



pUSD WHITEPAPER

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Executive Summary

The Prex Markets introduces pUSD, a revolutionary algorithmic token designed to fundamentally restructure the relationship between a platform and its users. In the vast majority of decentralized finance (DeFi) ecosystems, the relationship is transactional and extractive: users provide liquidity and pay fees, while the Platform captures the value. To participate in the upside, users are often forced to buy a speculative token, risking their hard-earned capital.

Prex flips this model on its head. With pUSD, you do not buy your way in; you earn your way in.

pUSD is an internal value unit backed by verifiable protocol revenue, not empty inflationary promises. It serves three critical, interlocking functions for the retail user:

- **A Reward for Activity:** You are paid directly for your contribution to the network's volume and growth. Every trade and referral builds your equity in the system.
- **A Safety Net:** It acts as an automated hedge, recouping a portion of your trading losses to keep you in the game.
- **A Gateway to Value:** It serves as a bridge, allowing you to convert your activity into liquid stablecoins (USDT) or long-term governance power (PREX).

This whitepaper outlines the architectural and economic principles of pUSD, demonstrating how it empowers retail traders to capture the value they create.



The Problem: The "Mercenary" DeFi Model

To understand the value of pUSD, one must first understand the broken state of modern DeFi incentives. Traditional protocols rely on what is known as "mercenary liquidity."

In this model, a protocol prints millions of unbacked tokens to offer sky-high Annual Percentage Yields (APYs). "Yield Farmers" arrive, deposit capital to harvest these rewards, and then immediately sell the tokens on the open market. This creates immense selling pressure, crashing the token price and leaving genuine, long-term believers holding the bag.

The Flaws of Current Reward Tokens:

- **Hyper-Inflationary:** Tokens are printed out of thin air (minted) without any corresponding revenue flowing into the system. This dilutes the value of every existing token.
- **High Barrier to Entry:** To access these rewards, users typically must stake their own capital, exposing them to smart contract risks and impermanent loss.
- **Zero Downside Protection:** Trading is a zero-sum game in most places. If you take a bad trade, your capital is gone forever. The protocol offers no safety net.

The Solution: pUSD (Proof of Activity)

pUSD represents a shift toward sustainable economics. It is an Algorithmic Reward Token backed by a Solvency Treasury funded by the business's revenues, such as trading & subscription fees generated on the platform. Treasury solvency is also achieved through Venture and Debt Capital.

It operates on a "Proof of Activity" model: pUSD cannot be purchased on the open market by whales looking to corner the supply. It must be minted through genuine interaction with the Prex Markets. This ensures that pUSD holders are the platform's actual users, aligning the community's incentives with the business's success.



Core Value Proposition

Table 1.1 - Core Value Proposition

Feature	Traditional Rewards	pUSD
Acquisition Method	Buy on Exchange or Stake Capital	Earn via Volume & Referrals (Proof of Activity)
Economic Backing	Often Unbacked / Speculative Hype	Backed by Business Revenue, Actively (USDT)
Cost Basis	High (Requires Capital Investment)	Zero Cost Basis (Earned Free via Usage)
Risk Profile	High (Subject to Market Volatility)	Low (Can only be upside, as it is earned gratis)
Trader Protection	None	"No Loss" Refund Mechanism (10% Rebate)

How to Earn pUSD (The Minting Guide)

