WHITE PAPER / VERSION 1.2

EVY

EventsYield

Fully funded event coupon swaps

Events happen once.
Capital waits every day.

5 AUGUST 2026 · VERSION 1.2

FULLY FUNDED	TIME EARNS	HUMAN RESOLUTION
Both obligations secured at entry	The wait becomes a running coupon	Frozen rules, evidence, and incentives

EVY · EVENTSYIELD WHITE PAPER

WHITE PAPER AT A GLANCE

Inside this paper

1. A different market primitive

Suppose a market says that an event has a 22% chance of occurring within one year. The familiar response is a 0.22 USDC share that pays 1 USDC if the event happens. Useful, but incomplete for a long wait. Someone still has to carry the other side of the uncertainty for twelve months, and the cost of that waiting is hidden inside a single price.

EventsYield separates those jobs. BACK pays for event-defined exposure. FADE escrows the event collateral and earns a running coupon while waiting. Both sides fund their obligations before a position opens. There is no borrowed inventory, no margin call, and no promise that a return of collateral is a profit.

Prediction markets, sportsbooks, derivatives, and oracle protocols each solve part of this problem well. A prediction market makes probability legible. A sportsbook makes a scheduled outcome immediate. A derivative can express duration and funding. An oracle protocol can bond, dispute, and resolve a claim. EventsYield proposes to combine those capabilities around a messy real-world event: fully funded exposure, a coupon fixed at opening and paid over time, a validated immutable dossier, and bonded resolution with disclosed participant economics.

EventsYield does not replace those offerings. It joins the pieces around a different instrument. The coupon is a position obligation funded by BACK, not a discretionary venue reward. Origination, pre-trade validation, and resolution allocations are part of the same market contract rather than separate services people discover after they have committed capital.

The starting pricing convention is intentionally transparent. For notional N, probability p, and exact remaining term T, it uses a constant hazard:

> hazard = -ln(1 - p)
> maximum no-event coupon = N × hazard
> gross coupon at elapsed time e = floor(N × hazard × e / T)

For a 100 USDC position at 22%, that gives a maximum no-event coupon of about 24.8461 USDC and a displayed daily coupon of about 0.0680716 USDC on an Actual/365 screen. The ledger accrues with exact elapsed seconds, not daily ticks. A position opened later fixes its coupon from that later acceptance timestamp to the same immutable longstop.

Constant hazard is the transparent reference, not the final pricing policy. Anyone can reproduce the number, inspect the funding, and see where collateral yield, funding, liquidity, and resolution latency must enter a richer price.

The central idea is small enough to hold in your head: probability describes the event; duration prices the wait. The rest of this paper explains the contracts and people needed to keep that sentence true.

