

Meryt Protocol Litepaper

Authors

**Philip Fletcher
Răzvan-Marian Păun
Seth Ward**

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Introduction

meritocracy

noun [mer-i-tok -ruh-see]

“A society governed by people selected according to merit”

Meryt is a new type of user friendly, reputation based protocol - which values effort and skill to be equally important as wallet size. In most typical blockchain architectures, governance exclusively uses wallet balance as the measure for voting power within the ecosystem. We believe that while this may bring benefits in some situations, the drawbacks can be considerable, and not conducive to an effective and/or productive environment.

We have found a considerable gap in the emerging decentralised space...a focus on on-chain, collaborative investment decision making, backed by governance systems that can be more meritocratic. Most investment environments within the space currently lack the necessary speed and feature sets required to be reasonably efficient, and are not meritocratic at heart. They are biased, with a tendency towards lacking in transparency and speed.

While our initial focus is on a more effective on-chain collaborative investment solution, we can see a huge opportunity for much more expansive on-chain solutions to broad human collaboration. There are many industries which will seek to benefit from on-chain solutions, and we are building Meryt to capitalize on that shift over the coming years.

Currently, as with any fledgling technology, there are many inefficiencies within DeFi. We have identified some key flaws which desperately need to be improved upon in order to open the space up to a larger audience.

Consensus - Currently, decision making is often impractical, and subject to a number of issues. Lack of clarity, inconsistent voting turnouts, missing key votes, limited tracking of information presented are but a few of the issues. Our solution looks to bring these decisions on-chain, syncing the data from whatever well-used discussion, community or investment product you use.

Action - We share power across the Decentralised Organisation. The ability to action the agreed upon investment decisions is another clear and obvious pain point. We seek to remove this, offering a sleek, easy to use automated deployment system which will deploy automatically cross-chain, if the parameters of a vote have been satisfied. We will integrate with whatever product you use, be it Discord/Satellite or any others, and bring those votes on-chain.

This takes the power out of one individual's hands, and places it equally in the hands of the group, providing transparency and trustlessness.

Risk - Tying in risk optimisations, we will allow groups to agree on a framework in which any investment cannot easily violate a given set of parameters. This will ensure that even if a vote were to go ahead, it cannot violate those terms, and therefore is much safer in the long term for the group.

Low-Code, No-Code - Whilst many companies have made strides in the right direction, most individuals and groups do not have access to complex, exotic strategies. We want to build a marketplace of unique strategies, designed by users (who earn royalties), from which groups of investors can deploy into. We will develop tools to enable the simple implementation of these strategies, with users being able to request bespoke features from dApp integrators at any time.

An inefficiency design has always been core to the social, economic and political structures of the world. The 'middle-man' requirement has been used to such a successful degree that modern society has entirely submitted to the belief that peer-to-peer solutions, without an 'official' actor between, is not plausible. Not only is it completely untrue, it is also the root cause of the global inequality, inefficiencies, and the exact reason blockchain and DeFi will be so successful in years to come.

Blind but Transparent, Ignorant to Wealth but Steeped in Value, Frictionless but Thorough

Evolution - Adoption - Fairness

Evolution

Around five centuries ago, the entire world was changed by the introduction of two technologies; double entry bookkeeping and the printing press. Together, they revolutionised the way money worked and the proliferation of information.

It's hard to appreciate just how much opportunity, freedom and increased wisdom we have today as a result. Nor the extent to which humans have been empowered to collaborate without being restricted by geography, time, wealth or power.

Today we are again going through another incredibly similar process, thanks to two very similar technologies: distributed ledgers, commonly known as "blockchain"; and the internet.

Adoption

It's difficult to imagine what the effects will be over the next 500 years. We are still in the very early stages, and the benefits of blockchain technology in particular are not yet accessible to the masses. According to [Statista](#), as of May 11, 2021 there are only 72,770,000 unique blockchain wallets worldwide. When you factor in that many people have multiple wallets, you can start to see how limited current adoption truly is. Contrast this with figures from the [World Bank](#), stating 69% of adults globally have a bank account, with high-income economies averaging 94%, you see that it pales in comparison to modern banking statistics.

