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**Community Staking and Liquidity Mining
Platform**



Whitepaper1.0

The DeFi Landscape



As we continue to watch the growth of exciting new financial primitives, we're beginning to witness an ever-growing trend of users being able to share in the upside of a protocol's growth. Whether it's something as simple as lending cryptocurrencies on Compound to something more complex like participating in liquidation auctions on Maker, it's evident that DeFi is unlocking a suite of new and exciting passive income opportunities in **yield farming and non-custodial staking**.

The Opportunity

Become trend setter for community staking and liquidity mining platform.

Personal & community tokens are heating up

The main takeaway for those newer tokens is that small market caps can drive a quick bull run if you have a community willing to support you. It is one of the best way to gather interest around your community: making your early fans instant returns incentivizes them to become your best supporters.

We saw the launch of JAMM – a personal token by Brian Flynn that aims to offer exclusive benefits to his newsletter subscribers along with JAMM merch and early product access.

Before that, a group called KarmaDAO launched a token – KARMA – which requires users to hold 200 tokens to enter the chat group and gain access to private meetings with early-stage projects showcasing their development. This notion of token-permissioned chat groups then made its way to DeFi with the launch of the DeFi Nation Signal DAO and their DSD token

If the trend wasn't clear enough, personal & community tokens are here to stay and we've only just scratched the surface of what's possible in the coming time.

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What is Cryptochrome?

Cryptochrome is ultimate community staking and liquidity mining platform.

A place to build crypto passive income.

Non-custodial.

Cryptochrome allows you to earn high yield rewards on your crypto by staking and Liquidity providing.

How it works?

Just as with other liquidity mining programs, participants simply need to provide liquidity to this CHM/ETH Uniswap V2 pool. Given the early nature of this experiment, LPs will need to remain in the pool for the entirety of the month period to be eligible for rewards.

\$CHM tokens from the ecosystem fund to those who provide liquidity on Uniswap V2. The more liquidity you provide, and for longer, the greater share of the CHM pool you receive.

CHM/ETH is main liquidity pool for ecosystem. Much more tokens and digital assets to come to the platform with their pair and rewards for community. (E.g. ABC/CHM,)

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There are currently two types of decentralized exchanges on Ethereum:

1. Order book peer-to-peer exchanges (e.g. 0x exchanges like Radar Relay)
2. Liquidity pool exchanges (e.g. Kyber, Uniswap, and Bancor)

Order book exchanges rely on a bid/ask system to fulfill trades. When traders place a buy or sell order at their chosen price for a token, the exchange's matching engine only executes the trade once an opposite order at that price is available. Traders who place (limit) orders on the order book are called market makers and traders who execute their orders against orders already on the order book are called takers. A token's price is therefore determined by the traders who choose at what price level to place orders.

This system works fairly well when there are enough buyers and sellers in the market, but there are a few unavoidable issues: tokens that lack liquidity due to low volume or interest not only become difficult to buy and sell but are also susceptible to unpredictable price swings caused by large individual transactions. Consequently, tokens that are characterized by high price volatility and inefficient conversions are unlikely to be adopted.

Liquidity pools directly address this problem by removing the dependence of tokens on trade volume and ensuring constant liquidity. Compared to the traditional order book model, liquidity pools have four main advantages:

1. Guaranteed liquidity at every price level

Behind the scenes, the "liquidity pool" is just an automated market maker in the form of a smart contract that automatically matches traders' buy and sell orders based on predefined parameters. Traders do not need to be matched directly with other traders, so as long as investors have deposited assets into the pool, liquidity is constant

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(although trades that are large relative to the available liquidity can still incur significant slippage).

2. Automated pricing enables passive market making

On order book exchanges, market makers need to constantly adjust their bids and asks as asset prices move. Unsurprisingly, market makers tend to be professionals who have the time and expertise to actively manage their market-making strategies.

Liquidity pools don't need to aggregate information across exchanges to determine the price of assets. Liquidity providers simply deposit their assets into the pool and the smart contract takes care of the pricing.

