Toucan Mass Balancing Community AMA: 31 January 2022

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johnx25bd 0:00
We have an hour to have an open conversation about the two kind of protocol and what the team has been up to over these past two days and weeks and months, as we've gone about performing this, or coordinating, rather this quite delicate operation that we've been describing. So just to set the stage, we're gonna talk a little bit about the story of to Cannon, and why we're here and where we've come from. And it's important because it provide context to understand the events that led up to where we are right now. And then we'll talk a little bit about this new carbon pool that we're going to be launching the nature carbon tonne, as well as these mass rebalancing actions that have been coordinated over the past couple of days, weeks. And and then of course, we want to explore some of the criticisms, well, all of the criticisms that we've heard and talk them through and talk about our perspective on them and listen, really, to everyone else's perspective. And then we'll have a question and answer session where people can can raise questions, and we'll filter those up and get those answered. So we have a channel set up for this. It is the

Unknown Speaker 1:34
NCT rebalancing

johnx25bd 1:35
ama channel under Support Hub section. So anytime throughout this if you have a question posted there, and we will be kind of categorising them and causing them and making sure we cover everything. I think to start out

Unknown Speaker 1:51
will, Shawn real quick. Are we recording? Just because great point. Maybe not everybody can be here. So just

johnx25bd 1:59
yeah, definitely let me Why don't you go ahead and start the introductions and I'll try to get the bar recording.

Unknown Speaker 2:09
Sure. Yeah. I mean, introductions. I'm Rafael, one of the founding members here of to cat and I'll pass it on to to James. Yep. I'm James. I'm also a co founder here at Seacon. And yes, yeah, that's, yeah, I play the role of CTO, basically. And I'm a developer, and I am also a claymates and an army and all of these good things. Yeah. I don't know what else to say. Other than that, a past five zero. Yeah, I think we're probably from from a discord Bay. It was

Robert and I run the operation side. Now, John, I'm not sure if you want to give an intro as well.

johnx25bd 3:06
Yes. Hey, everyone. I'm John. People call me John X. And I work on the system side of things over here. We also have Ella around she's our community manager. I'm not sure if she's up here. But LRU Are you here? I'm not sure. But maybe we'll have give her a chance to introduce yourself in a few minutes. And figure out how to get this recording started. So great. Why don't Rath you get started just sharing for a few minutes the story of how we got here. And yeah, great, thanks.

Unknown Speaker 3:44
Cool. I mean, to Ken has been, has been around for a while, we started off as a hackathon project back in East London, 2020, maybe you can beat yourself on every level. So we started we started to care to Ken which was called tier two can in February 2020. And it was the goal was to bring carbon on chain and create so called, like green smart contracts, quite smart contracts that are set themselves. And then we started kind of exploring this more and more, and ultimately, like, join the kernel community as well, where that's actually where I met John who was a mentor at kernel. And then we met the keema core people along the way and started working together on on essentially, you know, launching this kind of kickstarting this, what's now been called the refi ecosystem. So if it's if chemos a chicken to Ken's probably egg, and then you know, Um, so I think that in terms of in terms of in terms of like, all, like all these last ones, like, these have been very crazy to be quite honest, like for us to can because, you know, we have not been necessarily prepared for this amount of uptake from, from the soul from this whole market. And I mean, we're obviously amazed by it and have been spending a lot of time since since, like the launch of climatology to can to basically scale and build a more Rodman, like a more robust protocol to, you know, keep keep preaching keep increasing the time and like the pace at which people are bridging carbon on chain. And, yeah, we've been working on a on lining up the new carbon pool, because as far as you know, the the base carbon pool has been designed with the, with the keema core team for like, the narrative of dragging the floor price up of carbon footprints up. And I think we've all been pretty like, positively surprised and how how the uptake was and how much carbon market actors are actually participating in this on share market. And that BC has been growing into one of the key one of the most liquid carbon markets in the world, actually. But it was always our planet to Ken and this is why we built the infrastructure of the protocol, the way we build it right to build to tend to be to be open so that anybody could bridge carbon, and not just like a single a single supplier or a broker. So really, we see ourselves as infrastructure providers. And it was important to us to keep that that neutral position and a market of not being a broker that would then also sell into into this untrained market, for instance. Yeah, which is also reason why we decided on the launch of to can not to sell OTC carbon credits to anybody who wanted that. And so I think, you know, important to us, VT is that we see ourselves as, as a core piece of like this on chain carbon market infrastructure. And we, we built a token protocol such that when we bring carbon on chain, we bring it on China's TC two tokens, right? These are essentially carbon tokens that have all the attributes that are attached to a carbon credit in the real world. So but as it come from what methodology which standard, which year, which is often referred to as the vintage, and, and so on. So really, this is the idea of creating a meta registry where we can have the carbon, the actual asset on chain, right, because a carbon credits are really just a piece of

data and PDFs and stamps that together form form a form of carbon credit. So this is something that lends itself perfectly to be stored on a blockchain. And then the challenge was carbon markets as probably most of you know, right. That's the problem. It's, it's quite, it's quite illiquid a lot of the market happens OTC and so the carbon pools really are there to create that.

Unknown Speaker 8:36
That that fungibility to essentially commoditize carbon, right. So you can think of PCT as being a commodity that has a certain acceptance criteria, right, which was set back in October of logic Temodar. And essentially, anybody could deposit a tissue token that match these criteria in the base carbon pool to mentor BCT. Right. And also, since the launch of of that in October, the other way, like the way back was actually possible so people can burn obesity to redeem one of the underlying tissue to tokens. And this has been in our dock salsa since since the launch of, of two candidates something that all parties involved also, also the people who brought on HOA stones knew at the time of at the time of bridging so. See, I don't know, before diving deeper into that, John, I don't know if you had if there's something specific that you think I should zoom into.

johnx25bd 9:47
I think it might be worth just actually zooming out for a second. And that's really just to talk a little bit for a few minutes, at least about some of the kind of bigger picture of why we think This is important. So, I mean, essentially, the situation we're in, as we all know, is the atmospheric concentrations of greenhouse gases are like that, obviously, historical highs. And we need to really make a shift in the way we behave as a species so that we can live within the planet's ecological boundaries. And we believe that to can that the one of the most credible paths to do this is to build a regenerative flair care for the earth and regenerative actions are embedded into the fabric of our financial kind of infrastructure, the way we use money, the way we hold money. So it's kind of a long line of reasoning. But these carbon markets are meant to be a financing mechanism for connecting capital to Planet positive impact, right. So these projects do this impact, and they can create these credits sell on the market. And that that is the sort of a way in which we can scale up and finance these impact projects. But as we've kind of talked about the current markets are broken. And we feel that by bringing them onto public blockchains, we have a real opportunity to improve the way that these market functions and solve a lot of problems with it, which ultimately will, will lead to more market activity, more use cases for carbon, more demand, higher prices, leading to increases in supply. So the way to Ken is trying to approach this is by building the infrastructure that Raph has been describing, and then also building an institution that is essentially tasked with long term atmosphere of management, right? So figuring out how this, this infrastructure can be tuned and optimised so that it serves the planet and kind of keeps the the long term in mind. And, and I guess, yeah, like, it's important to frame this, because everybody here at the core of tucan, has really, really deeply aligned with web three values. And we are thinking about this a great deal. And this, what's been happening over the last days and weeks and months, has been very, very deeply considered. And I think that's, that's like why we're here today is to just share a bit about that and give that framing that our North Star right here is trying to build and scale this infrastructure as efficiently as possible because a setback is we just don't have a chance to to have a setback, we don't have the opportunity to have a setback, it will be too much of a cost to this this race that we're on to rise to the to the crisis that we're facing right now. So yeah, I think as well like the

role in the refi ecosystem, we maybe should talk a little bit about Raph. Maybe before we do that, let's just check if there any questions in the NCT channel specifically about like, kind of the broader picture of to Ken and the values that we've got. I'm just scanning through. We can get into some of the technical details later. But Did anybody catch any questions or see anything from the community that we should address at this point? Anybody up here?

