



WHITE BOOK

SOSODEFI

— • August 2020 | Version 1.0 • —

CATALOG

Abstract	4
1. Introduction	5
1.1 The Trend of Global Financial Market	5
1.2 The Trend of Financial Loan Market	8
1.3 Traditional Finance VS Decentralized Finance	9
2.SOSODeFi	11
2.1 What is DeFi	11
2.2 The Trend and Problems of DeFi	12
2.3 What is SOSODeFi	14
2.4 DeFi VS SOSODeFi	13
2.5 The Vision of SOSODeFi	15
3. Structure of SOSODeFi Protocol	15
3.1 LP	16
3.2 SOSODeFi Engine & CDP	16
3.3 Tokens and sDao	17
3.4 Auto Rates and Rebalancing	17
3.5 SSDF Bags	18
4.SOSODeFi Engine	18
4.1 Pipeline of the Contract	18
4.2 Deposit	19
4.3 Exchange	21
4.4 Lending	22
4.5 Repayment	24
4.6 Interest Rate	24
4.7 Flash Loan	26

— 4.8 Option	28
— 4.9 Yield Farming	33
5.Token Model	36
6.Ecosystem and Security of SOSODeFi	40
7.Development Route	42
8.Conclusion	43

ABSTRACT

One of the former Fortune 500, the fourth largest investment bank in the United States, Lehman Brothers, was hit by the subprime mortgage storm in 2008 and suffered a major financial blow, causing its stock price to fall below one dollar (09.17.2008), which successively laid off more than 6,000 employees and sought international funders to settle in. After the U.S. Treasury, Bank of America and Barclays Bank of the United Kingdom successively abandoned the acquisition negotiations, finally on September 15, 2008, Lehman Brothers announced that it had filed for bankruptcy protection, with liabilities of US\$613 billion.

Following Lehman Brothers, a century-old bank closed down in 2020: the First State Bank. The First State Bank is located in West Virginia and provides a full range of deposit and loan services with a history of more than 100 years. The Federal Deposit Insurance Corporation (FDIC) announced that First State Bank in West Virginia was closed down and its accounts were taken over by MVB Bank.

Since the outbreak of the COVID-19 epidemic, global bank failures happen from time to time. The Baoshang Bank in China has been bankrupted and liquidated. Compared with the banking industry, we have witnessed history in the financial market in 2020, including the four-time breaking of the Dow Jones index in 10 days, the negative premium of the crude oil and other black swan events.

Faced with such severe financial problems, how can we ensure that our wealth will not be continuously devalued?

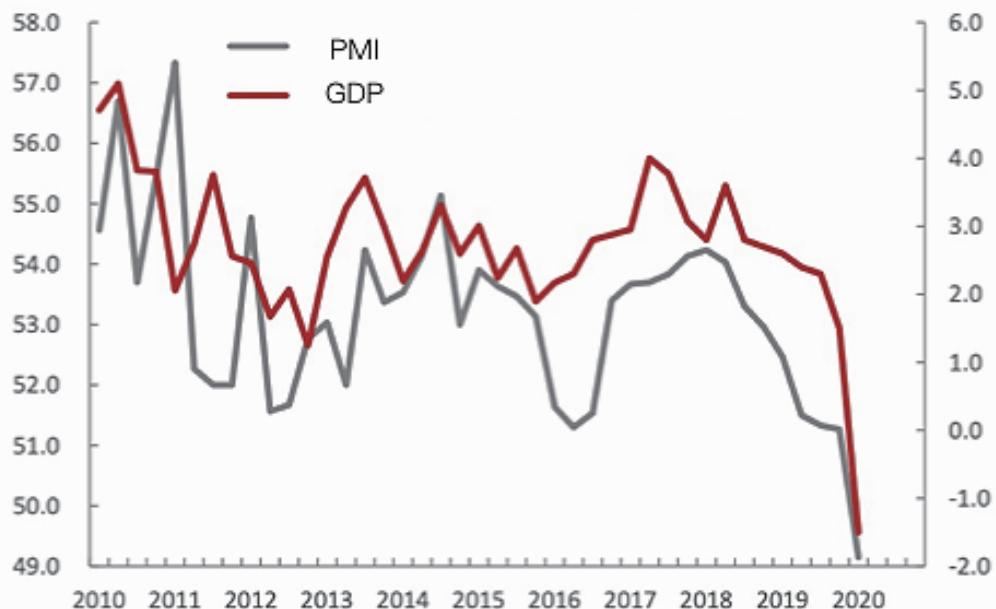
INTRODUCTION

1.1 The trend of the global financial market

The global economy and financial system has suffered the biggest demand and supply shock since the 2008 financial crisis. Panic in the international financial market continues to rise. The prices of various assets such as stocks, bonds, foreign exchange, and commodities have fallen sharply, emerging liquidity crisis. In February, JP Morgan Chase's global manufacturing PMI index fell sharply to 47.2, falling below the entrepreneurs confidence threshold again. The WTO's latest goods trade barometer index for the first quarter of 2020 is 95.5, lower than 96.6 in the previous period. The service trade barometer index is 96.8, lower than 98.4 in the previous period. Both are below the trend line of 100, which may fall further in the future. The United Nations Conference on Trade and Development (UNCTAD) believes that the COVID-19 epidemic has caused global exports to fall by US\$50 billion, and the global FDI is expected to fall by 5%-15%. The falling of asset prices, the decreasing of aggregate demand, and the increased debt pressure will lead to a sharp economic downturn.

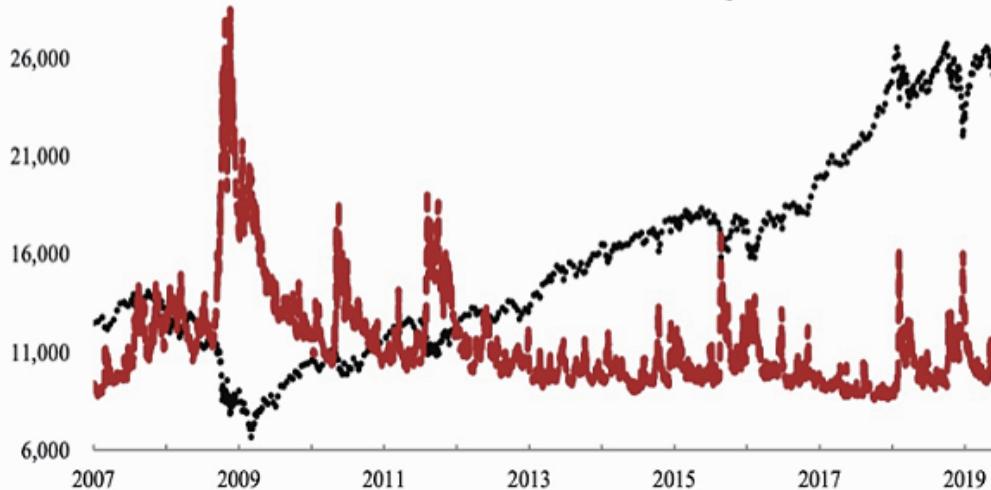
Recently, international organizations such as IMF and OECD have drastically lowered their expectations for global economic growth in 2020. Preliminary estimates are that the global economy of 2020 will probably fall into recession to a great extent. The quarter-on-quarter GDP growth rate in the first quarter was -1.5%, decreasing 3 percents from the previous quarter (as shown below).

GDP And PMI Index Comparison



In the first half of the year, US stocks led the global stock market to plunge due to the epidemic. At the close of March 18, the three major US stock indexes (Dow Jones Industrial Index, S&P 500, and Nasdaq Index) fell 30.3%, 25.8% and 22.1% respectively from the beginning of the year. The FTSE 100, European STOXX50, Nikkei 225, and MSCI Emerging Market Index fell 32.6%, 26.8%, 29.3% and 25.8% respectively. The US S&P 500 index triggered circuit breakers four times in March and fell 20% from its high point within 15 days, which was the fastest rate in history. In addition to U.S. stocks, stock markets in more than ten countries including Canada, Brazil, Sri Lanka, Thailand, South Korea, Indonesia, and the Philippines have triggered circuit breakers or suspended trading. The volatility of financial prices has risen rapidly, exacerbating market panic and bearish sentiment. On March 16, the VIX index climbed to 82.69, which was an increase of 563% from the beginning of the year, setting the highest closing record (Figure 4). The put options of the Chicago Board Options Exchange reached its highest level since the 2008 financial crisis.

Picture 4 : DJI (Left Y) & VIX (Right X)



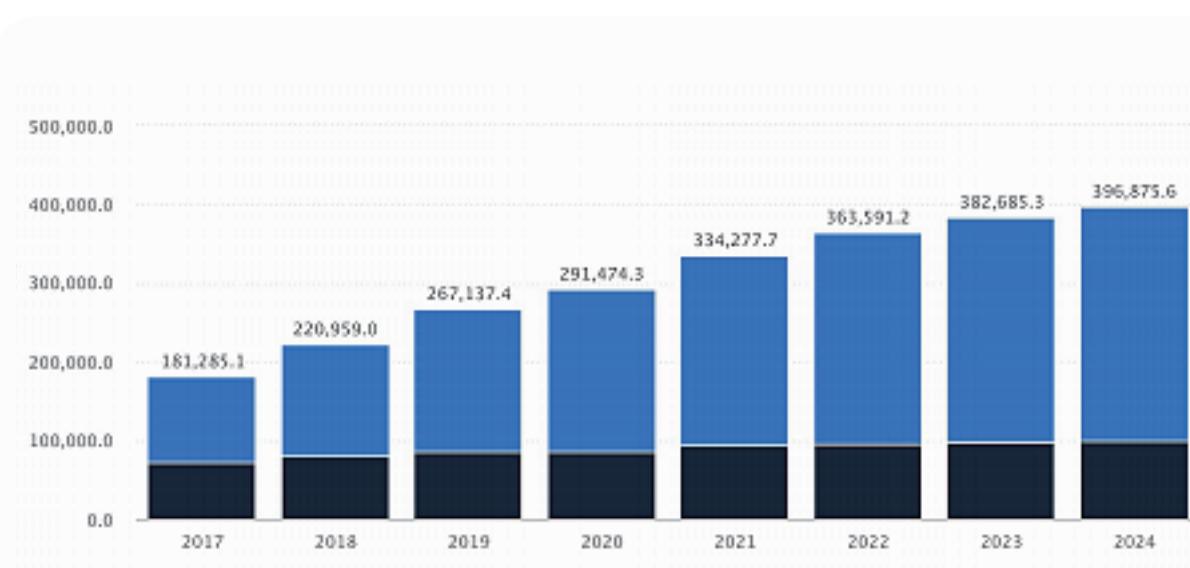
Traditional safe-haven assets such as U.S. Treasuries and gold were sold off due to the tight liquidity of the U.S. dollar. The 10-year U.S. Treasury yield rebounded from a historical low of 0.54% on March 9 to 1.12% on March 19. International gold prices also fell sharply, which was 11.2% from the highest point. The US dollar index rose rapidly from 95.1 on March 9 to 102.7 on March 19, and the liquidity of the US dollar in the international market also tightened.

