LENDEFI

LENDEFI PROTOCOL

WHITEPAPER

ABSTRACT

This whitepaper describes Lendefi's Protocol theory and architecture, including the Protocol's features, its governance model, along with other aspects of the Protocol.

lendefi.finance

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1. INTRODUCTION

The Lendefi Protocol ("Protocol") facilitates secured lending and delivers confidence to lenders within the highly volatile cryptocurrency marketplace. Lendefi's Protocol removes the middleman out of the lending equation and eliminates the red tape involved with lending and borrowing. This removes counterparty risk from the margin trader ("borrower"), creating a trustless transaction.

The lender receives a variable interest rate, through protocols such as Pancakeswap, which is secured by the liquidity provided within the DeFi ecosystem. Hence, if the borrower is not able to maintain their loan, the Protocol will ensure the lender is repaid and the borrower credited with the remaining equity.
Borrowers can select from a variety of supported assets for investment, and borrow funds from the Protocol. Supported assets can be added and removed via Lendefi's decentralized governance mechanism ("DAO"). The supported assets are paired against BNB, BUSD and USDT.

On centralized stock and cryptocurrency exchanges, traders borrow capital from brokers and exchanges who define lending rates, fees, and procedures for liquidating risky leveraged positions. In decentralized finance ("DeFi"), leveraged trading should also be decentralized. This would allow the community to create and operate common liquidity pools and make decisions on leveraged trading rules.
Undercollateralized loans provide leverage, which is a financial tool allowing traders to access a larger market exposure, with a small amount of initial capital. When trading with leverage, traders fund only a portion of the trading position and borrow from external liquidity providers. Although a trader owns only a fraction of the leveraged position, the trader's profit or loss will be based on the total value of the position. Therefore, by trading with leverage, a trader can multiply their profit or loss.

Lendefi is a community-run Protocol for undercollateralized loans, providing leveraged trading on decentralized cryptocurrency exchanges ("DEX"). Using Lendefi's smart-contracts, individual liquidity providers operate common liquidity pools, and traders use these funds to finance their leveraged trades on DEXs, such as Pancakeswap.

The Protocol's critical parameters, such as tokens approved for leveraged trading, liquidation margins, insurance fees, liquidation rewards, lending rates, fees for traders and liquidity providers are collectively decided by holders of Lendefi tokens (LDFI), which are the Protocol's governance token.

2. VALUE PROPOSITION

The Lendefi Protocol embodies a number of key value propositions, which facilitate the creation of undercollateralized loans in cryptocurrency markets.

Attractive Interest Rates

Lendefi allows lenders to earn an attractive rate of interest by lending digital assets through Lendefi's Protocol. Interest payments on loans are automatically calculated and dispersed to lenders once capital is redeemed from the lending pool/s. Whereas, the interest currently paid by banks on savings or term deposits is virtually non-existent. In the future, these interest rates may become negative, meaning that banks would charge interest to hold deposits.

Access To Capital For Crypto Assets

Compared to other assets, like real estate or corporate shareholdings, crypto assets do not enjoy access to capital markets for borrowing and lending. Access to capital markets is important for the growth of cryptocurrency markets and is facilitated through Lendefi's Protocol.

No Middleman

The Lendefi Protocol removes the middleman from the loan equation thus reducing the red tape involved with lending and borrowing. This eliminates counterparty risk between the borrower and lender, who are then able to engage on a trustless basis.

3. FEATURES

Completely Decentralized

Lendefi aims to become a completely decentralized finance protocol which operates on smart contracts. This allows the platform to be highly secure and trustless.

Undercollateralized Loans

Lendefi allows users to access Undercollateralized Loans ("**UCL**") to purchase crypto assets. These assets are purchased directly from the Lendefi Protocol through decentralized liquidity pools, such as Pancakeswap.

Secured Lending

Lendefi facilitates secured lending, providing confidence to lenders in the highly volatile cryptocurrency markets. Secured lending creates opportunities for traditional lenders to access higher rates of interest, without having direct exposure to market fluctuations.

