

# LeverPool Protocol(LEV)

## 1.Introduction

LeverPool Protocol is a decentralized DeFi aggregate farming protocol that aims to introduce incremental users and incremental assets through leverage. On the basis of community governance and decentralization, LeverPool Protocol helps investors, specially entry-level investors, participate in farming with zero gas fee and obtain considerable return though they invest limited assets. Furthermore, LeverPool Protocol will introduce real-world assets and credits to allocate farming leverage.

## 2.Functions

- Aggregate farming with zero gas fees

By using intelligent aggregate farming algorithms, LeverPool saves users hundreds of dollars in gas fees and giving 100% subsidies to the users, thus greatly reducing the threshold for users to reach the DeFi world.

- Leveraged farming

LeverPool adopts leveraged farming structure for two kinds users, Lender and Borrower, which helps the Lender enjoy DeFi's high stable yielding interest with priority protection of fund and makes the Borrower amplifies digital assets in farming to obtain excess returns.

For example, facing xxxSwap pool whose APY is 1000% at present, Borrower can use 10,000 USDT and leverage it to 50,000 USDT to participate in farming, and provide Lender Pool with a standard APY of 300% leverage interest. LeverPool controls the flow of farming funds through the smart contract module group, and the return funds are given priority to pay Lender's principal and interest. In this case, assuming that the xxxSwap's APY remains unchanged in a couple of days, Borrower's ROE will increase to 3800%.

- Synthetic asset and credit tracking methods to enhance leverage

To introduce assets and trust from the real world, LeverPool Protocol adopts a synthetic asset mechanism similar to Synthetix, where leverage users can mortgage real assets to the chain and realize price connection through oracles. Besides, LeverPool will also use blockchain address tracking system and credit cross-chain oracle to introduce credit system into the digital world. With synthetic real-world asset and credit tracking system, LeverPool will helps users to get lower interest rates and higher ratios of leverage to increase credit.

### 3.Methodology

According to the logic flow, the LeverPool system is composed of five modules: Pool, Vault, Controller, Strategy, and Farm, and their interaction is shown in Figure 1.

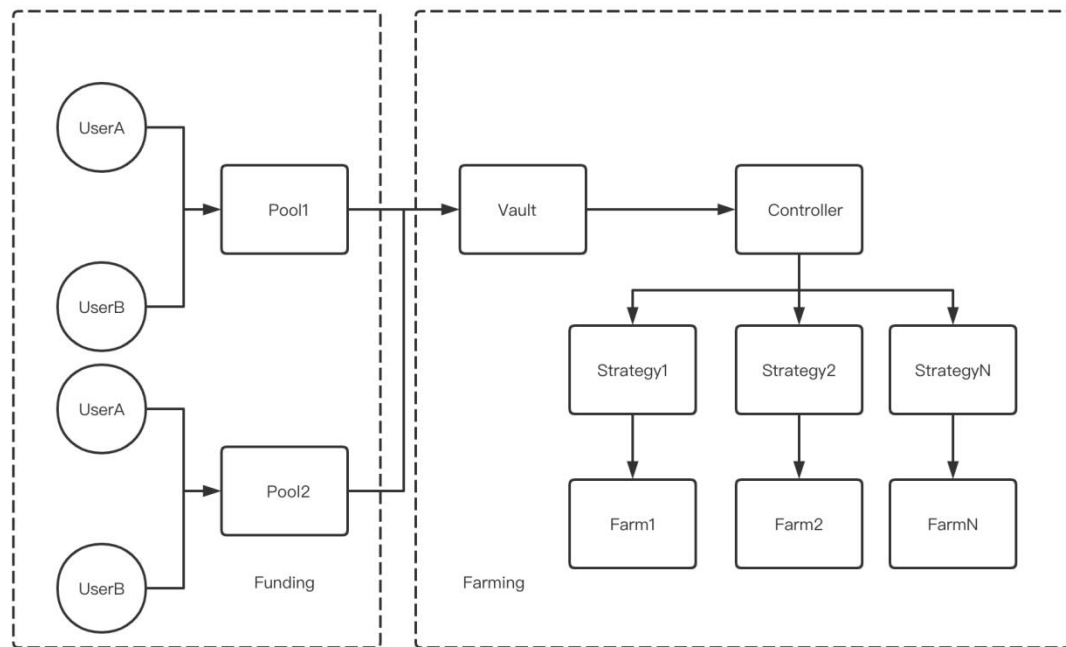


Figure 1: Figure of the relationship between LeverPool modules

The direction of the arrow in Figure 1 represents the direction of the flow of user funds for farming, and the direction of the flow of funds for the user to obtain income is opposite to the arrow in the figure. Below we introduce the logic function of each module in turn. It is worth noting that all modules are smart contracts on Ethereum, and the flow of funds is function calls between contracts.

The LeverPool system is divided into two modules at the logical level, namely the Funding module for user deposits and allocations; and the intelligent Farming module. The former relies on the latter to run, while the latter is a fully functional sub-module that can operate independently as an independent non-user funded liquidity mining system.