With the downturn of the global market, how to preserve the value of own assets may be something everyone should care about. According to the report of the Federal Deposit Insurance Corporation (FDIC), the total profits for the first quarter of 2020 were US\$18.5 billion, a decrease of US\$42.2 billion (69.6%) from the same period last year. Among them, loan and lease balances achieved a strong growth on a quarterly and annual basis: the total loan and lease balances increased by US\$442.9 billion (4.2%) from the previous quarter. Almost all major loan categories report quarterly growth. However, the dollar increase in the commercial and industrial loan portfolio was the largest, an increase of \$339.4 billion (15.4%). In the past year, the total balance of loans and leases has increased by 8%, the highest annual growth rate since the first quarter of

rate since the first quarter of 2008.

The skyrocketing loans and leases make us have to consider whether the depression or deflationary era would come again. According to estimates, the contribution rate of household consumption to GDP economic growth is 64.8% in South Korea, 66.4% in Japan, 68% in the United States, and about 50% in China. In developed countries, credit consumption accounts for 30% of total consumption. In the case of economic downturn, consumption is reduced and the market is tightening, and there will also be issues such as personal debt, unemployment, and consumption degradation. The rich are thinking about how to preserve value, and the poor are thinking about how to make money (loaning).

1.2 The trend of the global financial market



The Statista report shows that the global transaction volume of loan in 2020 is expected to reach US\$2.919.743 billion. It is estimated that by 2024, the total transaction volume will reach 3968.76 billion US dollars. The global consumption finance, P2P and other loan markets are still expanding. However, traditional finance still has many problems such as insecurity, opacity, unfairness, and geographical restrictions.

1.3 Traditional finance VS Decentralized finance

	<u>CeFi</u>	<u>DeFi</u>
Verification	Required	None
Custody	Custodial	Non-custodial
Exchange	Centralised	Decentralised
Trust	Trustful	Trustless

Simply speaking, the traditional finance is centralized and DeFi is decentralized.

For transactions such as transfers, remittances, loaning and other transactions in the traditional financial system, we completely rely on the APP, URL, account and many other services provided by highly centralized third-party trusted institutions, such as Paypal, Stripe, and VISA. Centralization makes it easy for these institutions to obtain user information and use it for other purposes.

Decentralized finance is a financial system based on blockchain technology, which is not controlled by any entity or institution. Its peer-to-peer network system can realize financial transactions such as person-to-person instant transfer and remittance. The whole process only needs to provide the personal wallet address, without the transfer of intermediaries, then real-time transactions can be realized. Furthermore, under the control and protection of smart contracts, both parties to the transaction can complete the transaction process without providing personal privacy data.

- Advantages of Defi
 - Global transactions (anyone with an Ethereum address in the world can access immediately)
 - Non-platform or tripartite custody (the custody right of assets usually belongs to the user)
 - Programmable (can be combined freely and create new products)
 - Permission-free (no permission required for construction, fork and use)
 - DAO Autonomy (Proposals can be made for unfair issues, and CDP users can make their own decision)

The closed nature of traditional finance lies in the extreme asymmetry in the information field between institutions and ordinary people, which makes it difficult for ordinary people to enjoy the financial value included in their financial assets. However, the Defi system is open. On the one hand, its smart contract code is open-source for people to query and monitor. On the other hand, in transactions based on Defi, the transaction data is open to everyone except that the private information of the parties to the transaction are encrypted. Anyone can query blockchain data and develop related applications through the open interface, and all transaction records and transaction behaviors generated in its system are also traceable. Therefore, the entire system of Defi is highly transparent and open.

In the future, an open financial market is bound to be a trend. In the book *The Application of Knowledge in Society*, Hayek wrote, "The price mechanism that advocates freedom plays a role in the exchange and synchronization of various market information in a market. This is true no matter it is at the individual, regional, or overall economic level. This flow of information enables every participant in the economy to organize themselves

through a spontaneous process.", Only a free market and an open market will influx more fresh blood. In the future, how to choose among various DeFi markets will be a serious problem for users. How to solve the DeFi threshold to allow ordinary users to enter the market quickly and increase the liquidity of the entire market will be a problem faced by all developers. As a result, SOSODEFi came into being, focusing on solving and simplifying the operation of DeFi, and ultimately achieving the goal that the product adapts to users, but not using products to teach users on its operation.

SOSODEFi is a low-threshold, visualized, multi-terminal intelligent investment and financing search platform which is provided to all users interested in DeFi. It only takes 5 minutes to quickly get started with DeFi and enter the world of decentralized finance.

SOSO DEFI

2.1 What is DeFi

DeFi is the abbreviation of Decentralized Finance, also known as Open Finance. It actually refers to a decentralized protocol used to build an open financial system, which aims to allow anyone in the world to conduct financial activities anytime and anywhere.

In the existing financial system, financial services, no matter the most basic deposits and withdrawals, loans or derivatives transactions, are mainly controlled and regulated by the central system,. DeFi hopes to establish a transparent, accessible, and inclusive peer-to-peer financial system through a distributed open source agreement, minimizing trust risks, and allowing participants to obtain financing more easily and conveniently.

In short, DeFi is a blockchain-based financial service that integrates traditional financial services and uses the unique functions of the blockchain to create new services and financial derivatives.

and financial derivatives.

- Characteristics of DeFi
- Transparency: a transparent and auditable financial ecosystem.
- Usability: People can freely access DeFi applications without worrying about differences in race, gender, belief, nationality or geographic location.
- Efficiency: Programmable currency can eliminate centralized middlemen, thus creating a more reasonable and efficient financial market.
- Convenience: Users can send money to anyone with a cryptocurrency wallet anytime and anywhere, with lower handling fees and less time.

With the above four characteristics, DeFi can do a lot:

- Everyone has the access right, and no one has the central control right;
- All agreements are open source, so anyone can cooperate on the agreement to create new financial products, and accelerate financial innovation under the network effect.

2.2 The trend and problems of DeFi



In August 2020, DeFi Dapps locked up funds with a total value of more than 7 billion U.S. dollars and became the fastest iterating financial system in the blockchain industry, which is also an important milestone for DeFi.

Although the \$7 billion locked in DeFi is a small amount compared with the traditional financial market, the growth rate is still amazing. The following is an overall summary of the development process:

- 2018: Total locked assets increased from 50 million US dollars to 275 million US dollars, an increase of 5 times
- 2019: Total locked assets increased 2.4 times, reaching 667 million US dollars
- 2020: Total locked assets reach 1 billion U.S. dollars (February 2020)
- 2020: Total locked-in assets reach 7 billion U.S. dollars, an increase of 1 billion U.S. dollars in a single day (August 2020)

In other words, DeFi is a collection of services that can gradually replace traditional financial institutions such as banks. The war between traditional financial institutions and DeFi is inevitable. In some sense, DeFi will break the monopoly of traditional financial institutions, reduce the cost of traditional financial services to a certain extent, and free us from the "financial burden", making finance more inclusive, bring fairness and equality especially to those without bank accounts..

·From the perspective of cost saving, trust resolution, and financial risk reduction, the DeFi market can still expand a hundredfold, but how can ordinary users quickly participate in a market that is full of flowers? ·How to choose different DeFi platforms will be a serious problem that will arise in the future. Therefore, SOSODEFi was born, which is a platform of aggregation mode, so that users do not need to worry about how to choose. SOSODEFi in DAO mode is completely user-selected, and the platform with the

most choices and the highest revenue will be recommended to users in priority. The recommendation algorithm of the SOSODEFi platform will not be determined by individual market value and liquidity. It learns from the recommendation algorithm of Reddit to achieve a fairer recommendation. Furthermore, SOSODEFi provides DAO community governance. If users want to protect their own interests, they can sanction the unreasonable DeFi platforms which have currently connected in through the voting mode of rights and interests.

2.3 What is SosoDeFi

- SOSODEFi is a one-stop service platform that provides users with simpler and faster operation of investment and financial search. The platform has functions such as mortgage, lending, casting, oracle options, and search.
- Provide multi-asset intelligent matching to generate SSDF Bags
- Adjustable LPR
- Anti-liquidation
- Increase Leverage (Get more aggregated assets such as ETH and Polkadot by generating more DAI) and deleverage (Take out part of the collateral to buy DAI to repay the debt)
- Both SSDF Bags and deleveraging will increase the liquidity of sTokens

2.4 DeFi VS SosoDeFi

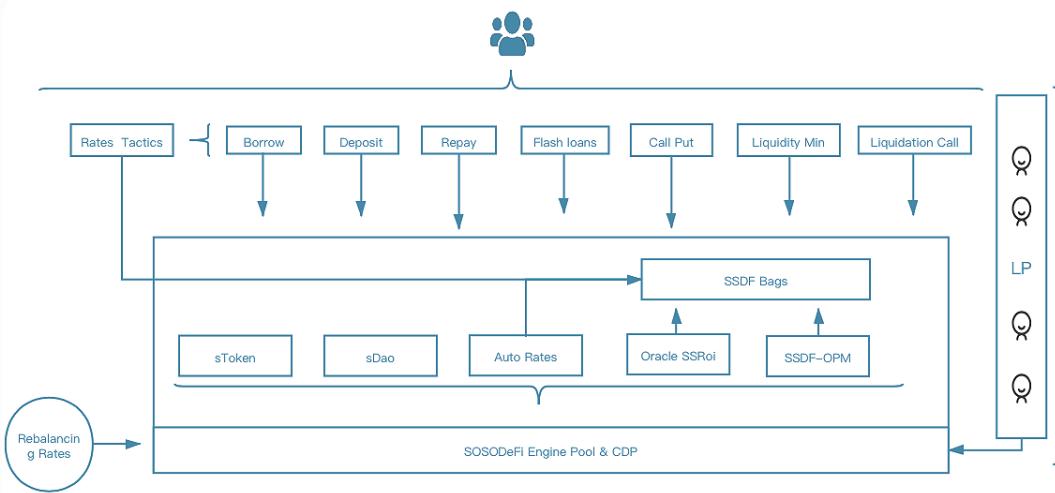
DeFi VS SOSODEFi							
	LP	Interest	Deposit Rates	Liquidation Call	Lock CDP	Loan Limit	Operation
DeFi	Single choice	low	High	5%-13%	No	No	Difficult
SOSODEFi	SSDF Bags	Dynamic	low	AI anti-liquidation	No	No	Easy

2.5 The visions of SosoDeFi

Based on TOKEN, SOSODEFi will use collections and multi-asset agreements to make investment simpler and more transparent. Every asset derived from DeFi can be added to the SOSODEFi platform in the form of smart slots.

In the future, SOSODEFi hopes to help more users get the highest benefits with the simplest operations. All other things can be given to the SOSODEFi development team. Powerful aggregation ecology and unlimited Yield Farming are the advantages of SOSODEFi in the future, which are also the advantages of DeFi.

PROTOCOL STRUCTURE —



3.1 LP

LP is the liquidity provider of the DeFi platform. They can pledge ETH, DAI, COMP, USDC, USDT, DOT and other assets, and pledge them to SOSODEFI to exchange for sTokens, then use sTokens to realize functions such as Yield Farming, credit, and options.

3.2 SOSODEFi Engine & CDP

SOSODEFi Engine is the core of the SSDF architecture protocol layer, which mainly works for the user's asset status and asset collection scheduling after mortgaging, and realizes all the functional algorithms and calculation processes required in the business layer system.

CDP is a unique account identification code that appears after LP mortgaging. It is used to mark the uniqueness of the user. Each address corresponds to only one CDP address.

