

DZSWAP White Paper

Multi-chain aggregation decentralized exchange based on LAYER-2

1. Introduce

1.1 Introduction

DZSwap is a cross-chain aggregation protocol incubated by the DZ Labs team. The mission of DZSwap is to provide users with cryptocurrency-based financial services, allowing various crypto assets to be exchanged in its decentralized wallet. In addition, it also provides "cross-chain exchange" to realize asset settlement in different networks without considering the limitations of typical blockchain networks. With the vigorous development of decentralized financial protocols (DeFi) and the increasing maturity of open financial markets such as lending, exchange, and derivatives, we hope to use DZSwap, combined with decentralized wallets, to create a one-stop aggregation exchange platform for developers. Provide a more free and open trading environment with users. Technical features of the project

1.2 Mission

The innovation of DeFi has brought many practical applications to the industry and promoted the development of open finance. Decentralized exchange (DEX) is a notable example. With the participation and surge of consumers, it has gradually been recognized by the market. The total pledge value of the Ethereum DeFi project has exceeded US\$60 billion (DeBank data). However, network congestion and poor scalability have led to high transaction fees. With the emergence of various Layer 2 solutions and the efforts of some side chains such as BSC and HECO, investors now have more choices. However, the barriers between blockchains still restrict the use of

assets, and DZSwap helps to deal with these restrictions.

In order to provide a more efficient and simpler trading method, we compare well-known exchanges on different chains to find the most effective transaction rate for users. In addition, we connect different blockchain networks through cross-chain protocols, and allow users to freely exchange assets without considering network barriers.

1.3 feature

No permission, anti-censorship: In any environment, anyone can access and use without permission, and does not need to pass any KYC review.

Liquidity aggregation: Users can directly access the liquidity of multiple DEXs on the corresponding network at one time through decentralized wallets, and obtain the highest quality and effective transaction prices.

Cross-chain transactions: Build a cross-chain transaction pool based on mature/potential cross-chain solutions in the market, allowing users to freely trade between multi-chain assets.

Community-driven: Innovative design based on the issuance and economic model of DZSwap Token will eventually achieve decentralized governance and community-driven development.

2. Functional module

2.1 Layered architecture

DZSwap uses a four-tier structure to ensure the integrity and symmetry of the information in the liquidity market, providing users with a safe and efficient trading

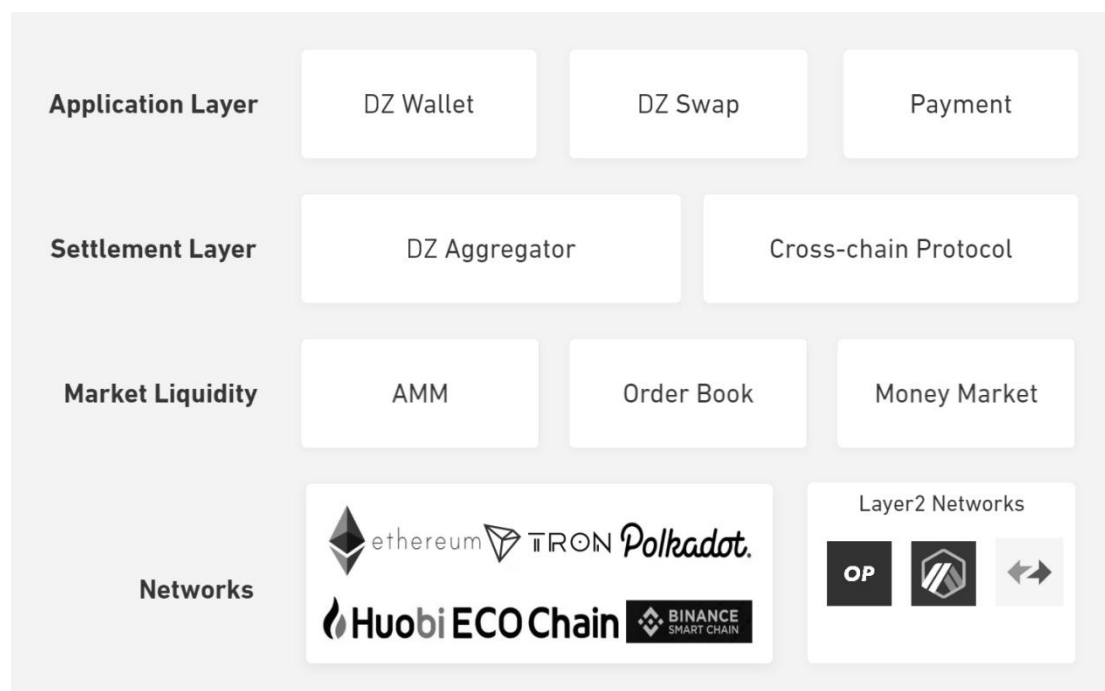
environment.

