$FUNDS NFT

White Paper

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1. Vision and Mission

1.1. Vision:

The vision of Funds is to decentralise the entire lottery system by developing an idea on the blockchain and implementing the crypto and NFT based solutions.

1.2. Mission:

Funds is on a mission to build its own decentralized ecosystem and eliminate the traditional lottery system. Funds is a project backed by international lotteries and founded by AZlotts.

In the first whitepaper: we have covered the FUNDS token in detail which is launched as a utility token.

Funds vision is to decentralise the lottery system to automate and facilitate lifetime lottery tickets with unique ownership.

Each million $FUNDS NFTs creates a one lifetime lottery ticket.

2.   The $FUNDS NFT Ecosystem

In this whitepaper 2, our focus is to cover and provide the details about the second FUNDS token which is an NFT "non fungible token"

2.1.   NFTs (Non-Fungible Token) are digital tokens that represent distinctive images, videos, gif, music, or any other form of art. NFTs are the part of tokens. In the crypto world, tokens are the digital currency which are used in facilitating the transaction on blockchain applications, trading on exchanges, rewarding the participants of the network etc. We have seen the rise in the NFT marketplace in recent months, NFT has been evolving since.

2.2.   One Of the main evolutions of the NFT are the NFT Fractionalization Assets. NFT Fractionalization refers to splitting the NFT in smaller parts. The process involves a smart contract artificially "splitting" or "copying" an NFT asset into a set number of interchangeable (fungible or non-fungible) tokens.

2.3.   The Funds ecosystem will facilitate the creation of a lifetime lottery NFT which will have 30 different draws/tickets inside and these tickets will participate in jackpot prizes each week for lifetime. Each lifetime lottery NFT will be fractionalised into 1 million fractional assets.

2.4.   Users can buy these fractions from the marketplace and gain the fraction ownership of the lottery NFT. Users would have the rights and ownership to the Fraction Asset(FA). He can hold, sell and transfer the FA across the marketplace to users. Users will also be entitled to receive the special rewards associated with the NFT lottery.

3. Features of NFT Lottery

3.1. **Fractional Assets**:

FA refers to the part of the lottery which will be generated from the lifetime lottery. The lifetime lottery ticket will regenerate each week. These FAs will be issued in a limited number. Furthermore, Users can hold, transfer and sell the fraction to another person at a higher price.

3.2. **Fractional Ownership**:

The FA holder will be granted the ownership of the asset. The holders will have the rights and ownership of FAs, subsequently they will also become the fractional owner of NFT lottery.

3.3. **Enhanced Liquidity:**

FAs will be listed on the NFT marketplace, where users can sell the asset anytime. User won't have to wait at any market price to sell the asset, he can simply list the asset on the marketplace at desired selling price and the prospective buyer will buy the asset.

3.4. **Rewards** :

The FA holders will get the rewards in proportion to their fraction ownership in regard to the NFT lottery. If the lottery wins the jackpot then the rewards will be distributed between all the fractional owners proportionate to their holdings respective to the lifetime lottery NFT.

3.5. **Metaverse**:

In future, the fractional ownership will facilitate the multiple revenue streams and participation ticket in the metaverse space.

4. FUNDS Roadmap

Version #	$FUNDS	Description
Version 1	ERC-20 Utility Token	An ERC-20 utility token available for trading
Version 2	$FUNDS DAPP	DAPP- a decentralised application where token holders can hold their $FUNDS and participate in an automated lottery incentivisation system.
Version 3	$FUNDS NFT "Non Fungible Token"	NFT-based lottery system, a fully decentralized $FUNDS ecosystem, where $FUNDS holders will have full control over their $FUNDS and be able to stake their $FUNDS NFT's.
Version 4	$FUNDS METAVERSE	$FUNDS Metaverse- a platform to play and earn more.

5. FUNDS NFT -"FRACTIONAL ASSET"

In the lottery NFT only KYC verified users will be able to purchase the NFT or the fractional ownership of the NFT.

The persons who are not part of the dapp and don't have their kyc verified, won't be able to participate in the nft lottery and their draws.

Users - Users can be the token holders in the FUNDS DAPP.

Conditions to participate in FUNDS DAPP:

1. **KYC Verification**: Users can trade FAs (fractional assets) only with the users who are KYC verified.The verification of the users is MUST otherwise Funds will not be able to identify the user and their bank details to transfer them the jackpot reward money.

