Phoenix Whitepaper

Introduction

This Whitepaper is outlining the initial vision and key components of Phoenix Hub. Phoenix aims to be a leading decentralized finance (DeFi) Hub built on Stellar's innovative smart contract platform, Soroban.

Project Overview

Phoenix leverages the advanced capabilities of the Soroban smart contract platform to create a secure and efficient DeFi Hub. Phoenix's initial focus is on establishing a decentralized marketplace on the Soroban platform. This marketplace will serve as the cornerstone for our broader DeFi product suite. Drawing inspiration from successful protocols on other smart contract platforms, we aim to enhance existing logics and foster symbiotic relationships between our various existing and future DeFi products.

Phoenix places a strategic emphasis on product synergies within the Phoenix Hub. Each DeFi product is meticulously designed to interact with others, fostering a synergistic relationship to achieve a higher Total Value Locked (TVL) additive ratio over time. Furthermore, our focus on concentrated value accrual ensures that as our DeFi products scale and will unlock new development initiatives and the evolution of future protocols.

By utilizing Soroban's state-of-the-art smart contract platform, developed with Rust, Phoenix Hub aims to offer stable and high-quality DeFi services, ensuring rapid and scalable operations. The platform's approach to concurrency, using transaction dependencies, enables Phoenix to ensure efficient and reliable financial transactions over a long time. Additionally, by aligning with Soroban's innovative strategies for mitigating ledger bloat through state archiving, Phoenix Hub is well-positioned to become a sustainable and fastest growing DeFi ecosystem on the Stellar network. The first live Phoenix protocol is a decentralized exchange (DEX) followed shortly by an NFT Marketplace.
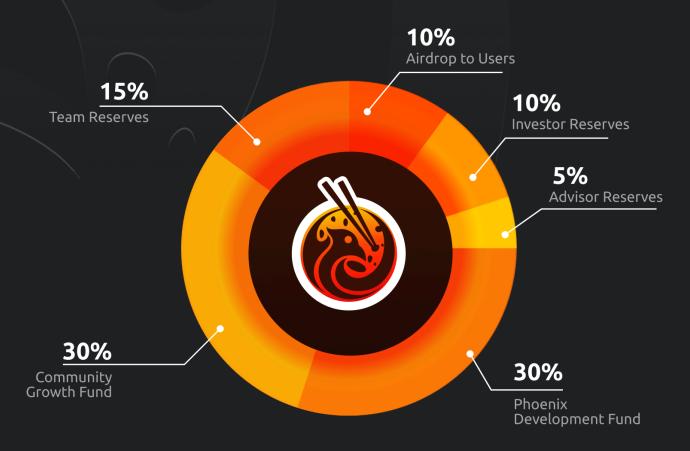
PHOENIX

Tokenomics

$PHO Token

Phoenix introduces its utility token, $PHO, to the Soroban ecosystem. $PHO is designed to have non-inflationary token economics to ensure sustainability and utility.

$PHO Supply

A fixed total of 200 million $PHO tokens was generated at launch. This will be the maximum supply of $PHO tokens and no inflation mechanism will be present at launch. Choosing a cryptocurrency without inflation, especially as a utility token in a DeFi protocol, comes with several benefits. Deflationary drivers may be introduced in the future. A non-inflationary token supply ensures transparency and predictability in the circulating amount, creating increasing scarcity over time.

10%
Airdrop to Users

15%
Team Reserves

10%
Investor Reserves

5%
Advisor Reserves

30%
Community Growth Fund

30%
Phoenix Development Fund

Max Supply: 200 Million Tokens

$PHO Distribution

- ❖ **Phoenix Development Fund:** 60 million (30%) of the total token supply will be reserved to fund strategic development of Phoenix protocols and general operations to benefit the Phoenix Hub, such as creating liquidity pools, rewards, and audits. At launch, 10 million tokens are liquid. The remaining 50 million tokens will vest linearly for a 24 month period.

- ❖ **Community Growth Fund:** 60 million (30%) of the total token supply will be reserved to fund strategic operations to grow the Phoenix ecosystem, such as marketing, partnerships, and engagement incentives. A quarterly update will be provided to the community to ensure transparency and appropriate use of funds. 10 million tokens are liquid. The remaining 50 million tokens will vest linearly for a 24 month period.

