~DAOSWAP~

Web 2.0 centered control and power,
Encouraging oligopolies and few holding all.
DEFI has produced endlessly unstable bubbles.
What is the next evolution of the Internet?
How Will deFi stabilize and sustain?

DAOSWAP Core Belief–
 – the future of the internet exists in blockchain
  – the future of blockchain exists in DEFI
   – DEFI has become a fusion of DEX+NFT+DAO
    DEX– Distributed Exchanges for fungible asset Exchange,
     NFT– Non-Fungible Tokens o tokenize non-homogenous assets
      DAO– Decentralized Autonomous Organizations for
GOVERNANCE

Blockchain technologies realize true value flow of digital assets and alike, allowing for empirical truth in price discovery; while distributed ownership and autonomous governance of data flow ensures no one entity monopolizes the throughput of information value stores nor of content

available. These features will usher a gov more balanced future for Web 3.0. The financial basis of the value flow is liquidity and community conviction in DEFI; growth and integration of DEX+NFT+DAO is inseparable from the continued existence, adoption and success of deFi in the future..

PART ONE) The Future of the Internet is Blockchain

The value generated by our activities on the Internet has been integrated into an "Data Ocean", but only a very small number of groups (various centralized platforms and companies) can profit from this big data "catch". Meta-dams monopolized and formed a "data reservoir" of digital value; few use it for free; most have to pay, these "data reservoir" stores capture traces of people's behavior, generating huge commercial value with private data. This is not just simple algorithms, for targeted advertising, yet detailed mappings predicting our activities, simulating our lives, recreating an implied digital version of each user, a replicated, mirrored "you" in the data world.

i) The public adoption of blockchain has been accelerated by Decentralized Finance (DEFI)

The digital value that has gathered for decades in the "barrier lake" of digital value needs to flow. The traditional Internet cannot solve the defect of the decentralized flow of value, making Internet finance impossible to succeed at scale. The failure of P2P is a typical proof.

ii) The future of blockchain is DEFI:

The continuing and exponentiated growth of Decentralized Finance couples with the commitments of time, resources, and funding already apparent, there isn't much debate that deFi and the projects surrounding the space will guide and usher in whatever the future of blockchain technologies will be. DEFI Projects ensure vitally important use cases for blockchain technologies, truths, freedoms, are held self evident, immutability provided by distributed technologies and cryptographic proofs, the security this can and will provide, is quite inevitable.

Blockchain is to the world today, just as the Internet was to the world in 2000, business models based on information interactions such as blogs, social media, and e-commerce have taken shape. The current prosperity of the Internet is based on these areas, so to these areas are seeding future prosperity. On the basis of DEFI, the embryonic business model iof the current blockchain field is birthing. As so peach seeds grow peach trees, mental imprints seed realities experience of the same. So to the prosperity of the future blockchain will inevitably be based on the prosperity of DEFI. DEFI will break the dam holding back the "DATA Reservoir)" of digital value, and DAO will redistribute that value in fairer fashion, to those that create data value .

As mainstream acceptance of blockChain implementations couple with widespread adoption of digital currencies continue, projects will center on the interplay of Decentral-Exchanges, to extract fungible values, the growth of tokenizing real world Non-Fungible assets on chain NFT representations.

Legacy Finance serves the real economy by financing funds through differing financial instruments, but nowadays DEFI only has gold but no financing. Liquidity funds in DEFI do not serve the "real" economy, it was just capital hype; so there was no real economy, no truly existential foundation. Resultant of this mode, is the DEFI that seeds numerous bubbles without market rules and lacks market stability.

2) How the can DEFI serve the real economy?

By utilizing the 'multiverse' of chains to digitize traditional assets on chain.

> ***The New Real Economy**-*
> *Integrated functionality, shared value, markets etc of the Analog Economy (Traditional Real Economy)*
> *interoperating with those of the Digital Economy.*

(Traditional Real) Analog Economy combined across chains with the Digital Economy

The digitalization of the traditional "real" economy, the analog economy, still has (will likely always) have a time gap between the realization of value and integration to the digital. In contrast, the digital economy is naturally born in the digital world and has its own digital value instantly. Therefore, from the perspective of categories, DEFI's current main service target will be the digital economy, and the digital economy is inseparable from three basics market function:

1. The road to digitization of asset property rights: NFT;
2. New collaborative governance model of value creation and distribution: DAO;
3. Defi trading market: DEX, to ensure liquidity and interoperating.

