UDEFI White Paper

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1. Abstract

This technical white paper explains some of the features and future functionality within UDEFI ecosystem and real business behind the scene. The UDEFI ecosystem is built by a group of talented and inspired system, software and hardware developers. Most of them remain anonymous and stay behind the scenes. The UDEFI ecosystem comprises several decentralized cores that are operating at the same time in parallel with high performance and efficiency. Imagine them collectively as a supercharged Intel multi-core processor and the difference is we are adding more cores constantly, hence it's limitless. The UDEFI ecosystem includes decentralized exchange, synthetic assets, lending and borrowing and real estate tokenization cores etc. The

most important part is that the whole decentralized ecosystem is not only self sustainable and can grow very rapidly but also is powered and backed by real businesses core in the real world. It's one of the kind and there's nothing like this in the market. We will be explaining them in details in following sections.

1.1 Introduction

As we mentioned before the whole UDEFI ecosystem consists of many decentralized cores with each core interconnecting and communicating to one another. They include decentralized exchange, decentralized synthetic assets, real world assets tokenization brought onto blockchain, lending and borrowing, and lastly the whole UDEFI ecosystem is powered and backed by the real world businesses such as real estates, Personal Protection Equipment or PPE (i.e. face masks, medical & civilian gloves, gowns etc.), pharmacies, retail stores and manufacturers.

Within this decentralized ecosystem, we adopt two token mechanism. They are UGG(decentralized ecosystem token which currently is minted in the decentralized exchange) and USDU(stable token).

Decentralized ecosystem token namely UGG is used all across various cores such as DEX, decentralized synthetic assets, lending & borrowing etc.

2. Mining Mechanism

Within the UDEFI ecosystem both UGG and USDU serve different purposes.

- **UGG** - Decentralized exchange platform token: mined or minted in decentralized exchange through trading, swap and providing liquidity. The detail minting mechanism is explained in later section.
- **USDU** - Stablecoin soft pegged to USD at ratio of 1:1. It's created through using ETH or other major coins as collateral through different mechanism

UGG is the UDEFI ecosystem token that can be used throughout entire decentralized ecosystem. The governance token functions are not limited to governance and interest payments. It could be mainly used for:

- transaction
- Governance vote
- Liquidity incentives
- Transaction mining
- Operational cooperation
- Mortgage dividend
- Mortgage synthetic assets, etc.

Eventually the UGG will continue to capture the value generated by each individual decentralized core. UGG holders will continue to receive dividends from the agreement fee.

Dividends are automatically executed through smart contracts, so that every UGG holder can fairly share the dividends of UDEFI ecosystem development.

With governance token shares, you can join the UDEFI ecosystem community and have the right to participate in some key governance.

Token UGG distribution plan and mining rules

Maximum circulation: 60,000,000;

Different Governance Rewards

There are two kinds of rewards:

- Staking Reward = Staking Balance x ARY x (N / 525600)

- Swap Reward = AVG(daily_staking_reward/var_staking_ratio, swap_value/var_swap_ratio)

Swap Trading Commissions

Swap Example	$1,000.00	
0.30%	**$3.00**	
0.10%	$1.00	Revenue goes to project treasury wallet
0.20%	$2.00	Liquidity Provider (in respective tokens)

Withdrawal Fees

To protect the system from flash farmers there's **Withdrawal Fees** incurred from withdrawing funds out of liquidity pool.

The variable var_withdraw_cost is in range of 0.0% to 0.5% with the default setting being 0.3%. The longer staking or lock-up period the lower the var_withdraw_cost.

3. Decentralized Exchange (UDEX)

We give UDEFI decentralized exchange a name, UDEX, which is an on-chain system of smart contracts on the Ethereum blockchain. The centralized exchanges normally use order book market making. A market maker no longer specifies which prices they are willing to buy or sell ETH at. Instead, UDEX pools everyone's liquidity together and makes markets according to a deterministic algorithm. This algorithm, known as an automated market maker (AMM), quotes prices to the end user according to some pre-defined rule set.

