

LAVA SWAP



LITEPAPER

BLAZING DeFi Playground

&

Cross-chain Asset Bridge

DRAFT FOR COMMUNITY REVIEW

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Understanding the DeFi Explosion

DeFi, short for Decentralized Finance, is the idea that traditional financial models (banks, loans, mortgages...) can be recreated using blockchain technology, eliminating costly middlemen, making every process simpler, more accessible, and faster.

DeFi is often called Open Finance, because it offers an easier point of entry for people that otherwise could be left out of financial services.

Anyone can use DeFi services, with the only barrier to entry being a little bit of technical knowledge.
(Source: <https://mashable.com/article/defi-growing-fast/>)

The core benefit of DeFi is easy access to financial services, especially for those who are isolated from the current financial system. Another potential advantage of DeFi is the modular framework it is built upon - interoperable DeFi applications on public blockchains will potentially create entirely new financial markets, products, and services.

(Source: <https://academy.binance.com/en/articles/the-complete-beginners-guide-to-decentralized-finance-defi>)

Traditional finance is built on top of different institutions that perform tasks on every step of every financial service/process. This model is outdated, because in every step of every financial process there's a middleman, making everything more expensive, bureaucratic and difficult.

All of those middlemen rely on taking a cut of every transaction, adding extra steps and costs that could be avoided with the use of technology.

According to defipulse, the leading data & analytics provider for Decentralized Finance applications, there are over \$24.6B assets locked in DeFi protocols as of January 27th (Source: <https://defipulse.com/>)

The cryptocurrency market has seen an unprecedented explosion of DeFi applications, services and projects. While it's early, DeFi can have a huge impact on many different industries and sectors.

A new wave of financial innovation is upon us. Decentralized Finance (DeFi) provides the solid foundation for new financial services that are so powerful and advantageous that we will soon look back on them and question how we ever operated without them.

Decentralized financial instruments make cryptocurrency and the blockchain sector capable of accomplishing what was once only possible in traditional money markets. Services such as borrowing and lending can now take place in a wholly decentralized manner, without ever involving banking institutions.

This produces a multi-frontal, paradigm shifting, natural growth area - one that is fueling the digital currency boom.
(Source: <https://www.nasdaq.com/articles/decentralized-finance-defi%3A-an-emerging-giant-2021-01-15>)

Decentralization will continue to be the essence of blockchain projects moving forward. With DeFi, there are a lot of new opportunities to explore.

When it comes to the DeFi movement, the time is now to create value for the world.

Excessive Ethereum (ETH) Focus

Crypto and DeFi are becoming a new world order. People want flexibility and freedom of assets to do what they want. They are tired of spending crazy gas fees and want to spread their assets across chains and the whole crypto universe.

Crypto is currently too ETH dependent:

Ethereum (ETH) primarily dominates DeFi ~99% dominance (DeFi Pulse, Aug 1, 2020).

- While ETH is truly ground-breaking, public chains designed for generic use will fundamentally achieve scalability issues as they lack dedicated focus to pure finance use cases.
- Sophisticated issuers and investors have concerns with offerings purely on public chains like ETH.
- E.g., Governance, Lack of absolute finality of transactions, Identifying investors with no built-in KYC and Custody

As the popularity of DeFi grows, there are still some potential sticking points which the sector needs to overcome. The bulk of the DeFi sector is still overly reliant on the Ethereum network, which has almost single-handedly borne the strain of its rapid growth. In 2020 the Ethereum network slowed, while the average cost of transactions rose from a few cents to over \$12 in September.

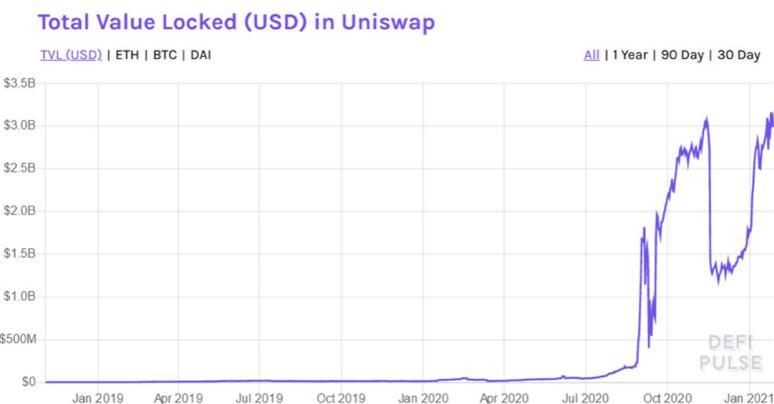
(Source:<https://www.nasdaq.com/articles/decentralized-finance-defi%3A-an-emerging-giant-2021-01-15>)

The Decentralized Exchange Revolution

The incredible DeFi growth has been made possible in large part because of decentralized exchanges (DEXs). They are automatic and unstoppable exchanges where people can swap their crypto assets with other users, without the need of control and supervision from a central entity.

