



IO Investment

DeFi-Algorithmic Yield Platform

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Abstract

IO Investment introduces a fully autonomous, yield-generating DeFi platform built around a two-token model: BOUND, a value-driven token, and stBOUND, its staked, yield-bearing counterpart. The platform is designed to redefine how yield is generated and value is stored across financial markets, ensuring accessibility for all participants, regardless of investment size. At launch, IO Investment operates with a fully collateralized reserve, which expands dynamically through Algorithmic Market Operations (AMOs). These AMOs strategically deploy capital from the reserve into yield-generating strategies, strengthening the system's stability and ensuring sustainable incentives for stBOUND holders. IO Investment bridges the gap between DeFi and traditional finance (TradFi) by creating a self-sustaining financial ecosystem that offers equal financial opportunities to participants of all sizes. Through algorithmically optimized DeFi yield strategies, system-owned liquidity, and automated liquidity management, the platform maximizes yield efficiency while minimizing volatility. With a transparent revenue model, IO Investment ensures a scalable and resilient financial infrastructure for the future of decentralized finance, all while maintaining sustainable and transparent economic models.

Mission

IO Investment seeks to revolutionize financial accessibility by developing a system that democratizes yield generation across traditional and decentralised financial markets. Traditional financial markets have long favored large-scale institutional investors, leaving smaller participants with limited opportunities to grow their assets. The IO Investment platform, powered by DeFi principles, ensures that all investors, regardless of scale, can participate in an ecosystem where value is continuously generated and redistributed fairly.

Problems Solved

- **Lack of DeFi-Powered Value-Driven Tokens:** Provides a value-driven token that is decentralized, accessible, and offers equal financial opportunities.
- **Enhanced Yield Potential:** Grants users access to high-performing algorithmic strategies typically reserved for institutional traders, without compromising security.
- **Complexity of Manual Strategies:** Simplifies access to advanced financial strategies that would otherwise require extensive expertise and capital resources.



Core Tokens

BOUND Token

BOUND serves as the fundamental utility token within the IO Investment ecosystem. Unlike traditional stablecoins, BOUND is a non-stable, market-driven asset that derives its value from the system's reserve, which consists of tokenized Real-World Assets (RWAs) and digital assets stored in securitized on-chain vaults.

BOUND is minted exclusively through user deposits of USDC or USDT, which are allocated to the system's reserve to enhance liquidity and yield-generation strategies. The token supply is capped at 100 million, ensuring a transparent and controlled distribution mechanism with no additional issuance outside the predefined minting structure. Even the system and its creators must follow the same minting process, preventing arbitrary issuance and reinforcing the integrity of token distribution.

Value Determination & Market Behavior

The price of BOUND is determined by the total value of assets held in the system's reserve, divided by the circulating supply of BOUND. Unlike stablecoins that maintain a fixed price, BOUND follows a market-driven valuation model, meaning its price fluctuates based on system reserves rather than being pegged to a specific value.

While BOUND's price can experience volatility, the system implements stability mechanisms to prevent extreme price fluctuations through Algorithmic Market Operations (AMOs) and strategic liquidity management. These mechanisms do not enforce a fixed price peg but instead optimize market efficiency and maintain long-term sustainability.

Minting Price

The minting price of BOUND is updated via a DeFi Data Oracle, which continuously evaluates the collateral assets held in the reserve. The data is sourced from on-chain securitized vaults and reflected in the reserve sheet, ensuring transparency and accuracy.

The minting price is calculated using the following formula:



$$\text{Minting Price} = \frac{\text{Total Value of Collateral Assets from the Reserve}}{\text{Total BOUND in Circulation}}$$

This ensures that every newly minted BOUND token is backed by the system's reserve, reinforcing its intrinsic value and maintaining a transparent minting process.

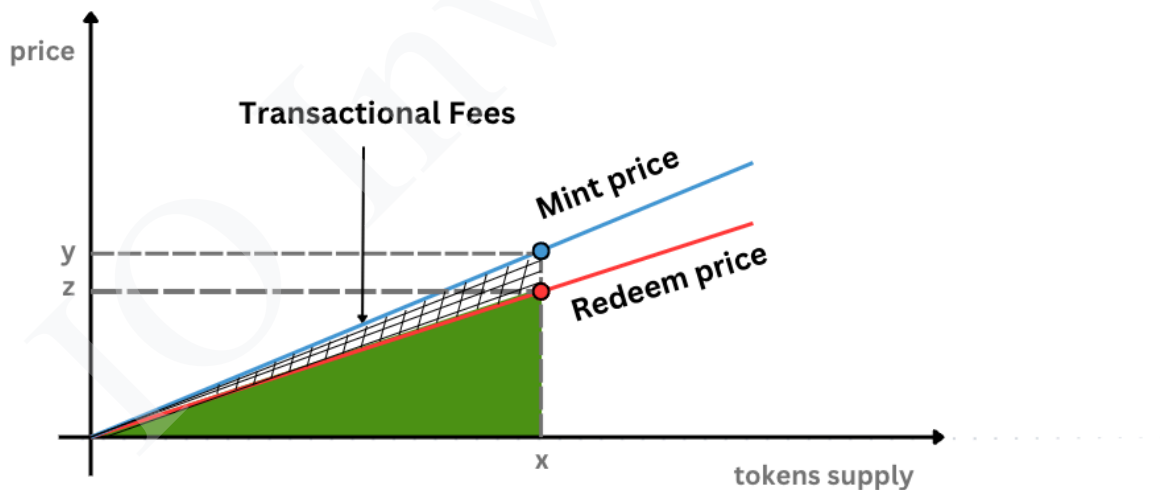
Redeeming Price

The redeeming price is the value at which BOUND tokens can be burned in exchange for USDC or USDT. This represents the value a user receives when redeeming BOUND tokens back into stable assets.

