



CEXISWAP

Liberate CEX Prices on DEX

WHITE PAPER

Ver. 1.0 / CEXISWAP.io

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Summary

CEXISWAP is a decentralized multi-chain exchange that offers users the best price by bridging liquidity across DEXs and CEXs through innovative Trade Pipe Technology (TPT). The TPT is built into a DEX to execute users' orders based on the demand and trading conditions.

CEXISWAP is highly versatile and adaptable; it's both a multi-chain DEX and a multi-chain Bridge that can be further developed and integrated with other DeFi protocols. One example of such use cases would be providing or consuming liquidity from a non-custodial borrowing and lending protocol.

CEXISWAP's mission is to liberate liquidity, thus addressing the most serious DeFi 2.0 problems and making the technology accessible for the crypto community.

Competitive prices, user-friendly trading experience (no deposit required), zero price slippage, lower gas fees, and front-run protection are among the competitive advantages of CEXISWAP.

Main Definitions

General Definitions

- **DeFi**

Decentralized finance (DeFi) is a blockchain-based form of finance that does not rely on central financial intermediaries, such as brokerages, exchanges, or banks, to offer traditional financial instruments. It utilizes smart contracts on blockchains instead.

DeFi platforms allow people to lend or borrow funds from others, speculate on price movements on a range of assets using derivatives, trade cryptocurrencies, insure against risks, and earn interest in savings-like accounts.

DeFi uses a layered architecture and highly composable building blocks.

As of October 2021, the value of assets used in decentralized finance amounted to \$100 billion.

- **DeFi 2.0**

Many see DeFi 2.0 as a “movement” aiming to address the limitations of the original DeFi. Namely:

- Security - mass crypto users are not fully aware of DeFi risks while staking large sums of money in smart contracts;
- Split liquidity - liquidity pools are spread across different platforms and blockchains;
- Locked funds - tokens staked in the given liquidity pool(s) can't be used anywhere else;
- Lack of DAO principles - or, in other words, centralization;
- Scalability - high traffic and high fees of protocols;
- Third-party players dependence.

- ***DEX***

Decentralized exchange (DEX) is a cryptocurrency exchange offering secure direct peer-to-peer cryptocurrency transactions, where an intermediary is not needed.

- ***CEX***

Centralized exchange (CEX) is a cryptocurrency exchange that is operated by a company-owner (centralized management).

- ***Price Slippage***

In financial trading, slippage is a term that refers to the difference between a trade's expected price and the actual price at which the trade is executed. It is a phenomenon that occurs when market orders are placed during periods of elevated volatility, as well as when large orders are placed at a time when there is insufficient buying interest in an asset to maintain the expected trade price.

- ***Liquidity Pool***

DEXs use crowdsourced (liquidity) pools of cryptos and tokens locked in smart contracts to facilitate trade between digital assets.

CEXISWAP-Specific Definitions

- **Stakeholders**

CEXISWAP is the “People’s Swap”. This means that users trade on the platform to become stakeholders. Every Epoch Stakeholders earns rewards from a Trading Reward Vault proportional to their trading volume.

- **Trading Reward Vault**

The CEXI will be staked as sCEX by default. 65% of sCEX will be allocated for the CEXISWAP Vault. The duration and volume of the Trading Reward Vault would be decided by a governance vote and announced before each Epoch begins.

- **Epoch**

An Epoch is a particular duration to accumulate trading volume that would then earn rewards from the Trading Reward Pool. An Epoch is initially happening every 28 days (but this duration can be changed by a governance vote).

Industry Overview

Two years ago DeFi almost disrupted Fintech. There were very promising conditions, and some projects became extremely successful, as they brought high-value innovation to public blockchains. On the other hand, they also prompted the creation of conditions, when established blockchains charge too high fees, thus excluding a large part of potential users.

DeFi 2.0, therefore, aims at finding solutions to DeFi problems. Namely: security, scalability, accessibility of information, centralization, and liquidity. Another major problem was the complexity of DeFi for crypto users.

Multiple new layer one and layer two blockchain solutions now promise scalability and low fees. The downside effect of this is the fragmentation of DeFi application ecosystems and the creation of trapped, captive liquidity in their respective domains. Fragmented liquidity, in turn, means worsened trade execution prices for users and forces the whole ecosystem to overpay liquidity providers.

This is what is called DeFi 2.0 growing pains: fragmented applications and trapped liquidity.

