b0x

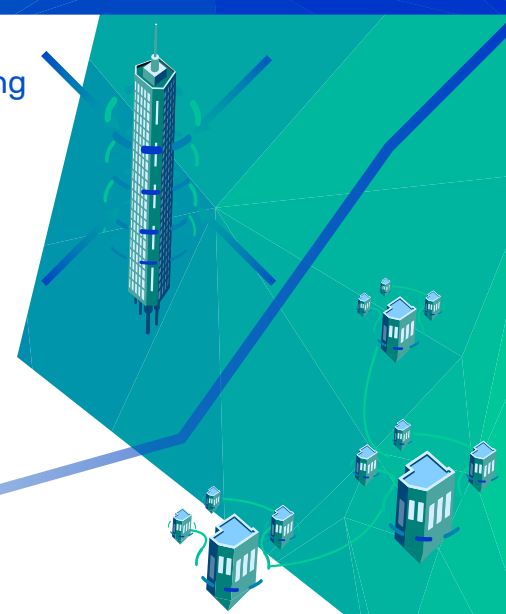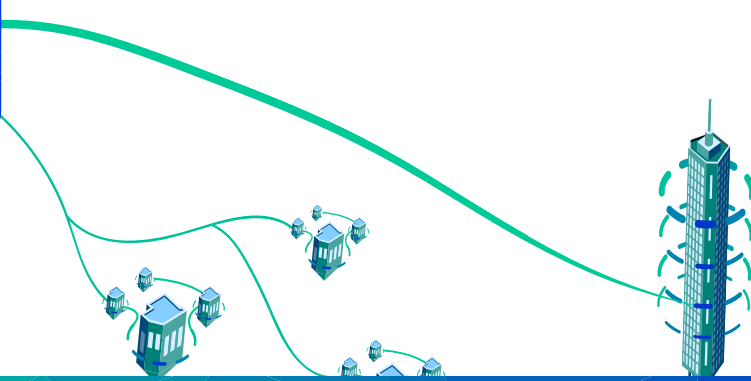**Margin. Decentralized.**

Litepaper

The Problem:

Traders and lenders, two core components of the emerging decentralized asset ecosystem, currently must choose between decentralized exchanges with limited functionality and centralized exchanges with limited control. Both parties suffer from this trade-off between security and features: lenders forgo lucrative interest because they cannot provide funds for margin trading on decentralized exchanges, and traders using decentralized exchanges cannot access the power of leverage or shorting because their exchange does not facilitate margin trading. As the number of lenders, traders, and decentralized exchanges grow, the demand for a solution that can enhance decentralized exchanges with margin trading will continue to increase.

The Solution:

bZx is a decentralized protocol that enables lending and borrowing for margin trading. The protocol can be easily integrated into new and existing exchanges, or accessed simply through the native bZx portal.

The Benefit:

The bZx protocol benefits lenders, traders, and decentralized exchanges. Lenders will be able to loan their tokens for lucrative interest without risking moving their assets onto centralized exchanges that can be compromised. Likewise, traders are able to margin trade without moving their assets onto centralized exchanges that can be compromised. Finally, decentralized exchanges benefit from increased volume, better feature provision, and trading fees.

Use Cases:

Angie, an ETH holder, wants to capitalize on her holdings by lending them to a margin trader, but she does not want to move her ether onto a centralized exchange that could be hacked. Using the bZx portal or an integrated relay, she issues a peer to peer loan straight from her wallet. She can feel safe in the knowledge that her ETH is secured by smart contracts, never having to worry about losing money on a loan.

