

Indigo Innovation Proposal: V2030RS, Tokenized RWA, BTC-Fi & Privacy

Proposer: Indigo Foundation

Requested Funding: 3,850,000 ADA (2026 Fiscal Cycle)

Objective: Indigo aims to bring the first truly institutional-grade, tokenized RWA solution to the Cardano ecosystem with iUSDt. By linking Cardano with institutional liquidity funds, powering Bitcoin DeFi markets on Indigo, and developing shielded iAssets on partnerchain ecosystems, Indigo seeks to pioneer a landmark revenue-sharing model with the Cardano Treasury.

1. Strategic Rationale: Vision 2030 Revenue Share

This proposal introduces the Vision 2030 Revenue Share framework, a formal commitment to the long-term fiscal sustainability of the Cardano ecosystem that also aligns with [Cardano Vision 2030](#). Moving beyond the traditional grant-and-delivery model, Indigo is proposing a synergistic financial relationship designed to create a sustained revenue stream for the Cardano Treasury of up to 10% of Indigo Protocol revenue, after protocol costs, to the Cardano Treasury, akin to a residual revenue share model that scales with growth and adoption.

1.1 Defining the Framework

Under the Vision 2030 Revenue Share model, the Indigo DAO, upon a ratified governance motion on-chain, would commit up to 10% of all protocol revenue generated directly from the products developed through this proposal (Institutional Tokenized RWAs, BTC DeFi Primitives, and Shielded iUSD/iAssets on Midnight) will flow back to the Cardano Treasury from day one of the go-live of each new product. In addition to the revenue share model, the Treasury also benefits from greater adoption and Indigo users' contributions via network fees.

- **Perpetual Duration:** This revenue share is established from day one and continues with no "sunset clause" or cap on the total ADA returned, ensuring that as Indigo scales, the Cardano Treasury scales alongside it.
- **On-Chain Transparency:** All yield distributions to the Treasury will be executed via quarterly, auditable on-chain transfers, providing DReps and the community with verifiable proof of the Treasury's return on investment.

- **Treasury Return:** With this 10% share, the Cardano Treasury shifts from a passive funding source to an active participant in the success of the ecosystem's flagship protocols.

1.2 Indigo's Track Record of Revenue Generation

Revenue share with the Treasury is not a theoretical projection. Indigo has already demonstrated its ability to function as a revenue-generating protocol on Cardano. As of February 2026, Indigo's performance metrics underscore our capacity for high-volume revenue generation:

- **Cumulative Protocol Revenue:** Indigo has generated over \$8.55 million USD in gross protocol revenue to date. These revenues stem from programmatic protocol operations, which include mint/burn fees, redemptions, and interest from loans.
- **Systemic Reliability:** During periods of broader market volatility, Indigo's over-collateralized architecture and dynamic stability pools managed debt without creating a deficit.
- **Established Yield Infrastructure:** The protocol currently distributes sustainable yield to INDY stakers and stability providers, primarily in ADA. The V2030RS model extends this existing distribution architecture directly to the Cardano Treasury. By routing a portion of this revenue flow back to the ecosystem fund, we create a verifiable dividend stream that returns value on the Treasury's initial investment.

1.3 Mutual Success Alignment / Pioneering a New Benchmark for Treasury Revenue Sharing

As the demand for Treasury resources continues to grow, it is critical that the Treasury is consistently replenished in a manner that sustains it over time and extends the ecosystem runway. We aim to pioneer a new standard with this proposal, making our proposed structure a viable model for any project receiving funding from the Treasury. This shift is essential to maintain the long-term health of the broader Cardano ecosystem.

The V2030RS model ensures that Indigo's development ambitions are mutually aligned with the community's fiscal interests. Marrying Indigo's innovation expansion to the Treasury's growth creates a synergistic relationship whereby the sustainability efforts of Indigo and the Cardano Treasury are in lockstep.

2. The Macro Landscape: Indigo Innovations at Scale

2026 marks a definitive transition for the global financial architecture, characterized by the systematic integration of distributed ledger technology into institutional capital markets. This convergence has moved beyond the "proof-of-concept" stage into a production-ready stage, with Institutional DeFi and Real-World Asset (RWA) tokenization serving as the primary drivers of digital asset growth.