Whilst individuals may be struggling with the uptake of this new technology, large organisations are not. [Deloitte's 202 Global Blockchain Survey](#) shows 88% of their sample believe their organisation will "lose a competitive advantage if we don't adopt blockchain technology", up from 68% just 3 years ago.

In recent decades, the labour share – i.e. the share of national income made up by wages, salaries and benefits – [has declined in nearly all OECD countries](#). This is driven by several factors including the fact that much higher returns on capital, above and beyond that of economic growth, mean that income has been slowly shifting away from labour towards capital. We are concerned that the lack of adoption by individuals, against the mass adoption of organisations, will continue this trend. Individuals do not react quickly enough to the evolution of technology, and are therefore left exposed to the will of those who do.

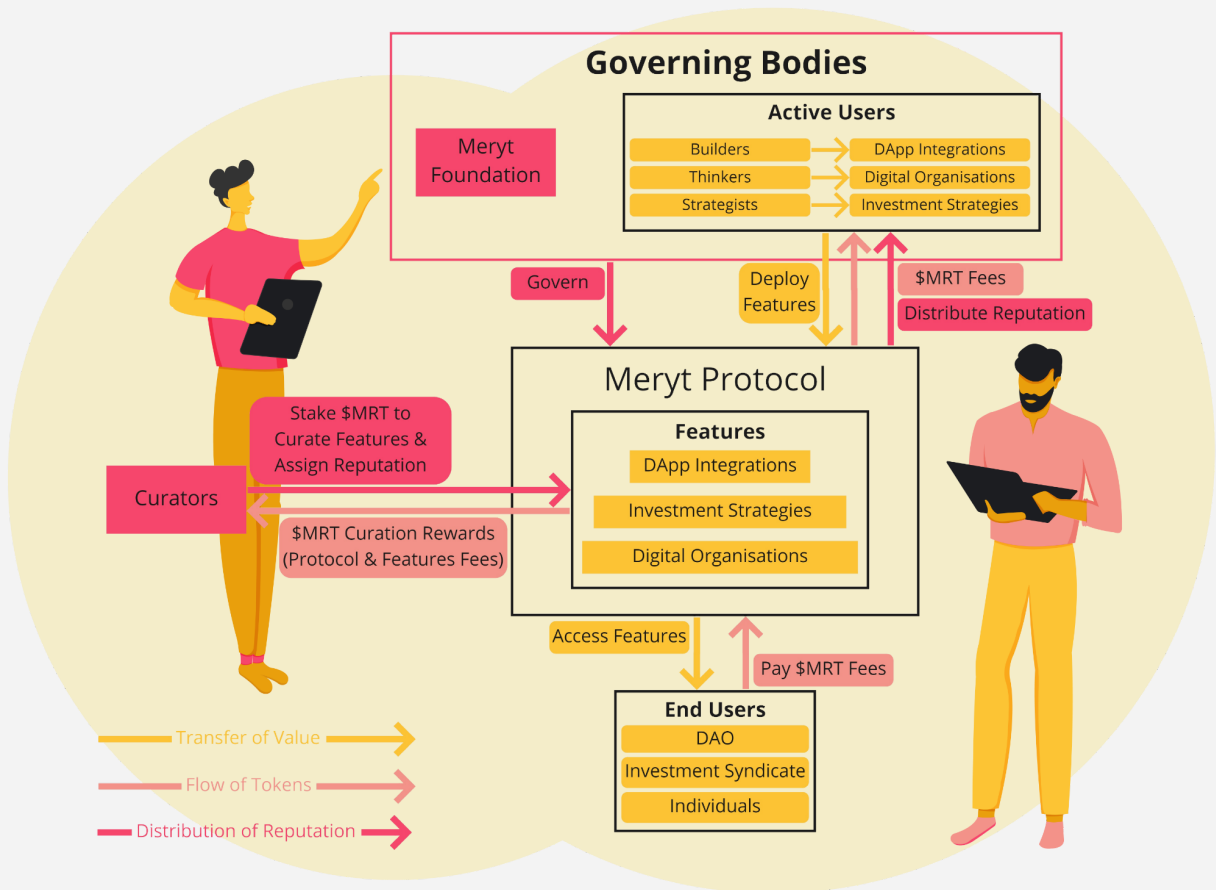
Fairness

Truly global adoption and subsequent benefits will come from a concerted effort to remove the current friction of difficult barriers to entry to this space. We need to make this technology accessible to everyone. The introduction of the **Decentralised Organisation (DO)**, is a critical part of this process. One of the hallmarks of a diverse society is the benefits gained from a melting pot of experiences and perspective. Put simply, the ability to harness the views of a group of people tends to deliver improved investment performance than individuals. That becomes increasingly more so as you add additional members to the community. Further to that, adding a truly effective reputation system enhances further. The principle of a meritocracy is simple, but pure. A system whereby each participant is only as relevant as the value they bring to the protocol. The resulting incentive to a user is a reward that is a function of contribution over wealth. This contribution will be measured by various elements:

- Involvement with projects - consistency, time spent, value added
- Accuracy of insights, predictions, preferences, votes
- Amount of tokens staked on you
- The amount of people you have brought into the network
- The financial provision you offer
- How much you stake
- How many rewards you have collected