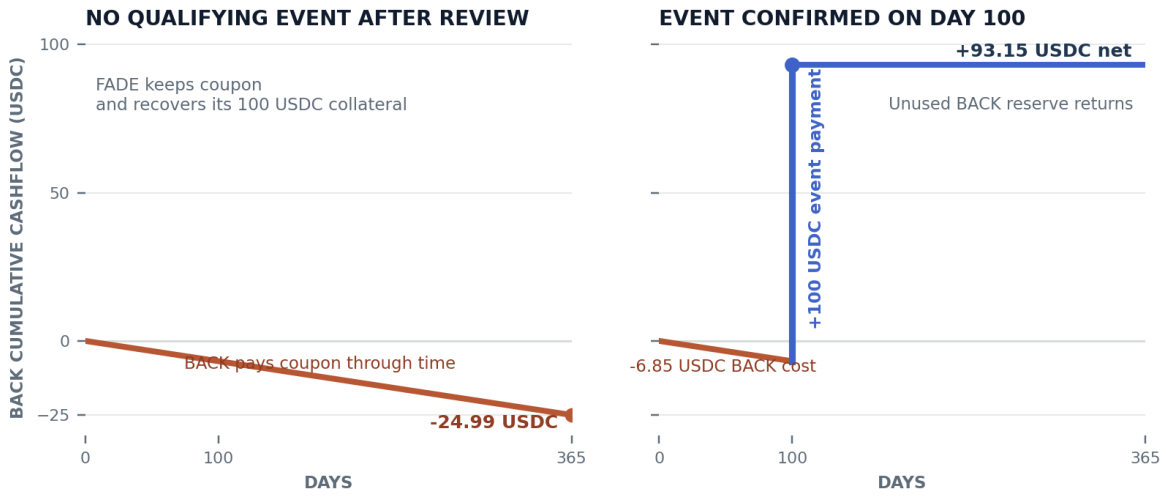

Figure 1. The coupon pays for the wait; a confirmed event triggers the funded event payment.

2. One contract, two sides

The cashflows

BACK takes the event side. It escrows the maximum remaining coupon reserve, including its 0.575% half-fee budget, pays the coupon to FADE as time passes, and receives the event payment if the frozen success proposition occurs.

FADE takes the carrying side. It escrows the full event notional and receives the coupon while the position is alive. If the post-longstop process concludes that the proposition did not occur before the cutoff, FADE receives that same collateral back; if the event is established, the collateral transfers to BACK. The protocol does not mint a windfall; it moves a fully funded obligation.

Here is the 100 USDC reference in ordinary language:

Moment	BACK	FADE
Before acceptance	Locks the maximum coupon reserve	Locks 100 USDC of event collateral
While alive	Pays the scheduled coupon	Receives the scheduled coupon
Event established	Receives FADE collateral and unused BACK reserve	Gives up event collateral
No qualifying event after the frozen post-longstop process	Receives no event payment	Receives remaining coupon and its own collateral after appeal finality

The coupon is lazy but cumulative. A claim, a transfer, a petition, or a settlement materializes the amount due from the position start and pays only the amount not already materialized. The materialized gross coupon fee is 1.15% with equal pre-rounding economic incidence: BACK funds an additional 0.575% of gross coupon and FADE receives gross coupon less its 0.575% half-fee. Calculating the cumulative fee once and materializing only the delta means that claiming once or many times cannot change the total.

The reserve, including BACK's half-fee budget, rounds upward at the six-decimal asset boundary. Gross coupon and cumulative coupon fee round downward once. Those choices are unexciting on purpose. They make a position conservative to fund, reproducible to verify, and reconcilable after every state change.

The longstop is a rule, not a shortcut

One illustrative proposition asks:

> *Will Gianni Infantino permanently and effectively cease to hold the office of FIFA President strictly before 30 June 2031 at 23:59:59 UTC?*

That date is a disclosed protocol longstop, not an announced FIFA Congress date. An effective qualifying occurrence at 2031-06-30T23:59:58Z can satisfy the proposition. An occurrence exactly at 2031-06-30T23:59:59Z cannot. A later reversal or reinstatement is a separate event and never reopens a settled position.

The proposition is not settled by a headline alone. Its frozen dossier defines the first qualifying occurrence, the evidence boundary, effective dates, missing-time treatment, and the difference between an announcement and an actual change of office. A market that cannot say what counts before it opens is not ready for a price.

Closing a position

Close position transfers the entire remaining contract at a signed clean value. "Clean" means accrued coupon and its fee are materialized first, so the agreed value prices only the remaining cashflows. A positive value pays the outgoing holder. A negative value is an entry credit to the incoming holder. The side, coupon schedule, rules hash, longstop, and event obligation stay exactly the same.

The safety order is equally concrete: materialize accrued coupon, verify the signed authorization, secure incoming collateral and any required payment, exchange the clean value, release the outgoing collateral, and replace the holder. A secondary close never rewrites the original contract or quietly turns a dated position into a new primary bet.