Unknown Speaker 13:32
I'm happy to call her and little bit of luck, NCT. You know, what is it and like? What's the purpose of it? Right? So the nature carbon tighten, or has always been has always been on the agenda. And it's essentially people, you know, who like the carbon market essentially, is very, is very broad. There's multiple ways to draw down carbon to avoid emissions. And you know, what, everything from like renewable energies, solar wind, protecting forest, planting forests, mangroves, and then there's a whole new like other bucket which is carbon removal, which you know, is everything from like direct air capture and obviously, you know, reforestation is a very, very typical form of carbon removal or backspace energy and carbon capture and storage, or advanced rock weathering and these different different forms of reducing or removing carbon emissions. They, they have very different cost points and like, producing their their mitigation effort, right. And they also have very different co benefits or like, like kind of other positive externalities, or negative ones that come with them, right. So I'm just saying this to kind of make it clear that carbon is not a Like, single commodity, like oil, maybe or something, it's it's a market, you know, it's a, it is important that we start looking at like a commodity, but that we differentiate based on the different types that exist, right. And so the nature based nature based solutions, how to how to call their market, they need their own kind of like, carbon pool, so that they can trade. So that the price that does carbon trade that makes sense for people to actually to actually bridge right. And what we've seen is that, if we look at the amount of NATO base credits that gone have gone into, into launching air at the launch of to Ken, most of the credits really went in at the beginning, because it was decided that the pool would be launched at $10, which was a price point that was made sense for some of these database projects. However, the true the true market costs probably of the credits, were closer to like $4, which is why we saw the BC price going down to $4. Right, and, and this is a decision that we didn't have, like an inference server. And so what this meant, essentially, is that the, the value of the piece of the database credits in the obesity pool was not really reflected in the price of BCT. And, yeah, so that's something I read that I think we will go, I will just finish like a little topic your nature based. So we will be launching the nature based pool in the next weeks. And it's been important to us to make sure that nature based pool launches as a healthy pool, obviously. And so this, the fact that they were nativist TC two tokens, and BCT was kind of posing a risk to a successful launch of entity. And, yeah, I just wanted like, I think a really important part to understand here is that the PCT or entity are really commodities, right? And the price of a commodity, it basically follows the cheapest costs of producing a an asset that fits the standard or the qualities of this given commodity. So we've seen the price of VCT really follow very closely, the price of DCT compatible credits in the off chain world, right. So whenever the price on chain was higher, as some market actors like sort of bridging credits and converting them into tissue to tokens, and then depositing them into the base carbon pool. But at the prices that we saw around that price of st was trading just didn't make sense to add nature based credits in there, because nature based credits generally trade at a higher price point. So this is why we need nature based pool, which can serve this discharge of the market essentially.

Unknown Speaker 18:10
And, yeah, can I add to that, so just I think this is an important point around this, like the tracking of the lower end of the pool quality, like the price of VCT has been tracking the lower end of the quality, quite simply, it's very easy to understand, because as soon as the price of VCT goes up higher than the price of these carbon credits of the worst carbon credits off chain, then immediately what happens is, actors are tokenizing more of these credits, bringing them on trend on chain, and then partially selling at a premium on chain until such time as the price of BTT returns to the same price as it is off chain. So it's actually really easy to understand. And like this is this is why like the price of PCT tracks the price of the lowest quality tokens inside of BCT. Because quite simply, when the price of VCT goes up, there's a price premium on chain, more of these tonnes of bridged and the price comes back down until the price equalises with the lowest quality tonnes of chain. So I mean, I think that's a very important point to correct. And, and sorry, maybe also that relates to the launch of NCT. Right the risk that we were facing with low density is that people who people who some people extracted these TC two tokens that are nature based from the pool and this is actually what triggered our reaction to go and rescue them. But the fear that we have is that if the if is trading at like $5 The cost for these people to, like, get this easy to to construct. Now it's $5. But then if we launched a nature based pool, which will, which will be launched at above, like above $10. This means that for them, it makes economical sense to sell their NCT all the way down to like, slightly above $5, right? Because that's the cost of day. This is the cost of their take of acquiring entity. And so the fear is in that scenario, that if we, if we leave this, in the open market, essentially, at last price of density could actually could go down because these people that see this as an arbitrage opportunity, and this value would ultimately be lost. And not, and not be put to work for like the broader community.

johnx25bd 21:02
Thank you. Thanks, guys. I think it would be great for Rob to take a bit of time to go through this this mass balancing story, because there were very good reasons why we couldn't share it publicly as we were doing it. And as we were thinking about it, and we want to make sure that that process is crystal clear to everyone so that you can y'all can understand the rationale behind the decisions we've made. Before Rob takes on. Any anything else anybody wants to add on the last few points, or we get involved? Cool. Okay. So Rob, yeah, yep. For for sharing a bit about the story behind the the process we've gone through, and essentially our thought process?

Unknown Speaker 21:51
Sure. Yeah. So I mean, this this process, it's not like the starter this weekend, like we've been thinking about this problem for quite a long time. And I'd kind of like to walk through a little bit of how we got to here in terms of this kind of whole mess about Balanced exercise. So I think that the first part, and this was kind of already partially mentioned is that it started with these kinds of credits coming into the pool very early at the launch of obesity. And so at the time, when that kind of made sense to deposit those credits, people did deposit those credits. And so it's kind of been since then there hasn't really been much of an addition of these nature based credits to the pool. But the pool has grown with this kind of other floor for floor carbon credits. And as we then kind of evolved, and kind of went from working with VCT, and start preparing towards entity and launching entity, this was something which we, you know, basically started planning in November, and kind of went through a pretty long, you know, stakeholder engagement process with, you know, multiple parties in the space, to

develop entity and to do so in a very fair, fair way. And, you know, during this entire period, and since November, we've basically been debating internally and also with external parties about what are the different options to deal with this scenario and the situation. So really, there are two main options are two main ways we could see this play out. One was that there would be more or less to this type of free for all situation where we leave this open for, you know, anyone to capture these credits, and kind of our staff are described, this would potentially be quite catastrophic for the NCT launch, because there would be this basically potential dump of over a million tonnes of carbon, which would would really create quite a problematic scenario for density launch. And also, I think it's worth noting that it's not like this, you know, this activity in this value capture was, you know, is technically open for anyone, anyone can interact with these smart contracts and redeem these credits. But really, you know, the actors who are able to do this are the ones that can deal with smart contracts, and have the capital to deploy, to actually execute on this. And we see that there's probably quite a small set of actors, primarily, their carbon brokers and sort of specialists in this space. And it's kind of a question of know, if we let this happen, it's basically going to be those actors, basically capturing all that value, and, you know, kind of ruining density. And so that that was an outcome that we really wanted to avoid. And that kind of leads us to the second option of, well, it's, you know, can we capture this value and somehow do so in a legitimate way that benefits the community and benefits are mission? And really, it's kind of a, it was a very tough question and something we grappled with for a long time of like, you know, how how do we, you know, deal with this value capture because you There's this value that's kind of being created that doesn't really belong to anyone. And kind of know, what do we do with that? And like, what's the best way to kind of deal with that? Because there's lots of different ways that that capital can be deployed. And there's lots of different ideas about that, like, what would be the most fair way to distributed? Like, what should we do here, and we consider a lot of options, and basically went with providing this as permanent liquidity for a few reasons. Firstly, that this was, you know, very aligned with our mission of growing carbon markets. I think liquidity is really quite critical. And it is, liquidity is in a way a public good, because it allows, you know, ecosystem to build on top of this liquidity to build, like lending markets use as collateral, like all these types of things, and for actors to do larger purchases of carbon, and then this in a way then sort of distributes the benefit of this to the entire ecosystem. And that's kind of how we derived this outcome, and specifically this use of the capital, but but really, I mean, it's, it's a very tough question and something which I don't think there's any kind of right or wrong answer. It's just something where we have to make trade offs. And we felt that this was what was most aligned with our kind of mission of sort of supporting carbon markets and, and being neutral in how this capital was being deployed. I'll stop there and maybe mature of the DMS. And at those points, yeah, I just want to just want to call them that, like, it's also so it's no surprise that you know, a B are on the road to towards decentralising the protocol. So, there will be a Dao. And ultimately, we want to give control and decision making power of these RP tokens to the Dow. Right. So.

