Send to Dex

PROPOSAL

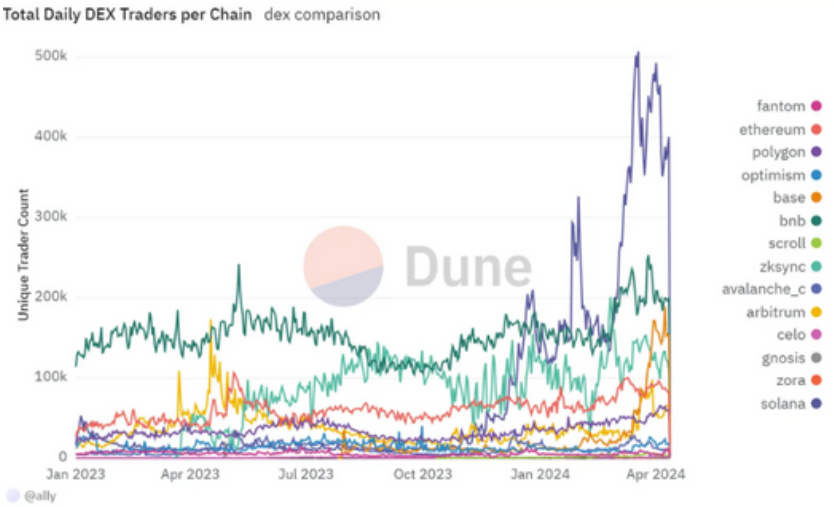
TO THE BACKDROP BUILD COMMUNITY AND SPONSORS

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

www.sendtodex.com

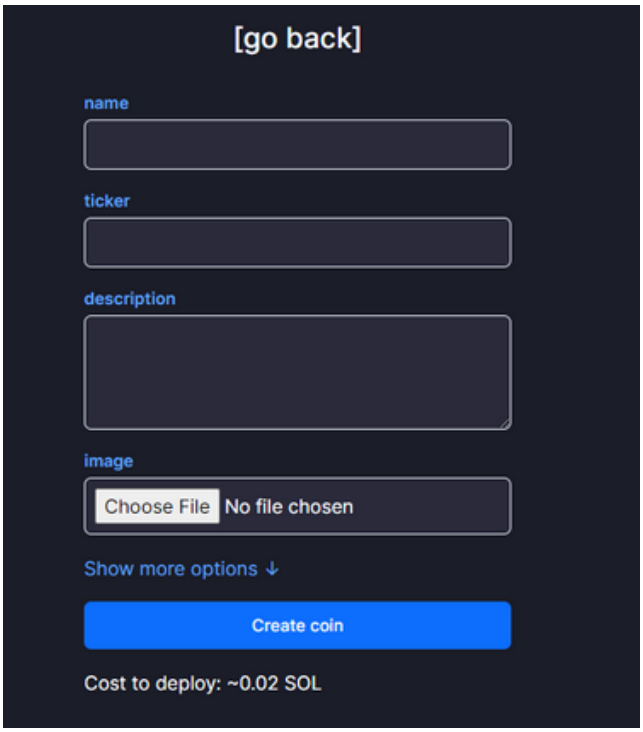
What's the Big Deal about Pump?

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. Pump.Fun also has a presence now on Base Chain as well as Blast.



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

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



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.