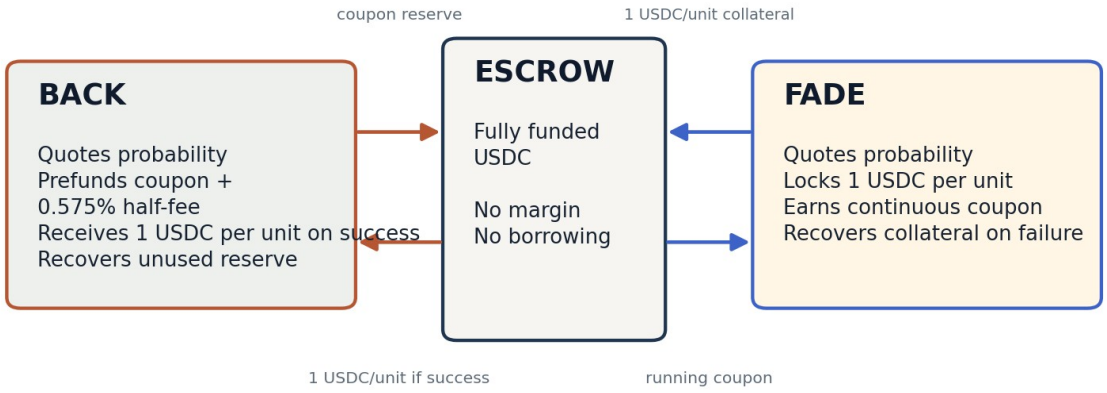

Figure 2. Fully funded cashflows for one dated event coupon swap.

3. Useful questions become markets

An event market starts with a question someone cares enough to write down precisely. The originator supplies the natural-language proposition, the machine-readable success predicate, the subject's identity, the opening conditions, the exact longstop, the evidence standard, and examples that do and do not qualify. The rules hash is the boundary between an interesting idea and a tradeable contract.

The first example is intentionally narrow. It gives readers one proposition whose date, person, and effective event can be inspected. The pattern is broader: a useful originator does not ask the network to guess what they meant after money is committed. They do the hard drafting first.

Once a market is activated, its rules hash, coupon terms, longstop, fee terms, and resolution process are fixed. A later correction is a new proposal and a new market version. That separation is part of the discipline: the first observable occurrence satisfying the frozen predicate settles the position; a later reversal is a different event.

Creation has a durable reward

The originator receives 25% of eligible gross fees generated by that market for its trading lifetime. Eligibility attaches to the validated rules hash; the amount earned grows with the market's activity. A well-written market can keep earning because people continue to find the question useful.

Before human review, an originator posts a bond in USDC. It starts at 5 USDC and escalates after rejection or abandonment through the 5/10/25/100 USDC tiers. A successful READY outcome steps the originator down one tier. READY returns the bond after the challenge period; REJECT or abandonment forfeits it under the published rules.

Validation is a check, not a popularity contest

An automated rules review looks for ambiguous terms, undefined identities, conflicting evidence, missing boundaries, cancellation and source-failure cases, and adversarial scenarios that could produce two plausible outcomes. It records a report hash and engine version. It does not vote and it cannot activate a market.

A human panel screened for conflicts under the frozen eligibility rules then reviews the exact frozen hash and returns READY, MORE REVIEW, or REJECT. At least five validators are counted. READY or REJECT requires 65%; otherwise the result is MORE REVIEW. A single validator cannot slash an originator or decide a market. This is a small constitutional rule with a large practical effect: no lone reviewer gets to turn an unresolved draft into a financial obligation.

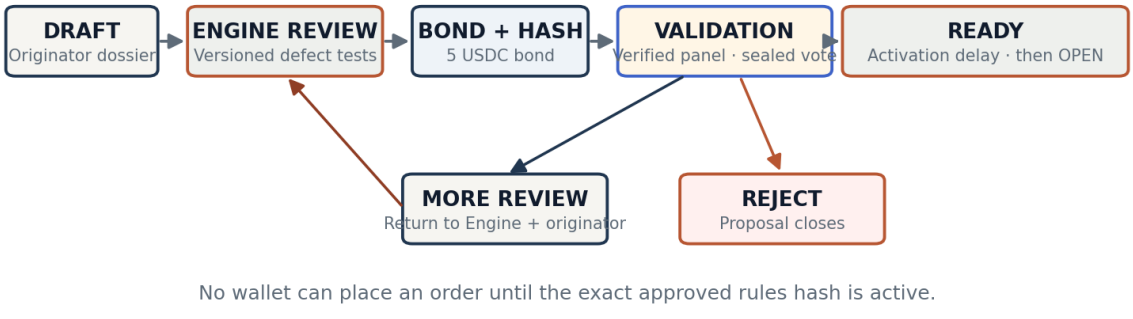

Figure 3. Automated review tests the draft before independent validation of its final rules hash.

