



Send to Dex

PROPOSAL

TO THE BACKDROP BUILD COMMUNITY AND SPONSORS

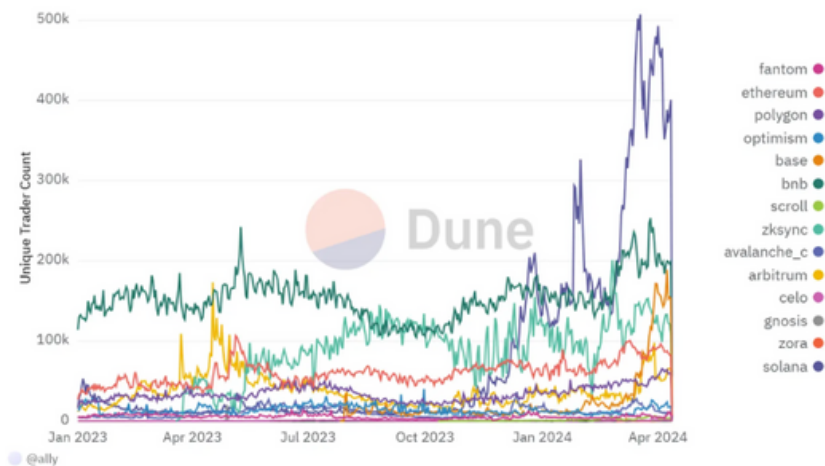
Pump.Fun makes launching a token simple (one short form) and inexpensive (\$2). But like many new innovations there are always unintended new issues that arise. This document is Send to Dex's proposed solutions guide.

www.sendtodex.com

What's the Big Deal about Pump?

A staggering 83% of Solana launches now take place on Pump.Fun. Solana, which already surpasses Ethereum in terms of trading volume, accounts for the top new meme tokens launched. In terms of dollars and cents, Pump.Fun generates over \$1 million dollars in revenue daily.

Total Daily DEX Traders per Chain dex comparison



DEX Traders per Chain (source: @Ally / Dune)

New competitors for Pump.Fun appear weekly that (mostly) are not adequately addressing the safety issues the platform ignores. Namely, developer farming.

[go back]

name

ticker

description

image

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Create coin

Cost to deploy: ~0.02 SOL

Down on the Farm

To the left is the only form a deployer needs to fill out to make a token on Pump.Fun. A developer farm begins at the stage after this screen: the developer's first buy.

A farm scam on Pump.Fun is when a deployer picks an appealing token name, ticker, description, and image that will attract the attention of holders, buys first, and then sells 100% on top of an active holder base while waiting for their token to meet its Pump.Fun raise goal to be migrated to the Raydium DEX. Specifically, a developer farm occurs when the developer sells their position but has no intentions of following through with the token.

What's the Big Deal about Farms?

It's generally assumed if a deployer launches a token on a social platform (for example Pump.Fun) and integrates socials for the token (X, Telegram, etc.) and then shares these socials in order to encourage people to buy, they are agreeing to maintain these socials and manage the token or they have a plan in place for someone else to do so.

The developer selling their entire wallet while a token is on Pump.Fun is a major sell signal, and unless a sufficient community has already formed around the token, the developer's sell leads to confusion and sharp financial loss to the token community.

To the best of our knowledge, Alon, the main developer of Pump.Fun, has no public plans to address this issue on Pump.Fun. There's little monetary incentive to fix the issue from a business standpoint and solutions would be expensive and technologically complex to implement.

To show this concept by an example, we will present one farming scenario and one possible solution.

Developer's View

In this example, a developer launches a token and it has a community forming in the Pump.Fun comment section and the token's Telegram. Suddenly, the developer sells all of their tokens and deletes the Telegram chat.

Trader's View

Traders watching the Telegram or the Pump.Fun trading view see that the Telegram gets deleted and the Pump.Fun trading view has a sharp sell wall. They check the side list to see if the developer is still holding their tokens (which are marked with 'dev' in the holders' list on the trading view page) but they are not.