Why We Developed the Project

Our founders' personal experiences helped a lot with understanding current limitations of DeFi projects.

Here is a word from one of our co-founders, Scott Tsai:

"I have relied on centralized exchanges since getting into crypto. But one day the following thing happened: an exchange randomly suspended fund withdrawals for my account. I had to submit lots of documents describing my sourcing and usage of funds. Since then, I started to research DEXs and use them.

Yet, I found that even in the largest DEXs - with the deepest liquidity pools - trading BTC for USDT often happens at a worse price than shown on CoinMarketCap. Moreover, the smaller chains with cheaper gas fees have even worse price slippage.

I started CEXISWAP so that users like me will keep full control of their funds, trading with CEX competitive prices even on smaller, less well-established blockchains."

Vision and Mission

CEXISWAP aims to disrupt boundaries, creating borderless liquidity in a multi-chain world. The project's mission is to eliminate DeFi 2.0 problems while capitalizing on its strengths. The new wave of decentralized finance movement addresses the following issues of the first DeFi:

- Dependence on third-party providers;
- Strong reliance on token incentives to secure liquidity;
- Detachment from global economy;
- Disorganized governance;
- Weak competitiveness of DAOs;
- Lack of connection between users;
- Ambiguous incentives and rewards schemes for users.

CEXISWAP's core is the unique technology developed to address all aforementioned issues and to help DeFi 2.0 wave to become truly groundbreaking. CEXISWAP's support of the DeFi 2.0 vision is reflected in the following phases of the product development:

- ***Phase 1. Core Technology Development (completed)***

Build the core Trade Pipe Technology (TPT) that can liberate liquidity from separate silos in accordance with the user's demand.

- ***Phase 2. Network Buildout and Integration***

Integrate the Trade Pipe Technology Network into major blockchain and DeFi projects. This will allow DeFi products to be easily accessed and traded on all chains and networks.

- ***Phase 3. Fuel the Revolution***

Create the next-generation DeFi killer app by offering high capital efficiency and mobility with the Trade Pipe Technology Network.

Trade Pipe Technology (TPT)

In order to fulfill CEXISWAP's mission of liberating liquidity, the company developed the Trade Pipe Technology (TPT), which could be built into a DEX to execute user orders based on the trading environment and demand.

Here is an overview of how the technology works.

- ***Instant Trade Pipe (ITP):***

- Distributed Request for Quote (dRFQ) with Instant Settlement***

1. User sends a trade request to the CEXISWAP trade oracle;
2. The CEXISWAP liquidity network generates a cryptographically signed price quote;
3. User sends the price quote to the CEXISWAP smart contract, settling the trade in one atomic blockchain transaction;
4. CEXISWAP market makers rebalance the on-chain and off-chain liquidity periodically.

- ***Batched Trade Pipe (BTP):***

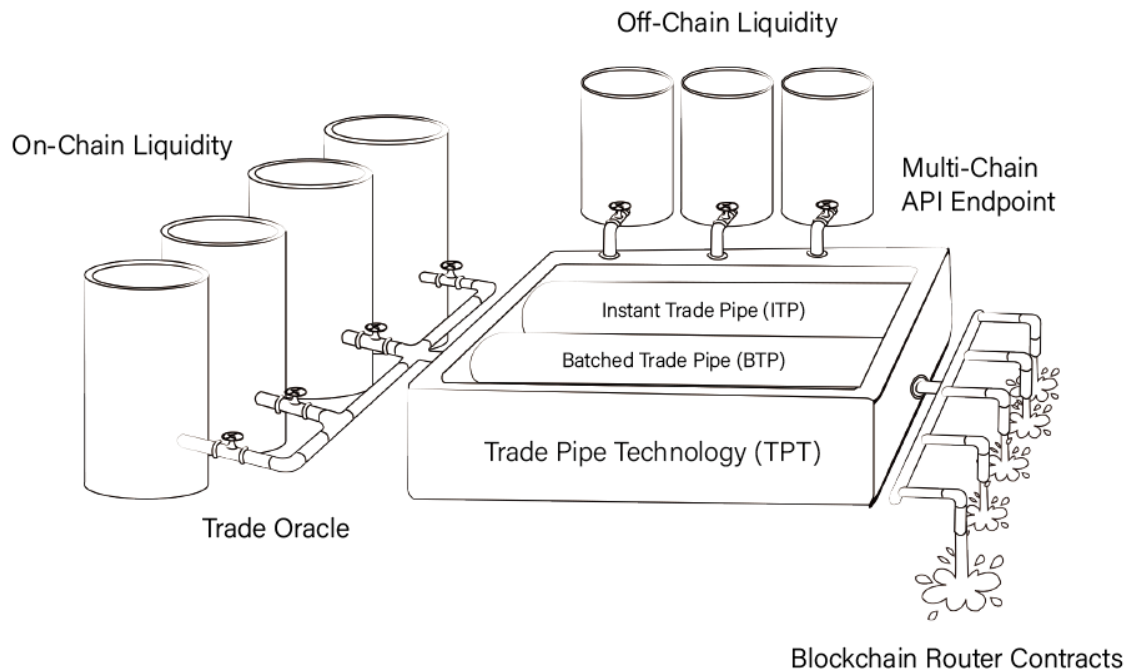
- Gas-Free Trading with Batched Settlement***

