

HAI
TOKENOMICS
PAPER



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SUMMARY

The world as we know it is changing rapidly and with it, the crypto sector. Trust is becoming more important than ever as we move towards a more decentralized digital future where everything is rarely as it seems. Hacken believes that this trust can only be earned by verification.

In the Web3 industry, transparency is key.

Without it, the space will continue to be plagued by inferior projects with weak concepts, fraudulent activities, poor tokenomics, and scams that harm investors and the community. While data is critical to identifying bad actors, it's only through a motivated and fair community that this open, up-to-date, well-structured, and easy-to-use data can be collected and processed.

That's why Hacken is committed to promoting fair tokenomics and building a trusted Web3 ecosystem through the support of public goods and community-driven initiatives.

Hacken has released new tokenomics, making it transparent, fair, deflationary and attracting as many people as possible who will contribute in building verifiable trust.

The company is building a public goods community of like-minded individuals who believe in the power of Web3 and the importance of trust. Established in 2017, the Hacken community is now evolving and scaling into hDAO — an association of people who want to build a secure Web3 where trust is the default. Hacken, in turn, gives them resources and tools to implement this.

Hacken's new Tokenomics is set to supercharge the HAI token into a Work-2-Earn, governance, and product-utility token that is pioneering a new standard for incentivization in the industry. The HAI ecosystem consists of a suite of products that follow common goals and are united with one token. Like Trust Army where everybody can get Web3 research skills and start earning income for collecting data and making an impact on building transparent Web3.

Simply put, the new Hacken Tokenomics is a call to action. We believe that by building a strong, trustworthy ecosystem, it can help pave the way for the future of Web3. That's why we're calling those who believe in the power of trust and transparency to come together and build verifiable trust in Web3.

The paper was created with a third-party assistance by tknomics.com to have additional reviews and ideas for creating strong stable HAI tokenomics.

Please note: Hacken's new tokenomics does not imply a new token nor new distribution. No new tokens will be minted and there'll be no changes to issued HAI.

BACKGROUND

INTRODUCTION

HACKEN

is a blockchain security company founded in 2017 with a vision of transforming Web3 into a safer place. With 5+ years of experience, hundreds of blockchain partners, and thousands of secured crypto projects, Hacken protects technological businesses and crypto communities worldwide with the most competitive suite of professional cybersecurity services and products.

Hacken as a pioneer of Web3 cybersecurity nurtured this industry and doubled its market share for the last years.

- **\$9.6 MILLION REVENUE** in 2022 year
- **1,200+ B2B SERVICES CLIENTS**, including Avalanche, Polkastarter, Near, Enjin, Kucoin, Sandbox, DAO Maker, IoTeX
- **200+ PARTNERS**, including Binance Smart Chain, CoinGecko, CoinMarketCap, Polygon, Klaytn, Polkadot, VeChain, Venom Foundation

The next Hacken growth direction is B2C — the ecosystem with tools and data to provide everybody with a secure and transparent experience in Web3. The core of this direction is Hacken's cybersecurity-focused community and Hacken's native token — HAI.

- **100,000+ CYBERSECURITY ENTHUSIASTS** across Twitter, Discord, and Telegram
- **50,000+ INSTALLATIONS** and **2,000 MONTHLY USERS** of HackenAI application
- **30,000+ MONTHLY USERS** among our applications;
- **15,000+ VERIFIABLE** HAI token holders

In 2021, Hacken launched its first community-based research platform to analyze TOP-1,500 tokens. The platform's stats are impressive: 111 community members participated in data collection. Based on its success, in 2022 Hacken kickstarted a new much more wide scale product — Trust Army. Being in Beta from December 2022, Trust Army has already gained:

- **1,980+** Trust Army users
- **2,000+** submitted Beta reports
- **500+** successfully completed Beta reports

One more Hacken's cybersecurity product that is worth to mention — HackenProof. Since 2018, it has been running bug bounty programs for companies representing traditional and emerging industries, such as CoinGecko, Avalanche, Near, KuCoin, and Gate.io.

- **28+ BILLION** clients funds
- **\$846,434** bounty payouts
- **13,000+** hackers
- **8,140** submitted reports

In the new Tokenomics, our B2B achievements now provide the strong foundation for a new pivot to B2C and rejuvenated HAI token. The security auditing services, which brought 9.6 million USD in revenue during 2022, are now integrated into a solution that raises the value of the HAI token.

To comply with the highest industry standards, the Hacken team worked together with tknomics.com, who helped with strategic sessions, brainstorming and reviews of tokenomics.

GOALS AND VISION

The year 2022 was a damaging one for the crypto sector on all fronts, with several of its biggest weaknesses in the realms of security and custody once again painfully exposed at the cost of billions of dollars.

While blockchain technology builds trustless infrastructure to fuel the growth of Web3 and DeFi, where there is no need to rely on centralized third parties, the concept of trust remains a daunting hurdle as the world moves towards a more decentralized future.

The nascent Web3 industry faces a deluge of poor-quality or fraudulent projects that are tarnishing the image of crypto and hurting the pockets of investors. Web3 needs greater transparency to build trust and this is how we retain the winners and weed out the bad ones over the long term.

This transparency extends far beyond what mere public on-chain data but also includes building the tools necessary to correctly understand what you see.

The solution is quite simple — provide everybody with open, up-to-date, well-structured, and easy-to-use data and tools to understand whom you can trust and whom not.

Hacken's new Tokenomics standard consists of a suite of products that will inspire its community and transform the HAI token into a Work-2-Earn, governance, and product-utility token and help to foster greater trust in Web3.

With Hacken, trust is earned by verifying it.

HAI TOKEN EVOLUTION

In 2022, Hacken decided to change its token structure and community to the roots — HAI is becoming a fully Work-to-Earn, product-utility, governance token that will be managed by a decentralized autonomous organization named hDAO.

The HAI community is now mature and self-governed. By separating Hacken B2B management from HAI management, all token-related decisions including product development, marketing activities, liquidity management, and HAI Treasury management were transferred to hDAO eligibility. Starting from full-scale DAO launch, 15,000 verifiable holders will be in charge of this. Hacken's role will remain the provision of a platform and resources to implement and enhance community decisions.

Starting from 2023, in order to receive HAI, a holder should be involved in the HAI ecosystem expansion and the strengthening of related products for the pursuit of global goals: contributing to the Web3 industry, fortifying its security landscape, developing public goods initiatives, DAO, and overall — building Web3 Trust.