These components add up to a comprehensive measure of value-add, in an Economy of Value.

Token Utility



With the Meryt Protocol, we aim to grow into a self-sustaining, self-governing organism. An organism wherein the decision-making power regarding resource allocation resides in the hands of people contributing their skills, time, and money. By doing this they generate value for themselves and the wider ecosystem while earning reputation.

In the early stages of development, the decision-making power will mainly reside in the hands of the founders. They will guide the first iterations of the protocol, as well as support the integration of DeFi applications with universal use cases. Thereby allowing users to leverage the benefits of blockchain technology using a simple and intuitive drag-and-drop functionality.

The MERYT Token (\$MRT) is at the heart of the transition from an autocratic model of governance to a more self-sustaining, self-governing model. The aim is to enable a gradual transfer of power in the system from the founders to active users who have proved themselves through reputation. This transfer of power and progression towards decentralisation will happen as the ecosystem grows. Through this process, the users and supporters of a project are

rewarded for their input as it thrives, rather than all of those rewards going only to a small group of backers.

Reputation is earned through the various interactions between end users and protocol features created by active users, namely DApp Integrations (**Builders**), Investment Strategies (**Strategists**) and Decentralised Organisations (**Thinkers**). Based on their reputation level, active users can participate in the decision-making process, reading and voting on proposals released by the Meryt Foundation, which are instrumental for the development of the Meryt Protocol.

The Meryt ecosystem thrives on network effects, which is why this approach is guided by the principle of adding value to other stakeholders and the wider ecosystem, as measured through reputation assigned to active users based on active participation. A more meritocratic approach to an ecosystem, which does not always favour any one user, or collection of users, but rather an approach that nurtures decentralisation.

