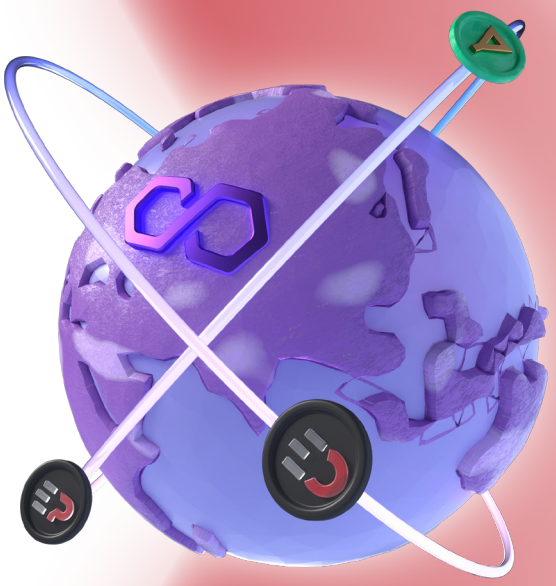
Deswap



Deswap - Litepaper

Version : June 2021

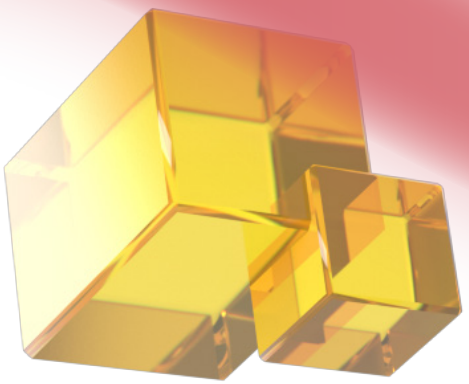
Worlds First Synthetic Stablecoin Lending Protocol built on Polygon Chain

C O N T E N T S

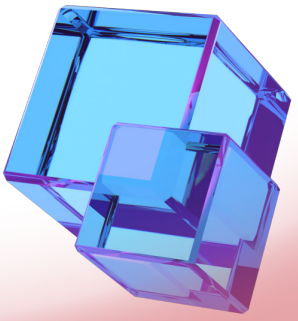
On the Polygon chain, the Deswap (DAW) Protocol is designed to enable a comprehensive algorithmic money market protocol. The protocol designs are based on Venus and Aave, and they are synchronised into the Deswap platform, combining the advantages of both systems into one.

Deswap Is the first ever low gas and fastest decentralised lending and borrowing protocol which is capable of doing 80k transactions per second built on Polygon chain to solve the issues of slow block confirmations and high gas fee . Our vision is to build the complete Decentralised Lending and Borrowing ecosystem on Polygon chain with the fastest block confirmations technology which was ever built in Blockchain industry.Users can use their cryptocurrencies by committing over- collateralized coins as collateral to the our ecosystem, which may then be borrowed. This offers a safe lending environment in which the lender get paid an annual compounded interest rate (APY) per block and the borrower is charged interest on the crypto borrowed.The protocol sets these interest rates in a curve yield, in which the rates are automated based on the demand of a certain market, such as top cryptos. The ability to use the collateral provided to the market not only to borrow other assets but also to mint synthetic stablecoins with over-collateralized positions that safeguard the foundation with very low gas fee and fastest block confirmations is what sets Deswap apart from other money market protocols.These synthetic stablecoins are backed by a cryptocurrency basket rather than a basket of fiat currencies. Deswap makes use of the Polygon chain to conduct rapid, low-cost transactions while also gaining access to a large network of wrapped tokens and huge liquidity.

P R O B L E M S



A diversified financial ecosystem has been generated from the emergence of decentralised finance. These ecosystems are built directly on blockchains, which are transparent and verifiable via cryptography. Smart contracts are pre-coded, codified programmes. They have replaced third-party decision-makers with new platforms without the need for a central authority. Today's traditional world values a number of factors, including creditworthiness, verified income, and collateral like homes and cars, before a lender can provide financial assistance to a user. Traditional lenders do not enable digital assets and cryptocurrencies to be pledged and used to receive loans or earn interest rates for providing them to the lenders and banks.

