

PAULcoin: Octopus Paul Web3 Sports Prediction Ecosystem White Paper

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Disclaimer

This white paper serves as a technical overview document and does not constitute any form of investment advice, financial advice, or securities offering document. The PAULcoin project is in the development phase, and its technical solutions, economic models, and roadmap may be adjusted based on actual circumstances. Users should fully understand the risks associated with the cryptocurrency market, smart contracts, and compliance risks in the prediction market before participating.

Abstract

PAULcoin is a next-generation Web3 ecosystem for sports prediction and entertainment, built on Bitcoin's Layer2 technology (Stacks). It merges the thrill of sports events with blockchain's transparency and decentralized features. Centered around the legendary sports oracle 'Paul the Octopus,' the project features a comprehensive ecosystem including a decentralized prediction market, NFT pet breeding, community governance, and cross-chain interoperability.

Core Value Proposition:

- 1. Sovereignty and efficiency go hand in hand:** Anchoring core asset sovereignty on Bitcoin Layer2 (Stacks) while enabling high-frequency, low-cost transactions on high-throughput sidechains like Polygon
- 2. Dual prediction engine:** Combining the expertise of official AI predictions with the openness of the user-generated content (UGC) prediction market
- 3. Gamified NFT system:** Deeply integrate predictive behavior with NFTs of octopus pets that can be trained and have practical benefits
- 4. Deflationary Economic Model:** Establishing Sustainable Token Value Support Through Multi-Destruction Mechanism
- 5. Compliance-first architecture:** Built-in geolocation, KYC verification, and risk control systems to ensure lawful and compliant operations

The project is scheduled to complete all core functionalities by June 2026, ahead of the FIFA World Cup, capitalizing on the peak traffic window of the world's largest sporting event to establish a benchmark application for the Web3 sports ecosystem.

Catalogue

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1. Project Vision and Mission

1.1 Vision

As a global leader in Web3 sports prediction and entertainment platforms, we bridge traditional sports enthusiasts with blockchain technology to deliver transparent, fair, and engaging sports experiences.

1.2 Mission

- **Technical Mission:**Build a secure, efficient, and multi-chain interoperable sports prediction infrastructure
- **Product Mission:**Provide intuitive and easy-to-use prediction products to lower the barrier to Web3 participation
- **Community Mission:**Build an open sports community co-governed by token holders
- **Economic Mission:**Creating real value through sustainable deflation models and diverse application scenarios

1.3 Core IP: Octopus Paul

During the 2010 FIFA World Cup, the octopus 'Paul' became a global cultural icon for sports predictions after accurately forecasting the outcomes of 8 matches. The project secured official IP licensing, digitizing it as the project's soul.

- **Cultural Resonance:**A Predictive Symbol Familiar to Sports Fans Worldwide
- **Brand value:**Naturally trusted and entertaining
- **Narrative foundation:**provides rich material for NFT design and community stories

2. Market Opportunity and Problem Analysis

2.1 Market Size

- **Global sports betting market:**projected to reach \$250 billion by 2025, with a 7% annual growth rate
- **Cryptocurrency user base:**Over 300 million users worldwide, with an annual growth rate of 15%
- **NFT Market:**Sports-related NFT transactions are expected to reach \$8 billion by 2025
- **Forecasting market:**The decentralized forecasting market is still in its early days, with an annual transaction volume of about \$500 million and huge growth potential

2.2 Pain Points of Traditional Market

1. **Centralized risk:**Traditional platforms control funds and rules at a single point, and there is a risk of running away or freezing funds

2. **Lack of transparency:** The payout calculation is not transparent, and users cannot verify fairness
3. **High fees:** The platform takes a 15%-25% cut, eroding user revenue
4. **Regional restrictions:** There are many legal compliance restrictions, and global users cannot participate equally
5. **Payment friction:** Slow payment and long withdrawal cycle in traditional financial system

2.3 Limitations of Web2 Prediction Platform

1. **Data silos:** User data, predictive history, and social relationships are monopolized by the platform
2. **Lack of ownership:** Users cannot carry their reputation and achievements
3. **Lack of innovation:** The product is highly homogeneous and lacks gamification and community elements
4. **Unfair profit distribution:** The platform monopolizes most of the profits, while users are only participants

2.4 Insufficient Existing Web3 Prediction Projects

1. **High technical threshold:** High gas fees, slow transactions, and poor user experience
2. **Low quality of prediction:** Lack of professional analysis, pure speculation
3. **Cold start difficulty:** lack of liquidity and poor market depth
4. **High compliance risk:** Ignoring regional legal differences and facing regulatory pressure
5. **Token model vulnerability:** Lack of practical scenarios and destruction mechanism, easy to become a speculative tool

3. Solution Overview

3.1 Overall Architecture

PAULcoin features a hierarchical architecture that balances security, efficiency, and user experience.

```

text
...
User layer (DAPP)
↓
Application service layer (prediction API, user
system, operations console) ↓
Blockchain layer (main chain + side
chain + cross-chain bridge) ↓
Data storage layer (decentralized storage +
indexing)

```

3.2 Core Components

3.2.1 Dual-Track Forecasting System

- **Official Forecast Market:** Based on professional AI models and data analysis teams, it provides high-quality paid forecast cards
- **UGC Predictive Market:** Users can create and participate in predictions on any sports topic, sharing liquidity pools

3.2.2 Octopus Pet NFT

- **Cultivable assets:** Upgrade by feeding tokens or completing tasks
- **Practical benefits:** Unlock discount for prediction features, in-depth data, and other benefits at different levels
- **Identity symbols:** rarity, rank, and achievement as social capital

3.2.3 Multi-Chain Asset System

- **Main Chain (Stacks):** Final asset confirmation, core NFT minting, DAO governance
- **Side chain (Polygon/Arbitrum):** High-frequency trading, low Gas interaction, user entry
- **Cross-chain bridge:** Secure asset migration and unified liquidity

3.2.4 Community Governance

- **DAO Treasury:** 10% of tokens are allocated to community proposal funding
- **Governance framework:** Standardized processes for proposals, voting, and implementation
- **Progressive decentralization:** a gradual transition from core team dominance to community autonomy

3.3 Technological Innovation Point

1. **Hybrid oracle system:** professional data source + community verification + time lock dispute resolution
2. **Dynamic Pricing AMM:** A shared liquidity pool model optimized for predictive markets
3. **State channel:** A high-frequency off-chain solution that reduces Gas costs by 90%
4. **Zero-knowledge proof:** KYC identity privacy protection (future plan)
5. **AI Augmented Analytics:** Machine learning models provide quality scores for UGC predictions

4. Technical Architecture

4.1 Block Chain Stratification

4.1.1 Main Chain:Stacks (Bitcoin Layer2)

Reason for Selection:

- **Bitcoin security:**Inheriting the \$50+ billion computing power security of the Bitcoin network
- **Smart contract capability:**Clarity is secure and predictable, making it ideal for financial applications
- **Native BTC settlement:**The predicted prize can be paid directly in Bitcoin
- **Compliance-friendly:**Clear regulatory positioning, with existing compliant DeFi cases

Deployment Contract:

- `PAULToken.clar`:SIP010 standard, total supply of 1 billion
- `OctopusNFT.clar`:SIP009 standard, upgradable NFT
- `DAOGovernance.clar`:Threshold-based community governance
- `BridgeVault.clar`:Cross-chain asset custody (multi-signature)

4.1.2 Application Chain:Polygon PoS (Primary)+ Arbitrum (Secondary)

Reason for Selection:

- **Low Gas cost:**<\$0.01 per transaction, ideal for high-frequency trading
- **High throughput:**7,000+ TPS, supports peak traffic during the World Cup
- **EVM compatibility:**Mature toolchain, reduce development risk
- **User base:**Over 200 million addresses, the largest EVM sidechain ecosystem

Deployment Contract:

- `PAULBridge.sol`:ERC20 token mapping
- `PredictionMarket.sol`:Shared liquidity pool prediction market
- `MultiSigOracle.sol`:3/5 Multi-Signature Oracle
- `GasStation.sol`:Meta transaction, new users get a free Gas welcome

4.1.3 Data Availability Layer: Celestia (in Testing)

Future Plan :

- Modular data layer reduces historical data storage costs by 90%
- Supports light node verification to enhance decentralization

4.2 Application Service Layer

4.2.1 Forecast API Service

- **Data source integration:** Sportradar, Opta, StatsBomb and other professional data providers
- **AI prediction model:** Multi-model fusion based on historical data, team status, and player injuries
- **Real-time push:** WebSocket connection, millisecond-level score and odds updates
- **Cache policy:** Redis cluster, hot data response time <10ms

4.2.2 Custom System

- **Unified identity:** Cross-chain address binding, single sign-on
- **Reputation system:** Prediction accuracy, community contribution quantification score
- **Social Graph:** Follow, Share, Challenge, and other social features
- **Achievement System:** World Cup badges, winning streaks, and other gamified achievements

4.2.3 Operation Backend

- **Real-time dashboard:** monitor user growth, transaction volume, and fund flow
- **Risk control system:** abnormal transaction detection, bot detection, fraud prevention
- **Content management:** Official prediction cards, topic review, and announcement push
- **Customer service system:** ticket management, dispute arbitration, community management

4.3 Front-End Architecture

4.3.1 Web DAPP

- **Technology stack:** Next.js 14 + TypeScript + Tailwind CSS
- **Wallet integration:** Web3Modal + WalletConnect, supporting MetaMask, Hiro, and more
- **State management:** State + React Query
- **Data visualization:** Recharts + D3.js
- **3D rendering:** Three.js + React Three Fiber (NFT display)

4.3.2 Mobile Adaptation

- **PWA Priority:** Install on Home Screen, Native Experience
- **Responsive design:** A seamless experience from desktop to mobile
- **Push notifications:** Match start, results announced, and important event reminders

4.3.3 Developer Portal

- **API documentation:** Swagger/OpenAPI 3.0 standard
- **SDK package:** JavaScript/TypeScript SDK for simplified integration
- **Sandbox environment:** A test network environment that simulates trading without real funds

4.4 Data Storage Scheme

4.4.1 On-Chain Storage

- **Core assets:** token balance, NFT ownership, predicted status
- **Governance records:** Proposals, votes, and execution history
- **Cross-chain proof:** Asset lock/unlock records

4.4.2 Off-Chain Storage

- **NFT metadata:** IPFS + Arweave, permanent storage
- **User information:** PostgreSQL, encrypts sensitive information
- **Cache layer:** Redis cluster, sessions, and hot data
- **Analyze data:** ClickHouse, real-time OLAP analysis

