

# Dirham Crypto White Paper

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## **Abstract**

Dirham Crypto is a platform for REPO (Repurchase Agreement) bonds in the blockchain ecosystem. Dirham Crypto aims to create a fully backed stablecoin combining the two worlds of fiat money and Cryptocurrencies based on REPO contracts. While other stablecoins distribute the profit earned by the custody of fiat money to stakeholders, Dirham Crypto enables all the clients to have a share of that profit, which is at least 4% APY. It means anyone who holds any amount of Dirham in his/her wallet will receive at least 4% interest on specified maturity dates without staking or locking the fund in any third party vault. Dirham coin is a fully backed stablecoin on Ethereum (ERC20) and Tron (TRC20) blockchains and each coin equals one AED (United Arab Emirates' Dirham), and is redeemable to fiat or other Cryptocurrencies by brokers in a number of countries around the world.

Transferring and saving funds are without any fee on Dirham Crypto platform. Dirham Crypto is governed by Drachma DAO with a token called Dor that enables the DAO members to contribute to DAO decisions.

## Introduction

There are a lot of traditional assets in the world such as Gold and fiat currencies which people freely choose as a store of value, a medium of exchange, or an investment; however, obstacles such as centralization, accessibility, trustworthiness and lots of other major problems in our modern world prevent us from using these assets. Cryptocurrencies have brought about a revolution in modern economy by solving these problems through the adoption of new, digital payment methods that could bring significant benefits to customers and society. Some of their advantages are listed below:

- low transaction costs
- faster transactions compared to banks
- international, borderless transferability and convertibility
- trustless ownership and exchange
- transparency
- open access
- freedom from problems of legacy banking systems

First generation cryptocurrencies like Bitcoin implement a rule under which tokens are created through time without considering the rate of their demand. Thus, changes in their demand result in the volatility of their price. This is partly due to the fact that their new tokens are awarded and are impossible to be eliminated. Stablecoins, however, should have an algorithm that makes a flexible creation based on demand. Whenever there is more demand for them, stablecoins should be able to create new tokens in order to prevent an induction of price. On the other hand, if the demand is low, in order to avoid a decrease

in price, they ought to have the ability to eliminate some of their existing tokens. This procedure sets the supply amount relative to demand.

Dirham is a fiat collateralized stablecoin fully backed by AED and follows the same mentioned approach to keep the price stable. Unlike some stablecoin projects who distribute the revenue earned by the accumulation of fiat money to the stakeholders and investors, Dirham Crypto distributes this profit as interest to all Dirham holders.

In addition to the above mentioned advantages, Dirham holders enjoy several other benefits. An important positive aspect of Dirham Crypto is that Dirham holders can hold stablecoins in their wallet with no observation of banks or any third party and earn profit.

## **Dirham Crypto Project**

Dirham Crypto introduces REPO (Repurchase Agreement) bonds in blockchain ecosystem. Everyone can purchase REPO bonds and earn annual profit without staking funds in blockchain environment. The bonds are initially only traded by Drachma DAO brokers in a number of countries around the world. Based on the decision made by DAO managers, interest will be paid to Dirham holders on a weekly basis. The holders' annual interest rate is at least 4% and is provided by investing bond sale revenues. The rest of investment profits will be given to Dor holders on a monthly or quarterly basis with the approval of DAO managers.

## **Dirham bond and Stablecoin**

A Dirham Crypto bond is equivalent to one million UAE Dirhams (AED), which is in turn equal to 272294.07 US Dollars (USD). Each bond is divisible by one million Dirham coins and is always equal to \$0.2722 US which is 3.6725 AED per USD. They can easily be traded on various exchanges like Uniswap and other DEXes.

## **What Is Repo?**

The idea behind a Repo is simple and easy to understand since it is similar to a secured loan such as the purchase of a house using a mortgage. There are some differences between Repos and secured loans, but the basic idea is similar since an asset is used as collateral for a loan. Repo is short for Repurchase

Agreement, which is a transaction that involves the sale of securities together with an agreement for the seller to buy back the securities at a later date.

A Repo is a repurchase agreement where a Repo dealer sells a security to a counterparty and simultaneously agrees to buy it back at a predetermined price and on a predetermined date. Thus, it is a sale and a repurchase written on the same ticket. In other words, a Repo is legally recognized as a single transaction and not as a disposal and a repurchase.

Some further aspects of repo transactions are as follows:

1. A repo is a temporary exchange in which cash is received in exchange for securities. But it is important to realize that the party who borrows the security has temporary ownership of the security. The underlying security can be sold. Thus, a repo can be used for short selling.
2. Because securities borrowed through a Repo can, in general, be sold, the securities returned in the second leg of the repo do not have to be identical. They can be “equivalent” unless specified otherwise in the Repo deal.
3. In a Repo deal, the lender of the security transfers the title for a short period of time, but the original owner keeps the risk and the return associated with the security. Thus, coupon payment due dates during the term of the repo are passed on to the original owner of the security. Another reason why the risk remains with the original owner is borrowed securities are affected by the fluctuations of the market. For example, during the term of the Repo, markets might crash and the value of the collateral may decrease. The borrower of the security then has the right to demand

additional collateral. And if the value of the securities increases, some of the collateral has to be returned.