Working on this document there were identified key goals to achieve:

Convert token into incentivized asset that bring value to the industry

Implement a DAO governance model

Connect B2B services success with HAI token

Structure existing and future products with one key idea and build bridges with common mechanics for them

Enhance current HAI token utilities such as Membership, special education programs and services access

Create clear and high-powered deflationary mechanisms

PRODUCTS AND ACTORS

PRODUCTS

Product is the core component of the Hacken ecosystem as it creates HAI utility, solves user goals, and unites the company with its community. These Tokenomics structures connect existing products with new ones and connect them with common ideas, functions, and token mechanisms.

To build a proper structure, Hacken sets clear role models to describe every user and their place within the Hacken ecosystem. It's not only about behaviors and types of actions though, but also about improving demand, motivation system, and general regulation of the flow of tokens. It's essential to define users' desires and behaviors in detail to know how to leverage it for the purpose of incentivization and economics.

The main HAI ecosystem products are:

- **ETD**
- **HackenProof**
- **Hacken Extractor**
- **Trust Army,**
- **hDAO**
- **hAI**

Worth mentioning [CER.live](#) that will be strongly enhanced with a new transparency-based vision and business model. More information will be released in Q4 in a special CER Paper.

ETD

ETD (Engineering Team Day) is the first cybersecurity stablecoin that backs time of auditors' teamwork and delivers HAI as a B2B utility, connecting the Hacken business services with the HAI token. Prospective ETD holders include leading VC firms, cryptocurrency accelerators, L1 protocols, and blockchain companies that require numerous smart contract audits to maintain operations securely.



Priced at \$4,500 each, one ETD represents the cost of a Hacken team for 1 day with a 10% discount qualifies clients for 1 work day from a Hacken Auditor team of 4 people. The total number of ETDs is limited to 1,000 due to Hacken's heavily scheduled workload and limited person-day available in a year.

Actors: **B2B Client, HAI Members**

HACKENPROOF

HackenProof is a bug bounty platform designed to find vulnerabilities and test the security level of Web3 and Web2 products. More than 13,000 ethical hackers used the platform to get rewards for finding vulnerabilities or a system bug. This paper introduces the first HackenProof HAI utility that aims to convert HackenPoof ethical hackers to HAI members and motivate them to use HAI after every identified bug.

Actors: **Ethical Hacker, B2B Client, HAI Members**

HACKEN EXTRACTOR

Hacken Extractor is an on-chain smart contract monitoring system. The software will track smart contracts' status and activity in real time by monitoring code execution, transactions, interactions with blocked addresses, contract upgrades, and ownership. When a vulnerability is detected, the software will automatically notify a client of the threat.

Over 1,200 Hacken partners and clients can be viewed as potential Extractor users, and a number of them have already entered the public beta. After the full launch, hundreds of companies will be experiencing Extractor by paying with HAI.

*ONE OF THE **ESSETIAL**
COMPONENTS OF
EXTRACTOR IS **HAAS**.*

A data-layer that will transform arrays of raw on-chain data into indicators and insights. In the future HaaS will be a powerful data-layer also for CER, Tokenomics Audit Service, and Trust Army. Its value and influence in the HAI ecosystem will be only growing over time.

Actors: **B2B Client, HAI Members**

TRUST ARMY

In today's digital landscape, community trust is an essential element that determines the success of any project or business. Trust Army, a platform created by Hacken, is a solution designed to create and share community-generated trust to the benefit of the entire blockchain industry.

Trust Army is a public goods initiative dedicated to improving the security and transparency of Web3. The platform is divided into two main parts: the Academy and Missions. The **Academy** provides users with the opportunity to acquire web research skills and knowledge to personally verify and certify projects, while **Missions** are focused on researching potential tokenomics and circulation supply issues, as well as suspicious activity in Web3 projects.

By collecting and reporting such data, Trust Army helps identify bad actors and share information about them with the world, reducing the amount of frauds, rug pulls and scams. In this way, the platform empowers everyone to make an impact on building a trustworthy Web3.

The platform reflects Hacken's declared work-to-earn token transformation.

Users are incentivized to participate actively in the community through the offering of HAI tokens for their contributions. Members can start receiving a stable income in HAI for collecting data, providing them with an opportunity to pursue a full-time career in Web3 as a Data Analyst from scratch.

The data collected by Trust Army is valuable to the industry and will be included in rating methodologies or in any other way that enables top players in the industry to convey timely, fresh, and objective information about the health of projects in the market.

The scaling potential of Trust Army is virtually limitless, and the community will decide in the future which way the platform will develop while remaining community-driven.

Actors: **TA Worker, TA Developer, TA Validator, B2B client, Visitor, Treasury Owner**

hDAO

Started in 2017, the HAI community has been composed of like-minded individuals who believe in the power of Web3 security and the importance of trust. Today Hacken is strengthening the bond between our members by transforming our community into hDAO — empowering every one of our ecosystem members to contribute in a meaningful way to the growth and success of a company.

hDAO will play a pivotal role in this, serving as both the heart of our community and compass for the future strategic development of the Hacken ecosystem and HAI token.



hDAO operates with a core principle of diversity, equity, and inclusion (DEI), making participation in hDAO committees available to all members of the Hacken ecosystem, regardless of their background or identity. Any community member may propose a Request-for-Proposal (RFP) and engage with the Hacken ecosystem to build trust in the industry. As members make contributions, they may be eligible to participate in hDAO committees.

Each member of the Hacken ecosystem receives Voting Power, which they can use to vote or delegate to trusted active members. The voting process begins with a temperature check within the community, followed by an RFP, which proceeds through committees. If it is valuable, delegates will propose it, and any member with Voting Power can vote. This process ensures that every member of the Hacken ecosystem has a voice in decision-making.

hDAO's decentralized structure aligns with the company's community-driven approach and industry trends. It enables the community to determine the direction the ecosystem takes, while maintaining a community-driven platform. By leveraging hDAO, Hacken can realize its vision of creating a Web3 where inherent trust is default, security is paramount, and every member of the ecosystem has a say in its development.

Actors: Basic User, Delegate, Committee, Visitor, Treasury Owner, HAI Holder, HAI Member

hAI

hAI is a single mobile key application to manage the [Hacken.AI](#) ecosystem. hAI provides everything you need:

- ✓ One gateway to access our utility products: Trust Army, hDAO, HackenProof, and Extractor

- ✓ Education through Trust Army Academy

- ✓ Management of Membership levels that opens up Trust Army Fuel, Ranks, hDAO Voting Power, hDAO Committees, and Yields

- ✓ Purchasing and using of HackenProof HAI Coupons

- ✓ Soulbound token holding and management

- ✓ Acquisition and usage of HAI tokens

To sum up, all experience inside the HAI ecosystem will be completely merged with hAI.