3.3 sTokens and sDao

sTokens will generate a corresponding sToken every time a LP is done. sTokens can be used for secondary circulation on the platform, such as cross-chain mining, auctions, pledges, flash swaps, options, minting, etc.

Every time a LP is done, a corresponding sDao will be generated. Its main function is voting (creating an independent sDao organization), minting, updating the exchange rate model and fee structure, changing the return of the reserve pool, updating the penalty premium rate model, updating or proposing a new one pledge strategy, etc.

How to create a sDAO organization?

The sDao organization is similar to the node model in the traditional blockchain. After the pledging of CDP, he who has more than 500 sTokens can create his own sDao organization. People in the same organization have common voting rights. Suppose that this sDao organization obtains the final minting rights at the beginning of minting, then minted native tokens will be distributed according to the sTokens held by each CDP account of the current sDao organization. Users can also leave the sDao organization and join other more powerful sDao organizations to seek greater interests.

3.4 Auto Rates and Rebalancing

Auto Rates stands for automatic adjustment, which is mainly responsible for the realization of automatic adjustment and updating of the interest rate of the protocol layer of the smart contract.

Rebalancing is the last and most important constraint of the stable interest rate model, which stands for interest rate rebalancing. This is to solve the problem of changes in market conditions or increased Token costs in the SOSODEFi Engine Pool.

3.5 SSDF Bags

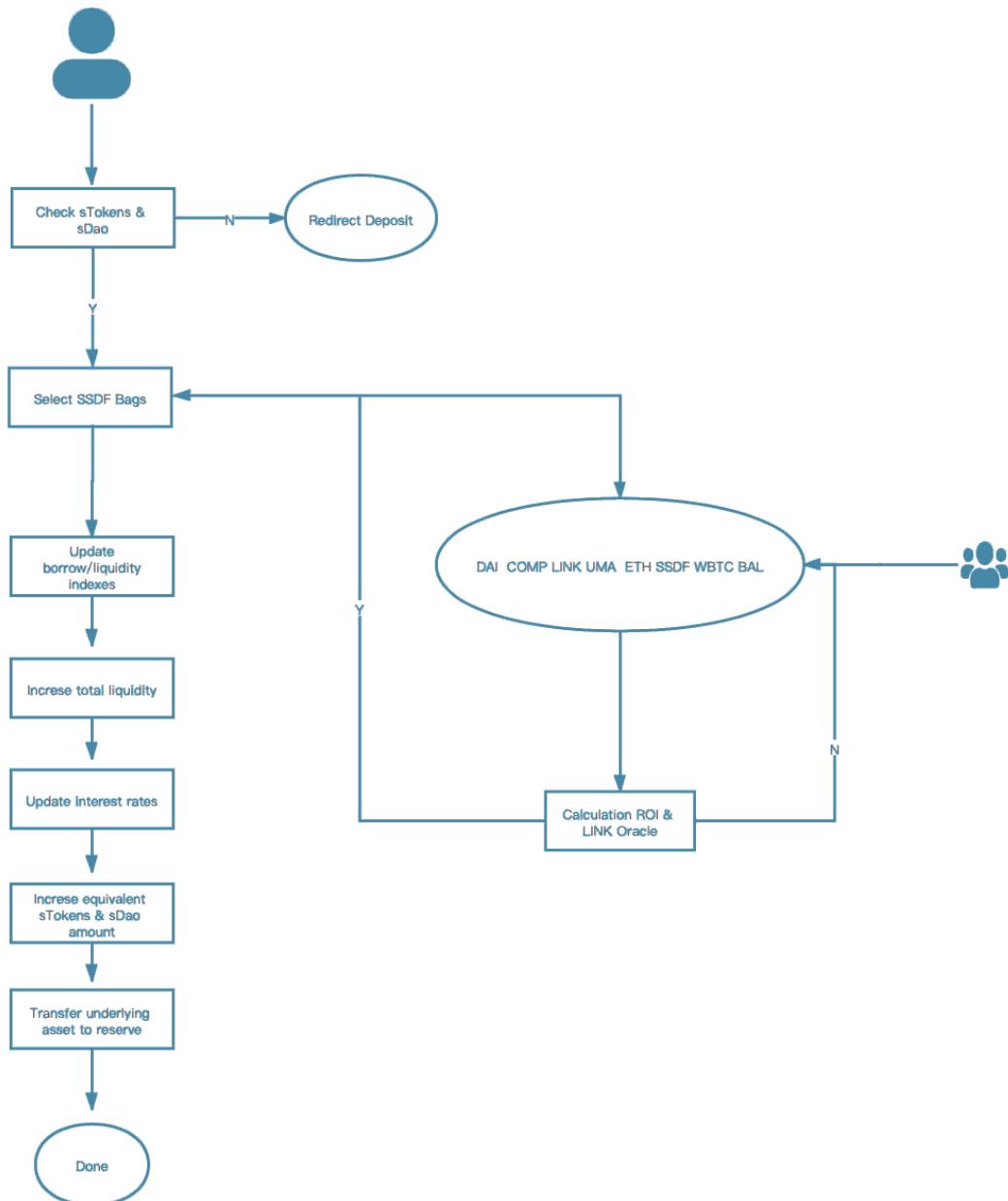
SSDF Bags are composed of two parts. One is the SSDF Bags formed by the optimal asset ratio combination generated by the oracle and the SSRoi model, PIPELINE, AMM and other intelligent algorithms.

SOSODEFi supports option models, so another part of SSDF Bags is generated by the SSDF-OPM model and the Chainlink oracle through algorithm matching

SOSODEFI ENGINE

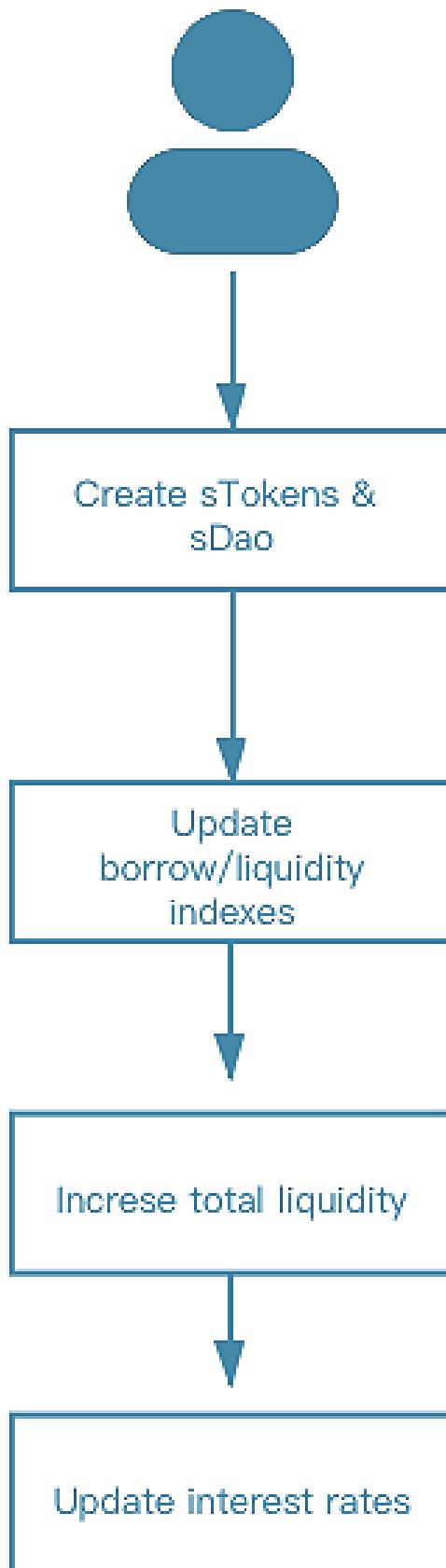
4.1 Pipeline of the contract

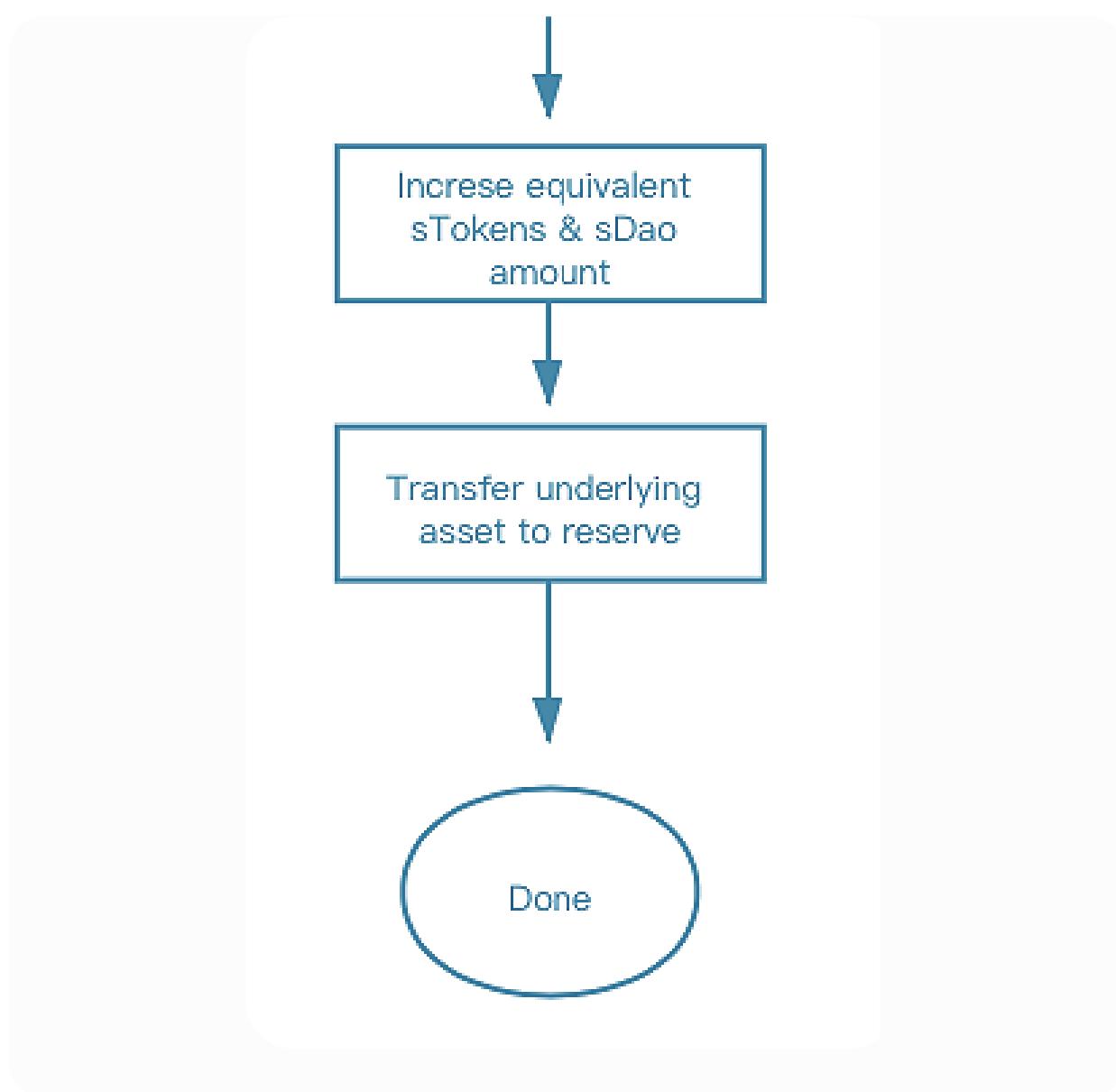
SOSODEFi Engine allows users to interact with reserves and select the best SSDF Bags for redemption or pledge. All operating procedures comply with the following specifications.