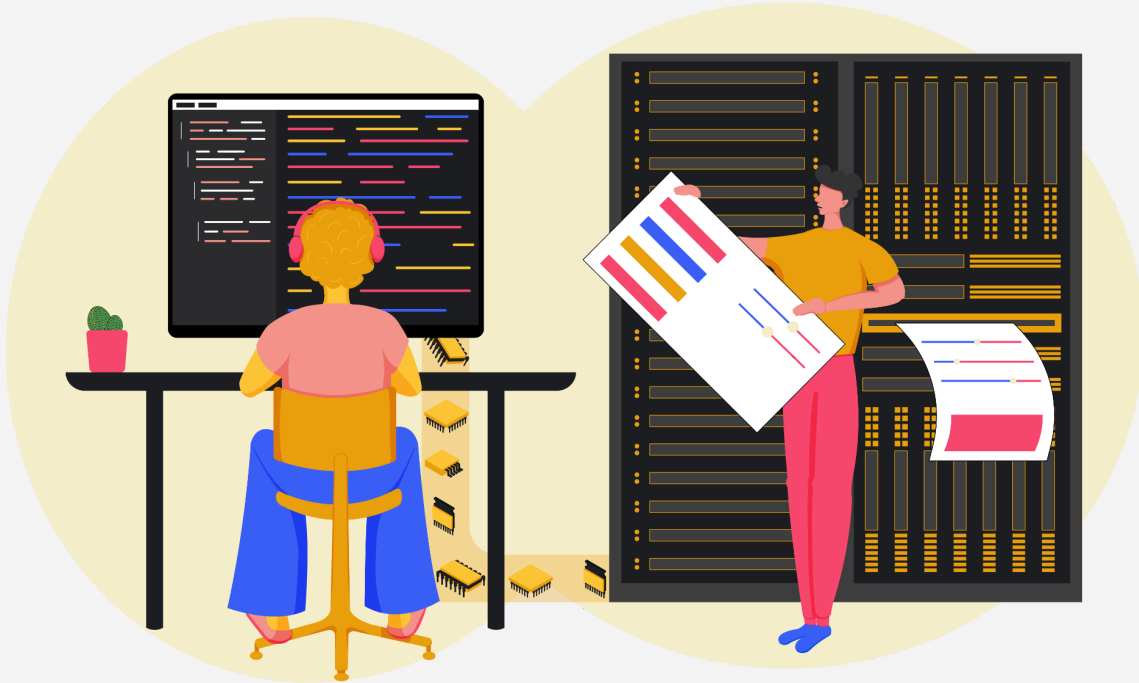
Protocol Stakeholders

In a truly meritocratic structure, financial power does not determine how humans interact. The goal of the **Meryt Protocol** is to enable economies of agglomeration to be achieved at a global scale, making distance, cultural differences, and socioeconomic criteria obsolete in the face of true value generation.

Governing bodies across the globe have failed to bring talent, hard work, proactiveness and altruism to the forefront, wrongfully steering the general public towards championing financial power over true resourcefulness. The governing system at the heart of the **Meryt Protocol** aims to break this cycle, deciding upon the weight of each participant's opinion based on their level of contribution and resources they provide to the ecosystem.

It is time to steer away from governance models focused around echo chambers, empowering the individual, and acting on the opinion of people with diverse sets of skills, knowledge and experience to sensibly allocate resources. Read on to learn more about who the stakeholders are in the **Meryt Protocol**, what they do and why they do it.

Builders



Builders are the network participants whose objectives are to remove technical barriers and knowledge gaps that inhibit mass adoption of **Decentralised Finance (DeFi)** solutions. As a nascent industry, DeFi suffers from deep fragmentation and terrible UX/UI. Liquidity mining, cross-chain asset bridging, private key management and impermanent loss are just a few of the concepts that people need to wrap their heads around to maximise returns, ensure the security of their assets as well as fully utilise the opportunities that DeFi has on offer. **Builders** have the role of enabling people to track and manage digital assets using multi-purpose, cross-chain DeFi applications in a unified interface.

Builders integrate DeFi applications to help DAOs, Investments Syndicates and individuals to effectively and efficiently handle their digital assets. Currently, developers have plenty of platforms where they can build and share their code with others to address the pain points they face in their daily activity, the drawback being that they hardly get compensated for it. On **Meryt**, **Builders** can define how they should be compensated for their work and receive one-time payments or fees from the parties that use their solutions. Being able to integrate DeFi applications into the **Meryt Protocol** enables **Thinkers** and end users, regardless of their blockchain expertise or programming skills, to focus all their resources on leveraging their craft and effectively managing digital assets.

