap operates as a dynamic, self-balancing portfolio manager, offering a unique twist on the traditional index fund model. Rather than paying fees to a portfolio manager for rebalancing, JellySwap collects fees from traders who balance the portfolio through arbitrage opportunities.

JellySwap is built on a N-dimensional surface that outlines the cost function for exchanging any pair of tokens in a JellySwap pool. This results in a new and innovative pool architecture, allowing for the creation of pools with varying weights, such as 70-30 pools and even pools with up to 8 tokens.

Staking:

JellyStake serves as a crucial bridge within the Jellyverse ecosystem, enabling both users and participants to engage in decentralized decision-making (governance) while simultaneously creating a foundation for the overall economic structure of Jellyverse. With JellyStake, stakers have the opportunity to earn a share of protocol revenues generated across the entire spectrum of protocols within the Jellyverse economy.

D8. Plans for the token

The roadmap outlines the current planned milestones for Jellyverse:

- January 2024: Sepolia release of JellySwap
- Early February 2024: Sepolia release of JellyStake
- End of March 2024: Devnet release of JellySwap, JellyStake, and Governance on Sei
- April 2024: Start of auditing
- April-May 2024: Testing and bug fixing
- June 2024: Mainnet release of JellySwap, JellyStake, and Governance

The Jellyverse ecosystem has the potential to be extended by third-party protocols in the future, which could further increase the utilization of the JLY token. Timelines may change.

D9. Resource Allocation

Due to the decentralized nature of Jellyverse MiCA is not applicable. Jellyverse does not know any issuer, offeror or crypto-asset service provider. This white paper will therefore limit its content to those respective chapters which may apply to the decentralized nature of Jellyverse.

D10. Planned Use of Collected Funds or Crypto-Assets

The over $2 million raised through a private Family & Friends funding round has been and will be exclusively allocated to developing Jellyverse. The capital expenditures are planned as follows:

Departments	**Planned usage of funds**
Development	79 %
Marketing	15 %
Legal	6 %

Part E - Information about the offer to the public of crypto-assets or their admission to trading

E1. Public Offering and/or Admission to trading

Due to the decentralized nature of Jellyverse MiCA is not applicable . Jellyverse does not know any issuer, offeror or crypto-asset service provider. This white paper will therefore limit its content to those respective chapters which may apply to the decentralized nature of Jellyverse.

This whitepaper concerns a public offering (OTPC). The counterparty is not Jelly Labs AG but a smart contract responsible for minting the JLY token. No central entity will profit during the event. Here is how it works:

JLY shall be distributed to the community by a liquidity generation event (pool party) in which the users receive JLY in exchange for SEI. The participants of the Jellyverse send their SEI tokens to a smart contract, which then pools the SEI with JLY in a liquidity pool to create initial liquidity. These liquidity tokens will be sent to the governance address. They are only accessible via governance decision. The transfer of the liquidity token is conducted by a self-executing mechanism of smart contracts.

In exchange for SEI tokens the participants receive JLY. The JLY which are received in return for sending SEI to the smart contract are minted by smart contracts and directly sent out by the smart contracts to the participants of the event. The mechanism is activated by each participant individually and allows to receive JLY only under the pre-defined and immutable condition in order to engage the community. JLY will be minted by a smart contract that is written by Jelly Labs. No JLY will be stored in a wallet controlled by the Jelly Labs. Therefore, the pool-party is executed solely through pre-defined mechanisms. The distribution of JLY through this process is to initially engage the community to participate in the Jellyverse.

E2. Reasons for Public Offer and/or Admission to trading

The pool party serves the essential purpose of kickstarting initial liquidity within the SEI/JLY pool. This endeavor aims to facilitate seamless entry and exit points into Jellyverse from the outset, thereby enhancing accessibility and user experience within the ecosystem.

E3. Fundraising Target

Not applicable.

E4. Minimum Subscription Goals

Not applicable

E5. Maximum Subscription Goal

The pool party is limited to a maximum of 2 million USD in Sei dependent on the conversion rate between Sei and USD.

