



# ARIES FINANCIAL

The Future Financial System

## WHITEPAPER

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## **1. Introduction**

### **1-1 What is “DeFi”?**

Decentralized Finance, (DeFi) is a highly transparent, open, peer-to-peer financial system that allows anyone to participate. DeFi consists of applications for lending, borrowing, asset exchange and “mining” built with open source programming. It enables anyone in the world with an internet connection to participate and achieves a substantial reduction in handling fees and charges while achieving higher interest rates and fairness. It provides a way for those without access to traditional financial services access to financial services. Most DeFi applications use the Ethereum blockchain, combining smart contracts to realize the functions of decentralized lending and asset exchange.

### **1-2 What are smart contracts?**

At the most basic level, a smart contract is an electronic contract that executes its terms according to a pre-programmed set of conditions. For example, If Alice wants to establish a fund and pay Bob \$100 at the beginning of each month for the next 12 months, then she can write a smart contract as follows:

- Check current date
- Transfer \$100 to Bob at the beginning of each month
- Repeat for 12 months

By using a smart contract, Alice avoids the cost of relying on trusted intermediaries such as a trust fund manager, escrow agents etc. And Bob can read the smart contract and be assured that he will be paid on time according to its terms. Smart contract logic consists of IF statements and THEN statements. IF conditions are met THEN execute programmed operation. When multiple smart contracts are combined together usually with a front end application for interacting with them, this is called a decentralized application or “DAPP”. (\*Source: Coingecko.com “How to DeFi”)

### **1-3 ARIES FINANCIAL**

#### **”New Financial System - Future of Banking”**

Our goal is to provide banking and securities services in a decentralized and community-driven manner. As long as you have a smartphone and an internet connection you will be able to connect to and use locally, the financial services our platform provides. This is what we mean by “Future of Banking”.

Currently, centralized financial institutions provide basic functions; Deposit, withdraw, remittance, lending and investing, and payments. But the “New banking” we aim to provide removes the need for these centralized entities while providing even more advanced services.

In many parts of the world the financial system is controlled by corrupt governments without regard for human rights and freedom. Our platform is completely open and impossible to censor or shut down. Our easy-to-use platform provides basic financial services required for everyday life regardless of geographical or national restrictions.

Among the crypto assets, demand for stablecoins, which mitigate the volatility of traditional crypto assets, is increasing. ARIES FINANCIAL is developing protocols that generate stablecoins in a sustainable and secure way so that users can use them in a way very similar to traditional currency. We believe this is a trend and not a momentary fad, and this trend will mean the use of stablecoins will become more and more common.

Through constantly switching DeFi platforms, active users or “yield farmers” search for better returns for their deposits. ARIES FINANCIAL is a further enhancement of the DeFi ecosystem that will attract those investors.

## 2. The Problem with Centralized Exchanges

### 2-1 Traditional Banking

Traditional banks are unwieldy financial institutions that facilitate payments, take deposits and provide credit to individuals, businesses, other financial institutions and even governments. The market value of the top 10 banks is close to 2 Trillion US dollars. In contrast to this, The market value of the entire cryptocurrency market is estimated to be approximately 200 Billion US dollars. The world relies on banks to provide remittance services, credit services etc. But because banks are centralized entities run by human beings, they are prone to human error, excess cost and corrupt practices. The 2008 financial crisis exposed the shortcomings of the banking system when excessive risk taking by bankers forced governments to provide large-scale financial bail outs to the banks.

Even now, undesirable occurrences such as data loss, personal information leaks and account hacking still occur all too frequently.

Central banks are attempting to digitize their banking system. for example, the digital Yuan (CBDC) initiative by China. But because these digital currencies are still managed by centralized entities (The central banks) They will inevitably lead to bias and censorship of financial transactions.

### 2-2 Centralized Crypto Asset Exchanges

In the early days of cryptocurrency, a cryptocurrency exchange was set up to trade Bitcoin called MtGOX. Unfortunately that exchange's management direction differed somewhat from the ideals of transparency and responsibility expected of exchanges, leading to the loss of user funds, bankruptcy and the absconding of management. Centralized exchanges set up to trade crypto assets are unable to solve the problems of transparency, fairness and deposit risk.