3.1. Fungible (FT) & Non-Fungible Tokens (NFT)

The Road to Digitalization of Asset Property Rights

"Fungible refers to something that cannot be distinguished from another thing, it is interchangeable, substitutable or uniform."[1]

The majority of value in the data and real world cannot be expressed by FT. They need unique, immutable, self-certified certificates like real estate certificates and land certificates.

 This is the non-homogeneous token (NFT) we are talking about. It has unique, imutable, tradable, traceable, and programmable features, which enable it to effectively represent the property rights of any asset in the digital world.

 In this way, we can freely exchange property rights in the digital world. With digital property rights, DEFI has the actual "subject" and can serve the digital economy through financial tools similar to mortgages and guaranties.

 Through FT Transfers of value determined can be made between parties, with NFTs , anything else can be assigned a speculative value that can be different than every other NFT, yet can be transacted by the transfer of FT.

3.2 DAO Distributed Autonomous Organization

a new collaborative model of value creation and governance

Today, most of the successful blockchain projects i.e. BTC, Ethereum, Uniswap, etc. are not created by companies, and more than 90% of the Internet infrastructure is not invented by companies. They are all invented by a group of open source community contributors who love technology and advocate a free economy. Such contributors do not collaborate through the company system, but through the open source community model.

The corporate system can no longer satisfy the value creation of the digital economy; a new model is needed to organize contributors to create value.

We see two fatal flaws that exist in this open source community model of old:

1. There is no governance mechanism, loose cooperation & the resulting contribution cannot be quantified in the form of similar and competitive company wages.

2. Without a protection mechanisms, open source achievements are acquired large corporations for free, entities that then profit for years and even decades of the efforts of the few, a few open source contributors who have had little to no income.

The open source community has suffered from this drawback for decades.
In this context, through the decades struggle, the decentralized autonomous organization (DAO) model was minted into existence so to speak. Through a decentralized self-organizing platform, collaborators and contributors can continue to create and contribute while ensuring autonomy, contributive equality, and fair profitability. The DAO is emerging to be the primary organizational model for governance among the digital and decentralized economies; a mainstream form of value creation in both.

3.3) Decentralized Exchange Market (DEX)

The real-world value flow is carried out through centralized platforms such as Nasdaq, Shanghai Stock Exchange, Shenzhen Stock Exchange, etc. However, the