FILTER: LOW INTEREST

EXCHANGE

EXCHANGE

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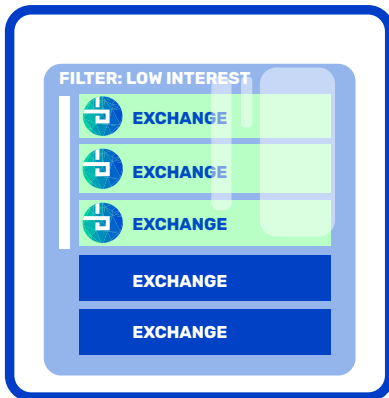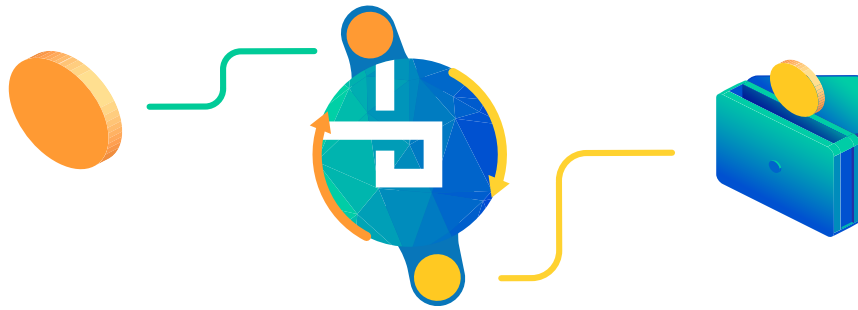
EXCHANGE

EXCHANGE

Delsos, a Trader, wants to open a long position with additional leverage on an ERC20 token. Delsos looks for the exchange with the lowest interest rate, minimizing the cost of utilizing leverage. Eventually, Delsos settles on a decentralized exchange integrated with the bZx protocol; interest rates are almost always lower for non-custodial margin loans because lenders don't have to be compensated for the risk of the exchange being hacked.

A decentralized exchange wants to increase trading volume and liquidity. They integrate the bZx protocol into the DEX, allowing market makers to hedge risk while providing order book liquidity.
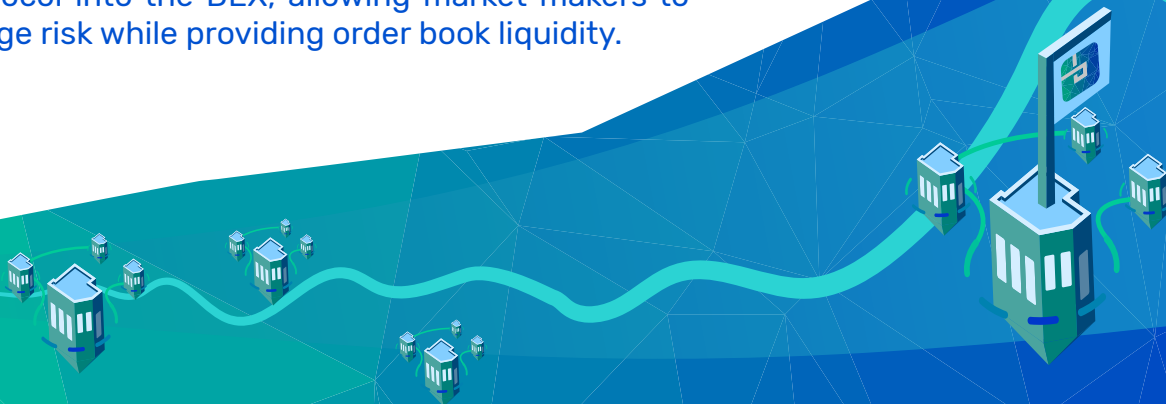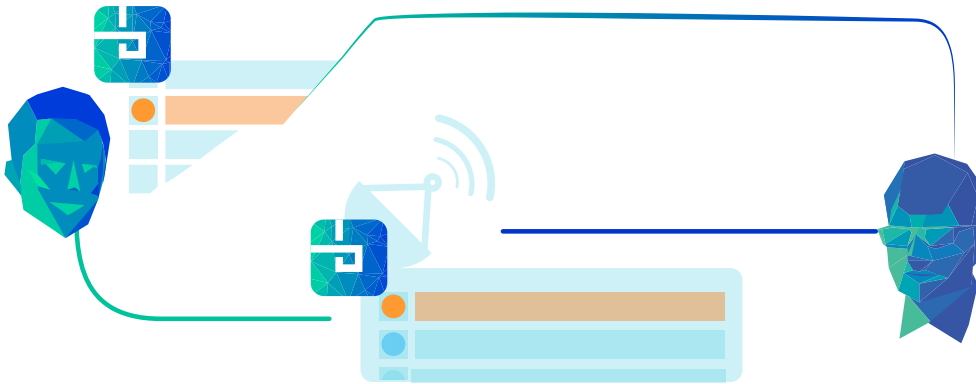
How to Use:

Setup:

Visit the "Balances" section of the Portal dApp and approve the tokens you will be borrowing or lending.