### 2-3 Aries Financial platform solutions

ARIES FINANCIAL utilizes smart contracts to solve the problem of transparency, fairness and deposit risk. The DeFi smart contract ensures that everyone is treated fairly and not censored.

- Transparency - The financial instruments are encoded in smart contracts which can be examined by anyone for their expected function.
- Fairness - The interest rate or yield is calculated for each blockchain block (15 seconds) instead of once a month and can be instantly withdrawn to the users wallet at any time without impediment.
- Deposit risk - Users funds are always under the control of their private wallet. The funds are securely interacting with a smart contract and cannot be touched by the Aries Financial team.

The following (\*Figure 1) compares traditional cryptocurrency exchanges (CeFi) and Aries Financial platform defined as DeFi. ([\\*Figure 1.](#))

	CeFi	DeFi
Interest rates	controlled by the operating entity	lending supply and demand
Frequency	Once a month	Every block (15 sec)
Withdraw	Up to 7 working days	Instant
Management	Custodial (Held by the bank).	Controlled by token holders (user)
Transparency	None	Completely transparent
Security	2FA Whitelisted addresses	Users own private key management
KYC	Required	No Required

### 3. ARIES FINANCIAL Features

#### 3-1 Governance Tokens

**AFI Token (ERC20):** The only governance token on ARIES FINANCIAL platform. Can only be obtained by using the platform borrowing and liquidity provision functions.

Holders will also receive automatic dividends from the fees generated by the platform.

#### 3-2 "Yield Farming" V.1 (Liquidity Mining)

##### Yield Farming:

Liquidity mining is a strategy that uses other DeFi protocols to maximize the capital return on funds. If the strategy performs sub-optimally, the smart contract will automatically transfer funds to protocols with higher yield.

Put simply, by depositing assets into the ARIES FINANCIAL smart contract you can earn interest and dividends from the income of these strategies.

##### Liquidity Mining:

Liquidity mining is the incentivization of liquidity provision by users through the proportional distribution of platform tokens. Liquidity providers will obtain newly minted AFI Token by using the protocol. Only 1% of the eventual total supply of AFI Token will be minted through liquidity mining per month.

ARIES FINANCIAL distributes AFI Token according to the programmed algorithm in order to increase liquidity of afiToken asset pools.

*\*Governance tokens give holders the ability to participate in decision making on protocol specification changes.*

*\*Details on how to obtain AFI Tokens will be provided in the documentation.*

#### 3-3 Debit Card Facility

Our goal is to achieve the "**Future of Banking**".

We will provide all the services currently provided by traditional banking but provided through our decentralized entity. To facilitate payments we will partner with VISA and Mastercard to give users of our platform to debit card service linked to their balances on the ARIES FINANCIAL platform. In addition, this allows payment through Apple Pay and Google Pay.

Debit cards are operated by a centralized intermediary but in the near future stablecoins will enable direct mobile point of sale payment facilities enabling full decentralization.

#### 3-4 Reduction of Carbon Emissions

ARIES FINANCIAL is committed to reducing the carbon footprint of financial transactions on our platform through optimising coding and reducing blockchain computing overheads. The rapidly increasing network usage of blockchains may become an increasingly important factor affecting liquidity mining revenues.

We also plan to deploy our DAPP on other blockchain networks that do not depend on carbon intensive Proof of Work. This also would serve to reduce transaction fees and speed up transactions when the Ethereum network is at high load.

#### 3-5 Security

The platform smart contracts will only be released for public use after audits by major institutions, the reviewed contracts will be uploaded to github and the contracts will be verified at etherscan to allow the public to review the code and check for smart contract behaviour.

Therefore, we have a contract with a security company called ANCHAIN.AI (<https://www.anchain.ai/>) based in Silicon Valley in the United States, monitor the user's behavior base by AI, and crypto asset wallet.

You are connecting your address and transaction to the actual data bank. It protects your crypto assets, quantifies risk and is KYC / AML compliant.