1. User approves the CEXISWAP contract to spend the tokens required for the trade;
2. User submits order details to the CEXISWAP trade oracle for collection and asynchronous execution;
3. The CEXISWAP liquidity network sends on-chain transactions to secure user funds and execute the trading operation;
4. The CEXISWAP liquidity network sends on-chain transactions to release user funds and settle the trading.

When the Destination has sufficient liquidity for the given token, CEXISWAP can perform trade with ITP. The ITP provides on-chain settlement from a distributed request for quote network.

When the Destination lacks sufficient liquidity for the given token, CEXISWAP can perform trade by collecting requests and directing its BTP to process multiple requests at once. The BTP provides gas-free trading and potentially better prices to users (at the cost of taking more time to process and settle).

Protocol Architecture



CEXISWAP Router Contract instance

Each supported chain would have a CEXISWAP Router Contract instance acting as the entry point for smart contract on-chain interactions.

Liquidity Vault instance

Each liquidity provider in the CEXISWAP liquidity network has their own Liquidity Vault instance providing both on-chain and off-chain liquidity.

Trade Oracle service

Each liquidity provider in the CEXISWAP liquidity network would operate their own Trade Oracle service which controls the flow of the liquidity provided.

CEXISWAP API Endpoint

The multi-chain API endpoint encapsulates knowledge about blockchains in an easy-to-use REST API.

Competitive Advantages

CEXISWAP is a product developed by avid crypto users who utilised DeFi and DeFi 2.0 projects and therefore have first-hand experience with the technology. While appreciating the opportunities both waves of decentralized finances offer, CEXISWAP founders identified serious limitations at the same time.

The project was developed as an efficient, ready-to-use solution, bridging the gap between promising technology and mass crypto users.

Competitive advantages, therefore, are:

- ***Better prices than DEX***

Competitive prices are sustained through a decentralized network;

- ***Better experience than CEX***

No deposits are required, trading directly from a wallet;

- ***Zero slippage***

The final price is available before trading via instant and reliable price quotes. CEXISWAP solves the price slippage by integrating the Reactive Market component, which comprises both CEXs and DEXs liquidity;

- ***Full protection***

Protection against MEV (Miner Extractable Value), including sandwiching, arbitrage, and front running;

- ***Lower-gas fees***

CEXISWAP's instant trade pipe requires much lower gas fees thanks to greatly reduced amount of on-chain data read and writes compared to on-chain market

makers. The batched trade pipe offers gas-less trading via cryptographically signed off-chain messages;

- **Capital Efficiency**

Better prices with as little as one-tenth the liquidity pool size via dRFQ and batched trade settlement technologies.

CEXISWAP vs Uniswap

CEXISWAP Instant Trade Pipe vs. Uniswap on Ethereum Mainnet (executing the same trade of swapping 1 WBTC for USDT):

	CEXISWAP	Uniswap	
Price	Competitive with CEX	Worse than CEX	0.2% average price savings
Gas Fee	140k Gas Units	220k Gas Units	24.52% savings \$32 USD at 100 gwei gas price

Trade-To-Earn Reward

In order to power DeFi 2.0 development and mass application, an attempt from the whole crypto and Fintech community is needed. To bootstrap the CEXISWAP liquidity network ecosystem, the company will share the future value created by the protocol with real users and long-term supporters. Users will get the best price and own a part of CEXISWAP. Moreover, users will have access to opportunities unlocked by achieving the goal of liberating liquidity chain by chain.

