



SHOP Protocol

Merchant Liquidity Provisioning

White Paper

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Rolling 36-month tranches

pNFT position receipts

Crypto-native settlement

Version 3.0 - March 2026

Language English

Issued by SHOP Protocol



Executive Summary

Programme Overview

- The SHOP Protocol operates yield-generating strategy mechanics and distributes earnings to programme participants.
- Merchants are invited to participate in the programme by provisioning liquidity and receiving a share of protocol earnings.
- Each provision is structured as an independent 36-month tranche, confirmed by a digital position receipt (pNFT).
- Upon maturity, merchants receive their provisioned principal plus their accrued profit share.

The SHOP Protocol operates yield-generating mechanics across multiple strategies and distributes the results to programme participants. The Merchant Liquidity Provisioning programme is the structured path through which merchants can access these earnings: by provisioning liquidity to the protocol, they receive a direct share of what the protocol generates.

Each monthly provision initiates its own independent 36-month tranche. A merchant who provisions in March receives a maturity settlement in March three years later. A second provision in April creates a separate April tranche with its own maturity date. Over time, a personalised, predictable schedule of maturity events emerges — a structured liquidity ladder.

The pNFT — the Provisioning Non-Fungible Token — is the on-chain record of every tranche. It functions simultaneously as a position receipt, a real-time status indicator, and the settlement trigger. Merchants can inspect their pNFT at any time to understand the full state of their tranche. No technical knowledge of smart contracts is required.

The programme is designed so that both sides benefit: the protocol gains liquidity depth, and merchants gain direct participation in protocol earnings. The more merchants join, the stronger the overall result — for everyone involved.

TERM	PAYOUT	RECEIPT
36 Months per Tranche	Principal + Profit Share	pNFT (On-Chain Record)

1. THE SHOP PROTOCOL AND ITS BLOCKCHAIN FOUNDATION

The SHOP Protocol is a crypto-native protocol positioned alongside the global payments ecosystem. It operates yield-generating strategy mechanics and makes the results accessible to participants through a transparent, rules-based programme structure.

For its on-chain infrastructure, the SHOP Protocol has chosen to deploy on the ZENIQ Smart Chain — an EVM-compatible blockchain designed for high-throughput financial applications. This decision



reflects the protocol's requirements for performance, reliability, and technical precision. Token mechanics, smart contract logic, and all protocol-level settlement processes are implemented using ZEN20-compliant contracts. ZEN20 is the native token standard of the ZENIQ Smart Chain, functionally equivalent to the ERC-20 standard. Position receipt NFTs (pNFTs) and vault mechanics follow the analogous standards of the ZENIQ Smart Chain.

The choice of blockchain infrastructure is a technical and operational decision of the SHOP Protocol — one that can in principle be revisited as the protocol evolves. What is permanent is the protocol's commitment to on-chain transparency, deterministic settlement, and auditability for all participants.

1.1 The Merchant Opportunity

The SHOP Protocol operates strategy mechanics and generates earnings from them. The Merchant Liquidity Provisioning programme invites merchants to participate directly in those earnings: by provisioning liquidity to the protocol, they receive a share of what the protocol produces — tracked transparently, settled on-chain, and confirmed by a pNFT for every tranche.

Merchants provision liquidity and participate in earnings. The protocol manages the strategies. Both sides benefit from the arrangement — and the programme is designed to make that as straightforward as possible.

1.2 Why This Programme for Merchants?

The Merchant Liquidity Provisioning programme addresses a structural gap that most merchants face: they operate within or adjacent to payment ecosystems that generate substantial economic activity, yet they rarely have direct access to the financial performance that activity produces.

The SHOP Protocol changes that equation. By provisioning liquidity, merchants gain:

- Direct participation in protocol earnings — not as a promise, but as a protocol-defined mechanism
- A transparent, traceable position for every provision, anchored on-chain via pNFT
- A predictable maturity schedule that creates plannable settlement events over time
- The ability to re-provide at maturity, compounding their position across multiple cycles

2. CORE MECHANICS

The Merchant Liquidity Provisioning programme is built on a clear and deliberately simple architecture: merchants provision crypto assets to the SHOP Protocol on a recurring basis. Each provision is structured as an independent tranche with a fixed 36-month term. Upon maturity, the merchant receives the full provisioned principal plus their accrued share of protocol earnings.