The redeeming price is calculated using the following formula:

$$\text{Redeeming Price} = \frac{\text{Total Value of Collateral Assets from the Reserve} - \text{Transactional Fees}}{\text{Total BOUND in Circulation}}$$

Transactional fees refer to gas fees deducted from the reserve to facilitate yield strategies, interactions with DeFi systems, and other operational expenses. By deducting gas fees, the redeeming price reflects the true available value within the reserve, ensuring that all system operations remain efficient and sustainable.



x = current supply of tokens in circulation

y = minting price of the last token minted

z = current redeeming price of tokens

■ = value of assets from the reserve

▨ = transactional fees deducted from the reserve for gas costs and protocol operations



Non-Redeemable & Utility-Driven Design

BOUND is a non-redeemable token, meaning that holding BOUND does not grant direct claims to the underlying reserve assets. Instead, its value is derived from the reserve's collateralized backing.

In addition to its role as the primary utility token, BOUND serves as the foundation for stBOUND, the staked, yield-bearing counterpart. Users can stake their BOUND tokens to receive stBOUND, which grants access to yield incentives generated through the system's automated yield strategies.

By ensuring a controlled minting process, market-driven valuation, and integration within staking mechanisms, BOUND acts as the cornerstone of IO Investment's financial infrastructure, bridging liquidity efficiency, collateralized stability, and DeFi-driven value generation.

stBOUND Token

stBOUND represents the staked version of BOUND and functions as a yield-bearing asset within the IO Investment ecosystem. As the system generates revenue from its collateralized reserve through automated algorithmic DeFi strategies, a portion of this income is allocated to stBOUND holders, resulting in a gradual increase in the "value" of stBOUND over time.

The staking mechanism follows a model similar to Ethena's sUSDe and Rocket Pool's rETH, where rewards are directly distributed in BOUND tokens to the staking contract, leading to an increase in the conversion ratio between stBOUND and BOUND over time.

At genesis, the conversion ratio is 1:1, meaning users stake 1 BOUND to receive 1 stBOUND. As rewards accumulate in the staking contract, the value of stBOUND increases relative to BOUND. Users who stake at a later stage will receive a lower ratio of stBOUND per BOUND since earlier stakers have already benefited from distributed rewards.

Reward Accumulation & Staking Mechanism

stBOUND holders passively accrue rewards, as all staking rewards are automatically accumulated within the staking contract. Users do not need to perform any manual actions



beyond holding stBOUND. Rewards are not directly distributed, but rather increase the “value” of stBOUND over time.

The amount of stBOUND a user receives when staking BOUND depends on the current stBOUND valuation. Since rewards are continuously added to the staking contract, later stakers will experience a dynamic exchange rate, where more BOUND is required to mint stBOUND as existing rewards have already been distributed.

There is a fixed cooldown period of seven days after the unstaking event, during which users must wait before withdrawing their BOUND tokens.

Staking BOUND for stBOUND

The staking process is managed by the StakedBOUND smart contract, which operates as an ERC4626 Token Vault for improved composability. This standard ensures on-chain reward accrual and provides efficient integration with other DeFi systems.

How Staking Works

1. Users deposit BOUND into the StakedBOUND contract.
2. The contract mints stBOUND based on the current exchange rate.
3. Over time, additional BOUND is deposited into the staking contract as rewards, increasing the value of stBOUND.
4. When unstaking, the contract burns stBOUND and returns a corresponding amount of BOUND, calculated based on the ratio of total stBOUND supply to the BOUND balance in the contract.

Early Unstaking & Dynamic Penalties

The staking period for BOUND tokens is fixed at 36 months, starting from the first BOUND token ever staked in the staking smart contract. While users can stake BOUND at any time, the unstaking period remains uniform for all participants.

Users who wish to exit their position before the staking cycle ends can freely trade their stBOUND in the stBOUND/USDC liquidity pool without incurring any penalties, providing flexibility and early liquidity options.



After the unstaking cycle ends, the system enters a 30-day cooldown period. During this time, users can unstake their BOUND and withdraw both their principal and accumulated rewards. Once the cooldown period expires, the staking cycle resets, and any remaining BOUND in the staking contract will be locked for the next staking cycle. Users may choose to unstake BOUND before the staking cycle ends, but doing so incurs an early unstaking penalty. The penalty rate is calculated in real time and displayed 24/7 on the platform, allowing users to make informed decisions before early unstaking. Since the system does not remove assets from the staking contract, stBOUND can only maintain or increase in value. Even during periods of negative system earnings, the valuation of stBOUND remains intact, ensuring that stakers do not experience a reduction in value.

Staking Reward Source & Sustainability

The IO system generates revenue through multiple sustainable and automated mechanisms, ensuring long-term profitability and financial resilience. The revenue streams include minting and redemption fees, trading fees from system-owned liquidity (POLs), algorithmic investments via AMOs, arbitrage strategies, real-world asset (RWA) dividends, and digital asset appreciation.