2. **Dapp Marketplace** :Inside the DAPP marketplace, only KYC verified users can buy/sell and do open transactions..

3. **P2P Transfer** : Outside the DAPP, users can P2P transfer their FAs but the recipient should be a KYC verified user in Funds dapp.

   These conditions are necessary in order to fulfill the legalities related to lottery sport. It is required by the governing jurisdiction that the lottery organizations must verify their users before distributing the reward money.

6. KYC "Know Your Customer" Requirement

Users have to complete the KYC before claiming the rewards. The process of completing the KYC as follows:

- Uploading Identity Proof
- Uploading Address proof
- Uploading Live photograph

After submitting necessary documents, the FUNDS team will verify the user.

If the KYC is verified then the user can participate in the FUNDS DAPP, otherwise the user won't be able to further participate in the DAPP.

7. Reward and Payout Mechanism

The Fractional owners will be entitled to receive the rewards on the event of a jackpot. The rewards will be distributed to tokenholders in the proportion to their fractional ownership and between the fractional owners only. The rewards will be directly deposited by the Funds team in a Paypal account.

However there are following requirements which users have to fulfill in order to claim the points

1. **KYC Completion** : Users will have to complete and verify their KYC details in order to buy the FAs.. KYC details are necessary in order to ensure the security of the users.

2. **Connect to wallet** : Wallet is integrated in FUNDS DAPP to transfer and receive the FAs easily. Users can easily store, sell, transfer and receive their FA in the wallet.

3. **Funds token**: It is necessary to have the Funds token to buy the FAs. For now, users can only buy the FA with Funds token.

4. **Add Paypal account** : Users will have to add the paypal account in order to receive the reward money. The reward money will be distributed directly in USD in the user's account. Paypal account linking is very important in order to complete KYC and enable themselves to receive the rewards.

8. Technology

Smart Contract: Funds will develop the smart contract to implement the NFT Fractionalization on polygon sidechain. The process involves a smart contract artificially "splitting" or "copying" an NFT asset into a set number of interchangeable (fungible or non-fungible) assets.

Ownership: This new technology assigns the ownership rights related to the FAs of its holder. Holder of the NFT FA will have rights defined in the smart contract which will automatically be transferred to him on the event of purchase or transfer of FA.

Low Gas Fee: Polygon sidechain uses a very low amount of gas fee for transaction. It reduces the gas fee amount to 10 to 50 times more than ethereum. Users can easily buy , sell and transfer the FAs in and from their wallet without being worried about the cost.

Traceability: Anyone can trace the NFT lottery and the FA at any point of time. Blockchain technology enables this feature to prevent fraud and maintain the true and fair record of ownership of assets.