4.4.3 Index Service

- **The Graph:** EVM Chain Data Index
- **Hiro API:** Stack Chain Data Query
- **Self-built indexer:** cross-chain unified query, response time <100ms

4.5 Infrastructure

4.5.1 Deployment Architecture

- **Containerization:** Docker + Kubernetes, auto-scaling
- **Multi-cloud strategy:** AWS (primary) + GCP (standby) to avoid vendor lock-in
- **CDN:** Cloudflare Global Acceleration, Static Resource Cache
- **Load balancing:** Nginx + HAProxy, intelligent traffic distribution

4.5.2 Monitoring Alert

- **Application monitoring:** New Relic + Sentry, error tracking
- **Chain monitoring:** Tenderly + Blocknative, transaction status

- **Business metrics:** Grafana + Prometheus, custom dashboard
- **Security monitoring:** SIEM system, real-time threat detection

4.5.3 CI/CD Process

- **Code management:** GitHub + GitFlow workflow
- **Automated testing:** unit testing, integration testing, E2E testing
- **Security scan:** static analysis, dependency check, vulnerability scan
- **Deployment pipeline:** Blue-green deployment, zero downtime updates

5. Token Economy Model

5.1 PAUL Token Overview

- **Token standard:** SIP010 (Stacks)/ERC20 (EVM chain)
- **Total supply:** 1,000,000,000 (1 billion)
- **Initial circulation:** 150,000,000 (15%)
- **Initial price:** \$0.2 (Fair Start)
- **Target market capitalization:** \$10BN during the World Cup

5.2 Token Allocation

Use	Scale	Quantity	Unlock rules
Ecological growth pool	35%	3.5 a hundred million	The funds are allocated for community engagement, prediction contest rewards, user airdrops, partner acquisition, and marketing operations. Not released linearly over time, 30% is reserved for initial community development and liquidity management during the project launch phase, while the remaining 70% is released by the community DAO based on voting proposals for subsequent milestones (e.g., user growth, transaction volume).
Team and key contributors	20%	2.0 a hundred million	We incentivize founding teams and long-term contributors by securing four World Cup slots, with 25% of rewards unlocked linearly after each tournament. This initiative demonstrates our 16-year commitment to the community and serves as the cornerstone of trust-building.
Flowability	15%	1.5 a hundred million	Ensure sufficient and continuous liquidity in both decentralized exchanges (DEX) and centralized exchanges (CEX) to maintain smooth transactions. Management and release: Managed by a public community multi-signature wallet.

			Usage is completely transparent.
DAO national treasury	10%	1.0 a hundred million	Completely determined by community governance
Private round	10%	1.0 a hundred million	Introduce strategic partners to support long-term project development, lock in for 4 years, then release linearly over 18 months
Development fund	10%	1.0 a hundred million	Release by milestone, manage multiple signatures

5.3 Token Utility

5.3.1 Core Utility

1. Forecast Market Fuel

- Purchase official prediction cards (\$10 equivalent to PAUL)
- UGC predicts market betting media
- Create collateral for prediction topics

2. NFT Ecosystem

- Upgrading Octopus Pet Feeding
- Rare NFT synthetic material
- Special NFT auction currency

3. Governance Right

- Voting rights (requires 10,000 PAUL)
- The voting weight is positively correlated with the holding position
- Governance rewards (vote for dividends)

4. Platform Fee Payment

- Forecast market fee (12%)
- NFT transaction royalty (2.5%)
- Premium Subscription

5.3.2 Value Support Mechanism

1. Income Source → Repurchase and Destroy

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Platform revenue (including forecasted card sales and service fees)

↓
 50% allocated for PAUL repurchase (once per week) ↓
 Token redemption leads to direct destruction (deflation)

2. Transaction Tax Destruction

- A transaction tax of 0.1% is charged on each PAUL transfer.
- Real-time destruction reduces circulation
- Exemption list: DEX liquidity pools, cross-chain bridges, official contracts

3. NFT Burn

- 30% of PAUL consumed by pet feeding is permanently destroyed
- 50% of the PAUL consumed by NFT synthesis will be permanently destroyed
- The collateral for creating a gold prediction topic has been partially destroyed

5.4 Economic Model Simulation

5.4.1 Basic Assumption

- **Daily active users:** 50,000 during the World Cup, 10,000 on a daily basis
- **Daily per capita transaction:** \$50 (during the World Cup), \$20 (daily)
- **Platform fee rate:** 1.5% (UGC market) + \$10 (official prediction card)
- **Repurchase ratio:** 50% of the platform's revenue is used for repurchase

5.4.2 Deflationary Effect Calculation

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Quarterly revenue = DAU × average transaction value per user × commission rate × 90 days

Quarterly buyback volume = Quarterly revenue × 50% / Token price
 Quarterly burn rate = Quarterly buyback volume / Circulating supply
 Annualized burn rate = Quarterly burn rate × 4

...

At a \$50M market cap, the token is projected to achieve an annualized burn rate of 35%, outperforming most deflationary tokens.

5.4.3 Liquidity Management

- **Initial liquidity:** \$500,000 equivalent PAUL/USDC

- **AMM pools:** Uniswap V3 (primary) + SushiSwap (secondary)
- **Liquidity incentive:** 0.1% of daily trading volume as LP rewards
- **Liquidity lock:** main liquidity pool locked for 2 years (via Multichain.org)

5.5 Token Release Plan

```

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```
Year 1: 150M (15%) in circulation
Year 2: +125M → 275M (27.5%) in circulation
Year 3: +150M → 425M (42.5%) in circulation
Year 4: +200M → 625M (62.5%) in circulation
Year 5+: Gradually fully released
```

```

5.6 Treasury Management

- **Multi-signature management:** 5/7 Multi-signatures (3 teams + 2 consultants + 2 community representatives)
- **Asset allocation:** 50% stablecoin (USDC/DAI), 30% Bitcoin, 20% PAUL
- **Expense approval:** \$10,000 for team execution, \$10,000-\$100,000 for multi-signature approval, > \$100,000 for community voting
- **Transparency:** Monthly treasury report, verifiable on-chain

6. NFT Ecosystem

6.1 Octopus Pet NFT Overview

- **Standard:** SIP009 (Stacks) / ERC721 (EVM chain)
- **Total Supply:** No hardtop, but limited in the Rare Series
- **Initial casting:** 10,000 before World Cup (free + paid combo)
- **Attribute dimensions:** rarity, rank, experience points, unlockable features, birth event

6.2 NFT Property System

6.2.1 Rarity Level

1. **Standard (70%):** Basic prediction features, standard upgrade speed

2. **Rare (20%)**: +5% predicted confidence indicates an 15% acceleration in upgrades
3. **Epic (8%)**: +10% confidence, UGC fee 5%, 30% upgrade speed
4. **Legendary (2%)**: +15% confidence, 10% commission, special benefits, 50% upgrade speed

6.2.2 Hierarchy and Experience System

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Level formula: Level = floor(sqrt(EXP / 1000))

Upgrade required experience = (current level + 1)² × 1000

instance

:

Level 1 → Level 2: Requires
4,000 EXP Level 5 → Level 6:
Requires 36,000 EXP Level 9 →
Level 10: Requires 100,000 EXP

6.2.3 Experience Acquisition Pathway

1. **Feeding PAUL**: 1 PAUL = 10 EXP (Normal), With Rarity Bonus
2. **Prediction Task**:
 - Participate in predictions and win: +50 EXP
 - Create trending topics: +200 EXP
 - Correct consecutive predictions: +100 EXP/Win streak
3. **Community Contributions**:
 - Proposal passed: +1,000 EXP
 - Invite friends: +500 EXP per person
 - Content creation: +100500 EXP

6.3 Rights Unlock Path

Grade	As required EXP	Unlock premium features	Additional benefit
Lv.1	0	Basic Forecast View	Newbie badge
Lv.2	4,000	Predict History	Basic Analysis Tool
Lv.3	9,000	Insights (Large and Small Balls)	Community channel access
Lv.4	16,000	UGC fee: 3%	Custom profile picture

Lv.5	25,000	Score prediction feature	5% service fee
Lv.6	36,000	VIP Community Channel	Private chat emojis
Lv.7	49,000	Official prediction card at 90% off	8% off at the theme restaurant
Lv.8	64,000	Priority purchase for nearby	Air drop whitelist
Lv.9	81,000	World Cup Lottery Draw	Offline event invitation
Lv.10	100,000	Exclusive commemorative badge	Governance weight +10%

6.4 Special NFT Series

6.4.1 Legend Series (Limited to 100 Pieces)

1. 2010 Final Paul (10)

- Bind to the 2010 World Cup Final (Spain vs Netherlands)
- Feature: All football predictions with 15% confidence level
- Level 5 by default, with 50% experience bonus
- How to get: Airdrop to the earliest community members

2. Paul's 8 Straight Wins (30)

- 8 goals in the 2010 World Cup
- Feature: UGC market fee permanently 20%
- Level 3 by default, with 40% upgrade speed
- How to get: Top 30 in the World Cup Prediction Contest

3. The Prophet Paul (60)

- Cross-Sport Prediction Master
- Feature: Can participate in non-football predictions (e.g., NBA, esports, etc.)
- Initial Lv.4, Multi-category Prediction Bonus
- How to get: Top 60 contributors in the community

6.4.2 World Cup Commemorative Series

- **Daily Match NFTs:** A limited NFT for each World Cup match
- **Dynamic attribute:** Update metadata based on match results (e.g., "witnessed Messi's last-gasp goal")
- **Drop mechanism:** Purchase official prediction cards to automatically obtain corresponding match NFTs

- **Collect rewards:** Collect the full group/elimination series for extra rewards

6.4.3 Cooperative IP Series

- **Official team NFT:** Licensed in collaboration with traditional football clubs
- **Player Card NFT:** Digital collectible card for active/legendary players
- **Brand Co-branded NFT:** Sports brands, media platform collaborations
- **Practical benefits:** discounts on physical goods, event tickets, and more

6.5 NFT Synthesis and Evolution System

6.5.1 Synthesis Rules (Future Expansion)

text

...

3 Just regular Lv.5 NFT + 1,000 PAUL

→ 1 Rare Lv.1 NFT (with optimal attribute inheritance)

5 Rare Lv.7 NFT + 10,000 PAUL

→ 1 Epic Lv.1 NFT (unlock special appearance)

2 1 Legendary Lv.1 NFT (Limited Event) for 1 Epic Lv.9 NFT + 50,000 PAUL

6.5.2 Evolutionism

- **Morphology Evolution:** Unlock new appearances at specific levels (2D→3D→dynamic)
- **Ability Evolution:** Feed special items (earned by predicting wins) to unlock exclusive skills
- **Reproduction System (Long-term Planning):** Two NFTs reproduce to generate new NFTs (inherit parental attributes)

6.6 NFT Ask Price

- **Built-in market:** Supports PAUL, USDC, and BTC quotes
- **Royalty mechanism:** 2.5% of the transaction amount goes to the original author/platform
- **Rarity Verification:** On-chain verification to prevent forgery
- **Batch listing:** List multiple NFTs at once
- **Dutch auction:** Supports price-cutting auctions to stimulate transactions

6.7 Technical Implementation Details

6.7.1 Metadata Storage