pUSD User Journey: Earn, Unlock, Redeem

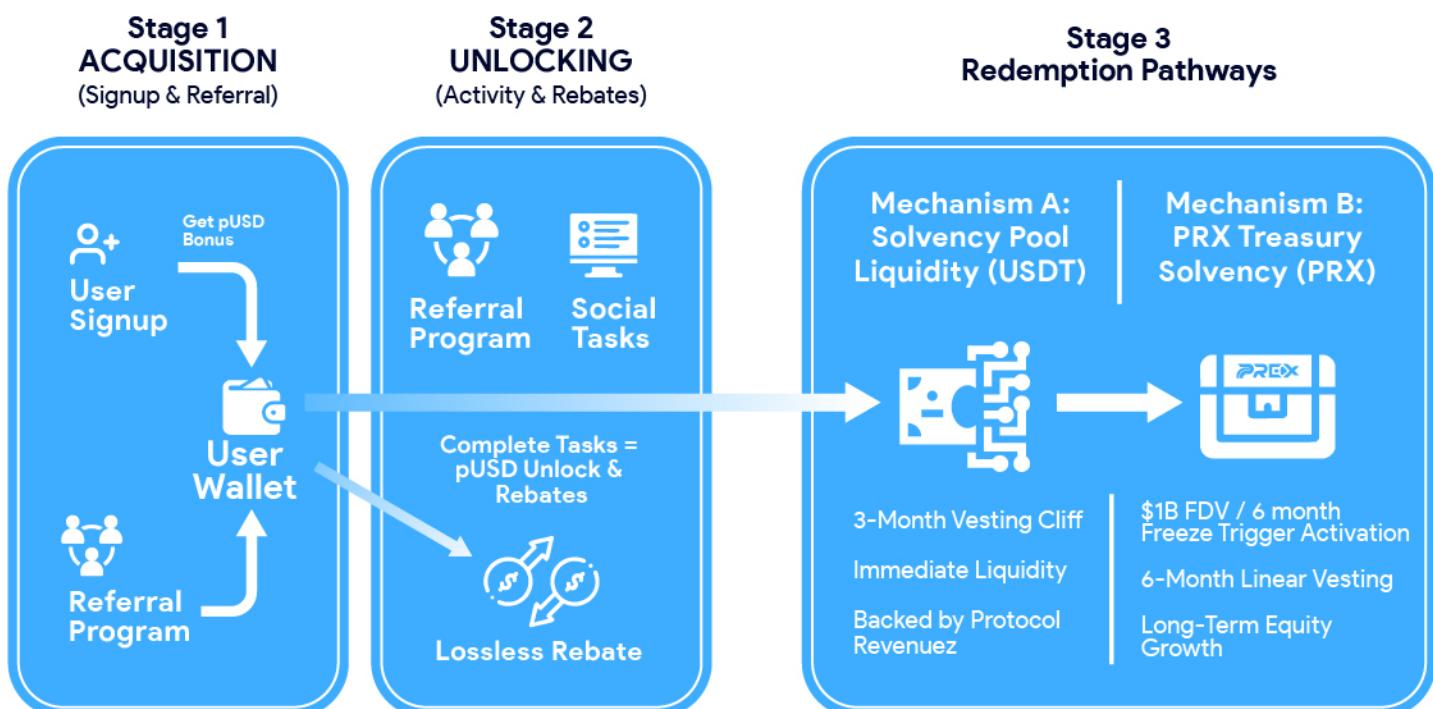


Image 1: Retail User Journey



Earning pUSD is designed to be gamified, accessible, and rewarding for users of all sizes. There are four distinct "Minting Channels" through which you can accumulate pUSD.

Channel 1: The Account Creation Allocation

The journey begins the moment you sign up. Unlike other platforms that demand an initial deposit to access premium features, Prex rewards your presence immediately. Upon creating an account on the Prex Market Platform, a credit of 100 pUSD is instantly allocated to your dashboard.

How to Claim: *Simply use the platform as intended. As you signup and complete the tasks and trade, you can claim pUSD in your wallet. (Refer to Image 1)*

Channel 2: The LossLess Mechanism

Trading is inherently risky, and losses are a painful reality of the market. pUSD mitigates this risk by serving as an algorithmic insurance policy. If you suffer a net loss on a trade, the platform intervenes.