It then implements a blacklist feature that can block access based on wallet address, IP address, or computer ID. These lists are for the purpose of preventing cyber attacks and money laundering. ANCHAIN.AI is a risk engine that serves more than 100 exchanges in more than 10 countries, supporting BTC, ETH, stable coins and more than 10 types of crypto assets. Identifying key market players and malicious individuals operating in the crypto economy, we take action faster than ever, monitor the system 24 hours a day, from malicious attackers to users. Protect your assets.

This is monitored 24 hours a day to protect users from malicious actors. We also maintain lists of suspicious wallet addresses, IP addresses and UIDs that can be blacklisted from interfering with our application. These lists are obtained from blockchain security companies and law enforcement to prevent server intrusion or money laundering.

## **4. Products**

### **4-1 Liquidity Mining**

Yield Farming pools are pools of crypto assets that users can deposit to which automatically maximise their capital returns. The yield farming pools are more active and capable in their management of assets than each user manually managing it themselves. Yield comes from activities like providing collateral, borrowing other assets (such as stablecoins), providing liquidity and obtaining trading fees or conducting liquidity mining of other platforms tokens and selling them for profit on decentralized exchanges.

Users of yield farming pools can withdraw assets back out equal to their deposited assets plus proportional profits from the pool minus any withdrawal commissions charged by the pool.

*\*Not all assets in the pools are included in this strategy. Liquidity mining is divided into liquidity mining and strategic retention. Most of the funds are used for active strategies but there are also inactive assets.*

*\*\*When a user withdraws from the pool the funds will come from inactive assets and no withdrawal fee is charged. If there are no inactive assets then it will be withdrawn from the active strategy fund incurring a 0.5% fee.*

Therefore, during liquidity mining, the smart contract manages the users assets, looks for a platform with high APY and uses the deposited funds to earn a return. For example, users who deposit WETH can earn WETH interest.

### **Examples:**

1. The user deposits tokens such as USDT into ARIES FINANCIAL liquidity mining and receives

afiUSDT as a deposit proof from the smart contract (Users use this afiUSDT to withdraw USDT from the contract).

2. The users funds will be transferred from USDT liquidity mining to CRVs USDT mining strategy.
3. This strategy mines CRV. The contract earns yCRV for depositing CRV and mines Curve to get more CRV tokens.
4. The contract sells CRV through Uniswap in order to realize gains.
5. The operation is performed automatically each day generating compound interest for users of the pool. (cont...)
6. The protocol repeats operation 3. when the user withdraws afiUSDT as USDT, the Curve assets held by the pool continue to increase allowing afiUSDT holders to exchange their tokens for more USDT.

#### 4-2 Staking

Staking is a method of obtaining AFI Token as a reward for depositing the target cryptocurrency or LP Token in the staking pool.

in ARIES FINANCIAL, users who deposit stable coins or tokens through liquidity mining obtain a debt token named afiToken as proof of collateral.

Additionally, providing liquidity on decentralized exchanges such as Uniswap gives the user LP tokens. You can get AFI Token rewards by staking these afiTokens or LP tokens on ARIES FINANCIAL.

#### About afiToken

By depositing funds in the mining pools the protocol will issue afiToken. (For example DAI -> afiDAI)

You can use this afiToken (afiDAI, afiUSDC, afiUSDT, afiTUSD etc.) to stake and earn AFI tokens.

AFI inflation is 1% per month and will eventually never be issued again.

Supply will never exceed demand which prevents the price from dropping.

#### About LP tokens

Obtained by providing liquidity for AFI token on Uniswap or Curve, these can be staked on ARIES FINANCIAL just like any other ERC20 token.

*\*How to obtain LP tokens will be explained in detail in the documentation.*

### 5. AFI Token

#### 5-1 AFI Token (Governance Token)

The AFI token is used in the ARIES FINANCIAL protocol. It is obtained by pooling stablecoins or tokens, afiTokens or Uniswap LP tokens.

AFI Token is an ERC20 token that allows the holder to delegate voting rights to any Ethereum account including their own. No proportion is allocated for pre-sale, pre-mining, ICO or development team. (The investors quota is 22% as outlined below).