Strategists



Strategists bring their specialist skills to help DAOs, investment syndicates and individuals to efficiently allocate resources in an automated manner. They lend their expertise to end users, saving them time and money. In return, **Strategists** generate fees and ultimately participate in the decision-making process owing to the reputation they earn in exchange for active participation.

While there is a multitude of specialist skills that could help DAOs and investment syndicates efficiently allocate resources, the first group of **Strategists** on the protocol will be **Investment Strategists**. Regardless of whether they have deep blockchain expertise or not, they are able to construct and share advanced asset allocation strategies to instill discipline when deploying and managing digital assets.

As **Builders** integrate more DeFi applications, more parameters become available to **Investment Strategists** to devise investment strategies, leveraging whole suits of DeFi solutions to appropriately manage risk and earn sustainable returns.

Thinkers



Thinkers help the ecosystem snowball beyond a handful of actors into a self-regulating, self-sustaining meritocratic economy. Be it a DAO or an Investment Syndicate, **Thinkers** create **Decentralised Organisations** that enable their communities to collaboratively make and execute investment decisions as well as track digital assets, thereby fostering decentralisation, removing human error, increasing automation and rewarding active participation.

Thinkers can manage their capital using multi-purpose, cross-chain DeFi applications on a unified platform. DeFi applications integrated by **Builders** and investment strategies shared by **Strategists** save **Thinkers** resources, be it time or money, by removing the technical barriers associated with building your own code or the knowledge gaps preventing people from effectively managing risk and earning sustainable returns.

Thinkers generate fees for **Builders**, and **Strategists**. Improved UI/UX for frictionless interaction, wider adoption for more Total Value Locked (TVL), more DApps for broader functionality, and more investment strategies for a more versatile asset allocation strategy are criteria that can attract more **Thinkers** to build **Decentralised Organisations** on **Meryt**.