E6. Oversubscription Acceptance

False – No

E7. Oversubscription Allocation

Not applicable

E8. Issue Price

The issue price of the crypto-asset being offered stands at ~0.12 USD throughout the liquidity generation event, commonly referred to as the pool party. Notably, there won't be a counter-party receiving the SEI used for this purpose, as they are allocated to generate the initial liquidity in the pool. Subsequently, the resulting LP token will be send to the governance address, effectively vesting ownership of the liquidity within the Governance. The value measured in USD may fluctuate.

E9. Official currency or any other crypto-assets determining the issue price

The pool party will be accessible via SEI and the token will have a value of ~0.12$.

E10. Subscription fee

Not applicable

E11. Offer Price Determination Method

Price will start at 0.12$ per JLY token against Sei but may fluctuate measured in USD.

E12. Total Number of Offered/Traded Crypto Assets

During the pool party, a total of 16,666,667 JLY will be offered. The same amount will be generated to create initial liquidity in the pool. So in total 33,333,334 JLY will be generated and free floating after this event.

E13. Targeted Holders

The primary focus of the pool party is to attract retail investors. However, the event is not exclusive and can also be attended by professional investors.

Target users are generally users of the underlying blockchain, called Sei. Participants from the following jurisdictions are restricted from participating in the pool party and will be blocked from accessing the Jellyverse front-end hosted by Jelly Labs AG: Burma (Myanmar), Burundi, Canada, Central African Republic, Congo, Cote d'Ivoire, Crimea, Cuba, Iran, Iraq, Lebanon, Liberia, Libya, Mali, Nicaragua, North Korea, Somalia, South Sudan, Sudan, Syria, Russia, United States of America, Venezuela, Yemen, and Zimbabwe.

This measure is in compliance with regulatory requirements and serves to ensure adherence to applicable laws and regulations.

However, it's worth mentioning that due to the decentralized nature of Jellyverse, other individuals or entities may host independent front ends, providing access to Jellyverse without restrictions. It's important to note that Jelly Labs is not responsible for these alternate front ends.

E14. Holder restrictions

No restrictions.

E15. Reimbursement Notice

There is no minimum target subscription goal for the event; it is simply capped at 2 million USD worth of SEI. However, there will not be a reimbursement option if the 2 million USD worth of SEI threshold is not reached. It's important to note that this scenario is technically not feasible, as all processes will be automatically executed by smart contracts. Jelly Labs will have no ability to interfere with the execution process.

E16. Refund Mechanism

The pool party is executed by a smart contract and cannot be reverted, as there is no counterparty.

E17. Refund Timeline

Non-applicable

E18. Offer Phases

The private round was restricted to a family and friends round, wherein various discounts were applied based on the investment amount and timing of the investment. Investor tokens acquired during this round are subject to a vesting period of 24 months, with a 6-month cliff period.

E19. Early Purchase Discount

Due to NDAs with our investors, we do not disclose our funding round valuations. However, we can share that investors received varying discounts based on the amount and timing of their investments. The initial seed round occurred over a year ago. Investor token allocations are subject to a 24-month vesting period with a 6-month cliff.

E20. Time-limited offer

True.

The pool party event will run for a duration of 96 hours.

E21. Subscription period beginning

Approximately early June 2024. Due to technical infrastructure dependencies this may change.

E22. Subscription period end

The pool party will last up to 4 days.

E23. Safeguarding Arrangements for Offered Funds/Crypto Assets

During the pool party event, all user funds collected will be pooled inside the AMM JellySwap. Subsequently, the corresponding LP-Token will be transferred to the governance address and locked there. The LP-Token cannot be moved without a governance decision. This transparent process can be verified and authenticated.

LP-Token: The corresponding “Liquidity Token” received in return for deploying JLY and Sei to the decentralized exchange Jellyswap. This token serves as a form of “receipt” and entitles the holder to withdraw the liquidity again.