3. Anyone can become a liquidity provider and earn

Liquidity pools require no listing fees, KYC, or other barriers characteristic of centralized exchanges. Anyone can invest in an existing liquidity pool or create a new exchange pair for any token, at any time.

When an investor wants to supply liquidity into a pool, they deposit the equivalent value of both assets. Supplying \$100 of liquidity into an ETH/DAI pool requires a deposit of \$100 worth of ETH and \$100 DAI, so \$200 in total. In return, the investor receives liquidity pool tokens which represent their proportional share of the pool and allows them to withdraw that share at any time.

When someone places a trade, trading fees are deducted from the asset that the trader sends to the exchange contract and added to the liquidity pool after the trade. For example, Uniswap charges a 0.3% trade fee. If your \$100 ETH/DAI contribution makes up 0.007% of the pool, you'll get 0.007% of that 0.3% trading fee.

4. Lower gas fees

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Decentralized exchanges like Uniswap have a minimalist smart contract design that reduces gas costs. Efficient price calculations and fee distributions within the pool means less friction between transactions.

For example, most smart contracts can only send traded funds back to the same wallet. Uniswap enables traders to exchange assets and send them to another wallet in a single transaction.

A closer look at asset-pricing

Liquidity pools are designed to perform trades and maintain pricing according to a constant product formula that ensures the value of each reserve stays constant even as the ratios of the assets change. Buy transactions increase the price of the bought asset relative to the sold asset (since the bought asset's ratio of the pool decreases) and sell transactions decrease the price of the sold asset (since its ratio in the pool increases).

Liquidity pool exchanges: Uniswap

Uniswap is a decentralized ETH and ERC-20 token exchange that charges a 0.3% trading fee on all its pools. Direct token-token pools are not yet supported, so token-token trades occur in two separate steps: first, a sell transaction of the sold token for ETH, followed by an ETH sell transaction to buy the second token.

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Returns

Liquidity pool returns depend on three factors:

- 1) Asset prices when supplied and withdrawn,
- 2) Liquidity pool size, and
- 3) Trading volumes.

It's very important to note that as trading activity can change the price and quantity of assets in the pool, investors will likely end up withdrawing a different ratio of assets compared to what they first deposited. This is where the movement of the market can either work for or against you. Since you're required to supply an equivalent value of the two assets in the pool, large price changes between the time of supply and withdrawal in either asset can result in losses compared to simply holding each asset individually in a 50/50 portfolio (referred to as "impermanent loss" in some sources). Therefore, the realized returns that investors earn also depend on price and pool ratio changes in addition to earned trading fees.

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User Flow

The basic liquidity mining flow is:

1. Deposit ETH and CHM into Uniswap V2
2. Receive UNI-V2 LP Tokens
3. Stake those UNI-V2 LP Tokens in any Wallet

That's it! Once you've provided liquidity, you can check your current stake and reward amounts using the Uniswap V2 and Cryptochrome interface. You can add more staked liquidity whenever you want and there is no minimum lockup period. You receive your share of the liquidity pool on period and amount of stake monthly. You stake or unstack any time.

With the advent of a DeFi market, pools are getting more competitive from an interest rate perspective, Making sure \$CHM holders get rightly compensated seemed both fair and strategic for the long term health community token.

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The CHM Token

CHM is ERC20 Token for Cryptochrome ecosystem staking,
Liquidity mining rewards and community utility.

600 M Total CHM Token supply for Cryptochrome ecosystem.

Token Economics

Allocation (%)	Particulars
15	Private Sale
16.7	Public Liquidity Pool (Core Pool CHM/ETH)
16.7	Liquidity Mining Reward (Core Pool CHM/ETH)
2	Bounty Program
5	Marketing and Operations
10	Team Lockup
34.6	Staking and liquidity Rewards
100	

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Road Map

Q2 -2020.

Community Research and project idea evaluation,
Implementation planning.

Q3-2020.

Product development and DeFi liquidity pool creation.

Q4-2020.

More Exchange and community and LP approach on board.
Bring more utility to token in community and market.

Q1-2021.

Fully DeFi ecosystem for liquidity mining and staking Digital assets.

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