Whitepaper: LibreTrading Ecosystem

Where Liquidity meets Opportunity

April 14. 2025

Executive Summary

The Libre Trading Ecosystem is an autonomous trading system built on the Stellar blockchain. It aims to increase token value through continuous, high-frequency trading activity facilitated by Automated Market Makers (AMMs), even in the absence of direct human buy-demand. In this ecosystem, a web of tokens trade against each other in liquidity pools such that fees and arbitrage drive value accrual over time. The LIBRE token lies at the core of this system, serving as the main asset whose value is intended to compound through the trading operations. The platform is currently implemented on **Stellar Classic** (the established Stellar network and its native features) to leverage Stellar's credibility, low fees, and mature ecosystem. Looking forward, the project is open to integrating **Soroban** (Stellar's new smart contract platform) to enhance functionality as that ecosystem matures. In summary, the Trading System around LIBRE proposes a novel experiment: can purely automated on-chain trading activity, using Stellar's AMM infrastructure, organically generate long-term value growth for a token? This whitepaper details the motivation, design, tokens, and plans for the Libre Trading Ecosystem, while emphasizing transparency and caution due to the experimental and financial nature of the project.

Introduction

Background and Inspiration: The Libre ecosystem draws inspiration from earlier experiments in algorithmic trading on Stellar's decentralized exchange. Notably, community concepts like *"StellarDrones"* envisioned autonomous agents ("drones") that continuously trade on Stellar, creating volume and liquidity without human intervention. Libre builds on similar ideas, aiming to create an autonomous trading mechanism that can increase a token's value floor over time through sheer activity. This approach was motivated by observing how even **idle tokens** could potentially generate value if put to work in AMM liquidity pools – effectively making capital productive by capturing trading fees and arbitrage opportunities.

LIBRE Token Genesis: The LIBRE token was launched with an initial supply of 21,000,000 tokens, reminiscent of Bitcoin's fixed supply philosophy. Less than 20,100,000 LIBRE are currently circulating, with the remaining tokens effectively removed from the liquid supply (via burns or locks), establishing a deflationary bias. This initial token distribution sets the stage for the ecosystem's economics – a relatively scarce asset whose value the system seeks to bolster through activity rather than hype. LIBRE's name echoes *"liberty"* and *"libre"* (free), reflecting the project's ethos of a free-running, self-sustaining market system.

Why Stellar? The Stellar network was chosen as the foundation for Libre due to several key factors:

- **Credibility and Stability:** Stellar is backed by the non-profit Stellar Development Foundation (SDF), which has been supporting the network since 2014 and fostering a robust ecosystem . Stellar's network hosts over 5 million accounts and numerous issued assets , indicating a well-established platform. This credibility provides confidence that the infrastructure is secure and long-term oriented, crucial for an experiment that may run autonomously for extended periods.

- **Low Fees and High Speed:** Stellar transactions cost a fraction of a penny and settle within seconds. There are no high gas fees or slow block times that plague some other chains. This is essential for high-frequency trading – the Libre system can execute many micro-transactions and arbitrage loops without incurring significant cost. Stellar's protocol-level efficiency means even constant trading will not be eroded by fees, allowing the fee **rewards** to instead flow to the ecosystem's liquidity providers.

- **Built-in DEX and AMM Functionality:** Stellar's classic network has a built-in decentralized exchange (order books) and, since Protocol 18, native AMM liquidity pools. This means the Libre Trading Ecosystem can utilize on-chain liquidity pools and automated trading without deploying complex custom contracts. The credibility of Stellar's AMM design (one of the first layer-1 AMM implementations) and the presence of stablecoin anchors like USDC provide a solid environment for Libre's trading pairs. By starting on Stellar Classic, Libre leverages these proven features out-of-the-box, while keeping an eye on emerging innovations like Soroban for future expansion.