E24. Payment Methods for Crypto-Asset Purchase

JLY tokens can be purchased for SEI during the pool party event.

E25. Value Transfer Methods for Reimbursement

No reimbursement possible.

E26. Public Offers

True - Yes

E27. Right of Withdrawal

In contrast to the MiCA requirements, which are not applicable to this pool party event, there is no withdrawal right for the subscriber.

E28. Transfer of Purchased Crypto-Assets

Transfers will be executed by the smart contract and occur automatically. Tokens will be minted and transferred directly into users wallet. Please note that this process may take up to 10 minutes.

E29. Transfer Time Schedule

Up to 10 minutes

E30. Purchaser's Technical Requirements

Users require access to a non-custodial web-compatible wallet, such as MetaMask, in order to participate.

E31. CASP name

Not applicable

E32. Placement form

Not applicable

E33. Trading Platforms

Not applicable

E34. Trading Platforms Access

Not applicable

E35. Involved costs

Not applicable

E36. Offer Expenses

Not applicable

E37. Conflicts of Interest

Not applicable

E38. Applicable law

Not applicable

E39. Competent court

Not applicable

Part F - Information about the crypto-assets
F1. Crypto-Asset Type

The token type is a utility token.

F2. Crypto-Asset Characteristics

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the Payment Services Act (ZDG) are processed in the Jellyverse. Consequently, the scope of the EGG and ZDG does not apply. There is no obligation to publish a prospectus according to EEA-WPPDG in conjunction with Regulation (EU) 2017/1129, as the Jelly Tokens are not classified as financial instruments. The facts do not constitute investment activities or securities ancillary services. Therefore, the application of the Asset Management Act (VVG) is excluded. The provisions of the (alternative) investment funds (IUG, AIFMG, UCITSG) do not apply due to the lack of collective investment, a defined investment strategy, and the absence of external management. Thus, the project does not fall within the scope of fund regulation. There is no registration requirement under the TVTG, as the Jelly Labs does not provide VT services.

Identifier is not applicable yet.

F3. Crypto-Asset Functionality Description

The JLY utility token offers a variety of uses within the Jellyverse, including staking, liquidity provision, and governance. Here's how these services operate:

Staking
Users can create staking positions, referred to as "chests," using their JLY tokens. These positions earn block rewards and a share of protocol revenues. When establishing a staking position, users can select both the duration of the stake and the amount they wish to stake. These factors directly influence the rewards received.

Liquidity Provision
As with any tradable token on Jellyverse, the JLY token can be utilized in liquidity pools, provided JLY is included in the pool. Users can add or remove liquidity using the JLY token and earn liquidity mining rewards for their participation.

Governance
The JLY token serves as the governance token within the Jellyverse ecosystem. To participate in governance, a user must have an active staking position. Voting power is determined by two factors: the duration of the token freeze and the amount of JLY tokens staked, scaling linearly with these parameters.
Access to Jellyverse does not necessitate the possession of JLY tokens. Additionally, users may have the option to buy or sell JLY tokens on various platforms, subject to the platforms' decision to list the JLY token.

F4. Planned Application of Functionalities

The functionalities of Jellyswap and Jellystake will be the same before and after the Pool Party.

Part G - Information on the rights and obligations attached to the crypto-assets

G1. Purchaser Rights and Obligations

The JLY Token is a utility token designed for utilization within the Jellyverse ecosystem, granting access to all functionalities such as trading, staking, governance, and more. There are no restrictions on its usage. Such activities within Jellyverse operate in a fully decentralized manner, devoid of oversight by any central entity.

G2. Exercise of Rights and obligation

By transferring, holding or locking JLY tokens.

G3. Conditions for modifications of rights and obligations

Jellyverse is governed by its users, who have the authority to shape its direction and policies through governance mechanisms. This governance structure allows for potential changes in reward distributions or voting power calculations over time, reflecting the evolving needs and priorities of the community. The governance address also holds special rights to pause pools, change fee structures and more. For a user to successfully pass a governance proposal, the proposal needs to fullfil a quorum of 424,090 votes, equal to ~8,000,000 JLY staked for 1 year and have a positive outcome.