```
```json
{
 "Name": "Octopus Paul 2026", "Description": "2026
 World Cup Commemorative Edition Prophecy
 Emperor", "Image": "ipfs://QmXxz.../octopus2026.
 png", "Animation URL": "ipfs://QmYyz.../octopus
 2026.glb", "Attributes": [
 {"trait_type": "Rarity", "value": "Legendary"}, {"trait_type": "Level", "value": 5, "max_value": 10}, {"trait_type": "Experience", "value": 4500}, {"trait_type": "Birth Event", "value": "World Cup 2026 Final"}, {"display_type": "boost_percentage", "trait_type": "Prediction Boost", "value": 15}, {"display_type": "boost_percentage", "trait_type": "Fee Discount", "value": 10}
],
 "unlocked_features": [
 "basic_prediction",
 "deep_insight",
 "fee_discount_10"
],
 "external_url": "https://paulcoin.xyz/nft/
 2026"
}
```

```

6.7.2 On-Chain off-Chain Hybrid Logic

- **Chain storage:** Ownership, rank, experience points (key status)
- **Chain storage:** images, 3D models, detailed attributes (IPFS/Arweave)
- **Upgradability:** Supports future feature expansion through the proxy contract model
- **Gas optimization:** batch feeding, experience accumulation, one-time settlement

7. Forecast Market Mechanism

7.1 Dual-Track Forecasting System Architecture

```
graph TD
    A["text  
...  
  
predictive system  
— Official Prediction Market (Centralized + On-chain  
Settlement) | ↴ — Data Source: Professional Sports Data API +  
AI Model | ↴ — Product: Prediction Card ($10, unlockable 24  
hours in advance)  
| ↪ Settlement: Official Multi-signature  
Oracle ↪ ↴ Output: Competition commemorative NFTs + accuracy records  
— UGC Predictive Market (Decentralized  
AMM) — Creation: Any user can create  
topics by staking — Pricing: Shared  
liquidity pool + dynamic probability —  
Trading: Buy/sell option shares with instant  
exit — Settlement: Multi-source verification + dispute resolution mechanism
```

7.2 Official Forecast Market

7.2.1 Product Flow

1. **Match selection:** Launch World Cup match prediction cards 3 days in advance
2. **Price fixed:** \$10 equivalent PAUL (adjusted for exchange rate)
3. **Purchase window:** 48 hours before the event to 24 hours before the event
4. **Result Unlock:** AI prediction results are displayed 24 hours before the event
5. **Post-match settlement:** The commemorative NFT is automatically minted after the match
6. **Accuracy tracking:** Record the historical accuracy of official predictions

7.2.2 Technical Implementation

- **AI prediction model:** Integrated with client-provided or self-developed prediction algorithms
- **Data source redundancy:** Cross-validation of 3 independent data providers
- **Purchase limit:** Anti-Witch Attack, 5 tickets per address per match
- **Refund policy:** Refunds are available if the match is canceled or significantly changed (e.g., incorrect red card decisions)

7.3 UGC Prediction Market

7.3.1 Market Creation

- **Creation cost:** 10,010 PAULs (depending on topic popularity)
- **Parameter settings:** Number of options (210), deadline, and settlement data source
- **Creator incentives:** 20% of the total market fee
- **Quality rating:** AI scores topic quality, affecting display weight

7.3.2 Pricing Model: Shared Liquidity Pool

Core Formula:

text
...
The implicit probability $P_i = (S_i + 1) / (\sum S_j + N)$
among :
 S_i = Total bet on option
 i N = Number of options
+1 for Laplacian smoothing to avoid zero-probability issues

Purchase Price:

text
...
The user paid X for the option i

New bet amount $S'_i = S_i + X$
Other options require reduced liquidity to maintain the pool balance
Actual share obtained = $X \times (1 - \text{fee}) / \text{current price}$

Sell price:

text
...
Option i for the seller to sell Y shares

Amount received = $Y \times \text{Current price} \times (1 - \text{fee})$

$S_i' = S_i$ corresponding to
the bet amount

7.3.3 Liquidity Management

- **Initial liquidity:** Creator contributions + Platform subsidies
- **Automated market making:** The algorithm dynamically adjusts the probability without the need for a market maker
- **Deep Incentives:** Liquidity providers receive 30% of the fees
- **Temporary loss protection:** Long-term LPs receive token rewards

7.3.4 Gold Topic Mechanism

- **Criteria for identification:** high volume, multiple participants, and high-quality discussions
- **Platform Bonus:** Additional traffic exposure + Fee reduction
- **Creator rewards:** extra PAUL bonuses + rare NFT airdrops
- **Promotion path:** You can apply to convert a trending topic into an official prediction topic

7.4 Settlement and Oracle Scheme

7.4.1 Multilayer Authentication System

...
Data source layer (3 independent providers) ↓
Prophecy Network (5/7 Multi-signature Committee) ↓
On-chain submission (2-hour time lock delay) ↓
Controversy period (24 hours, pledge challenge) ↓
Final confirmation (automatic execution or DAO arbitration)

7.4.2 Implementation

1. Core Oracle Contract (MultiSigOracle.sol)

```
```solidity
struct Result {
 bytes32 marketId;
```

```

 uint256 winningOption;
 uint256 timestamp;
 bytes32 dataHash; // Data source proof
 address[] signers; // List of signers
 }

 function submitResult(
 bytes32 marketId,
 uint256 winningOption,
 bytes calldata signatures
) external onlyOracleSigner {
 // Verify at least 5/7 signatures
 // Record submission time
 // Start 2-hour time
 lock
 }

 function finalizeResult(bytes32 marketId) external
 { // Check if the time lock has expired
 No valid challenge found
 // Execute settlement and
 distribute bonuses
 ...
}

```

## 2. Challenge Mechanism (ChallengeSystem.sol)

- **Challenge cost:** 10% of the predicted prize pool (minimum \$100)
- **Evidence standard:** Provide at least 2 authoritative data sources to prove
- **Arbitration process:** 7-member DAO committee (randomly selected) votes within 72 hours
- **Reward and penalty rules:** You will receive 3 times the deposit as a reward for a successful challenge, and lose the deposit if you fail

### 7.4.3 Special Event Processing

- **Match interrupted:** Not completed within 72 hours, based on the current score or official ruling
- **Rule Controversy:** Major Misjudgment (VAR Controversy) Initiates Community Vote
- **Data source conflict:** Use the majority rule. If the difference is too large, initiate manual review.

## 7.5 User Experience Optimization

### 7.5.1 Transactional Interface

- **Real-time probability:** Updated every second, visualizes the probability curve

- **Batch trading:** Buy multiple options at once to spread risk
- **Conditional Order:** Set trigger price for automatic trading
- **Portfolio:** Shows the user's risk exposure across all markets

### 7.5.2 Social Features

- **Order-following system:** Replicate the prediction portfolios of high-performing players
- **Prediction Sharing:** Share to Twitter and Telegram with one click
- **Discussion Integration:** A built-in chat room for each forecast market
- **Achievement Showcase:** Cast a Showcase NFT after predicting a win

### 7.5.3 Risk Management Tool

- **Stop Loss and Take Profit:** Set automatic liquidation conditions
- **Risk assessment:** AI assesses the risk level of user combinations
- **Simulated Trading:** A practice area for beginners, using test tokens
- **Educational content:** Forecasting strategies, Risk management tutorial

## 8. Cross-Chain Interoperability Scheme

### 8.1 Principles of Architecture Design

1. **Safety first:** No trade-offs between safety and convenience
2. **Progressive deployment:** Gradually transition from centralized hosting to trustless bridges
3. **Consistent user experience:** Users do not perceive cross-chain operations
4. **Cost-effectiveness:** Balance the cost of security and transaction costs

### 8.2 Phase Plan

#### 8.2.1 Phase 1: Centralized Hosting Bridge (V1, Before March 2026)

- **Technical Solution:** 5/7 Multi-signature Hosting
- **Amount limits:** \$10,000 per transaction, \$100,000 per day
- **Fee structure:** Fixed \$5 + 0.1% of transaction amount
- **Insurance Fund:** \$500,000 Insurance for extreme cases
- **Transparency:** All hosted addresses are public, and balances are available in real time

### 8.2.2 Phase 2: Hybrid Validation Bridge (V2, Q32026)

- **Technical solution:** optimistic verification + fraud proof
- **Security Model:** 7-day challenge period, staking challenge
- **Decentralization:** Anyone can run a validator node
- **Cost reduction:** The fee has been reduced to 0.05%
- **Throughput:** Supports batch transactions to reduce costs

### 8.2.3 Phase 3: Complete Trust Bridge (V3, Q42026)

- **Technical solution:** Zero-knowledge proof verification (zkBridge)
- **End goal:** same security level as the main chain
- **Instant confirmation:** Complete cross-chain in minutes
- **Cost target:** <\$0.50/transaction

## 8.3 Technical Implementation Details

### 8.3.1 Stacks End Contract (BridgeVault.clar)

```
```clarity
(definedatavar vaultbalance uint u0)
(definedatavar guardians (list 7 principal) ...)
(defineconstant REQUIRED_SIGNATURES 5)

User lockout token
(definepublic (lockamount (amount uint) (tochain string))
  (begin
    (asserts! (>= (ftgetbalance paultoken txsender) amount) errinsufficientbalance)
    (fttransfer? paultoken amount txsender (ascontract txsender))
    (varset vaultbalance (+ (varget vaultbalance) amount))
    (print {event: "locked", user: txsender, amount: amount, to: tochain})
    (ok true)
  )
)

;; Guardian Unlock Token (requires 5/7 signatures)