Decentralized Governance

The Lendefi Protocol will be controlled by the community of LDFI token holders. Governance will be facilitated through the voting process inherent within the DAO. This allows token holders to actively participate in the Protocol's governance and decision making.

Multiple Asset Support

When borrowing funds from the Lendefi Protocol, borrowers can select from a variety of supported investment assets including, but not limited to BTCB and BNB. Supported assets can be added and removed from the Protocol through Lendefi's governance DAO.

4. HOW DOES THE LENDEFI PROTOCOL WORK?

The lender lends acceptable stable coins to the Lendefi smart contract (the "**Contract**"). A borrower deposits stable coins into the Contract and invests in one of the listed tokens. With attractive Loan to Value ("**LVR**") rates, the borrower can invest much higher volumes than the equity within the borrower's deposit, creating leverage. Borrowed funds are securely held within the Contract.

When the asset is sold, the lender's principal is returned to the lender and the remaining balance transferred to the borrower.

Lendefi presents a positive scenario for both borrowers and lenders as it operates completely within a secure and trustless system. Both parties enjoy the benefits of a true DeFi ecosystem, without concerns over middle-men, red tape and counterparty risks.

5. TOKEN ECONOMICS

LDFI is the native token for the Lendefi Protocol. LDFI is a governance token that controls the interest rate model, inclusion of supported assets, reward distribution, changes in the Protocol and other terms and conditions.

Initially, Lendefi's LDFI governance tokens will be listed on Decentralized Cryptocurrency Exchanges ("**DEX**") to provide liquidity for token holders. In the future Lendefi intends to list LDFI tokens on appropriate Centralized Cryptocurrency Exchanges ("**CEX**").

Transaction Fee's

1% Reflection Fee — Given back to all token holders
1% Buy Back Fee — Used to Buy Back and Burn tokens
1% Wallet Fee — Protocol & marketing funds

Transaction Fee % to Holders (1%)

The transaction fee % automatically distributed to the holder's wallet address. This fee will be collected from all transactions as a percentage of the transaction token amount and provided to current holders immediately. The fee is paid in the LDFI.

Transaction Fee % to Buyback Tokens (1%)

Hyper-deflationary mechanism.
The fee will be collected from all transactions as a percentage of the transaction token amount. Once the token contract holding exceeds 0.1% of the total supply, automated swap will be executed on a sell transaction and BNB will be added to the token contract. Once the BNB balance of the token contract exceeds 1 BNB, on a sell transaction 1% of the available BNB balance will be used to buy back and burn LDFI tokens.

Transaction Fee % to Wallet (1%)

The transaction fee % sent to the Lendefi Protocol's multi-sig wallet. These funds will be used to fund Protocol and Marketing expenses.

Excluded Addresses from Transaction Fee

Project Wallets
Vesting Contract

Excluded Addresses from Rewards

Vesting Contract
LP Contract

Decentralized Governance Lendefi governance, via a DAO, allows active participation of the token holders in the governance of the Protocol.

Voting Any address holding over 1% of the total LDFI tokens can create proposals for Protocol changes. Those changes can then be decided upon via voting on the DAO.

Fees The difference between the interest rate the borrower pays and the rate the lender receives, otherwise known as the spread, will be used to purchase LDFI tokens from the market for the purpose of burning and rewards.

Token Burning Through a process known as burning, LDFI tokens will be burnt by sending LDFI tokens to a burn address, lowering the total and circulating supply. This will increase the value of LDFI tokens, generating further value for token holders. Burning of tokens occurs when the "buy-back and burn" feature of the LDFI token initiates and also via the DAO voting to manually buy-back tokens from the market using protocol fees.

Rewards A variety of rewards will be given in order to encourage the growth of the Protocol and creation of value for token holders.

Staking Rewards LDFI token holders will be able to stake their tokens and will receive rewards in the form of LDFI tokens.

Liquidity Rewards Lendefi will operate a liquidity rewards program that provides LDFI token rewards to liquidity providers on decentralized exchanges where LDFI is listed, such as Pancakeswapv.

Liquidation Rewards To encourage the liquidation process, in the case of a liquidation condition being met, liquidators (margin callers) will be provided rewards.