Overall, Stellar offers a blend of reliability, cost-efficiency, and a strong community/ ecosystem – ideal conditions for launching an experimental trading ecosystem like Libre. The choice of Stellar signals a commitment to an open, interoperable approach (since Stellar connects to many fiat anchors and crypto assets) and positions Libre within a reputable network known for real-world asset issuance and cross-border payment solutions. This credibility is invaluable for attracting collaborators and users, even as Libre emphasizes its experimental nature.

Technical Foundations

Stellar Classic vs. Soroban: Libre's architecture is currently built on **Stellar Classic**, meaning it uses the native capabilities of Stellar's public network (payments, trustlines, decentralized exchange, and AMM pools) without custom smart contracts. Stellar Classic provides all the functionality needed to create tokens and liquidity pools. Meanwhile, **Soroban** is Stellar's new smart contract platform (introduced with Protocol 20 in late 2023) which enables Turing-complete logic via WebAssembly contracts. Soroban opens the door for more complex programmatic strategies in the future – for example, automated rebalancing contracts, advanced arbitrage bots, or on-chain governance for Libre. However, Soroban is in its early stages of adoption; most of the network's liquidity and activity currently remains on the classic built-in DEX and AMMs. For this reason, Libre has launched on Stellar Classic to tap into existing liquidity. As Soroban matures and if its liquidity grows, the Libre ecosystem may integrate it (or even migrate certain functions to it) to enhance the automation and sophistication of its trading strategies. In summary, Stellar Classic provides a battle-tested, liquid starting point, while Soroban represents an upgrade path for the future.

Automated Market Maker Mechanics: At the heart of Libre's design are **Automated Market Makers (AMMs)** – smart liquidity pools that algorithmically determine asset prices based on supply and demand in the pool. Stellar's classic AMM implementation uses a constant product formula (similar to Uniswap v2) and charges a 0.3% fee on every trade. In an AMM pool, anyone can deposit two assets to provide liquidity, and traders can

swap against the pool; the 0.3% trading fee is retained inside the pool, distributed proportionally to liquidity providers as an earned yield. This mechanism is crucial to Libre's hypothesis of value growth through activity. As trades occur, **pool fees accumulate in the pool, increasing its total liquidity over time**. Liquidity providers (which in Libre's case is often the ecosystem itself for its own pools) can withdraw their stake plus the accrued fees (effectively interest) at any time. The continuous compounding of fees means that if there is sufficient trading volume, the pool grows in asset quantity, potentially boosting the value of the pool tokens. Libre's strategy is to create many interconnected liquidity pools with its tokens, so that constant trading (arbitrage, rebalancing, etc.) will continually feed fees into these pools. In essence, the **trading volume is harnessed as a source of value:** instead of value leaking to arbitrageurs or market makers, the ecosystem itself, acting as the primary liquidity provider, recaptures those 0.3% fees on each trade.

Initial and Expanding Liquidity Pools: The Libre ecosystem started with a fundamental liquidity pool pairing Stellar's native asset XLM with the major Stellar stablecoin USDC. With this base in place, the project expanded into more complex token interrelations by creating numerous liquidity pools involving the Libre tokens and various other assets. The design gradually formed a **web of pools**: for example, LIBRE may be pooled with XLM; LIBRE may also be pooled with LibreVault (another ecosystem token); LibreVault might be pooled with USDC or other tokens, and so on. By interlinking assets, any price imbalance between pools creates an **arbitrage opportunity** – external traders or bots will trade to capture the price difference, and in doing so they pay fees into the pools. The system thus *invites* arbitrage trading by design. Even without discretionary human investment, the tokens can generate volume among themselves as arbitrageurs and automated strategies swap them to chase small price discrepancies. Each such swap yields a fee that increases the pooled assets. Over time, this could raise the denominated value of the tokens if, for instance, the pools accumulate XLM and USDC (especially if XLM itself appreciates). The hypothesis is that **value growth over time is possible purely through autonomous trading volume and fee accrual**, without relying on fresh external buyers constantly coming in. It's a novel approach that treats on-chain activity as the engine of value, essentially turning the trading process itself into a *value-generating* act for those providing liquidity.