Uniswap changed the game

On the Ethereum network, Uniswap is the most well-known DEX. Its growth has been spectacular, and it has opened the way to new and exciting DEXs across the crypto space!



Uniswap even surpassed Coinbase Pro in daily volume!
<https://cointelegraph.com/news/defi-explosion-uniswap-surpasses-coinbase-pro-in-daily-volume>
(Coinbase is one of the biggest crypto exchanges in the world!)

SushiSwap took the same concept and made it more accessible and democratic:

SushiSwap is a fork of Uniswap with some key differences – most notably, the SUSHI token. The token has two functions at launch: entitling holders to governance rights and a portion of the fees paid to the protocol. In a simplified way, SUSHI holders “own” the protocol.
(Source: <https://academy.binance.com/en/articles/your-guide-to-sushiswap>)

Another important DEX is PancakeSwap, built on the Binance Smart Chain.

The developers of PancakeSwap cite high fees and slower speeds of the Ethereum blockchain as a driving factor in building on Binance Smart Chain. Ethereum may have kick-started the DeFi trend, but initiatives like PancakeSwap suggest that the wave of innovation is destined to spread to other chains. (Source: <https://academy.binance.com/en/articles/a-guide-to-pancakeswap>)

LavaSwap is built on top of Huobi ECO Chain (HECO) for many of the same reasons PancakeSwap was built on top of BSC: lower fees, faster speeds and a huge ecosystem (although HECO is faster and cheaper than BSC).

We are following the steps of giants, and will continue to work hard on the DEX space to provide users with the best experience possible when trading cryptocurrencies and discovering the possibilities of DeFi.

It's now time to talk about LavaSwap!

Introducing LavaSwap

Lava Swap is the first interoperable decentralized cross-chain swap protocol powered by Huobi Eco Chain.

We are creating an automatic market making DEX. We envision a world where all crypto assets can come play in our BLAZING DeFi playground.

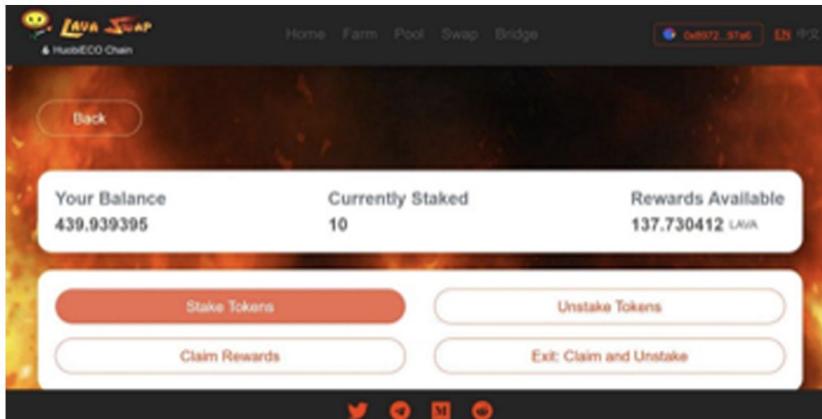
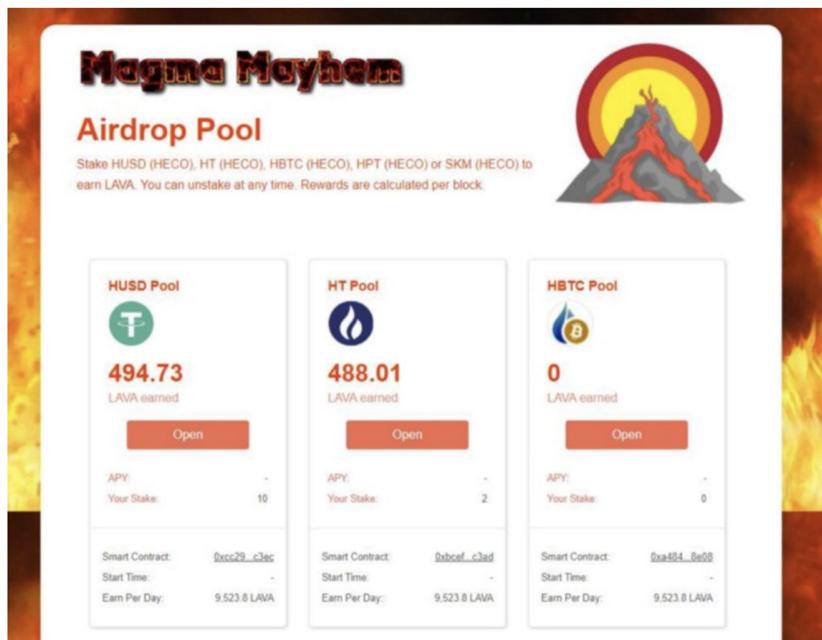


Unique components of LavaSwap:

Melting Pool Bridge: add any crypto asset and bridge it to other leading chains.
LAVA's cross-chain bridge will open up assets to play across the whole crypto world.

