

Hurricane NFT Market

Whitepaper

Abstract

2021 is known as the beginning of NFT. More and more celebrities and high-net-worth collectors are entering the market to invest in NFT products. Many famous institutions are also participating in the deployment of NFT projects. In August 2021, the trading volume exceeded \$1 billion on OpenSea, a mainstream NFT trading platform. NFTs such as CryptoPunks, Bored Ape Yacht Club, and Loot keep creating new high prices far beyond people's imagination.

As NFT projects grow, more public chains enter this field, such as Binance Smart Chain, Tezos, Avalanche, etc. The gas fees of these public chains are much lower than that of Ethereum, which creates an easing environment for widespread adoption. However, most NFTs lack sufficient liquidity and value capture capabilities, which has become a significant problem restricting the liquidity of NFTs.

HurricaneSwap - the 1st Cross-Chain Liquidity DEX based on Avalanche, provides users with a high-performance, low slippage, low-cost and seamless cross-chain trading experience. Based on the powerful cross-chain technology, the Hurricane team combined NFT assets with DeFi liquidity, integrating the NFT trading market into the decentralized exchange and liquidity engine network. NFT enthusiasts, collectors, and ordinary users can use the self-reinforcing and innovative ecosystem and NFT cross-chain transactions to achieve constructive innovation. This is the origin of Hurricane NFT market.

1. Background

1.1 NFT Development

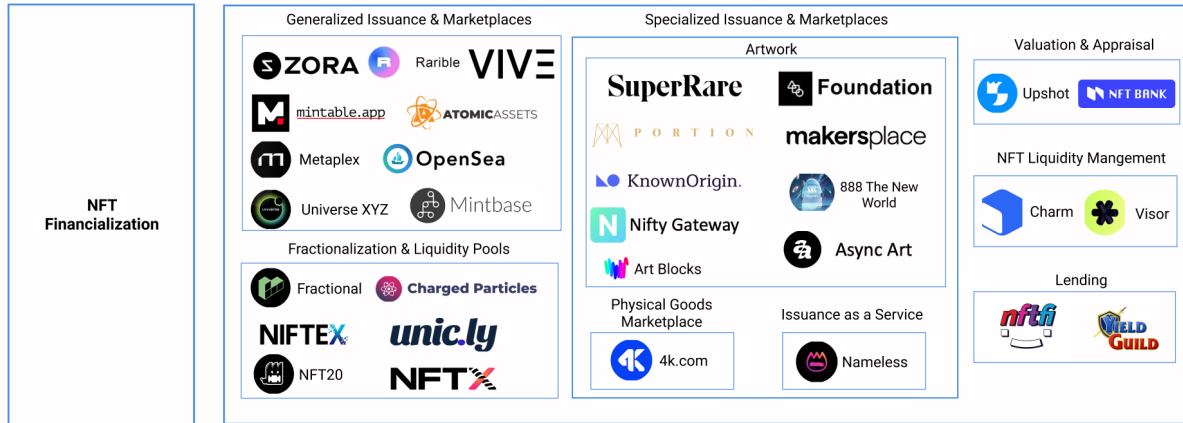
A non-fungible token (NFT) is a non-interchangeable unit of data stored on a blockchain, a form of digital ledger, that can be sold and traded. It can represent real-world objects like art, music, in-game items, and videos. In essence, NFT represents a digital property of observable scarcity, portability, and programmability.

According to NonFungible.com, the overall market cap for NFT exceeded 15 billion USD with 2 million active addresses participating in NFT trading which brings more than 5 billion USD profits to the users in mid-2021. NFT trading volumes fell month by month after the NFT mania in late summer. However, it resumed a sustainable trend in December as more users became interested in it.

Additionally, FTX and Coinbase announced a centralized marketplace for NFT trading, eliminating the need for high transaction fees and self-custody. The DeFi Kingdoms represented by Axie Infinity also allow us to see the potential integration of DeFi and games. In the fourth quarter of 2021, Bored Ape Yacht Club's valuation and floor price surpassed that of CryptoPunks, demonstrating the massive potential of the entire market.

1.2 NFT Pain Point

Unlike DeFi, NFTs have significant weaknesses in liquidity and value capture. The DeFi ecosystem has solved similar problems through innovations in exchanges, lending, and derivatives. Still, these financial innovations have not yet fully penetrated the NFT ecosystem due to the non-standard nature of NFTs and the complexity of financial infrastructure. Tens of billions of NFT assets are isolated in wallets, and the blue ocean market of NFT financialization needs to be further explored.