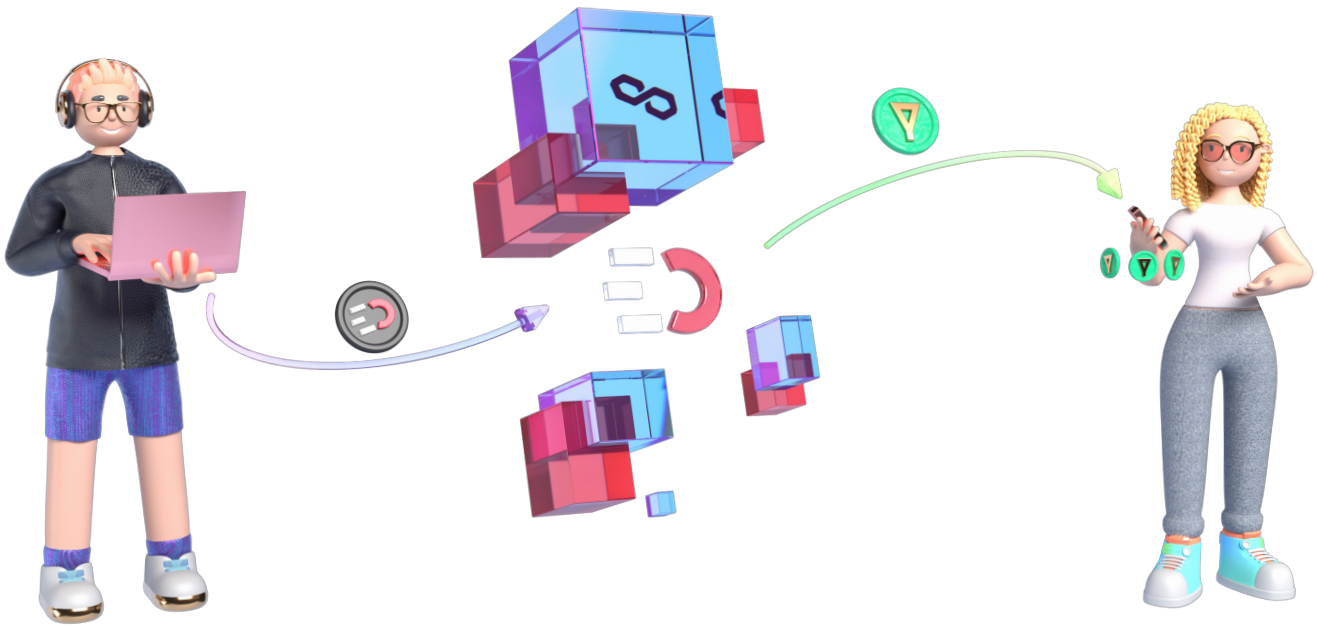


The networks like BSC and ETH became too expensive and Very slow and the current many existing protocols also lack the major market assets . Though we aren't the first in the market to connect decentralised financial services with conventional loans, nor is it the first protocol to bridge the gaps between these conventional services and blockchains. In order to remain secure, there have been protocols that have used billions of dollars in assets held inside the protocols.

Current protocols like Compound, Have appear to be very centralised, since the decision-making power is mostly held by stakeholders and private equity investors. Decentralization is not part of their distribution strategy. A further $1 billion worth of Ether[3] are being held as unproductive MakerDao Contracts, which come at a significant expense to those that issue assets. In addition, to utilise assets to mint stablecoins, a user must convert it from a money market protocol to a smart contract, remove any benefits of the underlying asset as collateral, and put the item into cold storage.