The Issue

Unless someone has a bot to track whether or not a developer sold to quickly sell their position, they have to be second by second attentive on the platform to the developer's holdings or else risk massive losses.

A Solution

One solution could be for a trading site to halt trading when a farming scam is detected and begin a refund process with the aim of making every trader as whole as possible with the remaining funds.

The Mechanics of Pump.Fun

Important Terms

Automated Market Maker (AMM)

Automated Market Makers depend on liquidity pools instead of order books to offer trading of cryptocurrencies. This allows speculative trading on new pairs with trading volume which can range greatly. Phasing a token from an incubator stage to its life after dex pairing is what solidifies Pump.Fun as a phased automated market maker.

Bonding Curve

The mathematical relationship between a token's price and supply is called a bonding curve. On Pump.Fun, tokens are sold on a bonding curve which means as more tokens are bought, the price for each token gradually increases. Conversely, when more tokens are sold, the price for each token decreases.

Constant Product Money Maker (CPMM)

Once the tokens in the bonding curve have all been sold, the funds collected are readied for dex pairing. From there on the Bonding Curve turns into a traditional CPMM (constant product market maker) with the raised liquidity. At the stage of liquidity adding on Raydium (when the bonding curve is met), the pool functions just like any other $x * y = k$ AMM, with buy and sales prices based on the product of asset quantities.

Liquidity

Liquid assets that when paired to a token add value to the token. Traditional launches onto various blockchains require a starting amount of liquidity in order to make tokens tradable.

Virtual Liquidity Floor

Instead of the deployer providing the initial liquidity for a token (which has been the norm to date in cryptocurrency creation), Pump.Fun employs a virtual liquidity floor concept. The virtual liquidity floor offers two key benefits. It prevents traders from buying a token for a few dollars and selling it for \$100+ while on the site, and most importantly it prevents what is called a rug pull (where the developer removes all of the initial liquidity from a token during active trading).

How Pump.Fun Works

Pump prevents rugs by making sure that all created tokens are safe. Each coin on pump is a **fair-launch** with **no presale** and **no team allocation**.

step 1: pick a coin that you like

step 2: buy the coin on the bonding curve

step 3: sell at any time to lock in your profits or losses

step 4: when enough people buy on the bonding curve it reaches a market cap of \$69k

step 5: \$12k of liquidity is then deposited in raydium and burned

[I'm ready to pump]

How Pump.Fun works (in their own words). Source: Pump.Fun.

Core Problems Pump.Fun Presents

- Developer farms.
- Supply distribution issues.
- High liquidity/marketcap at DEX pairing which raises price entry for traders discovering the token post-PumpFun.
- Post-launch confusion for existing and potential new traders in regards to price discovery and floor-finding.

We gathered this list of problems from personal experience trading on Pump.Fun, interviews with other traders on Pump.Fun, and interviews with token promoters about Pump.Fun launched tokens.

Supply Distribution

Pump.Fun has

0

LIMITATIONS ON TOKEN HOLDINGS

The Downside?

Any given holder can still buy

9%

OF SUPPLY OR MORE AT LOW MARKETCAP

Approaches to Social Fi

Mason Nystrom, Investment Partner at Variant [described two approaches to SocialFi](#):

- 1) Application-first: Build the application first and then integrate ways application users can interact socially.
- 2) Social-first approach: Build the social community first and then focus on building out the technological side of the application.

Pump.Fun was a first mover in the space in creating an incubator-like launch platform with a virtual liquidity floor. As a first mover, it was essential for Pump.Fun to first integrate an application-first approach to SocialFi.

Pump.Fun sufficiently addresses what is arguably the most common scam of developers: liquidity removal. It does so by pairing the liquidity of tokens that meet their bonding curve goals onto the DEX (for the Solana application: Raydium). The adding and burning of liquidity tokens is handled solely by the Pump.Fun site which leaves the main remaining problems to be token abandonment and mismanagement.

Why a Social-First Approach is Needed Next

With all of the recently deployed Pump.Fun alternatives, few have presented a social-first approach. We believe that a social-first approach is needed to help address the remaining core issues of token launches on Pump.Fun to further enforce trader safety.

