

xTOKEN

Synthetic Stablecoin Protocol on Binance Smart Chain

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Abstract

xTOKEN Protocol is a scalable, decentralized synthetic asset supplying protocol built on Binance Smart Chain, giving the ability for users to synthetically mint fractions of real-world assets, such as Cryptocurrencies, stocks and gold in the form of synthetic assets. With the Binance Smart Chain, the protocol provides fast, no geographical barrier and low-cost transactions makes it easier for users to invest in small amount in assets that track the price of arbitrary real-world assets without physical backing. xTOKEN allows users with overcollateralized assets to securely mint synthetic assets enhancing the potential for users to make accessible assets of all shapes and forms to anyone, anywhere globally.

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Introduction

Development of Blockchain technology has had a transformational impact on cryptocurrencies and digital assets over the recent years unlocking the potentials for investors, speculators, and traders around the world. With accessibility and transparency as core properties of blockchain technology, a broad variety of industries had been adopted into this area.

Sequentially, Blockchain technology leads to the development of Decentralized Finance (“DeFi”), an open, permissionless, and interlocking financial network enables financial applications, such as borrowing, derivatives, exchanges, trading with transaction protocol known as smart contract paving ways to “self-drive” bank provides accessible, transparent financial transaction on Blockchain.

xTOKEN Protocol is intended to offer more options for in Decentralized finance users interested in minting synthetic assets. For the purpose of this paper we present a scalable, decentralized solution to integrate secure, transparent assets and discuss how minting synthetic assets can be crucial to increasing adoptions of decentralized finance and the impact towards synthetic asset ecosystem.

xTOKEN is a smart contract protocol deployed on the Binance Smart Chain blockchain, which are pools of assets with algorithmically derived advance expenses, considering the natural market for the asset. Users can securely mint overcollateralized synthetic assets enhancing the potential for users to make accessible to synthetic assets with approximate equivalent of $1 \approx 1$ value of real-world assets.

xTOKEN Protocol

xTOKEN Protocol is defined as “Synthetic asset protocol Based on Binance Smart Chain” or described as a scalable, decentralized synthetic asset supplying protocol built on Binance Smart Chain, giving the ability for users to synthetically mint fractions of real-world assets, such as Cryptocurrencies, stocks and gold in the form of synthetic assets. xTOKEN allows users to securely mint overcollateralized synthetic assets, including xBTC, xGold, etc.

Key Features: 1. **Pre-supply:** xTOKEN Protocol will mint pre-supply synthetic assets supplying in xAssets pool.

2. **Synthetic:** Users overcollateralized assets to xTOKEN Protocol for synthetic assets.

2.1 **Collateral Value:** Overcollateralized assets 150% to lease the risk of liquidation. More details will be addressed further in this paper.

3. **Liquidation:** Position falls under collateral value of 120%, or collateral ratio with over 120% minted value will be liquidated. The protocol will seized the collateral once the position is liquidated.

4. **Close Position:** Closing position requires users to burn xAssets, the protocol will also collect synthetic fees with the rate of 1.5% from collateral assets, allowing users to withdraw the remaining collateral assets.

5. **Liquidation Process:** Once the position is liquidated, the protocol will mint synthetic assets to cover up for closing position. This will cost synthetic assets' value to differentiate.

Protocol Participants.

On Phase I, we expect xTOKEN to enable a market especially for minting synthetic assets with overcollateralized assets:

Minters: Users can participate as Minters by open position in minting xAssets. For example, xBTC is taking short position on BTC. Minters are effectively take the opposite position of the asset's direction.

Collateral Value

The assets must be overcollateralized for 150% over the desire amount of synthetic assets. In the event that the users' desire amount of xAsset worth of \$100,000, users must overcollateralized assets to 150% which will be \$150,000 worth of collateralized asset.

Although, if collateral value plunges under 120%, or whenever collateral ratio changes over 120% minted value, it could cause a liquidation, which will be clarify with more details later in this paper. Synthetic fee will be applied with no period payment require.

Users can close position by burn their balance amount to the protocol to restore the collateral. Synthetic fees are coordinated by the particular yield curve addressed in the contract.

Synthetic Assets

Users will be able to mint xAssets when structured a smart contract on xToken Protocol, by utilizing the xAssets from overcollateralized assets users have recently provided to the smart contract. Users must overcollateralized assets up to 150% of the minted value to mint xAssets on xToken Protocol.

xTOKEN Assets ("xAssets") are assets that track the price of arbitrary real-world assets without physical backing. xAssets will be the smart contract's default stablecoin that can be minted by collateral previously provided in xTOKEN. The synthetic assets will not have yielded curves that decide their synthetic fees. Synthetic fees will be coordinated by the particular yield curve addressed within the xTOKEN Protocol.

Liquidation

Liquidations are the process of liquidation of position with collateral value under 120%, or collateral ration with over 120% minted value. A user's collateral may be liquidated if it falls below the collateral ratio required to maintain the position or for asset side of a specific market.

Oracle

With Chainlink Oracle price feeds derive all the tokens price, collateral values can be propagated transparent and verifiable. Combined with real-time speed and infrastructure of the Binance Smart Chain, the price feeds are substantial with promising efficiency and low-cost fees toward on-chain.

Synthetic Fee

Synthetic fees are subjected to xTOKEN protocol as processing fees within xTOKEN protocol with the rate of 1.5%. The protocol will collect synthetic fees once the position is closed. The collected synthetic fees will be fund for further development of xTOKEN protocol for further services to come.

Conclusion

For the purpose of this paper we present a scalable, decentralized solution to integrate secure, transparent assets and discuss how minting synthetic assets can be crucial to increasing adoptions of decentralized finance and the impact towards synthetic stablecoin ecosystem.

With the Binance Smart Chain, the protocol provides fast, no geographical barrier and low-cost transactions makes it easier for users to invest in small amount in assets that track the price of arbitrary real-world assets without physical backing.

xTOKEN allows users to securely mint overcollateralized synthetic assets enhancing the potential for users to make accessible assets of all shapes and forms to anyone, anywhere globally. xTOKEN Protocol is a scalable, decentralized synthetic asset supplying protocol built on Binance Smart Chain, giving the ability for users to synthetically mint fractions of real-world assets, such as Cryptocurrencies, stocks and gold in the form of synthetic assets.

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