Yield farming In order to foster adoption of the Protocol, lenders and borrowers will be rewarded with LDFI tokens for using the Protocol.
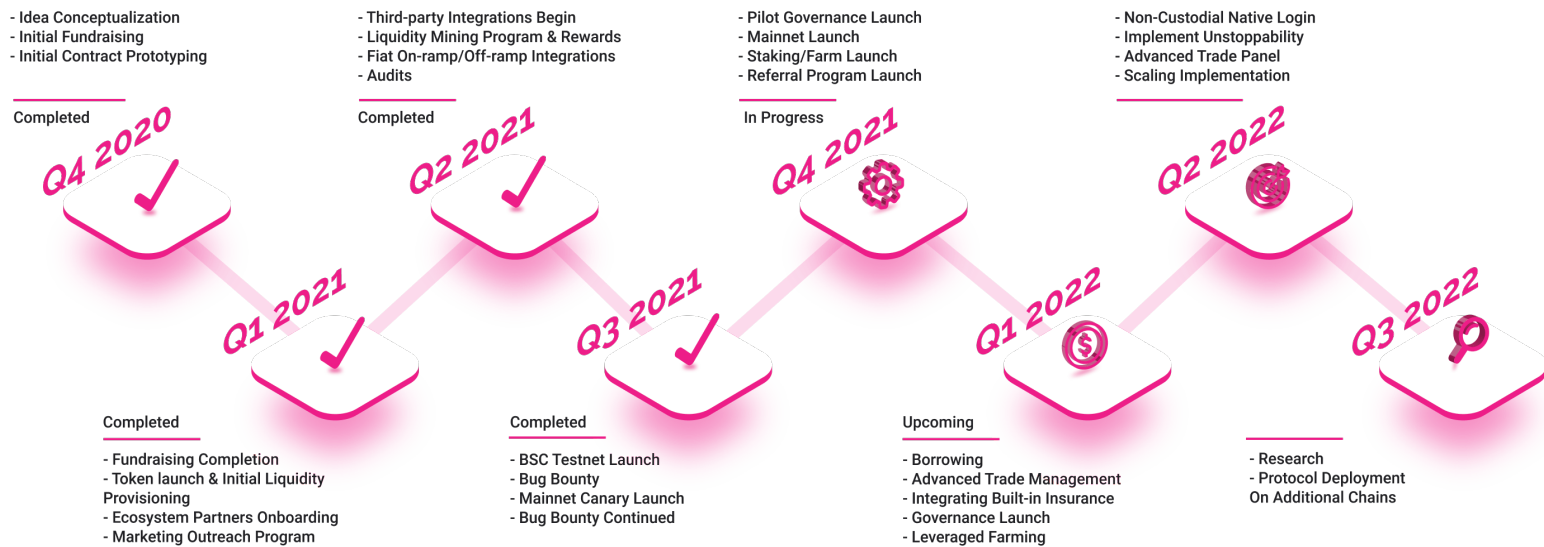
6. IMPLEMENTATION & ARCHITECTURE

The Lendefi Protocol will initially be implemented on the Binance Smart Chain (BSC). After launch and establishment, the Protocol will survey additional chains for potential expansion. This may deliver the Protocol's value propositions to additional markets and customers.

Regular updates on the Protocol's development will be released through their social media channels. However, in order to protect the interests of token holders and maintain an early mover advantage, the exact details of the architecture will only be released to the public after the Protocol's mainnet launch. A clear development roadmap has been created that identifies the key milestones on the path towards the Protocol's mainnet release.