The revenue generated is used to mint additional BOUND, which is then distributed to stBOUND stakers as yield. This ensures that staking rewards remain sustainable and system growth directly benefits long-term participants.

If the collateral value of assets in the reserve plus the basis spread yield generated in the current week is lower than the previous week's collateral reserve value, no rewards are distributed. This ensures that yield is only distributed when the system generates additional income, preventing dilution and maintaining system stability.

Fixed Staking Period & Weekly Rewards Distribution

- Rewards are distributed weekly and gradually vested over seven days, ensuring a smooth and consistent increase in the stBOUND/BOUND ratio, preventing short-term staking exploits.
- This mechanism prevents sandwich attacks, where users attempt to stake just before rewards distribution and unstake immediately after.



Key Staking Principles

- The staking period is fixed at one 36 months, beginning from the first BOUND token staked.
- The system never withdraws assets from the staking contract, ensuring stBOUND remains non-declining in value.
- In periods where the reserve's collateral value does not generate yields, staking rewards are set to zero to preserve system stability.

Liquidity and Arbitrage Mechanisms

To enhance liquidity and improve market efficiency, IO Investment establishes a system-Owned Liquidity (POL) pool for stBOUND/USDC. This pool allows stBOUND holders to liquidate their holdings before the general unstaking date without incurring penalties. By offering a liquid secondary market for stBOUND, the system ensures greater accessibility for stakers while reducing the risk of market inefficiencies.

The stBOUND/USDC liquidity pool is launched and fully controlled by the system from inception, ensuring deep liquidity and market stability. The pool provides a mechanism for early liquidation without affecting the staking mechanics, allowing users to sell stBOUND before the unstaking period ends while avoiding penalty fees.

Arbitrage Opportunities & Price Stabilization

The stBOUND liquidity pool also presents arbitrage opportunities whenever its market price deviates from the system-determined price.

- If the pool price of stBOUND exceeds the price calculated by the system, arbitrageurs can profit by acquiring stBOUND at a lower rate from the system and selling it at a premium in the liquidity pool.
- If the pool price of stBOUND falls below the system price, the system adjusts liquidity to curb selling pressure and facilitate upward price corrections.

To maintain market stability, the system automatically aligns price discrepancies when they persist for an extended number of blocks. If the stBOUND price in the liquidity pool drops below the system price, the system adjusts liquidity by reducing available liquidity, allowing buy orders to have a greater impact and pushing the price back up.



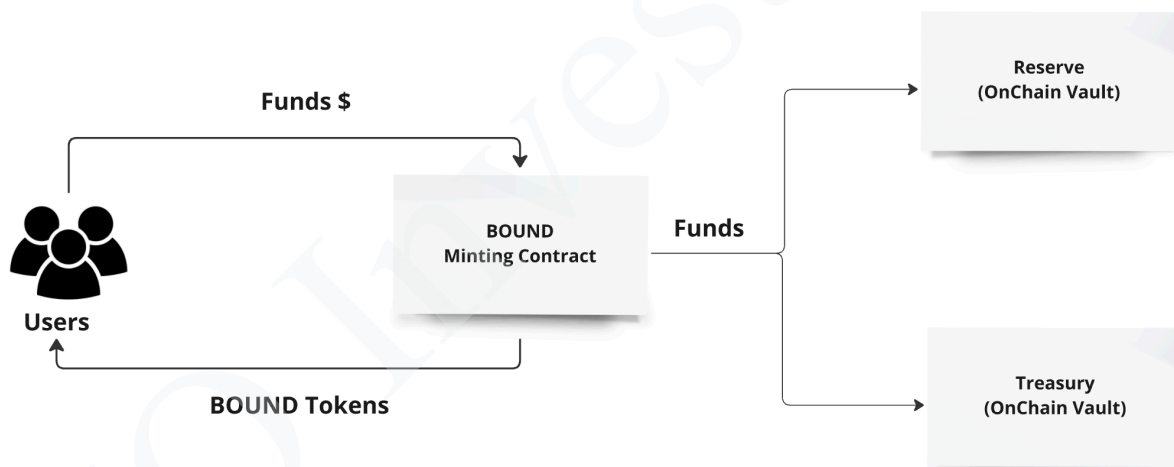
Reserve Flow

The IO Investment ecosystem is designed to facilitate seamless user interaction with the reserve, ensuring that capital is effectively deployed while aligning revenue distribution with system stability. This section outlines the BOUND minting process and the flow of yield-generated revenue within the system.

Minting BOUND

Beyond the initial capital allocation from institutional partners that funds the reserve and kickstarts yield generation, users can also contribute to the reserve by minting BOUND tokens. This is done through the mint() function in the BOUND minting contract, allowing external participants to increase the system's capital base.

When a user mints BOUND by sending funds to the reserve, a fixed percentage (D) of the deposit is allocated to the system treasury, while the remaining portion is transferred to the reserve for deployment across DeFi strategies. This ensures that a portion of all external contributions is retained for system stability while maximizing the capital actively generating yield.



Example:

If a user mints 1,000 BOUND at \$1 per token, the system receives 1,000 USDC. If $D = 10\%$, then \$900 is transferred to the reserve for yield generation, while \$100 remains in the treasury. This model ensures that the majority of user deposits are put to work in the yield-generating mechanisms of the system while maintaining a stable treasury for operational flexibility.