Networks (network layer): The network layer is the foundation of DZSwap, including public chain networks such as Ethereum, BSC, TRON, Heco, and the potential Layer 2 network.

Market Liquidity: DZSwap deploys aggregation protocols on different chains, connects and aggregates the liquidity of multiple high-quality DEX, and recommends the best price and transaction path for users.

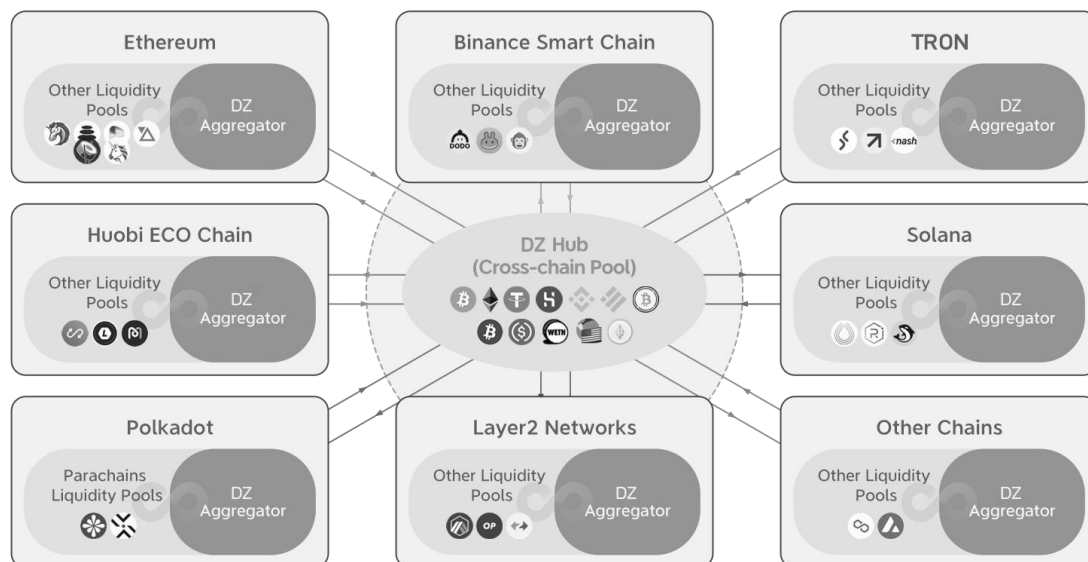
Settlement Layer: The user connects to the transaction pool through DZSwap, and completes settlement transactions through smart contracts based on private key signature authorization. On the other hand, it helps users to complete cross-chain asset conversion and settlement through cross-chain protocols and cross-chain pools.

Application Layer (application layer): encapsulate the corresponding services and smart contracts into a unified API to provide developers, and also provide a more convenient and easy-to-use front-end interface for DZSwap user transactions and payments.