2.1 The Rolling Tranche System

The defining feature of the programme is its rolling architecture: each individual provision initiates its own independent 36-month timer. There is no shared start date across provisions and no collective maturity event.



In practice: a merchant who provisions in March 2026 holds a tranche maturing in March 2029. A second provision in April 2026 creates a separate, independent tranche maturing in April 2029. After several months of regular provisioning, the merchant holds a personal maturity schedule — a predictable, staggered stream of settlement events, each anchored to its own provision date.

PROVISION MONTH	TRANCHE ID (ILLUSTRATIVE)	MATURITY DATE
March 2026	TR-2026-03-001	March 2029
April 2026	TR-2026-04-001	April 2029
May 2026	TR-2026-05-001	May 2029
June 2026	TR-2026-06-001	June 2029
July 2026	TR-2026-07-001	July 2029
August 2026	TR-2026-08-001	August 2029

Illustrative rolling tranche schedule showing independent maturity dates per provision month

For the merchant, this creates a structured portfolio of tranches with sequential, plannable settlements rather than a single distant payout event. For the protocol, rolling maturities produce a naturally smoothed liquidity curve — inflows and outflows distributed across time rather than concentrated at discrete points.

2.2 Provisioning — Not a Deposit

The SHOP Protocol uses the term provisioning deliberately. A provision is not a deposit in the banking sense. It is the crypto-native allocation of assets to the protocol, creating a discrete tranche — an independently accounted unit with its own metadata, lifecycle status, and settlement logic. Each provision is tracked separately, settled independently, and fully traceable at the tranche level at all times.

3. THE PNFT: YOUR ON-CHAIN POSITION RECEIPT

For every tranche created, the SHOP Protocol issues a pNFT — a Provisioning Non-Fungible Token. The pNFT is the on-chain record of each provision. It is considerably more than a digital collectible: it functions simultaneously as a position receipt, a real-time status indicator, and the settlement trigger. Merchants can inspect their pNFT at any time to see the complete state of their tranche — without any technical knowledge of smart contracts.

3.1 pNFT Data Fields

FIELD	MEANING FOR THE MERCHANT
Owner (Wallet)	Who currently holds this tranche?



FIELD	MEANING FOR THE MERCHANT
Tranche ID	Unique identifier for this provision
Principal (Installed Base)	The provisioned amount for this tranche
Start Date	When did the 36-month term commence?
Maturity Date	36 months from the start date
Profit Accrual Model	Which ruleset governs earnings allocation
Status	Active / Matured / Redeemed / Re-provided
Accrued Profit	Cumulative profit share allocated to date

3.2 Tranche Lifecycle

Every tranche progresses through clearly defined states, ensuring the status of any provision is unambiguous and verifiable at all times:

- 1 Active**
The tranche is bound and actively participating in monthly profit accounting. Provisioned capital contributes to the protocol's liquidity depth and is tracked in real time.
- 2 Matured**
The 36-month term has elapsed. The tranche is eligible for settlement. The merchant may now elect full redemption or re-provide into a new tranche.
- 3 Redeemed**
The tranche has been fully settled. Principal plus accrued profit share have been transferred to the merchant's wallet.
- 4 Re-provided**
The merchant has elected to re-provide. The amount has been re-provisioned as a new 36-month tranche and a new pNFT has been issued.

Illustrative example: Merchant Alice provisions for the first time in March 2026 and immediately receives her pNFT. Over the following months, accrued profit accumulates within the pNFT as the protocol generates and distributes earnings. In March 2029, the status transitions to "Matured" — Alice may now request full settlement or re-provide the full amount into a new tranche to continue participating in the protocol's performance.

4. YIELD MECHANICS AND PROFIT SHARE

The SHOP Protocol operates yield-generating strategy mechanics and distributes the results to programme participants. Merchants who provision liquidity receive a direct share of what the



protocol earns.

4.1 How the Protocol Generates Yield

A modular Strategy Router distributes provisioned liquidity across multiple yield-generating mechanisms. The Router is designed to be strategy-agnostic: it defines allocation classes and interfaces without being bound to any single strategy, preserving operational flexibility and the ability to adapt as market conditions evolve.