ROADMAP

Q4 2020
Completed
- Idea Conceptualization
- Initial Fundraising
- Initial Contract Prototyping

Q2 2021
Completed
- Third-party Integrations Begin
- Liquidity Mining Program & Rewards
- Fiat On-ramp/Off-ramp Integrations
- Audits

Q4 2021
In Progress
- Pilot Governance Launch
- Mainnet Launch
- Staking/Farm Launch
- Referral Program Launch

Q2 2022
- Non-Custodial Native Login
- Implement Unstoppability
- Advanced Trade Panel
- Scaling Implementation

Q1 2021
Completed
- Fundraising Completion
- Token launch & Initial Liquidity Provisioning
- Ecosystem Partners Onboarding
- Marketing Outreach Program

Q3 2021
Completed
- BSC Testnet Launch
- Bug Bounty
- Mainnet Canary Launch
- Bug Bounty Continued

Q1 2022
Upcoming
- Borrowing
- Advanced Trade Management
- Integrating Built-in Insurance
- Governance Launch
- Leveraged Farming

Q3 2022
- Research
- Protocol Deployment On Additional Chains

Q4 2020

Idea Conceptualization
Lendefi was ideated in an effort to solve the over-collateralization problem with the DeFi protocols of the time. Lendefi represents the answer to a simple question: "*Why can't people borrow to invest in crypto assets, like they can for traditional assets such as real estate, cars and stocks?*"

Initial Fundraising
Funds were raised to start work on a permissionless and decentralized Protocol, which would enable anyone to leverage undercollateralized loans for investment in crypto assets.

Initial Contract Prototyping
Work on the architecture and initial contract prototyping began. The team was chosen and timelines were set for the completion of the Protocol.

Q1 2021

Fundraising Completion
The fundraising rounds were completed with multiple investors. The presale was conducted on the FalconPool platform.

Token launch & Initial Liquidity Provisioning
The token was launched with initial liquidity provisioning on the Uniswap AMM pool.

Ecosystem Partners Onboarding
Ecosystem partners include wallet apps, on-ramp providers, DeFi aggregators, information providers etc.

Marketing Outreach Program
Marketing outreach programs will focus on global expansion and community building exercises. These will include, but will not be limited to, conferences, ambassador programs, influencer outreach, competitions and other community-building activities, both online and offline.

Alpha Launch
The Alpha launch will include all crucial components of the Protocol. The alpha version will be tested to resolve any bugs and identify scope for improvement within the Protocol.

Bug Bounty
The bug bounty campaign will offer generous rewards to the community for identifying Protocol improvements and bugs.

Q2 2021

Third-party Integrations Begin

Third-party integrations will commence after the alpha launch. These third parties will include wallet apps, information providers and aggregators.

Liquidity Mining Program & Rewards

Liquidity mining will begin in conjunction with the mainnet launch, in order to bootstrap liquidity and reward initial Protocol users. This program is designed to give governance tokens to users so they are included within the decision-making process of the Protocol.

Fiat On-ramp/Off-ramp Integrations

Fiat on-ramp/off-ramp partners will offer fast and frictionless paths to add new users to the platform. Integrations with these platforms will make the onboarding experience seamless.

Audits

Prior to the mainnet launch, Lendefi will engage highly reputable smart contract audit companies to provide a complete audit of the Protocol. Lendefi will ensure that the security of users' funds remains the highest organizational priority. The audits are available for public viewing on the project's GitBook (https://lendefi.gitbook.io/lendefi-finance/audits).

Q3 2021

BSC Testnet Launch

The Testnet launch will include all crucial components of the Protocol. This version will be tested to resolve any bugs and identify scope for improvement within the Protocol.

Bug Bounty

The bug bounty campaign will offer generous rewards to the community for identifying Protocol improvements and bugs.

Mainnet Canary Launch

Beta launch will include all production-ready Protocol components that include the full features of the Lendefi Protocol. Stringent testing of all use cases will be performed to ensure maximum optimization, prior to the main launch.

Bug Bounty Continued

The bug bounty campaign will continue after the beta launch, to support further improvements to the Protocol.

Q4 2021

Pilot Governance Launch
A pilot DAO will be launched in order to test the mechanics of protocol governance. The DAO will initially be mandated with tasks such as marketing and will be funded by the project.

Mainnet Launch
The Lendefi Protocol will be launched in the early part of the fourth quarter, once all facets of the Protocol have been tested and passed a stringent audit. At this stage, Lendefi and its primary functions for undercollateralized loans will be available to the public.

Staking/Farm Launch
A farming feature will be launched in order to incentivize lenders to provide liquidity, as well as providing rewards for staking LDFI and LDFI/WBNB LP tokens.