Governance Deep-Dive:

The Jellyverse Governance model aims to empower users to guide protocols within the Jellyverse ecosystem in the right direction. It also provides new projects with the option to integrate into Jellyverse. This approach offers several significant advantages, as Jellyverse is known for its sustainable, robust, and scalable system. This system allows for the equitable distribution of protocol revenues to stakers, making it a promising choice for projects looking to thrive.

When new projects decide to integrate into the ecosystem, certain adjustments may be necessary, particularly in areas like reward distribution. It's essential to note that governance authority is limited to configurable parameters exclusively.

<u>Governance System Overview</u>

A proposal is essentially a collection of transactions. Front-end providers can design user-friendly interfaces to simplify navigation and facilitate interaction with the governance system.

To establish a genuinely decentralized governance system, every address is eligible to function as both a Proposer and an Executor. To aid comprehension, these roles are clearly outlined in the documentation.

- Proposers schedule and cancel operations.
- Executors execute operations once the timelock has expired.

This governance model will be seamlessly integrated using OpenZeppelin's smart contracts. In this framework, JLY tokens will serve as the default voting mechanism. This modular system will comprise the following components:

- JellyToken.sol
- JellyGovernance.sol
- JellyTimelock.sol
- JellyChest.sol

During deployment, initiators will configure parameters for the following variables:

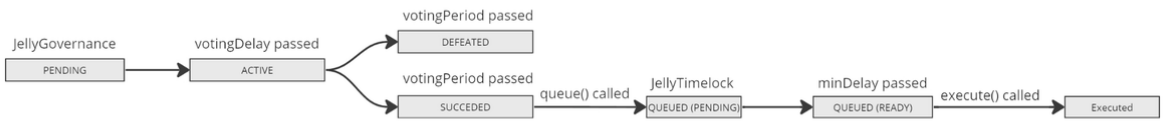
- Voting Delay (in blocks) - The minimum number of blocks that must pass between the time a proposal is created and the time it can be voted on.
- Voting Period (in blocks) - The number of blocks that a proposal has to be voted on.
- Proposal Threshold - The minimum number of votes required for an account to create a proposal.
- Quorum - The minimum number of votes required for a proposal to pass.
- MinDelay - The minimum number of seconds that must pass before an operation can be performed. This can be zero.

Timelock

The Timelock feature is not obligatory but rather optional, as the minimum delay for execution can be set to 0 or a minimal value. It introduces a time delay between the submission of a proposal and its execution, thereby providing an additional layer of security and allowing the community to opt-out if they disagree with the accepted proposal. Timelocked operations are uniquely identified by their hash and follow a predefined lifecycle:

Proposal Lifecycle

Each proposal must adhere to a predefined lifecycle to guarantee that the Jellyverse community has adequate time to review and assess it. Once a proposal is approved, it becomes irreversible and cannot be halted. Throughout its lifecycle, a proposal can be in one of the following states:



Explanation of the different states:

- Pending - The proposal has been created, but not yet voted on.
- Active - The proposal has been created and is being voted on.
- Canceled - The proposal has been created but was canceled before it was voted on.
- Defeated - The proposal has been created and voted on but did not pass.
- Succeeded - The proposal has been created, voted on, and passed.
- Queued - The proposal has been created, voted on, and passed, and is waiting to be executed.
- Expired - The proposal has been created, voted on, and passed, but has not been executed before the GRACE_PERIOD. Placeholder value.
- Executed - The proposal has been created, voted on, passed, and executed.)