digital economy requires a new decentralized trading venue due to the liquidity of its value and the decentralization of the main body. This type of decentralized exchange (DEX) has also matured.
in recent years.
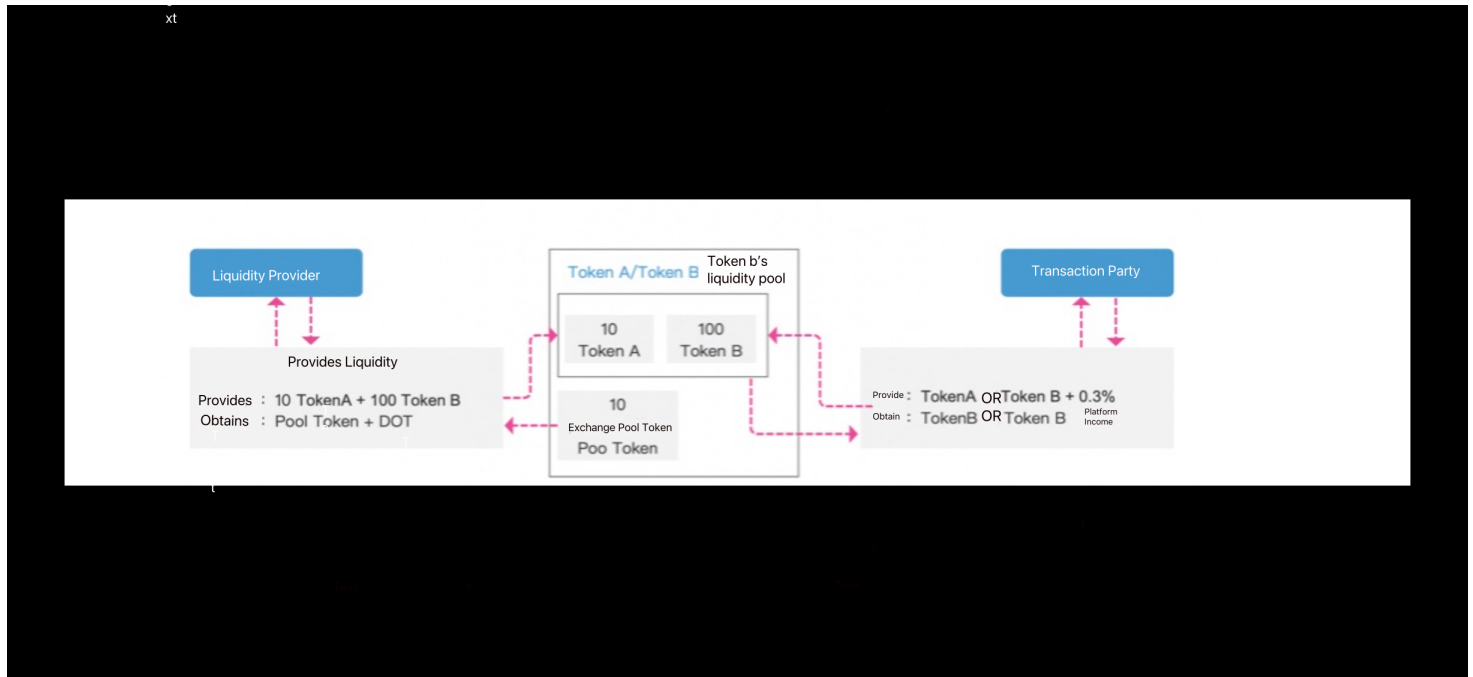
 In summary, the prosperity of the digital economy is inseparable from freely flowing assets (NFT) and a benign form of collaboration (DAO) to continuously generate value, and it is also inseparable from the support of decentralized exchanges (DEX).
 The fusion of DEX+NFT+DAO will be the third crossing in the dam of the "barrier lake" of digital value.

DAOSWAP MISSION STATEMENT-

Continually integrate constantly, consistently, and completely as to ensure our protocol is actualizing fully the myriad of available data and value that Decentralized Exchanges, NFTs and DAOs can capitalize on.

NFT and DAO are not new concepts, they have developed for several years, rely on the construction of many blockchain as their foundation; so also, the foundation we as an organization also grow out of and into.

- public chain computing
- public chain storage
- Fungible and Non-Fungible tokenization
- decentralized governance mechanisms
- DEFI in myriad forms

Causation for 2021s Growth in NFT marketplaces, popularization of DAOs, and adoption of do you decentralized us Exchange Marketplaces:

• Maturational and acceptance of blockchains such as Ethereum
• the general public seeing unstoppable continuing momentum of BTC, crypto/algorithmic coins
• The emergence of public chain storage technologies such as FIL and SWARM
• Seeing the prosperity of Automated Market Makers (AMM)
• The popularization of DEX such as Uniswap

More importantly, we have seen that DAO and NFT have begun to demonstrate the possibilities of realizing value of material tangible assets on the blockchain, hence, the less technologically savvy are to begin to realize the values of the Internet helping the true digital economy form and take shape.

It will take time for DAO and NFT to mature. When the fruits are ripe in 3 or 10 years, only the infrastructure providers mentioned above can really catch these melons. They can harvest them because they have the groundwork. The construction of these infrastructures has very high technology, resources and cognitive thresholds.