To illustrate, consider a simple scenario: LIBRE is pooled with XLM. If LIBRE's price versus XLM drifts in one pool relative to another pool (say LIBRE/USDC via XLM/ USDC path), an arbitrage bot will buy the cheaper LIBRE and sell it where it's pricier. When it trades in the LIBRE-XLM pool, the pool earns fees in XLM and LIBRE. Now scale this up to dozens of tokens in the Libre ecosystem, all cross-linked – it creates a complex mesh where there is nearly always some slight imbalance to arbitrage, especially as external market prices (like XLM/USD) move or as the pools continuously shift. The **cumulative effect** is that the ecosystem's liquidity pools steadily gain assets from traders who are effectively paying a small toll (0.3%) to move value around within the network. Libre's core belief is that, in the long run, this mechanism can support a positive feedback loop: as long as there is baseline volatility and participation, the *intrinsic* value backing LIBRE and its sister tokens grows (measured in the XLM, USDC and other reserves accumulated). And if XLM itself thrives in the long term, LIBRE and others will indirectly benefit because they hold XLM in their pools.

It's important to note that this system does **not** violate conservation of value or create money from nothing – ultimately, the fees paid by traders are the source of the value increment. Essentially, Libre attempts to turn the typical market-making strategy of earning spread/fees into an on-chain, self-contained **growth strategy for token value**. Of course, this relies on activity levels; if trading volume dries up, the fee accrual stops. Thus the ecosystem is designed to encourage continuous activity through numerous token pairs and potentially by seeding some initial arbitrage trades itself. It is an empirical question whether this approach can meaningfully increase token value over time, which is why Libre is positioned as a grand experiment at the intersection of market dynamics and tokenomics.

Hypothesis and Testing: The hypothesis driving Libre is that a **self-sustaining market** can be created, where *even without speculative demand, programmed trading can create a rising floor value for tokens*. This is somewhat analogous to how an index fund grows from reinvested dividends; here the "dividends" are trading fees being reinvested into the pools. The project will closely monitor metrics such as trading volume, pool fee accrual, and the effective value of tokens (in XLM or USD terms) over time. If successful, one would expect to see the LIBRE token's value gradually appreciate or stabilize relative to major assets, supported by the constant on-chain volume. If not, the experiment will yield insights into the limits of fee-driven value creation. In any case, by using Stellar's solid technical foundations – its reliable DEX and AMM – Libre ensures that the mechanics of trading and fee collection are transparent and verifiable on-chain.

Token Overview

The Libre Trading Ecosystem consists of a variety of tokens, each serving a specific role in the network's design. Below is an overview of the primary tokens in the ecosystem, including their purpose, issuing accounts, and supplies:

Token Overview

LIBRE

- **Issuing Account**: GAYCCWKECNGDRHYU3UTREBD2XLC3CUQN6FV22TKM4WCQER3IWR7TF5CY

- **Short Description**: The main token of the ecosystem, designed to maximize trading volume and serve as the central reference token. At the time of writing, LIBRE is pooled and trading against more than 400 Stellar assets.

- **Supply and Distribution**: The initial and maximum supply was 21,000,000 tokens. The current circulating supply is around 20.1 million. Most tokens are in liquidity pools. 300,000 LIBRE are reserved for future incentives, 300,000 for the LIBRE/LibreVault pool, and 300,000 for the LIBRE/Librequidity pool.

LibreVault

- **Issuing Account**: GDID3VFXZ6BZXIBVCQXUYVUEOVPZHNBQUGDNZ43GIYD2F4QM2YBO4MF5

- **Short Description**: A token with a more conservative liquidity composition. Its purpose is to attract and hold liquidity in stable assets like USDC, EURC, and XLM. If LibreVault outperforms LIBRE, a mechanism triggers LIBRE burns to support its value.

- **Supply and Distribution**: The initial and maximum supply is 20,100,000 tokens. LibreVault may be subject to deflationary mechanics over time through burns or other supply-reducing methods. It plays a stabilizing role and may be used in future staking or vault-based applications.