4. Resolution belongs to the network

Trading creates the obligation. Evidence finishes it. EventsYield therefore does not assign a final contractual result to one feed, one operator, or one person with a privileged key. It funds a process in which people examine the same frozen proposition, under the same evidence boundary, with visible selection and appeal rules.

Petition funding

Any eligible participant may contribute directly in USDC to a resolution petition. The bond is:

> $\text{bond\_USDC} = \min(1{,}000{,}000, \max(100, 1\% \times \text{one-sided OI\_USD}))$

The calculation counts one side of matched open interest, not BACK and FADE twice. Contributors can fund part of the amount and participate pro rata in recovery, forfeiture, and the successful-petition allocation.

An unfunded petition does not pause anything. That is important: a cheap, half-funded objection cannot freeze a live market. When the bond is fully funded, new trading and transfers pause and new coupon enters suspense. Open unfilled offers remain cancellable. Petition contributors, current position holders, the originator, operators, and other conflicted parties are excluded from the counted panel.

Three words with different jobs

The ballot is not a mood check. It is a set of contractual propositions:

- **YES** means the frozen proposition is conclusively satisfied.
- **NO** means the frozen proposition is conclusively not satisfied when a terminal NO is logically available under the contract.
- **NOT YET** means the petition is premature and the market should resume.

For a windowed proposition, terminal NO may not be logically available before the longstop. Calling that a failure early would turn timing into a hidden rule; NOT YET keeps the market honest.

If NOT YET is strictly ahead of both YES and NO, the market returns to the active stage after appeal finality. The petition bond is forfeited pro rata and distributed to selected voters aligned with that final NOT

YET result. Otherwise, YES or NO must reach 65%. If neither reaches 65%, the protocol reruns with an expanded panel. Ties do not settle or reopen a market.

Selection after submission

The operated initial network uses verified identities and confidential, sealed ballot submission. After submission closes, the protocol performs an auditable random selection. One selected person has one vote. There is no separate user reveal transaction: the ballot is already sealed and final for the selection step.

This design still depends on verified identity, eligibility checks, conflict detection, and auditable randomness. Open-network Sybil resistance remains a security problem to solve before launch.

An honest minority loses no bond or stake and receives no final-outcome reward. That is different from objective misconduct, which is handled through a separate evidence and discipline process. Disagreeing with the final result is not misconduct.

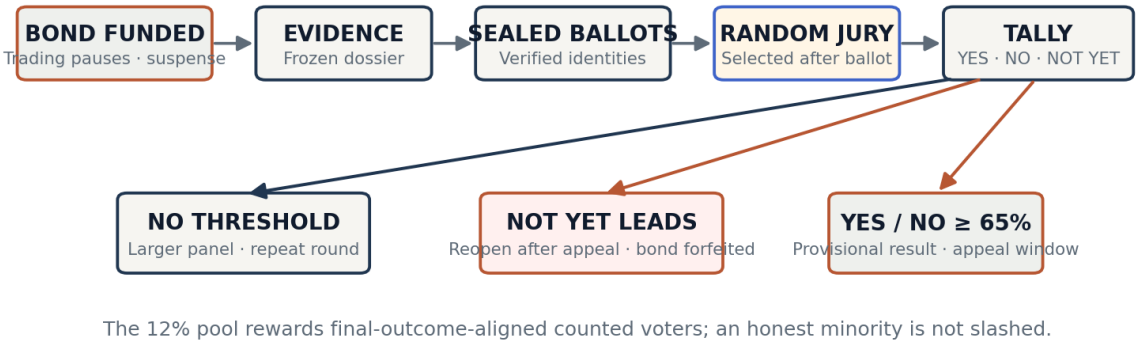

Figure 4. Bonded resolution: sealed ballots, auditable random selection, and expanding independent panels.