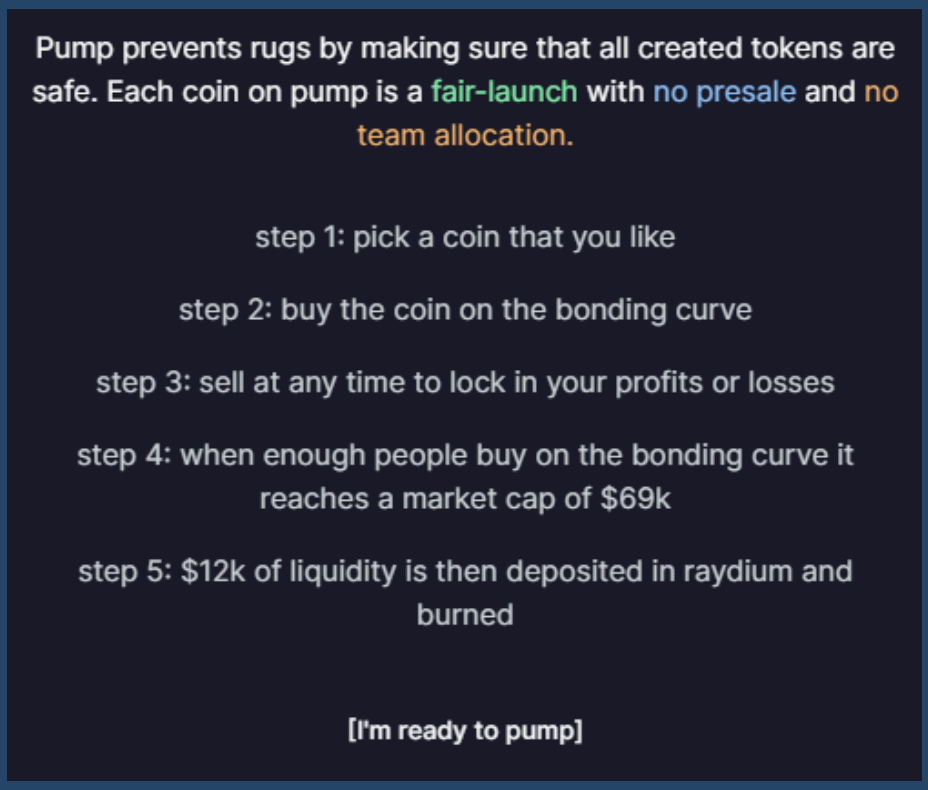
Liquidity

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



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

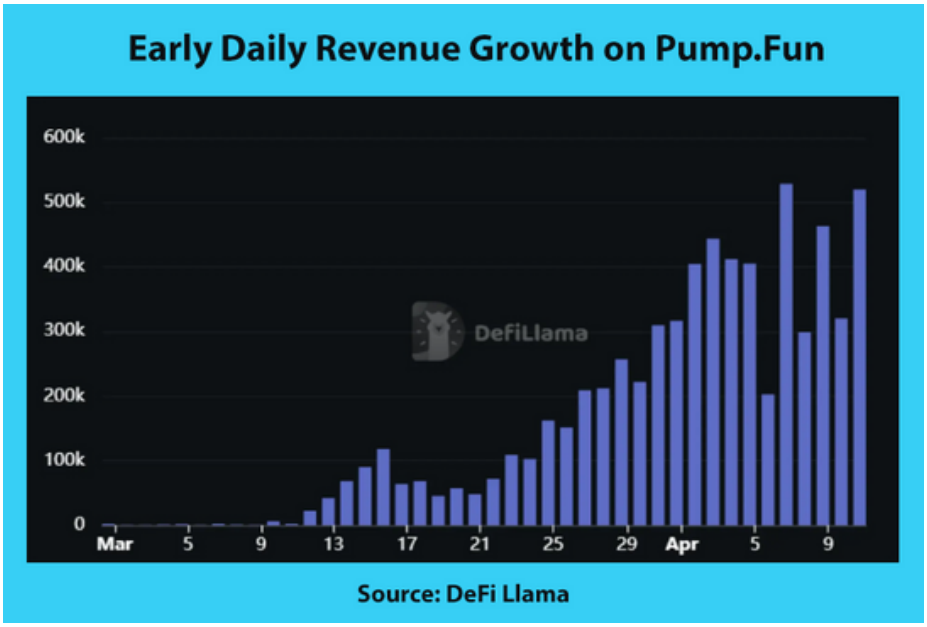
9%

OF SUPPLY OR MORE AT LOW MARKETCAP

Room for Competition

In a recent Messari report, crypto research analyst Kinji Steimetz wrote, “While Pump.Fun lowers barriers to entry for memecoin creators by reducing upfront capital requirements, it struggles to protect itself against new competitors due to the lack of a core defensible asset or product offering. Pump.Fun creates a bonding curve for new memecoin deployments, which, although helpful, is a commodity that can be easily copied. Additionally, the protocol does not control its own liquidity, which could provide a liquidity moat, and launching a new memecoin already has low barriers to entry, as seen in the proliferation of meme assets. Consequently, over time, competition may use token incentives to draw users away from Pump.Fun and reduce its margins to near-zero levels.

Pump.Fun is likely to follow a pattern similar to NFT marketplaces, where the initial market leader achieves high valuations driven by scarcity rather than fundamentals before competitors enter the market and siphon away value and users."



Existing Live Competitors

While this list is not exhaustive, some of the existing live competitors for Pump.Fun include: ApeStore, BaseFun, DegenFund, GOAT, Memechan and WhalesMeme. Aside from GOAT for its variety of token offerings and DegenFund for its innovative referral system, most current competitors are similar forks to Pump.Fun without the additional recent livestream features. On the following page, we will present how Send to Dex offers a different trading experience than Pump.Fun.

Seeking Solutions at Send to Dex

Tackling the Issue of Deployer Farming is a Priority

We are investigating various solutions, including site development improvements and the creation of alert bots for platforms like Telegram. Possible solutions include:

- Account Suspension System: Deployers who sell off their entire position in their own token can have their account suspended, subject to an appeals process.
- Safer Tier Launches: Increased token visibility for deployers that provide their Telegram Username.
- Deployment Limitations: One deployment per wallet address per week limit.
- Warning System for New Wallets: Alerts for wallets that are newly created or have shown patterns indicative of farming activities.
- Airdrop Alert System: Notifications for airdrop transactions, which can signal a possible farming attempt.

Offering Solutions on the Front Lines of Trading

By utilizing a multi-contract system, Send to Dex:

- Can quest towards presenting the best phased automated market maker solution.
- Will work to secure even distribution while projects are incubated at lower marketcap.
- Will be able to offer near-instant solutions for responding to a growing number of farming scams.
- Can offer innovative liquidity splitting solutions to assist in prepayment for Dexscreener and initial trending costs.