- Blazing DeFi Playground: Magma Mayhem Pools with fiery APYs and special features.

- Inferno Swaps
- NFT swaps and staking
- Much More
- NFT swaps and staking
- Much More



LAVA holders can use their tokens to vote on governance proposals regarding changes and upgrades to the protocol.

We are the first foreign-based #HECO project that reached a TVL of over \$10 million! And we did it in just one hour!

We are the first HECO AMM to offer new-to HECO, yet already established alt-coin liquidity pools (LPs) We're taking full advantage of the Huobi community by providing arbitrage opportunities amongst HECO tokens that are hosted on Huobi.com in the near future.

We've got a brand new, smarter (and cheaper) farming experience ready to melt your face off with. Together, with one of the top global crypto ecosystems -Huobi. The sky is the limit!

Huobi Eco Chain (HECO)

Let's get real: Ethereum (ETH)'s current gas fees and transfer times have become too crazy expensive and slow! The barrier to entry for participating in on-chain activities is only getting higher and higher.

Enter Huobi Eco Chain. By utilizing HECO, LavaSwap will be able to increase the speed of transactions while massively reducing the fees at the same time. Sounds good, right?

We believe that DeFi does not belong only to one chain. DeFi opportunities should be accessible for everyone. With the current Ethereum infrastructure, that's not possible.

That's why we need Huobi ECO Chain!



HECO is a DeFi-focused chain with rapid transaction times, low gas fees and a massive built-in community from the world-class Huobi exchange ecosystem.

HECO will allow a new wave of DeFi applications and projects for two main reasons:

Technology - built with faster transaction-output, lower gas fees, and full EVM compatibility, HECO is a great chain to achieve every DeFi dream. It is cheaper and faster than every other network, like Ethereum, Binance Smart Chain, or Polkadot.

Standards - Huobi values are present in HECO, as well as an amazing brand behind the chain, and a massive community built by the Huobi exchange ecosystem overtime.

Huobi is one of the top exchanges in the crypto space. With a daily volume of over \$5B, it is one of the most trusted blockchain ecosystems in the world, and also one of the biggest crypto communities, with thousands of followers & supporters.



HECO will help LavaSwap build cross-chain applications that couldn't be possible in any other chain. We believe that DeFi should be fun and easy to use for everybody, and with the help of HECO, we will achieve it. It's exactly what we need!

Why Cross-Chain is a Must

For LAVA, we want interoperability to be front and center.

While we think the ETH network is great, DeFi does not belong only to one chain. It should be accessible for everyone.

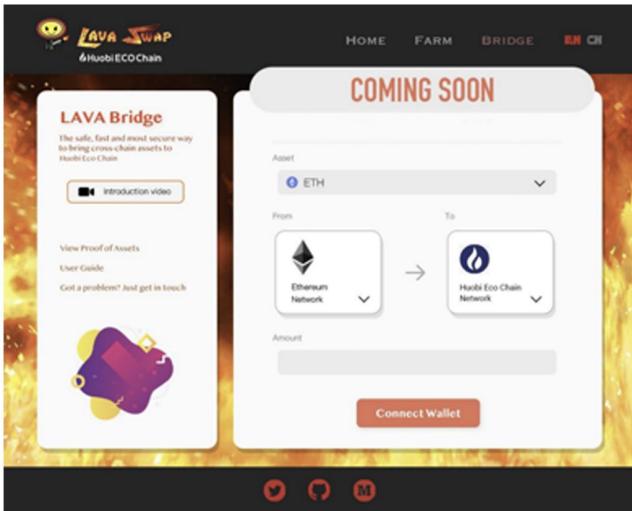
As DeFi grows further, interoperability and opening access to emerging ecosystems such as HECO will enable greater mainstream adoption.

We see the HECO ecosystem expanding fast. DeFi has caught the attention of many people, and the demand for it will only get stronger. We don't think the ETH network will be the only provider, so having a strong name such as Huobi will help the HECO ecosystem a lot.

