LITE-LUSD

Decentralized Stablecoin

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Abstract

In 2022, we introduced the LITE concept, a decentralized stablecoin minting protocol that allows users to use LITE as collateral to mint LUSD, 9an asset-backed stablecoin with a soft anchor to the U.S. dollar, whose issuance is decentralized and uniform. Through Lite's supply regulation and control of the LUSD PCV protocol, LUSD is always priced at a constant level with the US dollar, resisting hyperinflation. Provides economic freedom and opportunity for any individual on a global scale. Whether it's the blockchain economy of Meme, lending, cross-chain, payments, or real-life global cross-border money flows, a decentralized, price-stable currency protocol is needed. If this protocol succeeds, then it will have a major impact on the stablecoin ecosystem and become the best use case for decentralized stablecoin.

1 Introduction

Since the inception of the cryptocurrency concept till date, the pattern of price rise and fall of cryptocurrencies has been a problem that all participants, institutions want to study thoroughly. However, all cryptocurrencies have

always fluctuated wildly in price since their issuance, after being marketed by the strong speculative demand in the market. Irregular and extreme price fluctuations are the main obstacle that prevents them from being used as a medium of exchange or a store of value. In this case, Tether Limited issued USDT, but all indications are that there is still a logical flaw in the 1:1 ratio of USDT to the US dollar. That is, the price of USDT will be directly influenced by Tether Limited Inc. and the 1:1 ratio will break. In the long run, centralized stablecoin have their obvious drawbacks. As with Venus, the centralized lending protocol on BSC, the team supervised the theft leading to the serial liquidation of $XVS. Even if the team is not actively evil, centralization poses a security risk, and Compound's prophecy machine has had feeding accidents leading to biased DAI prices. Therefore, it is more reliable to ensure the stability of stable coin prices in perpetuity through decentralized means.

LITE creates a decentralized algorithmic stable coin architecture based on blockchain technology, and the LUSD generated within the architecture will become the core stable coin for many project parties for DeFi applications and global cross-border fund circulation. A development will be divided into two phases, the first phase is deployed in the Coinan smart chain to facilitate future access to the EVM ecosystem for more development space; the second phase, the issuance of a native public chain based on In the second phase, we will release a native public chain based on LITE. We provide Staking rewards for LUSD stablecoin holders and use the stability of LUSD to generate a rapidly

scaling decentralized application network to create a stable demand for LUSD. In the future, through ecological fund support and cross-chain technology expansion, more DeFi project parties will use LUSD stablecoin to form a better on-chain ecological value cycle.

2 LITE

LITE is the price counterpart of the stablecoin LUSD, and simply put, the amount of LUSD that can be minted in a single LITE is directly determined by the Token's price.

LITE is issued on the Binance Smart Chain, with a total of 100 million units issued. 1 million LITE will be taken out after issuance and added to the initial liquidity pool, with a ratio of 1 million USDT:1 million LITE, and the remaining 99 million locked into the "Treasury" contract, which will be managed by Fist community members. LITE is used as the initial token of the LUSD protocol to mint the decentralized stablecoin-LUSD and to balance the price fluctuations of LUSD.

LITE minted LUSD stablecoin based on its own price. LITE uses a price minting mechanism that relies on algorithms to ensure flexibility's stablecoin is backed by LITE and users can only mint LUSD stablecoin if they pledge LITE.

Main Network	Binance Smart Chain
Affiliation	Decentralized Algorithmic

	Stablecoin
Token Name	LITE
Total number of issues	100 million
Number of locked positions	99 million
Rules	LITE price increase by 1 USDT, unlock one million

3 LUSD

LUSD is an algorithmic stable coin in the ecosystem with a constant price to USDT (US Dollar). LUSD is generated by pledging LITE minting and vice versa by pledging LUSD to redeem LITE. Since the price of LUSD is always constant and not influenced by any centralized institution, it can be used in various areas such as Meme, pledging, lending, cross-chain, payments, etc.

LUSD is only valuable to users if it maintains a constant price in relation to USDT. the LUSD protocol maintains the price of LUSD through the most efficient market force: supply and demand regulation. When the price of LUSD is high relative to USDT, when the market has too little supply and too much demand, the LUSD Protocol provides an incentive for users to pledge LITE and mint LUSD. An agreement that ensures that the supply and demand for LUSD

is always balanced and thus the price remains constant. In addition to supply and demand regulation, we also enable the LUSD PCV protocol to ensure price stability, which will be described in detail later.

4 Price anchoring of LUSD

1)

When the price of 1LUSD < 1USDT, the user can pledge 1LUSD to the system and get a LITE worth 1LUSD and sell the LITE for 1USDT; the LUSD circulation decreases, and the price gradually increases until it equals 1USDT.