Unknown Speaker 26:49
And in the meantime, liquidity, we saw liquidity as being the the best option, because it supports all the players in the refi ecosystem so far. So just to, to make it very clear that, like, we want the screen to be able to decide what's going to happen with this. And, yeah. So, I mean, I just want to like add in here also that like, I mean, the first priority in terms of what has happened has been secured this value, right? Like, a lot of people are asking, like, why was this not done with Kima? And why did we take this action in the way that we did? And I

think, like, it's really important to think about, like, the fact that really, cleaner could not act without going through due process, right, through governance through K IPs, like, through this whole process, right. And as soon as that happens, this completely taps off every person, every arbitrator every opportunity to take advantage of the situation. Right. And this is this is a primary important points, I would say, because the people that are making these accusations are asking these questions. I mean, I don't know if they are considering this or if they would propose a way that could have been done. But I mean, like I was talking to, to Cujo, and policy and Kima. And we did ask for help, right? Like, it's not that like, we were planning it together. We were not planning anything together. Right. But we did discuss, like what could be done with FEMA? And I mean, it's just, it was just abundantly apparent that nothing could be done fast enough, right? Like, we're literally seeing these credits disappearing, like we're going to release all of the data on what we secured and what has been taken. Right. And you'll see that action was required immediately. Right. So I mean,

johnx25bd 29:14
yeah, it's worth kind of, especially for some of the carbon market experts in there might not be quite so familiar with how smart contracts work, it's really worth illustrating why this is the case. So I kind of think of a smart contract as a small computer programme that can own money. So this is kind of stored on the blockchain and has rules written into it that allow the sort of conditional transfer of that money for updating of data based on people kind of interacting with it. And another way you can kind of think about it as an API where you send a transaction and specify kind of a API endpoint or method and it will process the data that you provide it but The Carbon pool system, this is a smart contract system, right? The base carbon pool is a smart contract. And it holds this value. And essentially, the value, sometimes there's some cases that arise where the value can actually be claimed by anybody on the internet by anybody who's interacting with the blockchain. And there's a sort of meme for this within the web three ecosystem, which is this idea of the dark forest. This is based on science fiction book. But the idea and I'll quote from the article about it, by Dan Robinson, that the dark forest is an environment in which detection means certain death at the hands of advanced predators. And this environment, publicly identifying someone else's location is as good as directly destroying them. So this is the reason why we couldn't raise

Unknown Speaker 30:56
any kind of

johnx25bd 30:59
any sort of ideas that there might be unsecured values stored in this contract to anybody in the ecosystem, because well resourced, profit driven actors could have become alert to that and very quickly, secured that value for themselves. And then, as we described, that would have jeopardised the launch of the entire major carbon pool and that entire subsequent kind of stability of to Ken and the broader refi ecosystem. So this, this, I think this is a really, really powerful point that James makes is the this is the reason why there was this sort of kind of subterfuge or quietness because the moment we said anything about it publicly, the moment it went into a claim of proposal, these people would have before it could have even been discussed, jumped in and taking it and the opportunity would have

Unknown Speaker 31:50
been gone. Okay, let's get back

johnx25bd 31:54
to rob. That was a good pass and good clarification session. But Rob, so yeah, let's, let's move on to after that, now that we've got the context set, like sort of the situation where we started noticing people redeeming these, these t co2.

Unknown Speaker 32:12
Sure, and things like those are super useful classifications. So you know, they come from from there. And like from that kind of context, you know, we've been thinking about this for a long time, and kind of, you know, we had this fear, you know, always that, there's going to be someone who just pulls all these credits out, because this was unsecured value, and like, anyone could really do it. And we, we started seeing this happen. So in early January, there was someone who pulled out around 65,000 credits in the news, like third of January, and then I think in mid January, there was only pulled out around 50,000 of these credits. And so these kinds of activities started to make us a little bit nervous, especially as we were getting closer and closer to when we were you know, hoping to launch NCT. And, and then sort of over the last week, like from from yesterday, or the week before that there was around 250,000 tonnes that were being pulled out. And this was by you know, we've no idea who these actors were. And basically, when we pick this up, and it was people in the community, that the folks up on Discord or basically pointing us out, and you know, we can see it we have two, two dashboards, both the PCT and the toucan protocol dashboards, they track redemptions, you can see all the redemptions over time. And like, as we saw these things spike, can we we saw kind of what type of credits were being pulled out. You know, we were really getting the feeling that like, if we don't do this, now, especially as we were like hinting, like, tomorrow, we're gonna have like a call of density. And we're starting to get more and more hints public here, but this was gonna happen soon, we felt that if we don't capture this now, and secure this value, this is all kind of gonna, you know, it's gonna be a free for all situation I really want to avoid. And so that's kind of what triggered us like when we saw this happening. Basically, over the weekend, we basically on Saturday decided to take a pull the trigger and coordinate doing this, we coordinated this over basically, Saturday and Sunday, and came up with announcement, basically, right after we had kind of completed the activity. And we were able to secure roughly 1.1 million credits. At we're currently sort of compiling all numbers, and we will release like a full list of productions and so forth, what we captured, and what other actors secured. And other actors, you know, as far as the data we have now, it's around 360,000 credits in in January that other no other actors who no we have no affiliation with a donor who they are secured, or they took around 60,000 of these credits. So that's kind of how what happened and kind of what tempted us to basically pull the trigger on this in quite a rapid succession over this weekend. And that's kind of where we are now. So this happened, we released the statement as soon as it was as soon as it was done, and then have been since done kind of trying to answer questions and sort of explaining this whole situation to the community to give the picture of kind of why we are here and why we took these actions.

johnx25bd 35:28
And I think a point to clarify there is toucan doesn't have the capital to secure these funds ourselves. So we we coordinated the action, an activity with liquidity partners who are aligned with the long term success of the refi ecosystem. But we don't actually control the

accounts that hold these co2 tokens. Okay, does anybody else have anything to add? On the back of Rob's

Unknown Speaker 36:00
comments? I can just add that there was one of the most stressful weekends and one of the hardest decisions, and it feels like there's very like, yeah, it was really hard to see what's the rights? What rights reaction was, and it was hard to see all that money being like, oh, all these all this value kind of flowing away? And, yeah, I just want to, I just really want to emphasise that

Unknown Speaker 36:44
this is, this is hard. This is hard stuff. Like crypto, like this dark forest meme is not something that we came up with, right? Like this is like front running is is a big problem in crypto. And yeah, it's it's it's both cool to be operating on these public blockchains. But it also introduces these kind of strategic decisions that are that are very new and don't really exist in that way. And like the the web two world. Cool, I'm going to just do a smattering of question answering because there's some frustration that I can see here. So there's things about like, I mean, to be clear, like, or like, I mean, when we talk about profits in the blog post, I take your word for it's in there. It means like the difference in like arbitrage price, like from the BCT to the MBCT. And this value, plus all trading fees will accrue to the Dow which will accrue that to liquidity in one shape or form or other basically, I mean, to clarify, like, toucan has not made a single dime, even though we bridged 18 million credits. Like this is not a premier statement. It's quite simply like we are not motivated by profits, like we're here to benefit the community and to champion on chain carbon. And what else like I mean,

johnx25bd 38:10
well, so we've got we've got a section, the next 20 minutes lined up for q&a from questions that we've pulled out of the, the channel so I think, like this, we're gonna definitely cover all this, I think is a perfect time for us to introduce our new community manager, Ella. Ella has been monitoring the channel. Hi, Ella.

Unknown Speaker 38:33
Hi. I didn't get a chance to say before but I'm here now. So you want to say nothing?

johnx25bd 38:42
Yeah, great. No, I was just wanting to save, you'll be yellow around a lot more proceeds. She just came on full time as a community manager. But yeah, Ella, just folk questions that you've seen pop up and we will kind of take them one by one

Unknown Speaker 38:57
as appropriate. Okay, so one that I've seen is what's the expected rising price range for NCT?

Unknown Speaker 39:10
Yeah, so the expected price range for in cities between 11 and $13? I think. So we have a carbon markets. carbon market team that is kind of monitoring option prices is looking at what currently it costs to acquire carbon credits that matched the NCT criteria, which are all namespace credits from the year of 2012 onwards excluding one methodology which is Vm

00 to two which is a like fertiliser methodology which doesn't really in my opinion, not just in my opinion, but which has been which has been excluded by the by other people that we have in the for the setup of the NCT potty and stick right here. Okay, so around I think like a good anchor is between 11 and 12 polos probably is, is a is a cost of acquiring these credits on the off chain worlds right now. But I have to say like the market is moving extremely rapidly and you know, these prices change quite quickly. But we will make sure to launch the the density pool as close as possible to this market market price so that we don't create a similar situation as we had in VCT. Thank you.

Unknown Speaker 40:50
And does the NCT pool require any changes through a carbon certificates have branched into t co2?