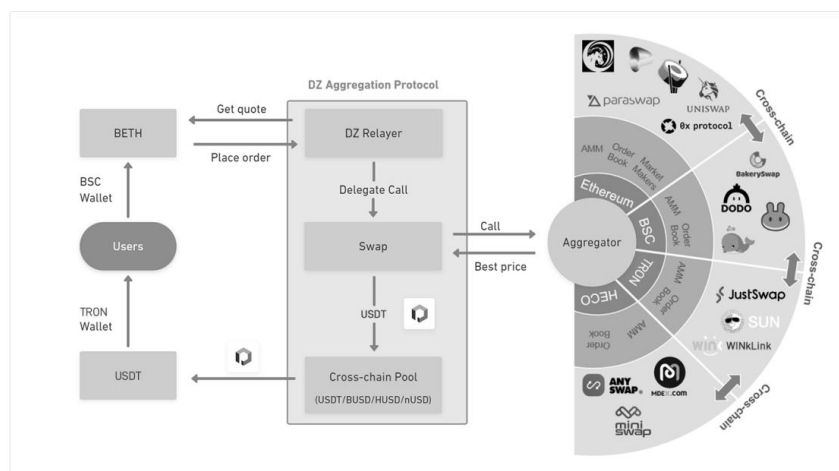


2.2 System design

The main functional modules of DZSwap include exchange aggregator (DZ Aggregator) and cross-chain pool (DZ Hub). The DZ aggregator is deployed on the mainstream blockchain to help users find the most effective transaction price and route in the corresponding network. The cross-chain pool provides users with cross-chain transaction services based on the Poly Network, and supports users to add liquidity through tokens from different chains to earn cross-chain transaction fees and DZ rewards.



2.3 DZ aggregator



Users: Users who connect to DZSwap for mining and trading through encrypted wallets.

DZ Relayer: The agent of the user and the contract on the chain. According to different needs of users, authorized agents can find the most suitable transaction path through DZSwap.

Swap: As the core interaction mechanism of the system, it receives requests from agents and realizes transaction settlement.

Aggregator: Responsible for aggregating multiple sources of liquidity on the chain to find the best price and transaction path for users.

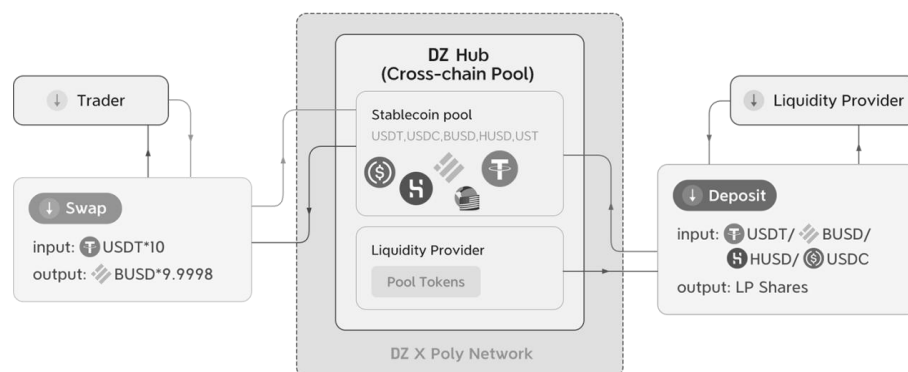
Cross-chain Pool: A cross-chain asset transaction pool based on the Poly Network cross-chain protocol to realize the free exchange of assets on different chains.

Liquidity Providers: Liquidity providers, mainly including the following sources of liquidity:

On-chain algorithms from different DEXs are automatically market makers.

An LP market maker that provides liquidity for cross-chain pools.

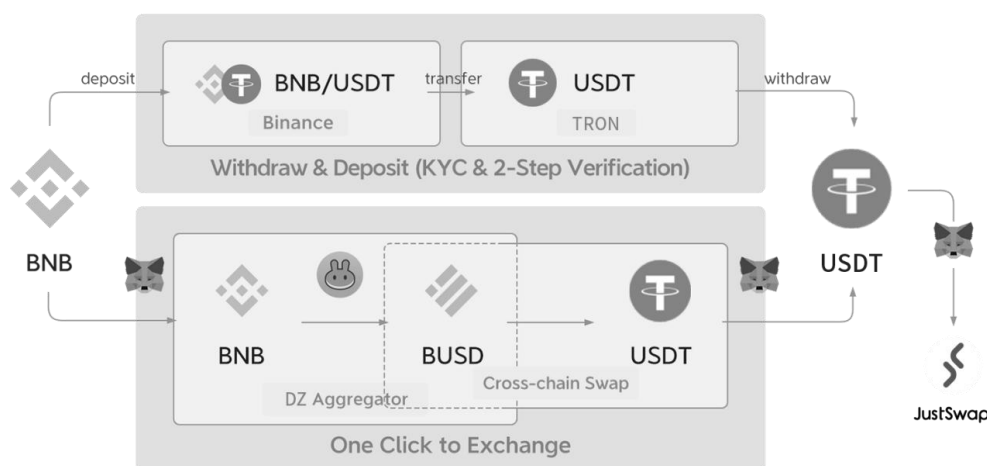
2.4 DZ cross-chain pool



DZ Hub is composed of a cross-chain asset pool and a cross-chain protocol based on Poly Network. It uses Curve's StableSwap invariant to optimize the performance of the algorithm that provides liquidity for stablecoins. The advantage of this is to provide liquidity providers with very low price slippage and greatly reduce free losses. In terms of implementation, traders can simply exchange mainstream assets across chains; liquidity providers can deposit single or multiple assets in a cross-chain pool and pledge LPs to obtain DZ rewards. Compared with the traditional Hub mechanism, this design allows users to exchange cross-chain assets without asset deposits and withdrawals, which greatly reduces the threshold for user operations/transactions