Exception

When the system mints BOUND tokens, the standard distribution rules do not apply. In these cases, the **D parameter** is set to **100%**, ensuring that all funds used for system-minted BOUND remain within the system treasury. This mechanism prevents the system from reinvesting in itself at a discounted rate, maintaining the integrity of value distribution.

Yields Distribution

A portion of the yield generated from the collateral reserve is allocated for staking rewards through the minting of new BOUND tokens. To execute this, the system calls the `mint()` function, just like any external participant. However, unlike external users, the funds used for minting remain fully within the treasury, while the newly minted BOUND tokens are transferred to the staking contract, increasing the value of stBOUND. This ensures that staking participants benefit directly from the system's yield generation while reinforcing continuous value accrual within the staking system.

The treasury retains the funds used for minting staking rewards to ensure sufficient liquidity for stabilizing the stBOUND/USDC liquidity pool. As staking rewards are distributed, the system price of stBOUND increases. To maintain price alignment, the system utilizes liquidity from the treasury to adjust the stBOUND LP price, ensuring it reflects the new system price calculated by the contract. Additionally, treasury liquidity is used to maintain the peg, ensuring that users who choose to liquidate their stBOUND holdings through the liquidity pool can do so seamlessly, without disrupting market stability.

This mechanism guarantees that staking rewards remain directly tied to the yield generated by the reserve, creating a self-sustaining incentive structure where higher yield results in greater staking rewards. At the same time, by ensuring that the treasury retains control over liquidity, the system maintains market stability and price alignment between stBOUND LP and the system price.

Decentralized Algorithmic Market Operations (dAMO)

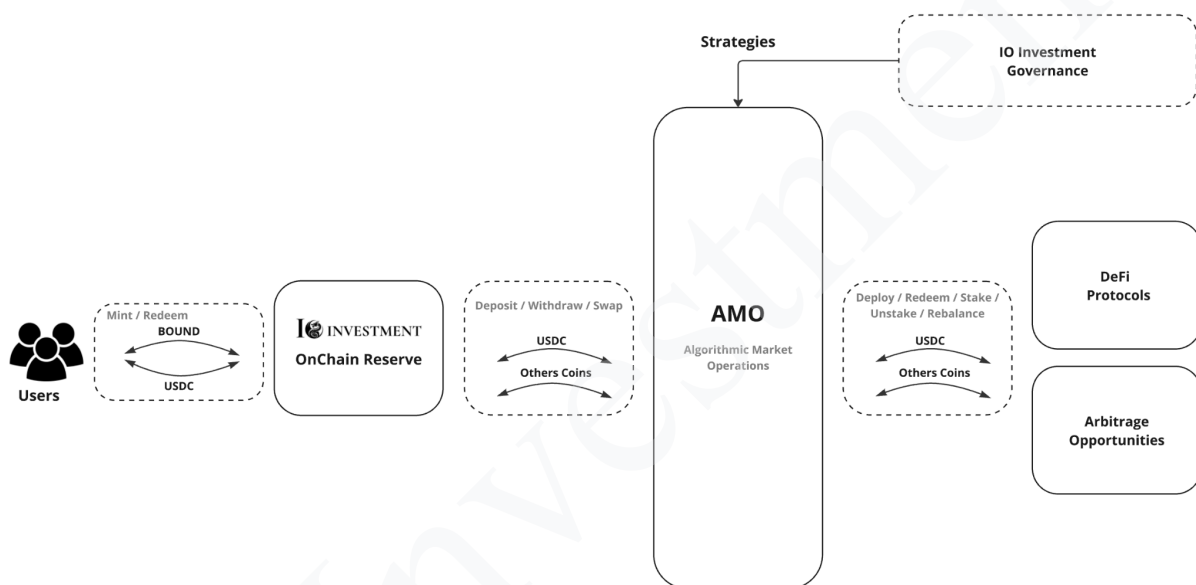
IO Investment introduces Decentralized Algorithmic Market Operations (dAMO) drawing inspiration from Algorithmic Market Operations (AMO) introduced by the Frax system. dAMO is designed to automate yield generation, manage liquidity, and optimize capital deployment in a decentralized and algorithmic manner. By strategically allocating reserve collateral, dAMO strengthens the economic framework of the platform while ensuring sustainable returns. dAMO operates through autonomous smart contracts, which execute predefined rules and strategies based on market conditions and external data inputs such as oracles and governance directives. These contracts leverage mathematical models and



automated algorithms to execute automated market operations, enabling optimal yield generation without human intervention.

By utilizing dAMOs, IO Investment enhances capital efficiency by algorithmically deploying and managing its reserve capital. These operations generate revenue for the system while ensuring that yield farming and liquidity provisioning align with governance-defined objectives. The IO Investment platform includes multiple dAMOs, each fulfilling a distinct function in maintaining the economic stability of the system.

General dAMO Diagram



Capital Deployment dAMO

The Capital Deployment dAMO is responsible for deploying and redeeming capital across multiple DeFi systems, ensuring optimal utilization of reserve assets. Its primary function is to ensure strategic capital deployment from the reserve in different DeFi systems by directing idle USDC into yield-generating opportunities. The governance mechanism determines which DeFi systems are available for capital deployment, ensuring an optimal allocation of capital. The Capital dAMO autonomously manages the deployment and retrieval of funds while collecting yield in a seamless and automated manner. The invested collateral remains integrated into the system’s valuation model, ensuring that it is always available for determining the price of BOUND.