Capacity, then appeals

Counted panel capacity expands with open interest and with each inconclusive round. The production floor, scaling rule, and reserve depth must be validated against manipulation and low-participation cases; the current candidate is recorded in Appendix A.

Every provisional outcome remains paused during a fixed 24-hour appeal window. Initially one bonded appeal is permitted. It uses the same proposition and evidence boundary, a larger independent sample, and no prior counted voters. The appeal-bond calibration remains open and is recorded in Appendix A.

A successful appeal returns its bond. An unsuccessful appeal forfeits its bond to appeal voters aligned with the final outcome. Settlement becomes irreversible only after appeal finality. The point of an appeal is not to reopen a frozen question forever; it is to give one larger, independent sample a defined chance to correct a provisional tally.

What resolves, and who is compensated

The final resolution voters' lifetime pool is 12% of gross fees. It is paid after appeal finality to counted voters aligned with the final outcome across the applicable resolution process. It does not pay a voter merely for being selected. Honest minority voters are not punished for losing the tally.

NOT YET round compensation comes from the forfeited petition bond, not from the 12% lifetime pool. Successful terminal petition contributors recover their bond and share the 5% successful-petition allocation pro rata. If automatic longstop resolution arrives with no successful early petitioner, the unused 5% joins the final resolution-voter pool, making that terminal pool 17%.

The longstop and suspense

At longstop, trading and ordinary coupon accrual stop, but NO does not happen automatically. For the first market, collateral remains locked through a frozen 30-day evidence window and collective-resolution process asking one question: did the qualifying event occur before the strict cutoff? During a funded petition, coupon after the pause enters suspense. The outcomes are mechanical:

- terminal YES returns suspense to BACK, transfers FADE event collateral to BACK, and returns unused BACK reserve;
- NOT YET pays suspense to FADE less its 0.575% coupon half-fee and resumes the market;
- post-longstop NO after the evidence process and appeal finality pays scheduled coupon to FADE less its 0.575% half-fee and returns FADE collateral to FADE.

Coupon earned before the petition remains FADE's entitlement. No later reversal, source edit, or operator preference can reopen a terminal market.

5. The network earns with the market

For eligible market activity, the base allocation fits on one line: **25% creation, 20% collective intelligence, 5% safer markets, 50% eventsyield.com**.

Each activated market fixes those percentages. The 20% collective share is 12% for final resolution voters, 3% for validators, and 5% for contributors to a successful terminal petition. The 5% safer-markets share is 2% safer gambling, 2% information integrity, and 1% financial education. eventsyield.com is the founding and operating company. Before launch, production rules must define which activity qualifies and where any excluded originator share goes. Every collected fee remains fully allocated.

Fees that match the work

Public CLOB execution and CLOB-mediated close are 85 basis points gross, split 42.5 basis points per matched wallet. A named-wallet negotiated block opening or close is 145 basis points gross, split 72.5 basis points per matched wallet. Materialized gross coupon carries a 1.15% fee with equal pre-rounding economic incidence: BACK funds +0.575% of gross coupon and FADE receives -0.575% against gross coupon. An opening and a later close are separate fee-bearing executions; one matched opening is charged once, not as both entry and exit.

These paths pay for different kinds of service. A public book needs shared clearing and a common clock. A named-wallet block needs a named counterparty workflow and signed whole-position exchange. A coupon claim is neither: it is a small accounting action, charged cumulatively so repeated claims cannot create a fee loophole.