2.5 Cross-chain transaction path

For example, in the centralized route, if you want to exchange BNB on Metamask to USDT on JST, the transaction route is a complicated and cumbersome process. Traders need to deposit coins in a centralized exchange, perform two transactions through KYC and two-step verification, and finally withdraw them to a decentralized wallet and DEX. In the decentralized route of DZSwap, we provide a one-stop trading experience through aggregators and cross-chain pools, allowing traders to simply exchange multi-chain assets in their wallets. There are no account restrictions throughout the process.



3. Token Economics

3.1 Introduction

Dazzle (DZ) is a governance token issued by DZSwap. It is an important medium to promote the development of DZSwap network. Based on the economic model of DZSwap, through the community governance mechanism of tokens, all participants are encouraged to invest in the maintenance and development of the overall ecological network.

Token contract: unannounced

3.2 Economic model

In the economic model of DZSwap, there are two ways to earn DZ. First, participate in the destruction and mining of DZ. Second, you can obtain DZ through DEX transactions through DZSwap. DZ has three main uses:

Member rights: DZ holders can get interest and transaction discounts allocated by the DZSwap Treasury.

Community governance: Users can participate in community governance by staking DZ to initiate proposals and participate in voting.

Community Alliance: Different communities obtain DZ computing power by staking their respective community tokens and participate in the mining of DZSwap

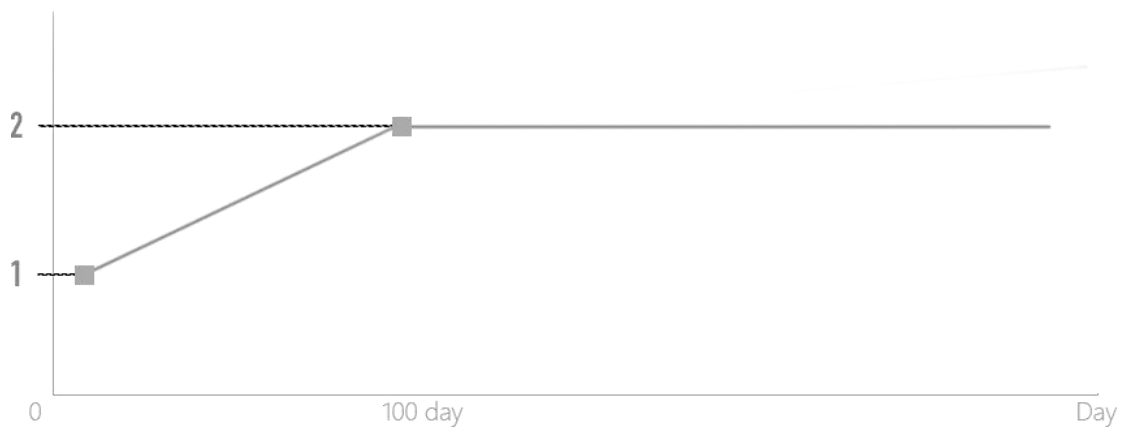
LP pledge: Users can use DZ to synthesize liquidity proof of interest (LP), which can be used for unlocking and mining.

On the other hand, all transaction costs of DZSwap will be used to repurchase DZ on

the open market on a regular basis, and will be distributed proportionally to the equity holders of DZ and the development committee.