- Selects high-yield opportunities based on governance-approved DeFi systems.
- Deploys and withdraws capital dynamically, ensuring maximum efficiency.
- Auto-compounds earnings to enhance returns.



- Ensures that invested collateral remains liquid and accessible to the system.

The revenue generated through this automation is distributed to the system treasury, with a portion allocated to stBOUND stakers and other governance-approved incentives.

Arbitrage dAMO

The Arbitrage dAMO is designed to execute automated trading strategies that ensure price equilibrium across stablecoins and DeFi index markets. It identifies inefficiencies and price discrepancies within decentralized markets, executing arbitrage trades to capture profits while stabilizing liquidity pools. By continuously rebalancing, the Arbitrage dAMO enhances price stability and generates additional returns that reinforce the economic security of the system.

- Identifies pricing inefficiencies across decentralized markets.
- Conducts arbitrage trades to capture profits and optimize system holdings.
- Supports stablecoin and DeFi indices rebalancing.

The revenue generated through this automation is distributed to the system treasury, with a portion allocated to stBOUND stakers and other governance-approved incentives.

Stability dAMO

The Stability dAMO is designed to generate arbitrage revenue by aligning the price of stBOUND in the stBOUND/USDC liquidity pool with its system-calculated price. The system price of stBOUND is determined by the staking contract, where its value increases as more BOUND rewards are distributed. This mechanism ensures that the liquidity pool price of stBOUND reflects the actual value growth generated within the staking system, preventing deviations that could disrupt market efficiency.

To maintain this alignment, the Stability dAMO continuously monitors and corrects price discrepancies between the liquidity pool and the system price. For example, when the stBOUND LP price exceeds the system price, indicating excess demand in the liquidity pool, the dAMO mints new BOUND, stakes it to generate additional stBOUND, and sells it into the liquidity pool. This controlled expansion increases the circulating supply, bringing the LP price back toward equilibrium. Conversely, when the LP price falls below the system price, signaling an excess of stBOUND in the liquidity pool, the dAMO withdraws USDC collateral from the reserve and uses it to buy stBOUND from the pool, reducing supply and pushing the price back up.

- Monitors price deviations between the liquidity pool price and the system price of stBOUND.
- Captures arbitrage opportunities created by these adjustments, generating revenue for the system.



- Reinforces liquidity and price stability while maintaining seamless value accrual in the staking system.

This automated process not only ensures price stability but also creates continuous arbitrage opportunities, which is distributed to the system treasury, with a portion allocated to stBOUND stakers and other governance-approved incentives. Through this mechanism, IO Investment sustains a self-reinforcing economic model where system-driven arbitrage stabilizes pricing dynamics and maintains seamless value accrual within the staking system.

Conclusion

The dAMO framework establishes IO Investment as a leading decentralized yield-generation platform by introducing autonomous financial mechanisms that optimize liquidity, deploy capital efficiently, and ensure the long-term stability of the stBOUND peg. These self-executing operations create a scalable, adaptable, and modular system that evolves with the changing DeFi landscape while preserving the fundamental economic principles of the system. The modularity of dAMOs ensures that system upgrades and refinements can be implemented seamlessly, reinforcing the system's resilience, composability, and efficiency in an ever-evolving financial environment.

POL stBOUND/USDC

system-Owned Liquidity (POL) is a fundamental mechanism through which the system ensures deep and stable liquidity for the stBOUND/USDC trading pair. Unlike traditional liquidity models that rely on external liquidity providers, POL allows the system to directly manage and supply liquidity, reducing dependency on third parties and ensuring efficient market operations. By owning and controlling liquidity, the system maintains consistent market depth, prevents slippage, and supports a stable trading environment.

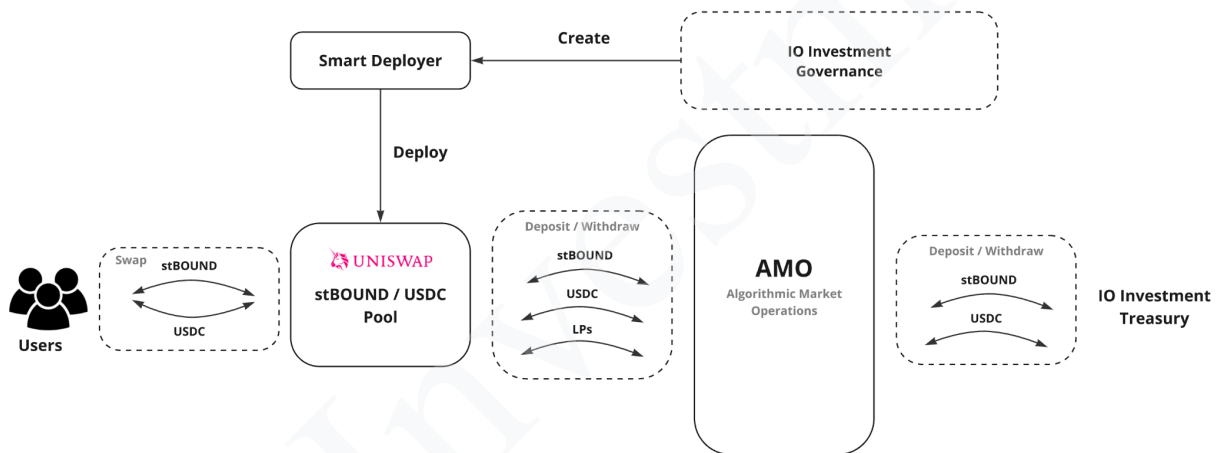
The system directly supplies stBOUND and USDC to the stBOUND/USDC liquidity pool on decentralized exchanges (DEXs), ensuring a seamless trading experience with minimal slippage. The liquidity owned and managed by the system is not only essential for market depth but also generates revenue. Trading fees collected from swaps within the stBOUND/USDC pool accrue directly to the system, creating a sustainable yield that is reinvested into the system. A portion of this revenue is allocated to the system treasury, while another portion is distributed to stBOUND stakers and governance-approved incentives. This self-sustaining model strengthens the system's financial health and aligns long-term incentives with liquidity management.