The open source community has been popular as early as the 1990s. Everyone gathers for the same dream, which is to be able to start a business and survive freely without relying on centralized methods such as companies. They are the buds of the DAO organization, but because they have not solved the basic problems of contribution quantification, governance decentralization, and financial liquidity,

The open source community Often finds that financial compensation That is received by the originators and developers I have many flag ship technologies, Technologies Are ghastly disproportional to the financial gains that technologies of there freely and openly Distributed intellect property end up making large privatized corporate entities.

The popularity of DEX in 2018 ignited the dream of this group of people. The emergence of DAO made the route clearer and made it possible to quantify the contributions into financial liquidity. The core contributors of DAOSWAP come from these early people who dreamed of DAO, and built Daoswap with their professional accumulation and expertise in the fields of finance, blockchain and sociology.

The popularity of DEX in 2018 alongside the emergence of DAO, made the route clear and ignited rocket fuel under the dreams of these intelligent individuals and made it possible to quantify the contributions made by each into financial liquidity. The core contributors of DAOSWAP come from these early people who dreamed of DAO. So now, Daoswap has been built with their professional accumulation of expertise in the fields of finance, blockchain and sociology.

PART TWO: Product Introduction

Daoswap is a decentralized financial platform that adopts an automatic market-making model, which integrates multi-chain technology and is compatible with multi-state assets.

The vision~ Firstly, let Defi popularize and familiarize the public with watching distributed ledger Fungible and Fungible tokenization concepts. Secondly, Let Defi serve the virtual economy. The route is to integrate DEX, DAO and NFT, and pioneer AMM+ALP to solve the two major problems of "people" and "money" for DAO's innovative projects, and realize the first listing and then starting a business.
The core contributor of DAOSWAP is an idealistic dream maker and a practitioner of realism. To realize the dream of the future, we must lay a solid foundation for the present, while fully strengthening a foundation upon the past. The following dream trilogy is indispensable to our continuum.

DEX: starting with DEX is more conducive to the decentralized financial foundation of NFT and DAO organizations;

NFT: Compatible with all types of assets so more able expand the financial foundations of digital economy

DAO: In the end, it provides an innovative contribution to the DAO organization, namely the mining mechanism, to achieve the first listing and then starting a business, so what you do is what you get.

DAOSWAP 1.0 starts with the financial basic DEX. The ecology is based on Ethereum, which integrates multi-chain and two-layer technology, and adopts an automatic market-making model in terms of liquidity. Fundamentally solving the liquidity problem, subvert the traditional order book exchange model and all rights of centralized trading, open all the rights to the project party, and truly use the blockchain to provide a guaranteed liquid market for innovative projects. Anyone can provide a pair of equivalent ERC20 Tokens (one is the ERC20 Token approved by the project, and the other is the project Token issued by the project party itself, such as 1 ETH/ 100 Token A), to initialize and create a liquid market for their own project. Afterwards, anyone can add new liquidity to the liquidity market, but it needs to be provided at the real-time price after initialization. At the same time, everyone can exchange the desired Token from the market at any time. The exchange requires a transaction fee of 0.3%, which will be added to the market again. At the same time, all liquidity providers can share the proportion of liquidity held, to earn this part of the handling fee.

Daoswap has the following characteristics:

1. Multi-chain fusion
The Ethereum main network is the main network, integrating HECO, BSC, and the latest layer 2 technology to provide full-link ecological services.

2. Service entity

The first automatic liquidity ALP model is compatible with the governance of DAO projects and the flow of NFTs, tapping the long-tail demand of Defi, which truly serves the physical, native digital economy.

3. High efficiency and low cost
To achieve centralized efficiency and decentralized security, transaction fees are as low as 0.01 USDT.

4. Security and Autonomy
The project runs in a community autonomous mode, all codes are open sourced, and the whole chain is decentralized

PART THREE: Functionality

Daoswap1.0 is a smart contract system on the Ethereum blockchain, which implements an automatic liquidity agreement based on a constant product formula. Each Daoswap trading pair stores two assets in the fund pool and provides liquidity for these two assets, maintaining the product of these two assets not to decrease. The trader pays a 0.3% transaction fee to the liquidity provider.