For more information on the governance system, please visit:
https://docs.jellyverse.org/v/englisch/jellyverse-architecture/governance

G4. Future Public Offers

Not applicable

G5. Issuer Retained Crypto Assets

Not applicable

G6. Utility Token Classification

True - Yes

G7. Key Features of Goods/Services of Utility Tokens

The JLY utility token has several functions within the Jellyverse, including staking, liquidity provision, and governance. Here's an overview of these services:

Staking
Users can stake their JLY tokens by creating staking positions, known as "chests." These positions earn block rewards and a share of protocol revenues. When setting up a staking position, users choose the duration of the stake and the amount of JLY tokens to stake. These choices directly affect the rewards received.

Liquidity Provision
The JLY token can be used in liquidity pools on Jellyverse, provided JLY is included in the pool. Users can add or remove liquidity using the JLY token and earn liquidity mining rewards for their participation.

Governance
The JLY token functions as the governance token within the Jellyverse ecosystem. To participate in governance, users must have an active staking position. Voting power depends on the duration of the token freeze and the amount of JLY tokens staked, scaling linearly with these parameters.

Access to Jellyverse does not require holding JLY tokens. Additionally, users may buy or sell JLY tokens on various platforms, subject to platform decisions to list the JLY token.

G8. Utility Tokens Redemption

Where the offers to the public of crypto-assets or admission to trading on a trading platform for crypto-assets concerns utility tokens, information on how utility tokens can be redeemed for goods or services they relate to

The JLY utility token cannot be redeemed for any goods or services other than described in G7.

G9. Non-Trading request

False - No

G10. Crypto-Assets purchase or sale modalities

JLY can be traded on decentralized exchanges, such as but not limited to JellySwap. Currently, there are no plans for listing the JLY token on another trading platform.

G11. Crypto-Assets Transfer Restrictions

JLY tokens are transferable to any address on the Sei blockchain, and in the future, when applicable, they could also be transferred to other chains through cross-blockchain bridges. All tokens acquired via pool party are fully transferable. However, other pre-allocations may be vested for 24 months with a 6-month cliff. If a user decides to stake their JLY tokens, they actively choose to lock them up for a period ranging from 7 days to 3 years.

G12. Supply Adjustment Protocols

True - Yes

G13. Supply Adjustment Mechanisms

The supply of JLY cannot be increased above 800 million, but it may decrease if governance decides to reduce the emission rate. Emissions that are not used will be burnt (sent to an address without a private key) and effectively taken out of the supply.

G14. Token Value Protection Schemes

Not applicable

G15. Compensation schemes

Not applicable

G16. Applicable law

Not applicable

G17. Competent court

Not applicable

Part H – information on the underlying technology

Jellyverse consists of two primary protocols: JellySwap and JellyStake. JellySwap is a fork of the Balancer v2 decentralized exchange, developed in Solidity. This platform allows pools to use specialized weighted mathematics, enabling configurable token ratios within each pool. At launch, three types of pools will be available: Standard, Stable, and Portfolio pools.

- Standard Pools: These consist of any two tokens, utilizing traditional weighted math to manage the pool's token distribution.
- Stable Pools: Designed for two tokens of closely matched values, these pools employ specialized stable math to ensure minimal slippage for transactions.
- Portfolio Pools: These pools can include between three and eight tokens, offering a broader diversification option for participants.

JellyStake, a novel protocol also crafted in Solidity, introduces a staking mechanism where participants lock up Jelly Tokens (JLY) for a designated period. This action not only bestows voting rights for governance participation but also a share in the protocol fees. The extent of voting power is directly correlated with the quantity of tokens staked and the duration of the stake.

In the governance model of Jellyverse, any member can propose changes, detailed through descriptions and executable transactions. Stakers then vote on these proposals; if a quorum is reached and the majority supports the change, it is adopted and can be executed by any system participant. This flexible framework allows for the adjustment of configurable parameters.

Stakers benefit from a portion of the protocol fees, distributed in proportion to their voting power. A staking position is denoted by a unique token, aligned with the ERC-721 token standard, while the Jelly Token itself adheres to the ERC-20 standard. This token, pivotal within Jellyverse, is capped at a maximum supply of 800 million units, which are minted and distributed via the governance system.