The principal yield categories include:

- Liquidity provision to decentralised trading pools generating fee-based income
- Concentrated liquidity positions for enhanced capital efficiency
- Interest and treasury-adjacent yield from DeFi-native protocols
- Working-capital mechanics: financing of settlement windows and payment flow management
- Execution and routing mechanics for systematic efficiency capture

The protocol manages these strategies with the objective of generating consistent, measurable returns. Merchants do not need to understand or actively manage any of these mechanisms — their role is to provision; the protocol handles the rest.

4.2 Profit Share Calculation

At regular intervals — typically monthly — the protocol consolidates realised earnings into a Profit Pool. This pool is distributed to all active tranches according to a protocol-defined allocation model. Distribution is deterministic and fully auditable.

Standard Allocation Model: Time-Weighted Distribution

Each tranche receives a share of the Profit Pool proportional to its size and remaining term. A larger tranche receives a greater allocation than a smaller one. A tranche with significant remaining term is weighted more heavily than one approaching maturity.

$$\text{Tranche Share} = (\text{Principal} \times \text{Remaining Months}) / \text{Sum of all Active Stake Units}$$

This model rewards merchants who provision early and sustain their participation over time.

Alternative models are configurable: a simple pro-rata model based solely on principal, and a vintage model that additionally weights the tranche start date. The applicable model is always recorded within the pNFT and is therefore unambiguously attributable.

4.3 Principal Floor and Downside Protection

The protocol protects merchants from negative profit distributions: only a non-negative Profit Pool is eligible for distribution in any given snapshot interval. Should a given interval produce no positive result, no profit share is distributed for that interval. The provisioned principal — the Installed Base — is entirely unaffected and guaranteed as the settlement floor.



In plain terms: the profit share can never be negative. The provisioned principal is the minimum amount a merchant will receive at settlement. The profit share is strictly additive — it arises from positive protocol results and is never drawn upon to cover losses.

5. SETTLEMENT: MATURITY AND PAYOUT

When a tranche reaches the end of its 36-month term, the pNFT transitions to “Matured” status. Settlement is immediately available to the merchant. Payout execution is deterministic and fully governed by protocol rules — no manual approval processes are required.

5.1 The Settlement Formula

$$\text{Payout} = \text{Installed Base} + \text{Profit Share}$$

Provisioned Principal + Accrued Earnings from Protocol Performance

The Installed Base is the immutable principal of the tranche — the amount recorded on the pNFT at provisioning. The Profit Share is the earnings allocation accumulated over 36 months through periodic Profit Snapshots recorded in the Profit Ledger.

5.2 Crypto-Native Settlement

Settlement is executed entirely in crypto assets. The SHOP Protocol does not implement fiat functionality at the protocol level. Merchants who wish to provision or receive settlement in fiat currency may engage external third-party providers (on-/off-ramps) to handle conversion. From the protocol's perspective, this is entirely transparent: the tranche begins with on-chain provisioning and concludes with on-chain settlement, irrespective of the merchant's preferred fiat interface.

A wide range of established crypto service providers offer straightforward on-ramp solutions. Following settlement, the received crypto amount can be converted to fiat with equal simplicity. The SHOP Protocol can provide guidance on compatible third-party providers upon request.

6. RE-PROVIDING: STAYING IN THE PROTOCOL

At maturity, merchants are under no obligation to receive a full cash settlement. The SHOP Protocol offers a re-providing option: the matured amount — or any chosen proportion of it — may be re-provisioned directly as a new 36-month tranche, extending the merchant's participation in the protocol's performance.

6.1 How Re-Providing Works

At maturity, the payout is allocated according to a configurable ratio the merchant defines: one portion is transferred as a cash settlement, and the remainder is re-provisioned as the Installed Base of a new tranche. A new pNFT is issued immediately for the re-provided amount, and the 36-month cycle begins again.