Unknown Speaker 40:57
No, this is hard, this is the same. It's the same technology as the base carbon pool. It's basically just the same smart contract as the base carbon pool, it just has a different set of acceptance criteria, right. So we we define which methodologies are being accepted and which vintages are accepted. And then if you try to deposit a tissue token into the entity pool, and it doesn't match these criteria, it's the transaction fails and it's rejected. And if it does match the criteria, then you can deposit it right. And if you have a right now, it's such that if you have a TC two token that matches the entity criteria, it also matches the BCP criteria because obesity criteria is wider than the entity criteria. But that's the whole point of divert like, there's the whole point of creating these pools in the first place is that we give holders and projects especially right now the opportunity to play in the sunshine carbon market as well. Right because honestly, the underrepresentation of nature based credits on chain used to check. Cool. Thank you. There's some questions I would like to address this is the time where we're going to soon. Like, I mean, just to be clear, right? Like all wallets that have taken their rebalancing action will be doxxed completely. There's some questions about who these people are, and what does it mean to say, aligned with the reefer refi ecosystem, it really just means that these these actors who were able to help with liquidity are they are they're happy to not make any money out of this, basically. And like they're giving this away, right? Like, this is really important. It's like not we're not relying on the trust these people to never sell, like the the difference in value in LP tokens will be donated to the to kindle right now to Ken is a nonprofits registered in Switzerland. And as soon as we have the Dow, the Dow will have full control over utility tokens. So I'm just like, just to highlight that we're not trusting just on the word of these people to just like, never sell or something like this will be put under the control of the community. I mean, we do have a commitment from them also that they will provide liquidity, right. Like at least I mean, this is this is what they're indicating their value aligned, and they're not. They're not looking to sell this for profit, basically. Yeah, of course. I mean, they're also providing liquidity for NCT. Which is yeah, anyways, like that's, that's on top I would say.

johnx25bd 43:53
So, there was a question about what to can plans to use the fees that are collected from this liquidity pool for that probably worth addressing.

Unknown Speaker 44:05

I think as James mentioned, I mean, all of that will go back to liquidity in the state as liquidity means clearly we are not looking to kind of profit from this LP position. It's it's sort of like a public good there, you know, having liquidity so there's liquidity for the market

Unknown Speaker 44:26
maybe we can also speak about how the entity tokens ended up into BC to T pool in the first place. Maybe would be helpful to give an explanation about that.

Unknown Speaker 44:36
High density the nature based credits Yeah, yeah, yeah. So yeah, I can give a little bit of colour to that I mean, to meet to make it very clear like to cat doesn't. We don't bridge credits, right, like so we didn't deposit any nature based tokens in there. And neither did we deposit any like non native, so don't be like we're pretty infrastructure. But so the way that these database tokens could land there in the first place is that when Kimoto launched, and those who've been around for a while know that the BCT Pro has been deployed by Keemstar. At a price of James, can you can you meet yourself real quick. So the VC pool was deployed at a launch price of $10. Or it should have been deployed at a launch price of $10. The reality is that some somebody, somebody initiated this, somebody seated the pool beforehand, which those who have been around since the beginning, remember that the launch of chemo has been a little bit challenging because of that, or has been delayed because of that. But the initial plan of tema was to like launch the BCT at $10. And I think I don't, I'm not the best person to speak for, like how these native is, you know, by Devon purchase, I think what's really, really important to emphasise is that back then already, we we made it very clear to everybody who was reading natural gas credits that these credits are at risk of being sniped at a later point in time, because of the way that to compose work. And and every actor that brought his credits unchained back in the day knew about that. And, and by every actor, I mean, I probably can't make the team with every actor because maybe there were some actors that didn't know, but the most important actors that didn't know about this, were obviously the keema core team. That's, that's, that has been this has been coordinating this, this not so. And, quite honestly, I was already quite uncomfortable back in the day about that, because I, we always had the launch of an at risk pool on the agenda. And we knew that it will create a situation further down the road. So So yeah, honestly, like you said, maybe that that touches is the pools apart properly price, right. So this happened because the pool, the BCT pool price was not reflecting the market price. So people because this $10 price tag has been floating around before the launch of FEMA. People were getting ready. We're bridging a lot of stuff. That kind of made economic sense. Like everything that was below, you know, when you could source carbon credits below $10. It just made sense for you to do so and bridge them, right, because you thought that you can just sell them into the BCT pool and make a profit. That's exactly what happened. But that's what brought the price of PCT close to like $3 at one point. So yeah. And then it kind of from $3 kind of started climbing back up based on like how the market has been developing over the last couple of months. So there's like a recurring question in the chat that everyone is pointing at. And let's let's address it. So it says this is a quote from carbon pulse to you can use insider information to the exact composition of the new NCT pool. Right BCT pool before market arbitrary is arbitrageurs could do the same. Okay, cool. So let's address that. I mean, like first of all, use exact composition of new NCT pool. I mean, like for anyone who would do the research to understand what a nature based solutions pool would be made up of this information is really easy to find on the internet. Like I don't want to emphasise that. But I'm

just going to make that statement first of all, now, to read the BCT pool, quite frankly, sounds to me to be quite

Unknown Speaker 49:29
an interesting choice of language sensational even I would say somehow, in my opinion as an individual. Before free market, arbitrageurs could do the same. I mean, yes. Like there is like outside of this, NCT pool, there's value in the BCT pool, right? Like anyone can go and take that value at any time. I mean, this like to me honestly, this this line is sensational, and it's not even accurate. I would say. Add to that like We were triggered to do this specifically because other free market arbitrators were actually doing it like they like we, the article says that we know took one and a half million tonnes which like, actually is completely incorrect and that other actors could not do this and did not do this is also factually incorrect. Anyone can go and Polly scan and see that, you know, this was ongoing for many weeks like this is not like the we do this. For everyone else, like other people doing this was what triggered us to take these actions. Yeah, I think I think just one thing that is important is like, Yes, we had obviously, we knew about the composition of of NCT. Right? And, yes, this was information that that we have, that other people didn't, didn't have. And the problem that and this is basically the same, the same argument is that the moment we make a public announcement that the acceptance criteria for NCT are going to be everything that's 2012 and higher at this moment where everybody will go shopping, and they will go Oh, cool. So let's just snipe all the credits. All the TC two tokens and BCT are above that. Right. So it's, it's back to the back to the smart bear back to the like dark forest. The Dark Forest pictures that information in this context is basically tipping up tipping out or tipping off the arbitrages.

johnx25bd 51:41
Yeah, I think kind of to build on this. And this article that was released. The third point to the to finish this kind of examination, James, none of the value two cans receives the assets for obesity will be accrued to hold the holders of VCT. This is up to the to kandao. This is going to go to community governance process for them to decide what to do with that. So I think this Yeah, it's important to know, like, we've got further detailed accounts of what's happened that we're working on to share soon. And that's because for the reasons we've described, we couldn't be public and work with the community to design this process. As we almost always would. This was the one exception to that rule to building with community. And now obviously, in the, in the subsequent days, it's up to us to, to share what what we've gone through like we're doing here and also in written form, so that everybody can understand the process and our rationale behind it. Let's maybe see if there's any other questions. Ella, did you see anything else? I'm conscious, we've got about five more minutes.

Unknown Speaker 52:59
So there's just to go back to this much repeated or much asked, I believe is also articles. So like, let's make sure we address this conclusively, I would say or completely. So point three there is none of the value two can receive for the assets rated from BCT will be accrued to the holders of I mean, I would say that that remains to be seen. And I would say that the priority again, in taking this action was definitely to secure this value. And I think that yeah, it may be too soon to say something like this okay, we have

Unknown Speaker 53:50

All right, any other comments? Yeah. Otherwise, we have one question that I think is a really nice one to ask now. Going forward, what would be done differently? Or are we how do we feel about how we handled the situation? Maybe we can speak about that a little bit because I think we've also quite intensely thought about it and really good to share.

Unknown Speaker 54:19
Yeah, I mean, I think that I mean, we obviously learned a lot about this on this process. But like by correctly pricing, by correctly pricing the the NCT we can really unlikely that there's going to be this like this hugely, that this huge amount of TC twos in a pool that are completely mispriced, right so that's so that's obviously the first half of the first thing also, in terms of this in terms of how we are James, can you can you meet yourself. Also, in terms of how we create these polls in the first place, we have an article that will kind of outline exactly how audience you kind of acceptance criteria has been, has been developed and why. But our goal really here is to bring as many experts as possible to this because the reality really is that these decisions matter, right? Like we were talking to carbon traders that tell us that the first thing that they do, and I'm not talking about crypto traders, I'm talking about traditional carbon market traders, the first thing that they do in the morning is check the price of VCT. So I think we shouldn't underestimate the impact that these commodities essentially recreate have on on the real world. And we too, can think that it's really important that the governance of what, you know what goes into a pool and what doesn't go into the pool becomes like an expert, like industry expert that efforts and a multi stakeholder process. We started that 440 entity with partners that we will announce. But also that process was not can it can be really improved, like like we like we really want to bring the cold working groups, I like just a broad set of actors to sit down and really think carefully how this unchained carbon market should be designed. And not leave it necessarily to chance. On You know, where these pools fall? So yeah, I just want to, and obviously, you know, we're very young protocol. Like there's we haven't raised any money just yet. And like have been trying to. Yeah, we haven't taken fees also. So so far, so weak? Yeah, I would say, yes, we have been, we've been doing our best with diverse resources that we have at hand. And we're right now bringing more and more people on that can help us with that. So if anybody in the audience want to be wants to be part of that journey, like, please reach out. That's it, you know, just want to say like, we're, we're at the at the birth of new markets. And I think we have to be deliberate on like, on these things, and careful. And we should have as many people as possible involved. And yeah, and it's still and obviously, then I think we should come up with a kind of protocol. That the challenge with 1000s, that does a really bad at keeping secrets, right. So we have to come up with some kind of way to do this in a way that it if this ever happens, again, that there's such an opportunity, you know that we have a good protocol on how to do that, and like happy to start working with the community and kind of a clear kind of policy or like action plan that we can default to when this when this might ever happen again, in the future. Yeah, because, yeah, this is obviously because we can probably learn a lot from this from this particular effort. I think this was a very well thought through decision, like we really considered as the different options a lot. So I think from from that perspective, it's, I think, in a way, it was a very difficult decision, but it feels good that we didn't really think it through. But ultimately, I think as Raphael was saying, this is not a decision that we want to have on our plate, like we didn't want to be in the situation to have to take this decision. And we realise and recognise this really impacts the impacts a lot of people, you know, people are business on top of this, or there's protocols on top of this. And yeah, I think we were just very much, you know, focused on how can we build this to be the best protocol to disturb