S O L U T I O N

We are majorly focusing to solve the current major fee and slow transactions problems by building out lending and borrowing ecosystem on Polygon chain which can handle 80k transactions per second.Accessibility and a benefit to locked collateral are achieved when an established money market is linked to synthetic stablecoin creation. By using Polygon chain, any user may easily access a high- speed and low transaction cost blockchain with collateral, earn interest on that collateral, use it to borrow against, and manufacture stablecoins instantly. Using a graphical user interface, these solutions will happen immediately on the blockchain. By using this protocol, billions of dollars' worth of wealth are unlocked which is presently in the form of on-chain loans such as Bitcoin, XRP, Litecoin, and more. In addition, the participant is provided access to real-time liquidity.



DESWAP – THE FIRST SYNTHETIC STABLE COIN PLATFORM BUILT ON POLYGON

THE ECOSYSTEM FEATURES :

You can borrow cryptocurrencies and stablecoins, like the USD-pegged Tether, with no credit check or prior deposits on the Polygon Chain.

Provide cryptocurrencies and stablecoins as well as fixed-interest payment models and earn a variable interest rate as compensation for providing liquidity on the network that is secured by assets over-collateralized by multiple times -their value.

Running through the biggest blockchain platforms, users can access stablecoins backed by their collateral that can be used at over all over the world.

OUR SYNTHETIC STABLE COIN(YAI)

To begin, the Deswap Protocol(DAW) will allow users to mint YAI (YAI), a synthetic stablecoin pegged to the price of $1 USD, by using the yTokens from the underlying collateral already submitted to the protocol. Users may borrow up to 50% of the remaining collateral value in their yTokens to mint YAI.Stablecoins on the Deswap Protocol can be created synthetically and added as a proposal through Governance. The protocol's default stablecoin will be YAI, which can be created using collateral previously committed in Deswap.

OUR GOVERNANCE TOKEN(DAW)

Deswap's core has been developed to facilitate both team and communal control. To establish a proposal, a proposer will need 500,000 DAW, and the proposal must be accepted by a quorum of at least 1,000,000 DAW.

LIQUIDITY PROVIDERS

The platform's customers may choose to employ enabled cryptocurrencies or digital assets as collateral in the creation of loans, or to provide liquidity, and earn an APY. Enabling lenders to act as borrowers, while also securing collateral, is made possible via supplying assets like as bitcoins or digital assets to Deswap. A variable- based interest rate will be paid out to users dependent on how much of the yield curve is used in that market. Any user supply is held in smart contracts where all user resources are pooled and so that users may withdraw their resources when the protocol balance is positive.

BORROWERS

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LIQUIDATION

While the Deswap ecosystem is mature with some educated users and liquidators, the calibration of the parameters is aggressive because the ecosystem is maturing and the users have formed their own ideas and values.

INTEREST RATES

Interest rates are set for each market based on both the supply and demand. In the same manner as fiat currencies, interest rates apply to synthetic stablecoins as well, such as dUSD.

Yield curves for markets that can be borrowed or supplied change in response to supply and demand, and they are dynamic as well. This interest rate is also determined based on the protocol's governance procedure.

To mint stablecoins with synthetic interest rates, these interest rates are constant. In these interest rates, there is no variable interest rate design. This allows the users to control things, however, through the Governance process, they are able to do so.

