We want to introduce a new exchange that is ready to be deployed on mainnet.

It comes with a few features that make it unique and we believe it can add additional value beyond what current DEXs can provide.

Features

1. Full decentralization

a) all actions on chain (contracts thus 1st class citizens)

b) anyone can list tokens

c) no role with special rights in the trading process

d) a DAO will be able to make upgrades to the contract but only with a 30 day notice period

1. Regular user (including contracts) can (relatively) safely submit market orders

a) market orders can not be attacked with frontrunning

b) a market maker does not need to constantly update prices onchain to provide a small spread

c) those advantages are "bought" with slow execution of trades (on average 6-12h)

1. It should be possible to use the DutchX as a fairly reliable price oracle for any token that is traded here. (if a price update just every ~6 hours is acceptable)

How it works

Using the mechanics of a dutch auction.

1. Anyone can register a token pair (A/B)

2. traders can act as askers (market order) or bidders (limit order)

3. upfront enough askers need to commit to sell token A for token B

4. once a threshold is reached a auction will start at 2* the previous price (market price)

5. the price will continuously fall down, reaching the previous price after 6h and 0 after 24.

6. at any time bidders can commit to buy A with B at the current price (or better)

7. once enough bid volume is reached to buy all ask volume at the current price the auction closes

8. everyone will get the same price

For each auction A/B a parallel auction B/A will run (if there is ask volume).

Fee structure

A fee structure is build around a native reward token of the DutchX that can only be earned by providing liquidity/ trading on the dutchX. (MGN = Magnolia token)

1. all fees remain in the system - there is no flow to an external party

2. fees are taken out of each trade and are put into the next batch as a "bonus"

3. thus every auction (with the exception of the first) pays fees into the next but receives from the previous

4. every trade will produce MGN tokens. Traders can reduce their individual fee rate if they hold MGN

5. effective personal fee rate will be (average fee rate - personal rate) thus a trader with a low personal fee rate would receive fees

6. up to half of the fee can be paid with OWL (the fee credits generated by locking GNO) - used OWL is burned

The contracts can be found here: https://github.com/gnosis/dx-contracts

The dutchX is deployed on Rinkeby here: 0xd78ae0828deda8995076175ea5a388e8e5b9f0c1

Simple trading bots and a CLI can be found here: https://github.com/gnosis/dx-services

More infos on our blog: https://blog.gnosis.pm/tagged/dutchx

A security audit and bug bounty program was done - a mainnet release is imminent.