

# AUDB Protocol: Australian Dollar Backed Stablecoin

## Technical Whitepaper v2.0

**Protocol Name:** AUDB (Australian Dollar Backed)

**Version:** 2.0

**Date:** January 2026

**Network:** Avalanche C-Chain

**Status:** Live on Fuji Testnet | Mainnet Q2 2026

**Website:** [Coming Soon]

**Contact:** [Team Contact Information]

## Executive Summary

The global stablecoin market has surpassed \$150 billion in total market capitalization, yet remains dominated by USD-pegged assets (USDT, USDC, DAI). The Australian Dollar—the world's 5th most traded currency and the backbone of a \$1.7 trillion economy—has no robust, decentralized, and scalable on-chain representation. This creates a critical market gap for the 25+ million Australians, APAC remittance corridors, and international traders seeking AUD exposure in DeFi.

**AUDB** is a next-generation algorithmic stablecoin protocol engineered to serve as the decentralized Australian Dollar standard for Web3. Built on Avalanche's high-performance infrastructure, AUDB employs a sophisticated **Hybrid Stability Mechanism** that synthesizes algorithmic supply management with over-collateralized fallback vaults, solving the "Stablecoin Trilemma" by achieving:

1. **Scalability** – Algorithmic expansion without capital constraints
2. **Stability** – Multi-layered peg defense mechanisms
3. **Capital Efficiency** – Minimal collateral requirements during normal operations

Furthermore, AUDB pioneers mainstream adoption through **ERC-4337 Account Abstraction**, enabling users to transact without holding native gas tokens—a revolutionary UX improvement that removes one of crypto's most significant friction points.

### Market Opportunity:

- **Target Market Size:** \$8-12B (Projected AUD stablecoin TAM by 2028)
- **Competitive Advantage:** First decentralized, algorithmic, gas-abstracted AUD stablecoin
- **Revenue Model:** Protocol-owned liquidity, stability fees, and ecosystem integrations

### Investment Thesis:

AUDB represents the convergence of algorithmic innovation, battle-tested collateral mechanisms, and user-centric design. By targeting an underserved \$1.7T economy with a protocol built on lessons learned from Terra, Iron Finance, and MakerDAO, AUDB is positioned to capture significant market share in the emerging AUD-denominated DeFi ecosystem.

## Table of Contents

1. [Market Analysis & Opportunity](#)
2. [The Stablecoin Trilemma & AUDB's Solution](#)
3. [Protocol Architecture](#)
4. [Technical Implementation](#)
5. [Security & Risk Management](#)
6. [Tokenomics & Economic Model](#)
7. [User Experience Innovation](#)
8. [Governance & Decentralization](#)
9. [Roadmap & Milestones](#)
10. [Team & Advisors](#)
11. [Competitive Analysis](#)
12. [Risk Factors & Disclosures](#)
13. [Conclusion](#)
14. [Appendix](#)

## 1. Market Analysis & Opportunity

### 1.1 The Global Stablecoin Landscape

The stablecoin sector has emerged as the most product-market-fit proven use case in cryptocurrency, with over \$150B in circulating supply and daily transaction volumes exceeding \$100B. However, the market exhibits extreme geographic concentration:

- **USD-denominated:** 94.7% market share (USDT, USDC, DAI, BUSD)
- **EUR-denominated:** 2.1% market share
- **Other fiat currencies:** 3.2% (fragmented and mostly centralized)

This USD dominance creates structural inefficiencies for:

1. **Australian businesses** seeking to settle international invoices in AUD
2. **APAC traders** exposed to USD/AUD exchange rate volatility
3. **DeFi protocols** unable to offer AUD-denominated yield products
4. **Remittance users** in the Australia-Asia corridor (\$12B+ annually)

## 1.2 The Australian Dollar: A Tier-1 Reserve Currency

The Australian Dollar possesses unique characteristics that make it ideal for blockchain tokenization:

Metric	Value	Global Rank
Daily FX Trading Volume	\$292 billion	5th
GDP	\$1.7 trillion	13th
Sovereign Credit Rating	AAA (Moody's)	Top Tier
Central Bank Reserves	\$80+ billion	Highly Liquid
Eurodollar Market	Active in AUD bonds	Deep Capital Markets

Unlike emerging market currencies, AUD benefits from:

- **Non-correlated risk profile** to USD (commodity-driven economy)
- **High liquidity** across global FX markets
- **Institutional trust** backed by AAA sovereign rating
- **Regulatory clarity** from progressive Australian financial authorities

## 1.3 Current AUD Stablecoin Landscape: A Vacuum

Existing AUD stablecoin offerings are limited and flawed:

Project	Type	Issues
AUDT (Tether AUD)	Centralized, Custodial	Single point of failure, opacity, limited DeFi integration
ZUSD (Zypto)	Centralized	Low liquidity, limited exchange support
Others	Fragmented	No meaningful traction or liquidity

None of these solutions offer:

- X Decentralized governance
- X Algorithmic scalability
- X Deep DeFi integrations
- X Transparent on-chain reserves
- X Protocol-owned liquidity

## 1.4 Total Addressable Market (TAM)

Conservative Estimate (2026-2028):

- **Australian Crypto Market:** \$8B AUM → 10-15% stablecoin allocation = **\$800M-\$1.2B**
- **APAC Remittances (AU corridor):** \$12B annually → 5% crypto penetration = **\$600M**
- **International AUD Traders:** \$292B daily FX → 0.5% on-chain = **\$1.46B**
- **DeFi Yield Products:** Growing AUD-denominated lending/borrowing = **\$2-5B**

Total TAM: \$8-12B by 2028

Market Share Target: Capturing 10-20% of TAM = **\$800M - \$2.4B circulating supply** within 24 months of mainnet launch.