2)

When the price of 1LUSD > 1USDT, the user can pledge a LITE worth 1LUSD to the system to obtain 1LUSD and sell it to the market; the supply of LUSD rises and the price gradually decreases until it equals 1USDT.

The LUSD adheres to the target USDT rate regardless of market conditions, and this, combined with the system's control over the amount of LUSD minted and consumed, ensures that the supply of LUSD is not too much or too little, keeping the market rate of LUSD closely tied to the USDT rate.

In addition to the users' own arbitrage to maintain price stability, the LUSD agreement will also control the price stability of LUSD in the form of PCV.

5 Minting and Redemption

With the union of LITE and FIST, the amount of LUSD that can be minted by LITE is directly determined by the FIST price.

Example: If the FIST is traded at 10 USDT, the user can cast the FIST into 10 LUSD through the system, in the process, the user pledges 1 FIST through the system, the contract initiates to buy the FIST into LITE, and finally the LITE is cast into 10 LUSD through the casting protocol. conversely, the pledged LUSD can also be redeemed for the corresponding value of LITE.

To prevent attacks from the chain, the following rules will be enabled in the casting and redemption contracts.

When a user casts LUSD, the number of LUSD cast in a single casting cannot exceed 0.5% of the flow cell depth, and the number of casts per hour cannot exceed 1% of the flow cell depth. The daily casting quantity cannot exceed 2% of the flow cell depth.

When a user makes a redemption of LITE, the amount of LUSD destroyed in a single transaction cannot exceed 0.5% of the depth of the liquid pool, the amount consumed per hour cannot exceed 1% of the depth of the liquid pool, and the amount redeemed per day cannot exceed 2% of the depth of the liquid pool.

6 Transactions

No fees for LITE transfers, while the stablecoin LUSD charges a 0.3% fee for each transfer, up to a maximum of 1 LUSD for a single transfer, and all fees collected will be rewarded to users who pledge LUSD. As the LUSD ecosystem expands, many communities will participate in the use and circulation of LUSD, and the pledged revenue of LUSD will continue to increase.

7 Staking LUSD

Staking has been one of the life-changing features of decentralized finance (DeFi) and is one of the drivers of the LUSD protocol to increase TLV.

In the LUSD agreement, any user can Staking (pledge) LUSD to gain income in LUSD. pledges are divided into demand and fixed-term, with fixed-term pledges divided into three tiers of 30, 60 and 90 days, and fixed-term returns will be much higher than demand returns. The higher the individual Staking percentage, the higher the return will be. The overall Staking reward increases with the number of LUSD transactions, and the number of transactions. The rewards are derived from transferees and activity rewards.

The handling fee will be 1,000,000USD * 0.3% = 3000USD, which will be distributed in proportion to the Staking of different users and awarded directly to all users participating in the pledge. Regular users will additionally receive an activity bonus from the Treasury contract in addition to the fee bonus.

Subject of Stake	LUSD
Release cycle	24 hours.
Award cycle	24 hours.
callable income	Transfer fees
periodic benefit	Transfer fees, event rewards

The specific information is as follows.

When LUSD is cross-chain enabled, users can cross-chain LUSD to other public chains, and the LUSD pledged past the cross-chain will only enjoy the transaction fee share of the target chain. For example, if you cross-chain LUSD from Binance Smart Chain to Ether and pledge it, only the LUSD transaction fees in the main network of Ether will be shared.

8 Marketing

The LUSD protocol has a unique invitation reward mechanism to attract more users to LUSD, and in the LUSD marketing session, users can choose to invite others to bind their wallet address to form an invitation relationship. If you invite a friend to participate in LUSD, you will receive 10% of your friend's staked earnings as a reward (this part comes from the treasury reward, and your friend's earnings are not affected), and the maximum invitation earnings are calculated for two generations of friends. To prevent bots from swiping the

value of LUSD, in the invite system we will enable the following rule: if the number of stakes of a user is lower than the number of stakes of his invited friends, the percentage of invite reward for that user will be reduced.

9 Ecological incentives

The first phase of LITE's development plan is to promote its own growth by helping developers get top-notch support while providing a smooth user experience for users. The ecological incentives in the treasury contract will drive this process forward.

For every 1 USDT increase in the LITE price, the Treasury contract will unlock 1 million LITEs, and the unlocked portion, excluding the 10% team bonus, will be distributed in the following proportions: 40% for pledge bonus, 30% for ecological support, and 20% for private share.

We'll be opening ecological support funds to the community and keeping a close eye on DeFi teams that are actively innovating and reinventing the way people interact with money.