A year of volume, calculated

Imagine 1,000,000 USDC of eligible matched volume each month for 12 months, all through the 85-basis-point public rate, with a successful terminal petition:

> 12,000,000 USDC × 0.0085 = 102,000 USDC gross fees

Recipient or purpose	Share	12-month value
Market originator	25%	25,500 USDC
Final resolution voters	12%	12,240 USDC
Validators	3%	3,060 USDC
Successful petition contributors	5%	5,100 USDC
Safer gambling, information integrity, education	5%	5,100 USDC
eventsyield.com	50%	51,000 USDC
Total	**100%**	**102,000 USDC**

If no early petition succeeds and the market resolves through the automatic post-longstop process, petition contributors receive 0 and the unused 5% joins the voter pool. Voters then receive 17%, or 17,340 USDC in this example; the 102,000 USDC total does not change.

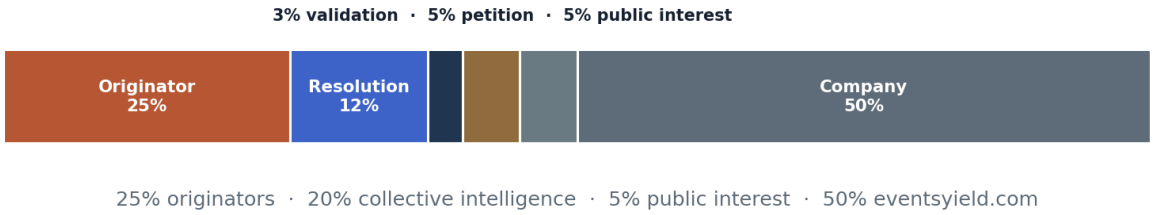

Figure 5. Base allocation for eligible market activity.

The arithmetic is not a forecast. It shows the base allocation for eligible market activity, using USDC throughout.

6. Trust is designed before trading

Trust here is not a mood. It is a sequence of constraints.

First, the question freezes before money moves. The rules hash, examples, longstop, evidence boundary, and resolution proposition are recorded together. An activated market is immutable in place. If the contract needs different rules, a new production version serves a new market; it does not rewrite an existing position.

Second, both sides fund the position. BACK's reserve is secured, FADE's event collateral is secured, and the fee is routed before the position is created. A whole-position close secures the incoming collateral and signed clean-value payment before releasing the outgoing side. This ordering protects the transition, not just the happy path.

Third, no administrator may choose a result or withdraw user escrow. Off-chain review, evidence collection, interfaces, and indexers can display or submit state. The financial source of truth is the deployed ledger and its events. An outage may delay a view; it cannot turn an operator into the owner of someone else's collateral.

Fourth, conflicts are excluded where they matter. Petition contributors and position holders cannot enter the counted resolution panel. Originators, operators, and other recorded conflicts are excluded as well. Verified identities and post-ballot random selection are the operated-network direction, while open Sybil resistance remains an explicit production gate.

The trading venue is intentionally slower than a high-frequency exchange: a deterministic CLOB with a visible batch clock, plus named-wallet blocks on the same validated market. A mature venue may clear every 15 seconds after capacity validation; the first public path may use longer windows. The mechanism can be fast later. The rules have to be legible first.

The mature secondary architecture remains open between many fixed-coupon vintages and a standardized clean-value series. Both preserve the original position terms. Neither is allowed to smuggle a new pricing model into an existing lot.

7. Where EventsYield fits

EventsYield is best understood as a different instrument and a connected network, not a prettier binary market. The quote still looks familiar: probability by a date. The position underneath is different. BACK funds a coupon obligation and a possible event payment. FADE funds collateral and receives the coupon for carrying the exposure. A whole-position close carries the fixed terms forward.

That distinction matters because existing offerings still have clear roles. A short, liquid YES share may be the right tool for a short question. A bookmaker may be the right place for a scheduled match. A conventional swap may be the right hedge for a standardized underlying. EventsYield is for the space where the event definition itself needs authorship, the wait needs a visible cashflow, and the route to finality needs incentives that are legible before trading starts.