#### 5-2 Token Model

Token Name: AFI Token

Token Symbol: AFI

Total Supply: 18,000,000

Function: Governance, Staking

Allocation	
Total Issue	18,000,000 AFI
Community	14,040,000 AFI (78 %)

Investor & Advisor	3,960,000 AFI (22 %)
Total	18,000,000 AFI (100 %)

### 5-3 Token Distribution

Through staking and liquidity mining on ARIES FINANCIAL a known amount of AFI token will be issued each month. After 10 years of continued issuance the token adopts a deflationary model.

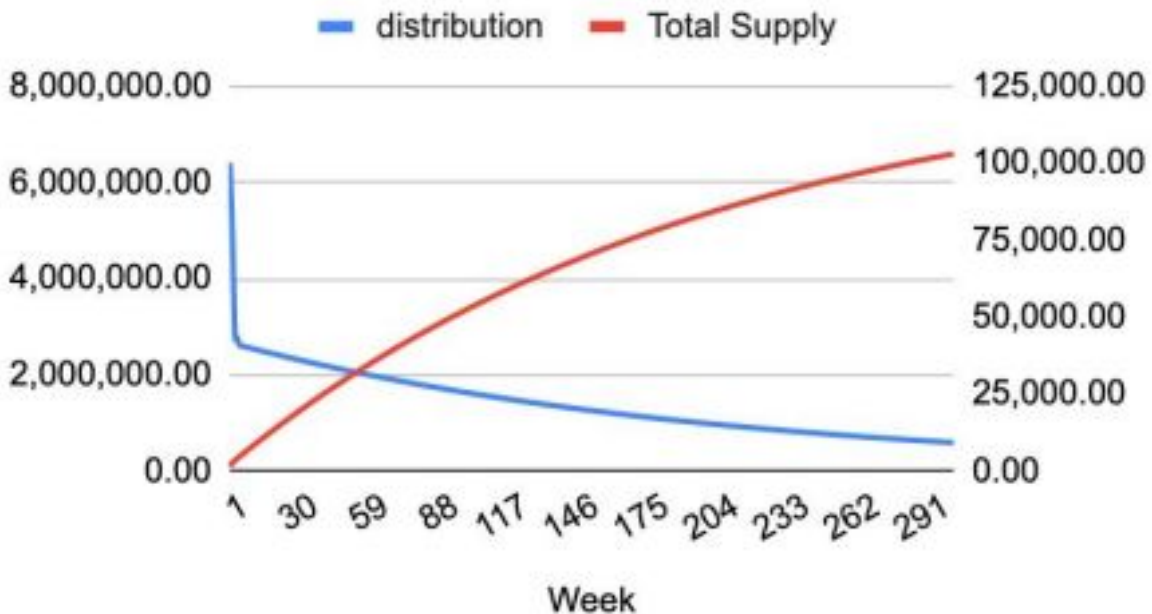
According to the staking distribution model:

Week	Distributed	% of max supply	Total Supply	% of total supply
1	100,080.00	0.5560000%	100,080.00	0.5560%
2	77,760.00	0.4320000%	177,840.00	0.9880%
3	45,720.00	0.2540000%	223,560.00	1.2420%
4	43,308.00	0.2406000%	266,868.00	1.4826%
5	40,914.00	0.2273000%	307,782.00	1.7099%
6	40,709.43	0.2261635%	348,491.43	1.9361%
7	40,505.88	0.2250327%	388,997.31	2.1611%
8	40,303.35	0.2239075%	429,300.67	2.3850%
9	40,101.84	0.2227880%	469,402.50	2.6078%
10	39,901.33	0.2216740%	509,303.83	2.8295%

*\*From week 6 the supply decreases by an additional 0.5%*



## AFI Token distribution & Total supply by week



※ The above diagram shows the amount of AFI generated by staking and liquidity mining each week.

## 6. Community Governance

### 6-1 Community Governance

The AFI Token holders have full control of the platform and all the strategies. Token holders who own a certain threshold of tokens have the ability to make proposals and vote on proposals to improve ARIES FINANCIAL. AFI Token holders can decide the path of development according to their own ideas.