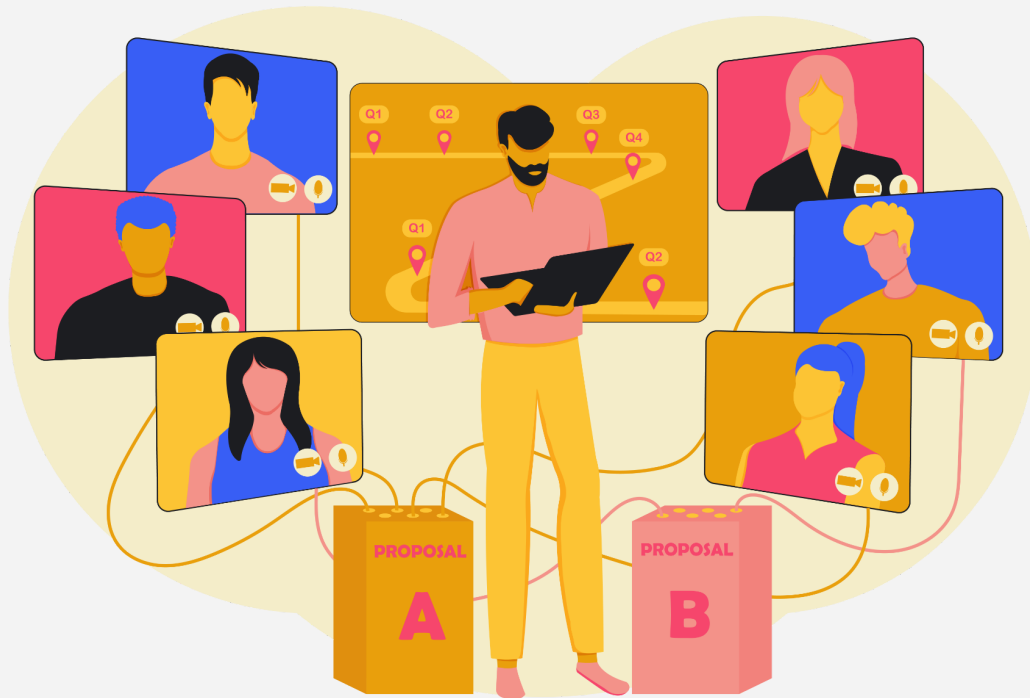
Curators



Curators are the champions of meritocracy, helping to progressively decentralise voting power at the protocol level. **Curators** are incentivised to take tokens out of circulation by staking them on the features created by **Builders**, **Thinkers** and **Strategists**. In return for curating features, they earn a share of the fees generated by the features they stake on, therefore generating compelling incentives for them to actively scout for the DApps, strategies and DOs with the most attractive utility, adoption rate and market exposure.

Curators help reduce the velocity and price volatility of Meryt tokens, keeping them out of circulation while earning curation rewards. In the early stages, rewards earned by **Curators** are expected to be mainly driven by inflationary monetary policy (i.e. releasing tokens from the Foundation), whilst, over the medium to long term, rewards are expected to be covered organically from fees generated at the protocol level.

Meryt Foundation



The **Meryt Foundation** is the **Genesis Decentralised Organisation (GDO)** that aims to reinvent the way communities, investor groups as well as individuals track and manage digital assets by recognising active participation through reputation and realigning incentives to collaborate. As the nucleus of the **Meryt Protocol**, the role of the **Meryt Foundation** is instrumental in determining the overall success of the ecosystem in its early stages.

The **Meryt Foundation** steers protocol development, putting proposals to a vote and reinforcing opinions that benefit active participants the most. The foundation guides the first iterations of the platform where DeFi applications are integrated, and investment strategies are shared, therefore allowing **Thinkers** to effortlessly track and manage their digital assets, cross-chain and cross-application. With progressive decentralisation in mind, the founders of **Meryt** are strong supporters of co-creation and distributed decision-making, and, hence, encourage the contribution of **Builders** in bringing the first iterations of the platform to market, supported by rewards, grants and bounty hunts.

With the support of marketing initiatives, the foundation aims to educate people on the benefits of the **Meryt Protocol** to attract more DApp integrations, more investment strategies, more **Curators**, and ultimately more **Thinkers** to use the platform.

Target Audience

Until now, blockchain applications and user interfaces have only targeted tech-savvy and blockchain-savvy users, limiting access to DeFi solutions to innovators and early adopters. This approach has created a divide between those who can, and those who can't, leading to limited adoption at scale. While many projects have been successful, most can attribute success to market cap or token value through belief in future value, rather than actual global use and acceptance.

We want to target both sides of the equation: Crypto veterans who are experienced with deep blockchain applications, and the everyday investor who sees its potential but doesn't have the ability to sensibly utilise it. Our protocol will allow developers to plug DeFi solutions, quants and skilled investors to devise strategies, and both sophisticated and unsophisticated investors to deploy digital assets, all without compromise.

Modular, Automated, Collaborative.

Meryt Protocol is the user-friendly, reputation-based protocol with **3 core features**:

- **DApp Integrations** allow for capital deployment across various DeFi Apps.
- **Investment Strategies** leverage integrations to automate complex asset allocation.
- **Decentralised Organisations** enable frictionless collaboration in investment decisions.

These core features allow us to target both DAOs with idle treasuries, unable to effectively collaborate on allocating resources and deploying capital, as well as investor groups and everyday people who are individually lacking the technical expertise to develop their own solutions or the knowledge to identify and execute investment decisions to benefit from outsized market opportunities widely available across this space.

Human Collaboration Without Friction

Meryt's vision is to achieve 'Frictionless Collaboration' where anyone can invest, vote, deploy, and manage their assets and resources across chains and protocols as well as off-chain, with ease. Such resources are not limited to the monetary kind, but early focus will be on actual investment of crypto assets for financial returns.