These are a few of the ways Send to Dex has first built a foundation for the social side of our platform. On the following page, you can read about how our application is being built. Once our application is built, we will work to create an open source version of it for the general public.

Community Discord

The [Send to Dex community Discord](#) has automated translation support for 23 different languages. It might be one of the first of its kind in crypto in this sense. First, the foreign language channel data is auto translated to one general chat on the Discord. Next, the general chat data is relayed to a related Telegram general chat and back again for seamless discussions.

Field Studies

What can be a more fun way of conducting a field study than losing and gaining a lot of money from Pump.Fun launches? Having the bonus of not being a first mover in the application build of Pump.Fun, we set out to interview as many people as possible what their biggest concerns were with the platform and then work to build processes and a strong community framework to combat these issues.

Pump.Fun vs. Send to Dex

While both Pump.Fun and Send to Dex utilize a two-stage system to transition new crypto tokens to decentralized exchanges (DEXs), they differ in their approach to this process:

Pump.Fun: Early Speculative Playground

Price Floor

\$3k

A \$3,000 minimum price (virtual liquidity floor) prevents drastic price swings.

Low Startup Cost

\$2

Create a token for just \$2.

Trading

Instant

Unlike a presale platform, Pump.Fun allows immediate buying and selling, enabling users to speculate on a token's future value.

Bonding Curve

$x * y = k$

The price automatically increases with each purchase based on a set formula.

Price Pressure

Stability

Only tokens bought on Pump.Fun can be sold back, reducing downward price pressure in the early stages.

Pump.Fun

Focus

Pump.Fun caters to high-risk, high-reward trading on brand new tokens. It allows users to speculate on a token's potential before it hits a DEX.

Send to Dex includes similar core features described above but differs in the following ways:

Send to Dex: Streamlined DEX Launch

Price Floor

\$1k

A \$1,000 minimum price (virtual liquidity floor) prevents drastic price swings.

Marketcap Goal

42k

A lower marketcap goal provides a more realistic all-time high for after Dex promotions.

Max Wallet

1%

A long awaited feature of 1% max wallet will be available with launches on Send to Dex.

Developer Selling

Answer

If a deployer abandons their token by selling their position, trading will be paused and refunds issued.

Community

Support

From offering a private ticketing system to multi-language support, the heart of Send to Dex is to be community-focused.

Send to Dex

Focus

Send to Dex prioritizes a smoother launch process, transitioning the token to a DEX for wider accessibility and long-term trading.

These platforms cater to different goals. Pump.Fun is for high-risk, high-reward speculation on new tokens. Send to Dex offers a smoother launch with the goal of facilitating long-term trading on a DEX.

Our Submission to Backdrop Build

We intended for our submission to Backdrop Build to be an open source version of our code after we deployed our trading application. Though we did not reach our development goal, we still made significant progress and here are a few highlights of our journey. We still intend to our commitment to create an open source version of our site for the greater crypto community once complete.

Our Backdrop Build Journey

Cost of Building

We underestimated how complex the back end of Pump.Fun is to operate the site and we ran into a cost issue for application building. For a period of time, we had no full stack developer on our team and our team attempted to dive into a number of Backdrop Build sponsor products determined to learn the concepts of building our site as best as possible.

Cost Solutions

Though we later did receive a sponsor to help our full stack developer get started on our application, we are grateful for the generous offerings of Backdrop Build's partners that helped us non full-stack developers keep building in our time of need!

Bubble.IO and Base

Bubble.IO allowed us to use their application to learn about programming which has enhanced our ability to communicate effectively with our new full stack developer. For Base, we know that when we go to EVM that is the first chain we wish to launch on so their own resources on how to apply for grants (both through their website and Warpcast) have been extremely helpful.

Incubators

One of our favorite parts about the Backdrop Build program was researching the sponsors that incubate projects! This was the list we are especially interested in applying to and have been learning more about: HZN by Horizon, Tachyon, Press Start Capital, and Entrepreneur's Roundtable Accelerator.

We thank you for reading our submission to V4 Backdrop build and look forward to participating in more builds! Happy building everyone!