The "DeFi vs. TradFi" dichotomy is increasingly obsolete, replaced by a unified financial infrastructure that leverages the transparency of public ledgers with the regulatory rigor of traditional banking.

- **Market Expansion:** High-fidelity projections from Boston Consulting Group (BCG) and ADDX underscore a \$17 trillion opportunity for tokenized assets by 2030, representing nearly 10% of global GDP. While firms like McKinsey & Company project a more conservative \$2 trillion to \$4 trillion baseline, the consensus is clear: the tokenization sector is scaling from a niche experiment into a multi-trillion-dollar macroeconomic pillar.
- **Institutional Momentum:** The RWA market has achieved unprecedented scale. As of early 2026, the sector has exploded, with the total value of tokenized RWAs (excluding stablecoins) surpassing \$21 billion. A massive driver of this growth is tokenized public-market assets—specifically U.S. Treasuries—which crossed the historic \$10 billion milestone in February 2026, pushing the broader sector toward Coinchange's \$30 billion forecast for year-end.
- **The "Kinetic Finance" Era:** The industry has officially entered what OKX Ventures defines as the "Kinetic Finance" era. The focus for 2026 has decisively shifted from basic network throughput to supreme capital efficiency and T+0 settlement. Institutional participants are actively prioritizing protocols that offer high-velocity, yield-bearing primitives—such as tokenized T-Bills—to serve as the deeply liquid reserve assets of the digital economy.

Strategic Implications for the Cardano Treasury

For an ecosystem like Cardano, the rise of Institutional DeFi presents a critical opportunity to absorb "sticky," risk-averse capital. By deploying institutional-grade infrastructure, such as hybrid-collateralized stablecoins and privacy-preserving partnerchain rails, the ecosystem can transition from a retail-centric network to a global hub for tokenized financial instruments.

2.1 The RWA Evolution: T-Bill Backed RWA “iUSDt” (MVP)

The Foundation’s vision for the next phase of Indigo’s development is an expansion from stablecoin and synthetic asset issuance toward broader Real-World Asset (RWA) infrastructure on Cardano. Rather than replacing the existing synthetic model, this evolution extends it to enable high-quality, tokenized reserve assets to integrate into Indigo’s minting framework in a modular and risk-managed manner.

Global capital markets are increasingly moving toward faster settlement cycles and continuous liquidity. Tokenized U.S. Treasury products have emerged as one of the first widely adopted institutional RWAs. As this sector matures, Cardano requires credible, transparent infrastructure capable of supporting such assets within its native accounting model.

The proposed MVP focuses on enabling iUSDt to be backed by tokenized short-duration U.S. Treasuries through compliant and auditable structures. The intent is not to prescribe a single custodial, issuance, or integration pathway, but to establish the architectural and risk framework necessary to support yield-bearing RWAs on Cardano in a standards-aligned manner.

Positioning Within the Tokenized Treasury Market

As of early 2026, tokenized U.S. Treasuries represent one of the fastest-growing categories within digital assets, exceeding \$10 billion in aggregate value across multiple issuers and platforms. Large asset managers and fintech firms have entered the space, validating institutional demand for blockchain-native access to short-duration government debt.

However, these new institutional RWA products are deployed in competitive ecosystems or through permissioned platforms. Cardano currently lacks a native RWA solution to meet forecasted institutional demand for tokenized US Treasury Bonds and other assets.

In addition to the benefits to protocol minting design detailed above, this MVP aims to close that infrastructure gap on Cardano by:

- Enabling Cardano-native tokenized RWA issuance supported by institutional-grade reserve assets
- Preserving the composability of DeFi while respecting regulatory and custody requirements
- Providing an alternative design aligned with Cardano’s extended UTxO accounting model

This creates several strategic advantages:

- **Treasury Management Utility**

DAOs, startups, and corporate treasuries operating on Cardano gain access to lower-volatility reserves without exiting the ecosystem.

- **Institutional Familiarity**

Asset managers and traditional finance participants recognize short-duration Treasuries as a standard liquidity instrument, reducing conceptual friction for capital onboarding.