“ From this Tokenomics release, Hacken transforms the HackenAI name into simple hAI. This is a result of unification and consistency policy. Also, such a decision will help to avoid a mishmash between hAI application and the [Hacken.AI](#) website.

Actors: **Basic User, TA Worker, TA Developer, TA validator, B2B client, Visitor, HAI Members, HAI Holders, hDAO Delegate, hDAO committee, Treasury owner, Ethical Hacker**

BASIC USER PROFILE

The Basic User profile is a set of motivations and behaviors that can be applied to all HAI token holders and ecosystem participants. This provides valuable insights into how the product is used and can help to identify areas that may need improvement.

Hacken will establish user profiles to create a tokenomics framework that caters to the requirements of all users, consequently boosting their satisfaction and loyalty. A well-organized user profile is imperative in the development process of any product.

- Basic Users can stake tokens to gain Voting Power, delegate Voting Power, create Request-For-Proposal, and vote for Proposals in hDAO.
- Basic Users can lock HAI in hAI to improve their Membership level. hAI acts as a wallet for them allowing them to buy, store, transfer, and spend HAI. Basic profile interacts with all products using hAI interface.

ACTORS

Actors (roles) are classes of users within ecosystems or specific products that have the same unique behavior and motivations. Here are descriptions of the most important roles within hDAO:

- **hDAO Delegate**

A Delegate is responsible for following hDAO tasks: creating technical proposals, voting on behalf of members who delegated VP to them, reviewing and providing feedback on all proposals, and generating technical proposals. It is important for Delegates to remain mindful of potential risks associated with their role, not to ignore votes or proposals, and to take sufficient time to evaluate a proposal before voting on it. To become a Delegate you have to acquire at least 1,000,000 Voting Power.

- **hDAO Committee**

The Committee is composed of experienced members who made it through the selection process and are well-versed in the process of reviewing and providing feedback on RFPs and fully-fledged Proposals. Committees will be divided by fields of expertise and influence. The first step in establishing hDAO will involve forming the Quality Control Committee. To serve on a Committee, users should be selected by active community members, contribute to the ecosystem, and prove their expertise in needed fields.

- **Visitors and Free Students**

Visitors without HAI tokens, as well as Free Students in Trust Army Academy, may make repeated visits and carefully study the ecosystem materials. The goal is to educate and convert them to Trust Army Workers, HAI Holders, and another more community active roles.

- **Treasury Owners**

Treasury Owners are essential for managing the DAO Treasury. They are responsible for budgeting, allocating funds, and ensuring funds are used in the most efficient and beneficial way. They must ensure the treasury is managed responsibly and organized, setting up processes and procedures for effective management, and keeping the DAO's finances in good condition. Additionally, they must monitor the DAO's financial performance and provide timely, accurate financial reports to Members. Initially treasury owners will be selected and set up by Hacken.

- **HAI Holders**

Holders of HAI tokens just hold their tokens. The goal is to convert holders to HAI members or other more active roles.

- **HAI Members**

HAI holders who locked HAI tokens are HAI Members. They get the maximum utilities from their HAI. HAI Members can submit a Request-for-Proposal, participate in voting, or delegate VP to Delegates. By submitting a RFP, voting, or granting permission to delegate, HAI Members can be sure that their opinions and suggestions are taken into consideration. This helps to keep the platform's development in line with the wishes of those with a HAI interest in the ecosystem's success.

- **ETD Holders**

ETD holders are people who bought ETD tokens, which can be used to pay Hacken services or serve as an investment.

- **Trust Army Workers**

Trust Army Workers perform various Missions at Trust Army platform, earning HAI for submitting correct reports. They can increase their Membership level to receive more Trust Fuel and ability to submit more daily tasks.

- **Trust Army Developers**

Trust Army Developers are responsible for creating tasks and putting tokens into the reward pool on the Trust Army platform. They create new tasks, assign validators in the beginning and manage Trust Army resources. Initially Hacken will act as main Trust Army developer.

- **Trust Army Validators**

TA Validators check and validate tasks, create reports, and must complete a minimum number of tasks each month. They are rewarded in HAI for their work.

- **B2B Clients**

B2B clients are Hacken business clients who can purchase smart contract audits, other cybersecurity services, run bug bounty programs, subscribe to Extractor, etc. They can also buy, spend, and hold ETD to have a discount for [Hacken.io](https://hacken.io) services.

- **Ethical Hackers**

An ethical hacker is a security professional from the HackenProof platform who is authorized to use ethical hacking techniques to identify potential threats on a computer system or network. They are involved in bug bounty programs, where they are rewarded for identifying and reporting bugs or vulnerabilities.

SOULBOUND TOKENS

Soulbound Tokens are lifetime access approval and achievement medals in the form of an NFT. SBTs will be used in Membership management, including access and ranks for Trust Army and hDAO.

After the user meets the necessary requirements to qualify for a Soulbound Token, they should claim it into their hAI wallet. It can not be transferred to anybody else or to any other wallet. Our Soulbound Token system will reflect Member's reputations that can build on the history of interacting with Hacken products. Soulbound Tokens will benefit the entire ecosystem and help focus the most engaged Members, who will be rewarded for their contributions. Soulbounds also show a user's Membership level and achievements in Trust Army, hDAO and other products. Here are some example of Soulbounds usage:

Provide access to Trust Army Workers to Missions and Academy

Provide certificates for Trust Army Workers and Trust Army Validators

Provide Voting Power multipliers for hDAO

Provide ethical hackers with achievements for detecting outstanding bugs

For fairness and ecosystem security reasons, all soulbounds can be paused or burned by hDAO. This mechanic allows to block or limit harmful behavior. Paused Soulbounds can be unpaused or burned.

Soulbound Tokens offer a rare opportunity to hold a piece of Web3 history. Apart from a unique recognition value, SBTs also can boost a holder's influence inside the HAI ecosystem.

HAI TOKEN UTILITIES

ETD UTILITY

ETD purchase, minting, and usage models designed to transfer all B2B success into HAI value. ETD smart contract allows clients to buy ETD with HAI or USDT.