3.3 Destroy mining

DZSwap community members obtain personal computing power by staking 100USDT+ equivalent community tokens, and at the same time, calculate the weighted computing power according to the time factor of the staking.



$$\text{TimeFactor} = 1 + 1\% \times n$$

$$\text{Personal Power} = (100 + 100)N \times \text{TimeFactor} \times 10$$

That is, if A pledged 200UST+ equivalent community tokens 10 days after starting pledge mining (for example, the TRON community needs to provide 200USDT of TRX), its personal computing power is $(200 + 200) \times 10 \times (1 + 1\% \times 10) = 4400$

Among them, DZSwap will evenly allocate the current block output DZ according to each person's capacity and the current entire network capacity.

$$\text{Personal mining} = (\text{Personal Power} / \text{network Power}) \times \text{Current Production}$$

3.4 Destruction

All DZ obtained by participating in the destruction of mining will automatically enter the black hole address, and the circulating quantity of deflationary DZ will be destroyed in real time

Participate in the destruction of mining to obtain USDT automatically buy DZ in DZSwap's DZ/USDT trading pair, and the DZ obtained by buying will be destroyed twice; the automatic pull mechanism ensures that the price of DZ rises quickly

At the same time, according to the final destruction to 210,000, it will no longer be destroyed; creating the scarcity value of DZ

3.5 Repurchase

The handling fees charged by the DZSwap platform will be used to repurchase DZ on the open market on a regular basis and be deposited in the national treasury for redistribution.

3.6 Initial liquidity

In the early days, DZ added a liquidity pool, corresponding to 21,000 USDT, 1:1 equivalent sale; at the same time, LPs that add a liquidity pool will automatically enter the lock-up state

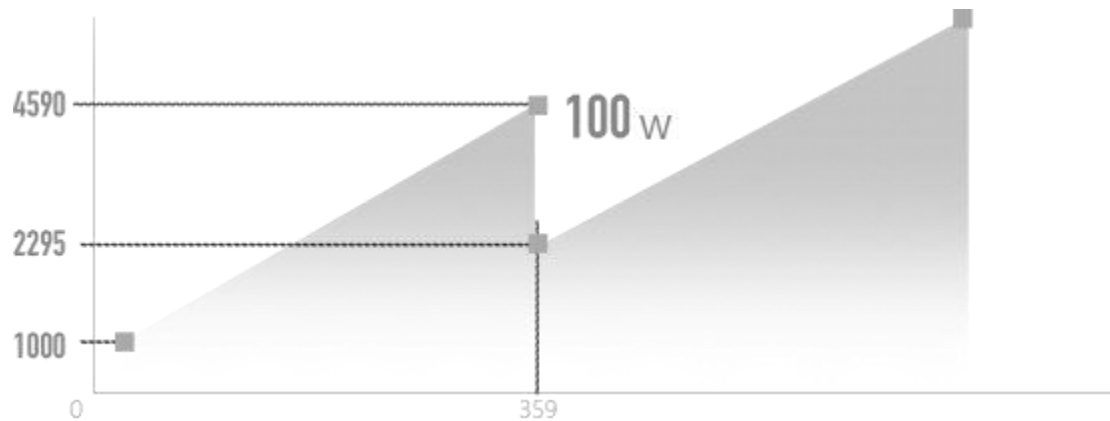
3.7 Treasury

The national treasury is the revenue reserve pool of DZSwap, and is responsible for

receiving, managing, distributing, and regularly disclosing financial data to the community. The revenue of DZSwap will be repurchased in the open market within a fixed block period and deposited in the Treasury; in order to promote the virtuous development of the project, part of the revenue of the Treasury will be used to reward DZ Staker; the other part of the DZ will be allocated to the Development Committee for use To motivate the community to contribute. During the stage 0 governance period, by default, 70% of the Treasury' s DZ income is allocated to DZ stakers; 30% is allocated to the Development Committee.

4. Allocation mechanism

The total amount of DZ issuance is capped at 21,000,000 pieces, without any pre-mining and private placement links. 100% through the destruction of mining output.



Destroy mining

Get 1000 DZ on the same day, and the output will automatically increase by 10 every day

*Daily Capacity=1000+10***DAYS***

Ice Age: Approximately 10 million TRON blocks (approximately 51 weeks)

When the number of mined coins per day reaches 1 million, the output will be automatically halved. The first halving will occur 359 days after DZSwap is turned on. At this time, DZ's consensus has been initially established.

5. Milestone

2021 Q2

Mainnet is online

DZSwap is online

Release Litepaper V1

2021 Q2-Q3

Launch DZ Hub to provide cross-chain transaction services

Support ETH, BSC cross-chain exchange

Release DZ Version 1

2021 Q4

Start DAO Version 1

Complete Layer2 version development and deployment

Complete DZ Hub cross-Layer2 development

2022

Release V2, support real-time inquiry and pending orders

Release cross-chain 2.0

Start DAO Version 2

Release DZ network

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