that that need. And I think building out the governance is going to be very important. And building out the protocol. So that's in the future.

Unknown Speaker 59:20
Going to need to have this discussion. Guys, I mean, watch, watch the price of BCT. Right, like, I mean has not lost value. I mean, the future, the date, like the data will be there tomorrow and the day afterwards. Just keep an eye on them. Great is any any other questions that I mean, I'm happy to run a little bit over if there's still some open questions, I think.

Unknown Speaker 59:53
Yeah, quite a lot of people have been asking about to kandao Can you say anything about that discern your timeline or, yeah, what's the thinking around that?

Unknown Speaker 1:00:03
Yeah, for sure. I mean, we're gonna we're gonna publish a, like a kind of our road to decentralisation article where we can outline this, a lot of it, I can definitely share, like our thinking around it. So we believe that as I just described, like we did the composition of these polls, for instance, is a very clear part that of the, of the governance process where we really need we need we need experts to, to, to join to join the conversation. So we we are working with like, external kind of governance professionals and from the crypto space to design a Dow that can that works for this like, really niche market that we're in, right, because we're not just a random defy protocol. And I think really, most importantly, is that we have a stakeholder at our table that is planet Earth, that is really hard to represent in token holder voting. So we believe that any Dao that operates in the refi ecosystem really should should not just rely on like, on token holder voting, which is ultimately, like plutocracy right. So we're working on a Dao design that can reflect that silent stakeholder which is which is Mother Earth, we started incorporating in Switzerland as a as a Swiss Association, which is the what after, like due diligence that we made, which is a really good starting point for, for turning for training this, like into a doubt, it also has outreach into in the, in the legal kind of, you know, meatspace, kind of MySpace kind of way, which is really important, right? COVID, because we're not a protocol that is operating in isolation of the of the world, like other downs, but we are protocol that it needs to bridge the gap between the real world and the non real world. So yeah, we are already incorporated, we are engaging with consultants and experts on this on this field to design the style. And, and the the Swiss association will be the foundation, the foundation of the Dow in terms of timelines, I don't want to commit to anything right now that we cannot hold up to. But it's a very high priority. And again, if there's people if there's people that have, you know, didn't want to work on that, and have a, you know, experience like cow governance for this for these kind of, like, public goods, types of side type of protocols on chain. 52. Yeah, feel free to join, that'd be Yeah, I'd be really curious and happy to hear like, thoughts, thoughts as a committee and how we should structure to style so that represents everybody in all the places?

Unknown Speaker 1:03:18
Smarter questions? Yeah, there's a lot of questions. You guys can just jump in here, started becoming a little bit late. I just want to

Unknown Speaker 1:03:36

Yeah, I think, recognise the kind of importance of this moment for both of these communities with claim it out and to Ken, big fan of the mission that we have here to use blockchain technology to finance climate crisis initiatives, and recognise that when money's at stake, and people's reputations on the line, things can get really complicated really fast. And just to say that, I think we have a beautiful opportunity here, to work together and to learn from our mistakes and learn from the way that we communicate and learn from the way that we solve these really complicated problems. And I think there's sometimes a tension around, you know, one community versus another. And I just want to encourage us to really look at this big picture of humanity, figuring out how to coordinate to finance climate crisis initiatives in a way that nation states have failed to do in the structures and in the table that they set forth in COP and other settings. And so just want to kind of put this out there for people to try and look beyond those apparent boundaries and see this as a bigger mission of humanity itself working together to address these problems at scale. So just thought I'd leave that as an offer and just see what what sticks with people in that vein, but yeah, thanks guys for holding the space and super interested This goes

Unknown Speaker 1:05:04
I just throw it on from the audience. There's been quite a lot of interest on coming on stage and asking questions. So maybe we just have three people on. So if someone wants to ask please raise your hand. I don't see any requests. I don't know. That's just me.

Unknown Speaker 1:05:20
Know, I'd also don't see any requests. So if you have a request to come, come up and speak to us. Yeah, raise your hand, raise your hand, and then we can bring you interesting, because

Unknown Speaker 1:05:36
a lot of people were interested on coming up.

Unknown Speaker 1:05:41
Okay. Yes. Yes. Hey, guys, it's mellow one here, as you can kind of see and understand our sentiment in the chat right now, is there's a lot of answers that we want kind of a lot of questions, we want answers in regard of what you guys will be doing with the value of the VCT tokens. And what I mean from that is the BCT value is really bootstrapped by the claimant token holder community Correct. As in is it is not true, truly inherent, any value on chain and use case on chain besides being bonded into the BCT. Treasury. So and hold on, I'm just kind of reading through the chat. And so what I mean by that is you guys did take it's factually based that that VCTs, the higher value BCTs were taken from the pool and moved over. In anticipation for this self created NCT. We all understand the alignment of incentives behind that why you guys are structuring it properly from the get go. Exactly. But in doing so you guys are also pulling the value from BCT. And inherently, and inherently claimer that owns 80% of the BCTs in existence, right? They own the liquidity behind that. So you are pulling that value from claim holders and from BCD holders. All we're asking is if you guys truly are want to be net neutral on this and be your neutral proclaim selves. All we're asking is that value be bonded and not be transferred to the to kandao. Treasury, right. It's the value that you guys obtain, even if it's bonded back into Klieman. Once we announced the NCT bonds, then there is there is no net net change in value. Are you? Are we all together on what I'm trying to say here? Yeah, sure. I mean, if we can commit to not not just a

commitment, yeah, you can respond, if we can at least start opening a conversation on that aspect. And I don't think there's any issue that kalima would have in the cleaning team would have been just outside of the transparency issue that we that we went through. So I think that's really where the real conversation needs to be. In regards to what happened here. Yeah, a couple. Sure. Like, so. First of all, I just really want to emphasise that Kima could not have launched without to Ken right. So like, I'm not saying this to like, I just, I'm livid allergic to the schema community versus Touken community, because we are the first we are the first time That's right. Like, yes, you think in terms of like, number, like lines of code that have been written in order to launch Chiemgau I would argue that 95% of lines of code were like written by Touken protocol. And then a lymphocyte was forked. And that together was the launch of Team atop so I just really want to because I I'm like, an absolute I agree. I just want I just read it, because like, I everybody who's been following me following me on Twitter or anywhere else, like I think I'm one of the biggest playmates in the world. And I'm as as I as I care as much as the success of Timo did I care enough successive to camp freely 100 Robin and I'm so just so that's like one thing I will also say that as I said, we weren't like we weren't against this when it was hot when it when when tema launched right? And and I just didn't like I'm just I'm not saying that this is the end, like an excuse, I'm just want to like just want to point this out that the the conversation with has not always been easy around this specific about this specific topic because we knew this would put us in a very awkward spot and in the future. So then I also want us to say real quickly that like happy very, very happy to have a conversation with the with, you know, whoever came up policy or whoever is like sponsible for this kind of stuff on what to do, I just, it was not like, as James pointed out earlier, like, we were chatting with some people in Cuba policy, when we saw that these redemptions were happening and like, it would have been awesome if chemo could have done is arbitrage and like, and because SEMA has a lot of PCT, but it was not possible to do so. So I just just also just want to emphasise that, as you've been, you've been acting a little bit more with them. Some of you

