

Hestia (HESTIA) - Litepaper

January 2025

Hestia (HESTIA) is a new deflationary store-of-value (SoV) token built on Base Chain by the community behind Ultraround Money. Inspired by the success and lessons of CIRCLE — Ultraround Money’s pioneering deflationary token on Base — Hestia aims to *expand and build upon* CIRCLE’s core functionality with fresh utility.

Hestia’s core mechanism, the **Hestia Chaos Engine (HCE)**, is designed to continuously reduce token supply, accumulate protocol reserves, and reinforce the deflationary loops of both HESTIA and CIRCLE.

This Litepaper offers a high-level overview of how Hestia works, its primary architecture, and its upcoming roadmap.

Background

Ultraround Money emerged in early 2024 on Base Chain as a novel approach to deflationary tokens. As its foundational asset, CIRCLE’s main deflationary force comes from Uniswap V3 trading fees — especially fees generated on sell transactions. Hestia builds upon CIRCLE’s deflationary foundation, but uses a different strategy to strengthen long-term value:

1. Hestia’s primary liquidity pair is HESTIA/USDC (instead of CIRCLE/ETH). By pairing with a stablecoin, Hestia can better stabilize its store-of-value functionality.
2. Reserve accumulation is baked into the protocol, rather than relying solely on pool trading fees.
3. Liquidity injection and reduction mechanics (through Hestia’s specialized functions) help maintain a dynamic balance between token supply and *protocol-owned* USDC reserves.
4. Reinforcement of CIRCLE is possible by transferring reserve assets to CIRCLE’s own Chaos Engine to help keep CIRCLE’s burn loops active, even in low-volume conditions.

Key Architecture

Deflationary Mechanisms

Above all, Hestia is designed to shrink its circulating supply over time, which can drive token scarcity and potentially support higher price floors through deflation. Deflation is achieved through two main channels:

1. Direct Burns

The protocol's smart contracts can buy HESTIA from the open market using its USDC reserve and then send those tokens to a permanent burn address, removing them from circulation forever.

This direct buy-and-burn mechanism is particularly useful when HESTIA's market price dips, allowing the protocol to leverage its own stablecoin reserves to aggressively reduce supply at a lower cost.

2. Reduced Liquidity

Through a process often called "liquidity contraction," the HCE can remove small portions of HESTIA (and associated USDC) from the liquidity pool. The HESTIA portion from this removal is burned, while the USDC portion flows into either the protocol reserve or it is immediately used to buy and burn more HESTIA (if the reserve is already at capacity).

Over time, repeated liquidity reduction not only lowers the total token supply available for trading but also helps the protocol accumulate USDC in its reserve.

Together, these deflationary actions — direct burns and liquidity reductions — are at the core of Hestia's tokenomics. By continuously removing tokens, Hestia aims to reward long-term holders with a steadily appreciating (or at least more scarce) asset.

USDC Reserve

The USDC reserve is a critical piece of infrastructure that underpins Hestia's ability to both generate trading volume and maintain price support:

1. Collecting Fees & Stabilizing Price

Whenever trades occur within the HESTIA/USDC pool, a portion of the fees collected flows directly back into Hestia's contract. Over time, these fees build in USDC, giving the protocol a significant stablecoin treasury.

If HESTIA's market price shows weakness, the protocol can deploy some of that USDC in its reserve to buy and burn tokens, helping stabilize or even push the price upward.

2. Injecting Liquidity

Hestia can combine its reserve of USDC with its own supply of HESTIA tokens to add more liquidity to the pool if necessary. This helps the market stay liquid and reduces slippage for traders.

3. Supporting CIRCLE

Hestia's design isn't purely self-focused. It can also send WETH (by first converting its USDC) to CIRCLE's own Chaos Engine, or it can send USDC directly to the Ultraround Multi-Sig. This capital infusion can help keep CIRCLE's burn loops active, especially during periods of low trading volume when burns slow due to the lack of collected fees.

By maintaining a healthy USDC reserve and adjusting it dynamically, Hestia can act as both a safety net for its own price and a reinforcer for CIRCLE's deflationary strategy.

The Automater

The Automater is a specialized wallet (or contract role) that holds the power to configure Hestia's core functions — Smoke Fees and Hestia's Rage. Rather than fully relinquishing ownership, the HCE grants selective control to the Automater for critical parameters such as:

- **Liquidity Reduction Rate:** How much liquidity to remove during Hestia's Rage.
- **Burn vs. Reserve Ratios:** How collected tokens and USDC are allocated (i.e., burned, stored, or sent to CIRCLE).
- **Timing Intervals:** How often each function can be triggered.
- **Reserve Capacity:** How much USDC to keep on hand for future buy-and-burn actions.