Here is how it will work

- **Trade-to-Earn Mechanisms**

- The Trade-to-Earn machinery is embedded in the CEXISWAP protocol. Once the machine is on, users would receive CEXI Tokens as they trade;
- Trade-to-Earn Reward tokens will be staked by default to encourage long-term holding and support the robustness of the CEXISWAP protocol. The staked version of the CEXI Token is called sCEX;
- Users will earn rewards from the Trading Reward Vault. Those rewards will be proportional to users' trading volume during every Epoch (initially every 28 days);
- The size of the Trading Reward Vault and duration of Epoch will be decided by a governance vote and announced before the beginning of each Epoch.

- **Burning and Deflationary Mechanisms**

- CEXI Tokens, which were used to pay for transaction fees on the CEXISWAP DEX, on the multi-chain bridge, and in other applications of the liquidity network, will be burned.

Tokenomics

- ***CEXI / sCEX Tokens***

CEXI Tokens are utility tokens of the CEXISWAP protocol. Users can earn them through trading on CEXISWAP.

sCEX Tokens are the staked CEXI Tokens in the Staking Pool.

Token Utility: Summary

- ***Community Voting Power***

Staked CEXI (sCEX) tokens' holders get the governance vote rights.

- ***Staking***

CEXI Tokens can be staked and turned into sCEX Tokens at any time. sCEX holders will receive staking rewards.

- ***Fee Discount***

CEXI Tokens owners will have a discount for paying a protocol fee.

- ***Trading***

Unstaked CEXI Tokens can be traded anytime on listed exchanges.

Token Utility: Details

- **Allocation**

There would be a fixed supply of 1,000,000,000 CEXI Tokens, which will be allocated as follows:

- 10% or 100,000,000 to early supporters of CEXISWAP;
- 20% or 100,000,000 to the team;
- 65% or 650,000,000 reserved for the support of ecosystem and liquidity of CEXISWAP;
- 5% or 50,000,000 reserved for community building and marketing.

- **Vesting Schedule**

The initial CEXI Tokens will be locked by default and unlocked by the following vesting schedule for early supporters:

- 30% will unlock in 6 months after TGE;
- 40% will unlock equally in 7-12 months after TGE;
- 20% will unlock equally in 13-18 months after TGE;
- The remaining 10% will unlock equally in 19-24 months after TGE.

The team portion of the initial CEXI token allocation will be unlocked six months after unlocking for the early supporters.

The Staked version of the CEXI token is called sCEX. sCEX holders have the right to participate in the governance vote.

- **Trade to Earn Rewards**

Traders on CEXISWAP earn sCEX Tokens as Trade-to-Earn Reward every Epoch. An Epoch happens every 28 days (initially). Traders earn rewards from a Trading Reward Vault; those rewards are proportional to their trading volume. The duration and size of the Trading Reward Vault will be decided by a governance vote and announced before each Epoch begins.

- **Governance**

Governance votes can determine:

- The size of the Trading Reward Vault for future Epochs;
- The length and duration of the future Epoch.

- **Staking and Unstaking**

- CEXI Tokens can be staked and turned into sCEX Tokens at any time;
- sCEX Tokens holders will receive staking rewards;
- sCEX Tokens can be unstaked via the following process:
 - The holder sends an on-chain unstake request, which would activate a cooldown period;
 - The cooldown period is 10 days by default, but could be further extended by the governance vote;
 - After the cooldown period is complete, the holder has a 2-day window to unstake and convert their sCEX Tokens into CEXI Tokens.

Team

Scott Tsai

Co-Founder & CEO

5+ years of crypto engineering experience.

Former Head of Chain Engineering at ThunderCore.

Cheryl Chueh

Co-Founder & CMO

3+ years of branding and marketing experience in e-commerce and blockchain.

Entrepreneur and lecturer.

Rex Wu

Senior Full-Stack Developer

5+ years of full-stack engineering experience in blockchain, IoT, and gaming.

Waltor Huang

Senior Full-Stack Developer

3+ years of full-stack engineering experience in blockchain, finance, and mobile.

Lei Wang

Designer Lead

5+ years of graphic and UI/UX design experience in blockchain tech and advertising agencies.

Contact Information

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Gitbook	https://docs.cexiswap.io/cexiswap/summary

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