An automated liquidity management strategy enables the system to respond effectively to market conditions. When liquidity depth decreases or market volatility rises, the system can inject additional liquidity into the pool to ensure smooth trade execution. Conversely, during periods of lower trading demand, the system optimizes liquidity allocation by strategically adjusting its holdings. This dynamic provisioning mechanism stabilizes the stBOUND/USDC trading environment, preventing unnecessary price fluctuations while ensuring efficient market operations.

- Launches and provides liquidity to stBOUND / USDC liquidity pool.
- Accrues trading fees, contributing to system earnings.
- Rebalances liquidity dynamically, responding to market conditions.

POL dAMO Diagram



Yield Generation

Trading Fees from system-Owned Liquidity (POLs)

The stBOUND/USDC liquidity pool is launched as system-owned liquidity (POL), meaning the system itself supplies liquidity rather than relying on external liquidity providers.

- As users trade between stBOUND and USDC, the pool generates trading fees, which are collected by the system rather than external liquidity providers.
- Since the system owns and controls this liquidity, all trading fees generated in the LP contribute directly to staking incentives and treasury reserves, reinforcing long-term capital efficiency.



By maintaining direct ownership of the stBOUND/USDC liquidity, the IO system reduces reliance on third-party liquidity providers, ensuring consistent market depth and price stability for stBOUND holders.

Treasury and Investment Strategies

The system reserve is actively managed through Algorithmic Market Operations (AMOs), which dynamically allocate capital into various DeFi investment strategies to maximize yield generation.

- **Automated DeFi Investments:** The system's AMOs strategically deploy assets into decentralized funds, lending markets, and staking pools, optimizing risk-adjusted returns.
- **Yield Farming & Liquidity Provision:** The system leverages high-efficiency DeFi strategies, ensuring yield is generated without compromising reserve stability.

By automating capital allocation, the IO system maintains sustainable yield generation while reducing exposure to manual intervention and market inefficiencies.

Stability Mechanism

The system generates revenue through an algorithmic stability mechanism leveraging arbitrage strategies within its stBOUND liquidity pool to maintain price stability while capturing profit opportunities.

- When the price of stBOUND in the liquidity pool (LP) exceeds the system price, the system mints additional BOUND, stakes it to generate stBOUND, and sells it back into the LP to capture the spread.
- This process not only generates additional revenue but also stabilizes the stBOUND price, preventing excessive volatility and price spikes.

Arbitrage Opportunities in DeFi Markets

Similar to how DeFi stablecoins utilize arbitrage to maintain their peg, the IO system leverages its liquidity, automated execution, and reserve-backed capital to seize arbitrage opportunities across various DeFi markets. These opportunities ensure continuous capital optimization while reinforcing price stability and sustainable revenue generation.



- The system strategically capitalizes on price discrepancies in DeFi stablecoins, taking advantage of arbitrage windows to enhance liquidity efficiency and maintain balance within DeFi ecosystems.
- Recalibrating DeFi Indexes: The system actively engages in arbitrage mechanisms within decentralized index systems like IndexCoop, ensuring that DeFi index compositions remain accurately priced and aligned with market valuations.
- Fast execution and automated strategies allow the system to intervene when mispricings occur, optimizing returns without exposing the system to unnecessary risk.

By utilizing high-frequency arbitrage strategies, the IO system enhances price stability, ensures efficient capital deployment, and maximizes risk-free revenue generation, following similar principles observed in Ethena and other high-efficiency DeFi systems.

RWA & Digital Assets Reserve

The IO system reserve is structured to ensure long-term financial sustainability, capital appreciation, and stable yield generation. By holding a diversified portfolio of digital assets, tokenized real-world assets (RWAs), and financial indices, the reserve benefits from both market-driven appreciation and predictable yield streams, reinforcing treasury stability and liquidity efficiency.

The system strategically allocates capital across high-performing digital assets, tokenized commodities, and diversified investment indices to capture sustained value growth while mitigating volatility. Additionally, low-risk yield-bearing RWAs, such as government-backed securities, tokenized corporate bonds, and blockchain-based real estate assets, provide stable and predictable returns, reducing dependence on market fluctuations.

This combined approach allows the system to continuously accumulate value within its treasury, ensuring that staking rewards, liquidity management, and long-term incentives remain sustainable. By leveraging a diversified asset mix, the IO system enhances capital efficiency and financial resilience, positioning itself as a robust DeFi ecosystem capable of adapting to various market conditions.



Revenue Source

Mint & Redemption Fees

IO system implements a 0.98% fee on minting and redemption transactions, ensuring efficient liquidity management and stable operational sustainability. These fees are essential for maintaining the system's long-term financial health, preventing unnecessary liquidity drains, and reinforcing reserve stability.