Innovative ETD solution merges Hacken business growth success with 3 pillars of successful tokenomics:

- The organic market buying process
- Permanent liquidity growth
- Deflationary mechanisms

The main ETD features are:

- The option to buy ETD with HAI or USDT
- HAI price impact through automated HAI buying from the market (if you buy with USDT)
- HAI liquidity growth, impacted by pre-payment proceeds through ETD purchasing in USDT
- Deflationary tokenomics through automated HAI burning

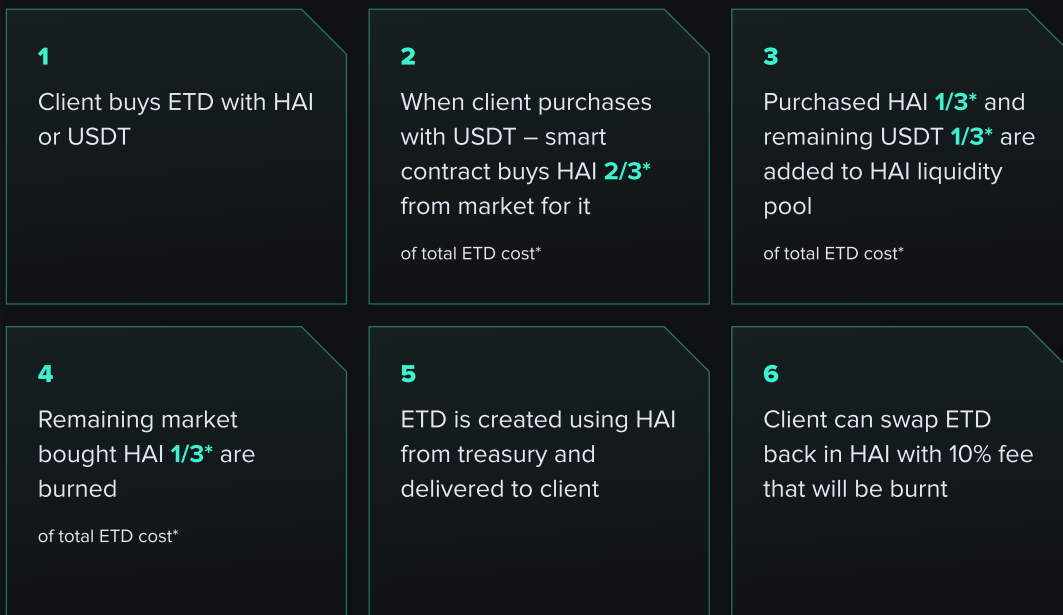
How can a B2B Client pay with HAI?

ETD allows B2B clients to purchase ETD with HAI for further usage as a service payment, creating a straightforward HAI utility. They will pay in HAI equivalent to the value of 4,500 USDT. These HAI will be locked into ETD and sent to HAI-ETD Treasury and Clients will receive ETD in the form of NFT.

If a B2B Client wants to use ETD as a payment for services, he needs to contact Hacken and get a service offer that includes price in USDT and ETD. If the total cost in USDT covers the cost of service, USDT difference will be returned to the client. This process is similar for B2B Clients who pay with USDT.

ETD owners can swap ETD back in HAI. In this case ETD is burnt, HAI-ETD Treasury unlocks corresponding amount of HAI from ETD 90% of HAI unlock goes to ETD burner and 10% HAI burned. ETD has 1 month HAI lock before ETD can be burned.

How it works for payments with USDT?



1 – Fixed Price for ETD Acquired with USDT

ETD smart contract allows B2B Clients to buy ETD at a fixed USDT price while there are available tokens in the hDAO Treasury. They can buy up to 10 ETD at once, and every ETD will be a unique NFT.

2 – Automated HAI Market Buying

ETD smart contract automatically uses 2/3 of received USDT to purchase HAI at a Decentralized Exchange. Before this swap, ETD-HAI Treasury unlocks an equivalent amount of HAI using an oracle and these HAI will be locked into ETD.

3 — Automated HAI/USDT Liquidity Adds

Half of the acquired HAI (1/3 from ETD cost) with the remaining USDT (1/3 from ETD cost) are automatically added to the HAI/USDT DEX liquidity pool. hDAO Treasury will become owner of all liquidity tokens that were created during ETD purchases.

4 — Automated HAI Burning

Half of the acquired HAI (1/3 of ETD cost) is automatically burned.

5 — hDAO Role for ETD Budgets

ETD uses hDAO Treasury to fill ETD swap back budgets — ETD-HAI Treasury.

6 — Swap ETD Back in HAI

B2B Clients can swap ETD back into HAI in 1 month after purchase. This process works correspondingly as in case with HAI purchase, including a 10% fee that is burnt.

How does it work inside ETD smart contract?:

1. Clients send USDT to ETD smart contract
2. The ETD-HAI Treasury is deposited with HAI from the hDAO Treasury for a USDT equivalent amount
3. Clients receive ETD, which is 100% backed by ETD-HAI Treasury

The initial amount in hDAO Treasury available for ETD acquisitions is 10 mln HAI. Further add-ons are subject to hDAO voting.

HOW ETD IMPACTS HAI?

- The price for B2B services is reduced by 10% client pays with ETD, it makes it more attractive to pay for services with ETD. This merges B2B success with HAI token;
- Buying ETD with USDT creates organic market buying and permanent liquidity growth
- Burning HAI reduces during ETD purchase and usage the total supply of tokens, which activates HAI deflation model.

HACKENPROOF UTILITY

Ethical hackers participating in HackenProof bug bounty programs will be able to earn increased rewards for detecting vulnerabilities by having a HAI membership and buying coupons.

To receive coupon, an ethical hacker will need to enter their Hacken Membership in the hAI application. There are 3 ranks of coupons: Rare, Epic, and Epochal.

Higher Membership levels provide access to more valuable coupons. To maximize profit from the coupon and bug, a bug bounty hunter should have the highest level Membership and buy a highest rank coupon with maximum payout.



After coupons are bought, they can be redeemed on the HackenProof platform. One coupon can be used for one bounty reward boost. Coupon types, their cost and eligibility levels can be changed on decision by hDAO and HackenProof.

***Please note:** In February, Hacken teased the first concept of coupons. After several more demand calculations and modelings, the company has updated it with the current solution that meets Ethical Hackers' needs much better and will stimulate the purchasing and usage of more coupons.*

HOW HACKENPROOF COUPONS IMPACTS HAI?

- Convert Ethical Hackers into HAI Holders and HAI Members
- Motivate Ethical Hackers to increase their Membership Level and buy more high-rank coupons with HAI
- Stimulates organic HAI market buying with subsequent lock of these tokens that reduces potential selling pressure

HACKEN EXTRACTOR UTILITY

Hacken Extractor will be available for B2B clients with several subscription plans based on HAI and USDT payment systems. With the HAI-based subscriptions, all clients will use Hacken Extractor and get a 20% discount. In addition, Level 3-4 Members will have an extra 10% reduction on the Hacken Extractor subscription whether they pay in HAI or USDT.