SCENARIO	CASH SETTLEMENT	NEW TRANCHE (RE-PROVIDED)
Full Redemption	100% of matured amount	—
50% Re-provide	50% of matured amount	50% as new tranche
Full Re-provide	—	100% as new tranche

6.2 Re-Providing Incentives

The SHOP Protocol may deploy configurable incentive mechanics to further reward merchants who choose to re-provide:

- **Re-provide Boost:** elevated weighting in profit accounting for re-provided tranches
- **Loyalty Coefficient:** progressive benefits for merchants executing multiple consecutive re-provides
- **Fee Discounts:** reduced protocol fees for merchants actively utilising the re-provide option

The specific values of these parameters are communicated separately as protocol policy and are not embedded as fixed commitments.

6.3 The Compounding Effect Over Time

Merchants who re-provide their profit share rather than withdrawing it increase the Installed Base for the next cycle. A larger Installed Base carries greater weight in profit accounting and therefore generates a potentially larger profit share allocation in subsequent periods.

Across multiple cycles, this effect compounds: each re-providing cycle positions the merchant to capture a larger share of the protocol's growing Profit Pool. The result, over time, is a progressively stronger participation in the very performance that the merchant helped build.

7. PROGRAMME LIFECYCLE: STEP BY STEP

The following describes the complete programme lifecycle from the merchant's perspective — from initial onboarding through to settlement or re-provision.

1

Onboarding & Enrolment

The merchant registers within the SHOP Protocol. Registration anchors merchant identity and the agreed Programme Terms on-chain. Upon completion, the merchant is authorised to provision — all subsequent interactions are wallet-based.

2

Monthly Provisioning

The merchant provisions crypto assets to the protocol on a monthly basis. Provisioning may be executed manually or via signature-based authorisation for automated recurring execution. Each provision creates a new, independent tranche.



3

pNFT Issuance and Confirmation

Upon each successful provision, a pNFT is issued immediately. The pNFT is visible in the merchant's wallet and displays all relevant tranche information in real time.

4

Ongoing Profit Allocation

Monthly, the protocol consolidates realised earnings into a Profit Pool and distributes allocations to all active tranches proportionally. The cumulative profit share of each tranche grows incrementally within its pNFT.

5

Maturity and Merchant Decision

After 36 months, the pNFT status transitions to "Matured". The merchant may elect full cash settlement, full re-provision, or any combination. This decision is entirely at the merchant's discretion and is not subject to a time constraint.

6

Settlement or Re-provision

In the case of cash settlement, principal plus accrued profit share are transferred to the merchant's wallet. In the case of re-provision, a new pNFT is issued for the re-provided portion and a new 36-month cycle begins. Both events are permanently logged on-chain.

8. TRANSPARENCY AND REPORTING

Full on-chain transparency is a core design commitment of the SHOP Protocol. All material protocol events are logged immutably on-chain and are permanently, publicly verifiable — without requiring any trust in a central reporting entity.

8.1 On-Chain Event Log

- Merchant registration with wallet address and Programme Terms
- Each provision with asset type, amount, and timestamp
- pNFT issuance (mint) with full tranche metadata
- Lock status and commencement of the 36-month term
- Monthly Profit Snapshots with pool size and allocation model reference
- Status transitions: Active Matured Redeemed / Re-provided
- Re-provision events with legacy pNFT reference and new pNFT identifier

8.2 Merchant Dashboard

A merchant-facing dashboard surfaces all relevant programme data in a clear, accessible format — without requiring direct interaction with the blockchain. Key metrics available at a glance:

- All active tranches with start date, maturity date, and current Installed Base
- Accrued profit share per tranche and in aggregate
- Upcoming maturities (6-month forward view)
- Historical Profit Snapshots and their per-tranche impact



- Total provisioned principal across all active tranches
- Status and history of closed tranches (Redeemed / Re-provided)

All displayed data is derived directly from on-chain ledger records. The dashboard presents protocol data in merchant-readable form — the underlying source remains the immutable on-chain log at all times.

9. TECHNICAL APPENDIX

This section is addressed to technically oriented readers and provides a concise overview of the protocol architecture and the standards to which the SHOP Protocol refers.