As the BOUND token is exclusively minted and redeemed through the system, these fees contribute directly to system revenue, which is redistributed across staking incentives, liquidity provisions, and treasury reserves. This transparent fee model ensures continuous reinvestment into the system, maintaining optimal capital efficiency.

Based Fees

IO Investment implements a performance-based fee structure to ensure sustainable system operations while maintaining alignment with user interests. This fee structure is designed to be transparent and results-driven, ensuring that fees are only incurred when yield is successfully generated. The based fee is calculated as a percentage of the net yield after covering operational costs. For example, if the system generates an 80% yield, a 10% system fee is deducted, leaving 70% for users. This approach allows the system to maintain operational efficiency, enhance security, and support continuous development, all while ensuring users receive competitive returns.

Tokenomics

Initial Token Launch & Distribution Strategy

BOUND tokens can only be generated through the minting contract, where users deposit USDC or USDT in exchange for BOUND at a system-determined price. This rule applies equally to all participants, including the system itself and the development team, ensuring transparent and fair token distribution.

This mechanism guarantees:

- No arbitrary token issuance, reinforcing trust and decentralization.



- Equitable access, ensuring that all participants acquire BOUND under the same conditions.
- Reserve-backed valuation, ensuring that BOUND maintains an intrinsic market-driven value.

Investment Objectives

- **Development & Infrastructure Round (Equity-Based) – \$470K**

This allocation supports the phases of development, covering ongoing operational costs, audits, legal compliance, and marketing strategies required for the platform’s go-to-market execution.

- **Funding Project Treasury (Equity-Based) – Minimum Funding Goal – \$1M**

Funds contributed in exchange for equity are used to mint BOUND, which is then staked and vested for future use within the treasury. This allocation ensures the system’s long-term sustainability, supporting strategic initiatives, partnerships, and ecosystem expansion.

- **Reserve Funding (Token-Based) – Minimum Funding Goal – \$3M**

Investor contributions are deposited into the system, used to mint BOUND, and automatically staked to generate stBOUND. This ensures that the reserve is fully capitalized and begins generating yield immediately. In exchange for their investment, investors receive stBOUND tokens, granting them access to staking rewards and yield generation based on their investment.

Initial Token Launch Pricing

The BOUND token is introduced at a launch price of \$0.25 per token, establishing a fair and transparent entry point for early participants in the IO Investment ecosystem.

BOUND Token Distribution

- 40% – Allocated to Private Investors and Early Contributors to complete the investment objectives, ensuring initial liquidity and system development.
- 60% – Distributed through staking and farming rewards, incentivizing stBOUND holders and supporting liquidity provision through various farming mechanisms.



Private Investors & Early Contributor Distribution (40%)

The 40% allocated to private investors and early contributors is divided into two distinct funding mechanisms:

30% – Strategic Investment for BOUND (Initial Reserve Funding - \$3M)

The 30% allocation for private investors and early contributors is dedicated to funding the reserve, ensuring that investors directly benefit from the yield generated by their staked BOUND. This initial reserve funding plays a crucial role in strengthening the system's credibility among users and allows the system to access capital-intensive yield-generation opportunities that require higher liquidity thresholds.

- A minimum investment of \$3M is deposited into the system, where it is used to mint BOUND tokens.
- All BOUND generated is automatically staked, producing stBOUND at 1:1 ratio, which is allocated to investors under a structured [vesting schedule](#).
- The funds deposited into the reserve are immediately directed into yield-generating mechanisms, ensuring efficient capital utilization and initiating revenue inflows.
- While stBOUND is distributed periodically to investors, they remain entitled to 100% of the staking rewards generated by their BOUND holdings.

Important Notes

- After the staking cycle ends, investors can unstake and burn BOUND to redeem their investment.
- Burning BOUND is the only mechanism for withdrawing funds from the system.

10% – Investment in Return for Equity (Funding Project Treasury - \$1M)

The 10% allocation is designated for treasury funding, ensuring that the system has the necessary operational capital to support its long-term growth, security, and ecosystem development. Unlike the 30% reserve funding, where investors directly benefit from staking rewards, this allocation does not entitle investors to BOUND-related yield but instead provides equity ownership in the system.



This structure ensures that essential operational costs, audits, and partnerships are adequately funded, while also allowing the treasury to benefit from yield accumulation over time through stBOUND holdings.

- The BOUND generated is automatically staked on behalf of the treasury, producing stBOUND, which is allocated under a structured [vesting schedule](#).
- After the stBOUND is vested, it is allocated to sustain treasury needs, ensuring the long-term financial stability and sustainability of the system.
- The allocated stBOUND gradually accrues yield, further reinforcing the project's financial stability.

Important Notes

Since BOUND tokens minted in this stage are allocated to the project treasury, investors cannot withdraw funds from the system after the staking period ends. In this stage investors receive equity in exchange for their contributions.

Investment Commitment and Liquidation Alternatives

All BOUND tokens allocated through this investment stage are automatically staked for 36 months, ensuring consistent staking rewards accumulation. The stBOUND generated is distributed according to the [vesting schedule](#), maintaining a balanced release of tokens into the market.