1) Automatic market making mode

Ordinary exchanges generally adopt a thin order limit or market price model. Market makers provide liquidity for the market by setting buying and selling prices and when there are counterparties.

What Daoswap has to do is to mix the tokens together, and the market maker does not need to specify the price at which it wants to buy and sell.

The automatic market-making model adopted by Daoswap is a variant based on the "Constant Product Market Maker Model". In theory, it can provide unlimited liquidity, can have a large order size, and there is no need to worry about the small flow pool. The reason for this is related to its Constant Product automatic market-making model.

The formula is X*Y=K, where X and Y are ERC20 tokens, and K is a constant. We assume that X is the ERC-20 token ABC of a certain project, and Y is ETH. Daoswap

will keep the K constant unchanged. In order to keep K unchanged, then X and Y are in a trade-off relationship. If someone buys ETH in this contract, then ABC will increase because the buyer adds ABC to the liquidity pool and reduces ETH at the same time. And ETH is bought by buyers, which reduces its amount in the liquidity pool.

As shown in the figure above, Daoswap mainly has two types of users: liquidity providers (LP) and trading parties (Trader), and two types of core functions: liquidity token pool and exchange.

2) Liquidity token pool

The liquidity provider creates an equivalent pair of ERC-20 token assets to create a liquidity token pool for the pair of tokens. The initial price of the token pool is determined by the ratio provided by the first creator. For example, if 1 ETH and 100 TokenA are provided during creation, the TokenA price of the token pool is 1 TokenA=0.001 ETH, and the ETH price is: 1 ETH= 100 TokenA.

In addition to the creator, anyone can add new liquidity to the created token pool by providing the equivalent pair of tokens, but the price must be based on the current token pool price, for example, if you want to provide 0.5 ETH must provide the equivalent of 50 TokenA.

3) ERC-20 Token Exchange

Through the above, we know that each transaction pair is supported by the corresponding token pool. The token pool contains two different token assets (such as ABC/ETH) of a transaction pair. Because there are already corresponding tokens in the token pool. Currency assets, and people will continue to add liquidity (how to incentivize liquidity providers to continue to provide liquidity will be mentioned later).

Anyone can exchange one token asset for another token from the token pool at any time. Currency assets (exchange).

4) Exchange Price

Withdrawing or depositing a token from the token pool (exchange) requires paying another token equivalent to the current price. The price is calculated according to the formula of constant product. When a token is taken out of the token pool, another corresponding token needs to be paid. When ETH is deposited (that is, ABC is exchanged with ETH), the price of ABC (ETH/ABC, how many ETH can be exchanged for 1 ABC) will rise, and the price of ETH (ABC/ETH, how much can be exchanged for 1 ETH) ETH- will drop.

When ETH is withdrawn (that is, ABC is exchanged for ETH), the price of ABC (ETH/ABC, how many ETH can be exchanged for 1 ABC) will drop, and the price of ETH (ABC/ETH, how many ETH can be exchanged for 1 ETH) ETH-will rise.

5) Exchange fee

Daoswap charges a 0.30% fee for exchange transactions, which will be added back to the corresponding agency pool. This will continue to increase the liquidity of the token pool, and it will also cause each transaction to actually increase by a constant k.

1. 0.30% handling fee, of which 0.2% is used to reward liquidity providers;

2. A handling fee of 0.30%, of which 0.1% is used as platform currency dividends.

6) Pool Token- Minning contributions

All users participating in the platform can mine through their own contributions and obtain rights in the project governance agency. Contributions include: adding liquidity and currency trading

Add liquidity:

1. Providing liquidity will be rewarded by Pool Token. Pool Token is valid as far as possible in the current token, and is only used to record shares, representing the liquidity provided by the liquidity provider as a percentage of the liquidity of the token pool, and according to this Proportionally, the transaction fee of the token pool will be allocated. When the liquidity is withdrawn, the Pool Token will be automatically destroyed and the transaction fee will be redeemed.

2. Provide liquidity to the token pool of specific high-quality projects (projects selected by the Daoswap community by vote) receive additional platform currency rewards.