What does Frictionless Collaboration mean?

1. **An Economy of Value.**

The Think layer is where people are incentivised by a simple philosophy: The more you put in, the more you get out. Fairer, more equitable rewards systems will work on a supply and demand structure, enhanced by reputation schemas working for each user. This measures and displays the value each of us provides, to whom, and how. This makes it easier to find the right people who can add value to your projects, negotiate fair rewards and ensure they will be compensated appropriately.

2. **People-First, Organic Growth.**

Meryt has been purposely shaped to provide an essential but flexible framework, organic and evolutionary in nature. We will not dictate where it goes. You, the users, will do this. As such the network will gradually come to reflect more effective and efficient use of resources.

3. **Adaptability to any purpose.**

The protocol will meet continuous challenges as it grows, presenting more opportunity for individuals and organisations alike to solve and iterate through them as a collective. We will encourage the sharing of insights, perspectives and experience in order to best scale the protocol to the benefit of all.

As with any successful open-source project, the code will need to adapt to better suit new demands. As such, new functionality will emerge as more users use the protocol, bringing unique and valuable insights to all challenges.

How does it work?

As previously discussed, we are seeking to remove the technical barriers and knowledge gaps keeping the DeFi space from mass-adoption . We do this owing to three features:



Plug-and-Play **DApp** Integrations

Created by **Builders**, DApp integrations are plugged into the Meryt Protocol to enable communities, investor groups and individuals to tap into the full range of DeFi applications available across different blockchain architectures.

Automated **Investment Strategies**

Created by **Strategists** specialised in crypto investing, investment strategies are complex asset allocation systems that enforce discipline and enable communities, investor groups and individuals to effectively manage risk and earn sustainable rewards, as well as automate repetitive, manual work and remove human error.

People-Powered **Decentralised Organisations**

Created by **Thinkers** (i.e. DAOs and investment groups), **DOs** enable communities, investor groups and individuals to discuss, issue and vote on investment proposals using existing IM platforms. They leverage integrated DApps and ready-made investment strategies to deploy capital in a frictionless manner, as supported by the collective opinion derived from the voting mechanism of their choosing.

Use cases

Decentralised Autonomous Organisation (DAO)

Currently, DAOs across the blockchain space are sitting idle on considerable treasuries, resulting in significant loss of opportunity cost for both the protocol and the community supporting it. The first that comes to mind is Uniswap, the DAO with one of the largest treasuries in the DeFi world, reportedly sitting on a pool of \$3bn to be distributed out as grants or loans to state-of-the-art blockchain projects, as well as a pool of more than \$1bn available to be invested to sustainably grow the reserves of the protocol over time.

To manage these pools of digital assets, they are using forums to discuss and seek consensus on asset allocation. As a relatively 'safe' first step, the expectation is that they would consider using staking vaults such as Aave and Compound to generate yields on stable coins. Making investment decisions and executing upon established strategies today would require using a flawed governance model that fails to appropriately distribute decision-making power among knowledgeable community members. Furthermore, reaching a decision and executing upon the will of the community cannot currently be done in a timely manner, resulting in lost opportunity cost as well as risk arising due to human error.

Tomorrow, when using the Meryt Protocol, Uniswap's community members who contribute most to the decision making process could, overtime, accumulate and command the most voting power if they collectively decided to operate under a meritocratic model of governance. Other governance models remain available to them should they deem the meritocratic model to be unfit for their needs, including stake-based voting, one-wallet-one-vote and quadratic voting, among others.

Using a governance model of their choosing, DAO community members collectively decide how to deploy digital assets from the treasury using investment strategies with clear parameters. Upon a successful decision being reached, as defined by the voting parameters set by community members, funds will be deployed in line with the investment strategy, powered by smart contracts. This process ensures that capital is being deployed in a near-frictionless manner.

The DApps integrated into the Meryt Protocol give DAOs the ability to deploy digital assets in multiple protocols, and across various chains, making it easy and inexpensive to take advantage of DeFi opportunities across all the DeFi space.