- **Stablecoin Credibility**

Stable assets supported by transparent, high-quality reserves strengthen confidence relative to purely algorithmic or volatile collateral models.

Scope of the MVP

At a high level, a T-Bill backed iUSDt structure would rely on a legally separate issuing entity that holds short-duration U.S. Treasuries through a regulated financial custodian. The custodian safeguards the securities in segregated accounts, while independent reporting and reconciliation processes verify the value of reserves - aka “Proof of Reserves.” On-chain minting of iUSDt would be programmatically constrained by verified collateral data, ensuring that token supply remains aligned with off-chain assets. The protocol itself would not directly hold government securities; rather, it would provide the transparent accounting and governance framework that links reserve verification to controlled issuance.

From a user perspective, iUSDt would resemble a yield-bearing stablecoin with clearly defined minting parameters, reserve disclosures, and redemption mechanics established at the entity level. The MVP would focus on validating custody standards, reporting transparency, and risk controls before scaling. Specific custodians, jurisdictions, or legal structures may evolve over time, but the guiding principle remains consistent: segregated Treasury reserves held by regulated institutions, paired with on-chain enforcement of collateral limits and transparent governance oversight.

This proposed MVP does not assume a single custody provider, issuer, or legal wrapper. Instead, it aims to build a flexible, standards-compatible framework with regulatory agility.

Strategic Outcome & V2030RS Integration

By enabling T-Bill backed iUSDt in a measured, transparent, and modular manner, Indigo establishes Cardano’s first institutional-grade tokenized RWA framework, positioning the

network to participate in one of the most highly anticipated segments of on-chain finance. Economic activity generated by this RWA infrastructure such as minting fees and protocol revenue derived from RWAs is sent into the V2030RS pipeline. This ensures that as institutional liquidity enters the ecosystem, a return flows back to the Cardano Treasury

2.2 Bitcoin DeFi Integration: Unlocking the Strategic Reserve

The current fiscal year marks a pivotal shift in the conceptualization of Bitcoin. Market analysis from Input Output (IOG) and broader industry analysts suggest that Bitcoin is on the verge of transitioning from a passive "Digital Gold" into a primary productive asset. By facilitating the movement of BTC liquidity into the Cardano DeFi ecosystem via non-custodial credit systems, we will be positioned to unlock billions in latent value.

- **Harvesting Stored Value:** Market analysis indicates that billions of dollars in latent Bitcoin value remain "trapped" in cold storage due to a lack of secure, non-custodial credit protocols. Indigo's BTC DeFi primitives will provide the necessary infrastructure for non-custodial credit plays, allowing users to mint stablecoins against BTC collateral to deploy for yield, effectively turning Bitcoin into a more liquid and productive asset.
- **Strategic Alignment:** By positioning Cardano as a premier smart contract and "Security Layer" for Bitcoin, Indigo leverages the unmatched scale of Bitcoin's \$1.7T+ market cap (as of Jan 2026) to deepen Cardano's TVL and transaction velocity.

Scope of the MVP: xBTC as a Native Collateral Primitive

The MVP focuses on the technical whitelisting and integration of xBTC (and other ZK-verified BTC wrappers) as one of the primary collateral assets within Indigo. This allows Bitcoin holders to take loans against their BTC and mint iAssets (such as iUSD) natively on Cardano without relinquishing control of their private keys—a non-negotiable requirement for institutional participants.

Strategic Outcome & V2030RS Integration

The BTC DeFi MVP is designed to be a key driver for new inflows and revenue to the ecosystem. 10% of net new protocol revenue generated from BTC-backed positions will flow directly to the Cardano Treasury via the V2030RS framework.

2.3 The Privacy Moat: Shielded Liquidity via Midnight

In 2026, privacy is becoming a defining competitive moat for blockchain networks. As argued in recent a16z crypto strategic outlooks, the lack of confidential transactions has been a key barrier preventing global finance from moving entirely on-chain.

Selective Disclosure for Compliance

The integration of Midnight introduces “Rational Privacy” to the Indigo ecosystem — Midnight’s core design principle that combines programmable privacy with regulatory compatibility. Midnight enables shielded transactions and selective disclosure, allowing institutions to protect sensitive corporate strategies and financial positions while retaining the ability to disclose required information to auditors and regulators when necessary.