Currency transaction:

Participate in the exchange of any trading pool currency on the trading platform and the platform will give a certain reward according to the community voting quota.

7) Liquidity mining

The Daoswap community votes to determine which mainstream currency liquidity pools participate in liquidity mining, such as USDT/ETH, USDT/HT, etc. Users add liquidity to the liquidity pool (LP for short):

The handling fee of all transactions in the liquidity pool will be divided according to the proportion of LP held. The ratio of the handling fee is 0.3% per transaction (of which 0.2% will be used to reward LP)

At the same time, Daoswap will produce a large amount of platform currency DAO every year to reward LPs that add liquidity to the above-mentioned liquidity pool.

8) Transaction mining

Conducting currency transactions inside DAOSWAP are considered to be a contribution to the platform. They are a form of mining to DAOSWAP as such a transactor will recieve platform governance currency as a transaction mining incentive.

9) Pledge mining

The DAO obtained through liquidity mining can be used to pledge mining, and more DAOs can be mined according to the length of pledge time.

Part Four:
DAO organizational governance

The Daoswap community started as an open source community and operates in a light entrepreneurial model created by contributors. There is no founding team and only a

community foundation panel (initialized by contributors based on contributions in the early days) This panel is responsible for the management of the community. Furthermore, panel personnel are also dynamically adjusted based on contributns

1) What is a contribution

All things that benefit the project and generate value can be counted as contributions.
Contributions can be Roughly divided into the following types:

Product category	Product evolution planning, R&D upgrade, operation and maintenance, smart contract template development and other product-related matters
Operation	Entrepreneurship model Offer design and writing, publicity plan and design, community customer service, customer consultation
Marketing	Publicity and promotion through various channels, event organization
Financing	Raise the required funds
Consultant /value added services/	Provide clients with consultancy on new entrepreneurial models through training or one-to-one format
Other	All forms of contribution recognized by the community

2) How to become a contributor?

You can apply to the community through email or various open channels, and you can become a community contributor after completing the first task of negotiating with the community.   For example, completing the development of a certain function of the product, designing a publicity page, or organizing a community event, etc., can all be used as the first contribution.
Once you become a contributor, you are deemed to accept the rules of community contribution. The community will regularly conduct autonomous evaluation of contributors and eliminate contributors who have not contributed for a long time or whose contribution index is too low, and ensure the healthy operation of the community.

3) How to measure contribution?

After becoming a contributor, all contributors can receive or spontaneously create tasks that are beneficial to the community, whether in terms of products, operations or financing, and evaluate how much the task is worth in platform currency (the community will only return contributors through platform currency and contribute You can evaluate it based on the current market price of the platform currency). Moreover, the community trusts the evaluation of contributors by default, and the designated person in charge of the community is responsible for evaluating the completion quality of the contribution, and through regular community autonomy evaluation to eliminate contributors whose value does not match the evaluation.

5) Platform Governance Currency

The core concept of Daoswap is the free flow and transaction of value, and through the issuance of platform governance token DAO to practice the self-organized community ecology of de-sinoization, all token holders have the same governance rights, no privileges, and the token DAO is fully used For community governance.

i. Origination, Control and Asset Distribution to Stabilize and Increase DAO Token Value