If a Level 3-4 Member will pay for Extractor subscription with HAI — he will pay 30% less than just a stranger who pays with USDT.

100% of HAI received as subscription payments will be burned. Platform fees, burning percentage and other parameters can be changed by hDAO voting.

HOW EXTRACTOR SUBSCRIPTION IMPACTS HAI?

- Discounts for payments in HAI tokens motivate B2B Clients to buy HAI, increasing demand
- Additional discount for Membership encourages to get higher Membership Levels that leads to more HAI purchases and locks
- Burning of HAI received for subscription activates a HAI deflation model

TRUST ARMY UTILITY

Work-2-Earn

Trust Army (TA) is an important mechanism for the Hacken ecosystem, providing an opportunity for community members to earn income by completing tasks on the platform. In fact, it's a core route how the HAI ecosystem grows with new people.

Trust Army is a product where HAI Work-2-Earn utility comes into play. TA workers complete tasks and then submit their results for validation. The TA Validators are responsible for checking TA Workers' results and creating their own reports. For successful reports both parties (TA Worker and TA Validator) receive rewards.

TA Validators have early access to new tasks and receive HAI additional income for batches of reviews. If a TA worker submits a task report that fails, they may receive a small base HAI reward, while the Validator receives the full reward. If the task report is spam, no one receives a reward.

Trust Army Treasury

It is important to note that currently the Army Treasury is limited and Hacken has filled its initial pool. In future it will be filled by hDAO from the Treasury. The TA Developer defines the HAI rewards for workers and TA Validators and can change them.

The rewards distribution, fees, and salaries also will be managed by hDAO in the future. TA Developers also set an initial group of TA Validators. Every TA Worker can be upgraded to TA Validator based on their success rate. TA Developers can ban or punish TA Validators for transgressions such as a low quality of work, abuse, etc.

Trust Fuel

Trust Fuel provides members a daily allowance that accesses Trust Army Tasks completing. Each task submission requires some Trust Fuel, so all users are credited with Trust Fuel daily.

Each Soldier is required to have Trust Fuel on his hAI wallet to start the task. To complete one task, one will have to use x1 Trust Fuel.

More Trust Fuel → More daily completed Trust Army tasks → More daily income in HAI

All Trust Army Soldiers will get 3x Trust Fuel each day. If it wasn't used during the day, it won't be summed up with newer units another day. To get more, a soldier needs to enter the Hacken Membership.

For Members, Trust Fuel distribution will be the following:

LEVEL 1	X7 TRUST FUEL PER DAY
LEVEL 2	X21 TRUST FUEL PER DAY
LEVEL 3	UNLIMITED
LEVEL 4	UNLIMITED

Unused Trust Fuel can not be carried over to the next day. All TA Workers with membership get additional Trust Fuel, which cannot be transferred between user accounts. Trust Fuel balance is stored in personal hAI wallets. HAI rewards earned on the platform can be claimed any time. But there is a minimum amount to claim set by the TA Developer.

HOW TRUST ARMY IMPACTS HAI:

- Trust Army is a core route for new users to join the HAI ecosystem and community and become HAI holders. The daily amount of Trust Fuel is limited. TA Workers will need extra Fuel to complete tasks and earn more. To get extra fuel, TA Workers need to get high membership levels. This mechanic creates organic demand for HA and also incentivizes TA Workers to reinvest earned tokens back into the platform
- Membership grants access to additional tasks, education programs and TA Soulbounds, what motivates TA workers to lock HAI in membership and earn more rewards, what will increase token demand
- TA Work-2-Earn system is built to provide fair income for making a valuable job-like contribution to the Web3 industry development

hDAO UTILITY

hDAO is a crucial element in the Hacken ecosystem that allows users to participate in governance and shape the future of the project. The key feature of hDAO is the Voting Power (VP), which is gained by HAI holders who lock their tokens in the Membership contract. These users can participate in hDAO governance or delegate their VP to other users, known as Delegates.

Becoming a Delegate requires a high Membership level and technical expertise to create proposals and contribute to the governance process. Delegates can also lose their Voting Power if they frequently ignore voting for new proposals or vote for bad proposals. HAI holders can create hDAO RFPs (Requests for Proposal) to suggest new ideas or propositions to improve the HAI ecosystem. The Committee is responsible for validating proposals and RFPs, and receives rewards for their efforts.

The utility of HAI in hDAO is significant. By locking their tokens and becoming Members, HAI holders can gain the ability to participate in the governance process and influence the future of the project. Each token holder's vote is weighted according to their HAI balance, which incentivizes users to hold more HAI and increases demand for the token.

x1 VOTING POWER

=

x1 STAKED HAI TOKEN

In hDAO all HAI Members who will use their Voting Power to participate in decision-making will have a 3% APY in their Membership. Members who delegate their VP to somebody else will only have 1% APY.

Additionally, the creation of RFPs generates positive value for HAI, as to apply RFP, a HAI Holder needs to lock a certain amount of HAI. Such a step helps prevent spam and time wasting and demonstrates a certain level of Member commitment and confidence. If an RFP is approved by the Committee, an RFP submitter gets back his HAI locked for the submission. In case of a declined RFP — the locked tokens will be sent to the hDAO Treasury and partially burnt.

The integration of delegates and committee structures further improves the quality of proposals, which is beneficial for the Hacken ecosystem and HAI token. In summary, hDAO is a critical component of the Hacken ecosystem that empowers HAI holders to shape the future of the project, while also incentivizing users to hold and stake more HAI tokens.

HOW HDAO IMPACTS HAI:

- By staking HAI tokens, HAI Holders will get Voting Power and use VP to make key decisions. Owning more tokens mean having more power to influence on decisions, that will also generate additional HAI demand
- Participation in hDAO Decision-making will unlock 3% APY Membership contract while delegating of this function will give 1% APY. Such a system encourages bigger engagement into HAI ecosystem and number of organic HAI purchases with locks
- RFPs increase amount of locked HAI tokens, in case of a declined RFP — the locked tokens will be sent to the hDAO Treasury and partially burnt. That creates an organic decrease of potential selling pressure and activates deflation mechanisms.
- hDAO starts completely managing HAI Treasury that will make all decisions and actions with HAI tokens fully transparent. That makes any hidden activities (including ones that can lead to token liquidity and price decrease) impossible.

hAI UTILITY

While hAI is the single gateway to the HAI ecosystem, the Hacken App is the key to unlocking the full potential of new Tokenomics. Besides giving instant access to Hacken utility products like Trust Army and hDAO, hAI also is a single application to manage utilities described above:

- Getting Voting Power with Membership staking and increased yield for personal inclusiveness in the voting process
- Grown amount of Trust Fuel for completing Trust Army tasks
- Obtaining Trust Army Ranks to open access for further earnings and study at the Academy
- Participation in hDAO Committees with salaries and a possibility to become a Delegate (accessible to superior Levels Members)
- Unique opportunities, Trust Army Special Courses, Hacken Live Events (accessible to superior Levels Members)
- Purchase and manage HackenProof coupons to receive extra bounty rewards

- Manage Membership level to receive discounts for Hacken Extractors subscription
- Simple and streamlined HAI purchasing process where users can acquire and use HAI

All this is powered by the **Hacken Membership Program** that is designed to incentivize and reward community members for their loyalty, participation, and contribution to the Hacken ecosystem. It offers a range of benefits and privileges that may enhance Members’ experience, increase their returns, and unlock exclusive opportunities to become a part of the Hacken community.

	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4
Required Stake	From 1,000 HAI	From 10,000 HAI	From 100,000 HAI	From 2,000,000 HAI
Staking Period	12 Months	12 Months	12 Months	Unlimited
Voting	Direct/Delegated	Direct/Delegated	Direct/Delegated	Direct/Delegated
Annual Percentage Yield	3% for Direct Voting 1% if VP is delegated	3% for Direct Voting 1% if VP is delegated	3% for Direct Voting 1% if VP is delegated	3% for Direct Voting 1% if VP is delegated
Early Termination Fee	30%	20%	10%	5%
Become Delegate	No	Yes	Yes	Yes
Become Committee Member	No	With achievements	Without achievements	Without achievements
Access to Trust Army Tasks	Full	Full	Full	Full
Access to Trust Army Academy	Full	Full	Full	Full
Trust Army Academy Special Courses	No	No	Yes	Yes
Trust Army Fuel	7x/Day	21x/Day	Unlimited	Unlimited
Access to Hacken Exclusive Offline Events	No	No	No	Yes

To join the Membership program HAI Holder should choose one of four Membership Levels and stake the needed amount of tokens to receive an appropriate rank. Depending on their level type, a HAI Member will be subject to different conditions and accesses regarding the staking period, early termination fee, hDAO roles, Trust Fuel, and Trust Army accesses, and more (discover the chart).

To consolidate the level to particular person hAI, Soulbound Tokens will be implemented. All information about Membership, accesses, achievements within Hacken products, hDAO actions and reputation will be kept in Soulbounds. The SBTs could be minted and claimed in hAI application.

hAI users must stake tokens for 12 months to get Membership and participate in hDAO voting. For unstaking, users will have a 1 week cooldown period and 3 days for free unlock. If they don't initiate a withdrawal within those 3 days, all HAI sum staking can be automatically extended on the same terms as before. To unlock HAI before the time-lock period ends, the hAI user must pay a penalty up to 30% that will be burned.

Members may take advantage of exclusive discounts on select services. They will receive exclusive invitations to special events and workshops and will be entitled to special incentives and educational programs.

Membership program attracts high-quality Members and increases B2B clients. Only Hacken Members can purchase coupons in the app with a 5% bonus. Members' coupon fees go toward their HP wallet balance. In addition, there're special rewards and unique incentives for bug hunters. Also, there will be a Soulbound token system for hacker achievements and rewards.

HOW HAI IMPACTS HAI:

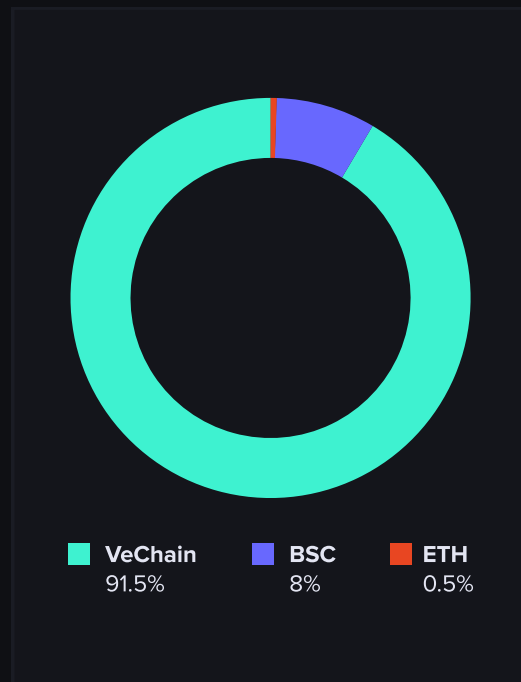
- Receiving Membership through HAI staking unlocks range of benefits and privileges that leads to more HAI purchases and locks
- Termination fees for early unstaking help to regulate potential selling pressure
- Simplifying the process of purchasing and using HAI removes users' barriers and drives their demand for the token.

TOKEN INFRASTRUCTURE

TECHNICAL INFRASTRUCTURE

Big updates in HAI tokenomics impact the technical infrastructure of the token ecosystem, particularly, on-chain parts. The HAI ecosystem has its own requirements for scalability, security, decentralization, performance and cost optimization.

Currently (Feb 2023) the HAI token and all HAI-related smart contracts are deployed on 3 chains: VeChain (91,5%), BNB Chain (8%) and Ethereum (0,5%). All CEXs liquidity is on VeChain.