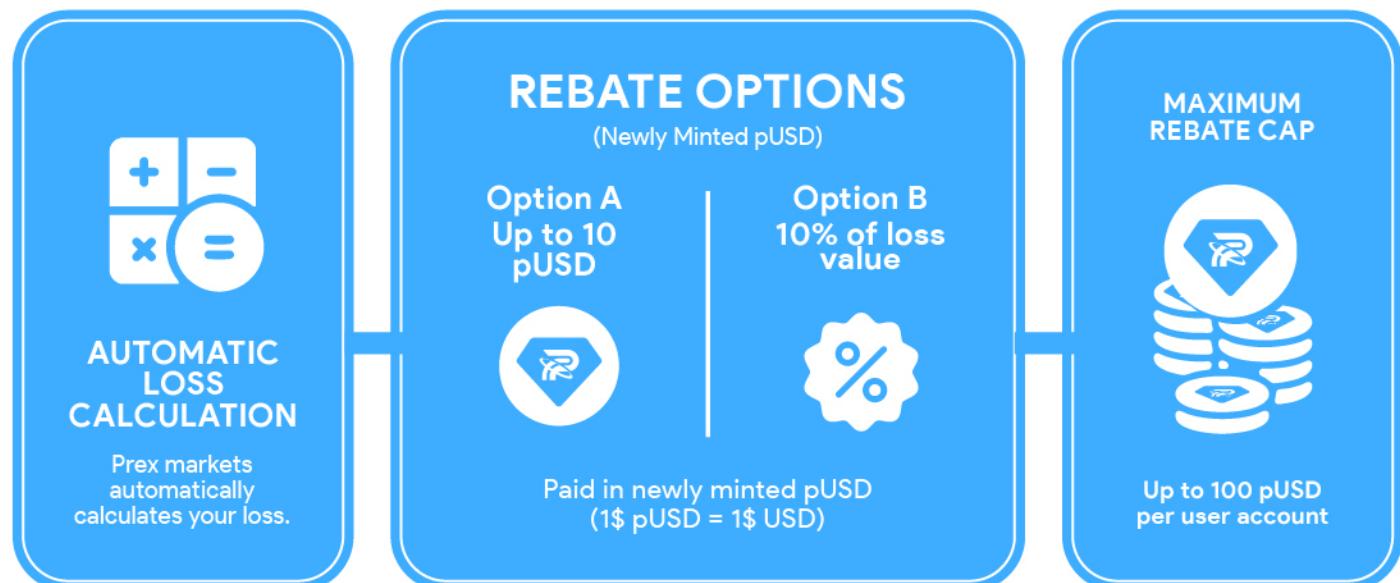


Image 4: Prex Lossless Mechanism



- **The Mechanism:** Prex markets automatically calculates your loss and rebates it to you in up to 10 pUSD or 10% of that value, in newly minted pUSD (1 pUSD for 1 USD). (Refer to Image 4)
- **Cap:** You can receive up to 100 pUSD per user account.
- **Retail Benefit:** This changes the psychology of trading. It gives you "free shots" to recover. You can take the pUSD refunded from a bad trade and use it in the in-house system to win back your original capital- without risking any more of your own money.

Channel 3: The Viral Growth Network (Referrals)

The most powerful way to mint pUSD is by turning your social network into your net worth. Prex incentivizes you to bring high-quality users to the platform.

- Direct Referral: You earn 10 pUSD for every friend you invite using your unique link.
- Level 2 (Network Referrals): an instant 5 pUSD bonus per signup.
- Level 3 (Community Referrals): an instant 3 pUSD bonus per signup.
- Level 4 (Extended Referrals): an instant 2 pUSD bonus per signup.
- Level 5 (Viral Referrals): an instant 1 pUSD bonus per signup.

Channel 4: The Prex Ignite Grant Program

In addition to transactional and referral-based incentives, Prex Markets is dedicated to cultivating a resilient ecosystem composed of developers, educators, and community leaders. The Prex Ignite Program facilitates the allocation of pUSD grants to entities and individuals who demonstrably enhance the network's infrastructure and value proposition.

- Allocation Methodology: pUSD is distributed directly to the recipient's wallet designated as a "Grant Allocation."
- Vesting Protocols: In contrast to standard trading rewards, Grant pUSD is subject to Milestone-Based Vesting.