Midnight’s documentation outlines its approach to selective disclosure and privacy-preserving compliance via zero-knowledge cryptography and programmable disclosure controls.

“Secrets-as-a-Service”

Indigo’s integration aligns with the “secrets-as-a-service” model advocated by venture firm a16z Crypto, which argues that zero-knowledge infrastructure enables private computation, confidential smart contracts, and protected business logic on public blockchains.

Midnight’s zero-knowledge architecture allows:

- Confidential state updates
- Private smart contract execution
- Programmable disclosure permissions

This model is particularly important for Real-World Asset (RWA) tokenization, where ownership records, compliance data, and transactional details often require legal confidentiality while remaining verifiable.

Scope of the MVP: Shielded iAsset Framework

Indigo will develop a dedicated instance on the Midnight Partnerchain to facilitate shielded iAssets. This MVP allows participants to hold and transact Indigo assets (such as iUSD or iBTC) with default privacy, mitigating the risk of “informational leakage” where proprietary institutional strategies are broadcast to the public market.

Strategic Outcome & V2030RS Integration

By establishing Indigo as a flagship brand for Cardano’s Partnerchain architecture, 10% of protocol revenues via transaction fees and “shielding premiums” generated within the Indigo instance on Midnight will flow back to the Cardano Treasury via the V2030RS framework. This ensures that as Indigo captures market share for confidential DeFi, the resulting value is

systematically shared with the Cardano Treasury. We feel that it's paramount for any Midnight participation from legacy Cardano dApps to serve and provide real value to Cardano, and revenue sharing frameworks such as V2030RS, can help to achieve the intended result of Midnight lifting Cardano.

The Institutional Confidentiality Framework

Integrating Midnight is an intentional architectural choice to provide the confidentiality layers required for global institutional adoption. In 2026, the primary barrier for large-scale capital is not security, but the operational necessity for confidentiality.

- **Strategic Privacy (Mitigating Informational Leakage):** On a standard public ledger, high-volume institutional movements are publicly observable, which can lead to informational leakage regarding proprietary strategies. Midnight would allow Indigo to offer shielded positions, ensuring that sophisticated participants can manage large-scale liquidity and debt without broadcasting their internal corporate actions to the broader market.
- **Selective Disclosure for Regulatory Compliance:** Indigo could utilize Midnight to bridge the gap between decentralization and global regulation. Through Zero-Knowledge Proofs (ZKPs), institutions can maintain private-by-default transactional records while retaining the ability to provide selective disclosure to authorized auditors and regulators.
- **Confidential Asset Settlement:** The Real-World Asset (RWA) market involves sensitive legal frameworks and institutional verifications (KYB). Indigo would leverage Midnight as a secure environment for processing this data, ensuring that sensitive administrative details remain confidential while final asset settlement is secured on the Cardano mainnet.
- **Ecosystem Strategic Value:** This integration establishes Indigo as one of the flagship brands for Cardano's Partnerchain architecture. By offering a secure, privacy-enabled DeFi primitive, Indigo opens the ecosystem to sectors requiring rigorous data handling, aligning with requirements for a scalable DeFi platform.

3. Budget Breakdown

Milestone	Deliverable	ADA Allocation
I. RWA Compliance	Legal and Compliance Indigo Finance Corp & Subsidiary Network set-up	2,300,000 \$455k USD (market rate/avg. cost) + \$235k USD (1.175 FTE)
II. RWA Core	Tokenized T-Bill Smart Contracts & Oracle Integrations	550,000 \$165k USD (0.825 FTE)
III. Bitcoin DeFi & Midnight Integrations	Develop collateral rails for whitelisting xBTC from IO-developed solutions. Develop an Indigo core MVP instance on Midnight	300,000 \$90k USD (.45 FTE)
IV. Audits	Multiple Tier-1 Global Security Audits (following Indigo's 0-exploit history) Pre & Final Audits	600,000 \$180k USD (market rate/avg. cost)
V. Open Tooling	RWA-specific SDK expansion and Cardano Treasury Custom Dashboard for Yield Tracking	100,000 \$30k USD (.15 FTE)

Budget Rationale & Fiscal Responsibility

To ensure the highest level of accountability, Indigo utilizes a professional-grade treasury management strategy and real-world banking for money management.