- Investors can sell stBOUND in the stBOUND/USDC liquidity pool before the staking period ends, allowing early liquidation without affecting the staking mechanism.
- Alternatively, after 36 months, investors can unstake their BOUND and withdraw both their investment and rewards by burning BOUND, which is the sole withdrawal mechanism in the system.

stBOUND Vesting Schedule

To ensure market stability and prevent excessive selling pressure on the stBOUND/USDC liquidity pool, all stBOUND allocated to investors and funding the project treasury follows a structured vesting schedule. This approach aligns incentives with long-term system growth while maintaining liquidity efficiency for stBOUND holders.



Accredited Private Investors & Early Contributors (30%)

- 4.5% – Unlocked at launch
- 10.5% – Vested over the first 12 months, with a 6-month cliff
- 15% – Vested over 24 months, with a 12-month cliff

Project Treasury / Grants / Partnerships / Audits / Bug Bounties (7%)

- Vested over 36 months, with a 12-month cliff, ensuring gradual treasury fund allocation

Team / Founders / Early Members (3%)

- Vested over 36 months, with a 12-month cliff, reinforcing long-term commitment to the system

Early Investor Advantage

- Genesis-stage investors receive stBOUND at a 1:1 ratio when staking BOUND.
- As staking rewards accumulate, the value of stBOUND increases relative to BOUND, meaning stBOUND becomes progressively more “valuable” over time.
- Investors staking later in the system will require more BOUND to generate the same amount of stBOUND, making early participation significantly more advantageous.

stBOUND Governance: APY Distribution

stBOUND not only functions as a yield-bearing staking asset but also serves as the governance token of the IOT ecosystem. Holders of stBOUND have the exclusive ability to vote on APY distribution, determining how staking rewards and liquidity incentives are allocated across the system. This ensures that long-term system participants actively shape reward mechanisms, aligning incentives with sustainable system growth.

Governance Voting: APY & External Liquidity Pool Allocation

The IO Investment platform integrates external DeFi liquidity pools, providing users with opportunities to earn additional rewards through liquid farming. The allocation of APY



between staking rewards and liquidity providers is governed by stBOUND holders through a dynamic governance framework.

- stBOUND holders control APY emissions, deciding the distribution of staking rewards versus liquidity provider incentives.
- Voting is conducted periodically, allowing adjustments to reflect market conditions, liquidity needs, and reserve performance.
- The system is designed to balance incentives, ensuring that staking remains attractive while simultaneously rewarding users for providing deep liquidity across external DeFi liquidity pools integrated through the IO Investment platform.

Gauge System: Dynamic APY Allocation

The IO system implements a gauge-based reward system, where stBOUND holders vote on how system-generated rewards are distributed. Similar to the Frax gauge model, this ensures an optimized distribution of APY across staking pools and liquidity providers.

How APY Distribution Works:

- The total reward emissions (staking rewards + liquidity incentives) are subject to stBOUND governance votes.
- stBOUND holders allocate voting weight to determine what percentage of rewards go to staking vs. liquidity providers.
- The more votes a liquidity pool or staking pool receives, the higher its APY allocation.

Example:

- The system allocates 500,000 BOUND per month for staking and liquidity rewards.
- If stBOUND holders vote to allocate 60% to staking and 40% to liquidity, then:
- 300,000 BOUND is distributed to stBOUND stakers.
- 200,000 BOUND is allocated to liquidity providers in eligible pools for liquidity farming on the platform.



Why This System Benefits Long-Term Holders

The governance framework prioritizes long-term stBOUND holders, ensuring that those who actively participate in governance shape APY distribution.

- stBOUND holders who vote can influence rewards, increasing incentives for their preferred pools.
- Short-term liquidity providers who sell rewards immediately lose governance influence, ensuring that rewards are directed by long-term participants.
- This system reduces farming & dumping cycles, stabilizing reward emissions over time.

Example:

- If stBOUND holders favor higher APY for staking, they can vote to allocate a larger share of rewards to staking rewards rather than liquidity incentives.
- If liquidity incentives are too low, governance can adjust future emissions to support deeper liquidity for the system's designated pools, ensuring balanced market incentives and sustained trading efficiency.

Governance Voting Mechanics

- Gauge Weights Adjust Weekly – Voting outcomes remain fixed for one week before adjustments take effect.
- stBOUND Holders Can Adjust Votes – Governance participants can rebalance their votes every 10 days, ensuring flexibility in response to market conditions.



Conclusion

The IO Investment platform is designed to be self-sustaining and decentralized, ensuring that yield generation remains efficient, transparent, and resilient. By leveraging real-world asset integration, algorithmic market operations, and system-owned liquidity, IO Investment creates a scalable and adaptive financial system that can evolve alongside the broader DeFi ecosystem.

While the platform is initially deployed on Ethereum, future expansions will explore cross-chain implementations to enhance accessibility and liquidity. The system's architecture is built to be modular and upgradeable, allowing for continuous innovation without compromising security or decentralization.

IO Investment follows a governance-first approach, where stBOUND holders dictate system-level decisions, including APY distribution and liquidity incentives. This ensures that long-term stakeholders drive platform growth, preventing short-term speculative disruptions.

Over time, additional algorithmic mechanisms and capital efficiency strategies can be implemented to optimize reserve utilization and maximize system-generated yield. The structured staking and vesting models provide stability and predictability, making IO Investment a trusted ecosystem for sustainable DeFi growth.

As decentralized finance continues to mature, IO Investment is positioned to become a key player in shaping the next generation of financial infrastructure, seamlessly bridging the gap between on-chain liquidity and real-world financial applications.