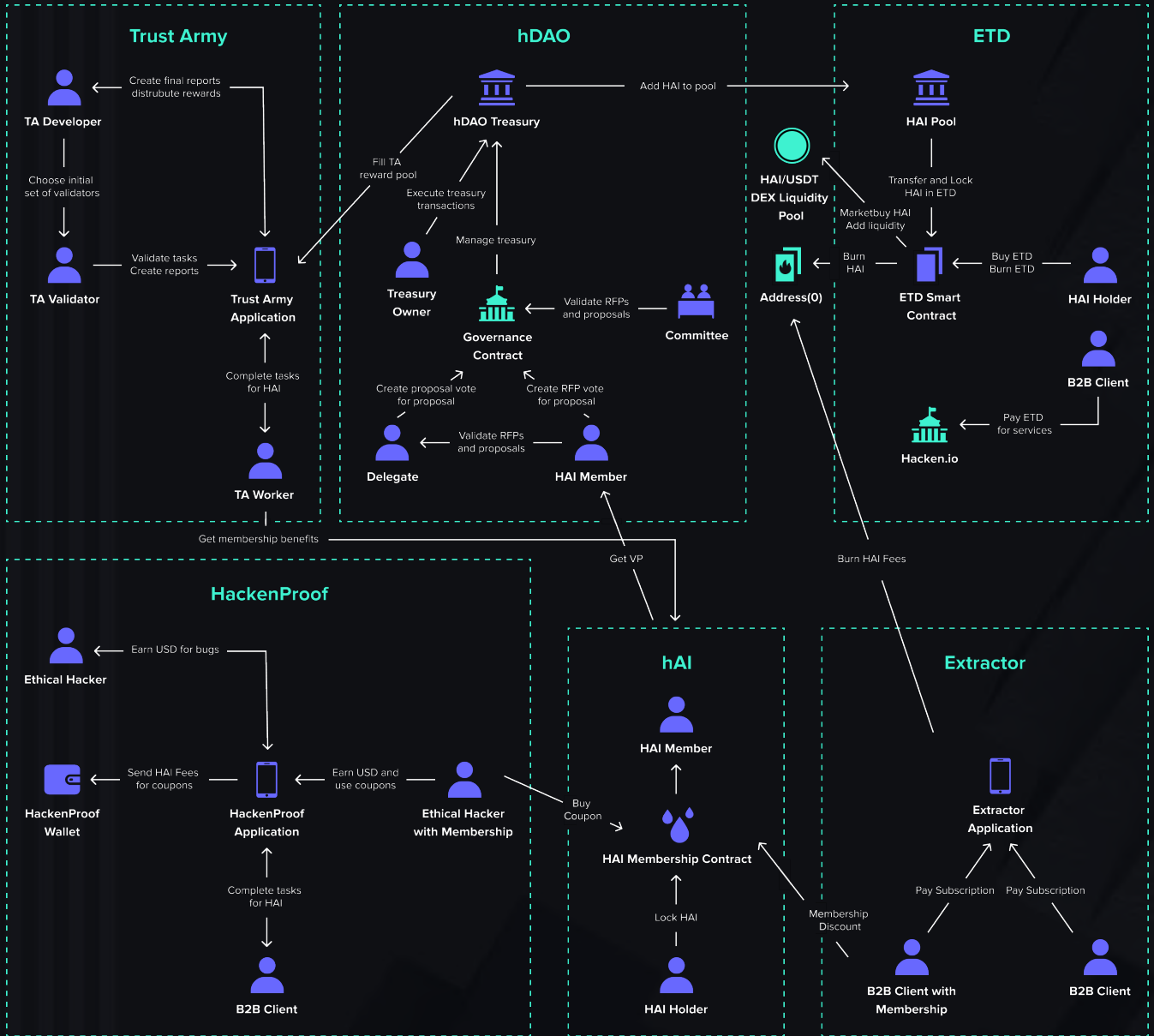
Based on our new Tokenomics and technical product requirements, in 2023 Hacken will update its smart contract structure.

VeChain-based HAI tokens won't be changed or swapped, but will be used as the main tokens for CEXs. However, existing chains have some major issues as a result of the new HAI ecosystem architecture: VeChain - low DEX liquidity and no EVM compatibility; BNB Chain - centralization; Ethereum - high transaction cost. Because of these factors, all new HAI ecosystem products will be deployed to a new Ethereum layer-2 chain that will be announced during Q2 2023. hDAO, Trust Army, ETD, hAI and Membership will all work on this Ethereum L2.

There will be several bridges to support HAI multichain ecosystem:

- VeChain ↔ L2
- VeChain ↔ BSC
- VeChain ↔ Ethereum

High-level HAI architecture on L2:

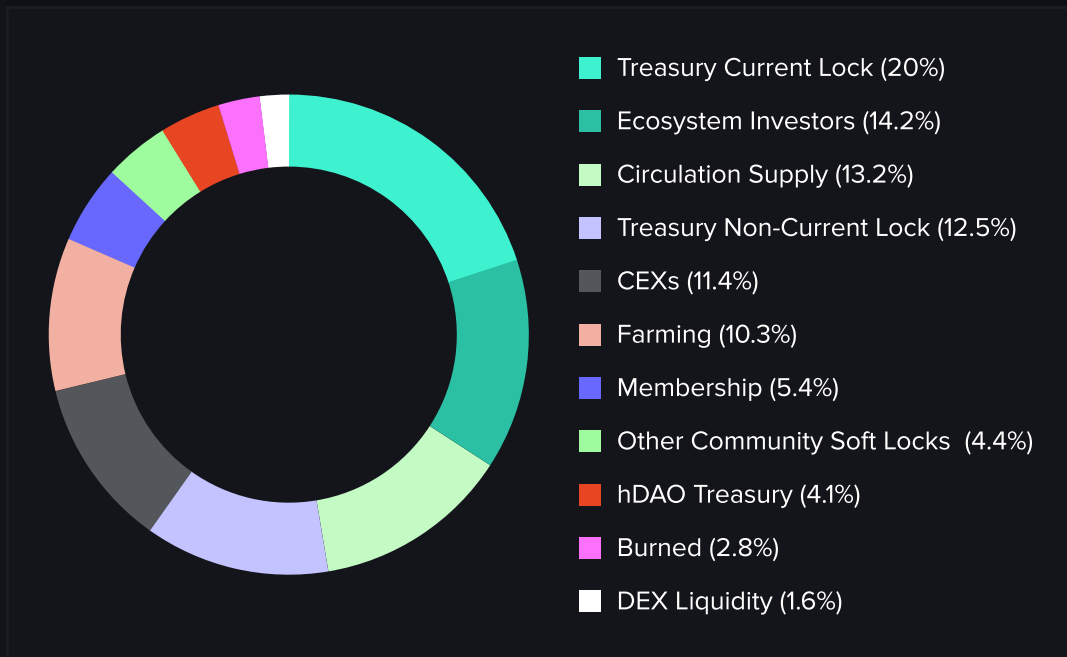


It should be clarified that our new tokenomics do not imply a new token or distribution. There will be no new tokens minted nor any changes in issued HAI.

DISTRIBUTION

Based on a new stage in the evolution of the HAI ecosystem and a renewed commitment to transparency and trust — Hacken is happy to share this detailed distribution schedule of HAI tokens with its community, investors and other parties.