9.1 Protocol Architecture (Layered Model)

LAYER	FUNCTION
Merchant Layer	Merchant registration, wallet mapping, Programme Terms
Provisioning & Staking	Tranche creation, pNFT issuance, 36-month lock mechanics
Strategy Router	Strategy-agnostic capital allocation across yield categories
Accounting Layer	Principal Ledger (Installed Base) + Profit Ledger (accrued_profit)
Settlement Layer	Deterministic payout at maturity; optional re-provision execution

9.2 Technical Standards Reference

STANDARD	APPLICATION WITHIN THE PROTOCOL
ZEN20 (equiv. ERC-20)	Underlying assets on the ZENIQ Smart Chain
ZEN721 (equiv. ERC-721)	pNFT as a non-fungible tranche object on the ZENIQ Smart Chain
ERC-4626 (conceptual)	Reference pattern for tokenised vault interfaces
ERC-6229 (conceptual)	Reference pattern for vaults with lock-in periods
ERC-2612 / EIP-712 (conceptual)	Signature-based authorisation (Permit) for UX optimisation

9.3 Configurable Parameter Overview



PARAMETER	DESCRIPTION	DEFAULT / RANGE
term_months	Tranche duration	36 months (fixed)
snapshot_interval	Profit snapshot frequency	Monthly
profit_accrual_model_id	Profit share allocation model	Time-weighted
reprovide_ratio	Re-provision proportion at maturity	0-100% (merchant choice)
distribution_mode	Profit distribution method	Maturity-only / Merkle Claim
permit_enabled	Signature-based authorisation	Configurable
reprovide_boost	Bonus weighting for re-provided tranches	Configurable
loyalty_coefficient	Benefit multiplier for consecutive re-provides	Configurable

9.4 On-Chain Protocol Events

- mint — pNFT created (tranche_id, owner, installed_base, maturity_ts)
- contribution — provision executed (asset, amount, tranche_id)
- allocation — capital allocated to yield category (aggregate level only)
- profit_snapshot — monthly snapshot (ProfitPool_t, model_id, optional Merkle root)
- maturity — tranche reaches maturity_ts; status transitions to Matured
- redeem — cash settlement executed (Installed Base + Profit Share transferred)
- reprovide — re-provision executed (reprovide_ratio, new_tranche_id)

10. FREQUENTLY ASKED QUESTIONS

Do I need to be a crypto expert to participate?

No. The SHOP Protocol is designed so that merchants require no technical knowledge of blockchain technology or smart contracts. The dashboard and onboarding process guide participants through each required step. The protocol provides support for wallet setup and on-ramp navigation where needed.

What happens if I skip a month?

Participation is entirely voluntary on a month-by-month basis. If a merchant does not provision in a given month, no tranche is created for that period. All existing active tranches continue to run normally and remain fully eligible for profit accounting.

Can I transfer or sell my pNFT?



The pNFT is technically transferable as a ZEN721-compliant token. Whoever holds the pNFT is the economically entitled party for the associated tranche. Whether and under what conditions a transfer is permissible is governed by the Programme Terms agreed at onboarding.

What is the expected profit share?

The exact profit share depends on the overall performance of the protocol and the relative weighting of the merchant's own tranches. Since it derives from realised results, it cannot be specified in advance. The SHOP Protocol publishes regular reporting on realised Profit Pools and their distribution, enabling merchants to track the development of their positions over time.

What happens at maturity if I take no action?

The tranche remains in "Matured" status and awaits the merchant's decision. There is no automatic forfeiture and no time pressure. The merchant may initiate settlement or re-provision whenever they are ready.

11. LEGAL NOTICES

This whitepaper serves exclusively as a description of the Merchant Liquidity Provisioning mechanism at the protocol level. It does not constitute investment advice, an offer to purchase or sell securities or financial instruments, and is not to be construed as a product recommendation.

The mechanics, parameters, and yield models described herein are configurable and shall not be interpreted as binding commitments or guarantees. All specific values, terms, and conditions are set out in the Programme Terms agreed during the onboarding process.

Crypto assets are subject to material price volatility. Holding, provisioning, and settling crypto assets may entail regulatory, tax, and technical risks that vary by jurisdiction. Merchants are advised to seek independent legal and tax counsel before participating in the programme.

The SHOP Protocol accepts no liability for losses arising from the use of third-party services (on-/off-ramps, wallets) or from market-driven fluctuations in asset values. This document does not replace independent due diligence, legal advice, or individual risk assessment.