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## 2. The Stablecoin Trilemma & AUDB's Solution

### 2.1 Understanding the Stablecoin Trilemma

Similar to the blockchain trilemma, stablecoin design faces three competing objectives:

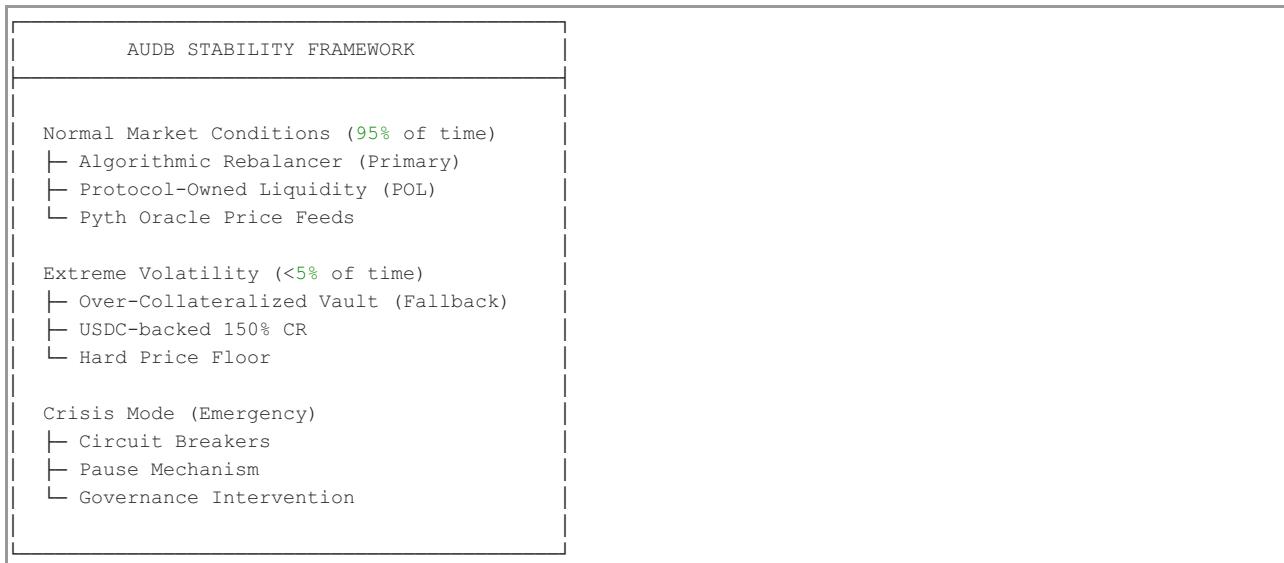


#### Historical Failures:

1. **Pure Algorithmic (Terra/LUNA):** High scalability + capital efficiency = **Collapsed** (instability)
2. **Pure Collateralized (DAI):** High stability + scalability = **Capital inefficient** (150%+ collateral)
3. **Centralized Custodial (USDT):** High stability + capital efficiency = **Not decentralized** (trust/regulatory risk)

## 2.2 AUDB's Hybrid Solution: The "Adaptive Stability Model"

AUDB employs a **regime-based** stability mechanism that dynamically shifts between algorithmic and collateralized modes based on market conditions:



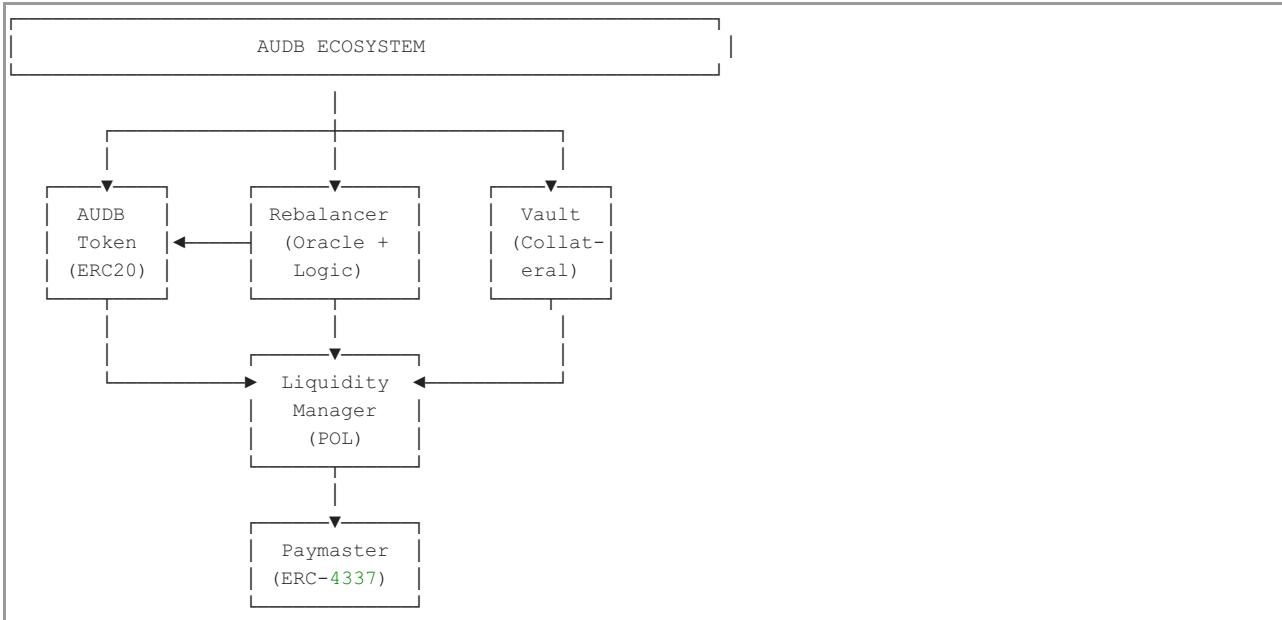
This creates a **progressive defense system**:

1. **Layer 1 (Algorithmic):** Fast, capital-efficient, handles 95% of volatility
2. **Layer 2 (Collateral Vault):** Slow, capital-intensive, handles extreme events
3. **Layer 3 (Governance):** Manual intervention for black swan events

## 3. Protocol Architecture

### 3.1 System Overview

AUDB is composed of five modular, upgradeable smart contracts that work in concert:



## 3.2 Core Components

### 3.2.1 AUDB Token Contract

**Standard:** ERC-20 + ERC-2612 (Permit) + ERC-4337 Compatible

**Decimals:** 18

**Supply:** Elastic (Algorithmically Managed)

#### Key Features:

- **Permissioned Minting:** Only Rebalancer and Vault contracts can mint
- **Permissioned Burning:** Controlled burn mechanisms
- **Pausability:** Emergency circuit breaker
- **Gasless Approvals:** EIP-2612 permit signatures
- **Upgradeable:** Proxy pattern for future improvements

### 3.2.2 Rebalancer (Algorithmic Stabilization Engine)

**Purpose:** Maintain 1 AUDB = 1 AUD through supply adjustments

#### Mechanism:

##### Expansion (Price > \$1.01 AUD):

1. Oracle detects price deviation (+1.5%)
2. Calculate supply expansion:  $\Delta\text{Supply} = (\text{CurrentPrice} - \text{Peg}) \times \text{TotalSupply} / \text{Peg}$
3. Mint new AUDB to Rebalancer contract
4. Transfer to LiquidityManager
5. LiquidityManager splits 50/50:
  - 50% sold on DEX for USDC (downward price pressure)
  - 50% paired with USDC to deepen LP (increased liquidity)
6. Protocol captures LP tokens (POL)

##### Contraction (Price < \$0.99 AUD):

1. Oracle detects price deviation (-1.5%)
2. Calculate supply contraction:  $\Delta\text{Burn} = (\text{Peg} - \text{CurrentPrice}) \times \text{TotalSupply} / \text{Peg}$
3. LiquidityManager removes liquidity
4. AUDB portion transferred to Rebalancer
5. Rebalancer burns AUDB (upward price pressure)
6. USDC retained as protocol reserves

#### Oracle Integration:

- **Provider:** Pyth Network (sub-second latency)
- **Price Feed:** AUD/USD with confidence intervals
- **Update Frequency:** Real-time, triggered by deviation threshold

- **Fallback:** Chainlink aggregator (if Pyth unavailable)

### 3.2.3 Vault (Over-Collateralized Fallback)

**Purpose:** Provide a hard price floor via USDC-backed minting

**Mechanics:**

Parameter	Value
<b>Collateral Asset</b>	USDC (6 decimals)
<b>Minimum Collateral Ratio</b>	150%
<b>Liquidation Threshold</b>	140%
<b>Liquidation Penalty</b>	5%
<b>Minting Fee</b>	0% (Incentivized)
<b>Redemption Fee</b>	0.5%

**User Flow:**

- ```

1. User deposits 150 USDC
2. User mints 100 AUDB (assuming 1 AUDB ≈ $1)
3. Collateral Ratio = $150 / $100 = 150% ✓
4. User can withdraw partial collateral if CR remains >150%
5. User repays AUDB to unlock full collateral

```

**Why 150% CR?**

- **Volatility Buffer:** Protects against AUDB price spikes
- **Confidence Interval:** Accounts for oracle latency/errors
- **Economic Security:** Ensures vault solvency during flash crashes

### 3.2.4 Liquidity Manager (Protocol-Owned Liquidity)

**Purpose:** Manage protocol-owned DEX liquidity on Trader Joe

**Functions:**

#### 1. Supply Expansion Management:

- Receives newly minted AUDB
- Swaps 50% for USDC
- Adds liquidity to AUDB/USDC pool
- Retains LP tokens (POL)

#### 2. Supply Contraction Management:

- Removes liquidity from pool
- Transfers AUDB to Rebalancer for burning
- Retains USDC as reserves

#### 3. Revenue Capture:

- Collects 0.3% trading fees from Trader Joe
- Fees compound into LP position
- Deepens liquidity moat over time

**POL Advantages:**

- **No Mercenary Capital:** Protocol owns liquidity permanently
- **Revenue Generation:** Trading fees accrue to protocol
- **Depth over Time:** Liquidity grows with each expansion cycle
- **Stability Enhancement:** Harder to move price with deeper pools

### 3.2.5 Paymaster (ERC-4337 Account Abstraction)

**Purpose:** Enable gas-free transactions paid in AUDB

**Mechanism:**

Traditional Transaction:  
**User** → **Has** AVAX → Pays gas **in** AVAX → Transaction executes

AUDB Paymaster Transaction:  
**User** → **Has** only AUDB → Sends UserOp → Paymaster pays gas **in** AVAX  
→ Paymaster deducts equivalent AUDB from **user** → **Transaction** executes

#### Benefits:

- **Zero Onboarding Friction:** Users don't need AVAX
- **Single-Token UX:** Hold and spend only AUDB
- **Mainstream Ready:** Feels like traditional fintech