Source: Messari

Looking back at NFT history, few collectibles and works have stood the test of time, and unfortunately, most lose their value within a few months. The NFT market relies heavily on matching buyers and sellers on centralized marketplaces like OpenSea, with sellers heavily pressing floor prices for instant sales and buyers paying a premium on the spread.

The prosperity of the NFT market is in stark contrast to the depression of NFT financial products. As NFTs become more financialized, they will also require new trading platforms, lending protocols, derivatives, etc. The market needs to make more attempts in NFT liquidity and value capture.

1.3 Need for Cross-Chain

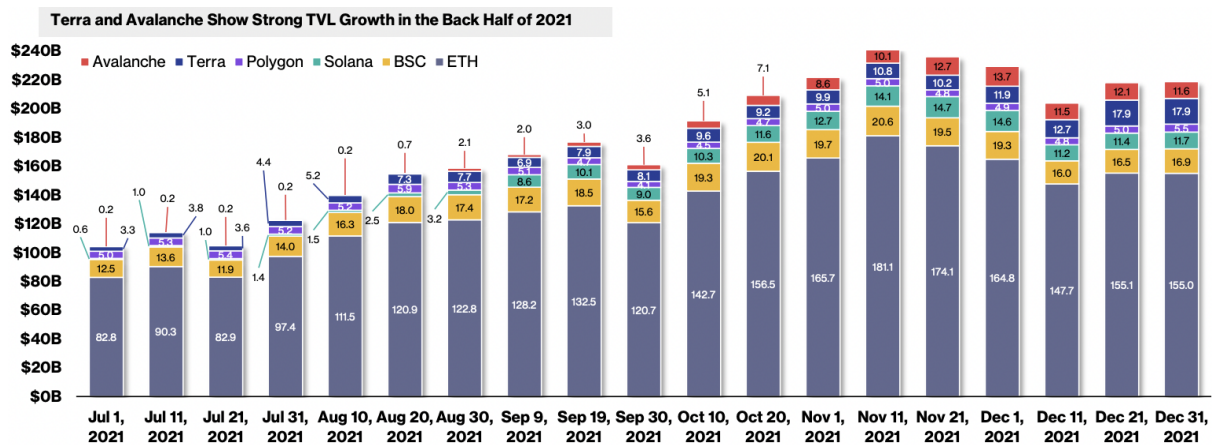
Most of the well-known NFT projects are gathered on Ethereum, where the high gas fees are prohibitive for most people. In comparison, chains such as Avalanche, Binance Smart Chain, Polygon, and Solana have the advantages of high performance, high throughput, and low fees. However, chains are self-contained, and there is a lack of fast interoperability and convenient means of liquidity between different chains. Therefore, the cross-chain demand came into being.

As a part of assets, NFT should gradually derive a series of financial products like NFT mining, mortgage, lending, etc. Users need to maximize the use of their NFTs, participate in financial activities on different chains, and improve the utilization of NFTs. At the same time, it can also bring more liquidity and potential benefits to the NFT.

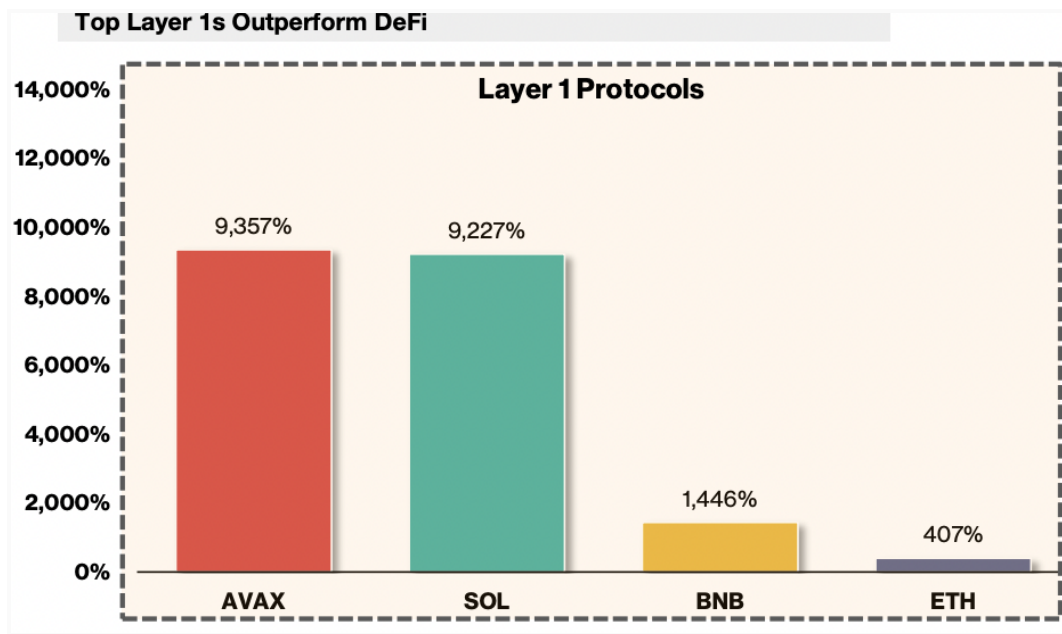
In the future, NFT will learn from the development path of DeFi, from single-chain to multi-chain, and finally, achieve the goal of cross-chain interoperability.