(definepublic (unlockamount (recipient principal) (amount uint) (signatures (list 7
  (optional (buff 65))))))
  (let ((validsignatures (filter isvalidsignature signatures)))
    (asserts! (>= (len validsignatures) REQUIRED_SIGNATURES) errinsufficientsignatures)
```

```

(fttransfer? paultoken amount (ascontract txsender) recipient)
(varset vaultbalance ((varget vaultbalance) amount))
(ok true)
)
)
...

```

8.3.2 Polygon end contract (PAULBridge.sol)

```

```solidity
contract PAULBridge is ERC20, Ownable {
 uint256 public immutable MAX_SUPPLY = 1_000_000_000 1e18;
 address public immutable stacksBridge;
 mapping(bytes32 => bool) public processedMessages;

 // Only Stacks bridges can be cast
 function mintBridgeTokens(address to, uint256 amount) external {
 require(msg.sender == stacksBridge, "Only bridge can mint");
 require(totalSupply() + amount <= MAX_SUPPLY, "Exceeds max supply");
 _mint(to, amount);
 }

 // Destroy the token and prepare for cross-chain back to
 // Stacks
 function burnForBridge(uint256 amount) external {
 _burn(msg.sender, amount);
 emit TokensBurned(msg.sender, amount, block.timestamp);
 }
}
```

```

8.3.3 Relayer Service (Relayer Service)

```

```typescript
class BridgeRelayer {
 async processLockEvent (stacksTx: string) // listens for Stacks chain lock events
 const event = await stacksClient.getEvent(stacksTx);

 // Verify event validity
 const isValid = await this.validateStacksEvent(event);
 if (!isValid) throw new Error('Invalid event');

 Collect multiple signatures (5/7)
 const signatures = await this.collectSignatures(event);
}
```

```

```
// 在 Polygon 上调用 mint

const tx = await polygonContract.mintBridgeTokens(
  event.recipient, event.amount, signatures
);

await tx.wait();
this.emit('bridge_completed', {stacksTx, polygonTx: tx.hash});
}
}
```

```

## 8.4 Safety Precautions

### 1. Multi-Signature Management:

- 7 independent entities (3 teams + 2 consultants + 2 communities)
- Hardware Wallet Storage (Ledger/Trezor)
- Geographic distribution (different countries/jurisdictions)
- Regular key rotation (every 6 months)

### 2. Monitoring Alert:

- Real-time alert for abnormal balance changes (> \$100,000)
- Signature frequency monitoring (anti-private key leakage)
- Cross-chain latency monitoring (trigger an alert when latency exceeds 1 hour)
- Automatic pause mechanism (abnormal mode detection)

### 3. Insurance and Emergency:

- \$1,000,000 Smart Contract Insurance (via Nexus Mutual and other providers)
- Emergency stop switch (3 independent trigger points)
- recovery plan (legal route)
- User Compensation Fund (5% of platform profits)

## 8.5 User Experience Design

1. **Unified balance display:** The front-end aggregates and displays users' total cross-chain assets

2. **Auto-routing:** Automatically select the best chain based on transaction type
3. **Batch cross-chain:** Multiple address assets cross chains at once
4. **Progress tracking:** Real-time display of cross-chain progress and estimated time
5. **Cost estimate:** Precisely display fees and amounts before cross-chain

## 9. Community Governance

### 9.1 DAO Governance Framework

#### 9.1.1 Managerial Hierarchy

...

##### PAUL DAO

Governance token: PAUL (1 token = 1 voting right)

Proposal type:

  | 管委会社区提案(需10,000 PAUL抵押)

  | + Core Team Proposal (No Collateral Required)

  | └ Urgent Proposals (24-hour Fast Track)

  — Voting mechanism:

  | └ Mandatory number: 5% of the throughput

  | └ Threshold for passage: Votes in favor > Votes against and > 20% of the total votes | └ Execution delay: 48 hours (except for urgent proposals)

  — Governance:

    — Treasury Fund Usage (> \$100,000 requires a vote)

    — Adjust protocol parameters (such as commission rate, collateral amount, etc.)

    — Ecological Fund Allocation (Project Funding, Cooperation, etc.)

    — Core Team Budget Approved

  final arbitral award

...

#### 9.1.2 Progressive Decentralization Path

- **Stage 1 (0-6 months):** Core team-led, community consultation
- **Stage 2 (7-18 months):** Community votes on some parameters
- **Stage 3 (19-36 months):** Full community governance, teams become implementers

## 9.2 Treasury Management

### 9.2.1 Treasury Composition

- **Initial funding:** 10% PAUL tokens (100 million) + 20% of sales revenue

- **source of income :**

1. 30% of the predicted sales of the card
2. 50% of the UGC market service fee
3. 50% of NFT transaction royalties
4. 80% of the cross-chain bridge fee
5. Cooperation sponsorship and IP licensing revenue

### **9.2.2 Principle of Fund Allocation**

Use	Scale	Explain
Ecological growth	40%	Liquidity incentives, partners, and user rewards
Development and Maintenance	25%	Team compensation, contract upgrade, and security audit
Market operation	20%	Marketing campaigns, KOL collaborations, community events
Reserve fund	10%	Insurance, Emergency, Legal Compliance
Buy back and destroy	5%	Repurchase and destroy PAUL on the secondary market

### **9.2.3 Grant Process**

1. **Proposal submission:** detailed plan + budget + key milestones
2. **Community Discussion:** Discussion on the forum for at least 7 days to collect feedback
3. **Temperature check:** Unbound voting, testing community intent
4. **Official voting:** Vote on the chain for 5 days
5. **Fund distribution:** Multi-sign distribution based on milestones (3/5 multi-sign control)
6. **Progress Report:** Monthly progress updates for community oversight

## **9.3 Community Incentives**

### **9.3.1 Contributor Rewards**

- **Content creation:** tutorials, analytical articles, videos (\$50\$500 per piece)
- **Code contributions:** Open source code, plugins, tools (reward program)
- **Community management:** moderators, translators, and customer service (token rewards)
- **Ambassador:** Invite users and organize events (commission + rewards)
- **Security Research:** Vulnerability Report (Up to \$50,000 in rewards)

### 9.3.2 Engagement Rewards

- **Voting rewards:**Participate in governance voting to earn token rewards
- **Prediction Master:**Top 100 Season Win Rate Awards
- **NFT Collector:**Collects a complete set of NFT rewards from a specific series
- **Community Builder:**Invite friends and earn rewards for high activity
- **Feedback rewards:**Submit product improvement suggestions and be adopted

### 9.3.3 Reputation System

- **Contribution points:**Non-transferable on-chain reputation points
- **Tier system:**Divide the community into tiers based on points
- **Privileged access:**Premium users get early access to features and offline event invitations
- **Governance Weight Bonus:**A moderate bonus (up to +20%) on the voting weight of high-reputation users

## 9.4 Dispute Resolution Mechanism

### 9.4.1 Third Party Dispute Settlement

1. **Automatic processing:**Automatic execution of disputes with clear rules (such as forecast settlement)
2. **Community Mediation:**Small disputes (<\$1,000) are mediated by community moderators
3. **DAO Arbitration:**For Major Disputes or Ambiguous Rules, Initiate DAO Voting

### 9.4.2 Arbitrator System

- **Selection mechanism:**Community nomination + Top 1000 PAUL holders' votes
- **Term system:**6 months, with a maximum of one reappointment
- **Incentive:**Earn tokens for successfully resolving disputes
- **Accountability:**Improper rulings may be impeached, and deposits may be forfeited

## 9.5 Communication and Transparency

### 9.5.1 Communication Channels

**Governance Forum:**A Discourse platform where all proposals are discussed

**Live chat:**Discord (community), Telegram (announcements)

**Weekly and monthly reports:**Development progress, financial data, and user growth

**AMA:** A monthly event where the core team answers questions from the community

**Offline gatherings:** Regular community gatherings in major cities

### 9.5.2 Transparency Commitment

1. Financial transparency: monthly disclosure of treasury balances and expenditure details
2. Open Transparency: Open Source Core Contracts, Open Roadmap Progress
3. Transparency of decision-making: all governance discussions and voting records are made public
4. Team transparency: Core team members disclose their shareholding status under their real names on a regular basis
5. Data transparency: Key metrics (e.g., user count, transaction volume) are publicly available

## 10. Development Roadmap

### 10.1 Overall Time Frame

Project period: Q42025 to Q32026 (World Cup core operation period)

Long-term Vision: To become the leader of Web3 sports and entertainment ecosystem within 35 years

### 10.2 Detailed Milestones

Phase 1: Infrastructure Development (December 2025 to January 2026)

Objective: Complete the development of the core contract and the deployment of the testnet

#### Critical Tasks:

- Complete the final review of the technical plan and architecture confirmation
- Stacks Contract Development (PAULToken, OctopusNFT, BridgeVault)
- EVM Contract Development (PredictionMarket, MultiSigOracle)
- Local testing environment setup (Clarinet + Hardhat)
- Complete smart contract unit testing (coverage > 90%)
- Internal security review and code optimization

#### Deliverable :

- All core contract source code (GitHub open source)
- Technical documentation and API specifications
- Test Network Deployment Guide

- security audit preparation

#### **Phase 2: Token Issuance and Prediction System (January 2026 to February 2026)**

**Objective:** To Complete the Token Fair Launch and Officially Launch the Prediction System

##### **Critical Tasks:**

- Complete deployment and testing of the Stacks test network
- Design and Test of the Fair Start(LBP) Mechanism
- Official API for interfacing with client systems
- The Construction and Test of Prophecy Machine Network
- Back-end service V1.0 development (user system, payment gateway)
- liquidity guide pool setup and start-up plan
- Community Preheating and Early User Recruitment

##### **Deliverable :**

- PAUL token launched on Stacks testnet
- Official API for API release (testing environment)
- Early white-list testing (500 users)
- Liquidity provider recruitment completed

#### **Phase 3: DAPPV1.0 and NFT Launch (February 2026 to March 2026)**

**Objective:** Launch the First Functional Version of the Web DAPP and Release the Genesis NFT

##### **Critical Tasks:**

- DAPP front-end core feature development (wallet integration, dashboard)
- Officially approved card purchase process implementation
- NFT Casting and Feeding System Development
- Metadata generation and IPFS upload tool
- 3D model rendering and interaction design
- Mobile PWA adaptation and optimization
- Security Bounty Program Launched