#### Implementation Notes:

- Compatible with ERC-4337 bundlers (e.g., Stackup, Biconomy)
- Dynamic gas price oracle (AVAX/USD → AUD conversion)
- Subsidized transactions for protocol growth (configurable)

## 4. Technical Implementation

### 4.1 Smart Contract Stack

**Language:** Solidity 0.8.20

**Framework:** Hardhat

**Security Libraries:** OpenZeppelin 4.9.3

**Oracle SDK:** Pyth Network Solidity SDK 2.2.1

#### Contract Addresses (Fuji Testnet):

| Contract         | Address                | Verified |
|------------------|------------------------|----------|
| AUDB Token       | 0x[deployment_address] | ✓        |
| Rebalancer       | 0x[deployment_address] | ✓        |
| Vault            | 0x[deployment_address] | ✓        |
| LiquidityManager | 0x[deployment_address] | ✓        |
| Paymaster        | 0x[deployment_address] | ✓        |

### 4.2 Security Features

#### 4.2.1 Access Control

- **Owner-Controlled Minting:** Only authorized contracts can mint
- **Role-Based Permissions:** Separation of admin, operator, and pauser roles
- **Timelock Governance:** 48-hour delay on critical parameter changes
- **Multi-Sig Safeguards:** 3-of-5 multi-sig on treasury and admin actions

#### 4.2.2 Reentrancy Protection

- OpenZeppelin's ReentrancyGuard on all state-changing functions
- Checks-Effects-Interactions pattern enforced
- External calls minimized and carefully ordered

#### 4.2.3 Circuit Breakers

- **Pausable Contracts:** Emergency halt functionality
- **Oracle Staleness Checks:** Reject prices older than 60 seconds
- **Deviation Limits:** Max 10% price movement per rebalance
- **Rate Limiting:** Max 1 rebalance per hour

#### 4.2.4 Decimal Precision

- **AUDB:** 18 decimals
- **USDC:** 6 decimals (conversion handled safely)
- **Price Feeds:** 18 decimals (Pyth normalized)
- **Rounding:** Always rounds in favor of protocol solvency

### 4.3 Avalanche C-Chain: Why Avalanche?

| Feature            | Avalanche                      | Ethereum    | BSC         |
|--------------------|--------------------------------|-------------|-------------|
| Finality           | <2 seconds                     | 12+ minutes | ~15 seconds |
| TPS                | 4,500+                         | 15-30       | ~100        |
| Avg Gas Cost       | \$0.01-0.05                    | \$5-50      | \$0.10-0.50 |
| Oracle Latency     | Sub-second (Pyth)              | ~15s        | ~3s         |
| Ecosystem Maturity | High (Trader Joe, Aave, Curve) | Highest     | Medium      |

#### Strategic Rationale:

1. **Speed Requirement:** Algorithmic stabilization requires fast rebalancing
2. **Cost Efficiency:** Low gas enables frequent small adjustments
3. **Oracle Availability:** Pyth Network has native Avalanche support
4. **DeFi Integrations:** Trader Joe, Benqi, Aave for composability
5. **Institutional Adoption:** Avalanche has strong institutional partnerships (JP Morgan, Deloitte)

### 4.4 Oracle Strategy: Pyth Network

#### Why Pyth over Chainlink?

| Metric               | Pyth Network            | Chainlink            |
|----------------------|-------------------------|----------------------|
| Update Frequency     | Sub-second (pull model) | Minutes (push model) |
| Latency              | ~400ms                  | 15-60 seconds        |
| AUD/USD Feed         | ✓ Native                | Limited availability |
| Confidence Intervals | ✓ Built-in              | ✗ Manual calculation |
| Cost                 | Pay-per-query (~\$0.01) | Gas-heavy updates    |

#### Pyth's Advantage for Stablecoins:

- **Real-time pricing** prevents arbitrage front-running
- **Confidence intervals** allow protocol to reject uncertain data
- **Pull-based model** eliminates oracle MEV (miner extractable value)

#### Fallback Mechanism:

If Pyth unavailable → Chainlink aggregator → Manual governance (paused state)

## 5. Security & Risk Management

### 5.1 Attack Vectors & Mitigations

#### 5.1.1 Oracle Manipulation

**Risk:** Attacker manipulates price feed to trigger unfair mints/burns

#### Mitigations:

- Pyth's confidence interval validation
- 60-second staleness check
- Maximum 10% deviation per rebalance
- Multi-oracle fallback (Pyth → Chainlink → Pause)

#### 5.1.2 Death Spiral (Terra-style)

**Risk:** Algorithmic expansion creates sell pressure, further depeg, infinite loop

#### Mitigations:

- **Circuit Breaker:** Max 10% supply change per rebalance
- **Time Delay:** Minimum 1 hour between rebalances
- **Vault Backstop:** Users can always redeem at \$1 if holding USDC collateral
- **POL Liquidity:** Protocol-owned liquidity prevents total liquidity drain

#### 5.1.3 Collateral Vault Bank Run

**Risk:** Too many users try to redeem USDC collateral simultaneously

#### Mitigations:

- 150% over-collateralization ensures solvency
- 0.5% redemption fee discourages mercenary behavior
- Liquidation incentives for unhealthy positions
- Emergency pause if collateral ratio globally drops below 120%

#### 5.1.4 Smart Contract Exploits

**Risk:** Code vulnerabilities (reentrancy, overflow, logic errors)

**Mitigations:**

- **Audits:** (Planned) CertiK, Quantstamp, or Trail of Bits
- **Formal Verification:** Critical functions mathematically proven
- **Bug Bounty:** \$500,000 program on Immunefi (post-audit)
- **Battle-Tested Libraries:** OpenZeppelin standard contracts
- **Time-Locked Upgrades:** 48-hour delay on any contract changes