Token Allocation at Origination
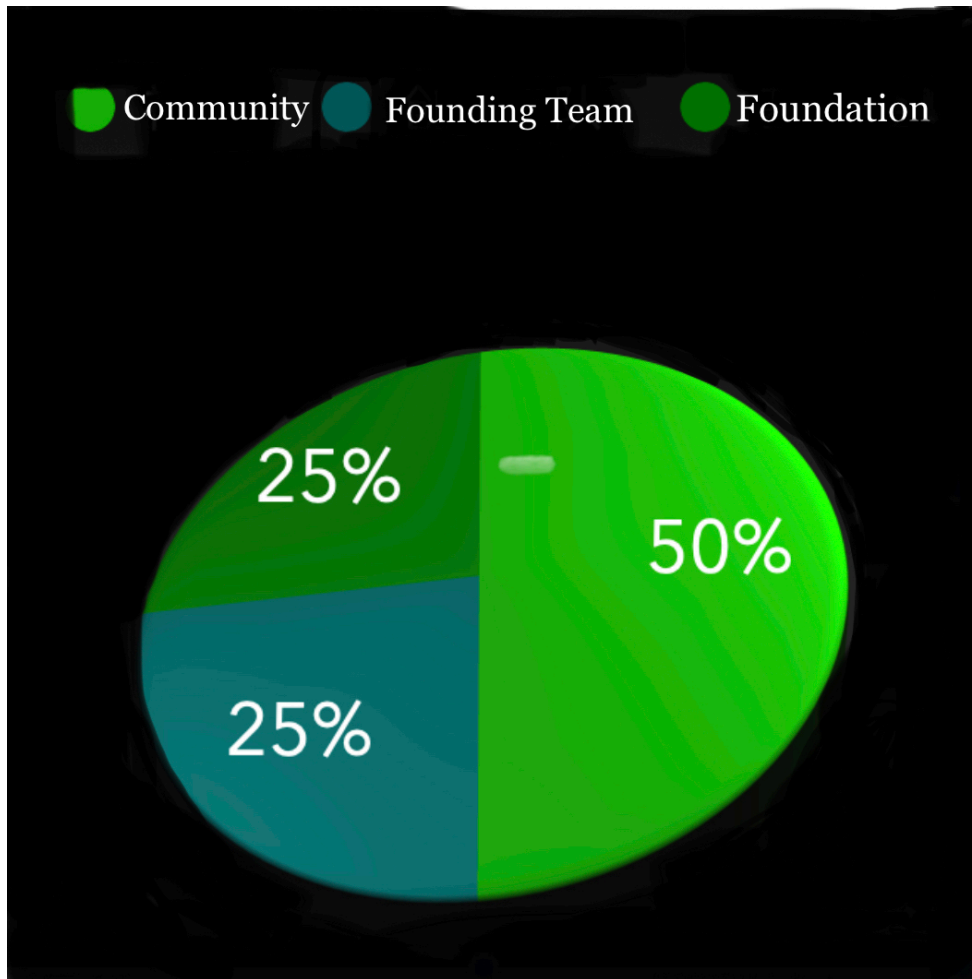
1 Billion Token Origination Minting

- **DAO token initialized**
- **1 billion tokens minted**
- **Distribution Schedule:** (*linear release in 70 months after 6 months*)
    - **25% Developement Team**
        - *DEX, NFT and DAO Build*
        - *team operations,*
    - **10% Investor Allocation**
    - **5% Marketing and Brand Recognition initiatives**
    - **10% Protocol API Integration**
    - **50% Community Involvement**
        - *10% Computing Power/Contribution Mining*
        - *20% Trading/Pledge Mining*
        - *20% Liquidity Mining*

ii. DAO Member Rights and Benifit

Hold the DAO platform currency and have the following rights by default:

1. **Community governance:** Major Event Creation, Recognition and Resolution by community vote.
2. **Dividends:** Holding and having pledged tokens will automatically confer to the address of action guarantee to receive full platform fee dividends.
3. **DAO Members:** Recipients for subsequent NFT and DAO modules.

DAOSWAP -a decentralized governance project
DAO- community governance to vote on major issues and decisions that arise.
i.e.- which trading pools to reward, repurchase and destruction mechanisms, etc.

iii. Platform income distribution

• 0.3% commission for all transactions on the platform is the platform revenue
    - 0.2% of which is obtained by liquidity providers
    - 0.1% is used for DAO pledge mining (60%)
              repurchase destruction (40%)

- Repurchase Destruction is voted
- The Function is automatically executed by the smart contract according price of past 7 days.

iv. Token Repurchase Mechanism

A portion of the full platform handling fee will be used to trigger the repurchase mechanism through smart contracts based on the price fluctuations of the DAO governance token. That is to say, the greater the transaction volume of the platform and the greater the handling fee, the higher the value of the DAO governance token.

References

[1] "What is fungible? Definition and examples". *Market Business News*. Retrieved 2 April 2021.