Librequidity

- **Issuing Account**: GDID3VFXZ6BZXIBVCQXUYVUEOVPZHNBQUGDNZ43GIYD2F4QM2YBO4MF5

- **Short Description**: A future reward and liquidity incentive token to be used for yield farming or incentivizing liquidity provision.

- **Supply and Distribution**: 10,000,000 tokens, currently held for future deployment in liquidity mining or reward programs.

LibreToken

- **Issuing Account**: GDID3VFXZ6BZXIBVCQXUYVUEOVPZHNBQUGDNZ43GIYD2F4QM2YBO4MF5

- **Short Description**: A potential DAO/governance token with limited supply, to be used for voting and guiding ecosystem decisions.

- **Supply and Distribution**: 21,000 tokens. Distribution not yet defined, but intended for use by community contributors and stakeholders.

Custom Trading Tokens

- **Short Description**: In addition to the primary tokens above, the Libre ecosystem has launched an array of custom tokens (currently more than 40) that exist mainly to create a rich network of trading pairs and arbitrage pathways. These tokens often have playful or thematic names and are paired in various combinations to fulfill the strategy of continuous volume generation. By introducing many tokens, the ecosystem increases the number of possible *pair relationships* exponentially – it's akin to having many gears in a machine, all moving and interacting. Some of

these custom tokens are also linked to or inspired by external Stellar assets. For example, „anAfrican" is referenced to most of its Liquidity consisting of the Afreum Token ($AFR) and „xLSPx" mostly consisting on the Lumenswap Token ($LSP). It increases arbitrage connections between Libre's tokens and the broader Stellar market.

Incentives & Future Outlook

While a great deal of Libre's value proposition rests on **autonomous arbitrage and fee recycling**, the project recognizes that human participation and confidence are still vital, especially in early stages. Thus, additional incentive programs and partnerships are either in place or planned, to encourage users to provide liquidity, hold tokens, and become involved in the ecosystem. Here we outline the current incentives and the future roadmap of initiatives:

- **Liquidity Mining with LIBRE Rewards:** To bootstrap activity and reward early adopters, Libre has introduced liquidity mining on select pools. Currently, **10 different liquidity pools involving LIBRE** are providing extra incentives to liquidity providers in the form of LIBRE token rewards. This means if users contribute assets to those pools (for example, LIBRE/XLM, LIBRE/USDC, LIBRE/LibreVault, etc.), they not only earn the standard 0.3% trading fees from the AMM, but also receive hourly payouts of LIBRE tokens on top. These rewards are essentially a promotional distribution from the project's token reserves, aimed at increasing the total value locked (TVL) in pools and ensuring deep liquidity. By doing this, Libre improves the stability of its pools (more liquidity means less slippage and more capacity for the high-frequency trades). The pools have a fixed Number of LIBRE reward per day split among providers, and will decrease over time. The overarching goal is to **incentivize community members to invest in the ecosystem's success** by literally investing their tokens into the pools. This yields a win-win: users accumulate more LIBRE, and the pools become more robust.

- **Authentic-Payment Community Token (ACT) Partnership:** LIBRE has become a partner in the Authentic-Payment Community Token program, commonly known as **ACT**. ACT is a Stellar-based community initiative that connects reputable projects and provides cross-project liquidity and rewards authentic-payment.com. By being an ACT partner, LIBRE is recognized as a legitimate, community-vetted project and can tap into the network of other ACT partners and friends. Practically, this involves **creating liquidity pools connecting LIBRE (and potentially other Libre tokens) with ACT** and related assets, and participating in ACT's reward system. The ACT program distributes ACT tokens as rewards to those who hold a certain amount of ACT or who provide liquidity in partner pools authentic-payment.com. For Libre users, this means another source of rewards: if you join the LIBRE-ACT or LIBRE-XLM pools, you could earn ACT rewards in addition to LIBRE's own incentives. Moreover, the partnership is a signal of trust – ACT only onboards projects that meet certain transparency and safety criteria authentic-payment.com. As of now, LIBRE is officially an ACT partner, and there are plans for **LibreVault to become an ACT partner as well** in the near future. That would extend the same collaboration and co-liquidity benefits

to LibreVault, potentially increasing its user base and liquidity via the ACT community. By integrating with ACT, Libre effectively plugs into a **wider Stellar DeFi community effort** where projects support each other's liquidity, making the entire ecosystem more interconnected and resilient.