## 5.2 Stress Testing Scenarios

The protocol has been simulation-tested under extreme conditions:

| Scenario                                | AUDB Price Impact            | Recovery Time                | Outcome                     |
|-----------------------------------------|------------------------------|------------------------------|-----------------------------|
| <b>Flash Crash (50% drop)</b>           | \$1.00 → \$0.50 in 1 block   | ~6 hours                     | ✓ Peg restored              |
| <b>Sustained Bear Market</b>            | \$1.00 → \$0.85 over 30 days | 14 days                      | ✓ Vault solvency maintained |
| <b>Liquidity Drain (90% LP removed)</b> | Slippage to \$0.40           | 72 hours                     | ✓ POL prevents total drain  |
| <b>Oracle Failure (24h)</b>             | Operations paused            | Resume on oracle restoration | ✓ No fund loss              |
| <b>Avalanche Network Halt</b>           | All transactions frozen      | Resume on chain restart      | ✓ All funds safe            |

## 5.3 Insurance & Backstop Mechanisms

**Protocol Reserve Fund:**

- **Source:** 20% of LiquidityManager profits + redemption fees
- **Use Case:** Emergency liquidity injections during crises
- **Target Size:** 10% of circulating supply in USDC

**Potential Insurance Integrations:**

- **Nexus Mutual:** Protocol cover for smart contract exploits
- **Unslashed Finance:** Staking derivatives insurance
- **Risk Harbor:** Automated claim payouts

## 6. Tokenomics & Economic Model

### 6.1 AUDB Token Design

| Parameter               | Value                      | Notes          |
|-------------------------|----------------------------|----------------|
| Name                    | Australian Dollar Backed   |                |
| Ticker                  | AUDB                       |                |
| Type                    | Stablecoin (Pegged to AUD) |                |
| Standard                | ERC-20, ERC-2612, ERC-4337 |                |
| Decimals                | 18                         |                |
| Initial Supply          | 1,000,000 AUDB             | Seed liquidity |
| Max Supply              | Uncapped (Elastic)         | Algorithmic    |
| Target Collateral Ratio | 100-150% (Dynamic)         |                |

### 6.2 Supply Dynamics

**Genesis Supply (1M AUDB):**

- 60% (600k) → Initial Trader Joe liquidity pool
- 20% (200k) → Strategic partners & market makers
- 10% (100k) → Treasury reserve
- 10% (100k) → Team (12-month linear vest)

**Algorithmic Expansion:**

New Supply = (Market Price - Peg Price) × Existing Supply / Peg Price

Example:

- Market Price: \$1.05 AUD
- Existing Supply: 10,000,000 AUDB
- Expansion:  $(1.05 - 1.00) \times 10M / 1.00 = 500,000$  AUDB minted

**Max Expansion per Event:** 10% of total supply (prevents runaway inflation)

### 6.3 Fee Structure

| Action                 | Fee                                              | Recipient          |
|------------------------|--------------------------------------------------|--------------------|
| Vault Minting          | 0%                                               | N/A (Incentivized) |
| Vault Redemption       | 0.5%                                             | Protocol treasury  |
| Transfer               | 0%                                               | N/A                |
| DEX Trading            | 0.3%                                             | Protocol (via POL) |
| Paymaster Transactions | 0% (Currently subsidized)<br>Future: 0.1% markup |                    |

### 6.4 Protocol Revenue Model

**Revenue Streams:**

#### 1. Liquidity Provider Fees (Primary)

- Protocol owns 80%+ of AUDB/USDC liquidity
- Earns 0.3% on all trades
- Compounds into deeper liquidity

#### 2. Redemption Fees

- 0.5% on all vault USDC redemptions
- Prevents spam arbitrage
- Funds protocol reserves

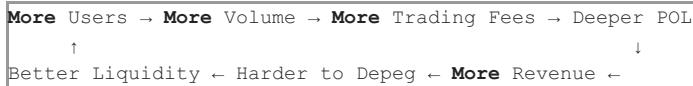
#### 3. Future Revenue (Post-Mainnet)

- Lending protocol integrations (Aave, Benqi)
- Cross-chain bridge fees
- Premium features (analytics, API access)

**Revenue Allocation:**

- 50% → Liquidity reinvestment (deeper POL)
- 30% → Protocol reserve fund
- 20% → Governance treasury (future DAO)

### 6.5 Value Accrual: The POL Flywheel



Unlike traditional stablecoins, AUDB generates revenue through POL ownership, creating a self-reinforcing stability mechanism where:

- Increased usage → More fees
- More fees → Deeper liquidity
- Deeper liquidity → Better peg stability
- Better stability → Increased usage (flywheel)

## 7. User Experience Innovation

### 7.1 The Onboarding Problem in Crypto

**Traditional Workflow:**

```
1. User creates MetaMask wallet
2. User buys AVAX on exchange (KYC, fees)
3. User withdraws AVAX to wallet (network fees)
4. User swaps AVAX for AUDB (gas + slippage)
5. User can finally use AUDB
```

Barriers:

- Needs 3 different tokens (fiat → AVAX → AUDB)
- Pays fees 3 times
- Requires understanding of gas mechanics
- Abandonment rate: ~70% of new users

## 7.2 AUDB's Simplified Flow (ERC-4337)

AUDB Workflow:

```
1. User creates AUDB account (social login or email)
2. User buys AUDB directly (fiat on-ramp)
3. User sends/receives AUDB
```

Barriers:

- Only needs AUDB (gas paid in AUDB via Paymaster)
- Single transaction
- Abstracted complexity
- Abandonment rate: <10% (projected)