4.2 Deposit

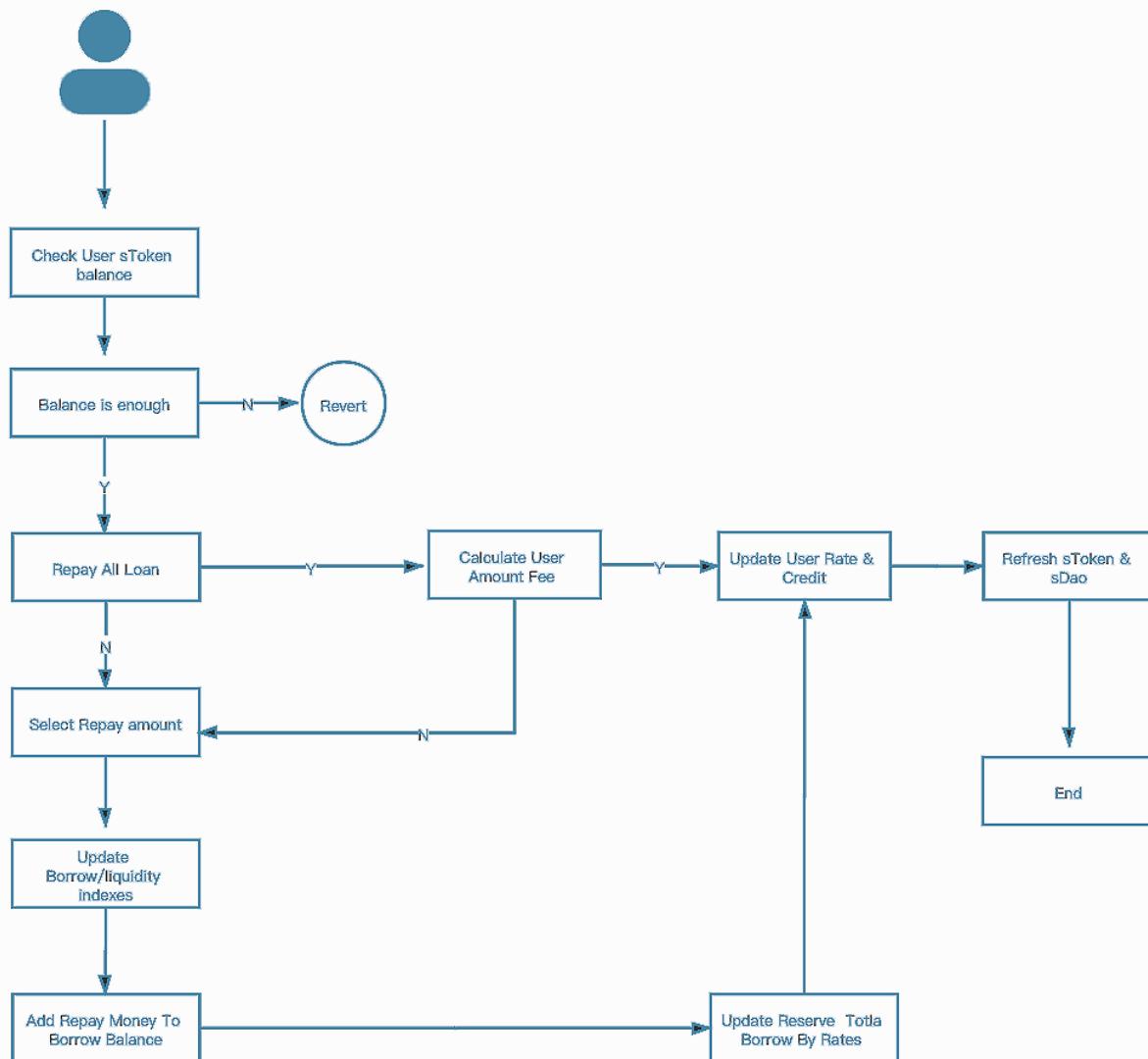
No special operations, just do it according to the rules of the smart contract. The process is as follows:





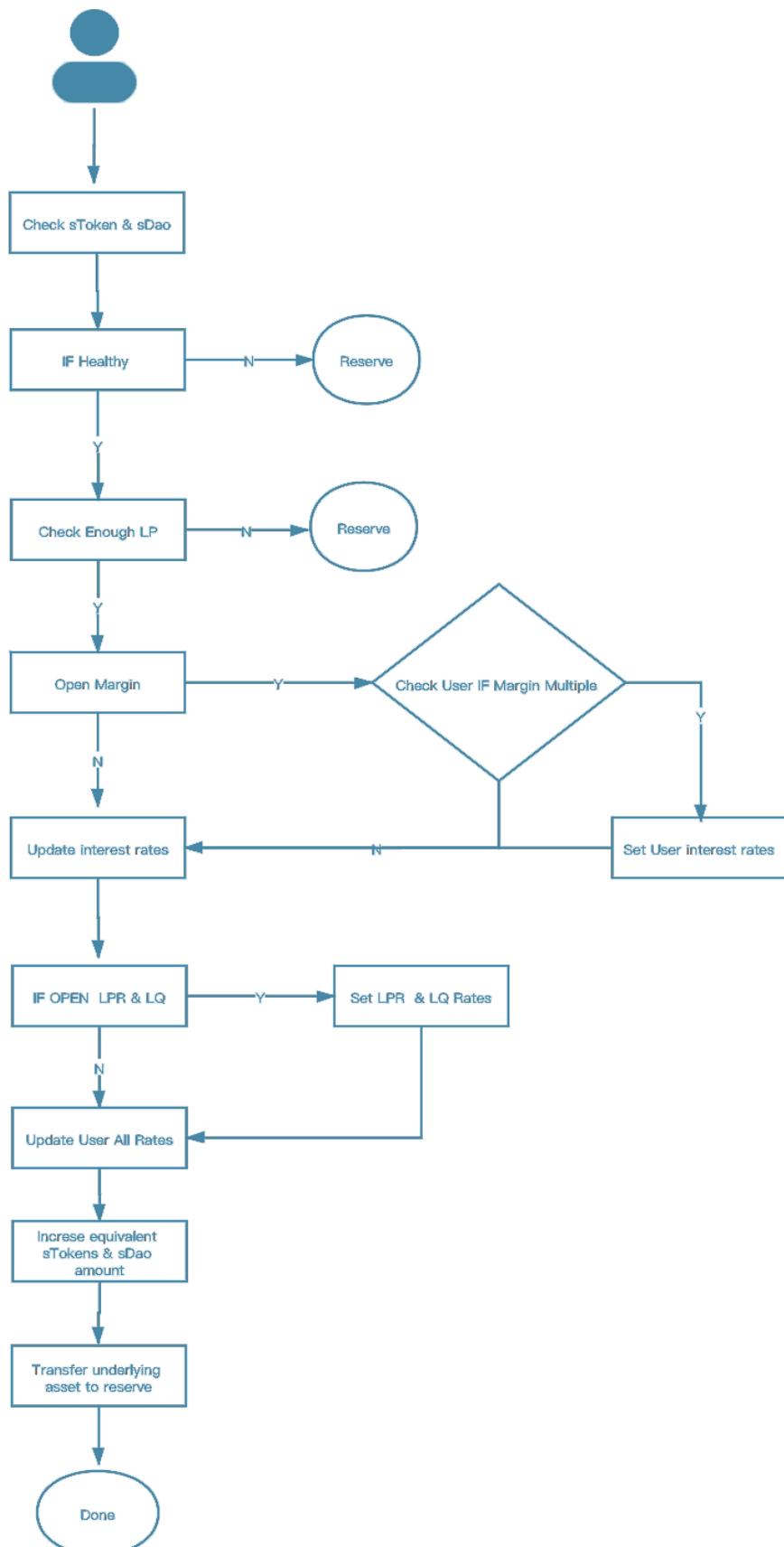
4.3 Exchange

Users who hold a certain amount of sTokens and has paid some stability fees can exchange the basic assets in the SOSODEFi Engine pool. For the actual exchange rate, please refer to [3.2 Interest Rate Strategy] in the technical white paper. The operation process is as follows:



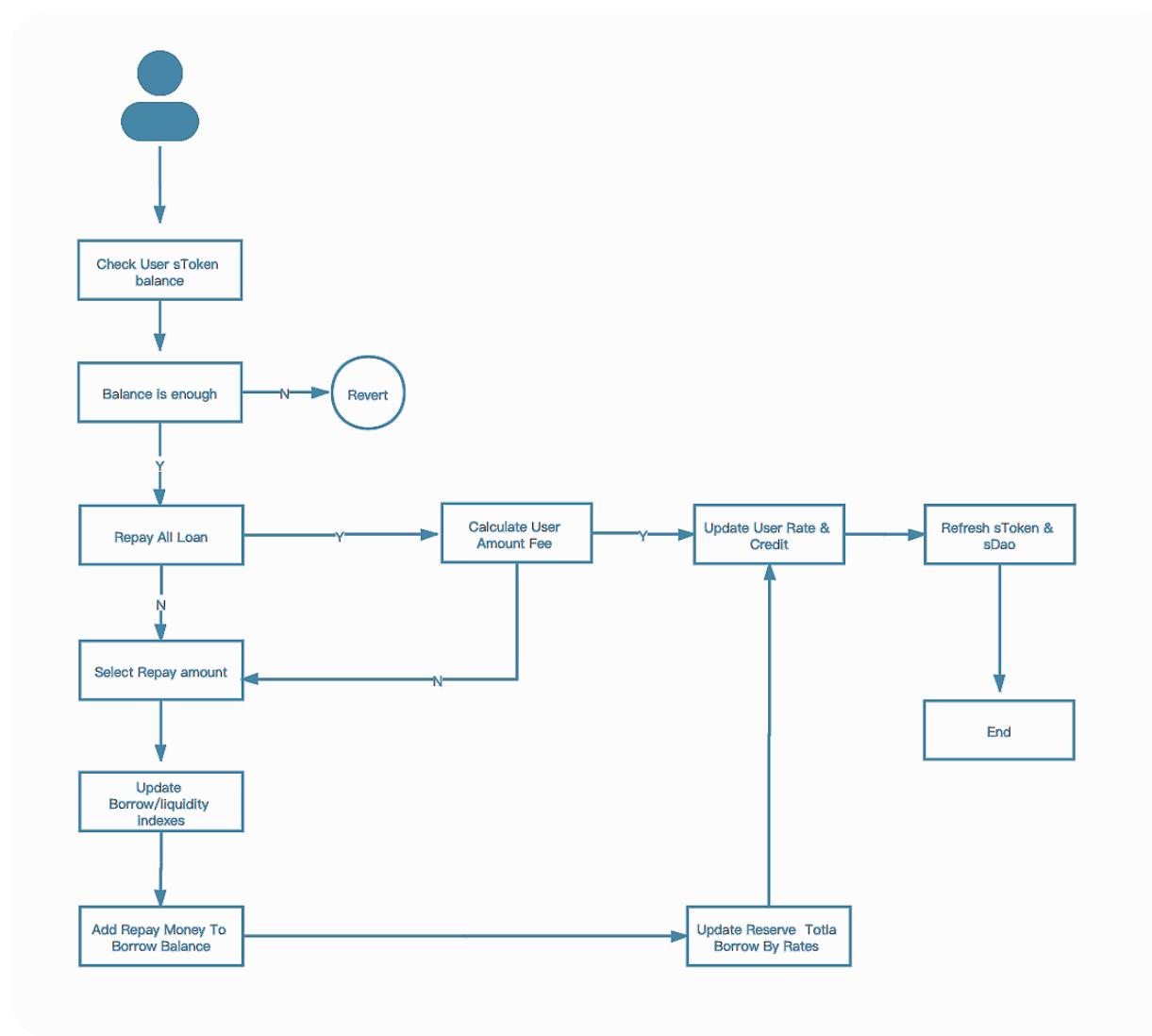
4.4 Lending

The lending behavior refers to lending users sTokens which are mapped from the mortgage assets already existed in the SOSODEFi basic pool. sTokens are used to set one-click anti- liquidation, open LPR exchange rate conversion, etc. Before borrowing, users need to mortgage certain assets in exchange for the assets they need. Moreover, SOSODEFi provides functions such as leverage mode, anti-liquidation mechanism, and LPR exchange rate exchange. Users can choose whether to enable them. The operation process is as follows:



4.5 Repayment

The repayment process allows users to make full repayments or partial repayments, and each transaction will charge a stable interest rate fee and interest fee. The process is as follows:

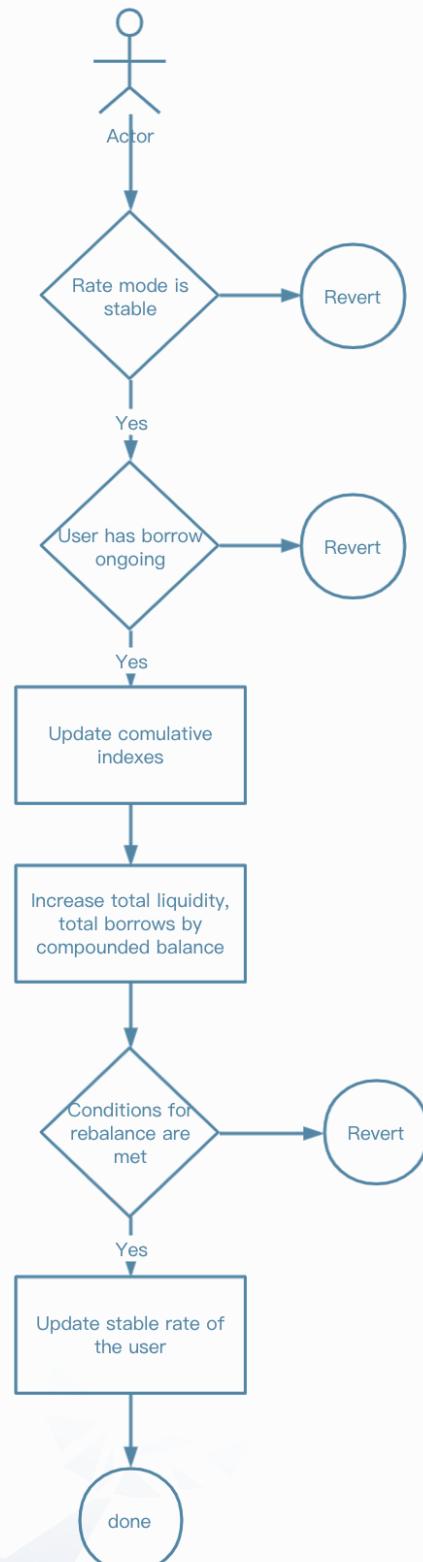


4.6 Interest rate

The contract holds the information required to update the interest rate of a specific reserve and performs the interest rate updating. Each reserve has a specific interest rate strategy contract.

Formula of the calculation of interest rate: $A_t[U=U_{optimal}], R_v=R_{v0}+R_{s1}$. For more technical details, please refer to [3.2 Interest Rate Strategy] of the technical whitebook.

The basic process is as follows:



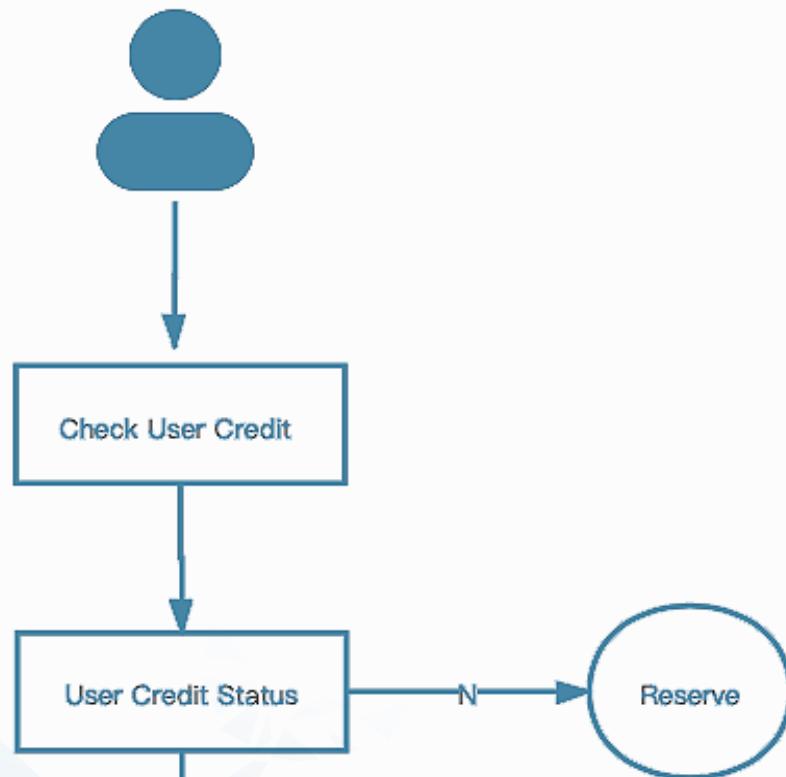
4.7 Flash Loan

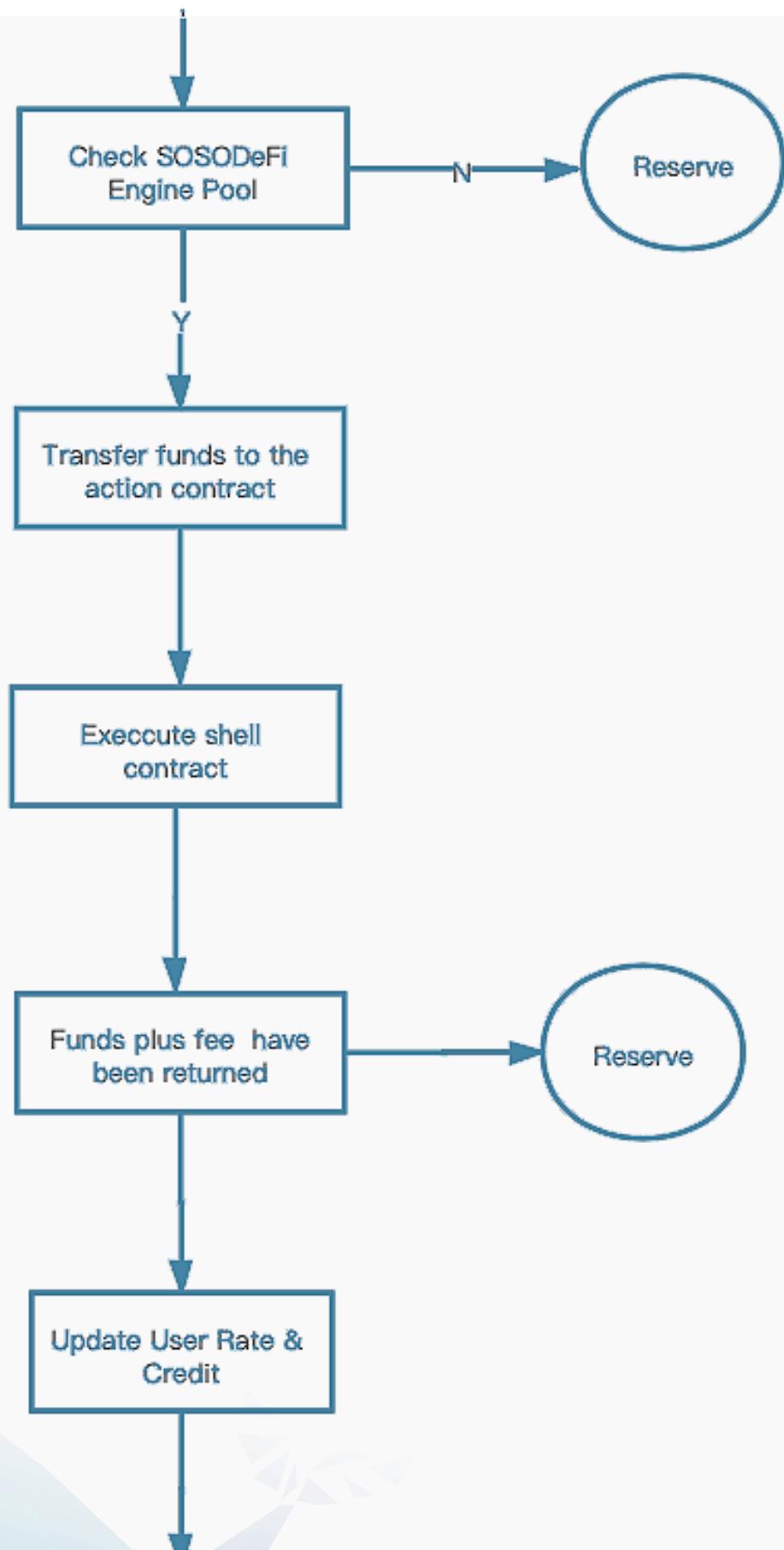
The concept of Flashloan was first proposed in 2018 by Max Wolff, the creator of the Marble protocol. Initially, flash loans were mainly used for arbitrage. Another use case is to use flash loans to repay debts to avoid CDP being fined for liquidation.