Unknown Speaker 1:10:31
know that one, just quickly. I mean, like, as I said earlier, like the priority here has been to secure this value, right? Like, we haven't made any statement about what what's going to happen to it other than the DoD will decide, right? And like, it's not ruled out that we make we figure something out with with Team policy, right. But we need to have that conversation between the policy, because they will be the ones who can figure out like how this, right, so we're open to everything, and nothing is decided. But the priority has been to secure this value. Right? Yeah. And just like one last thing is that we, so obviously, like, you know, we've been, we've been this entity pool was in the air for a while. And, like Kema core members have been invited to each pool party, but it's how we call these weekly meetings where we, where we talked about the launch of NCT and, yeah, and, and so, and it was, the challenge is that since we're not brokers, since we're not like, you know, we're not taking a millions of credits and can just bootstrap this market. Right. So liquidity was an issue for launching entity in the first place. And when we started these conversations with Kima, we were told that Kima could help with launch the launch liquidity for NCP that was then rolled back, I think, because of how decisions, you know, like have to go through KP. So I don't know. But that kind of changed our timeline a little bit on the launch of NC t, because now we have to find partners who are willing to put money to launch entity in the first place. So it was for us, like we would have launched that way earlier. And it was not easy to do that. Being essentially a Yeah, a bootstrapped open source protocol. That just launched a couple of

months ago. So yeah, just just want to say that and like really? Like, I really think that this is awesome for Kima. Because we finally have this nature based pool, are we going to have the title of his book really soon? Which, like, everybody wants, like, I want it very badly as like with my climate hat on, so that we can start getting nature based credits into the into fixing my treasury. And the Yeah, and so just like the the wrap if I could, if I understand I definitely appreciate the responses from yourself and James. And I just want to make it very clear that we are all in this for this symbiotic relationship. It wasn't that that kleemann couldn't exist without to cat to cat can exist clean. But we all understand that right? We all understand that a lot of the liquidity that's coming into the ecosystem is running off of the old fork finanza, if you want to call it that, and that's where a lot of the money that made the current situation and current climate possible is why that we're we are here today, all the work that you guys have been doing for years in tandem with, with what they're doing over at clean. But we all understand that the end to the second point is so just want to make that clear that everyone is on the same page that is a symbiotic relationship. But with that being the case, right? When you have a symbiotic relationship and a partnership with with two different entities, what we then require his either communication or whatnot to make sure that no one partner is kind of harming the other. And what I mean by that is with everything that occurred we understand that there's a timing aspect, we understand that there's an announcement aspect of this, if you guys went forth and put forth a kip Kip. I'm sure other arbours would have came right in and done it. I understand the sentiment behind that. But when a net neutral entity takes a position and crosses a line of no longer being that neutral, and acts upon criteria that they construct themselves, is why you're seeing a lot of the the push you're saying now is if it is truly a symbiotic relationship, then let's just make sure that the value is maintained between that relationship and not skewed from one side to the other. That's what you're seeing all of the commentary in the chat about right there is how do we then return this value since a net neutral actor acted upon it? How do we then return it so it's not as if kalima has been attacked by to can and that's how you're seeing the traditional markets react. I mean, we're not in charge of carbon post reacting this way. We're not in charge of Bloomberg and ice chat and All of them are seeing this as an attack on value, which is inherently from a factual basis, no matter the reasoning that it was done for it could have been done for a good reason, which it seems like it was no matter that the ending fact is the result that we're at today that value was taken. That's all it is. I'm gonna let you guys answer and let me hop off the stage. So we can have other questions. Yeah, I mean, a lot to unpack. Right? Like, I mean, we could address I would like to address all of them.

Unknown Speaker 1:15:30
Right? Yeah, let's, let's have a let's have a proper conversation. Like really, like, as I said, like, let's have a proper conversation about about is just about the value, I think theirs is like, what value like, you know, financial value, or what value are we talking about here? Right, because this is something that I think is if the if the price of VCT goes to zero, yes, of course. But I think that the value is, I would say value in the sense Raphael that if you are truly trying to make a completely transparent market, which is we're trying to move from the opacity from the the traditional VCM. Market, correct. We don't want it to be back in deals over the counter deals, things that are happening under the lines that the public's not seeing. So if that's truly the case, then you want free market effects to take place, and not actors that control the actual devices and constructs of what of the underlying infrastructure. That's kind of what we're getting to when I'm saying like value. So yes. From a financial value, yes. From an aspect of we want this to start propagating and being a bigger infrastructure. Yes,

we want to retain it in the system. But where is that value retained within the system? It's kind of saying, so there are a lot of capitalism time value. But yeah, I mean, let's be clear, right? Like, I mean, like, we're all breaking new ground here, right, like Prima Donna and chicken have done this together, like, and every claymates Who thinks about these things with their Giga brains? I mean, we want that, right. Like this particular case of what happened with this value that was unrealized was specifically because of the way the launch happened. And this will not happen in the future I'd like and we don't want to be responsible for what falls exists, which what are the content of those polls? Right, and like we're making very, we're working very hard to not be responsible for that in the future right. Now. In terms of like, cooperating and working closely with our like, we want that. And that comes from both sides. Right. Like, I think that's really important. Right? Like, I can tell you, I mean, yeah, I don't even know if I want to say, like, it's not, like I've like, let's say communication has been paid off with me. Not from my side, shall we say? So, it needs to come from both sides. And we are, of course, absolutely in to make the best action and decisions for this market as we build this bread. Yeah. I think that's a good point. Like, I'm fully with you in terms of like, you know, how, how we need to how we need to communicate, and, and I just want to say we're very open to communicating. And yeah, that's, like, then let's, you know, like, with we've tried that out. I would like to say that, but yeah, anyways, let's maybe bring something because, you know, there's other people all sitting in the queue. melawan, please, that's, that's, uh, you know, thanks, Milan. That's, that's, that's something up I'm really like, yep. I would love to love to talk more about this. And, and think about like, what, what the win win situation here is for everybody, because we're trying we're trying to do the same thing.

Unknown Speaker 1:18:53
And we're just pulling from different directions. And that's just not pretty, really helpful, I think. Yeah, absolutely. Raphi and I appreciate you guys. You guys his willingness to actually have that conversation and being and that's with that. Yeah, let me let me exit and let some of these other people that want to talk. Good. Thank you guys.

Unknown Speaker 1:19:12
Yeah, let's let's welcome some new folks out there. Who came first next, Ella? Yeah, I'm just I'm just allowing two people on the top like fuck, sorry that I I just invited somebody and if they're not gone and uh, sorry, I think there's somebody Sheikh who you're sorry I will put your name but she says you know, I think you you can come and go come up I think you need to press some buttons higher. Perfect. Hello.

Unknown Speaker 1:20:00
Thank you. Thank you for calling me up. I just wanted to ask a little bit more about price, like, not just the price volatility, but how are you planning to maintain the organic nature of this market? Because from reading the articles and just listening to the conversations, it seems like you're trying to avoid the sell pressure, which is fine. And fight, you know, the profit driven actors. But this seems counterintuitive to this whole, like, the whole point of having the markets. Yeah.

Unknown Speaker 1:20:32
It's so don't get me wrong. Like, we need a market where people sell and trade and everything right like that. That's the core coordination mechanism that we're using. The

challenge here is because of this new pool, right? Is that if if we launch NCT and there's an art and like, let's say we didn't do anything, and we just launched NC today, or like we launched it a week ago, right? We now there's now an arbitrage opportunity for people to burn the PCT redeem the tissue to convert it into NCT and dump it. So essentially, what would have happened if everybody did that, which, like rational actors would do that? Is that we would have launched the NCT at like, let's say $12. And we would have crashed the price of NCT right at launch all the way down to probably close to the PCT price. Right? But that's not, that's not, because that's just the fair. That's not because, you know, a free market. And like, you know that the problem is that this was only possible because the TC two tokens that are in or that were in the PCT, were mispriced, right or being in that pool. They created this arbitrage opportunity. So as soon as

Unknown Speaker 1:21:59
so you say that you truly believe that the price of DCT was not priced in I find out. Because

Unknown Speaker 1:22:08
I will say DCT was perfectly priced. Like the city was perfectly priced. And the price of VCT was following the price of that it was following the lowest cost of production of a carbon credit that matched the PCT criteria. Right? So this is how this is how commodities work. And the lowest cost of production for natural gas credits today. If you want to purchase an eight US credit in the world, you will probably have a hard time finding one below $10 It's probably more around $12, right? Or 14 Or even more. And so what I'm saying is that if we launched a nature based pool, and let's say PCT would not exist, this would not be a problem, right? Like if if we just launched nature based pool, and it would be the first pool that came that we can create them. entity would have found its natural price around the cost of production of an NC token. But because there were these TC two tokens MBCT which are compatible with NCT. This created the possibility to ARVs which would have brought the price of entity down. And that would have been really bad for both chemo and to Ken is because essentially we then because then nobody has an incentive to start bridging credits over the price of the commodity is completely mispriced. Basically, I don't know if that makes sense.