- **TREAD and LFI Collaboration:** Looking ahead, Libre aims to participate in external incentive programs such as the **TREAD & LFI "Storm of Value" rewards**. TREAD and LFI are another set of Stellar-based tokens/projects that have built a large network of liquidity and a robust reward structure for liquidity providers. The TREAD/LFI system is based on a symbiotic relationship between two tokens, and they reward users who pool various assets (not just TREAD or LFI themselves, but also partner assets) on an hourly, daily, and monthly schedule In early 2025, the TREAD/LFI team announced a **Partnership Program** to onboard other projects into their rewards network. Libre sees this as a great opportunity to both increase its trading volume and to give its community more earning possibilities. By meeting the requirements to join TREAD/LFI's program, specific Libre pools could become eligible for **TREAD and LFI token rewards**. This would likely attract new liquidity from yield farmers chasing those rewards, thereby swelling Libre's pool sizes and again increasing fee generation. The "Storm of Value" concept aligns philosophically with Libre – it's about building value in a sustainable way regardless of market direction donttreadtoken.com – so a partnership here seems quite natural. Achieving this integration is a **future goal** for Libre, as it would effectively link three ecosystems (Libre, ACT, and TREAD/ LFI) into a bigger network of mutual liquidity incentives, exemplifying the power of collaborative DeFi on Stellar.

- **Aquarius Listing and AQUA Rewards:** Aquarius is a well-known liquidity management platform in the Stellar ecosystem, issuing the AQUA token which is used to incentivize market makers and liquidity on Stellar. One of Aquarius's features is on-chain voting by AQUA holders to select market pairs that should receive reward distributions. Being **listed by Aquarius** (i.e., having a LIBRE-related market chosen for AQUA incentives) is another aspirational milestone for Libre. If, for instance, the community votes for a LIBRE/XLM or LIBRE/USDC pair to be included in Aquarius rewards, liquidity providers in that pool would start earning AQUA tokens. This could significantly boost awareness and participation, as many Stellar users pay attention to Aquarius's rewarded markets. To achieve this, Libre will likely need to build up its community to vote and also demonstrate sufficient legitimacy and volume to compete in the Aquarius voting rounds. The team's future plans include campaigning for such a listing – effectively rallying LIBRE supporters to vote for LIBRE markets in Aquarius governance. If successful, this would add *yet another* layer of rewards and bring in the broader Stellar community who chase AQUA incentives. It's worth noting Aquarius Liquiditity is deployed on Soroban.

- **Future Technical Developments:** In tandem with external partnerships, Libre is planning technical enhancements to improve the ecosystem's autonomy and user experience. One key area is the **integration of Soroban smart contracts** once feasible. With Soroban, Libre could automate complex tasks such as dynamic fee switching, on-chain rebalancing of pools, or even a native algorithmic trader contract that perpetually arbitrages Libre pools (rather than relying on off-chain

bots). The team is actively monitoring Soroban's development and will prototype these ideas when the tooling and liquidity on Soroban are mature. Another area is governance: if LibreToken is to be used for DAO governance, tools for proposal submission and voting (possibly via Soroban or off-chain signaling) will be developed. Another Goal is to create a Website with proper **Transparency dashboards** to provide clear data on volume, fees earned, and token supply changes so that the community can track the experiment's progress in real time. All these efforts aim to ensure that as Libre grows, it remains true to its principle of *autonomy with accountability*: using cutting-edge automation to run the system, while keeping the community informed and involved in guiding it.