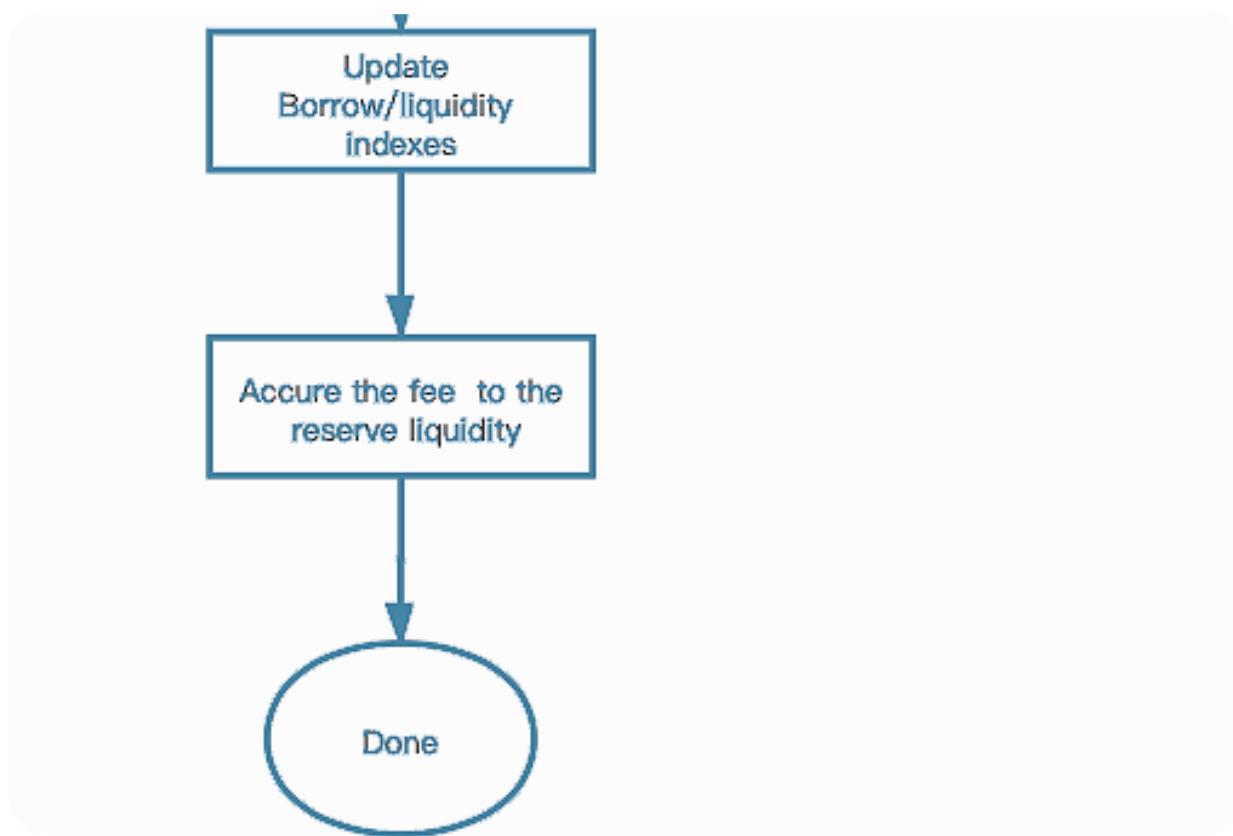
What are the characteristics of SOSODEFi's flash loan?

SOSODEFi users need to accumulate a certain amount of credit or have some sTokens in their account before they are allowed to flashloan. According to the user's historical credit, the maximum allowable flash loan amount is 130% of his current assets.

SOSODEFi connects the atomicity of flash loans and the retrospective nature of smart contracts, allowing the SOSODEFi fund pool to have a safer model, avoiding problems such as attacks and currency theft. If you cannot repay the loan, the whole thing will roll back, as if the loan never happened. The basic process is as follows:







4.8 Options

Option is a right that can be exercised at some time in the future. After buying an option, if it is beneficial for the buyer to exercise the right on the expiry date, the buyer will obtain corresponding income by exercising the right, and the seller needs to cooperate with the buyer and make corresponding expenditures. If the exercise of rights on the expiry date is detrimental to the buyer, the buyer may choose not to exercise the rights, and the seller does not need to cooperate in making corresponding expenditures.

- Even with professional institutional participants, in order to control his own risks, a seller also need a wealth of risk hedging tools in the market to hedge his own potential risks. At present, hedging tools are obviously not abundant enough in the DeFi field.

Traditional options rely on the order book to make transactions, which require professional market makers. If it is carried out on the chain, there are problems of low efficiency and high cost. Not long ago, the GAS fee on Ethereum has reached 350Gwei, and the high fee will greatly reduce the enthusiasm of users to participate.

·Due to liquidity issues, option buyers cannot choose their desired option products, such as products with different underlying assets, different exercise prices or expiry dates.

In response to the above problems, DeFi's decentralized liquidity options were born. It establishes a liquid option margin pool as the counterparty to all users who purchase options. Option fees and other agreement rewards will be pooled into this pool and shared by the users who join the pool. The benefits and risks of all options will also be shared and borne by the users who participated when the pool was created.

·SOSODEFi options are SSDF-OPM (SSDF options pricing model) options which are formed based on the Black-Scholes option pricing model, the Binomial option pricing model and Chainlink Oracle. Among them, Chainlink uses the Schnorr multi-signature mechanism to solve the Freeloading problem, and curbs sybil attacks and mirroring attacks to a certain extent, guaranteeing the diversity of data sources and oracles, and effectively dispersing the risk of data distortion caused by the data source itself. It uses TEEs as a hardware security guarantee, so as to achieve contract confidentiality and reliable randomness.

The binomial option pricing model assumes that the stock price fluctuates in only upward and downward directions, and assumes that the probability and amplitude of each upward (or downward) fluctuation of the currency price remain unchanged during the entire inspection period. The model divides the duration of the investigation into several stages. According to the historical volatility of the currency price, it simulates all possible development paths of the digital currency during the entire duration, and calculates the warrant exercise income and the warrant price calculated by the discount method for

each node on each path.

The binomial tree option pricing model is based on the change of the underlying asset over a period of time, not the price at a point in time. Therefore, it conforms to the Chainlink oracle data model. The oracle generates real-time digital currency prices at all times. It is fully applicable in dynamic mode. The combination of the two models will make the SSDF-OPM option model more accurate and transparent in price predictions based on the oracle. Furthermore, the SSDF-OPM model will continue to learn more models through artificial intelligence, providing the best choice for users and reduce all CDP accounts participating in options.

The formula finally generated based on the binomial tree option and Chainlink oracle is shown in the figure below. For more technical key points, please refer to the technical white paper [6.2 B-S pricing formula]

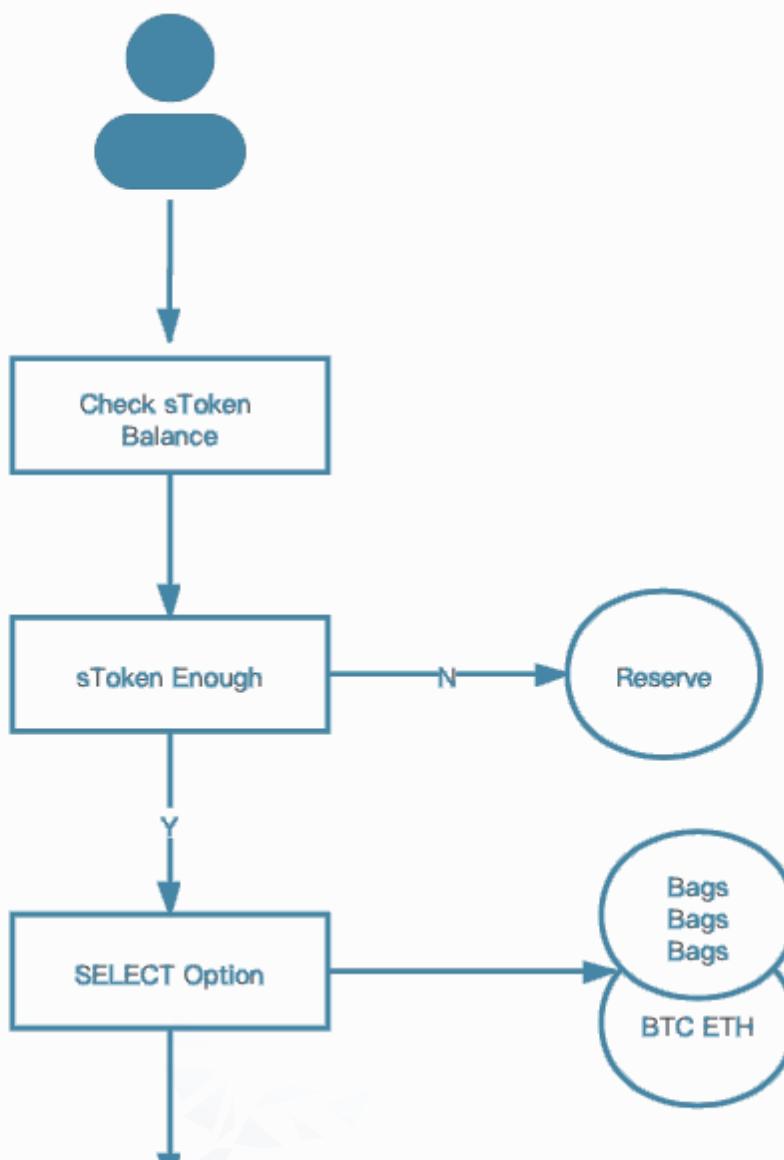
$$C = S \cdot N(d_1) - L e^{-rT} N(d_2)$$

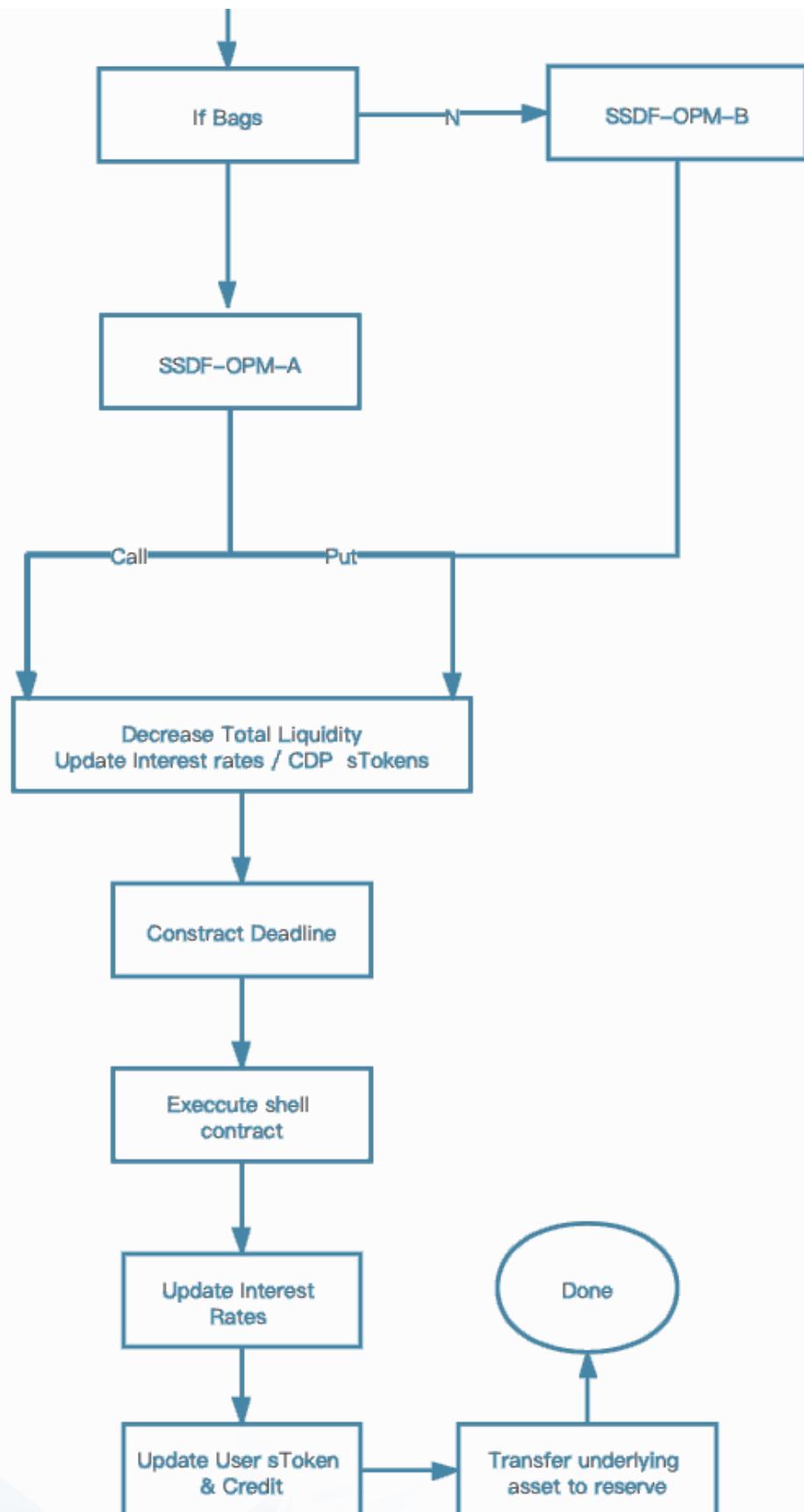
SOSODEFi provides two forms of options:

Options of Combined Bags. It is defined as a Token combination model with similar annualized return of Pos. The economic model of the token is calculated by the underlying SSDF-OPM-A and AMM models, and the combination is packaged into Bags for users to choose.