Unknown Speaker 1:23:42
Two points I wanted to read from Okay, so I'm hearing what you're saying. And I think I'm following you, essentially. So maybe first, then we'll be it needs to be an adjustment on the article that you published yesterday, because they're insinuating that the price of DCT was not priced in with consideration of NCT. Yeah, my understanding of reading that. And the second is my one of my frustrations and listening and trying to grasp what your decision is you're taking the market making element from the people, and you essentially made it your decisions and the quote unquote, the stakeholders, which again, baffles me, because I thought cleaner data will be a stakeholder in the decision making process.

Unknown Speaker 1:24:30
They read only.

Unknown Speaker 1:24:34
But I'm hearing that from the policy announcements in your channel that they were not aware of this in any of the decision or the details.

Unknown Speaker 1:24:42
We were aware I was talking to Cujo during this time. I mean, there's like the site and by the second pack came out I was very is very precise. And it says what that conversation was not and that's that's we did not make Have a plan with Kima doubt that was like there was no collaboration plan like this. And I believe from memory Kryon said something like that he had been I mean, I knew Cujo told me that crime was working on a key IP to do something like swap out PTT for TCO TOS or something like this. However, I go back to my previous statement, and please like let's discuss this right. Like, in order to do anything prima donna needs to enter into the governance process and first step is create a KP seconds STEP is all of that value disappears. And third step is nothing happens. So I asked you good sir. What, what to do otherwise? Okay.

Unknown Speaker 1:25:49
So I mean, that's a very good point, but I still believe in the power of it, you know, decentralised this whole point of this whole space. The whole thing about speed and expediency. I did a field search on the claimer server, there's been hints of the NCT or NBCT since December 10. I see. Marcus Aurelius had mentioned that that's the next logical step. So I believe that there was plenty of time. And we're not trying, you know, blame on anyone on miscommunication, or anything. But the argument of expediency from the Dow, I don't think is a good one, because you can speed up the voting process.

Unknown Speaker 1:26:29
So let's get back to soccer. Sorry to interrupt you. Just before you start. Raphael Marcus is here. And he's on the policy team. Right. So like, Marcus. Hello, there. I can I just like answered like, just to this point, like, we've been in very active conversation for for a long time. Right. Like, and the anyways, like, I wouldn't assume I just want to like, because you're kind of assuming that we didn't talk about these things that I just want to outline, it is not true. That has been a very active line of communication between two Kima, over the last couple of months, are talking about a lot of things, including the launch of NCT. And, yeah, it's like, it's it's not true to think that we've been like, operating in the dark and just think doing our thing. And now suddenly, this is how, how people learned about it. But Mark is happy to like, you can probably sell in a lot of that. Yeah, I think, you know, it's definitely not fair to characterise it, that there was no communication. But I think there was definitely a feel the timeline of events was really that clean, but realise this was putting recently on chain, redemptions funding. And, you know, we Cujo reached out to James and tried to attack what was going on. So there was communication, but I think that communication maybe wasn't full throated, or the climate policy team definitely feels right now that there, the communication was not the level that we would have both so that we could coordinate on this and act as a community. But that said, you know, I think, you know, as Jay was getting out, like, really, we succeed when both communities succeed, right, we need to work together and three, three, this, the situation. And so we look forward to you know, engaging with to can and, and trying to avoid this type of situation in the future and make sure that the not one change, get, you know, striving for that's totally Thank you, Marcus, for being such a good voice of reason. You've always been a great asset in this space. Just want to recognise the turn, you've got here to the stage. Thank you.

Unknown Speaker 1:28:42

Thank you for taking me out. But I appreciate the clarifications. Keep thanks. Yeah, thanks, Marcus. I,

Unknown Speaker 1:28:52
I, I look forward, I look forward to having a like, yeah, like having a postmortem on this, like, between toucan and chemo like, so that we can avoid this happening in the future. I think it's always difficult because, you know, both teams are more than just one person. So we talk of chemo as being like, you know, one organism, but the reality is that there's obviously a lot of moving parts also. And so probably we need to sync both like, you know, on to consent and on schema. And we need to have, like, just healthier. We have to institutionalise probably this communication channel so that we, we can avoid this and we make sure that this information goes wherever it needs to go in, like, even in a short amount of time, like we had, right? We had. Yeah, when we saw this, and when we when we saw these credits disappearing like this, this required us like acting fast, and I wouldn't, I will admit that the moment that we realised chemo was not capable of helping us without public without going public, essentially We were working like full steam to find people who would be helping us with capital to actually pull this off. Right? And so, yes, we were probably not as responsive in in that like, 24 hour window to, you know, to figure this out, because we didn't see a way to actually pull this off with Kima. Like, that's not totally accurate, right? I mean, like, the communication channels with Cujo, fully open, like you and me, Marcus, were not in contact. And I mean, like, what would really need to be required, like what was required really was more coordination ahead of time. And like, to be clear, like chicken has always been absolutely. Cons Kima. And from my perspective, cons were cut off, basically, like, literally, and the thing is, right, like, claim I was planning unilateral action, without talking to us also. Right. So I think there's certainly some responsibility taken on that side, like, I'm not trying to anyone have any, but I don't like, if you make a statement, that communication isn't what you would have liked, then I feel a need to do that. Right. And just to clarify that, like we are absolutely. In terms of cons. So let's communicate. Because I've been waiting a bit. And I just wanted to approach this more from BCPL. perspective. So I mean, what you guys did makes perfect sense, right, from from your perspective. But as a as a holder of VCT. I had access to certain offsets a couple of weeks ago that I no longer have access to, you guys now have all those offsets, and you're going to use them, do you in your own liquidity and then collect the fees? Like you guys, I would rather it have gone to a you know, someone a free market person, then you guys because a just transparency, but also, you guys have a fiduciary duty to the people who own being seen to. Right. Right. I mean, just to say right, like, the intention to launch NBCT, now known as MCT. Has Been there, as stated since December. Since launch, right? Like we can always wanted to launch a high quality, right? So we like we're in a situation where we need to launch NCT 14 Muda. And literally, like, I mean, I'm half joking. It's like liquidity costs money, right? It's like we're doing this on our own with zero support. From just Just quickly, James, kind of just touching sources, was there something about his offsets that was important to you, I'm just trying to understand your particular case, because I recognise that this may have been quite a sort of unexpected and possibly frustrating moment, can you help me understand that piece of the puzzle? But well, without going too much into it? I could have, you know, people, as I understand the offset functionality, it could have been used by anyone. I mean, you guys have said yourselves, right? It could have been used right. Now, these offsets that you guys have, are no longer available to us as dealers. So I guess my question is, in the case that you're describing, are you talking about yourself from an individual standpoint, or like theoretical VCT holders,

because from what I've seen, primarily on chain, people aren't really buying BCT for, you know, primarily off set purposes and claiming these publicly, I don't think the markets kind of evolved to that point, I'm trying to get to some of the pieces you're discussing. Right? That's true, but we are all aware that that functionality is coming. And I can tell you that there are a lot of people holding BCT or teaching or future sale or whatever.