On top of this, Uniswap v3 is already accumulating a large array of assets from fees. Soon, they need to decide which assets to hold onto and which to dispose of, and would therefore benefit from our decision-making functionality. Otherwise, they would have to weigh decisions based on strength of opinion, number of tokens staked or one-wallet-one-vote mechanisms. These are

arguably sub-optimal as they do not reflect a person's track record and do not live up to the intended decentralisation of decision-making power that blockchain technology enables.

Financial Syndicate

In traditional finance, syndicate investing represents a highly beneficial and resource-efficient way of distributing the risk associated with investing in privately-held businesses, hedge funds or venture capital funds. The obvious downside is that this kind of arrangement is restricted to high net worth individuals, with many of these wealth management organisations requiring significant liquid assets, exceptionally high salaries, and considerable minimum investment amounts. High barriers to entry such as minimum pay-ins, in many cases in the hundred of thousands, as well as frivolous selection criteria such as net worth and 'pedigree' lead to echo chambers that cause a misappropriate allocation of capital, hence stifling innovation.

Furthermore, once multiple parties pool funds together to invest in private deals, issues tied to the distribution of decision-making power and allocation of trust become obvious challenges. The complexity of managing trust and distributing decision-making power becomes more pressing as a private syndicate grows in size, turning a highly beneficial and resource efficient structure into a circle of paranoia.

Even in the blockchain space, it is cumbersome to manage a syndicate due to the dislocation of blockchain infrastructures, requiring multiple wallets, bridges, and token swaps to effectively raise and deploy funds.

Under the DO structure, syndicate investing is operationally viable with a high number of users. Not only does this break the echo chamber, but it also lifts barriers to entry, giving any person, regardless of their net worth or 'pedigree', the opportunity to express and support investment proposals, as well as build reputation based on their ability to spot blockbuster deals and generate value for both the DO as well as the protocol as a whole.

The DO structure allows for a completely 'trustless' setup. This means that you can enter into a Smart-Contract between all members, that any movement of funds must require any specific set of parameters in order to successfully transact. That way, you mitigate all bad actor risk.

Fund

Currently, entry and exit of a fund is a cumbersome, highly discriminatory procedure, with the effort of netting inflows and outflows, high fees, and time all causing multiple points of failure. Not only that, access to specialised workers and researchers is stuck in an archaic, class driven world. We believe that these challenges for modern funds can be overcome by the adoption of a much more fluid, responsive DO structure, which works for the fund and all stakeholders.

Top down limitations plague current structures, resulting in limited innovation, risk-taking and ultimately significant loss of an edge versus progressive, bottom-up approaches. The traditional hierarchical structures are ready for modernisation, which will unleash the talent of so many people whose perspectives, talent and experience which is missing in decision making and information processing currently.

The speed, cost and ease of transacting large amounts of money presents one of the most effective upgrades to modern fund management. These three elements removed, results in a much more effective and efficient outcome for inflows and outflows.

Connecting to a network of willing participants, who can all participate in one way or another with your DO, resulting in an obvious edge over competitors. A meritocracy in the purest sense of the word, you will have access to the most gifted people globally, and scale your team on-demand for the first time. Your quant team, analysts, portfolio managers and traders will all operate in a frictionless manner.

Asset allocation can require a specific set of parameters in order to complete, resulting in no bad actor risk for the fund. This is a crucial feature of the DO structure, further enhancing the benefits of an increased reliance on the collective wisdom of crowds, rather than of a few people, entrenched by their experiences and perspectives.

Without the intensive overhead costs that the modern day workplace brings, you can redistribute that excess resource into talent, and generate new forms of previously untapped alpha in the market. Access to thousands upon thousands of researchers and volunteers, bringing a truly global perspective, gives your organisation the biggest advantage over your competitors, still using analyst reports and scraping social sentiment to guide their investment theses.