The idea is fully realized in an improved "Constant Product Market Maker Model" design. This AMM has a particularly desirable feature where it can always provide liquidity, no matter how large the order size nor how tiny the liquidity pool. The new AMM is capable of keeping most of the slippage revenue in the pool by maintaining a healthy balances for different swap directions. When a swap happens, a market maker does not automatically apply the invariant algorithm and dis-

plays the new prices for upcoming trades. The AMM improves exchange rates for arbitrage traders slowly, over approximately a 5-minute time period. As a result, arbitrageurs will be able to collect only a portion of slippage, while the rest will remain in the pool shared among liquidity providers. High competition among arbitrageurs would not allow them to wait for the point at which the price would maximize their profit. By such a delay in price updates, the market maker would create a highly competitive environment for arbitrageurs forcing them to perform trades at less profitable prices, which in turn would add value to the liquidity providers' side.

We also initially utilizes 0.3% Swap Fee which can be lowered all the way down to 0% in the future as a way to provide more competitive prices to the market.

We introduce Referral Fee to incentivize integrations with wallets and other services that increase trading volume and additional income for liquidity providers. Referral Fee is only charged when the referral wallet is specified in transaction arguments.

4. Decentralized Synthetic Assets, Lending & Borrowing

Decentralized synthetic asset issuance protocol is built on Ethereum blockchain. Before we dive deeper into this topic, we have to examine how **USDU** stablecoin is created. For example, someone with ether

would deposit their ether into a personal smart vault that holds your ETH. In return for depositing ether as collateral, By locking ETH into smart contract, a USDU is automatically created.

These synthetic assets are collateralized by stablecoin USDU or UGG which when locked in the contract enables the issuance of **synthetic assets**. Now let's examine these two features closely. UGG holders stake UGG to create a new synthetic token, more than 600-800% (The number is set through consensus by UDEFI ecosystem community) of the value of the synthetic token must be staked as UGG. The more UGG staked and locked as collateral, the less is available in the market and the more valuable the token becomes. The other alternative is to use USDU stablecoin as collateral at 150% or 1.5 : 1 ratio to create synthetic asset token.

The UDEFI will support synthetic fiat currencies, cryptocurrencies (long and short) and commodities. UGG holders are incentivized to stake their tokens as they are paid a pro-rata portion of the fees generated through activity on UDEX, based on their contribution to the network. It is the right to participate in the network and capture fees generated from UDEX, from which the UGG token is minted. Trading on UDEX does not require the trader to hold UGG.

The oracle

Currently we use a third party world-renowned Chainlink's oracle system with our own oracle system as a back up. In the future we'll de-

ploy our own decentralized oracle system.

Lending & Borrowing

Supplying Assets

Each money market is unique to an Ethereum asset, and contains a transparent and publicly-inspectable ledger, with a record of all transactions and historical interest rates.

Unlike an exchange or peer-to-peer platform, where a user's assets are matched and lent to another user, the decentralized lending & borrowing (DLB) protocol aggregates the supply of each user; when a user supplies an asset, it becomes a fungible resource. This approach offers significantly more liquidity than direct lending; unless every asset in a market is borrowed (see below: the protocol incentivizes liquidity), users can withdraw their assets at any time, without waiting for a specific loan to mature.

Borrowing Assets

DLB allows users to frictionlessly borrow from the protocol, using either UGG or USDU as collateral, for use anywhere in the Ethereum ecosystem. Unlike peer-to-peer protocols, borrowing from DLB simply requires a user to specify a desired asset; there are no terms to negotiate, maturity dates, or funding periods; borrowing is instant and predictable. Similar to supplying an asset, each money market has a

floating interest rate, set by market forces, which determines the borrowing cost for each asset.

Risk & Liquidation

If the value of an account's borrowing outstanding exceeds their borrowing capacity, a portion of the outstanding borrowing may be repaid in exchange for the user's UGG or USDU collateral, at the current market price minus a ***liquidation discount***; this incentives an ecosystem of arbitrageurs to quickly step in to reduce the borrower's exposure, and eliminate the protocol's risk.

The proportion eligible to be closed, a ***close factor***, is the portion of the borrowed asset that can be repaid, and ranges from 0 to 1, such as 25%. The liquidation process may continue to be called until the user's borrowing is less than their borrowing capacity.

Any Ethereum address that possesses the borrowed asset may invoke the liquidation function, exchanging their asset for the borrower's collateral. As both users, both assets, and prices are all contained within the DLB smart contracts, liquidation is frictionless and does not rely on any outside systems or order-books.

