# Digital Monetary Fund Blockchain Strategy

**Digital Monetary Fund** (DMF), is a *Distributed Autonomous Organisation* (DAO) stable-coin provider, with more than 200 different tokens in circulation as of 2021. To make our stable-coin tokens available to the widest audience, we will publish these tokens on multiple different blockchains.

## Ethereum Blockchain

Initially the DMF smart stable-coin tokens will be published in the Ethereum blockchain. Ethereum was chosen for the project launch because of its wide acceptance, global reach and rich development environment.

The DMF "Smart Contracts" on Ethereum are written using Solidity and comply with the popular ERC20 standard. Features such as Bankers Rounding and Escrow Payments are available and the technology is mature and stable.

Ethereum transactions require the payment of "Gas" for blockchain processing. A spike in both Ether (ETH) prices and Ethereum transaction volumes in Quarter 2 2021 led to dramatic increases in both the cost of Gas and the amount of Gas required to process transactions on the Ethereum blockchain.

Recently it was observed that Ethereum blockchain transaction processing costs had risen from a few USA cents, to several USA dollars. This reduces the viability of the Ethereum blockchain as payments platform. The release of Ethereum 2, especially "Sharding", later this year will improve the efficiency and practicality of Ethereum for payments.

## Multiple Blockchains

To maximise adoption and long-term prosperity of the DMF, the smart stable-coins will be available on multiple blockchains when possible and practical. As new blockchains emerge, DMF will continue to expand its coverage.

Issuing DMF smart stable-coins on many popular blockchains is a key driver to growing the volume and market capitalisation of the tokens.

The Digital Monetary Fund has an expert and sophisticated Treasury function which will allow continuous liquidity and real-time compliance with collateral requirements across many disparate blockchain platforms.

After Ethereum, DMF plans to publish smart stable-coins on these existing blockchain networks:

- **Binance Smart Chain** – this is the most obvious and easiest blockchain for implementation after Ethereum
- **Polkadot** (pending the launch of **Parachains**) - Parachains are effectively shards on the Kusama or Polkadot networks
- **Omni** – operates on top of Bitcoin Blockchain
- **TRON** Network Blockchain – TRON has been growing rapidly but is not yet widely accepted
- **EOSIO** - blockchain platform that is potentially fast and efficient for payments
- **Liquid Network** – a blockchain suited for collateralised stable-coins
- **Bitcoin Cash Simple Ledger Protocol** – potentially fast and efficient
- **Algorand** – too early to adopt but

## Chain Swaps

In order to manage user demand in each of these different ecosystems, it is sometimes necessary to move DMF tokens from one blockchain to another.

A “chain swap” is a process that moves cryptocurrencies from one blockchain to another.

This process allows traders to obtain access to the various blockchains that support the cryptocurrency that they are holding, thereby enabling the use of their digital assets on these other supporting blockchains.

For example, as DMF tokens is on the Omni, Ethereum, Tron, EOSIO and Liquid blockchains, our clients can obtain access to any of these five blockchains with their DMF token holdings. A trader can “swap” the current blockchain that their DMF token is operating on to another supporting blockchain, for example Ethereum to Omni.

## How does a chain swap work?

For the majority of our clients who wish to swap small amounts of DMF tokens, they can do so on any exchange that supports DMF tokens on the two blockchains they wish to swap between. A valid account on the other exchange is required.

If a client on Bitfinex or Coinspot wants to perform a chain swap from the Tron blockchain to the Liquid blockchain. He or she would first deposit their DMF tokens on Tron, within the exchange. The client then simply requests a withdrawal of DMF tokens to the destination blockchain, Liquid. As Bitfinex supports both blockchains, this can be completed on the platform within the exchange.

There might be instances when another cryptocurrency exchange approaches us with a chain swap request, as the exchange might have a surplus of funds on one blockchain but a deficit on another blockchain. The exchange will contact us to confirm the initial and destination blockchains that the swapped funds will be moved between.

After confirming receipt of these funds in our treasury wallet on the initial blockchain, the same amount of funds will be sent on the destination blockchain back to the other exchange. The entire process of the chain swap is coordinated and managed with the other exchange until completion.

## Why do token burns sometimes happen after a chain swap?

When our clients make a request to chain swap funds that exceed the amount of DMF tokens held in our treasury wallets on the destination blockchain, we have to mint new DMF tokens and transfer these tokens to the destination blockchain.

After this transfer is completed, we either burn the same amount of DMF tokens on the initial blockchain or retain these tokens in our treasury wallet on the initial blockchain to be used for future chain swaps with our clients.

This procedure ensures that the market capitalisation of various DMF tokens synchronises with the collateral behind those DMF tokens.

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