For more information visit: docs.jellyverse.org

H1. Distributed ledger technology

Sei is recognized as the fastest Layer 1 blockchain, setting new benchmarks in blockchain performance and scalability. Supporting multiple execution environments (CosmWasm & EVM), including the innovative parallelized Ethereum Virtual Machine.

For detailed information please read the whitepaper:

https://github.com/sei-protocol/sei-chain/blob/main/whitepaper/Sei_Whitepaper.pdf

H2. Protocols and technical standards

Sei Network is built with the Cosmos SDK and supports Cosm-Wasm and EVM based smart contracts. Following you can find the most popular token standards that are supported by Sei.

TokenFactory: This offers a standardized mechanism for creating fungible tokens, which are interchangeable and identical. These tokens can embody various digital assets like voting rights, virtual currencies, or staking tokens. They are also native sdk.Coins and come with a variety of native functionality

CW721: This contract provides a standard approach for handling non-fungible tokens (NFTs). These are unique and are not interchangeable with any other token. Examples could include ownership rights to a piece of artwork, or the licensing for a specific song.

CW20: Although not recommended, this contract provides another approach for handling fungible tokens. Similar to ERC-20 standard, contracts can implement this specification. CW20 contracts provide a standardized framework for the issuance, transfer, and tracking of fungible tokens.

ERC20: A standard for fungible tokens on Ethereum, allowing for the creation of interchangeable tokens used for digital currencies, voting rights, or as staking tokens.

ERC721: Defines a standard for non-fungible tokens (NFTs) on Ethereum, each representing a unique asset or item. Widely used for digital collectibles and artwork, allowing for the verification of ownership and uniqueness.

For more information please refer to the official documentation:

https://v2.docs.sei.io

H3. Technology Used

As mentioned above, Sei Network is a blockchain built with the Cosmos SDK, offering developers the access to a CosmWasm and EVM development environment focused on scalability. For more information, please refer to the whitepaper of Sei Network:

https://github.com/sei-protocol/sei-chain/blob/main/whitepaper/Sei_Whitepaper.pdf

H4. Consensus Mechanism

The Sei Network operates on a proof-of-stake consensus mechanism.

H5. Incentive Mechanisms and Applicable Fees

Incentives are employed to reward liquidity providers and users who participate in governance, thereby enhancing the decentralization of Jellyverse. Fees are applicable for users engaging in trading activities on Jellyswap. These collected fees are then distributed to JLY stakers and liquidity providers.

H6. Use of Distributed Ledger Technology

False - No

H7. DLT Functionality Description

Not applicable

H8. Audit

True - Yes

H9. Audit outcome

Jellyverse scored a total of 9.6 from 10 in the audit executed by Hacken. The audit report can be find here: https://docs.jellyverse.org/audit

Part I – Information on risks

I1. Offer-Related Risks

In a fully decentralized structure like this, where there's no service provider, no central authority, and no choice of law or jurisdiction, it's crucial to acknowledge and respect the risks inherent in such decentralized setups. Here are some potential challenges that could arise during the offering:

- Smart contract issues/hacks/exploits: Vulnerabilities in the smart contracts could lead to security breaches, resulting in the loss or theft of funds and assets.

- Technical issues: Issues with the website, front-end interface, or underlying blockchain infrastructure could disrupt the offering process, causing inconvenience or confusion among participants.

- Regulatory uncertainties: Despite the decentralized nature of the offering, regulatory authorities in certain jurisdictions may attempt to intervene or impose restrictions, leading to legal challenges or regulatory compliance issues.

- Market volatility: Fluctuations in cryptocurrency markets could impact the value of tokens being offered, potentially affecting investor confidence and participation levels.

- Lack of liquidity: Insufficient liquidity in the market could lead to difficulties in buying or selling tokens, impacting the overall success of the offering.
- Community governance challenges: Disagreements or conflicts within the community regarding governance decisions could hinder the effective operation of the decentralized ecosystem.