RESERVE FACTORS

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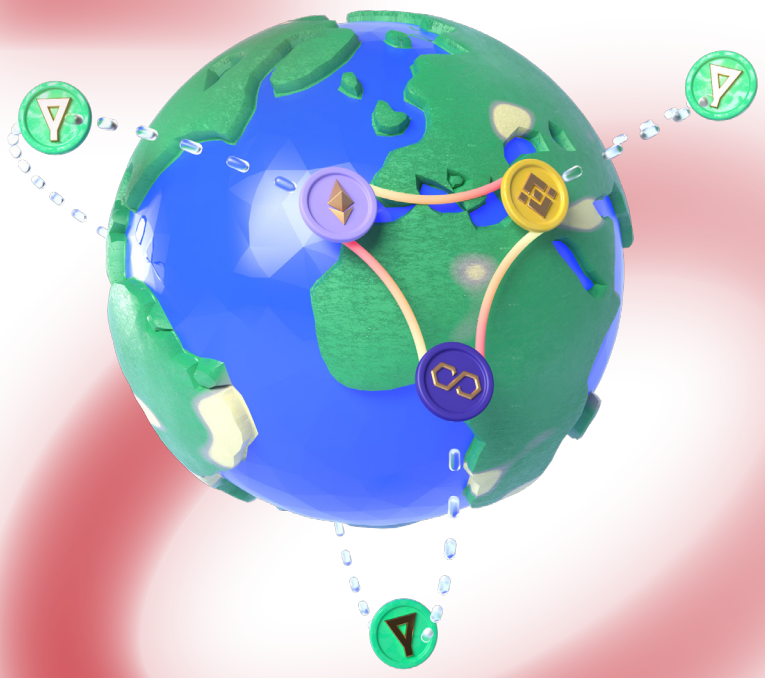

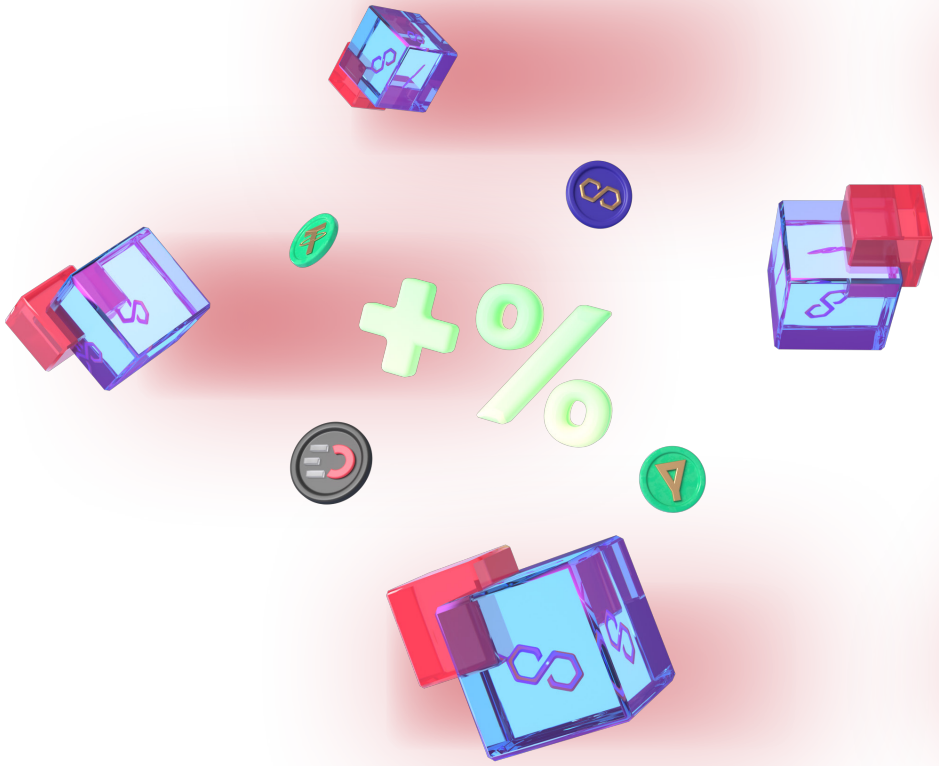

CONGLUSION

The Deswap Protocol is a decentralised and secure marketplace allowing platform users to lend loans, collect interest, and mint synthetic stablecoins. The protocol is created on the brand new polygon chain, which eliminates the current blockchain's present bottlenecks in terms of congestion, a dearth of cross-chain compatible assets, and excessive transaction costs. These standards are combined to provide a scalable solution for the money market that is entirely regulated by the its governance token called DAW.

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