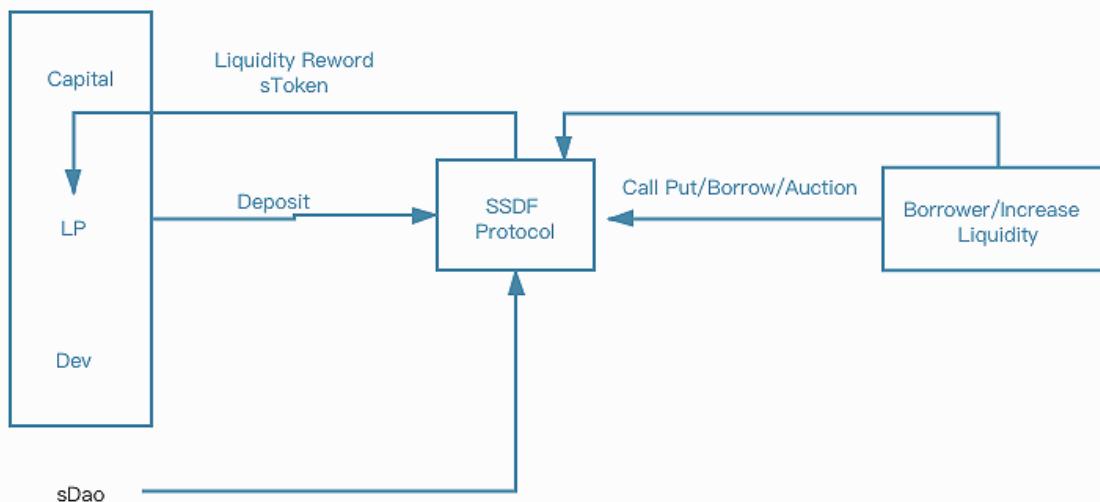
Options in the form of a single currency. It is mainly based on the SSDF-OPM-B algorithm model. The initial version will include some mainstream currencies, and the algorithm will be continuously improved in the later period. The conditions for selecting tokens include (and are not limited to) liquidity, currency holders, number of exchanges, community activity, github activity, etc.

The simple option transaction is shown below.





4.9 Yield Farming



Yield farming means that as long as users provide liquidity for the platform (such as trading on the platform, lending, borrowing, options, flash swaps), they can get the tokens distributed by the platform as a reward.

After "mining" these tokens, users can choose to sell them immediately to increase their short-term income, or they can hold the tokens, bind their long-term interests to the project, and participate in agreements with developers and investors to become a part of sDAO.

For users such as liquidity providers, the essence of DeFi protocol "mining" is to use the time value of assets in exchange for short-term or long-term gains and to assume potential risks, including smart contracts, systemic, and joint risks.

For the demand side, after the DeFi protocol "mining" mechanism helps improve liquidity, it can also perform larger-scale financial services.

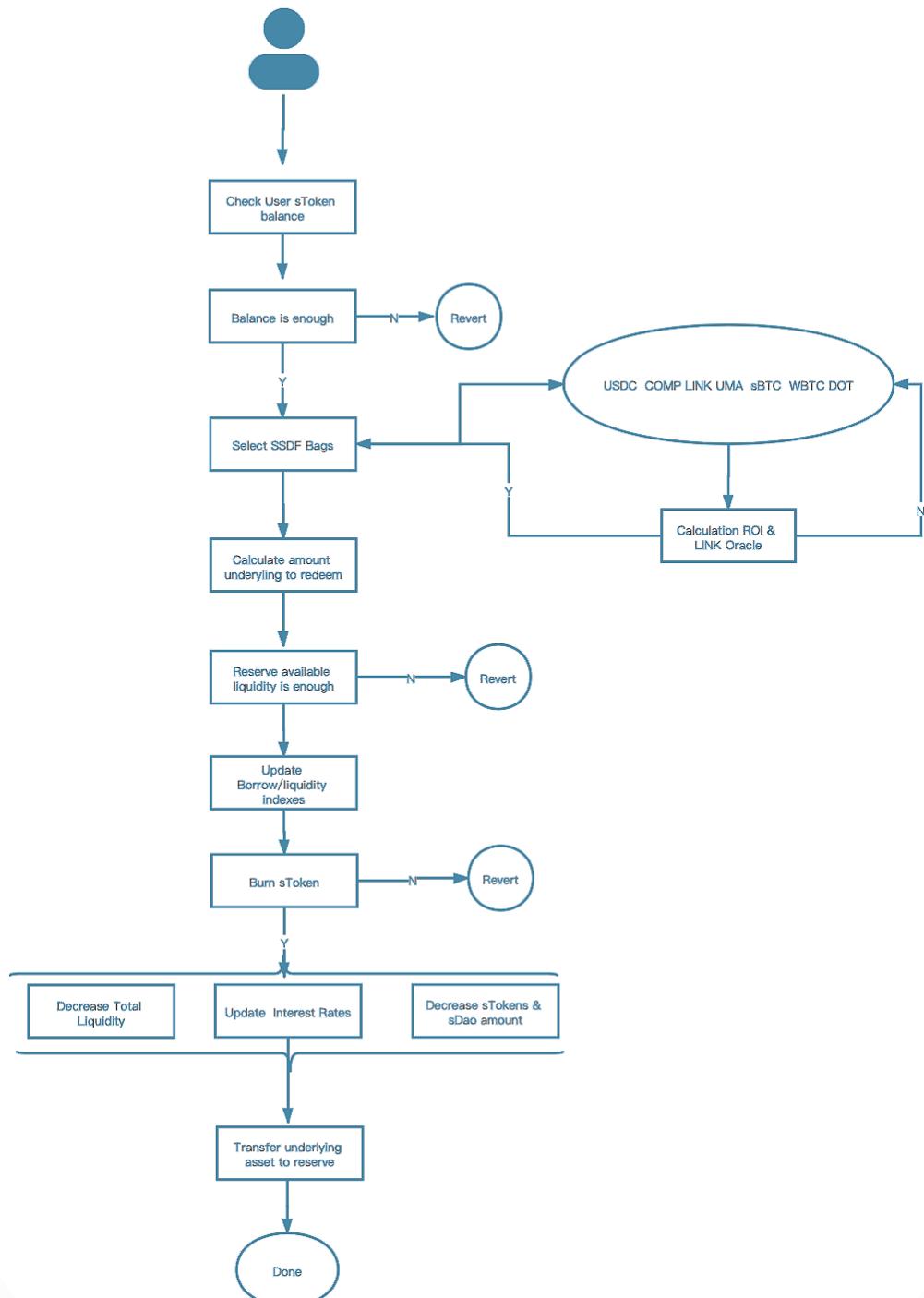
For the DeFi protocol itself, "mining" can attract more users to participate in the use

of the protocol, and it can also assign the governance authority that determines the future development of the platform to actual participants, but not just investors or developers .

DeFi uses liquid mining to issue tokens for many purposes. The first is to "enable users to participate in governance" and the other is to "increase the adoption rate of the platform". The most important purpose is to allow users to actively participate. It is also the key issue that whether governance tokens can achieve fair distribution so as to realize a true DeFi platform, a healthy token distribution mechanism. Then the chain governance can be more meaningful.

The extremely high annual rate of return in the early stage of yield farming has attracted a large number of participants to join. But one thing that participants need to pay attention to is that the "annualized rate of return" is a predicted value calculated according to the prevailing market conditions. It does not mean that you can really get that much profit in a year. In this case, SOSODEFi proposed a new solution, which is to use Oracle onGasPriceChange and multiple Pos Bags to maximize profits, and to calculate and replace Pos Tokens with low mining income in stages.

How to use SOSODEFi for liquidity mining? In fact, it is very simple. The platform provides multiple clients and you can choose one of them. After the Token is mortgaged, each CDP account will generate corresponding sTokens to reflect the assets already held by the current user after the smart contract is executed. At this time, sTokens can choose the product package that needs to be mined or a single token mining on the platform. If the user takes out the mortgaged assets, the sTokens reflected by the CDP account will also disappear, and the flash swap function cannot be used, unless you pledge assets to SOSODEFi again. The process of yield farming is as follows:

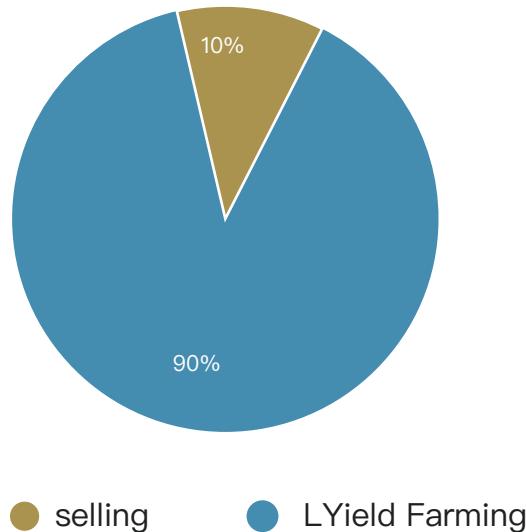


TOKEN MODEL

Total Amount of Token : 1 billion

Token Name: Soso Defi coin

Token Abbr.: SSDF



Distribution of SSDF:

10% SSDF is used for sales, the funding support of the project operation and development. 90% is used for mining, in which 65% is given to miners, 15% is given to technical communities, and 10% is given to sDAO organizations. The foundation will preserve 1% for activities and promotion.

How to guarantee the circulation of SSDF?

Simply speaking, SOSODEFi uses robo-advisory algorithms. When used on other

DeFi platforms, it can connect the slot mode of SSDF and directly access robo-advisory algorithms. SOSODEFi can also be used directly, which can save handling fees and VM network consumption.

Those who hold SSDF will have sTokens, and they can participate in the auction to obtain coinage rights to deduct Gas consumption.