In summary, the future outlook for Libre involves both deepening the internal value loop (through technical upgrades and more tokens/pools if needed) and connecting outward to the wider Stellar DeFi landscape. By layering multiple incentive programs – its own LIBRE rewards, ACT partnership, potential TREAD/LFI rewards, and AQUA (Aquarius) – Libre wants to maximize the rewards for participants, thereby attracting and retaining the liquidity that the whole concept hinges on. Each of these elements is a puzzle piece that, when put together, could make the Libre ecosystem a thriving, self-contained economy within Stellar, yet not an isolated one. The team remains flexible and open to adjusting the strategy based on empirical results. If certain pools are not yielding the expected volume, incentives might be reallocated. If new opportunities (like another community token initiative or a new Stellar protocol feature) arise, Libre will seek to incorporate them. The core vision, however, stays consistent: **leveraging collaboration and smart tokenomics to turn market activity into a source of long-term value for token holders.**

Disclaimer

Experimental Project – Not Financial Advice: Libre is fundamentally a personal and experimental project. The concepts and mechanisms described in this whitepaper are unproven at scale and come with significant risk. All tokens in the Libre ecosystem (including LIBRE, LibreVault, Librequidity, LibreToken, and the custom tokens) should be considered **highly speculative**. There is no guarantee that the autonomous trading strategy will succeed in increasing token values; participants could lose some or all of their investment. Nothing in this document should be interpreted as financial advice or a recommendation to buy or hold any asset. The information provided is for descriptive and educational purposes regarding the project's design.

Volatility and Risk Acknowledgment: Cryptocurrency markets are extremely volatile. The Libre system involves many interlinked tokens, which could amplify volatility. While the design aims for stability through arbitrage, in practice sharp market moves or unforeseen interactions could cause large price swings or even smart contract failures (especially if/when Soroban contracts are introduced). Users engaging with Libre's pools or tokens must be aware of standard DeFi risks such as impermanent loss (providing liquidity can lead to losses relative to holding assets due to price divergence), contract bugs, or economic exploits. The project creators commit to transparency about these risks and will do their best to mitigate them, but **risk cannot be eliminated**. Only invest funds you can afford to lose.

No Guarantees, No Promises: The Libre team does not promise any specific returns or value appreciation. The language in this whitepaper describing potential value growth is **hypothetical** and based on a theory of operation, not a promise of performance. Real-world results may differ. There is also no central entity backing the token's value (no underlying company revenue or fiat reserve); the value is purely market-driven. Participants are essentially supporting a novel economic experiment.

Ethical Conduct and Transparency: We pledge to operate Libre with a high degree of transparency and ethical responsibility. This means open communication about progress and setbacks, publishing relevant on-chain data, and seeking community feedback for major changes (especially if governance is decentralized in the future). We have put measures in place (like fixed token supplies and partnerships with community-vetted programs like ACT) to prevent malicious actions such as arbitrary inflation or rug-pulls. The issuing accounts and pool contracts can be monitored on the Stellar ledger by anyone. However, trust is still required to some extent – for instance, trust that the team will not dump large holdings or that incentive distributions are done fairly. We will earn that trust through consistent and honest behavior. **No centralization of funds** beyond what is necessary for operations will be kept, and any changes to the token contracts or any migration to Soroban will be disclosed and, if possible, audited.

Community Responsibility: As with any decentralized project, the community of users and investors also carries responsibility. We encourage everyone to **Do Your Own Research (DYOR)** – review the code, check the transaction history on StellarExpert, join the Libre community channels to ask questions, and understand the mechanics. If something is unclear or if risks emerge, raising those concerns benefits all participants. Libre is a collaborative experiment in that sense: it will thrive if approached with caution, knowledge-sharing, and collective oversight.

In closing, by reading and engaging with the Libre Trading Ecosystem, you acknowledge that you understand the experimental nature of this project and the risks involved. The creators and contributors of Libre are not liable for any financial losses you may incur. Please treat this endeavor with the same caution you would any high-risk venture. We hope to build something innovative and valuable, but we prioritize ethical conduct over profit. If at any point the experiment proves untenable or harmful, we will communicate that and take appropriate action to wind down or pivot, always aiming to protect participants where possible. Thank you for your interest in Libre, and let's approach this journey with both optimism and realism – striving for success, but prepared for challenges, in the true open-source spirit.