Security : Security is of prime importance, given the nature of custom programming into the smart contracts of the NFTs and Fractional Assets, funds team is committed to conduct an external security audit of the smart contract from the global renowned security auditor and publish the report on our website and social channels.
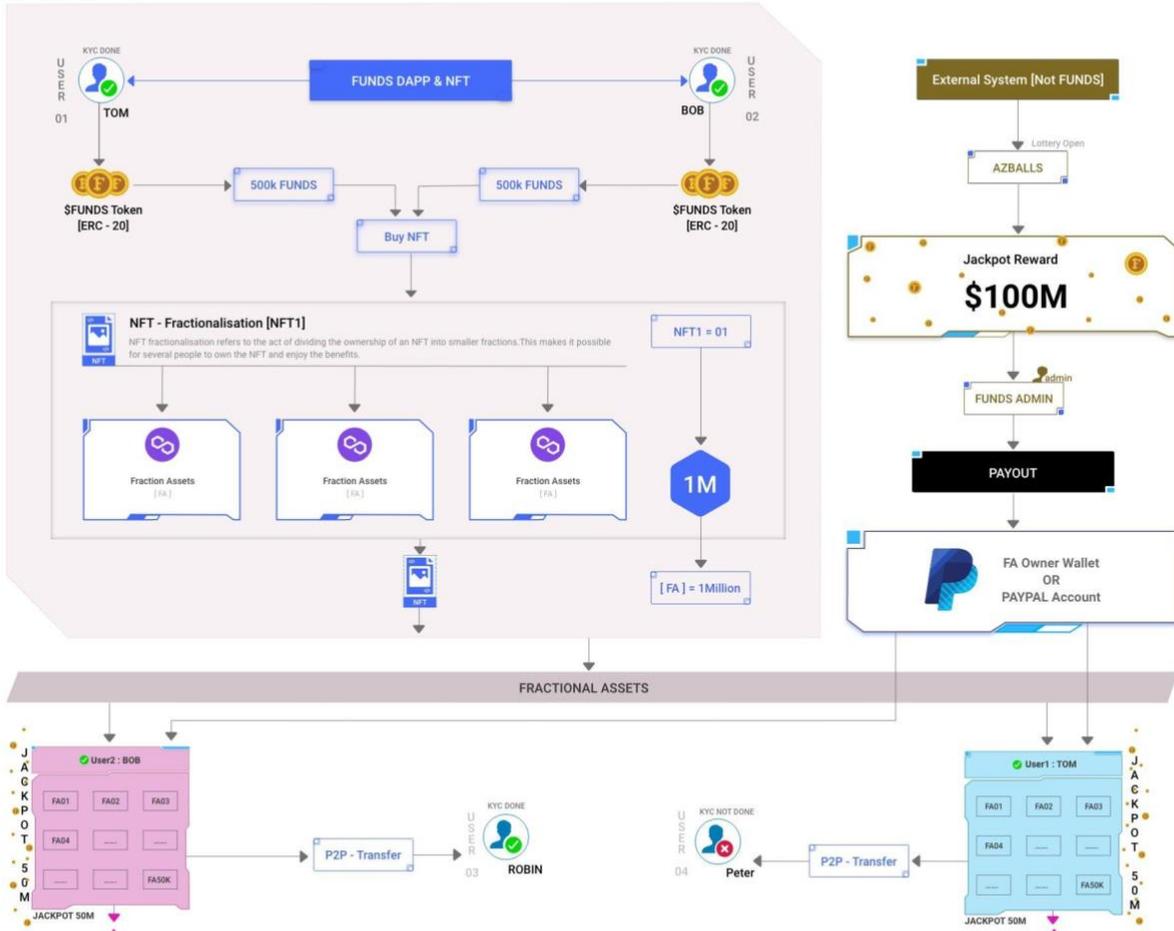
9. Solution Architecture

In NFT , user can perform the following actions:

- Buy the NFT FA "fractional asset" with Funds token

- Hold the FA for indefinite period

- Transfer FA to another person, if KYC is done for both users

- Earn the rewards in proportion to their holdings, directly on their account.

10. Solution Architecture Diagram

FUNDS NFT FRACTIONALISATION

FUNDS DAPP & NFT

KYC DONE — USER 01 — TOM
KYC DONE — USER 02 — BOB

$FUNDS Token [ERC - 20]
500k FUNDS
500k FUNDS
$FUNDS Token [ERC - 20]

Buy NFT

NFT - Fractionalisation [NFT1]
NFT fractionalisation refers to the act of dividing the ownership of an NFT into smaller fractions. This makes it possible for several people to own the NFT and enjoy the benefits.

Fraction Assets [FA]
Fraction Assets [FA]
Fraction Assets [FA]

NFT1 = 01
1M
[FA] = 1Million

FRACTIONAL ASSETS

External System [Not FUNDS]
Lottery Open
AZBALLS

Jackpot Reward
$100M

admin
FUNDS ADMIN

PAYOUT

FA Owner Wallet OR PAYPAL Account

User2 : BOB
FA01 FA02 FA03
FA04
FA50K
JACKPOT 50M

P2P - Transfer
KYC DONE — USER 03 — ROBIN

KYC NOT DONE — USER 04 — Peter
P2P - Transfer

User1 : TOM
FA01 FA02 FA03
FA04
FA50K
JACKPOT 50M

JACKPOT 50M
JACKPOT 50M

METAVERSE

11. Team

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The $Funds token and Funds NFT has been created by the founders of AZLotts N.V.

The team brings together over 25 years' experience in online gaming, information technology and currencies

AZLotts N.V is a registered corporation in Curacao, located in Zuikertuintjeweg Z/N (Zuikertuin Tower) Willemstad

$FUNDS is a wholly owned subsidiary of AZLotts N.V.

For more information please contact $FUNDS - info@funds.one www.funds.one