- ❖ **Team Reserves:** 30 million (15%) of the total token supply will be sent to a multi-sig wallet, which will distribute this fund to current and future Phoenix team members. This fund will be used to incentivize team members to continue developing, improving, and maintaining the suite of synergistic protocols deployed on Phoenix Hub. 16 million tokens will be distributed to the current team that has been building Phoenix since June of 2023. These tokens will vest linearly for 12 months from the date of distribution. The remaining 14 million tokens will be reserved for future team allocations and will also vest linearly for 12 months from the future date of distribution.

- ❖ **Investor Reserves:** 20 million (10%) of the total token supply will be allocated to current and future investors who made the development of Phoenix possible. These tokens will vest linearly on a negotiated schedule.

- ❖ **Airdrop To Users:** 20 million (10%) of the total token supply will be airdropped to users in a form and manner determined in our sole discretion (including, without limitation, with respect to the applicable ecosystem, conditions for receipt and any other parameters that we deem to be relevant), provided that we plan to adhere to the general principles of fairdrop. We currently anticipate that these reserves will be divided into multiple airdrop rounds, with an initial airdrop and subsequent airdrop phases to be delivered as Phoenix develops, all of which will be subject to a linear vesting period from the date of distribution.

- ❖ **Advisors Reserves:** 10 million (5%) of the total token supply will be sent to a multi-sig wallet and distributed over time to key current and future legal, business, and project advisors. These tokens will vest on a negotiated schedule, to be determined on a case-by-case basis taking into account

various factors including the applicable advisor's contributions to the Phoenix Hub.

$PHO Utility

The $PHO token will be the utility token for the Phoenix ecosystem. It will be used as part of incentives for the DEX in addition to external incentives, such as $XLM. Additionally, $PHO will be the exclusive token for the NFT Marketplace for purchasing, listing, and selling NFTs. Each future protocol will synergize with existing protocols and use $PHO as the core utility token.

Phoenix DeFi Hub: Decentralized Exchange

Overview

Phoenix Hub's decentralized exchange (DEX) is designed to leverage the strengths of the Soroban smart contract platform, creating a highly efficient, secure, and user-friendly DeFi solution. Inspired by the Astroport implementation on the Cosmos network, our DEX is tailored with unique features and improvements to meet the specific needs of the Phoenix ecosystem.

Key Features

Permissions DEX:
Our DEX operates as a permissioned platform, ensuring compliance and security while allowing for flexibility in creating XYK (constant product) and stable liquidity pools.

Liquidity Pools and Staking Contracts:
Each liquidity pool is paired with a staking contract. Users providing liquidity receive LP share tokens, which can be staked to earn rewards based on their share. This structure encourages long-term participation by increasing APR potential by 1/60th per day, reaching full reward capabilities after 60 days. Users can withdraw their liquidity at any time without unbonding periods.

Fee Repurposing Mechanism:
Transaction fees are repurposed to buy back $PHO tokens, supporting token scarcity and stability. This mechanism helps maintain a healthy token economy and incentivizes long-term holding.

Routing Contract:
To enhance liquidity and trading efficiency, we implemented a simple routing contract. This allows users to trade tokens without direct pairs, increasing the flexibility and usability of our DEX.

Technical Implementation

Smart Contracts and Security:
Built on Soroban with Rust, our smart contracts leverage advanced features like transaction dependencies and state archiving. These ensure efficient and reliable operations while mitigating issues like ledger bloat, providing a robust foundation for our DEX.

Concurrent Transactions:
The platform's approach to concurrency allows for handling multiple transactions simultaneously, ensuring rapid and scalable operations essential for high-frequency trading activities.

Rewards System:
Our staking contracts include a sophisticated rewards system that calculates user rewards based on the duration of their stake. The longer users stake their LP tokens, the higher their reward potential, incentivizing sustained engagement and liquidity provision.

Phoenix Hub's DEX aims to redefine decentralized trading by combining innovative features with a user-centric approach. Through strategic design and leveraging Soroban's capabilities, Phoenix is poised to offer a premier DeFi trading experience.

Conclusion

The Phoenix project is set to redefine DeFi on the new Soroban platform, starting with the launch of a decentralized exchange and expanding into a comprehensive DeFi product suite. With a strong focus on tokenomics, community engagement, and legal compliance, Phoenix aims to become a cornerstone in the evolving landscape of decentralized finance.

Disclaimer

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