5. Current Risks and Risk Mitigation Strategies

Current risks

There are several risks in the current architecture, as UDEFI ecosystem is still an experimental system and complex systems require both empirical observations and theoretical analysis. Empirical observation and theoretical analysis ensure the mechanism design aligns incentives for all players.

Risk mitigation strategies

As a decentralized ecosystem, all the cores implemented now and in the future will need access information such as price feeds from outside world through a reliable and secure oracle system. Currently we are using a 3rd party oracle system such as Chainlink to ensure the total decentralization and utmost security. In the future we will deploy our own fully decentralized oracle system.

We also placed special and novel design mechanism into smart contract coding such as utilizing private key, toggling the threshold and follow the different states of chain of command to minimize the fund losses in the event of attack or security breach.

6. Future Planning

Currently we have UDEX as decentralized exchange core and will be launching a decentralized synthetic asset core in a month. At that time we'll be introducing synthetic stock for stocks such as Apple, Amazon, Microsoft and Tesla among other major indices so that everyone from every corner of world can long or short corresponding token to stocks they eye on. Now imagine this, you can have most of real world assets tokenized such as real estate(either residential or commercial), cars, boats and airplanes through independent third party as long as it complies with regulations in local jurisdiction. The sky is de facto **Limitless**. In parallel the team is developing our own fully decentralized oracle system to be deployed in the future.

Another important area is governance, we will initiate regular community governance calls to ensure that the project's goals are aligned with the community. Another aspect of this process is a move to a formal change management process, we will allow the community to introduce change requests and to ensure that any changes to the system are well understood and considered by all stakeholders. For example, we could have all the stakeholders to vote and decide on how we invest in real estate and real business ventures. As this white paper mentioned previously: The future is **Limitless**.

7. Conclusion

In a nutshell, UDEFI is total solution that's about to revolutionize the entire financial system, and take it by storm. It will provide financial inclusion and render mass adoption. The existing decentralized cores such as UDEX is serving as the catalyst and game changer to traditional exchanges.

We welcome all of you out there joining us on this **Quest** to the limitless future of **UDEFI** and discover your superpower along the way.

Incubation

The UDEFI project is co-incubated by Canow Limited registered in Japan and ATL Capital Limited both focusing on blockchain project incubation and real business incubation. The ATL Capital adopts an entirely new venture model designed to scale blockchain community and help transition blockchain projects into the business world. The ATL Capital also has a lot of connections with real estate developers in US, India and Southeast Asian countries such as Philippines.

Token Models

UDEFI Ecosystem Token (UGG) Issuance

Total Number: 60,000,000

The UGG token will be used throughout entire UDEFI Ecosystem

Minting	Proportion	UDEFI Ecosystem Token (UGG)
UGG token holders	80%	Maintaining the continued growth of the UGG community
Team	5%	To reward the founding team and development team on contributing to the entire UDEFI ecosystem
Test phase minting	4.8%	Ensure the whole system operating correctly
Investors and shareholders	8%	Investors and shareholders
Marketing	2.2%	Marketing and promotion

The UGG tokens are minted in two phases: The first phase is the test phase (10 days) which proves that the system operates correctly followed by the second phase operating fully and properly.

Financial Risk and Disclaimer

The information contained in this Referral Memo or White Paper (hereinafter referred to as the 'Memo' or ' Referral Memo') is for potential purchasers to know and evaluate UGG. Potential purchasers should not evaluate UGG with only reference to the content of this memo, and we strongly recommend potential purchasers to conduct their own research. This project does not authorize anyone to provide any other information or other assurances about this project or UGG, and any unofficial information should not be adopted. This project is a private placement of an individual subject and does not in any way constitute an act of raising funds to the public in the form of securities. The release of UGG has been in compliance with the relevant registration authorities and exemptions for disclosure.

This referral memo is only a brief introduction to the project information and does not constitute any form of securities sales, nor is it a promotional document for the promotion of securities trading.

Anti-Money Laundering Regulations (AML)

The purchasers agree that when purchasing UGG, he/she will not participate in any form of money laundering, illegal exchange of funds and other illegal laws through UGG and its derivatives (if any). The purchaser should be aware that he/she will be prohibited from trading, redeeming and disposing of their UGG, assuming these actions are directly or indirectly involved in money laundering activities.