How Send to Dex Works

We are currently experimenting with a 1 contract system that restricts trading to our website, so that any contract limitations can be imposed at the site User Interface / User Experience level. We may still default to a 2 contract system after testing where the first contract is an SPL22 program contract and the second contract is a standard SPL contract on Solana. After we complete deploying our application on Solana we intend to work on an EVM solution on Base Chain.

Overview

Send to Dex is built to run like a hybrid between Pump.Fun and PinkSale. Imagine a meme token launch zone that includes some of the customization options of PinkSale while still allowing active buys and sells like Pump.Fun. Most importantly, it adds in Pump.Fun features while addressing the developer farming issue.

Initial Contract Deployment Specifications

1. Max wallet limit of 1% for all traders.
2. Max wallet of 5% for deployer.
3. Pause trading if developer sells all.
4. Refund process automatically initiated if developer sells their entire position.

Additional Features

1. Max wallet limitations will not be in the on-DEX contract or limit the future token in any way.
2. Dexscreener will be pre-paid for all tokens that meet 100% of their bonding curve goal.
3. Developer will have more control over the time delay between goal being met and activation of DEX trading.
4. Increased low or no cost marketing resources for tokens that graduate to DEX stage.
5. Community driven token promotion opportunities on both the official Discord and Telegram.

The Social-First Experience

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.

Qualitative Analysis

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. Farms, marketing costs, and developer abandonment were some of the primary concerns. How we will work to address these concerns is covered in the next few pages.

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. The contract deployer will have a 5% max wallet limitation.

Developer Selling
Answer
If a deployer abandons their token by selling their position, trading will be paused and refunds issued as close to initials as possible.

Financial
Support
Once the token reaches 100% of the bonding curve goal, Dexscreener will be automatically pre-paid for the token.

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.

Cross-Platform and Language Support

Resources

TediCross

TediCross is an Open Source (MIT license) solution for bridging Telegram chats and Discord channels. Feel free to check out their GitHub here: https://github.com/TediCross/TediCross

RitaBot

RitaBot is run on Node.js and is a real-time translation agent. She has a number of different tiers based on the complexity of your Discord server setup and you can find any relevant information you may need here to get started: https://ritabot.gg/

Command

```
!tr channel from [lang] to [lang] for #[dest]
```

With RitaBot, first we mapped out each language channel on the Discord so that it would fit within the 11 simultaneous translation channel limitation Rita imposes. We used the above prompt on all 23 language channels. Due to the limitation of grouping channels together, we built a custom channel to channel bridge in the following structure:

Custom Chat Relay Solution Utilizing TeddiCross

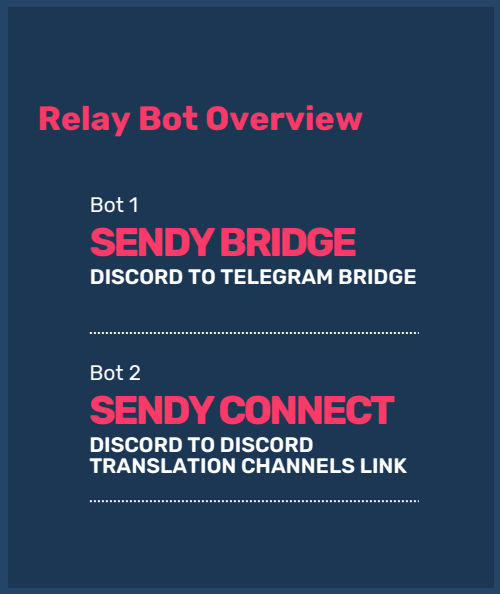
Channel ID: [Channel ID for General goes here]

Relay to:

- Channel ID: [Channel ID for English chat 1 goes here]
- Channel ID: [Channel ID for English chat 2 goes here]
- Channel ID: [Channel ID for English chat 3 goes here]

Relay the 3 above channels back to:

Channel ID: [Channel ID for General goes here]



Future Development into Sendy

On-Chain Game Development

Cross-Chain

After the launch of the first few Send to Dex platforms for Solana, Base Chain, and possibly NEAR next, we aim to create a cross-chain game where any holders of chain can bid on a launch to attempt to win it over to their home chain.

ZetaChain

We are excited about the cross-platform functionality that ZetaChain brings to the table and would like to integrate ZetaChain into our Sendy platform to improve the trader's experience bidding across multiple blockchains for their favorite new meme tokens.

Send to Dex Mini Map

Step 1

SENDY COMMUNITY

BUILD SOCIAL COMMUNITY

Step 2

SEND TO DEX

DEPLOY PLATFORM ON SOLANA, BASE CHAIN, AND NEAR - CREATE OPEN SOURCE VERSION

Step 3

SENDY

BUILD OUT CROSS-CHAIN NEW TOKEN BIDDING GAME

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 actively able to work 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: Base Ecosystem Fund, HZN by Horizon, Tachyon, Press Start Capital, and OrangeDAO.

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