1.4 Avalanche

In 2021, each public chain attracted many users, especially the migration of capital to Solana and Avalanche chains. This trend continued to strengthen in the fourth quarter of 2021. Avalanche and Terra have demonstrated strong DeFi absorption capacity, and Total Value Locked has reached \$17.85 billion.



Source: DeFiLlama



Source: CoinDesk Research, TradingView

Avalanche features 3 built-in blockchains: Exchange Chain (X-Chain), Platform Chain (P-Chain), and Contract Chain (C-Chain). The triple-blockchain strategy to simplify conversions and development processes. The unique design of 3 built-in blockchains improves efficiency on each chain by differentiating various needs, thus achieving sub-second transaction speeds and low fees.

According to CoinMarketCap, Avalanche has a circulating market value of \$280.15 billion, which means that Avalanche has ranked among the top 6 global public chains, and tens of billions of funds have participated in its DeFi ecosystem.

These will bring not only the mature technical layer but also lots of users and funds to the Hurricane NFT Market.

1.5 HurricaneSwap

HurricaneSwap was launched on October 10, 2021, with \$50 million TVL (Peak Value), 31,000+ \$HCT holding addresses, 100,000+ Twitter followers, and 60,000+ community members. HurricaneSwap has a solid foundation in product, technology, market, etc.

HurricaneSwap completed \$3.6 million financing before the public sale, including over one million USD in seed round financing invested by AVATAR (Avalanche Asian Star Fund) and LD Capital, and over two million USD in the private placement, which includes investments from

- the Avalanche ecosystem — AVALAUNCH, BENQI co-founder JD Gagnon;
- exchanges — Huobi Ventures, KuCoin Labs, PrimeBlock Ventures (MEXC Labs), Gate.io Labs, ZB Capital;
- venture capital, communities, and marketing institutions — A&T Capital, JRR Crypto, RedlineDAO, Spark Digital Capital, Hive Capital, DuckDAO, DAOWell, LimeStone Capital, 7 O'Clock Capital, Kernel Ventures, Mirana Ventures.

HurricaneSwap is also the only project in the Avalanche ecosystem that has Avalanche co-founder Ted Yin as the chief consultant.

2. Hurricane NFT Market

2.1 Introduction

Hurricane NFT Market is the first cross-chain NFT trading platform based on Avalanche, through which users can trade NFTs on any chain and save a lot of time and cost for cross-chain NFT transactions.

It breaks down the barrier of public chains and allows NFTs to flow freely across different chains. Avalanche users can purchase NFTs on other chains and receive NFT vouchers which can be traded in the Hurricane NFT Market with much lower gas fees, or redeemed for NFTs on the source chain. Hurricane NFT Market will also support multiple chains such as Ethereum, Binance Smart Chain, Solana, Fantom, Polygon, etc.

In the Hurricane NFT Market, the valuation of NFT does not rely on a very subjective valuation similar to art. Instead, the value of each NFT is equal to the NHCT value of the casting NFT. In other words, with the inner value of FT (Fungible

Token), the pricing of NFT would be in a reasonable range — a specific premium space based on the guaranteed bottom value.

2.2 NFT Voucher

The NFT Voucher is the only proof for users to conduct cross-chain NFT transactions in the Hurricane NFT Market.

After the user successfully purchases NFT on other chains in the Hurricane NFT Market, he will get an NFT Voucher as the rights and interests of the NFT. If the collector wants to obtain the NFT he purchased, he can obtain the native NFT asset by burning the NFT Voucher. Collectors can also split their NFT Vouchers into multiple NFTs and trade them on the Hurricane NFT Market. This NFT fragmentation approach increases the sustainable liquidity of the NFT market and reduces transaction and trust costs on both sides.

2.3 NFT Financial Product

Based on the EVM mechanism and Hurricane's advantages in DeFi, such as cross-chain DEX and high TVL, Hurricane will try to explore the financialization of NFT.