These budgetary line items are based on Indigo's five-year history of delivering complex DeFi infrastructure in addition to a multitude of open-sourced ecosystem tooling, as detailed below.

The conversion rate used for calculating the value of each deliverable is \$0.30 per ADA. The price has further declined during the time period of proposal creation, so we feel that the conversion rate used is justifiable, should the price of ADA range sideways for a time.

We also feel it is prudent to use the Amaru set standard for Treasury value rationale, re FTE, aka Full Time Equivalent. We used a value of 200k USD as we expect a combination of executive, developer, product and legal resources will be needed to retire all objectives over a 12/mo period or less.

While this proposal allocates compensation values (FTE) for exactly 2.6 FTE consulting roles, it should be understood that funds for protocol development and support will be distributed amongst ten core contributors who currently occupy roles at the Indigo Foundation and 3rd Eye Labs. We have not built in compensation values for just several core contributors, but ten people in total.

The Indigo Core Team believes this is a worthy cause to bring Indigo and Cardano to the forefront of the tokenized RWA landscape to compete for institutional liquidity.

- **Core & Compliance (2.85m ADA):** This covers the cost of Indigo Finance Corp. and any necessary wholly owned subsidiaries, including new entity establishment, legal/regulatory framework, core development, jurisdictional licensing, and establishing mission-critical service provider relationships for asset custody. V2030RS applies to this build.
- **Security Audits (600k ADA):** Indigo maintains a "Zero-Exploit" history. We've contracted trusted auditors (e.g., Tweag, MLabs, SundaeSwap Labs, TX Pipe) whose fees reflect the institutional rigor required to secure multi-billion dollar tokenized RWA inflows.
- **Midnight & BTC DeFi (300k ADA):** This allocation funds the remaining core development required to whitelist xBTC as a primary collateral asset in V3 of Indigo Protocol, in addition to the deployment of MVP instances of shielded iUSD and iAssets on Midnight, advancing partnerchain adoption through proven Cardano-native solutions. In collaboration with IOG re BTC-Fi, these funds also support strategic business development and marketing campaigns to secure the liquidity deals necessary for the broader adoption of these Bitcoin and privacy-enabled primitives. V2030RS applies to these builds.
- **Open Tooling (100k ADA):** Professionalizing the developer experience is essential for solution scaling. This allocation funds the expansion of Indigo's open-source TypeScript SDKs to include RWA-specific functions.

V2030RS Forecast Summary

With an averaged annual revenue of approximately 4.66M ADA since the V2.0 launch in April 2024, the Indigo Protocol offers a structure for the Cardano Treasury to receive return benefits from their ecosystem investment. By dedicating 10% of protocol revenue from funded mechanisms back to the Treasury through V2030RS, the requested 3.85M ADA funding functions as a productive investment with a clear trajectory for repayment. While baseline revenue levels ensure full treasury recovery over a longer horizon, alignment with the Cardano Pentad's strategic 10x TVL growth objective significantly accelerates this timeline, with potential payback periods ranging from 0.8 to 2.4 years depending on the scale and speed of adoption. This model ensures that as Indigo expands its mission critical infrastructure, the Cardano Treasury directly captures a share of value.

The following table outlines the cumulative contribution to the Cardano Treasury and the estimated payback period for the 3.85M ADA grant across various growth scenarios. This projection and V2030RS framework ensures that as Indigo scales, the Cardano Treasury directly captures the resulting economic value, transforming a one-time grant into a perpetual, yield-bearing asset for the network.

Scenario	Year 1 Contribution	Cumulative (Year 5)	Est. Payback Period
Low (No TVL Growth)	466,263 ADA	1,909,387 ADA	8.26 Years
Medium (Flat 5x Growth)	2,331,317 ADA	11,656,585 ADA	1.65 Years
High (Flat 10x Growth)	4,662,634 ADA	19,093,870 ADA	0.83 Years
Gradual 5x (1x -> 5x)	932,527 ADA	8,859,004 ADA	2.81 Years
Gradual 10x (2x -> 10x)	932,527 ADA	13,987,901 ADA	2.38 Years

4. The Indigo Standard: A History of Delivery

It's important to consider the track record that makes Indigo and its core contributors a low-risk partner for the Cardano Treasury.