Usage:

Peer to Peer (Portal dApp)

• Maker creates an order object using the bZx portal
• Maker broadcasts order via arbitrary medium (text, email, morse code, etc.)
• Taker receives order
• Taker fills the order using the Portal dApp

Broadcast Orders (Relays)

• Maker creates order using an integrated relay.
• Maker submits order to the relay.
• Relay adds the order to its orderbook.
• Taker takes the order using the integrated relay.

The Token:

• All margin trading fees to relays must be paid in BZRX protocol token
• The BZRX token is used to facilitate governance of the bZx protocol

The token model is a combination of Medium of Exchange and Governance.
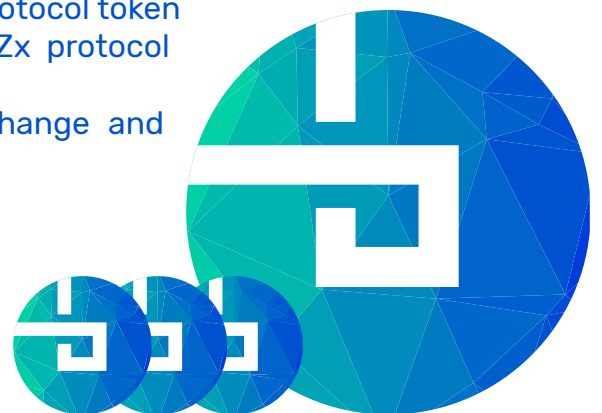
How it Works:

The bZx protocol uses an escrow contract and an oracle to provide margin lending.

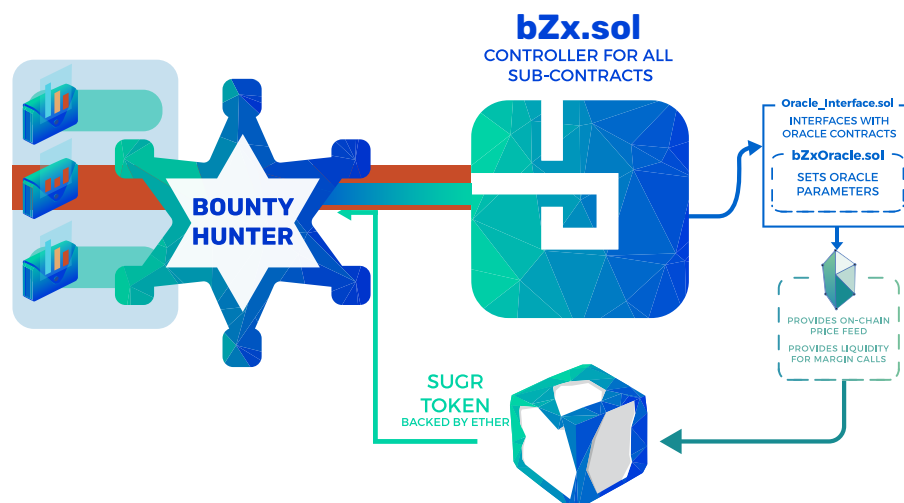There are two main layers: the Protocol and the Oracle.

Protocol Layer

- The order object that makers create and takers present to the bZx contract

- The escrow contract holding the funds of lenders

- The smart contract logic for disbursement of interest

Oracle Layer

- On-chain DEXs to provide price feeds and on-chain liquidity

- Off-chain bounty hunters to monitor the solvency of margin accounts

- A gatekeeper that uses the DEX price feeds to allow only honest and accurate bounty hunters to initiate liquidations.

- A guarantee fund that pays out in the rare circumstance that a lender may lose money

bZx.sol
CONTROLLER FOR ALL
SUB-CONTRACTS

BOUNTY HUNTER

Oracle_Interface.sol
INTERFACES WITH
ORACLE CONTRACTS

bZxOracle.sol
SETS ORACLE
PARAMETERS

PROVIDES ON-CHAIN
PRICE FEED

PROVIDES LIQUIDITY
FOR MARGIN CALLS

**SUGR
TOKEN**
BACKED BY ETHER

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bZx.network   t.me/b0xnet   @b0xNet