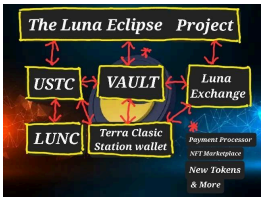
Terra Luna Eclipse Project

This paper will be an evolving document that will become the whitepaper for T.L.E.P. (Terra Luna Eclipse Project). For now this is a quick summary.

Organization of Company, Dao, & Assets



Luna Eclipse Project.

This will be the corporate part of the ecosystem and TLEP will be built on top of it, but not in control of it. LUNC & USTC can remain fully decentralized and function as they were intended to, (With a new Algorithmic system) if possible.

Sub TLEP companies will include
- Luna Eclipse Exchange (Utilizing both vault assets).
- Payment Processing
- NFT MarketPlace
- Luna Eclipse Vault (separate from USTC Vault)
- future Tokens with built in purpose
- And more

We will look to secure collateralized Loans (if available). This will mean holding collateralized assets in a TLEP vault, separate from the main USTC one until debt has been repaid. These funds can help assist with certain costs as well as burning supply.

LUNC

To become a DAO.

USTC

We have 2 paths to choose from for USTC. Either one would benifit The Luna Eclipse Project equally and we would support either option.

1. USTC can become part of the LUNC DAO structure.
2. If for one reason or another USTC cannot legally, feasibly or otherwise function in this manner then "The Luna Eclipse Project" would be in a position to take on a larger role to satisfy those concerns. Including, a split structure of DAO & Private entity to assist with financing, up to ownership of the stablecoin. The latter would be a much bigger undertaking for Luna Eclipse.

Repegging is necessary and achievable with a combination of reduction of supply, asset backing, and on chain swap re-enabling.

Asset backing. As a decentralized stablecoin, ideally crypto asset backed would make sense. Also if tying to real world assets like USD for example then there may be legal issues, trust issues with a leaderless organization holding such assets. TLEP can assist with finding solutions to this IF this is a path chosen.

The USTC Vault

This is where the Assets are held to back up the ecosystem. Comprimised of a number of crypto tokens like ETH, BTC, as well as stablecoins. This can be managed by a team including TLEP, in order to protect it from adverse market conditions. Like moving assets to stablecoins in bear markets before asset values drop.

Tera Station & Wallet Application

Needs to be connected to the Terra Eclipse Exchange, in order to assist swapping of USTC for other assets held in both vaults (USTC & TLEP), in addition to LUNC.

Plan of Action

We intend to undertake a number of steps and aligning ourselves with various groups under the Terra network. We have forged good relations with these groups who work on behalf of the community to rebuild the Luna Classic Network and look forward to not only continuing them, but doing our part to support the community.

In conjunction with the groups, we plan on issuing a number of proposals that will help lay the foundation of the future of the Luna Classic Ecosystem.

Proposals:

Proposal 1, to altar Proposal 3568.

3568 implemented a parameter that states LUNC cannot mint coins while supply is at or over 10 Billion.

Problem:

By disallowing minting, this shuts off the ability to allow LUNC<>USTC swapping. This means that we will **NOT** be able to restart USTC, burn either USTC OR LUNC via swaps, and eventually repeg USTC.

The second flaw is that it says once it reached 10 Billion Tokens the tax will be discontinued. This means that it will never fall below 10 Billion tokens to allow for the minting/burning process which could help bring it lower.

It will also take a lot longer to bring down total supply by burning via transaction tax alone. If swapping is allowed that could further help reduce the circulating and total supplies of LUNC.

Solution:

Remove parameters of total token supply whereas 3568 disallows minting of tokens until LUNC falls below 10 Billion.

Proposal 2 - New fund to help pre crash holders

LFG reserves & allocation of 0.1% Of transaction fee to go to old holders who have lost money due to the crash be put into a new fund to help pre crash holders recover lost savings. This needs to be run by a separate 3RD party who's sole purpose is to ensure the fair distribution of the funds.

To convince LFG to place the remaining funds into a trust to be held on behalf of the pre crash holders. This will be held until the new fund can surpass the value of this account. Once that happens then these funds are to be released to a new vault to help ustc restore and maintain it's peg.

Proposal 3. - To convince Validators to accept the the Terra Rebel software update.

Details to come.

Proposal 4 - **Removing Do Kwon, and TFL from any leadership role over LUNC & USTC for now and in the future.**

Details to come

Proposal 5 -

Details to come.

Rebuilding The Network.

1. Work on Lunc is already underway and the new software is being tested and readied to be updated. LUNC to become "Terra Classic DAO"
2. USTC - fixing the Algorythmic Stablecoin is our top priority. USTC has 2 options and both have pro's & con's. It can either become a part of the Terra Classic DAO, which can impede it's abilities to act like a stablecoin. We need to decide if this is the best solution for Terra Classic DAO, or allowing USTC to be part of a larger private network (Eclipse). This will be de idea on by the community in a transparent manner.
3. Ensure the network saftey and work to preventing another crash from ever happening again.