By allowing the Automater to fine-tune these settings, Hestia can adapt to changing market conditions. Initially, the Automater is overseen by the team, ensuring a balance of safety and responsiveness. In later phases, these controls will transition to an AI agent, introducing an intelligent, programmatic layer of governance that further automates and optimizes Hestia's deflationary strategy.

Ultraround Money Ecosystem Benefits

Ultraround Money is an evolving, community-led ecosystem built around innovative, deflationary SoVs on Base Chain — starting with CIRCLE and now expanding to include HESTIA. By weaving these tokens together, the Ultraround Money community is creating a self-reinforcing value framework of liquidity, deflation, and shared brand development.

Reinforcing CIRCLE's Burn Mechanism

CIRCLE's burn process relies on fees generated by trading volume. During low-volume market periods, fewer fees accumulate in the CIRCLE/ETH pool, and the pace of CIRCLE burns slows.

Through its Chaos Engine, Hestia can deploy WETH to CIRCLE's Chaos Engine or Ultraround Money Multi-Sig. This additional capital jumpstarts trading volume and fee generation within CIRCLE's pool — even during periods of very little volume. By fueling extra trades, Hestia helps

extend and amplify CIRCLE's deflationary loop, preserving CIRCLE's core vision of continuous token burning.

Now, both CIRCLE and HESTIA burn tokens to reduce supply, but they do so in different ways — CIRCLE depends primarily on trading volume, while HESTIA leverages its USDC reserve and liquidity removal. As Hestia burns its own supply, it can **simultaneously funnel resources** into CIRCLE. This creates a *dual-deflationary effect* across the ecosystem, where each token's scarcity is enhanced by the other's actions.

Collaborative Branding and the Ultraround Money Multi-Sig

HESTIA and CIRCLE both carry the Ultraround Money label, benefitting from shared marketing initiatives, brand recognition, and a united community front. The community-driven **Ultraround Money Multi-Sig** can accumulate USDC from Hestia's fees and redeploy it for ecosystem-wide marketing — whether that means sponsoring new DeFi products, listing campaigns, or developing new cross-chain integrations.

As HESTIA attracts a wave of new users (drawn by its USDC pairing and deflationary design), that expanded user base also discovers CIRCLE, boosting overall ecosystem participation. Plus, In challenging market conditions, HESTIA's stablecoin reserves can backstop or buy up tokens, helping to stabilize both HESTIA and (indirectly) CIRCLE.

The dual token setup between HESTIA and CIRCLE provides a strong foundation for new ventures — such as additional Chaos Engines, bridging to other chains, or implementing AI-driven automators. Each advancement in one token's protocol can be adapted or extended to reinforce the entire Ultraround Money ecosystem.

The CIRCLE/HESTIA Flywheel:

1. Users trade HESTIA in the HESTIA/USDC pool, generating fees.
2. The Hestia protocol collects and allocates these fees, growing its USDC reserve.
3. The Hestia Chaos Engine burns HESTIA supply and optionally directs excess stablecoins to CIRCLE, supporting CIRCLE's burn mechanics.
4. CIRCLE experiences increased trading volume, generating more fees and fueling its own deflation, which in turn draws more attention and liquidity to Ultraround Money.
5. Both tokens benefit from an ever-growing user base and a multi-sig that can strategically invest in marketing, future products, and additional deflationary loops.

Ultimately, HESTIA and CIRCLE are designed to **elevate each other**: one token's strengths (Hestia's stablecoin reserves and advanced liquidity management) compensate for the other's weaknesses (Circle's reliance on volume), creating an ecosystem that can thrive across varying market conditions.

Roadmap & Phases

Presale

- A brief two-week presale phase to distribute HESTIA tokens.
- No team allocation. HESTIA will launch fully-diluted at 1,000,000 tokens.
- If the presale hits its cap (i.e., \$200K), presale buyers will own ~30% of total supply.

Phase 0 (First Month)

- Focus on establishing a healthy liquidity-to-market cap ratio.
- Protocol will accumulate USDC reserves from trading fees and “Smoke Fees.”
- Minimal liquidity reductions; main focus is on building up reserves.

Phase 1 (Six to Nine Months)

- Begins systematic liquidity reduction (by about 1% per day, gradually scaling down).
- Significant amounts of HESTIA get burned as supply contracts.
- The USDC reserve capacity grows when market prices are favorable and invests in further burns when prices dip.
- CIRCLE’s Chaos Engine receives meaningful support (in WETH).

Phase 2

- Kicks off once at least 50% of HESTIA’s supply has been burned.
- The Hestia Chaos Engine’s Automator role is slated to be handed to an AI agent, introducing programmatic governance.

Key Links

- **Website:** <https://ultraroundmoney.com/hestia>
- **Telegram:** <t.me/UltraRoundMoney>
- **Author (X):** [@zachariasx_eth](https://twitter.com/zachariasx_eth)
- **CIRCLE Whitepaper:** ultraroundmoney.com/circle/whitepaper.pdf