Hurricane NFT will first try Lending Pool and Peer-to-Peer models to integrate NFT financial products to meet the needs of mainstream and niche markets. In the Hurricane NFT Market, buyers can use their own NFT Vouchers for future call and put option management. In addition, the Hurricane team will continue to explore NFT financial products and try to make NFT a credible financial investment product through multiple NFT DeFi derivatives such as NFT fragmentation protocols, NFT insurance, fixed interest, options, etc.

3. Technology

3.1 Cross-Chain Bridge Definition

A blockchain bridge is a connection that allows the transfer of tokens and data from one blockchain network to another. Although chains have different protocols, rules, and governance models, bridges provide a compatible way to allow secure interoperability on both chains.

Bridges come in many different designs. Some of them rely on large institutions, also known as centralized bridges, which operate with a central system that requires users to trust a mediator to use the service.

By contrast, a decentralized bridge is a mechanism in which users can trust the mathematical truth built into the code rather than a single entity or authority. Instead of a commitment or legal agreement, all interactions are enforced by the code (and incentive mechanism).

3.2 Cross-Chain Bridge

Due to rising transaction costs on Ethereum, many projects turn to EVM-compatible chains or Layer-2 solutions, and cross-chain bridges emerge with the growing demand for cross-chain transactions.

There are three mainstream cross-chain bridges represented respectively by Avalanche-Ethereum Bridge, Tether, and O3Swap:

- (1) Lock assets in the source chain and mint wrapped tokens of corresponding assets in the target chain to complete the cross-chain;
- (2) Deploy token contracts on different chains by the token issuer to achieve the token cross-chain by lock/mint and release/burn;
- (3) Lock liquidity on different chains and complete the cross-chain by depositing and withdrawing assets in the liquidity pool.

The Hurricane team innovatively proposed a cross-chain liquidity solution: Roke Protocol, an LP-Bridge where LP can provide liquidity of trading pairs in the source chain, and the protocol bridges the liquidity to HurricaneSwap.

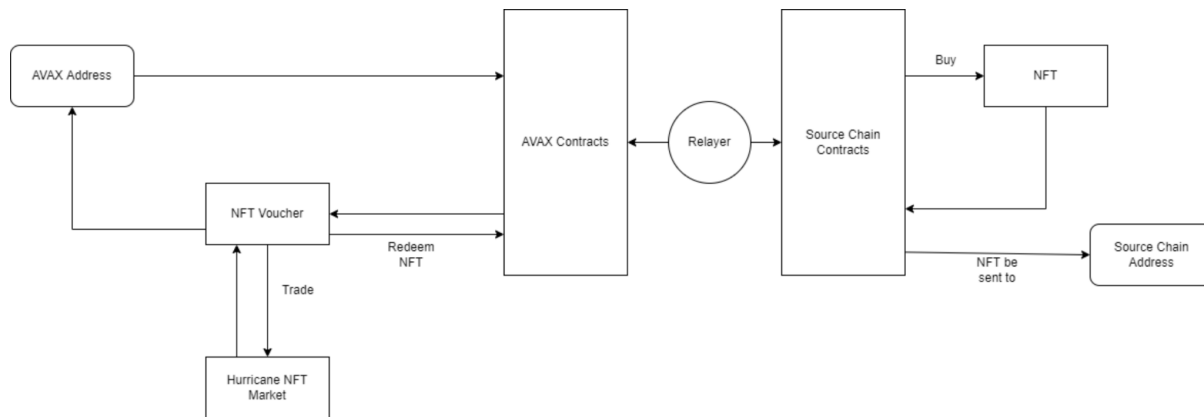
Hurricane referred to the existing cross-chain solution and redesigned it according to Hurricane NFT Market requirements in the cross-chain transaction and block header synchronization part. Here we will briefly introduce the mechanism.

The Roke Protocol implementation consists of three parts: Write Operation, Read Operation, and Synchronize Block Header.

To coordinate cross-chain transactions and communications, we set the Relayer, which synchronizes block information between the two chains and coordinates the implementation of cross-chain transactions. For Write Operation Solution, the relayer will help transfer the Write Operation from the source chain (SRC Chain) to the destination chain (DST Chain); for Read Operation Solution, the relayer will help transfer the status on the DST Chain to the SRC Chain. Whether the relay is performed correctly could be validated through the status of both the SRC Chain and the DST Chain. The Write Operation and the Read Operation scenario can be extended to one SRC Chain interoperating with multiple DST Chains.

3.3 Cross-Chain Implementation

Trading is the most direct way to realize the liquidity of NFT assets, while the market is the infrastructure to meet the basic trading needs. Hurricane NFT Market provides a Marketplace and Swap Protocol for NFT tradings.