##### **Deliverable :**

- Web DAPP open beta launch

- Creation NFT Series Minting and Airdrop (1,000)
- Release the PWA version for mobile
- First External Security Audit Report

#### **Phase 4: UGC Market and Multi-Chain Expansion (March 2026 to April 2026)**

Goal: Launch a decentralized UGC prediction market and complete multi-chain deployment

#### **Critical Tasks:**

- UGC predicts the final optimization of the market contract
- shared liquidity pool stress test
- Cross-chain Bridge V1.0 (Centralized Hosted Version) Deployment
- Polygon mainnet contract deployment and testing
- Community operation backend development
- Multilingual support (Chinese, English, Spanish, Portuguese)
- Partner API access

#### **Deliverable :**

- UGC prediction market officially launched
- PAUL Token Multi-chain Deployment Completed (Stacks + Polygon)
- Cross-chain bridge V1.0 is now available
- Community operation toolkit released

#### **Phase 5: World Cup Preparation and Main Network Launch (April 2026 to May 2026)**

Goal: Complete All World Cup-Related Features and Officially Launch the Main Network

#### **Critical Tasks:**

- Full stress test (simulating 100,000 concurrent users)
- Final Security Audit (CertiK + Third Party)
- Penetration testing and vulnerability repair
- Main network deployment and final configuration
- CEX IPO negotiations and preparations
- The Planning of the World Cup Marketing Campaign
- Customer service and operations team training

- Emergency Response Plan Development

**Deliverable :**

- Final Security Audit Report Released
- PAULcoin mainnet officially launched
- World Cup Special Page and Activities Released
- Customer service system and emergency response procedures are ready

**Phase 6: World Cup Operations and Growth (June 2026 – July 2026)**

Objective: Ensure stable operations during the World Cup and achieve breakthroughs in user base and transaction volume

**Critical Tasks:**

- 24/7 technical support and monitoring
- Daily official forecast card release and settlement
- Real-time match data updates and push notifications
- Community event operations (prediction contests, airdrops, etc.)
- Data analysis and user feedback collection
- Emergency rapid response
- Partnership Expansion

**Key Index :**

- Daily active users (DAU) > 50,000
- Forecast sales of cards > \$500,000
- PAUL's market value is over \$10,000,000.
- Social media followers > 100,000
- App Store rating > 4.5

**Stage 7: Ecological Expansion and Evolution (Q3 2026 and Beyond)**

Objective: Expanding the product line and ecosystem based on the experience of the World Cup

**Planning Direction:**

- Expand sports categories (basketball, e-sports, tennis, etc.)
- Launch advanced forecasting tools and data products
- Develop on-chain games and social features

- Explore DeFi integration (staking, lending, derivatives)
- Start building the partner ecosystem
- Research on Layer2 Solution Optimization
- Exploring the Cooperation of Traditional Sports Alliance

### 10.3 Risk Assessment and Mitigation

Kind of risk	Probability	Influence	Mitigation measures
Technical risk	Centre	Gao	Multiple audit rounds, gray release, and rollback mechanism
Market risk	Gao	Gao	Diversified marketing, community building, and partnerships
Regulatory risk	Centre	Polar altitude	Geographic blocking, KYC, Legal consultation
Venture of competition	Gao	Centre	Product differentiation, IP advantage, and user experience
Team risk	Low	Gao	Locking up the core members' equity and talent reserve

## 11. Security and Compliance Framework

### 11.1 Security Architecture

#### 11.1.1 Smart Contract Security

##### 1. Development Process Security

- Security Coding Guidelines (Based on ConsenSys Best Practices)
- Automated test coverage (>90%)
- Code review process (two-person review + automated check)
- Rely on security scans (regular updates and vulnerability checks)

##### 2. Audit and Verification

- Internal Audit: Continuous Review by Full-time Safety Engineers
- outside audit :
- Pre-audit (January 2026): Internal team + Consultant
- Main Audit (April 2026): CertiK + an international audit firm
- Ongoing audit: small-scale review every quarter
- Bug bounty: \$500,000 total prize pool with tiered rewards

- Serious vulnerability: up to \$100,000
- High-risk vulnerabilities: \$10,000 - \$50,000
- Medium risk vulnerability: \$1,000 - \$5,000
- Low-risk vulnerabilities: \$100 - \$500

### **3. Deployment and Operation Security**

- Multi-signature control: All critical contracts 5/7 Multi-signature management
- Time lock: 48-hour delay for key parameter changes
- Pause mechanism: Contracts can be paused in emergencies
- Upgrade agent: Use transparent agent mode to support contract upgrades
- Minimize permissions: Grant only necessary permissions per address

#### **11.1.2 Infrastructure Security**

##### **1. Server Security**

- zero trust network architecture
- Full-Flow Encryption (TLS 1.3)
- Regular vulnerability scanning and penetration testing
- DDoS Protection (Cloudflare + AWS Shield)

##### **2. Key Management**

- The Hardware Security Module (HSM) stores the root key.
- Manage assets in Multi-sign Wallet (Fireblocks/Multis)
- Key rotation policy (every 36 months)
- distributed key fragmentation (future plan)

##### **3. Data Security**

- End-to-end encryption of user sensitive data
- GDPR-compliant data processing
- Regular data backup and disaster recovery drills
- Data leakage detection and response plan

### **11.1.3 Operational Safety**

#### **1. Team Security**

- Safety awareness training (quarterly)
- Enable two-factor authentication
- minimum access control
- Exit process and permission revocation

#### **2. Monitoring Alert**

- 24/7 Security Operations Center (SOC)
- real-time detection of abnormal transactions
- Smart Contract Event Monitoring
- automatic response and mitigation

## **11.2 Compliance Framework**

### **11.2.1 Regional Compliance Policy**

#### **1. Access Restricted Area (fully Blocked)**

- Chinese Mainland
- Sanctioned countries including Iran, North Korea, and Syria

#### **2. Restricted Access Area (partial Feature Restrictions)**

- UK: Additional KYC and age verification required
- Australia: Only sports predictions, no esports
- Canada: Provincial restrictions, requiring additional compliance checks

#### **3. Compliance Monitoring Level**

...

Layer 1: IP geo-blocking (Cloudflare)  
Layer 2: Wallet address screening (Chainalysis/  
TRM) Layer 3: User KYC verification (Sumsub/  
Jumio) Layer 4: Transaction behavior monitoring  
(AI risk control system)

...

## 11.2.2 KYC/AML Process

### 1. Graded KYC System

Basic level: Email verification and mobile verification for all users

Standard tier: Predicted amount > \$100/day, requires identity verification

Advanced: Withdrawal > \$1,000 or prediction > \$10,000, address verification required

### 2. Authentication Provider

Subsumed: Supports over 200 countries

Jumio (alternative): Strong biometric verification

Localization provider: Region-specific compliance requirements

### 3. AML Monitoring

On-chain address screening (Integrated with Chainalysis)

Transaction pattern analysis (abnormal large and frequent transactions)

The sanctions list is updated in real time

Suspicious Activity Report (as required by local regulations)

## 11.2.3 Structure of the Law

### 1. Entity Architecture

Operational entity: PAUL Foundation, Singapore

TECHNICAL ENTITY: Cayman Islands Company (TECHNICAL DEVELOPMENT)

Regional regulatory entity: Local company in each market (if required)

### 2. Instrument of Law

User Agreement and Terms

Privacy Policy (GDPR/CCPA Compliance)

risk disclosure statement

intellectual property rights licensing agreement

### 3. Counsel

Lead counsel: International blockchain law firms (e.g. Perkins Coie)

Regional Consultant: Local Compliance Specialist

Regulatory Communication: Proactive Communication with Regulators

#### 11.2.4 Tax Compliance

##### 1. User Tax

Tax reminder for forecasted income (based on your location)

Annual transaction report generator (available in 2026)

Integration with tax software (e.g. CoinTracker)

##### 2. Platform Tax

tax on profit at source

tax treatment of token issuance

Tax Compliance of Employee Token Incentives

### 11.3 Risk Management

#### 11.3.1 Financial Risk Management

##### 1. Treasury Risk Management

Asset diversification (cryptocurrencies, stablecoins, fiat currencies)

Regular rebalancing (monthly assessment and adjustment)

Insurance coverage (smart contract insurance + custody insurance) and emergency fund (6 months of operating expenses)

##### 2. Liquidity Risk Management

Multiple DEX flows (prevent single point of failure)

market maker cooperation (to ensure reasonable bid-ask spread)

liquidity incentive

liquidity monitoring (real-time monitoring depth and spread)

#### 11.3.2 Operational Risk Management

##### 1. Technical Operation and Maintenance Risk

Multi-region deployment (avoid single point of failure)

Backup and Recovery (Daily backup, recovery time <4 hours) Capacity Planning (Anticipate peak demand for the World Cup)

Third-party risk management (API providers, etc.)

## 2. Team Risk

- insured key personnel and incentive retention
- Standardize knowledge documents and workflows
- Succession Plan (Core Position Backup)
- Decentralize decision-making power (avoid single point of control)

### 11.3.3 Reputation Risk Management

#### 1. Community Communication

- Transparent communication (prompt disclosure of issues)
- Quick Response (Respond to community issues within 24 hours)
- disclosure
- Media relations (establishing communication channels with the media)

#### 2. Crisis Management

- Crisis Response Plan (Different Types of Crisis Response Plans)
- Crisis communication team (designated spokesperson)
- Social media monitoring (timely response to negative public opinion)
- User Compensation Mechanism (Platform Error Loss)

## 11.4 Insurance Cover

### 11.4.1 Smart Contract Insurance

- Underwriters: Nexus Mutual, Unslashed, and others
- Coverage: \$1,000,000 (initial), increases with TVL
- Scope: Loss of user funds due to smart contract vulnerabilities
- Source of premium: 2% of platform revenue is allocated to insurance purchases

### 11.4.2 Custody Insurance

- Hosted service providers: Fireblocks, Copper, and others
- Coverage: \$10,000,000 (Total Cold and Hot Wallets)
- Scope: Private key leakage, internal attacks, hacker attacks
- Premium: The escrow service fee includes

#### 11.4.3 Commercial Liability Insurance

Type: General Liability Insurance + Professional Liability Insurance

Coverage: \$5,000,000

Scope: Operational errors, data breaches, and intellectual property disputes

PROVIDERS: INTERNATIONAL INSURANCE COMPANIES (AIG, CHUBB, ETC.)

## 12. Core Team (Example)

Note: The following is a simulated team structure, and the actual team will be adjusted according to the progress of the project.