10 Competitive advantages

10.1 A more rational allocation of tokens

The LITE system has a higher percentage of pledge incentives and ecological allocations. For every USDT price increase, 1 million LITEs are unlocked, 90% belongs to the community and the team share is only 10%.

10.2 Advantages of LUSD

In the long run, centralized stablecoins have their obvious drawbacks. For example, Venus, a centralized lending protocol on BSC, has seen teams committing evil and supervising theft leading to the serial liquidation of $XVS. Even if the team is not actively evil, centralization poses a security risk, and Compound's prophecy machine has had feeding accidents leading to biased DAI prices. Therefore, it is more reliable to ensure the stability of stable coin prices in perpetuity through decentralized means.

$LUSD will be the next successful decentralized stablecoin protocol after $UST.

In the LUSD ecosystem, LITE is able to mint LUSD by minting it 1 to 1 with USDT value and therefore more efficient funding. In addition, when the LITE public chain is built, it can tell a bigger story, have a bigger valuation space, and also create more scenarios to carry more volume of LUSD.

11.3 Marketing advantages

1)

LITE has a low initial market cap and good growth potential. Combined with strong investor strength and growing market demand, the growth potential of LITE is fully anticipated.

2)

LITE has an original price unlocking mechanism, only when the price keeps rising, 99% of the locked position will be gradually unlocked and flow into the market.

3)

LUSD has an original marketing promotion mechanism that drives viral marketing. The marketing promotion mechanism will also generate more revenue opportunities for users.

11 LUSD PCV

PCV: Protocol Controlled Value, Protocol Controlled Asset Value. It means that the value of the stable coin LUSD is controlled through smart contracts to maintain the liquidity of the secondary market.

PCV is an asset that is fully owned and controlled by the protocol,

and all assets are operated only through smart contracts. Instead of the previously widespread Total Value Locked (TVL), the LUSD protocol was created to provide liquidity to LUSD/USDT on a decentralized trading platform using PCV-controlled assets.

PCV is one of the more important concepts in the LUSD protocol, and one of the most obvious use cases for PCV is to allow the LUSD protocol to be a liquidity provider (LP) for automated market makers (AMMs) such as various types of SWAPs. With sufficient trading volume, the protocol would essentially control the exchange rate of the trading pair. It can use its PCV to act as a

counterparty to the market to rebalance prices and can lock in or burn excess tokens.

Suppose there is a decentralized liquidity pool of LUSD/USDT with a liquidity depth of 1100LUSD and 1000USDT (USD). Where the LUSD protocol has 90% liquidity, i.e. 990 LUSD and 900 USDT. the amount of LUSD is greater than USDT, so the current value of LUSD is less than 1 USDT, then the LUSD protocol will be regulated by smart contracts, in the form of PCV:

1. recover all liquidity, i.e. 990 LUSD and 900 USDT. at this point, the remaining liquidity in the pool is 110 LUSD and 100 USDT.

2. add 5USDT to the pool and lock 5LUSD at the same time, at this point the remaining liquidity in the pool is 105LUSD: 105USDT.

3. Then supply 895LUSD and 895USDT at a ratio of 1:1, at which point the remaining liquidity is 1000LUSD:1000USDT.

Simply understood, PCV is in the form of a smart contract that stabilizes the price of LUSD equal to $1. As shown in the example above, when LUSD is unanchored in the form of inflationary devaluation, then PCV spends 5 USDT to inject into the liquidity pool and locks 5 LUSD, ultimately keeping the value of LUSD to USDT at 1:1.

12 Native public chains

When the ecosystem has a certain foundation, we will develop a native EVM public chain based on LITE and enable the DPos. LITE will serve as the mainnet coin of the native public chain.

The native public chain will protect the network through a verifier. The verifier runs a full node and participates in the consensus process by broadcasting transactions. Validators submit new blocks in the blockchain for revenue. Validators also participate in the governance of the entire system by voting on governance proposals. The voting weight of the validators is determined by the amount of their LUSD lock, and only the top 21 nodes in terms of Staking count can become validators. Validator earnings will come from LUSD transfer fees, miner fees and treasury activity rewards.

When the public chain ecosystem is stable, it will also open the global cross-border capital flow sector.

The duties of the certifier include:

1. Continuously running the correct version of the software: the verifier needs to ensure that the server is always online and that the private key has not been compromised.

2. Active participation in price discovery and stabilization: validators are also encouraged to engage in arbitrage swaps and pledging of LUSD to stabilize the price of the LUSD stablecoin.

3. Make more positive feedback to the community: including promoting the launch of various types of proposal governance and monitoring proposal executors to maintain the long-term stable development of the public chain.