USTC Algorythmic Stablecoin

We need to look at a number of issues simultaneously in order to restart and protect the ecosystem.

1. Fix the Algorithmic system
2. Re-Enable Swapping
3. Restore the peg to $1 USD value.

4. Restore All USTC sub-currencies pegged to various countries' currencies.
5. The Luna Eclipse Vault to add additional funds to help back up the peg.
6. Luna Eclipse Exchange. Create an internal swapping feature of ALL major assets.
7. USTC Restructuring.
8. Adding Value

Algorithmic system

We need to ensure we create buffers, or as I call them gatekeepers. They act like a circuit breaker that is put in place to limit large scale attacks.

The Gatekeeper will limit swaps to 10% (adjustable), of the total supply of ustc, & LUNC, (making a potential 20% max swing). As swaps naturally occur this number moves up and down.

In the event it hits one of these circuit breakers, the system stops until the system is rebalanced then restarted.

Rebalancing would happen by doing the following. In this example, LUNC increased and hot the Circuit breaker. Using part of USTC's over collateralized assets, buy x% of LUNC off the market, swap with USTC and burn the LUNC. the new USTC will go back to the USTC Vault, rebalancing both. If not enough funds are available from USTC Vault, then funds can be borrowed from LUNA Eclipse to do the same procedure. LUNA Eclipse will add an additional safety net. But if everything is set up properly it should never be needed.

Then we have smaller circuit breakers that work within Epoch, placing 10% of the 10% limits within a shorter amount of time/blocks.

If it hits one of these then it pauses until some of the swaps fall off the epoch timer. This could in theory mean a pause of seconds, minutes, or in a larger scale attack, the full epoch time if someone tried to move a large amount all at once.

If the smaller circuit breakers are getting hit in one transaction, (or small group within a very short time), more than once by the same wallets, the team is alerted so steps can be taken if necessary.

Steps CAN include setting up a disclaimer that they would need to check/sign before swapping stating something like "any attempt to harm the system whether it is on purpose, or by error, could result in your wallet being restricted from participating in the program". This will not lead to the wallet getting banned in the system, just from swapping, so they can still sell their tokens on the open market. Depending on the level of threat it could be time limited or permanent.

Re-Enable Swapping

In order to re-start Swapping, minting must be re-enabled. This will rely on a successful proposal to remove the 10 Billion Token cap on LUNC.

Second the Algorithmic system needs to be updated to prevent attacks causing another catastrophic event like what occured in May 2022.

Restore the peg to $1 USD

Collaboration with @kayserirum with Terra Rebels.

Burning mechanism to peg the USTC-USD by 0.01 to start, with a daily increase of 0.0015cent
-A maximum burn rate of the 0.1% market cap of LUNC per day.
-In case the maximum burn rate gets reached in the day, the higher peg will be extended by +1 day. (The maximum burn rate of 0.1% market cap per day is to put a low pressure on the LUNC).
-When 0.1% has reached, extending the higher peg by a day makes sure the outflow of “cheap” USTC will stay that: cheap. If there is too much outflow, we dont need to raise the price of it for that moment.

Further to the above we can possibly speed up the process by obtaining a collateralized loan backed by USTC. Use the funds to purchase and burn up to 60% of the tokens, retaining up to 40%. Luna Eclipse would secure the loan, purchase and hold all tokens in trust, burning a percentage of them, then repay the debt.

sub currencies pegged to various countries currencies.

More info coming Soon

The Luna Eclipse Vault

Will be part of the private entity "Luna Eclipse", and will hold additional funds. In addition this can be used to gain financing for implementing new systems, USTC buy backs, and restoring balance when the algorithmic circuit breakers are hit by swapping backwards to restore the balance.

Luna Eclipse Exchange

Create an internal swapping feature of ALL major assets held in both USTC & Luna Eclipse vaults, enable the ability (limited to existing coins already in the Eclipse vault), to import new crypto tokens from outside the network, swapping for USTC, and or LUNC.

USTC Restructuring

Decide after great community discussions, research, including legal research if USTC remains part of the Terra Classic DAO, or become part of the private entity called "Luna Eclipse" but WILL remain fully connected to LUNC in every way it currently is regardless. This would mean the basic token remains the DAO, but the business side of it, including asset backed funds, debt, and future use options remain with Eclipse. The latter would make

the Terra Classic DAO much easier to both remain a DAO and add value to the entire system. This is a community decision and we will support either equally.

Adding Value

LUNC

1. Creating a much more stable environment will help lead to more development on chain.
2. We also plan on adding our own apps and features to further add value.

Luna Eclipse

1. NFT Marketplace on LUNC
2. Luna Eclipse Vault.
3. Luna Eclipse Exchange
4. Payment Processing including reconnecting with the Chai Network and or Square integration
5. USTC fund management.
6. Adding other coins after the stabilization of LUNC & USTC.