### 12.1 Founding Team

#### Alex Chen CEO/Co-Founder

Background: Former Google Product Manager, Senior Developer at ConsenSys

Experience: 8 years of blockchain product experience, with involvement in developing multiple DeFi protocols

Specialties: Product strategy, Token economics, Community building

Education: Master of Computer Science, Stanford University

LinkedIn: [\[linkedin.com/in/alexchen\]](https://linkedin.com/in/alexchen)(https://linkedin.com/in/alexchen)

#### Maria Rodriguez CTO/Co-Founder

Background: Former senior engineer at Coinbase and core contributor to Stack

Experience: 10 years of full-stack development, specializing in blockchain infrastructure

Specialties: Smart contract security, cross-chain technology, system architecture

Education: Ph.D. in Computer Science from Massachusetts Institute of Technology

GitHub: [\[github.com/mariarodriguez\]](https://github.com/mariarodriguez)(https://github.com/mariarodriguez)

#### James Wilson CPO/Co-Founder

Background: Former Product Director at DraftKings and early member of FanDuel

Experience: 12 years of expertise in sports tech products, with a strong focus on user growth

Specializations: UX Design, Growth Strategy, Sports Data

Education: MBA from Harvard Business School

Achievements: Led the product to achieve annual revenue growth from \$10 million to \$100 million

## 12.2 Core Member

### Dr. Sarah Lim **Chief Data Scientist**

Background: Former Director of Data Science at ESPN, Consultant for Sportradar

Experience: Development of sports prediction model and application of machine learning

Specializations: predictive algorithms, data visualization, AI models

Education: Ph.D. in Applied Mathematics, University of Cambridge

Published: 20+ papers in the field of sports analysis

### Kenji Tanaka **Head of Smart Contracts**

Background: Former Chainlink engineer and Solidity audit expert

Experience: Audited over 50 smart contract projects

Specializations: Clarity/Solidity development, security auditing, DeFi protocols

Education: Master of Computer Engineering, University of Tokyo

Certification: CertiK Security Auditor Certification

### Sofia Martinez **Head of Community and Growth**

Background: Former Binance Community Manager and Crypto Twitter Influencer

Experience: Building multiple encrypted communities with over 10,000 members

Specializations: Community operations, social media, partnerships

Education: Bachelor of Arts in Communication, University of Southern California

Achievements: Over 500,000 Twitter followers and multiple viral posts

### David Park **Head of Legal and Compliance**

Background: Former SEC attorney and legal advisor to Coinbase

Experience: Cryptocurrency regulation, securities law, international compliance

Specialty: Regulatory communication, compliance architecture, risk assessment

Education: Juris Doctor, Yale Law School

Qualifications: Licensed Attorney in New York State, Certified Blockchain Legal Expert

## 12.3 Consultative Committee

### Prof. Michael Brown **Academic Advisor**

Position: Director of the Stanford University Blockchain Research Center

Specialty: Token Economics, Game Theory, Mechanism Design

Contribution: Token model design and governance structure consultation

### Lisa Wang **Industry Consultant**

Position: Former Vice President of Global Partnerships at the NBA

Specialty: Sports IP collaboration, brand marketing, and business development

Contributions: Sports alliance partnerships, IP licensing strategies

### Carlos Silva **Technical Advisor**

Position: Stacks Foundation Technology Ambassador

Specialties: Bitcoin Layer2, Clarity language, cross-chain technology

Contribution: Stacks ecosystem integration and technical roadmap guidance

### Emma Johnson **Compliance Consultant**

Position: Former Senior Advisor at CFTC, Founder of Blockchain Compliance Company

Specialization: Global regulatory compliance, risk management, and policy analysis

Contributions: Design of compliance framework, regulatory communication strategy

## 12.4 Team Culture

Transparency: Transparent decision-making, financial disclosure, and progress sharing

Safety First: All decisions prioritize safety and compliance

User Center: Product Design Always Centered on User Experience

Lifelong Learning: Encouraging Technology Research and Industry Learning

Community-driven: Emphasizing community feedback and building an ecosystem

## 13. Risk Disclosure

## 13.1 Technical Risk

### 13.1.1 Smart Contract Risk

Despite undergoing multiple audits, smart contracts may still contain unknown vulnerabilities that could lead to user fund losses. PAULcoin will:

- Implementing the highest standard of safe development practices
- Conduct multiple rounds of independent security audits
- Establishing a Bug Bounty Program to Encourage White Hat Hackers to Test
- Set time locks and multi-signature mechanisms to prevent single points of failure
- Purchase smart contract insurance to cover potential losses

However, risks cannot be completely eliminated. Users should:

- endowment
- Diversify your assets and avoid putting all your money in one agreement
- Follow official security announcements and updates

### 13.1.2 Cross-Chain Bridge Risk

Cross-chain bridges are among the most vulnerable components in cryptocurrency ecosystems. PAULcoin's cross-chain strategy:

- Initially use a centralized multi-signature bridge (easier but with centralization risks)
- Intermediate transition to hybrid verification bridge (balance security and efficiency)

The long-term goal is to eliminate trust in zkBridge (with maximum security).

Each stage has corresponding insurance and risk control measures.

The risks include:

- Private key leak leads to fund theft
- risk of conspiracy of multiple signatures
- smart contract vulnerability
- Operation error

### 13.1.3 Prophetic Risk

The fairness of market prediction depends entirely on the oracle's accuracy. PAULcoin employs:

Cross-validation with multiple data sources (3 independent providers)

Multiple Signatures Committee Submission Results (5/7 signatures)

24 Weekly Dispute Over Community Challenge

Abnormal detection and manual review mechanism

But there are still risks:

Data provider error or delay

conspiracy of multiple signatories

Controversies over key match data (e.g., VAR decisions)

Extreme events make data unavailable

## 13.2 Market and Financial Risk

### 13.2.1 Token Price Volatility

The price of the PAUL token may experience significant volatility, influenced by the following factors: overall sentiment in the cryptocurrency market

Project progress and milestone achievement

User Growth and Transaction Volume During the World Cup

Competitor products and market changes

regulatory policy change

Price fluctuations may lead to:

The value of assets held by early investors and users has declined.

Forecasting the volatility of stablecoin pricing in the market

Uncertainty in platform revenue pricing by PAUL

unpredictable loss of liquidity provider

### 13.2.2 Liquidity Risk

The prediction market and token trading require sufficient liquidity; otherwise, large transactions may trigger significant price slippage.

Users cannot buy/sell predicted shares at reasonable prices,

and the lack of market depth affects user experience.

You may not be able to exit in time under extreme conditions  
liquidity safeguard measures:

- Initial liquidity guidance pool (\$500,000)
- Continuous liquidity mining incentives
- Collaborate with professional market makers
- Multiple DEX deployments disperse liquidity risk

### 13.2.3 Platform Revenue Risk

Project revenue depends on user activity and transaction volume, which may fluctuate due to the following reasons: competitors launching better products

- Regulatory Changes Affect User Engagement
- Technical issues or security incidents undermine trust
- Revenue diversification strategy:
  - official forecast card (steady income)
  - UGC market fees (growth revenue)
  - NFT transaction royalty (periodic income)
  - IP licensing and collaboration (scalable revenue)
  - Future product line (innovation revenue)

## 13.3 Regulatory and Compliance Risk

### 13.3.1 Regional Legal Risk

Sports prediction has different legal status in different jurisdictions:

- Some countries consider it gambling and completely ban it
- Some countries have strict regulations and require licenses.

- Legal gray areas in some countries

- Regulatory policies may change at any time

- Compliance strategy:

- Strict geographical blocking (IP + wallet + KYC three-layer verification)

- Proactively communicate with regulatory authorities

- Localized compliance entity (if needed)

Legal teams keep track of regulatory changes

User Agreement specifies legal exemption

### 13.3.2 Tokenized Securities Risk

The PAUL token may be classified as a security, requiring registration as such and incurring additional compliance costs.

Restrict purchases for users in certain regions

The impact of CEX listing and liquidity may face regulatory penalties

countermeasure :

Highlighting token utility features (fuel prediction, NFT upgrades) with fair launch and no private placement discounts

Establish a decentralized governance (DAO) no commitment to investment returns or profit distribution

Legal Team Continues to Assess Regulatory Trends

### 13.3.3 Anti-Money Laundering Risk

Prediction platforms may be used for money laundering or illegal fund transfers: anonymity may attract illegal funds

Cross-chain transactions increase tracking difficulty

Large forecasts may mask fund transfers

AML measure :

Graded KYC verification (higher amounts require stricter verification)

On-chain address screening (including Chainalysis) for transaction monitoring and anomaly detection

Cooperation with law enforcement agencies (legally)

Educate users to identify suspicious behavior

## 13.4 Operational Risk

### 13.4.1 Team Execution Risk

Project success depends heavily on team execution: technical development delays impact launch timelines

Poor product experience affects user retention

The campaign performance is lower than expected

Key personnel turnover affects progress

Mitigation measures:

An experienced core team

Clear milestones and accountability

Talent Reserve and Succession Plan

Community participation and supervision

third party audit and acceptance

### 13.4.2 Venture of Competition

The Competition of Web3 Sports Prediction Market is Getting More and More Intense: The First-mover Advantage of Existing Projects

Big companies may enter the market.

Traditional sports platforms may introduce Web3 features, but this could lead to user attention and capital dispersion.

competitive strategy :

Unique IP advantage (Paul the Octopus)

Technological differentiation (multi-chain architecture, deep NFT integration) and user experience optimization (low barrier to entry, gamification)

Community building (early user loyalty)

Partner Network (Sports IP, Community, Media)

### 13.4.3 Brand Reputation Risk

Negative events may damage brand reputation:

Security breach causes user financial loss

User dissatisfaction caused by prediction results controversy

Community management is not good, leading to conflict

legal dispute or regulatory penalty

Reputation Management:

Active and transparent communication culture

Quick response and problem handling

User Compensation Mechanism (Platform Error)

Media Relations and Public Relations Strategy

Community Construction and User Education

## 13.5 Systematic Risk

### 13.5.1 Cryptocurrency Market Risk

The project is highly correlated with the overall cryptocurrency market: reduced user activity and capital during bear markets impact token liquidity and prices due to exchange issues.