Unknown Speaker 1:33:50
And to touch upon the point you mentioned there, I think it is really there a trade off because these were being leaked out to the pool anyways. And it's a question of, would we rather have, you know, some most likely a carbon broker, you know, take this as profits and, you know, extract as profit, or we want this to be permanent liquidity for the ecosystem. And I think, you know, we have a duty towards this ecosystem, take the decision that will be best for the ecosystem, and to grow the on chain carbon markets, and I think it's better that this is permanent liquidity for the ecosystem, which isn't itself in a way a neutral. public good. Yeah. You're calling an ecosystem. It's your you calling it the ecosystem, but it's your protocol. It's your organisation that profits kind of being I mean, customer, obviously, kind of kind of just like, I'm talking PCT older perspective. Yeah. Um, so first of all, there's there was like, it's it sucks, like, and I want to just like acknowledge that like that, but there was no scenario in which the average PCT holder would keep Like would have had access to that pride. Like, I think that's the part that I find surprising that you like, like, the part that I find surprising is that you say you would prefer some kind of free market actor to take that value rather than somebody who will make sure that this value goes into, like, for long term health, and I will Yes, call it SEM, because because it's not just one. You know, there's more than one protocol that is building on DCT. And again, like, this is not our product or anything like that, right, like it's our product is a piece of is the infrastructure that we're building and PCT in that sense, like it is this is just the first is just the first piece of infrastructure that is, so can you can you elaborate on this point that you would have preferred that to basically go to some random person, rather than us like that? That's the part that I really have a hard time understanding. Well, I mean, from the from the perspective of BCT, holder, I mean, you can say that it's the price is going to be the price. Right. But yeah, so first off, just just as to Ken, I'd prefer to see the transparency. And, yeah, just free market operations. And that's the whole thing. We're supposed to be setting up with this on chain carbon market. Right. Totally. Australian, this is finished. One more thing. Sorry. Sorry. Um, yeah. But I think the point, the ultimate point is you guys have a value that was taken from that pool that you're using for your own protocol or ecosystem. I didn't it doesn't seem right for holders of BCT. I'll leave it at that. Thank you. Okay. Yeah, I will. Now, this is a really important perspective

johnx25bd 1:37:01
to listen to. Yeah. Really appreciate that. And I think the whole reason we host this ama was to surface all the voices and perspectives, so that we could kind of come together and think together about how we can forward and improve the process of doing this feature and to look back and make sure that everybody who has been supportive of the launch of Cleveland to Cam and this new refund movement is looked after. So yeah, I guess Thank you.

Unknown Speaker 1:37:36
I didn't maybe like I think if there was a scenario in which a free market actor takes it and doesn't like, if this would have been would not have put the launch of NCT at risk. I think it

would have been easier to like, justified that, you know, well, somebody is going to make a couple of million okay. But, but given that it directly jeopardises the launch of NCT, which everybody wants, made it really hard for us to, like, leave it to the market to to do that. Right. And, yeah, anyways, I'll stop. I'll stop it there. But I, I thank you for like coming on, and like ensuring that I think we're still two people in and I did want to ask, because I think this is the Fair, where are, you know, I'm trying to look toward the future. Because obviously, you know, this is a very delicate situation. And as you guys have said, it, you know, likely is unlikely to occur again, where they're curious is on two fronts. One, like, you know, this, this liquidity is currently being held in a non profit, I think we definitely want to have a conversation between claimants who can about where that value ends up long term. And then the second point is like, what you see is more question, what you see as the relationship moving forward between two cans, Dow and Crema Dow? Like, will there is there like going to be a revenue share into the two kandao? You know, governance holders or something like that? Or how do you see that relationship playing out? I think it's little bit like, I would love to have, you know, a success relationship, obviously. I will, I don't think right now is necessarily we like the point to like, dive into these specific mechanics, probably let's, you know, let's let's talk about this. I'd be super interested in like hearing, like your, your vision for like the perfect coloration. Yeah, and I mean, as we've been, you know, as I would say, as we've been on off servers for keema down until now. at, like, zero costs, right? We will, we will have to, we will have to start building more something more sustainable. So we're thinking, we're thinking in that direction. But yeah, obviously team it out and you can should be closely coupled. And we were actually, like, in discussions with FEMA partnership, about about that about that specific thing. Yeah. And I think what James hinted towards it's like, it's these combinations have not been particularly felt that way. Well, I

johnx25bd 1:40:45
think that's a good kind of top line message, which is that collaboration is our strategy, right? Like interdependence is the strategic advantage. And that means everybody, we can build bridges and close relationships, too. We all kind of share in the same, same journey. So I think, just takeaway, especially for you, Marcus, and, and melawan. And that, we'd love to have a deep conversation with crema over the coming. coming days and weeks, I think we've got one more person on stage, and then I'm conscious, we're 45 minutes over. So let's have just maybe last quick question from visit fist. And, and then we can wrap up.

Unknown Speaker 1:41:35
Hey, guys, i Thanks for taking my give me some time, I'm gonna try to be a bit short on my comments. First of all, I see that you guys are gonna have some kind of a dilemma of savers, you save the money, you save the funds from the bad guys. And you found the solution for this. But in, when you did this, you are now responsible for what happened to the people holding those funds. By the BCT. Like, I think I forgot the name of the guy, the last guy just said, it was for a good reason. But now you have a bad outcome for some people, even though they would have kind of a bad outcome anyway, financially, at least. So I see that the complexity is that you do have a situation where people were feeling that they have something taken away from them. And now for good reasons you are responsible for this. So the question here is not like, how bad do you feel about this? Because I'm the I don't want to wait, you guys. I think you did the right thing to be honest, in the, you know, numbers sense. But the question is, I know how can we address this? And at least for now, because I know that we don't have all the answers right now? Are we in the same page that this has to be

addressed, including the financial aspect of it for those people and whoever is affected by it, including claimant? So this is one point that I think it's just before you go to the next you're talking about financial here, like, I don't think there's going to be any financial loss for anybody who's sitting. And obviously, it's too early to tell, but so far the price has been before, like on Friday. So I don't expect that there's going to be any financial loss to PCT holders, for the reasons that we've explained earlier already in the in this like, almost two hour session. But if that's the case, and I cannot, I don't have a case against it, and happy to hear that, that would be an easy way to go. But there's also another aspect of this, which is, you know, by default, this whole situation creates a problem of trust, and not necessarily on the expert person or maybe on the technical person, but on the normal person because we want to make this mainstream, seamless cleaner, same as a lot of other things. So if the normal person looks at this, I saw a comment of someone else, someone else in the in the chat saying like, hey, my mom has some some dignity and now she's asked me like what the fuck happened. And this mom, she's not gonna stay crypto as I want to do. So she's not going to get into the deep understanding of something that she would understand to get to the point of this is okay. And this is what concerned me to be honest. And that goes to the is the same kind of is another fed face of this. The other topic I want to point which is I think this is a crisis that in the same time I think some some philosopher said in the past crisis are the same thing as opportunity. There's a there's a word that means both like in Latin, they mean the both thing but the both mean the same thing. So I understand that this situation, the crisis that can be a great moment to create a new thing that we do not have yet for development reasons. In order to create trust and improve rests on this kind of situations. So I hope that we are clear that this should be something very important this moment. Not only polite answers, because this is at least the minimum, but more than that I'm happy with the whole path. I'm just saying that we should be careful or not negligent, negligent sizing? I think that's the word. people's concerns on these cancellations. Yeah, I agree with that. I mean, I like it, you know? Sorry, I don't want like, but obviously, it hurts us when we read these things as well, right. Because like we really, like we've been working on at this specific intersection for like, two years really trying to birth a market into existence. And, and, and it sucks that it sucks that the, you know, that the communication is so polarising. And I think one of the goals here of this is that, like, I hope that you, and everybody else here can be a voice to like, kind of explaining how this how this works. And that, and that this is a very, it is a very early Mark, if we could have planted everything from like, you know, if we had, like, if we could just copy paste, and suddenly we have the perfect market on chain, then then this would not have happened. Right. But this is like an iterative process. And,

Unknown Speaker 1:46:34
and, and it sucks, like, I agree, like I would have, I would have loved to have found a way that is different, essentially. But I'm not sure that the alternative headlines would have been would have been better. Like, if Yeah, so that's the come. I don't have something else. I mean, just to reflect on what you said, I think it's very beautiful appointed, you know, through this type of crisis, you know, really, we can learn a lot. So I think we can get a lot of feedback from the community. I think for us this, this review made it very, very clear that, you know, we need to kind of really emphasise and focus on governance, and really building out a really amazing governance structure, because I think that's going to be kind of the governance of this type of infrastructure is incredibly important. And I think this is just, you know, highlighted that I think, you know, through this, we're really, really motivated to, like we were motivated before, but you know, just extremely motivated to make sure that we can roll out amazing

governance structure to avoid these types of situation in the future. So I hope that can be like a very positive thing that can come out of this.

johnx25bd 1:47:53
John returned, there's something wrong with your microphone, it looks like Yeah, I think this is probably a great time to wrap this one up. We really so appreciating, I just want to take a moment to think about like, the different perspectives in the room. And the fact that we can have this real time conversation about what's happening in these financial like this is, this is why we're doing this because we can all kind of share in the scrutiny and keep each other in check and make sure this is all fair. And best for everyone. And so, I mean, this is this is really what it's all about. And thank you so much for everyone who listened. And for everyone who came up to speak and to share your perspectives. And yeah, any any other questions or anything, please do share them in the discord and we will be be we're here. We're here to talk and to think this through and stay tuned over the next days. We're going to be sharing more details about what's happened and sharing the accounts that are involved, and all of this over the coming days. Right. Thanks, everyone. We'll sign off here. It's all

Unknown Speaker 1:49:04
Thank you. Thank you