Builder Philosophy

Indigo has fundamentally lowered the barrier to entry for Cardano developers by creating a suite of critical tools for the ecosystem. Our contributions are production-ready repositories:

Indigo Protocol Engineering & SDKs

- **Indigo Typescript SDK:** [IndigoProtocol/indigo-sdk](#)
The standard for interacting with Indigo smart contracts.
- **Dexter SDK:** [IndigoProtocol/dexter](#)
Customizable SDK for seamless integration across major Cardano DEXs.
- **Iris Indexer:** [IndigoProtocol/iris](#)
High-performance TypeScript indexer for DEX-related on-chain data.
- **Plutus PAB TypeScript SDK:** [IndigoProtocol/plutus-pab-sdk](#)
Foundational library bridging Haskell smart contracts to web front-ends.

Protocol & Operational Tooling

- **Indigo Protocol (Core):** [IndigoProtocol](#)
Open-source smart contracts for Indigo V1, including the on-chain minting policies and validators that govern iAsset issuance, and CDPs.
- **Indigo Autopilot:** <https://github.com/IndigoProtocol/Indigo-Autopilot>
A sophisticated, non-custodial automation framework that allows institutions to delegate the real-time management of collateral ratios and debt positions to a secure algorithmic layer, removing the operational burden of 24/7 manual oversight.
- **Indigo Market Maker Bot:** <https://github.com/3rd-Eye-Labs/openmm>
A high-frequency liquidity management system that maintains tight bid-ask spreads and deep order books for iAssets, ensuring institutional-grade execution and minimal slippage for high-volume participants.

AI and AI Agents

- **Chakra:** <https://chakra-ai.io/>
A dedicated AI Agent Launchpad designed to deploy and manage agents that can interact with apps.
- **MCP - Agent Skills:** <https://github.com/IndigoProtocol/indigo-mcp>
A modular library of Model Context Protocol capabilities enabling these autonomous agents to execute complex protocol tasks, such as CDP rebalancing and governance participation.

Protocol Fundamentals

- **Zero Bad Debt:** Through the extreme volatility of 2023, 2024 and 2025, Indigo maintained 100% solvency, highlighting the economic integrity of its core design. While other protocols on various chains were insolvent due to mass liquidations and maintenance interruptions, Indigo's CDP (loan) model remained "always on."
- **100% Uptime:** Indigo has survived every major market downturn since 2022 without a single system failure.
- **Catalyst Reliability:** Every Catalyst-funded project to date has been fully developed and either closed out or is awaiting final milestone approval, aside from one. We believe this is in the spirit of integrity and in order to prove brand credibility and brand recognition for treating the grant funding process honestly and fairly.
- **Indigo Ecosystem Sustainability:** The Indigo Ecosystem has several key pillars structurally supporting the Indigo Protocol. The Indigo DAO, which controls the protocol through on-chain governance, the Indigo Foundation that represents the DAO in the real world and implements its initiatives, and finally, the Indigo Service Providers who support all mission-critical functions of the protocol, including its continued development.
- **The Institutional Benchmark:** The Fineqia DeFi ETN is the most significant validation of Indigo's institutional readiness. This institutional-grade investment vehicle was built primarily incorporating Indigo's iAsset suite.

In Conclusion

Indigo remains committed to establishing Cardano as a premier destination for institutional capital by delivering resilient, high-utility financial infrastructure. Our track record of protocol solvency and consistent technical delivery serves as the foundation for the Tokenized RWA, Midnight, and Bitcoin integrations outlined in this proposal. Through the V2030RS framework, we are transitioning into a mutually beneficial, revenue-sharing partnership that directly aligns Indigo's success with the long-term growth of the Cardano Treasury.

Indigo has diligently worked to support only the Cardano ecosystem for over 5yrs to date and we believe this proposed revenue share framework signals Indigo's commitment to Cardano. It's our intention to build the best DeFi and real-world product suites here, and remain in full alignment with the collective success of the Cardano ecosystem. We invite the community to support this evolution as we work together to scale the ecosystem's economic impact and sustainable future.