The network ties those pieces together. An originator earns 25% of eligible gross fees over the market's trading lifetime. Validators examine a frozen dossier before orders are accepted. Petition contributors fund an explicit resolution bond. Selected voters, conflict exclusions, random selection, and appeals are part of the contract rather than a support policy hidden behind a venue. That makes the incentives legible. It does not make capture impossible.

EVY is the network. USDC is the settlement asset for collateral, coupons, payments, fees, bonds, and rewards. A public launch still depends on the pricing, custody, identity, evidence, legal, and security decisions set out below.

8. What comes next

> ***Publication status — 5 August 2026.*** *This paper describes the intended EVY protocol. It is not a live offer or authorization to use real money. Launch requires jurisdiction-specific legal, eligibility, custody, security, and operating controls.*

The path to launch is concrete. Each milestone closes a decision that affects the economics or the safety boundary.

Real-money pricing is still open. Collateral yield, funding spread, liquidity spread, resolution latency, discounting, probability limits, and extreme quotes must become one documented policy before a USDC position can be called fairly priced.

The mature secondary-series architecture is open: many fixed-coupon vintages or one standardized clean-value series. Production identity, Sybil resistance, conflict detection, and randomness need adversarial evidence rather than a diagram. Evidence and liveness need failure paths for edited pages, unavailable sources, abandoned rounds, and a missing service.

The 5% safer-markets share needs accountable recipient administration, reporting, custody, and conflict controls. Contract upgrade, emergency, key rotation, and migration boundaries need to be explicit before immutability can mean more than a sentence. Legal classification, custody, compliance, jurisdiction, sanctions screening, and financial promotions remain open.

Before launch, six milestones remain:

1. Complete the dated bilateral contract with fully funded positions, including coupon, fees, whole-position transfers, conservation, and failure atomicity.
2. Connect the first market to an operated workflow without moving the source of truth off-chain.
3. Complete origination, validation, petition funding, sealed ballots, selection, suspense, appeals, and terminal settlement.
4. Demonstrate resilience across capacity, identity, conflict, randomness, evidence, liveness, fee routing, bond recovery, and reward conservation.
5. Close pricing, secondary-series, public-interest, upgrade/key, custody, and legal decisions before accepting USDC positions.
6. If those gates pass, deploy a production version with its own immutable rules. Existing positions never change.

EventsYield starts with a simple observation: the event is not the whole instrument. The wait is part of it. BACK pays for exposure. FADE carries the collateral and earns while waiting. Originators make questions precise. Validators check the wording. A selected network applies the rule and has one defined appeal. eventsyield.com builds and operates the service.

The point is not to make uncertainty disappear. It is to make the obligation, the wait, and the path to finality visible enough that people can decide whether the market deserves their capital.

Appendix A - Mathematical and lifecycle register

A.1 Coupon math

For notional N, probability p, and exact remaining term T:

```
hazard = -ln(1 - p)
maximum no-event coupon = N × hazard
grossCumulative(e) = floor(N × hazard × e / T)
unroundedHalfFee(e) = grossCumulative(e) × 0.575%
totalCouponFee(e) = floor(grossCumulative(e) × 1.15%)
backHalfFee(e) + fadeHalfFee(e) = totalCouponFee(e)
netFadeCumulative(e) = grossCumulative(e) - fadeHalfFee(e)
backCostCumulative(e) = grossCumulative(e) + backHalfFee(e)
```

The convention accepts probability from 1% through 99%, requires at least one hour of remaining term at acceptance, and accrues by exact elapsed seconds. BACK reserve includes backHalfFee(e) and rounds upward at six-decimal asset precision; cumulative gross coupon and total fee round downward once. The equal pre-rounding incidence is +0.575% for BACK and -0.575% for FADE. If the one-micro-unit split remainder remains after rounding totalCouponFee(e), the versioned contract assigns it deterministically between backHalfFee(e) and fadeHalfFee(e) so their sum remains conserved. Claims pay only the delta from prior materialization, so claim frequency cannot change the total.

For a one-year 100 USDC position at 22%, the mathematical maximum coupon is approximately 24.8461 USDC and the displayed daily coupon is approximately 0.0680716 USDC.