4. Coupon or dividend payments during the term of the Repo are passed on to the original owner. This is called manufactured dividend and can occur at the end of the Repo deal or other times during the term of the Repo.

The basic concepts underlying Repo markets are simple, but due to the fact that Repos are dominated by institutions, knowledge about Repo markets is not widespread compared to other aspects of financial engineering. Yet, Repo markets are crucial for the smooth operation of financial systems. Many financial strategies would be difficult to implement if it weren't for Repo deals.



# **Dirham Crypto, Features and Mandates**

Dirham Crypto has some features that distinguish it from other similar projects. The most important of these are:

## **Transparency**

The mutual fund's capital inflow is announced transparently every day.

## **Governance**

Dirham Crypto is run by a decentralized organization made of Dirham holders. The DAO managers cannot issue bonds unless enough funding inflow is ensured in the mutual fund.

## **Digital Cash**

Dirham Crypto turns cash to digital, divisible, and easily tradable Repo bonds. Divisibility enables Dirham Crypto to be equated in AED currency, which can serve to satisfy the global demand for this universal currency for international trade.

## **Secure and Reliable**

Dirham Crypto is a blockchain-based platform, which makes it safe, transparent and reliable.

## **Censorship resistant**

Dirham Crypto complies with international standards and regulations while providing highly secure monetary transactions for the consumers. Unlike some stablecoins e.g. Tether, the privacy policy designed by the co-founders, disables creating blacklists or endangering ownership rights.

## **Inclusive and Simplified**

Our brokers in all corners of the world securely transform your assets to simply transferable Repo bonds that are guaranteed to be bought back.

## **Investment interest**

Dirham Crypto is currently the only stablecoin that distributes the revenues of bond sales and other investments among Dirham holders on a weekly basis.

## **Dirham is mostly used by four user groups**

### **Individuals**

Due to the extension of Dirham, individuals can use it as a payment method and at the same time earn weekly profit from it.

### **Merchants**

Merchants use Dirham for fast and limitless international transactions and exchanges at much lower fees.

### **Traders**

Traders use Dirham as a stablecoin, as a medium of exchange for their daily trades and as a means to earn

profit periodically. Moreover, there is not any fund freezing and other kinds of limitations in Dirham.

### **Banks and Investment Companies**

The main advantage of Dirham Crypto bonds over other bonds is its divisibility, simplicity in transfer, market liquidity, and fast transactions. These features enable banks and investment companies to use our bonds more **efficiently**.

## **How Is Dirham Crypto Governed?**

Dirham Crypto is run by a decentralized autonomous organization called Drachma aiming to create stablecoins and has already created Dirham as its first creation.

Drachma consists of developers, professional money changers, investors and DeFi enthusiasts. The DAO is initially governed by the founders. Dor is the native token to DrachmaDAO and will gradually become a governance token in the future. The total supply is 1,000,000 and these tokens will be distributed among individuals, based on the core team members' decision. Not only will Dor holders have the ability to participate in governing the DAO in the future but, they will also be given profits on a monthly or quarterly basis with the approval of DAO managers. All activities and decisions are made by the DAO members, some of which are as follows:

- Minting and burning the tokens.
- Custody, control and the observance of the accumulated funds.
- Setting up mutual funds
- Determining specified maturity dates to distribute the profits
- Changing profit rates

DAO managers don't have the ability to burn DHS; they can only burn the tokens that they hold in their wallet. Anyone who holds DOR can participate

in Drachma DAO. The DAO authorizes some elected individuals as delegates to ensure the security and safety of transaction operations.

The investment profits will be given to Dor holders on a monthly or quarterly basis with the approval of DAO managers.

	<b>Fiat Collateral Back</b>	<b>Crypto Collateral Back</b>	<b>Hybrid Collateral Back</b>
<b>Prominent Project</b>	USDT	DAI	DIRHAM
<b>Solution</b>	Fiat back	Crypto back	Fiat & Crypto back
<b>Organizational Benefits</b>	Tether company	MKR holder	All people who hold Dirham
<b>Earning Profit</b>	Trust a third party	Trust a third party	No need for a third party

## **Profit Distribution**

First of all, all Dirham holders will receive at least 4% of their wallet balance as interest. (This can change based on the DAO managers' decision.)

The rest of the funds will partly be paid to the the DAO governing Team, and spent on advertisement and the fees related to the project and Dor holders.

## **How Does the Project's Smart Contract Work?**

The contract implemented in Dirham Crypto is an upgradable contract with a rebase function and those who manage the project can change the contract for a better functionality to reach the ultimate target of the project. According to this smart contract, managers are not allowed to freeze or burn any fund in any wallet. All the minting and rebasing functions are done by a Gnosis safe which is a multi sig wallet and is owned by five individuals elected by the project managers to ensure the security and safety of the transactions and the smart contract. Transactions need at least 3 approvals by the safe owners. Dirham Crypto pays interests to DHS holders weekly. To make this happen with no additional costs like gas fee and unnecessary transactions, we use a rebase function. Through a positive rebase, additional tokens are minted as interest, which are distributed to Dirham holders by the observation of the safe owners on a weekly basis.

# Dirham Creation Process