Referral Program Launch
Lendefi users will be able to generate a referral link/code. By using this link/code the referrer will benefit by being rewarded with a commission based on the protocol revenues.

Q1 2022

Borrowing
Once liquidity pools are funded, overcollateralized borrowing will be enabled in order to expand the borrowing feature-set and produce further volume for the Protocol.

Advanced Trade Management
Advanced Trade Management will include limit orders, stoploss and take-profit to facilitate trading and secure the positions of traders.

Integrating Built-in Insurance
Lendefi will commence development efforts to implement built-in insurance. A portion of the fees collected within the Protocol will be set aside as an insurance fund. Further development will allow the growth of the insurance fund for the long-term operation of the Protocol.

Governance Launch
The governance process will launch to involve the community and token holders in the governance of the Protocol. Governance will allow voting proposals on the inclusion/removal of assets, inclusion/removal of changing collateralization ratios, updating liquidation requirements, and proposing changes and improvements to the Protocol.

Leveraged Farming

The farming feature will be upgraded in order to allow users to undertake loans to invest into farm reward pools. These loans will pose similar types of risk to leveraged trading and have the potential of liquidations subject to the price of the underlying asset being farmed.

Q2 2022

Non-Custodial Native Login

A login option will be implemented which will allow users to login without the need for browser plugins (such as Metamask) and/or smart phone wallets. Consequently, leading to greater user adoption due to ease of access.

Implement Unstoppability

Deploy the protocols off-chain technologies to a decentralized cloud and unstoppable domain. This will future proof the protocol against global regulatory changes and further decentralize the protocol.

Advanced Trade Panel

The development of an advanced trading terminal in-line with the sophistication of trading panels of tier-1 centralized crypto exchanges.

Scaling Implementation

Lendefi will commence work on scaling efforts for the growth and adoption of the Protocol. Some of the factors to be considered in the selection of scaling solutions include; security, liquidity, ease of token migration and other factors to support the ease of Protocol use.

Q3 2022

Research

Lendefi will establish a research unit to explore areas for further growth and development of the Protocol. This will include both in-house research and/or collaborative efforts with external organizations/individuals working within the sector. Suitable budgets will be provisioned for this initiative.

Protocol Deployment On Additional Chains

Developing the Lendefi Protocol for compatibility with other chains will be based on community feedback and demand for expansion. Additional chains may include Huobi Chain and EOS, amongst others. The Protocol will implement Polkadot and leverage the benefits of interoperability during the expansion phase.

8. TOKEN ALLOCATION

Area	Allocation	Amount
Total	100%	10,000,000,000
Seed Round	10%	** 1,000,000,000
Private Round	20%	*** 2,000,000,000
Presale	2.5%	250,000,000
Liquidity Provisioning	5%	500,000,000
Marketing	12.5%	**** 1,250,000,000
Partners	10%	**** 1,000,000,000
Adoption	10%	***** 1,000,000,000
Team	10%	* 1,000,000,000
Advisors	5%	* 500,000,000
Reserve	15%	**** 1,500,000,000

*   Escrowed (via smart contract) and vested monthly for 24 months.
**   Escrowed (via smart contract) with 20% initial unlock and 20% unlock every month.
***   Escrowed (via smart contract) with 50% initial unlock and 50% unlock after 1 month.
**** Escrowed (via smart contract) with monthly unlock for 24 months.
***** Escrowed (via smart contract) with monthly unlock for 12 months.

9. SUMMARY

Lendefi aims to revolutionize lending within cryptocurrency markets by facilitating access to leveraged funding in the DeFi sector. The Protocol's developers believe it is possible to build a decentralized alternative to current lending business models. Their vision is a unique trustless undercollateralized lending system, which leverages best-in-class DeFi lending pools to secure lenders and remove counterparty risk.

The Lendefi strategy allows users to access lending services within a permissionless and trustless ecosystem. By comparison, the majority of existing DeFi lending platforms only offer fully collateralized loans. The requirement for loans to be fully collateralized acts as a financial barrier to entry and constricts the market's potential. The Lendefi Protocol leverages smart contracts to eliminate risk, allowing the market to grow through increased participation.