For the Funding module, its purpose is to meet the different needs of two groups of people. The two groups are represented by the leverage user UserA and the leverage provider UserB. For UserA, it is pursuing high-risk and high-yield, such as APY above 100%, but lacks sufficient principal; for UserB, it has sufficient principal, but it is pursuing relatively high stable returns, such as APY 30 %. Specifically, the functions of the Funding module are implemented by a series of smart contract Pools. Each Pool is an independent fund pool and includes the following functions:

a. Fund allocation: For each smart contract pool, it specifies the type of funds to be accepted, such as ETH, the minimum return for UserB, such as APY 30%, and the leverage ratio, such as 300%. Under this value setting, UserA can be funded by Pool in a ratio of 1:3. If UserA obtains more than 100% of APY through liquidity mining through funding, that is, borrowing money from UserB, then UserA needs to distribute 30% of the funding part to UserB. For each pool, UserA will issue a funding requirement, and UserB can store funds in the pool according to demand. Of course, UserB can also store funds in the pool if there is not enough demand for subsequent priority use.

b. Liquidation: In addition to the settlement of income in the above fund allocation process, Pool also needs to maintain operations such as liquidation and liquidation caused by changes in asset value. UserA transfers to the Vaunt contract through the allocation of funds (see below for the introduction of Vaunt). In Vaunt, users may need to convert their assets. For example, the currency with the highest rate of return in Vaunt is YFI, and Pool's funds are ETH, then UserA can first convert ETH to YFI through a one-step conversion and store it in Vaunt. The relative price changes of ETH and YFI will affect UserB's principal security. Pool judges by introducing an oracle of over-the-counter prices, and periodically judges whether to trigger a liquidation operation to protect UserB's fund safety.

For the Farming module, in general, the intelligent and reducible relationship can be summarized as the fund pool Vault collects funds through the controller Controller and uses different strategies to invest funds in different liquidity mining scenarios Farm to earn income. The entrance and exit of its funds is the Vaunt smart contract, which is a series of different assets for intelligent automatic farming, such as an aggregated fund pool of ETH and YFI, which pools funds and settles the proceeds after the end of farming. Overall. As the core feature of the LeverPool system, Vault additionally maintains the user's invitation relationship when users make investments (for example, users can set an address as their own inviter), and then distribute a certain percentage or amount of invitation dividends when the income is settled .

When the user's funds are pooled to a threshold, Vaunt will invest the funds into the specific liquidity mining scenario Farm, which is managed by the controller. Specifically, the Controller first holds the user's funds, and it has a trusted farming strategy Strategy pool. After a period of time, the Controller will use intelligent algorithms and oracle models to select the highest yield in the current market Strategic investment. For example, suppose that the most profitable way to mine YFI liquidity in the market is to invest in Compound DeFi. After updating the node, the Controller will choose to invest YFI in Compound's Strategy to manage YFI investment. From the above statement, we can see that Strategy mainly completes two functions:

- a. Specify the farming link of a certain asset.
- b. Contracts for liquidity mining scenarios, that is, the docking function of the Farm contract.

Compared with existing DeFi products that can only use on-chain assets and information, LeverPool uses Synthetix's similar mechanism to synthesize assets and introduce incremental users and funds into the DeFi ecosystem. But unlike Synthetix, LeverPool users can choose appropriate credit or assets to mortgage and participate in aggregate farming when releasing assets. For example, suppose a user seeks to release N residential assets, and the number of tokens is M. The credit here can be a digital contract with legal effect, which stipulates that when the user saves  $M/N$  tokens, he can exchange for a house. Then, using this as collateral (the specific implementation method is to place this digital contract in a synthetic asset contract), users can release assets without token collateral, and then conduct liquidity mining.

## **4. Development Route**

First, by lowering the gas fee and providing 100% subsidies, allow more people in the blockchain industry to participate in DeFi projects. The farming rights are promoted from technicians to normal crypto investors.

Second, delivery the Leverage Farming and Funding module, to meet the different needs(lend and borrow) of two groups of people.

Thrid, through the synthetic asset and credit collaboration mechanism, the system security is improved and the excellent interaction design allows financial demand outside the industry, such as borrowers and lenders from traditional fields, to pay attention to and use decentralized financial products;

Future, LeverPool creates an open source framework and DAO community governance, so that LeverPool Protocol can become a infrastructure and common component in DeFi.

## **5. Governance**

After the initial developer committee promotes the product and cold start of the community, the governance of LeverPool will completely enter the DAO stage, any improvements will be

decided by LEV holders via voting. Some of the powers that controlled by the governance system as listed below:

- Set up a new farming pool and choose a suitable farming protocol
- Update the oracle address and the interest rate of leverage funds
- Change the proportion and method of the back-end revenue
- Set up a new DAO community

## **6.Token Distribution**

The distribution of LeverPool Token (LEV) will be completely decentralized. Tokens will be automatically distributed based on smart contracts, a total of 1 million tokens will be distributed in 3 stages:

- The first stage: AnglePool plan. Early supporters in the community will add the liquidity in the first AMM pool and enjoy yielding from liquidity mining. 100,000 LEV will be placed in the AnglePool and linearly released to early supporters in 50 days.
- The second stage: leverage farming. In this stage, LeverPool will set up several liquidity mining pool and reward automatically. 400,000 LEV will be rewarded to both leverage borrowers and lenders.
- The third stage: enhanced leverage farming with real-world asset and credit. LeverPool Protocol will introduce increment asset and credit in leverage farming mechanism to achieve better interests and leverage ratio. 400,000 LEV rewards.

100,000 LEV of team rewards will be released corresponding to the LEV farming.