Cross-chain is a must because DeFi should not be limited by individual networks, because the average consumer would want an end product that is simple to use and accessible. After all, that's the whole premise of DeFi!

LavaSwap will feature a killer cross-chain bridge that will change the way the crypto community operates, and soon, everyone!

Lava's Cross-chain bridge will open up assets to play across the whole crypto world.



Current & upcoming supported formats:

- BSC
- ETH
- DOT
- TRON
- More

LAVA Name Inspiration

Tired of random food projects? Sushi and Pancakes are all well and good, but we're turning up the heat... with a flamethrower!

We chose LAVA to represent the imminent ERUPTION of the Huobi ECO Chain!!!

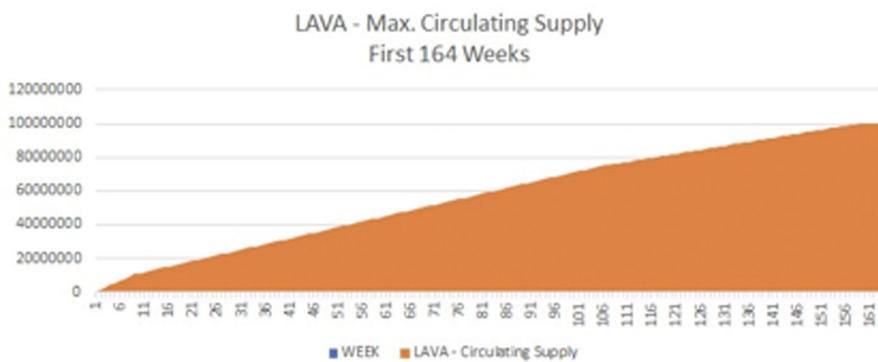
LAVA Token Economics

LAVA is 100% on HECO, and there is no pre-sale, no VC allocation, and open access for everyone.

Token Supply

The 100 Million LAVA supply will be put in circulation over the next three years, with 70% going to Mining and Staking, 10% to long-term LAVA token holders (DAO), 10% to team members and future employees (DAO), 10% to marketing and ecosystem building.

After the three-year genesis supply is distributed, a perpetual inflation rate of 2% will start, to incentivize participation in the protocol over passive ownership. All token distribution details are subject to change.



Community distribution and Mining:

- Stage 1: Airdrop Mining Phase (4 weeks, 1% of LAVA)

There are 5 exclusive airdrop pools for our key HECO ecosystem partners, which include HUSD, HBTC, HT, HPT and SKM. Each of the pool will get an allocation of 200,000 LAVA tokens in total.

Distribution: 4 weeks, halving every 2 weeks

Time: 9am, January 27 – Feb 24, 2021 (EST) for HUSD, HBTC and HPT staking pools.
HT and SKM will be announced for a later date.

- Stage 2: Liquidity Mining and Ecosystem Partners (3 years, 69% of LAVA)

2.1 Genesis Liquidity Mining Phase (8 weeks, 5% of LAVA)

The LAVA airdrop precedes a liquidity mining campaign set to go live around Feb 4, 2021 at 8pm EST.

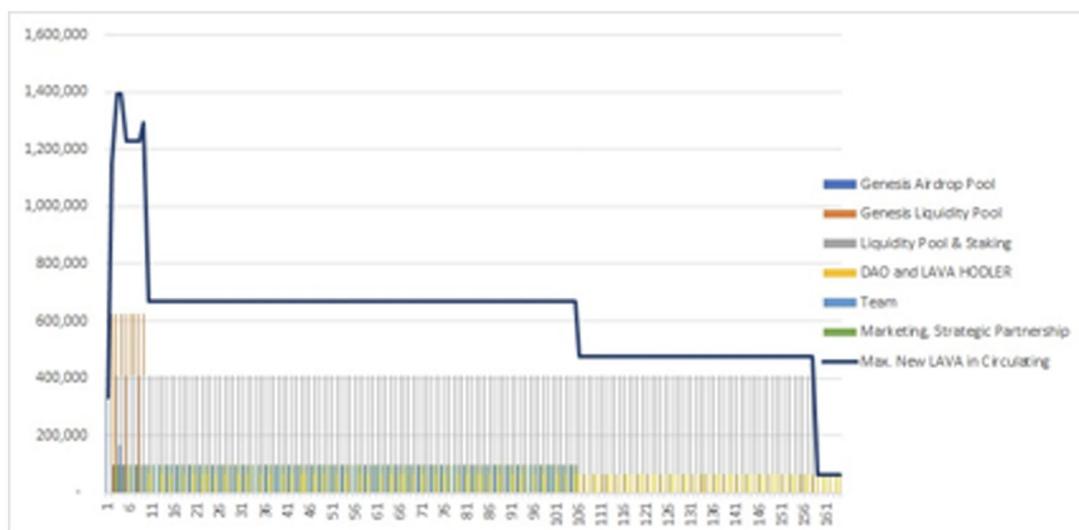
Of the 100 Million total genesis supply, 5M LAVA will be allocated to the HUSD-LAVA, HBTC-LAVA, HT-LAVA, HPT-LAVA and SKM-LAVA pools over the next two months (**the weight will be roughly based on the TVL of the airdrop pools**). Users can provide liquidity and stake their positions via the new LAVA mining dashboard to earn a pro-rata claim of the 5M LAVA allocated to each pool. You can unstake any time and the reward is calculated per block.