A.2 Production parameter register

Parameter	Intended design
Settlement and collateral asset	USDC, subject to chain, custody, and legal gates
Network and settlement	EVY is the network name; USDC carries collateral, cashflows, fees, bonds, and rewards
Event notional	1.000000 USDC per integer unit; limits remain to be sized
Probability convention	Constant hazard, zero discounting as a starting convention
BACK funding	Maximum remaining reserve including its 0.575% half-fee, rounded upward; full funding mandatory
FADE funding	Full event notional in USDC
Public execution	85 bps gross, 42.5 bps per matched wallet
Named-wallet block	145 bps gross, 72.5 bps per matched wallet
Coupon materialization	1.15% of materialized gross coupon; BACK +0.575%, FADE -0.575% economic incidence
Originator share	25% of eligible lifetime gross fees
Origination bond	Direct USDC, 5/10/25/100 tiers after rejection or abandonment
Validators	At least 5 counted; READY/REJECT at 65%; otherwise MORE REVIEW
Petition bond	min(1,000,000, max(100, 1% × one-sided OI_USD)), direct USDC
Ballot	YES/NO/NOT YET; sealed submission; post-ballot selection
Capacity	J_required = min(10,000, max(3, ceil(0.001*OI_USD))); research-derived
Panel expansion	50% first, 65% second, 80% third+ with reserve expansion

Parameter	Intended design
Resolution pool	12% after appeal finality; 17% after automatic post-longstop resolution when the unused 5% joins
Appeals	24-hour window; one appeal; prototype bond 2× petition
Immutability	New production version for new markets; existing positions unchanged

A.3 Lifecycle at a glance

An originator writes a versioned dossier and locks an origination bond in USDC. Validators return READY, MORE REVIEW, or REJECT. A READY market accepts fully funded BACK and FADE positions; acceptance fixes the coupon. Whole-position close materializes coupon and secures incoming value before releasing outgoing collateral.

A fully funded petition pauses new risk and moves new coupon to suspense. Verified participants screened under the frozen conflict rules submit sealed YES, NO, or NOT YET ballots. After submission, a larger random process selects the counted panel. A provisional result remains paused for 24 hours, with one bonded appeal. At longstop, trading and ordinary accrual stop while the frozen 30-day evidence window and collective process run. After appeal finality, YES, NOT YET, or post-longstop NO follows the cashflows described in Section 4. A later reversal never reopens the market.

Appendix B - Production accounting invariants

Every successful transition must preserve the same conservation statement:

```
assets =
  open-offer escrow
  + remaining BACK reserves
  + FADE event collateral
  + claimable user balances
  + allocated fees
  + origination and petition bonds
  + validator and voter stakes
  + suspense
  + disclosed rounding dust
```

No off-chain service is a financial source of truth. The production design keeps these proof obligations:

- no accepted position is undercollateralized;
- no offer or position can be filled or settled twice;
- coupon and BACK's half-fee cannot exceed the funded BACK reserve;
- claim frequency cannot change cumulative coupon, total 1.15% coupon fee, or its equal incidence;
- incoming close collateral is secured before outgoing collateral is released;
- signed clean-value direction cannot silently reverse;
- pausing new risk cannot trap cancellation, withdrawal, or settlement;
- petition contributors and conflicted parties cannot enter the counted panel;
- fee allocations and any explicitly segregated exclusions account for each gross fee exactly;
- no administrator can withdraw participant escrow or choose a result.

References

Public and official references

- Circle USDC - background on the proposed production settlement asset.
- Base and Base network documentation - examples of a later deployment environment and its fee model.
- Polymarket positions and tokens, market creation, and resolution - examples of binary market positions, creation, and settlement.
- UMA oracle overview - reference material for bonded assertions and disputes.
- BIS credit-default-swap glossary and CME weather derivatives - references for duration, contingent payments, and event-linked risk transfer.
- Kleros documentation - reference material for evidence-based arbitration and juror selection.