Violations of smart contract strategies or flash swap attacks on the SSDF platform will all be punished under the governance of sDao, and the penalized CDP account SSDF will be directly destroyed to ensure the SSDF deflation.

After the account is cleared by the smart contract for the reason that the user does not turn on the smart anti-clearance system, 80% of the liquidated assets will be used for destruction, and 20% will be used to reward the CDP account which turns on the smart anti-clearance system, thereby increasing the circulation and utilization rate of SSDF.

Profit model of SSDF

SSDF is the native token of SOSODEFi on VM. SSDF is minted when the mainnet is launched, and it is stored in the contract pool. It is distributed as rewards to the SSDF development team, CDP users, and sDao organization. Simply speaking, liquid mining will award every CDP user participating in the SSDF ecosystem.

Every time when some liquid assets (pledge, option, loan) are added to the SSDF with the generation of corresponding sTokens, some fixed stability fees will be put in the reward pool. Stability fees generated by liquid assets will be returned to the CDP account, the development team, and the sDao organization in proportion to the smart contract.

After the liquidity of the SSDF reaches the lock-up level, the smart contract will automatically trigger the native token bidding system, and any CDP account holding

sTokens can participate in the bidding (It can also join the sDao organization independently, and after winning the coinage, native tokens will be allocated by sTokens) to win the final coinage. Users who have coinage can use the minted native tokens as gas fee for transactions, and the stability fee generated by the bidding will be put into the reward pool.

Joint farming and sDao excitations

SSDF uses the feature of composability of DeFi, and different protocols can be combined or nested with each other. Based on this feature, SSDF yield farming is the form of "joint farming", and all CDP users who participate in mining can maximize their profits.

Another form of joint mining is that users participate in the established sDao organization and jointly participate in the yield farming of the platform. Yield farming does not generate different weights based on a single CDP position and sToken holdings. It will also consider a series of dimensions such as each user's time participation, creditworthiness, loan mortgage, and sDAO model participation in governance, so that sToken ranking will not directly affect everyone's mining rights. SSDF measures a suitable interest rate strategy for everyone, and everyone can participate in yield farming fairly under the smart contract model. The resulting income is distributed to the CDP accounts currently participating in sDao by the above attributes.

Joint yield farming uses the PIPELINE model algorithm. Bags are jointly packaged according to the current optimal asset portfolio, and then provided for users to choose. When users choose different joint mining products, they will get different token rewards. The degree of reward will be regulated by the dynamic balance algorithm.

SSDF uses a dynamic interest rate model. Every increasing of CDP will increase the reward. The initial contract will reward 20 SSDF per block. With the increase of LP, the

reward SSDF per block increases by 20% to 80%. As an example, 24 SSDF~36 SSDF may appear in the future as the reward of a unit block. There is no upper limit for yield farming. The stronger the liquidity, the higher the reward for the CDP account.

The formula of the excitation model of joint yield farming is as follows:

$$V(n) = \sum_0^N \frac{S(n)}{L(n)} * \frac{(sToken+sDao)}{P(n)}$$

$S(n)$: The pledged sToken mining time period

$L(n)$: Joint yield farming annualized income

$sToken$: the number of sToken held by a single CDP account

$sDao$: the joined sDao organization

$P(n)$: Yield Farming ratio

$S(n)$, the tokens produced per second in the Ethereum block. Initially, each block generates 20 SSDF rewards. Later, the SSDF rewards per unit time will be increased or decreased according to LP.

The $P(n)$ set is calculated from $p1 p2 \dots pn$, and the algorithm is based on the current combination of liquidity intelligent matching combination, such as $p1 = DAI\ Unipool + MKR\ pool + sUSD\ Curvepool + sETH + REP$, etc. The best combination is matched through PIPELINE and LINK oracles according to different flow pools, which finally generated $p1$, and then $p2 p3 p4 \dots pn$ is calculated by analogy.

Simulation rewards of joint yield farming is as follows:

LP	Block Height	Block Reward SSDF	CDP Reward
10000	10717350 ~ 1057670	2000	22
100000	12717350 ~ 1257670	4000	66
10000000	14717350 ~ 1457670	6000	145
100000000	16717350 ~ 1657670	5600	188
1000000000	18717350 ~ 1857670	8000	488

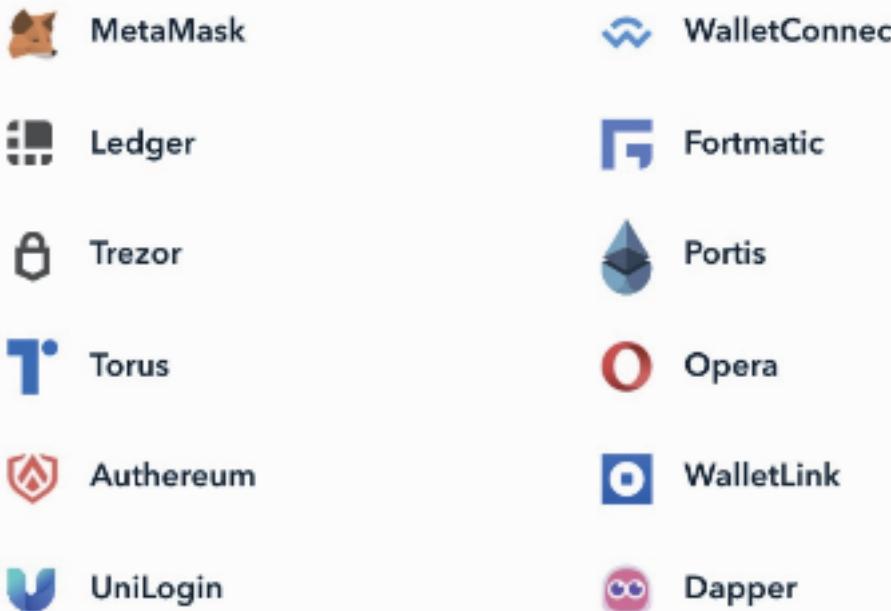
The simulation reward of liquidity joint mining + sdao is as follows:

LP+sDAO	Block Height	Block Reward SSDF	CDP Reward
10000	10717350 ~ 1057670	2000	22+5
100000	12717350 ~ 1257670	4000	66+10
10000000	14717350 ~ 1457670	6000	145+33
100000000	16717350 ~ 1657670	5600	188+56
1000000000	18717350 ~ 1857670	8000	488+124

ECOSYSTEM AND SECURITY OF SOSODEFI

SOSODEFi Ecosystem

Supported wallet ecologies include: MetaMask、Trust Wallet、Coinbase、Argent、Imtoken、Zerion、Swipe、Ledger、Portis、Dapper、Trezor、Opera、Status、WalletConnect、Fortmatic、authereum



In 2019, the number of DApps continued to increase. The total number of DApps running on ETH, EOS, TRON and other public chains in the whole year is more than 3,000, and there were more than one hundred smart contract vulnerabilities. Most of the hacked incidents occurred in EOS DApps. The total loss of DApp hacking was over 10 million US dollars.

Over 60 typical attacks occurred on the EOS public chain last year. January-April was a concentrated outbreak period, accounting for 67% of the annual attack incidents. The main reason was the continued popularity of gambling applications on the EOS public chain and project contracts. The weak code security has caused hackers to continuously attack the same vulnerability on multiple DApps. The main methods are transaction blocking, rollback transaction attacks, fake EOS attacks, and random number cracking.

There were nearly 20 typical attacks on the TRON public chain, mainly in April, May, and July, with small-scale attacks and rollback transactions as the mainstay.

The ETH public chain did not occur serious DApp attacks. One reason is that the number of gambling quiz contracts on the ETH public chain is small and the popularity is not

enough, and the other reason is the ETH smart contract project party has done a better job in security.

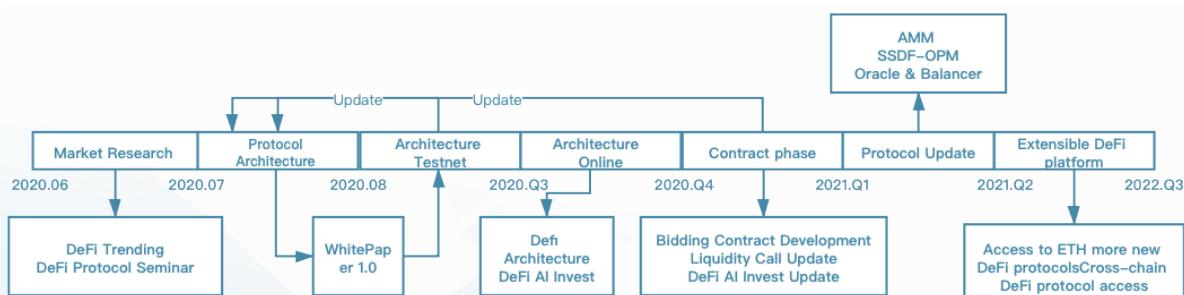
The current defi project is carried out on many public chains, but according to statistics, the defi contract on eth is the most stable. Therefore, we continue to use the eth contract. Furthermore, our technical team is excellent enough to withstand major security audit institutions. We firmly believe that DeFi will overturn traditional centralized finance, and what we can do is make it run completely safely.

Code review

Considering that the security of smart contracts and DeFi are currently emerging markets, we use multiple reviewing agencies to review at the same time to ensure that the code has no bugs and protect the rights and interests of each user.

- Pre-review independent developers/organizations
- Openzeppelin
- Peckshield
- Samczsun

DEVELOPMENT ROUTE



CONCLUSION

SOSODEFi takes users as the benchmark and time-saving as the concept to create a full-platform visualized intelligent investment and financing platform, so that every freshman can start trading DeFi in 5 minutes. SOSODEFi is so simple and easy, which saves your time to read tedious manuals and documents, thus you have more time to focus on financial management instead of finding tools.

* Disclaimer

- This white paper is for reference, explanation and discussion purposes only. It is not a sale offer, nor is it an offer to buy any securities, other financial instruments or SSDF. The information in this white paper may not be complete or final, which may change based on forecasts and assumptions and not all major risks can be determined.
- The sale of SSDF has not been registered or approved under any securities, commodities, futures, securities, financial instruments, capital market laws or regulations in any jurisdiction. In any jurisdiction where such sale is illegal, this white paper does not constitute an offer, solicitation or marketing to the retail public.
- Opinions, assumptions, assessments, statements, etc. regarding future events are forward-looking statements. These forward-looking statements are made in good faith and on a reasonable basis, but there is no guarantee that these expectations will be realized or fulfilled.
- Like all financial derivatives or financial service platforms, SOSODEFi cannot be risk-free. Here is a brief description of the cited risks of SOSODEFi. Of course, there may be other risks that have not been described or recognized:
 - 1) Although the price cannot be attacked, SOSODEFi provides flash swaps, and there may exist minimal arbitrage space. For financial services that require extremely high spread accuracy, some risks may occur when using SOSODEFi, which needs to be given some compensation in future designing.
 - 2) Since DeFi has just appeared recently, although there are no code vulnerabilities on ETH, this issue is not absolute. Therefore, SOSODEFi may have potential code vulnerabilities or the risk of major external changes. Code vulnerabilities may also exist in codes interacting with other DeFi, Balancer, and stablecoins. Code vulnerabilities or major changes in the external environment will affect the price caller, which can be



corrected through sDao and contract forks.