2.2 Other HECO Liquidity Mining (3 years, 64% in total)

We will provide airdrop to the other liquidity pools to more HECO partners.

Different liquidity pools have different weights, such that some will receive a greater portion of LAVA tokens than others. This pool weight is flexible and can be changed via a governance vote or when new pools are added to the protocol. More details will be announced soon.

Total New LAVA In Circulating for the first 3 Years (163 Weeks)



LAVA token initial use cases:

- Special Long-term LAVA HOLDER Staking Pool(3 years, 10% in total)

We will announce more details soon. We will assign a time weight to our airdrop program. If you stake LAVA, you will get LAVA. But the longer that you stake, the more you can get.

- Trading Fee and Token Burn System

0.3% of the fees on all trades will be collected and redistributed to benefit the LavaSwap ecosystem. 0.2% of the fees will be added to the liquidity pool and accrued in real time. The fees are claimed automatically when withdrawing your liquidity. 0.05% will be used to buyback and burn LAVA. 0.05% will be used to continue innovation and further development.

- Governance & DAO

LAVA holders can use their tokens to vote on governance proposals regarding changes and upgrades to the protocol.

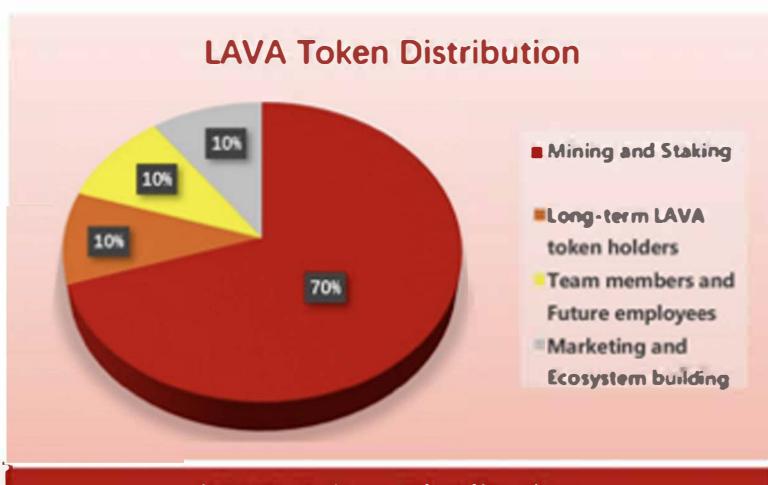
LAVA Lock-up structure:

Total Genesis Supply = 100,000,000 LAVA, no inflation until year 3

Mining and Staking (70%) = 156 weeks, unlocks weekly

Long-term LAVA token holders & DAO (10%) = 156 weeks, unlocks weekly Team lockup (10%) = 104 weeks, unlocks weekly

Marketing, Partnerships & Ecosystem Building (10%) = 104 weeks, unlocks weekly



LAVA Token Distribution	
Mining and Staking	70%
Long-term token holders	10%
Team members and Future employees	10%
Marketing and Ecosystem building	10%

Conclusion

While DeFi continues its expansion, there will be a need for a DeFi playground that works across chains, to make interoperability more simple, accessible, and fun!

LavaSwap is creating the first interoperable decentralized cross-chain swap protocol powered by Huobi Eco Chain.

LAVA cross-chain bridge will open up new possibilities for the crypto community, and hopefully change the experience of accessing cryptocurrencies worldwide!

Moving forward, decentralization will continue to be the essence of blockchain projects, so it's important to build DEXs that support the DeFi paradigm of fewer barriers to enter, opening the access to new asset classes to people around the globe.

Creating interoperable ecosystems will help to bring non-crypto users to the community, as well as expanding the ethos of DeFi.

When it comes to the DeFi movement, the time is now to create value for the world, and LavaSwap will be at the forefront of this new revolution.



BLAZING DeFi Playground and Cross-chain Asset Bridge