Example: A developer awarded a grant of 5,000 pUSD for the construction of an automated trading algorithm would receive an initial 25% distribution upon proposal ratification. The remaining 75% would vest contingent upon the successful deployment and subsequent security audit of the code.



Revenue: Where Does the Money Come From?

Unlike "Ponzi" economics, where new users pay old users, pUSD is backed by a sustainable, transparent business model. The value of pUSD is not based on hype; it is based on math.

The Engine: Trading Fee + Subscription

At the heart of the ecosystem is the revenue earned on every trade executed through Prex Markets. This fee is the lifeblood of the ecosystem.

The "Smart Distribution" Flow:

Every dollar collected from fees is automatically split and routed to three specific destinations:

1. 50% → The Treasury: Half of all revenue goes directly into the Solvency Pool. This is the "vault" that gives pUSD its real-world value. The more people trade, the more money flows into this vault.
2. 50% → The Community (Affiliates): A massive portion is shared back to the users



Redemption of pUSD

pUSD Dual Redemption Pathways

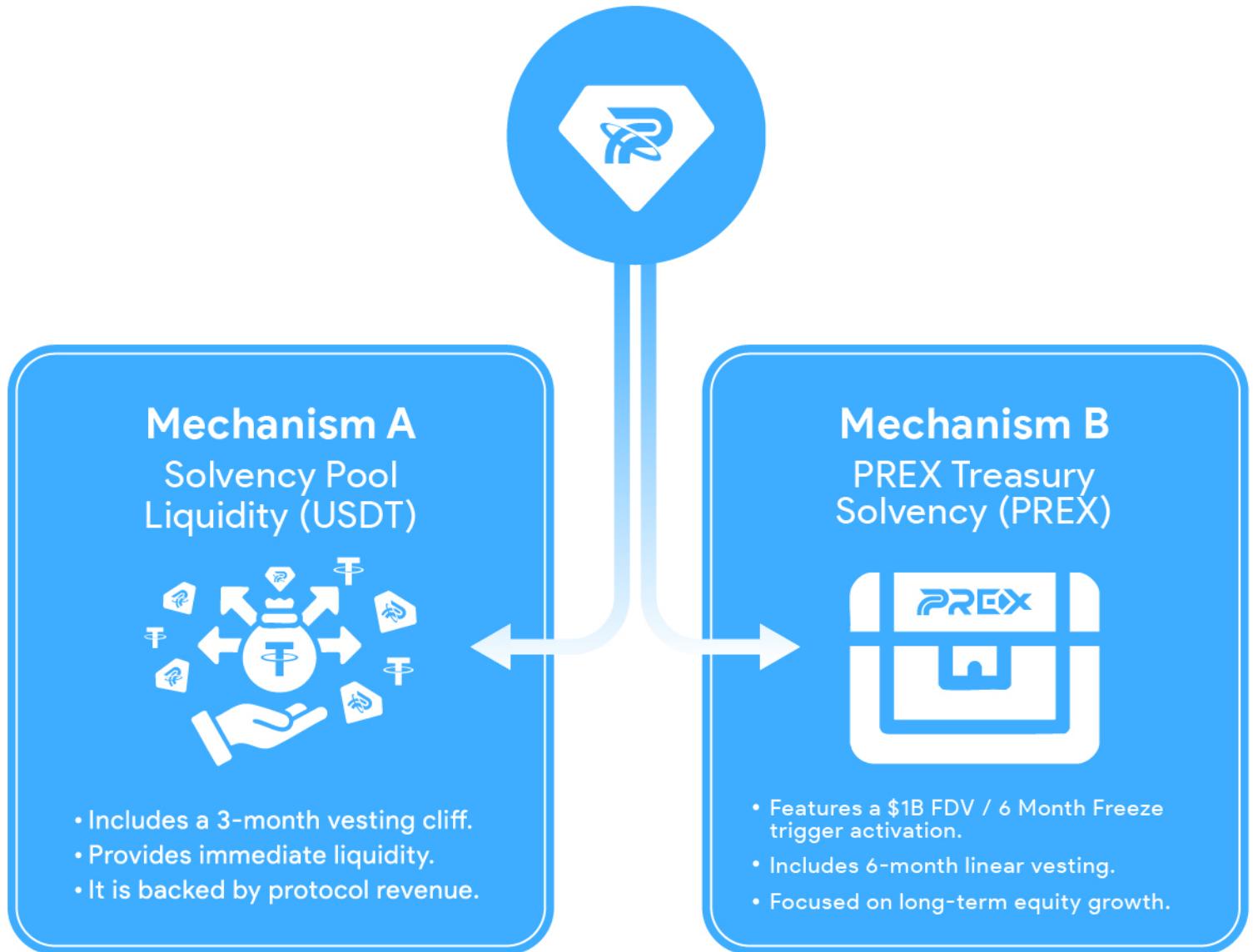


Image 2: Redemption Method

Earning pUSD is only the first half of the equation. Realizing that profit is the second. Prex offers two distinct paths for redemption, creating a strategic "Game Theory" choice for users. Do you want cash now, or equity later?



Path A: The "Liquid" Exit (USDT)

Best for: Users who want to realize immediate profit in stablecoins.

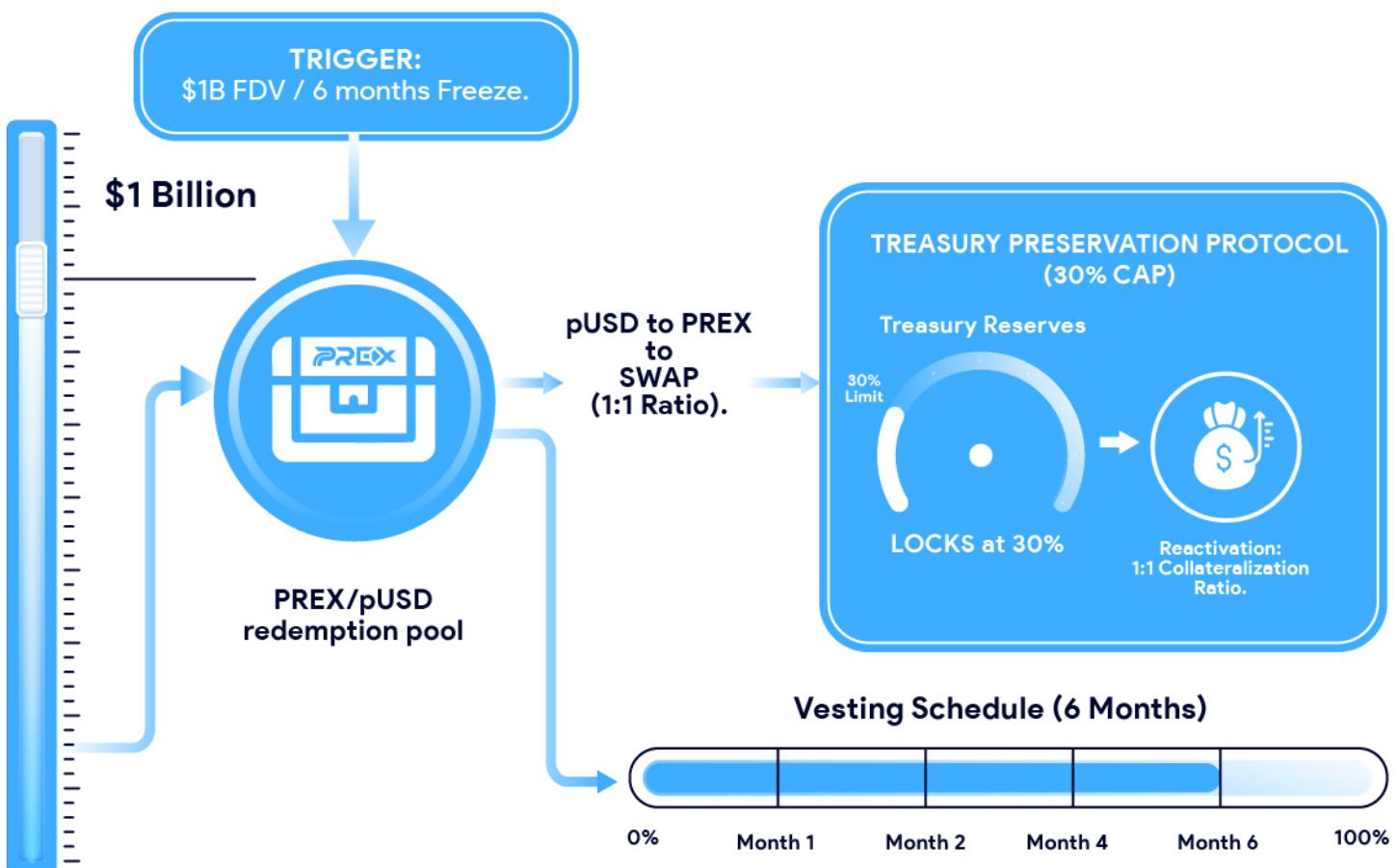
- **Source:** The Solvency Pool (funded by Treasury revenue).
- **The Cliff:** To prevent "farm and dump" behavior, access to this pool opens 3 months after you first earn your pUSD. This allows the Treasury time to accumulate fees.
- **The Math:** The value of your pUSD is dynamic.