Avalanche users can purchase NFTs on other chains on the platform and obtain NFT Vouchers, which can be traded in Hurricane NFT Market with AVAX as the gas fee, saving a lot of time and cost, and can also be destroyed to obtain the NFTs on the source chain.

Users of the Hurricane NFT Market can post or bid NFTs on any blockchain. This will improve the liquidity of NFTs, and NFTs can be seamlessly transferred between different public chains after the auction ends. NFT Vouchers can also be used through cross-chain interoperability to track NFT ownership on another blockchain. Therefore, users can quickly realize cross-chain NFT transactions in the Hurricane NFT Market.

4. Decentralized Autonomous Organization (DAO)

4.1 Intro to DAO

In the world of blockchain, the concept of corporate entities is gradually being diluted for better development.

For mature blockchain projects, the development team is usually only responsible for the necessary development (a basic framework, essential functions for DAO governance, etc.), and the project will be developed in a decentralized manner in the early stage. The supreme decentralization will be implemented gradually as the

project progresses, while the execution method and time may vary according to the operation of different projects.

In the process of decentralization, the power of governance is usually given to the governance token holders by voting. Such a mechanism will provide investors or holders with more power and space to manage the project, which is a great benefit and is also an ideal form of decentralized projects---the spirit of the crypto world is to prevent centralized evil.

4.2 Hurricane NFT DAO

DAO is the latest and sexiest trend in the crypto world. Rather than a small group of people managing the project, a large group of intelligent people can better sort information and make decisions through governance tokens. There is no absolute master in the metaverse world, but the metaverse can be governed in the form of DAO.

Hurricane NFT Market will also take the form of DAO governance. DAO members can initial or vote on proposals for future development, cross-chain NFT publishing, marketing activities and so on through governance token NHCT.

In addition to governance, Hurricane NFT DAO will reward all the users who contribute to the project, such as coding, vulnerability detection (vital for the blockchain industry), operations, community management, etc.

5. Hurricane NFT Token

5.1 NHCT

NHCT (Hurricane NFT Token) is the governance token deployed on Avalanche issued by the Hurricane team for the cross-chain NFT market.

5.2 NHCT Utility

5.21 Governance

Public chains can bind Token to Gas to realize value capture, while application projects lack native Gas support and focus more on binding governance rights to Token, such as Curve, Uniswap, etc. Hurricane NFT also binds governance rights to NHCT, and NHCT holders can exercise their governance rights to determine the short-term and long-term planning of the Hurricane NFT Market.

In the early stage, governance will only be reflected in off-chain voting (such as Snapshot) to minimize the user voting threshold. The weight of off-chain voting will continue to decrease over time, and on-chain voting with higher governance rights will be introduced later, as well as veToken model. The governance rights will be combined with not only the number of NHCT but also the holding time of NHCT, to reduce the impact of short-term speculators on the long-term development of the project.

5.22 Benefits

In addition to voting on proposals for the development of the Hurricane NFT Market, NHCT holders can also obtain benefits in the following ways:

- Transaction fee discounts;
- Dividends from platform transaction fees by staking NHCT;
- Voting for the use of the promoting banners on the website;
- Whitelist for new collection series that has an initial supply on Hurricane NFT;
- Yield farming with HCT rewards by providing liquidity for NHCT trading pairs.

5.3 NHCT Allocation

There are no early investors, team incentives, farming gains, etc. Hurricane NFT will be a complete DAO project.

Details of the HNCT supply and allocation will be announced soon.

6. Strategic Supporters



7. Roadmap

Q3/2021

Hurricane NFT Market approval

Q4/2021

Hurricane team decided to develop the NFT cross-chain protocol based on Avalanche c-chain

Q1/2022

Hurricane team launched global cooperation and invested in the acquisition of many well-known IPs and authorized NFT cooperation

Q2/2022

Hurricane NFT Market will add Staking and other DeFi application
Hurricane NFT Token will be listed on the top exchanges

Q3/2022

Hurricane NFT Market version 1.0 will be available, allowing AVAX users to trade NFT products on ETH, BSC, AVAX, ATOM, and other chains

Q4/2022

Hurricane NFT Market will launch exclusive global IP NFT

Hurricane NFT will launch the feature of voting to list premium NFTs

Q1/2023

Hurricane NFT Market will launch a tracking feature for premium NFTs

Hurricane NFT Market will launch a one-click purchase feature for NFT portfolio funds

Q2 /2023

Hurricane NFT Market will launch version 1.0 of the NFT Derivatives Market

Q3/2023

Hurricane NFT Market will launch version 2.0 of the NFT Derivatives Market

Hurricane NFT Market will add NFT borrowing and lending, insurance, options, and other derivatives