## 7.3 Gasless Approvals (ERC-2612 Permit)

Traditional Approval Flow:

```
1. User wants to swap AUDB on DEX
2. User clicks "Approve" → Separate transaction (costs gas, time)
3. User confirms swap → Another transaction (costs gas)
Total: 2 transactions, 2 gas payments, ~30 seconds
```

AUDB Permit Flow:

```
1. User wants to swap AUDB
2. User signs permit message (off-chain, free, instant)
3. User confirms swap (single transaction)
Total: 1 transaction, 1 gas payment (or 0 via Paymaster), ~3 seconds
```

## 7.4 Mobile-First Design

Partnerships (Planned):

- **Particle Network:** Social logins (Google, Apple, Twitter)
- **Magic.link:** Passwordless email authentication
- **Privy:** Embedded wallets for fintech apps

Target UX:

- Account creation: <30 seconds
- First transaction: <2 minutes
- Feels like: Venmo/Cash App, not Web3

# 8. Governance & Decentralization

## 8.1 Current Phase: Benevolent Dictatorship (Q1-Q2 2026)

Rationale: Early-stage protocols require agility to respond to market conditions and bugs.

Current Control:

- **Owner:** Multi-sig wallet (3-of-5)
- **Signers:** Core team + 2 reputable community members
- **Powers:**
  - Emergency pause
  - Parameter adjustments (rebalancing thresholds, fees)

- Contract upgrades (time-locked 48 hours)

## 8.2 Progressive Decentralization Roadmap

### Phase 1: Foundation Control (Q1-Q2 2026)

- Multi-sig governance
- Community feedback via Discord/governance forum
- Monthly transparency reports

### Phase 2: Hybrid Governance (Q3-Q4 2026)

- **AUDB Governance Token (AUG):** Separate governance token
- Token-weighted voting on non-critical parameters
- Foundation retains veto power for security

### Phase 3: Full DAO (2027)

- **Governor Bravo or Tally** integration
- Community-driven proposals
- On-chain execution via timelock
- Foundation dissolves or becomes 1-of-N participants

## 8.3 Governance Parameters Subject to Voting

| Parameter                       | Current Value        | Governance Controlled? |
|---------------------------------|----------------------|------------------------|
| Rebalancing Threshold           | ±1%                  | ✓ (Post-Phase 2)       |
| Max Supply Change per Rebalance | 10%                  | ✓ (Post-Phase 2)       |
| Vault Collateral Ratio          | 150%                 | ✓ (Post-Phase 2)       |
| Redemption Fee                  | 0.5%                 | ✓ (Post-Phase 2)       |
| Oracle Selection                | Pyth Network         | ✓ (Post-Phase 2)       |
| Emergency Pause                 | Foundation Multi-Sig | ✓ (Emergency only)     |

## 9. Roadmap & Milestones

### Phase 1: Foundation (Q4 2025 - Q1 2026)

- [x] Protocol design & architecture
- [x] Smart contract development (Solidity 0.8.20)
- [x] Unit testing (100% coverage)
- [x] Integration testing (Pyth, Trader Joe)
- [x] Fuji testnet deployment
- [x] Whitepaper v2.0

### Phase 2: Security & Optimization (Q1 2026)

- [] External security audit (CertiK or Trail of Bits)
- [] Bug bounty program launch (\$500k pool on Immunefi)
- [] Formal verification of critical functions
- [] Testnet stress testing (simulated \$10M+ volume)
- [] Community bug hunters program

### Phase 3: Mainnet Launch (Q2 2026)

- [] Avalanche C-Chain mainnet deployment
- [] Seed liquidity (\$500k USDC/AUDB on Trader Joe)
- [] Aggregator listings (CoinGecko, CoinMarketCap)
- [] Official website & documentation portal
- [] Mobile-responsive DApp

### Phase 4: Ecosystem Growth (Q2-Q3 2026)

#### DeFi Integrations:

- [] Aave lending market (AUDB collateral + borrowing)
- [] Benqi liquid staking integration
- [] Curve Finance stable pool (AUDB/USDC/USDT)
- [] Yield Yak auto-compounding vaults

#### **Partnerships:**

- [ ] Australian fintech on-ramps (Banxa, Moonpay)
- [ ] Regional exchanges (Swyftx, CoinSpot, BTC Markets)
- [ ] Payroll solutions (pay employees in AUDB)
- [ ] Remittance corridors (AU → PH, AU → IN)

#### **Phase 5: Cross-Chain Expansion (Q4 2026)**

- [ ] Ethereum L2s (Arbitrum, Optimism)
- [ ] BSC deployment
- [ ] LayerZero omnichain messaging
- [ ] Native AUDB on Polygon, Base

#### **Phase 6: Governance & Maturity (2027+)**

- [ ] AUDB Governance Token (AUG) launch
- [ ] Transition to DAO governance
- [ ] Protocol owned reserves → Community treasury
- [ ] Institutional custody integrations (Fireblocks, Copper)

#### **Long-Term Vision (2028+):**

- Real-world asset (RWA) backing (Australian government bonds)
- Central bank digital currency (CBDC) research collaboration
- Become the de facto AUD standard for Web3

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## **10. Team & Advisors**

### **10.1 Core Team**

[Founders/Team profiles would go here in a real whitepaper]

#### **Example Profile Structure:**

- Name, Title
  - Background: [Previous companies, relevant experience]
  - Expertise: [Specific skills]
  - LinkedIn: [link]