pUSD (Redemption value) = Total USDT solvency of Pool/ No. of tokens opted for redemption (Refer to Image 2)

- **Strategy Corner:** This formula rewards patience.
 1. In order to provide the stable value for the users who would be redeeming the pUSD, the conversion will always unvest percentage of tokens that would fulfill the redemption of 1 pUSD = \$1
 2. This will allow the passive accumulation of pUSD, without users spending something upfront and giving a notional redemption value of \$1 for 1 pUSD, so users will be rewarded for their long term commitment and loyalty to Prex market. **Patient holders effectively capture the value left behind by those who exit early.**



Path B: The "Investor" Exit (PREX Token)



Best for: Believers in the long-term future of Prex who want governance power.

- This pathway facilitates a 1:1 conversion to PREX. It is governed by smart activation trigger to ensure value is distributed exclusively upon the network achieving a state of significant maturity.

1. Activation Trigger (\$1B FDV) / 6-months Freeze

- The algorithmic function permitting the conversion of pUSD to PREX remains inactive until the **Fully Diluted Valuation (FDV)** of the PREX token achieves a valuation of \$1 Billion, as authenticated by a decentralized oracle consensus or completes 6 months lock from the day of claiming.
- **Rationale:** This threshold aligns the incentives of all participants toward a singular, substantial valuation objective. It mitigates the risk of premature divestment and ensures that conversion to PREX occurs only when the asset has demonstrated considerable market value.



2. Conversion Ratio and Vesting Schedule

- Upon satisfaction of the \$1B FDV requirement or the 6-month Freeze, users may initiate a swap at a ratio of 1 pUSD to 1 PREX (implying a value parity of \$1.00).
- **Distribution Schedule:** To preclude a destabilizing supply shock at the valuation milestone, the converted PREX tokens are not released immediately. Instead, they are distributed linearly via smart contract streaming over a six-month vesting duration.

3. Treasury Preservation Protocol (30% Cap)

- To safeguard the long-term fiscal health of the protocol, this redemption channel functions as a regulated window rather than an unrestricted opening.
- **Redemption Cap:** The redemption window is strictly limited to 30% of Total Treasury Reserves.
- **Automatic Suspension:** Should cumulative redemptions reach this 30% threshold, the conversion window effectively locks.
- **Reactivation Criteria:** The window will reopen solely when the Treasury has replenished its reserves to re-establish a 1:1 collateralization ratio (wherein Treasury reserves fully back the reopenable redemption allocation). This mechanism ensures the Treasury is never depleted, incentivizing late entrants to contribute to platform growth to re-enable the conversion facility.