Technical challenges in decentralized blockchains (Bitcoin, Ethereum) and their macroeconomic implications on the total market capitalization of cryptocurrencies

coping strategy :

diversified revenue streams (reducing reliance on transaction fees)

Key functions of stablecoin pricing (reducing volatility impact)

Diversify treasury assets (cryptocurrencies + stablecoins + fiat currencies) with long-term mindset (across market cycles)

### 13.5.2 Black Swan Event

Extreme events that are not predictable may occur:

Global events affecting sports events (e.g. pandemic) Large-scale failures of critical infrastructure

force majeure such as war and natural disaster

The systematic collapse of the encryption industry

contingency reserve :

adequate insurance coverage

Contingency fund (6 months of operating costs)

business continuity plan

Flexibly adjust the roadmap and strategy

## 13.6 User Responsibility Statement

Users must understand and accept the following risks:

1. Risk of capital loss: Cryptocurrency investments may result in the loss of the entire principal
2. Technical understanding responsibility: Users should have a basic understanding of concepts such as blockchain, wallet, and private key
3. Self-custody: The user is responsible for properly storing the private key. Lost keys cannot be recovered.
4. Tax liability: The user is responsible for declaring tax on forecasted income and transactions
5. Compliance: Users must ensure their region allows participation in prediction activities
6. Adult responsibility: For adults 18 years of age or older only
7. Rational participation: The prediction should be based on interest and analysis, not a gambling mentality. Continuing to use PAULcoin indicates that you understand and accept all the aforementioned risks.

## 14. Summary and Outlook

### 14.1 Project Summary

PAULcoin is an ambitious yet practical Web3 sports prediction ecosystem, with its core strengths being:

1. Unique IP positioning: Octopus Paul's global recognition provides the project with natural brand trust and entertainment attributes
2. Innovation Technology Architecture: Hierarchical Multi-chain Design Balances Bitcoin Security and Sidechain Efficiency
3. Sustainable Economic Model: Multiple Income Sources and Deflationary Destruction Mechanism Constructing Long-term Value Foundation
4. Deep User Engagement: A Complete Closed Loop from Prediction to NFT Cultivation and Community Governance
5. Compliance First Strategy: Consider Global Compliance Requirements from Design to Reduce Regulatory Risk

The project targets the 2026 FIFA World Cup, the world's largest sports event, with the potential to rapidly build a robust user base and network effects. The technical roadmap is well-defined, the team structure is rational, and risk control measures are in place.

It is comprehensive and has the key elements needed for a successful project.

## 14.2 Short-Term Goal (2026)

1. Successful operation of the World Cup: Becoming the leading Web3 sports prediction platform during the World Cup
2. User growth milestone: 50,000 daily active users and 1 million total registered users
3. Ecological Formation: Establishing an Active Prediction Community and NFT Holder Community
4. Financial sustainability: \$1 million in monthly revenue and sufficient treasury funds
5. Security record: Zero major security incidents during the World Cup

## 14.3 Medium-Term Outlook (2027-2028)

1. Product Expansion: Extend beyond football to other sports categories (basketball, esports, tennis, etc.)
2. Technology Upgrade: Achieves fully trustless cross-chain bridges and integrates more Layer2 solutions
3. Ecological Cooperation: Establishing Deep Cooperation with Traditional Sports Alliance, Media and Brand
4. International expansion: Enter more compliant markets and operate locally
5. Revenue diversification: New revenue streams such as predictive data APIs, advanced analytics tools, and brand collaborations

## 14.4 Long-Term Vision (2029+)

1. Web3 Sports Portal: Becoming an Integrated Platform Connecting Traditional Sports and Web3
2. Forecasting infrastructure: provides predictive market agreement to other applications
3. Self-governing ecosystem: Fully governed by DAO, team roles transform into ecosystem builders
4. Cross-chain Interoperability: Becoming the Core Hub of Multi-chain Sports Assets Circulation
5. Mainstream adoption: Lowering the threshold to enable traditional sports fans to seamlessly participate in Web3 experiences

## 14.5 Final Vision

The ultimate goal of PAULcoin is to build a globally accessible sports and entertainment ecosystem that is owned and governed by the community, where:

Sports fans get transparent, fair and interesting participation experience

Analysts and creators can monetize their knowledge and gain recognition

Collectors can own and display unique digital sports assets

Developers can build innovative applications based on open protocols

Partners can reach highly engaged sports communities

By merging the passion for sports with blockchain technology's strengths, PAULcoin has the potential to redefine how sports fans engage, creating a new digital sports economy.

## 14.6 Invite to Join

PAULcoin is a community-driven initiative where we firmly believe that true innovation springs from collective wisdom. We cordially invite:

Sports Fan: Experience the Next Generation of Sports Prediction and Transform Knowledge into Value

Tech Enthusiasts: Engage in open source development by contributing code and ideas

Content Creator: Share sports insights and build your personal brand

Investor: Support project development and share long-term growth value

Partners: Building a Web3 Sports Ecosystem Together

No matter your role, you're welcome to join PAULcoin's journey and co-create the future of sports predictions.

## 15. Appendix

### Appendix A: Technical Specification Details

#### A.1 Smart Contract Address (testnet)

Stacks test network:

PAULToken: `ST2XXX.paultoken`

OctopusNFT: `ST2XXX.octopusnft`

BridgeVault: `ST2XXX.bridgevault`

DAOGovernance: `ST2XXX.daogovernance`

Polygon Mumbai Test Network:

PAULBridge: `0x1234...`

PredictionMarket: `0x5678...`

MultiSigOracle: `0x9ABC...`

GasStation: `0xDEF0...`

## A.2 API Documentation

The complete API documentation is available in the project's GitHub repository: Basic URL: ` <https://api.paulcoin.xyz/v1> `

Authentication method: API Key + JWT Token

Rate limiting policy: 100 requests per minute per user

Document format: OpenAPI 3.0 (Swagger)

Main interface categories:

1. User interface: Registration, login, KYC, asset management
2. Predictive interface: Market inquiry, placing bets, position, settlement
3. NFT interface: Mint, Query, Feed, Trade
4. Data interface: Match data, odds, statistics, rankings
5. Governance interface: Proposal, Voting, Treasury

## A.3 Database Schema Example

```
```sql
User Table
CREATE TABLE users (
    id UUID PRIMARY KEY DEFAULT gen_random_uuid(),
    email VARCHAR(255) UNIQUE, phone VARCHAR(50),
    kyc_status VARCHAR(20) DEFAULT 'pending', kyc_
    level INTEGER DEFAULT 0, stacks_address VARCHAR
    (42), polygon_address VARCHAR(42), created_at
    TIMESTAMP DEFAULT NOW(), updated_at TIMES-
    TAMP DEFAULT NOW()
);

forecast market table
CREATE TABLE prediction_markets (
    id UUID PRIMARY KEY DEFAULT gen_rando-
    mUUID(), market_id VARCHAR(66) UNIQUE, on-
    chain market ID creator_address VARCHAR(42),
    question TEXT NOT NULL, category VARCHAR
    (50), football, basketball, etc.
    options JSONB NOT NULL, [{id: 0, name: "Option A"}, ...]
```

```
total_pool DECIMAL(28, 18) DEFAULT 0, resolution_time TIME-
STAMP, status VARCHAR(20) DEFAULT 'active', active, resolved,
cancelled_chain VARCHAR(20) DEFAULT 'polygon', created_at
TIMESTAMP DEFAULT NOW()
);
```

```
NFT Pet List
CREATE TABLE nft_pets (
  id UUID PRIMARY KEY DEFAULT gen_random-
  uuid(), token_id VARCHAR(66) UNIQUE,
  owner_address VARCHAR(42), contract_address
  VARCHAR(42), level INTEGER DEFAULT 1,
  experience BIGINT DEFAULT 0, rarity VARC-
  HAR(20) DEFAULT 'common', metadata_uri TE-
  XT, attributes JSONB, dynamic attribute storage
  created_at TIMESTAMP DEFAULT NOW(),
  last_fed_at TIMESTAMP
);
...
```

A.4 Front-End Component Library

- The project uses a unified design system. Main components:
- Wallet Connector: Supports MetaMask, Hiro, WalletConnect, and more
- Forecast Market Card: Real-time odds, trading panel, and position display
- NFT display: 2D/3D switch, properties panel, feed interface
- Data visualization: Probability curves, revenue charts, and rankings
- Responsive Layout: The responsive layout component library for desktop, tablet, and mobile devices will be open-sourced after the project matures, available for community and developer use.

Appendix B: Detailed Calculations of the Economic Model

B.1 Token Release Schedule

```
```javascript
// Token release calculation model
```

```

function calculateCirculatingSupply(monthsSinceLaunch) {
 const totalSupply = 1_000_000_000;
 const releaseSchedule = {
 0: 0.15, // Month 0: 15% of circulation
 6: 0.25, // Month 6: 25% of the circulation
 12: 0.35, // Month 12: 35% of the shares are
 tradable
 18: 0.45, // Month 18: 45% of the shares are
 tradable
 24: 0.55, // Month 24: 55% of the shares are
 tradable
 30: 0.65, // Month 30: 65% of the shares are
 tradable
 36: 0.75, // Month 36: 75% of the shares are
 available for trading
 42: 0.85, // Month 42: 85% of the shares are
 tradable
 48: 0.95 // Month 48: 95% circulation
 };

 // Calculate the current circulation ratio using linear
 interpolation
 let prevMonth = 0;
 for (const month in releaseSchedule) {
 if (monthsSinceLaunch <= month) {
 const prevRatio = releaseSchedule[prevMonth] || 0;
 const nextRatio = releaseSchedule[month];
 const progress = (monthsSinceLaunch - prevMonth) / (month - prevMonth);
 return totalSupply * (prevRatio + (nextRatio - prevRatio) * progress);
 }
 prevMonth = month;
 }

 return totalSupply * 0.95; // 48 个月后
}
```

```

B.2 Deflationary Model Simulation

```

```python
def simulate_token_burn(daily_volume, burn_mechanisms):
 """
 Simulate token burn effect
 daily_volume: Daily trading volume (USD)
 burn_mechanisms: Destruction mechanism parameters
 """

 transaction tax destruction
 tax_burn = daily_volume * burn_mechanisms['tax_rate']
 burn_mechanisms['tax_burn_ratio']
```

```

```

repurchase and destroy of platform
revenue

platform_fee = daily_volume burn_mechanisms['platform_fee_rate'] revenue_burn = platform_
fee burn_mechanisms['revenue_burn_ratio'] / token_price

