

Strion

A Cross-Chain Liquidity Network Powered by USDT Collateralized Lending.

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Abstract

This paper introduces a novel AMM-powered platform designed to enable seamless cross-chain liquidity without requiring complex swaps or traditional bridge mechanisms. By leveraging intent-based bridging and lightweight client verification on Union, this platform facilitates the transfer and conversion of assets across multiple blockchain networks with minimal friction. Users can lock stable assets on primary chains, such as Ethereum, and gain instant access to wrapped equivalents on Union, allowing them to interact with assets and liquidity on chains like Solana, SUI, and others. Through a collateralized lending system, users borrow and lend across chains, with borrowers utilizing assets on Union to access liquidity from AMMs across the ecosystem. This system secures lender assets, manages default risk with a streamlined liquidation and fee mechanism, and rewards participants by redistributing penalties and interest.

By combining decentralized asset management and lending mechanisms, the platform empowers users to transact and access diverse assets on multiple chains seamlessly, contributing to a more interconnected and accessible multi-chain ecosystem.

Introduction

Strion is built on top of Union, a Cosmos SDK-based chain aiming to solve some key issues in cross-chain interoperability. By embedding light clients of other chains directly in Union, it can read the state of these chains without needing a centralized middleman, making it possible to verify information from multiple chains in a decentralized way. Similarly, if another chain has a Union light client on its end, it can effectively “see” the states of all other chains connected to Union. This setup allows Union to serve as a kind of universal connector, opening up a lot of cross-chain possibilities.

Another core feature of Union is **intent-based bridging**. Instead of Union itself processing cross-chain transfers, it lets third-party solvers step in and handle them. Here’s why this matters:

- **Speed:** With solvers fulfilling transactions, users experience faster transfers without waiting for the typical slow finalizations, especially on optimistic rollups.

This approach makes Union not just a bridge, but an ecosystem where intent-based interactions can settle across multiple chains. For users, it means a faster, more flexible cross-chain experience. Solvers get new revenue streams by fulfilling transactions, and Union itself benefits from better network effects and UX through zero-knowledge proofs that prevent double-spending.

Strion uses a staking and lending model to make multichain liquidity accessible to users. Users can stake USDT on Chain A and receive a token on Union Chain. The token received on Union is a receipt token that represents the staked stablecoin on Chain A. This issued token, called STT (Strion Token), is then used as collateral to borrow assets on any chain provided by lenders on the platform.

Strion architecture and mechanics

1. Staking and Collateral

Users stake USDT on One Chain: Users deposit USDT and receive a 1:1 representation of it in STT on our platform.

Cross-Chain Collateral: STT can be used as collateral to borrow other assets across multiple chains, including stablecoins, volatile tokens, and more.

2. Decentralized Lending

AMMs Lend Assets: AMMs can lend stablecoins, volatile tokens, and other cross-chain assets, using a Loan-to-Value (LTV) ratio of up to 70%. This means borrowers can only borrow up to 70% of the locked value.

Customizable Lending Rates: AMMs set their own lending rates, fostering a competitive, decentralized lending environment.

3. Collateral Forfeiture & Revenue

Borrowing Threshold: Users must repay their loans before hitting a time-based threshold.

Failure to Repay: If borrowers default, the locked collateral is liquidated:

70% + 3/4 of the collateral goes to the AMMs as compensation.

1/4 goes to the platform, generating consistent revenue.

Repayment with Interest: If borrowers repay on time, they must pay with interest, which is shared between the AMMs and the platform.

4. Key Features

🔧 **Cross-Chain Compatibility:** Union Chain serves as the backbone, providing a decentralized light-client and intent-based solution to track the state of multiple chains.

⚖️ **Collateralized Borrowing:** Borrowers can lock STT as collateral and borrow assets from various chains, with a Loan-to-Value (LTV) ratio of up to 70%.

💰 **Automated Market Makers (AMMs):** AMMs provide liquidity in multiple assets, including stablecoins and volatile tokens. They determine how much they are willing to lend based on the borrower's collateral and LTV.

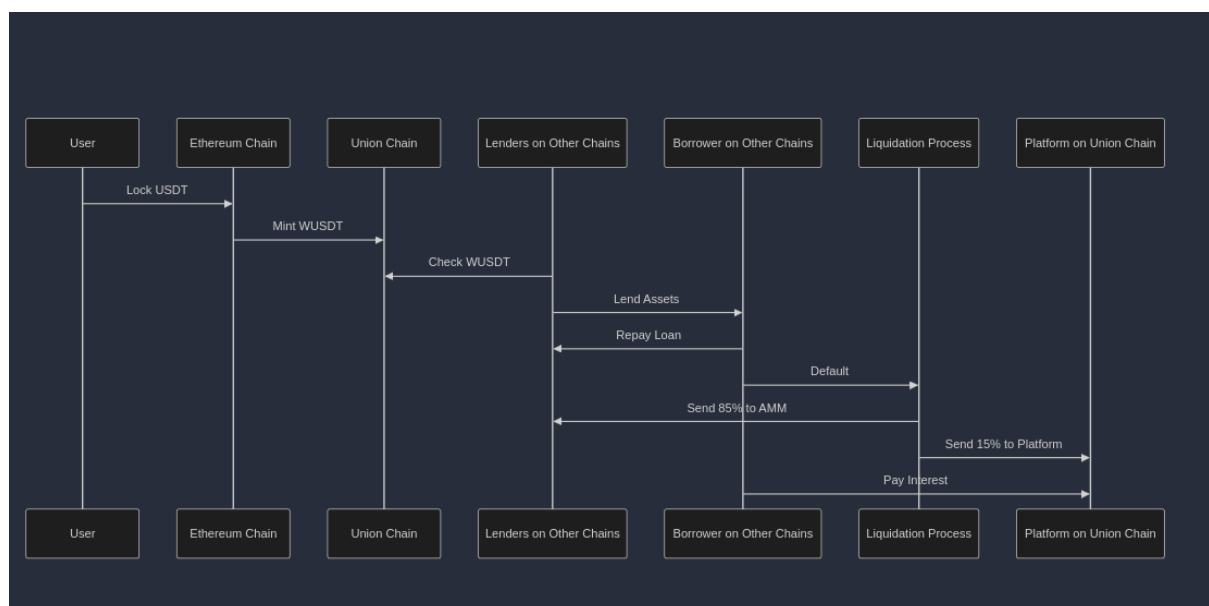
🔒 **Penalty & Liquidation:** A clear liquidation mechanism whereupon default:

70% + 3/4 of the collateral is given to lenders.

1/4 of the collateral is retained by the platform as revenue.

📈 **Interest-Based Incentives:** Borrowers who repay on time pay interest, with a portion going to the AMMs and another portion to the platform.

5. Diagram showing the whole process of staking and accessing liquidity using the staked collateral



Conclusion

Strion embodies a transformative approach to decentralized finance, tackling the limitations of cross-chain liquidity and collateralization. By enabling users to stake USDT and receive Strion Tokens (STT), we facilitate seamless asset access across multiple chains.

Our integration of Automated Market Makers (AMMs) empowers a decentralized lending environment where interest rates are competitive and security is prioritized through effective collateral management. This innovation not only enhances liquidity but also aligns with our vision of an inclusive financial future.

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