Note: The Maximum redemption ratio for 1 pUSD to PREX would be 1:1 at any point in time



Utility: What Else Can I Do With pUSD?

If you don't want to cash out yet, pUSD acts as a utility token with immediate use cases within the Prex ecosystem.

- 1. Internal speculation Market:** Use your pUSD balance to place bets on price movements or other gamified events on the Prex platform. This allows you to speculate and potentially win more crypto assets without touching your principal investment capital.
- 2. Marketplace Currency:** (Coming Soon) The Prex Native Marketplace will allow users to buy premium AI trading tools, algorithmic signals, or advanced charting features. pUSD will be the exclusive currency for these purchases.
- 3. Risk-Free Learning:** For new traders, pUSD is the perfect "sandbox" money. Since you earned it for free via activity or refunds, you can use it to test risky trading strategies. If you lose, you haven't lost your own savings. If you win, you keep the profit.
- 4. Spotlight Feature:** Curators and market creators must use pUSD to access the "Spotlight" ad inventory and bid to highlight their specific markets across platform verticals, driving volume and liquidity.
- 5. Fixed-Term Staking (PREX Yield):** Users can opt to commit their pUSD holdings to fixed-term staking contract.
 - **Term Structure:** 12 Months (Hard Lock).
 - **Yield Rate:** 12% Annual Percentage Yield (APY), settled in PREX tokens.
 - **Activation Protocol:** To preserve early-stage treasury integrity, this staking module is programmatically activated only subsequent to the successful initialization of the Solvency Pool. This sequencing ensures that the protocol's base liquidity layer is mature before secondary yield obligations are incurred.

4.(a) The Spotlight Feature

- In an aggregated marketplace with thousands of events, attention is a scarce resource. The Spotlight Feature introduces a gamified, localized auction for market visibility.
- **Mechanism:** Curators or community members can bid pUSD to feature a specific market at the top of its vertical (e.g., "Top Crypto Market" or "Featured Sports Event").



Roadmap: The Path to Solvency

The rollout of pUSD is executed in distinct phases to ensure stability and liquidity accumulation.

- **Phase 1:** Launch (Now): The Prex Markets Platform goes live.
- **Phase 2:** The Allocation: Users will start earning pUSD based on their activities, and pUSD will be allocated to their accounts.
- **Phase 3:** The Cliff (Month 3): The Main Solvency Pool opens to the general public. Users begin redeeming their earned pUSD for USDT based on the accumulated protocol revenue.
- **Phase 4:** Full Maturity: The Native Marketplace launches, adding new utility for pUSD. PREX burn mechanisms become fully active, driving scarcity for the governance token.

Frequently Asked Questions

Q: Can I simply buy pUSD on an exchange like Uniswap?

A: No. pUSD must be earned through trading, referrals, or the "LossLess" refund mechanism. It is a "Proof of Activity" token, serving as a badge of honor for active users rather than a speculative asset for outsiders.

Q: Is pUSD a stablecoin pegged to \$1?

A: Not exactly. It is an algorithmic asset. While it aims for stability, its true value is determined by the math. It targets stability but allows for upside appreciation if the Treasury grows faster than the rate of redemptions.

Q: What exactly happens if I lose money on a trade?

A: The "Lossless" system automatically detects the realized loss. You will receive 10% of that loss back in your pUSD balance (up to 100 pUSD). You can then use this pUSD to place new trades or bets, giving you a second chance.

Q: Why is there a 3-month wait (Cliff) for the USDT pool?

A: This is a safety feature for the ecosystem. It allows the Treasury to accumulate a healthy reserve of cash from trading fees before users start withdrawing. This ensures the pool is deep, solvent, and ready to pay out users when the doors open, preventing an early liquidity crunch.



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