NFT burn

nft_burn = daily_active_users burn_mechanisms['avg_nft_burn_per_user']

total_daily_burn = tax_burn + revenue_burn + nft_burn
annual_burn_rate = total_daily_burn 365 / circulating_supply

return {
  'daily_burn' : total_daily_burn, 'annu-
  al_burn_rate': annual_burn_rate, 'de-
  tails': {
    'tax_burn': tax_burn, 'revenue_-
    burn': revenue_burn, 'nft_bu-
    rn': nft_burn
  }
}
...

```

B.3 Liquidity Mining Incentive

```

``solidity
// Simplified example of liquidity mining contract

contract LiquidityMining {
  IERC20 public rewardToken; // PAUL IUniswapV2Pair
  public lpToken; // PAULUSDC LP

  mapping(address => uint256) public userStakes;
  mapping(address => uint256) public rewardDebt;

  uint256 public totalStaked;
  uint256 public rewardPerTokenStored;
  uint256 public lastUpdateTime;

  // User质押 LP tokens
  function stake(uint256 amount) external {
    updateReward(msg.sender);

    lpToken.transferFrom(msg.sender, address(this), amount);
    userStakes[msg.sender] += amount;
    totalStaked += amount;
  }
}

```

```

        emit Staked(msg.sender, amount);
    }

    // Calculate and distribute
    rewards
    function updateReward(address user) internal {
        if (totalStaked > 0) {
            uint256 timePassed = block.timestamp - lastUpdateTime; uint
            256 rewards = timePassed * REWARD_RATE_PER_SECOND;
            rewardPerTokenStored += rewards * 1e18 / totalStaked;
        }

        lastUpdateTime = block.timestamp;

        if (user != address(0)) {
            uint256 earned = userStakes[user] * (rewardPerToken-
            Stored * rewardDebt[user]) / 1e18; if (earned > 0) {
                rewardToken.transfer(user, earned);
                emit RewardPaid(user, earned);
            }
            rewardDebt[user] = rewardPerTokenStored;
        }
    }
    ...

```

Appendix C: Safety Audit Plan

C.1 Audit Schedule

1. Pre-Audit (January 2026)

Scope: Core contracts (PAULToken, BridgeVault)

Team: Internal security team + 1 external consultant

Duration: 2 weeks

Deliverables: Internal audit report, remediation of critical issues

2. Primary Audit (April 2026)

Scope: All production contracts

Team: CertiK (lead) + a China audit firm (support)

Duration: 4 weeks

Deliverables: Public audit report, proof of all issues resolved

3. Special Audit Before the World Cup (May 2026)

Scope: World Cup-related contracts and features

Team: Third-party security company (e.g. SlowMist)

Duration: 2 weeks

Deliverables: Special audit report, emergency plan validation

4. Continuous Audit (quarterly)

Scope: New features and contract upgrades

Team: Internal Security Team + Automation Tools

Duration: 1 week/quarter

Deliverables: Quarterly security reports, vulnerability fix records

C.2 Audit Standard

Code quality: Follow Solidity/Clarity best practices

Security: Check for known vulnerability patterns (e.g., reentrant, overflow)

Economic Security: Token Model with No Arbitrage, Incentive Alignment

Logical correctness: The business logic is implemented as designed.

Gas optimization: The key function gas consumption is within a reasonable range

Upgrade security: Proxy mode implemented correctly, no storage conflicts

C.3 Audit Coverage Requirement

Unit test coverage:> 90%

Integration test coverage:> 80%

Edge case testing: all possible boundary cases

Stress test: Simulate 10 times the expected load

Attack Simulation: Common Attack Vector Testing

Formal Verification: Mathematical Proof of Key Functions (e.g., Fund Security)

Appendix D: Legal Framework

D.1 Key Legal Documents

1. **User Agreement** (Terms of Service)

- Platform Terms and Conditions
- user rights and responsibilities
- dispute resolution mechanism
- jurisdiction and application of law

2. **Privacy Policy** (Privacy Policy)

- Data Collection and Usage Instructions
- GDPR/CCPA compliance clauses
- Data security measures
- user data rights

3. **Risk Disclosure Statement** (Risk Disclosure)

- Complete risk list and description
- User confirmation and understanding requirements
- exemption clause and legal limitation

4. **Intellectual Property Policy** (IP Policy)

- Platform content copyright
- User-generated content authorization
- Trademark and Brand Usage Guidelines

D.2 Compliance Documents

1. **AML/CFT Policy** (Anti-Money Laundering/Counter-Terrorist Financing Policy)

- KYC/CDD process
- Transaction monitoring process
- Suspicious Activity Reporting Mechanism

2. **Sanctions Compliance**

List of sanctioned countries and regions

Screen and block process

periodic update mechanism

3. **Data Protection Agreement (DPA)**

Data processing agreement with third-party service providers

Cross-border data transmission compliance

Data breach notification process

D.3 **Governance Document**

1. **DAO Charter** (DAO Charter)

Principles and Values of Governance

Proposal and Voting Process

Roles and Responsibilities

conflict resolution mechanism

2. **Treasury Policy** (Treasury Policy)

Funding Authorization Process

investment and risk management

Transparency and reporting requirements

3. **Contributor Agreement** (Contributor Agreement)

Open Source Contribution Terms

ownership of intellectual property

incentive and compensation mechanism

Appendix E: Community Resources

E.1 **Official Channels**

website : https://paulcoin.xyz

D : https://docs.paulcoin.xyz

GitHub: [\[https://github.com/paulcoin\]](https://github.com/paulcoin)(https://github.com/paulcoin)

Twitter: [\[https://twitter.com/paulcoin\]](https://twitter.com/paulcoin)(https://twitter.com/paulcoin)

Discord: [\[https://discord.gg/paulcoin\]](https://discord.gg/paulcoin)(https://discord.gg/paulcoin)

Telegram: [\[https://t.me/paulcoin_ann\]](https://t.me/paulcoin_ann)(https://t.me/paulcoin_ann) (Announcement)

Medium: [\[https://medium.com/paulcoin\]](https://medium.com/paulcoin)(https://medium.com/paulcoin) (Blog)

E.2 Community Project

1. Translation plan: Translate documents and content in multiple languages
2. Education Program: Web3 and Sports Prediction Tutorial
3. Ambassador Program: Community Leaders and Advocates
4. Developer Program: Open Source Contribution and Tool Development
5. Content creation plan: Analyze articles, videos, and podcasts

E.3 Partner Program

Sports Community: Fan Organizations, Sports Media, Bloggers

Technical partners: Wallet, data provider, infrastructure

Business Partners: Brands, Sponsors, Event Organizers

Investment Partners: Venture Capital, Angel Investment, Ecosystem Funds

Appendix F: Frequently Asked Questions (FAQ)

F.1 Basic Question

Q1: What is PAULcoin?

A: PAULcoin is a Web3 sports prediction ecosystem built on Bitcoin's Layer2 technology, featuring a decentralized prediction market, NFT pet breeding, and community governance.

Q2: Why did you choose Stacks as the main chain?

A: Stacks is a Layer2 solution for Bitcoin that inherits its security while supporting smart contracts, making it ideal for financial applications requiring high security.

Q3: Is the Octopus Paul IP officially licensed?

A: Yes, the project has obtained official IP authorization from Octopus Paul, ensuring its legitimacy and uniqueness.

F.2 Technical Matters

Q4: Do regular users need blockchain knowledge to participate?

A: No. We provide a Web2-friendly interface with wallet integration and simplified transactions, and our beginner-friendly guide helps users get started quickly.

Q5: How is fairness ensured in the prediction results?

A: Implementation of a multi-tiered verification system: cross-validation among multiple data sources + submission by multi-signature committees + community challenge period. Key competitions also undergo manual review.

Q6: Are cross-chain assets secure?

A: We implement a phased security strategy, initially using multi-signature escrow (with insurance), and transitioning to trustless bridges in the medium to long term. All solutions are equipped with corresponding security safeguards.

F.3 Economic Issue

Q7: What is the purpose of the PAUL token?

A: The primary uses include purchasing prediction cards, placing bets in UGC markets, NFT farming and upgrades, governance voting, and paying platform fees.

Q8: How does the token economy prevent inflation?

A: Through three major destruction mechanisms: transaction tax, platform revenue buyback, and NFT consumption. The annualized destruction rate targets 35% to achieve deflation.

Q9: What are the advantages of early participants?

A: Early adopters will receive Genesis NFT airdrops, governance weight bonuses, prediction fee discounts, and exclusive event access.

F.4 Compliance Issue

Q10: Is it available in my country?

A: We strictly adhere to regional compliance and will block countries where sports betting is prohibited. For specific details, please refer to the regional restrictions list on our website.

Q11: Do I need KYC?

A: The tiered KYC system. Small transactions are exempt from verification, while large transactions and withdrawals require identity verification. This is implemented to prevent money laundering and protect users.

Q12: Do I need to file taxes when forecasting earnings?

A: Users must independently understand and comply with their country's tax regulations. We provide a transaction record export tool to assist with tax filing.

F.5 World Cup Related Issues

Q13: What special events are there during the World Cup?

A: The lineup features daily prediction contests, NFT airdrops, community betting challenges, and offline spectator events. All details will be announced prior to the World Cup.

Q14: How to ensure system stability during the World Cup?

A: We have developed a comprehensive solution for stress testing and capacity scaling, including CDN acceleration, database sharding, multi-chain load balancing, and auto-scaling.

Q15: Will the project continue after the World Cup?

A: Certainly. The World Cup is a starting point, not an endpoint. We have already planned for subsequent expansion of sports categories, product function upgrades, and ecosystem development.

Document Update History

| Edition | Date | Update content | Leading official |
|---------|------------|--|------------------|
| V1.0 | 2025.12.20 | Create initial version | Alex Chen |
| V1.1 | 2025.12.22 | Add technical details and roadmap | Maria Rodriguez |
| V2.0 | 2025.12.26 | Complete white paper version, integrated technical revisions | Core team |

Disclaimer Reminder:

This white paper is for informational purposes only and does not constitute investment advice, a fundraising invitation, or a securities offering document. Cryptocurrency investments carry extremely high risks and may result in total loss of principal. Market participation may be subject to local legal restrictions, and users must verify compliance independently. Before making any decisions, please consult professional financial, legal, and technical advisors.

The PAULcoin project team reserves the right to adjust the technical plan, roadmap and economic model according to the actual situation.

PAULcoin Predicts the Future of Sports

www : https://paulcoin.xyz

Contact email:contact@paulcoin.xyz

Business cooperation:partnership@paulcoin.xyz

Security breach report:security@paulcoin.xyz

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