Q1 2023 distribution of HAI tokens:

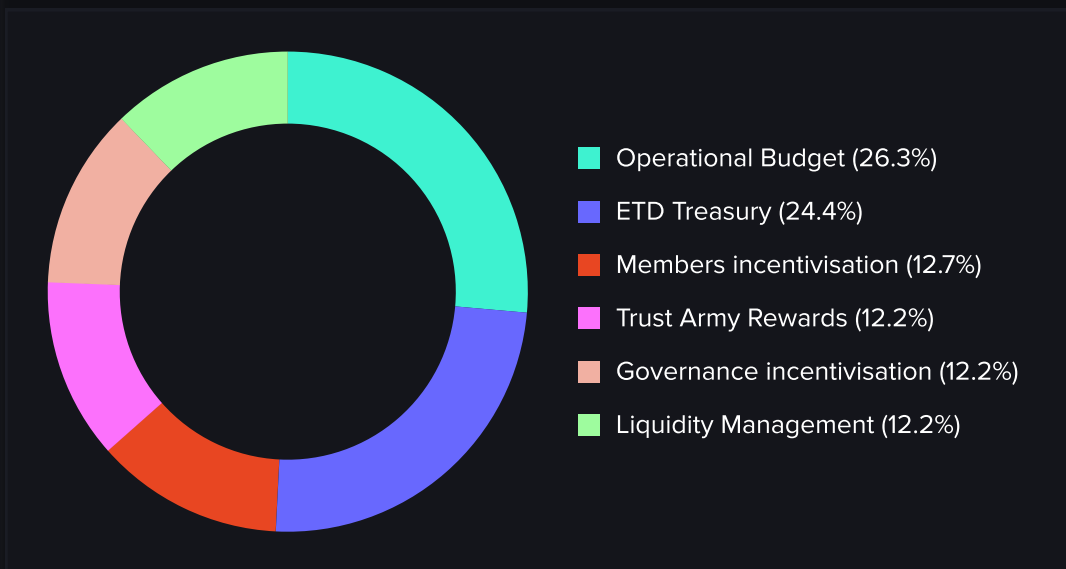


- Treasury Current Lock (20%) — HAI tokens in treasury to be unlocked on 31 December 2023
- Ecosystem Investors (14.2%) — HAI owned by token early investors
- Circulation supply (13.2%) — Funds on exchanges and individual wallets
- Treasury Non-Current Lock (12.5%) - HAI tokens in treasury that are locked on VeChain smart contracts with unlocks up to 2029
- CEXs (11.4%) - Tokens on exchanges wallets
- Farming (10.3%) - HAI tokens staked to farming
- Membership (5.4%) - Tokens locked on the old VeChain membership contract
- Other Community Soft Locks (4.4%) - Stopped farmings and unclaimed swaps
- hDAO Treasury (4.1%) - Tokens allocated to hDAO
- Burned (2.8%) - Tokens burned
- DEX Liquidity (1.6%) - Tokens locked in DEXs liquidity

For 2023, Hacken will transparently transfer HAI Treasury to hDAO

That means that only hDAO will have the power to decide what funds should be spent and what funds should remain untouched. Treasury Management will operate but Treasury Management will distribute the budget between different fields and products as needed. This means that HAI token will become fully decentralized.

As hDAO continues to take shape, the Hacken core team has finalized the decision regarding the distribution of the remaining HAI Treasury within departments and products for 2023:



- Operational Budget (10,8M HAI) - Marketing, Business Development, Technology, and other growth initiatives
- ETD Treasury (10M HAI) - HAI Pool for Locking into ETD
- Members Incentivisation (5,2M HAI) - 13%% APY Program Budget
- Trust Army Rewards (5M HAI) - Payouts to TA Workers and Validators
- Governance Incentivization (5M HAI) - Incentives for governance activity
- Liquidity Management (5M HAI) - New CEXs Liquidity Budgets

Starting from January 1,2024,325,000,000 HAI scheduled for unlocking and distribution will be fully transferred to the hDAO Treasury management.

TOKEN

ROADMAP

Products/Timelines	Q1/Q2 2023	Q3 2023	Q4 2023	2024
hDAO	hDAO public work group setup	hDAO Voting Power and Governance Mechanisms	New Committees Setup Mechanism	Grants Program
		hDAO Off-chain Platform		
Trust Army	Trust Army Release – Academy, Trust Fuel, and Missions	Trust Army Soulbounds	Custom Data Feeds for Partners	Rewards and Treasury Management with hDAO
hAI	HackenAI → hAI Redesign	New Membership Program	In-App Management of HackenProof Coupons	In-App Governance for hDAO
	Trust Army Integration	New hAI Profiles		
	New Fiat Bridge			
Extractor	Extractor Public Beta	Extractor Launch	HAI integration in Extractor	
Infrastructure	ETD 2.0 Smart Contract	New HAI Contract on Layer2		Roadmap for 2024
	Layer2 Chain Announcement	Layer2 ↔ VeChain Bridge		

DISCLAIMER

This document is provided solely for the purpose of informing its readers of the current planned HAI token and ecosystem roadmap. It is not meant to be legally binding, to form the basis of any investment decision and should not be considered an offer, recommendation, or advice of Hacken OÜ.

HAI token is a utility token to access the Hacken products and services and participate in Hacken DAO (hDAO). It is not intended to be a digital payment token, e-money, share, debenture, unit in a business trust or in a collective investment scheme, security-based derivatives contract or any regulated financial instrument of any kind.

HAI tokens and their DAO governance property do not represent or confer any ownership right or stake, share, security, or equivalent rights, or any right to receive future revenue shares, intellectual property rights, voting rights, dividends or any other form of participation in or relating to Hacken OÜ and its corporate affiliates, other than the ability to use HAI tokens in connection with the Hacken products and services and Hacken DAO initiatives. HAI tokens are not backed by any government and are not registered securities under the laws applicable in Estonia, and are not afforded any protections under such laws.

HAI token purchasers and holders acknowledge and agree that there are risks associated with purchasing, holding, and using HAI tokens, including, without limitation, the risks of capital loss, regulatory risks, risks associated with blockchain technology and market volatility. Legal regulation of DAO still lacks clarity and is being actively debated posing specific regulatory risks.

HAI token purchasers and holders acknowledge, and agree that their decision to purchase, hold and/or use HAI tokens is based solely on the right to potentially use the tokens for the Hacken products and services and not for any expectation of financial gain because of the fluctuations in the value of the tokens.

You should carefully consider the risks, costs, and benefits of acquiring and holding HAI tokens.

The ability to utilize the Hacken products and services and HAI token value is not guaranteed. Unforeseen circumstances might not allow the realization of the plans described in this document. In such a case, neither Hacken OÜ nor its affiliates, directors, shareholders, employees or subcontractors shall be held liable for any direct or indirect losses or damages caused by the non-performance, non-deployment or non-implementation of any ecosystem design or token utilities described in this document.

THANK YOU