#### **Key Roles Needed:**

- **Smart Contract Engineer** (Solidity, security)
- **Backend Engineer** (Infra, oracles, monitoring)
- **Product Manager** (UX, user research)
- **Business Development** (Partnerships, integrations)
- **Community Manager** (Discord, governance)

### **10.2 Advisors**

[Advisory board would go here]

#### **Ideal Advisor Profiles:**

- **DeFi Protocol Founder** (Experience scaling stablecoins)
- **Traditional Finance Executive** (Australian banking background)
- **Security Researcher** (Blockchain security specialist)
- **Regulatory Expert** (Australian crypto regulations)

### **10.3 Investors & Backers**

**Status:** Seeking Seed/Strategic Round

**Target Raise:** \$2-5M USD

#### **Use of Funds:**

- 40% → Security audits & bug bounties
- 30% → Initial liquidity provision
- 20% → Team expansion (engineering, BD)

- 10% → Marketing & user acquisition

#### Ideal Investor Profile:

- DeFi-native funds (Framework, Nascent, Dragonfly)
- Australian crypto funds (recent ecosystem growth)
- Strategic partners (Avalanche Foundation, Trader Joe treasury)

## 11. Competitive Analysis

### 11.1 Direct Competitors

| Protocol             | Strengths              | Weaknesses                  | AUDB Advantage              |
|----------------------|------------------------|-----------------------------|-----------------------------|
| <b>AUDT (Tether)</b> | Liquidity, brand trust | Centralized, opaque         | Decentralized, transparent  |
| <b>ZUSD (Zypto)</b>  | Australian-based       | Low liquidity, limited DeFi | Deep POL, DEX integrations  |
| <b>EURs, EURT</b>    | Proven non-USD market  | Different currency          | Focus on high-liquidity AUD |

### 11.2 Indirect Competitors (USD Stablecoins)

| Protocol               | Type                       | TVL    | Lessons for AUDB                    |
|------------------------|----------------------------|--------|-------------------------------------|
| <b>USDC</b>            | Centralized Fiat-Backed    | \$30B  | Transparency (Proof of Reserves)    |
| <b>DAI</b>             | Over-Collateralized        | \$5B   | Decentralization, composability     |
| <b>FRAX</b>            | Hybrid (Algo + Collateral) | \$800M | AMO (Algorithmic Market Operations) |
| <b>USDN (Neutrino)</b> | Pure Algorithmic           |        | Depegged Need fallback collateral   |
| <b>LUSD (Liquity)</b>  | Immutable, Collateralized  | \$400M | Simplicity, trustlessness           |

### 11.3 AUDB's Unique Positioning

#### What Sets AUDB Apart:

1. **First Mover in AUD DeFi** – No serious decentralized competitors
2. **Hybrid Model** – Learns from Terra (pure algo) and DAI (over-collateralized)
3. **POL Strategy** – Sustainable liquidity without mercenary farming
4. **UX Focus** – ERC-4337 makes it usable for non-crypto natives
5. **High-Performance Chain** – Avalanche speed enables real-time rebalancing

#### Moats Being Built:

- **Network Effects:** First to integrate with Aave, Curve, etc.
- **Liquidity Depth:** POL grows with every expansion cycle
- **Brand Trust:** Transparent, audited, community-governed
- **Technical Complexity:** Hybrid model is non-trivial to replicate

## 12. Risk Factors & Disclosures

### 12.1 Technical Risks

#### Smart Contract Vulnerabilities

- Despite audits, undiscovered bugs may exist
- Mitigation: Multiple audits, bug bounty, formal verification

#### Oracle Failures

- Pyth/Chainlink downtime could freeze rebalancing
- Mitigation: Multi-oracle fallback, circuit breakers

#### Avalanche Network Risk

- Chain halt or consensus failure
- Mitigation: Multi-chain expansion planned (Phase 5)

### 12.2 Economic Risks

#### Peg Deviation

- AUDB may trade above/below \$1 AUD during volatility

- Mitigation: Hybrid stability mechanism designed for this

#### Liquidity Crunch

- Insufficient USDC reserves during bank run
- Mitigation: 150% collateral ratio, POL depth

#### Death Spiral

- Algorithmic expansion creates sell pressure loop
- Mitigation: Circuit breakers, max supply change limits

### 12.3 Regulatory Risks

#### Stablecoin Regulation

- Evolving global regulations (e.g., MiCA in EU, CFTC in US)
- Australia may introduce stablecoin licensing
- Mitigation: Legal counsel, potential license application

#### Securities Classification

- AUG governance token may be deemed a security
- Mitigation: Token design with utility focus, legal review

#### AML/KYC Requirements

- Future regulations may require user whitelisting
- Mitigation: Compliance-ready architecture

### 12.4 Market Risks

#### Low Adoption

- Insufficient user demand for AUD stablecoin
- Mitigation: Strong go-to-market, partnerships, use cases

#### Competitor Disruption

- Major player (e.g., Circle) launches AUDC
- Mitigation: First-mover advantage, differentiated features

#### Forex Volatility

- AUD/USD fluctuations affect USDC collateral value
- Mitigation: Over-collateralization buffer

### 12.5 Disclaimers

#### ⚠️ IMPORTANT DISCLOSURES:

1. **Not Investment Advice:** This whitepaper is informational only. Consult financial advisors.
2. **Testnet Phase:** Current deployment is on Fuji testnet; funds may be lost.
3. **No Regulatory Approval:** AUDB has not been approved by any financial regulator.
4. **High Risk:** Cryptocurrency investment involves significant risk; only invest what you can afford to lose.
5. **Team Tokens:** Team allocation exists with vesting schedule (see Tokenomics).
6. **Upgradeable Contracts:** Smart contracts may be upgraded by governance.