For traditional financial enterprises this kind of democracy is not feasible. We modernize the token economy allowing holders of AFI to participate in platform improvements.

ARIES FINANCIAL is a community-driven platform grown and managed by all the AFI token holders and governed by this decentralized community. AFI Tokens are distributed through a fixed algorithm. Users holding AFI Tokens become a part of the ARIES FINANCIAL operations team and vote on proposals to improve the way the platform runs.

ARIES FINANCIAL uses blockchain voting to pass improvement proposals called AIPs (ARIES IMPROVEMENT PROPOSALS) effectively preventing tampering by outside influences and ensuring the voting process is fair.

### 6-2 Governance

AFI Token holders have the power to manage the AFI ecosystem and receive proportional yields from the smart contracts. By staking AFI Tokens, AFI Token holders can receive more AFI.

## 7. Fees

### 7-1 Transaction Fees

The deployers of the ARIES FINANCIAL platform will charge a fee of 30% of the profit from liquidity mining. the team will not sell AFI tokens in the market to obtain profit.

Part of this will be used to fund operating expenses and part will be used for user rewards who

participate in V.2 referral program. The referral commission will be paid entirely out of the profits of ARIES FINANCIAL, so users who do not participate in the referral program in V.2 are treated “equally” by the platform.

Smart Contracts will take the role of fund manager, continuing to develop strategies and striving to provide continuous income, while ARIES FINANCIAL establishes the “New Financial System” and “New Liquidity Mining System”.

## 8. Plan

### 8-1 Timeline

2020/11 ARIES FINANCIAL V.1 (Farming, Staking)

2021/01 ARIES FINANCIAL V.2 (Referral Program)

2021/03 Bitcoin decentralized custody function

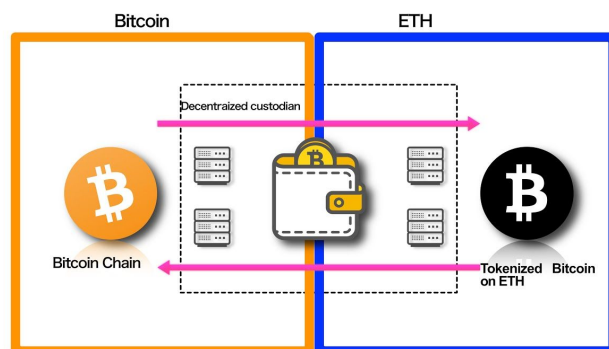
2021/05 Debit card link.

### 8-2 Future Developments

#### ■ BTC holders begin to participate in DeFi

We want to establish a mechanism to enable BTC holders to use their idle coins to participate in DeFi Yield Farming on the Ethereum blockchain. A cross chain swap function combining a node and a DAPP can move Bitcoin and Bitcoin equivalent tokens across blockchains to allow them to be used in DeFi applications (Shown below).

Additionally we will seek to create a mechanism that allows users to easily participate in DeFi applications using fiat currency. This will enable more users to use ARIES FINANCIAL creating a much wider ecosystem.



#### ■ The limits of using tokens for liquidity mining.

As of 2020 the number of DeFi users has increased exponentially. Liquidity mining allowed everyone to earn high returns. The cause of this explosive growth we believe to be related to the corona virus affecting hiring causing increasing unemployment. We believe that liquidity mining is not sustainable once these conditions change and is therefore not going to provide the same returns in the future as

they have done in the past. The reward mechanisms used by many DeFi platforms to get high APY will lead to token inflation. In order to prevent inflation and devaluation, ARIES FINANCIAL only issues AFI Token as “additional rewards” each month. Our aim is for users to add stablecoins and receive stablecoin returns in a safe and sustainable way.

To this end, we will continue to develop our platform to achieve a higher APY return for stablecoins and continually update the strategy mechanism. In V.2 we will start to add the referral program functions to the smart contract to allow more sustainable liquidity mining with even more TVL (Total Value Locked).

\*ARIES FINANCIAL referral commissions are drawn from ARIES FINANCIAL profits and will not affect users returns.

## **9. Company Information**

### **9-1 Company**

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