- It's essential to implement robust security measures, conduct thorough testing and auditing of smart contracts, and maintain open communication with the community to address any concerns or issues promptly. Additionally, participants should be informed about the potential risks and encouraged to exercise caution and diligence when participating in the offering.

Additionally, it's important to note that there may be other risks associated with the offering that have not been explicitly listed here, highlighting the need for careful consideration and risk assessment by participants.

I2. Issuer/Offeror/Admission Entity Differentiation

False - No

I3. Issuer-Related Risks

Not applicable

I4. Crypto-Assets-related Risks

- *The crypto-assets may lose their value in part or in full;*
- *The crypto-assets may not always be transferbale;*
- *The crypto-assets may not be liquid;*
- *Utility tokens may not be exchangeable against the good or service promised in the crypto-asset white paper, especially in case of failure or discontinuation of the project;*
- *Where applicable, a clear risk warning that the crypto-assets are not covered by the investor compensation schemes in accordance with, Directive 97/9/EC of the European Parliament and of the Council;*
- *A clear risk warning that the crypto-assets are not covered by the deposit guarantee schemes established in accordance with Directive 2014/49/EU of the European Parliament and of the Council.*

Investors should be aware of several additional risks associated with participating in this offering. These include the possibility of the crypto-assets losing their value, in part or in full, as well as potential limitations on their transferability and liquidity. Furthermore, utility tokens may not always be exchangeable for the goods or services promised in the crypto-asset white

paper, particularly in the event of project failure or discontinuation. It's important to note that these crypto-assets are not covered by investor compensation schemes as outlined in Directive 97/9/EC or deposit guarantee schemes established under Directive 2014/49/EU.

I5. Project Implementation Related Risks

Implementation may face delays, postponements, or potential cancellation in the event of technical issues with the underlying blockchain. Moreover, smart contracts may be vulnerable to attacks by hackers, presenting a constant risk of exploitation.

I6. Technology-Related Risks

Jellyverse may experience malfunctions, errors, or security breaches, resulting in the unavailability or malfunctioning of the Website or Services. The Website serves as a front-end interface to Jellyverse, which operates within a decentralized environment. Users, including Website Users, can autonomously and directly or indirectly access Jellyverse without any involvement or actions taken by the Company or any third party. Therefore, the Company lacks the ability to control or enforce any activity on Jellyverse.

Furthermore, the Services, Jellyverse, and crypto-assets could be impacted by one or more regulatory inquiries or actions, potentially hindering the Company's ability to continue development or limiting users' access to the Services or Sei Network via the Website, including access to their crypto-assets.

Additional risks include smart contract issues, potential issues with copied Balancer protocols, incomplete audits necessitating a repeat audit process, and the possibility of technological changes impacting the ecosystem.

I7. Mitigation measures

Smart Contract Audits: Rigorous audits of smart contracts were conducted to identify and rectify vulnerabilities, ensuring the integrity and security of the system. These audits involved comprehensive reviews by experienced professionals to detect potential flaws in the code, thereby minimizing the risk of exploitation or malfunctions.

Monitoring: Jelly Labs continuously monitors Jellyverse to detect and respond swiftly to any anomalies or suspicious activities. Through real-time surveillance and analysis of network behavior, potential threats can be identified early, allowing for prompt intervention and mitigation efforts to safeguard the system's stability and functionality. It is important to note that due to Jellyverse's decentralized nature, Jelly Labs can only act as an advisor, and ultimately, every intervention has to be approved by governance.

Part J – Information on the sustainability indicators in relation to adverse impact on the climate and other environment-related adverse impacts

J1. Adverse impacts on climate and other environment-related adverse impacts

Jellyverse is distinct from Proof-of-Work networks and therefore has no positive or negative impact on the climate. Consensus is required solely for strategic decisions and adjustments to protocol parameters, including but not limited to fees. Consensus on such matters is reached through a voting mechanism, where the weight of each vote is determined by the amount of JLY tokens staked and freezing duration.