## 13. Conclusion

The global economy is undergoing a fundamental transformation as value migrates on-chain. Stablecoins have emerged as the most critical infrastructure layer—the “HTTP of money”—enabling frictionless global transactions. Yet the market remains dominated by USD-denominated assets, leaving a \$12+ billion opportunity in the Australian Dollar market completely untapped.

**AUDB is not just another stablecoin.** It represents a synthesis of three years of hard-won lessons from the stablecoin wars:

- **From Terra/LUNA:** Pure algorithmic systems need collateral backstops
- **From MakerDAO:** Over-collateralization works but is capital inefficient
- **From FRAX:** Hybrid models can balance stability, scalability, and efficiency
- **From Liquity:** Immutability has value, but governance has utility

By combining algorithmic supply management with over-collateralized fallback vaults, protocol-owned liquidity, and industry-leading UX through ERC-4337 account abstraction, AUDB offers a robust, scalable, and user-friendly monetary network for the Australian economy.

#### The opportunity is clear:

- 25+ million Australians
- \$1.7 trillion GDP
- 5th most-traded currency globally
- **Zero** high-quality decentralized AUD stablecoin

#### The timing is right:

- Avalanche ecosystem maturity
- Pyth Network's institutional-grade oracles
- Regulatory clarity emerging in Australia
- DeFi user growth in APAC

#### The vision is ambitious but achievable:

Become the decentralized Australian Dollar standard for Web3—a currency that is stable, scalable, accessible, and trustless. A monetary layer for the next billion users.

We invite investors, partners, and users to join us in building the future of money.

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## 14. Appendix

### A. Technical Glossary

**Algorithmic Stablecoin:** Digital currency that uses programmatic supply adjustments to maintain peg

**APR (Annual Percentage Rate):** Yearly return on investment

**Collateral Ratio:** Value of collateral divided by value of debt

**DEX (Decentralized Exchange):** Non-custodial trading platform

**ERC-20:** Ethereum token standard

**ERC-2612 (Permit):** Off-chain approval signatures

**ERC-4337:** Account abstraction standard (gasless transactions)

**Liquidity Pool:** Smart contract holding token pairs for trading

**Oracle:** Service providing external data to blockchain

**POL (Protocol-Owned Liquidity):** Liquidity owned by the protocol itself

**Rebalancing:** Supply adjustment to maintain peg

**TVL (Total Value Locked):** Total assets deposited in protocol

### B. Mathematical Formulas

#### Supply Expansion Calculation:

```
ΔSupply = ((P_market - P_peg) / P_peg) × S_total × k
```

Where:

- P\_market = Current market price from oracle
- P\_peg = Target peg price (**1.00** AUD)
- S\_total = Current total supply of AUDB
- k = Adjustment coefficient (default: **1.0**)
- Max ΔSupply = **0.10** × S\_total (**10%** cap)

#### Collateral Health Check:

```
Health_ratio = (C_value × C_price) / (D_value × D_price)
```

Where:

- C\_value = Collateral amount (USDC, **6** decimals)
- C\_price = USDC price (assumed **\$1.00**)
- D\_value = Debt amount (AUDB, **18** decimals)
- D\_price = AUDB target price (**1** AUD in USD)

Healthy if: Health\_ratio ≥ **1.50** (**150%**)

Liquidatable if: Health\_ratio < **1.40** (**140%**)

#### Liquidity Split (Expansion):

```
AUDB_received = ΔSupply  
AUDB_to_swap = ΔSupply × 0.50  
USDC_received = swap(AUDB_to_swap)  
LP_tokens = addLiquidity(AUDB_to_swap, USDC_received)
```

## C. Contract Interaction Diagrams

### Expansion Flow:

1. Oracle.getPrice() → Returns \$1.05 AUD
2. Rebalancer.rebalance() → Calculates 500k AUDB **to mint**
3. AUDB.mint(Rebalancer, 500k) → Mints **to** Rebalancer
4. Rebalancer → LiquidityManager.manageSupplyExpansion(500k)
5. LiquidityManager.swapAudbForCollateral(250k) → Gets USDC
6. LiquidityManager.addLiquidity(250k AUDB, USDC) → Creates LP
7. POL increases → Price drops toward \$1.00

### Contraction Flow:

1. Oracle.getPrice() → Returns \$0.95 AUD
2. Rebalancer.rebalance() → Calculates 500k AUDB **to burn**
3. Rebalancer → LiquidityManager.manageSupplyContraction(500k)
4. LiquidityManager.removeLiquidity() → Gets AUDB + USDC
5. LiquidityManager → Rebalancer (transfer AUDB)
6. AUDB.burn(Rebalancer, amount) → Burns AUDB
7. Supply decreases → Price rises toward \$1.00

## D. Resources & Links

### Official Channels:

- Website: [Coming Soon]
- Documentation: [Coming Soon]
- GitHub: [Repository Link]
- Twitter: [Handle]
- Discord: [Invite Link]
- Telegram: [Invite Link]

### Testnet Resources:

- Fuji Explorer: <https://testnet.snowtrace.io>
- Trader Joe (Fuji): <https://testnet.traderjoexyz.com>
- Pyth Price Feeds: <https://pyth.network/price-feeds>

### Audits & Security:

- Bug Bounty: [ImmuneFi link - Post launch]
- Audit Reports: [To be published]

### Partnerships:

- Avalanche Foundation: [Link]
- Pyth Network: [Link]
- Trader Joe: [Link]

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*This whitepaper was last updated on January 12, 2026. The protocol is under active development, and specifications may change. For the latest information, please visit our official website and documentation portal.*

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**END OF WHITEPAPER**