



FUSD Technical Whitepaper

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SUMMARY

This lite paper provides a comprehensive overview of the FUSD Protocol, its vision, objectives, and benefits to various stakeholders within the decentralized finance ecosystem. For more detailed information and technical specifications, please refer to our comprehensive documentation and engage with our community channels.

1. Introduction

Welcome to the FUSD Protocol Technical White Paper. In this document, we introduce FUSD, a unique stablecoin developed by CMC group, a leading Web3 company. FUSD aims to address the inefficiencies and limitations present in traditional stablecoins and decentralised finance (DeFi) ecosystems by leveraging innovative tokenomics and advanced technology.

2. Problem Statement

Traditional stablecoins often face challenges such as centralization, lack of transparency, and susceptibility to volatility. Moreover, existing DeFi ecosystems may suffer from liquidity issues, price fluctuations, and governance concerns. These challenges hinder the widespread adoption and effectiveness of stablecoins and DeFi platforms, limiting their potential to revolutionise global finance.

3. Vision and Mission

At The CMC Group, our vision is to create a decentralised financial ecosystem that is accessible, transparent, and sustainable. Our mission is to empower individuals worldwide by providing them with reliable and innovative financial tools and services. We believe that by leveraging blockchain technology and decentralised governance, we can democratise access to finance and foster economic empowerment for all.

4. Overview of the FUSD Protocol

FUSD is an appreciating stablecoin developed on the Binance blockchain with the intention to launch across chains, backed by USDC and powered by smart contracts. Unlike traditional stablecoins, FUSD implements a unique pricing mechanism and tax fee system to ensure stability and incentivize participation. The FUSD protocol as a whole is powered by a combination of cleverly designed smart contracts featuring a unique in built pricing and taxation mechanism and also CMC's private automated arbitrage system to further maintain FUSD pegging on decentralized exchanges by taking effective advantage of changing market conditions within diverse FUSD pools.

FUSD's unique architecture allows users to mint new FUSD tokens using either native tokens (such as BNB) or its underlying token (USDC) as collateral. When a native token is used, the FUSD contract executes a swap via its decentralised exchange interface, converting the deposited asset to its underlying asset at the

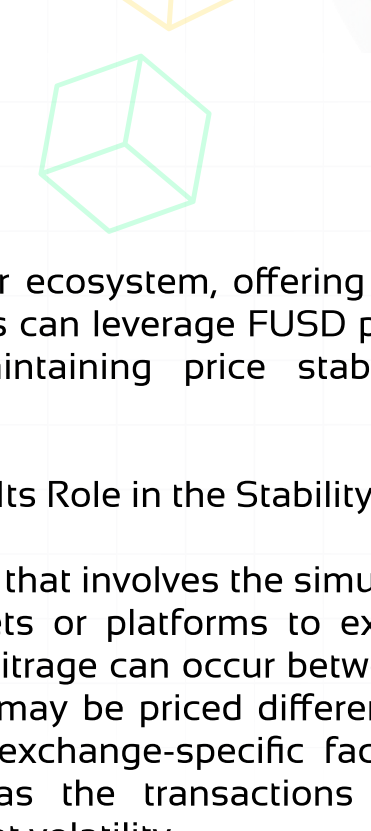
prevailing conversion rate. Subsequently, an equivalent amount of FUSD tokens is minted and sent to the user's specified contract or wallet address. Users can also directly mint FUSD by providing an equivalent amount of the underlying collateral (USDC) to the FUSD contract.

FUSD maintains a 1:1 collateralization rate with its underlying asset (USDC) and imposes a 2.5% transaction tax. Half of this tax fee is retained in the FUSD contract and added to the collateral, thereby increasing the claim value of each holder's holdings. This mechanism ensures that the value of FUSD tokens does not fall below a specified threshold by deploying the accumulated tax fees to consistently support the token's value, thus creating a perceived constant upward price pressure. This upward pressure, in turn, generates ongoing arbitrage opportunities in the market.

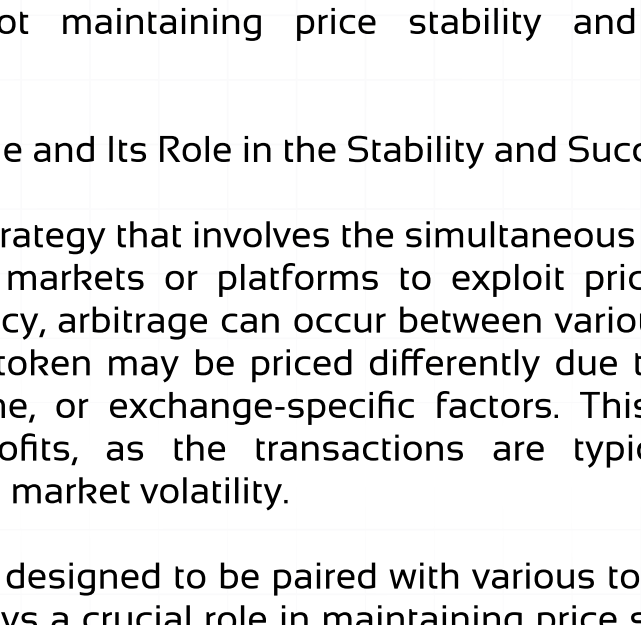
5. Tokenomics

FUSD operates on a comprehensive tokenomics model that governs its minting, burning, and distribution processes. The protocol uses USDC as a backing asset and imposes a 2.5% tax fee on both minting and burning transactions. Half of these fees are allocated to increasing the backing for FUSD, while the other half is directed to the development wallet. This design rewards long-term holders similarly to traditional staking and yield farming protocols. However, unlike these traditional methods, FUSD's holder claims can only increase, as the claims are embedded within the contract itself, eliminating the need for traditional liquidity pools that are susceptible to price volatility.

[Additional Information: Pie chart depicting detailed breakdown of the tax fee distribution]



[Additional Information: Graph diagrams depicting impact of transaction tax accumulation of holder claimable USDC]



6. Stakeholder Benefits

FUSD offers numerous benefits to various stakeholders within the ecosystem:

6.1. Speculators and Traders: Profit from guaranteed spreads between FUSD pairs on decentralised exchanges, leveraging arbitrage opportunities facilitated by the protocol.

6.2. Farmers: Benefit from high-yield staking pools associated with FUSD, earning rewards while contributing to network security and stability.

6.3. FUSD Long term Holders: Experience constant increasing value of holders claim of the backing asset proportional to transaction volume.

Understanding Arbitrage and Its Role in the Stability and Success of FUSD

Arbitrage is a trading strategy that involves the simultaneous purchase and sale of an asset across different markets or platforms to exploit price discrepancies. In the context of cryptocurrency, arbitrage can occur between various exchanges or trading pairs where the same token may be priced differently due to differences in market liquidity, trading volume, or exchange-specific factors. This strategy is a low-risk means of earning profits, as the transactions are typically executed quickly, minimising exposure to market volatility.

For FUSD, a stablecoin designed to be paired with various tokens on a decentralised exchange, arbitrage plays a crucial role in maintaining price stability and liquidity. An in-house arbitrage bot has been developed to monitor and exploit price differences between FUSD and other paired tokens across the exchange.

The key benefits of this mechanism include:

1. Price Stability: By continually arbitraging price differences, the bot helps to align the prices of FUSD pairs across different trading pairs and platforms. This activity reduces price volatility, ensuring that the value of FUSD remains stable relative to its underlying assets and other paired tokens.

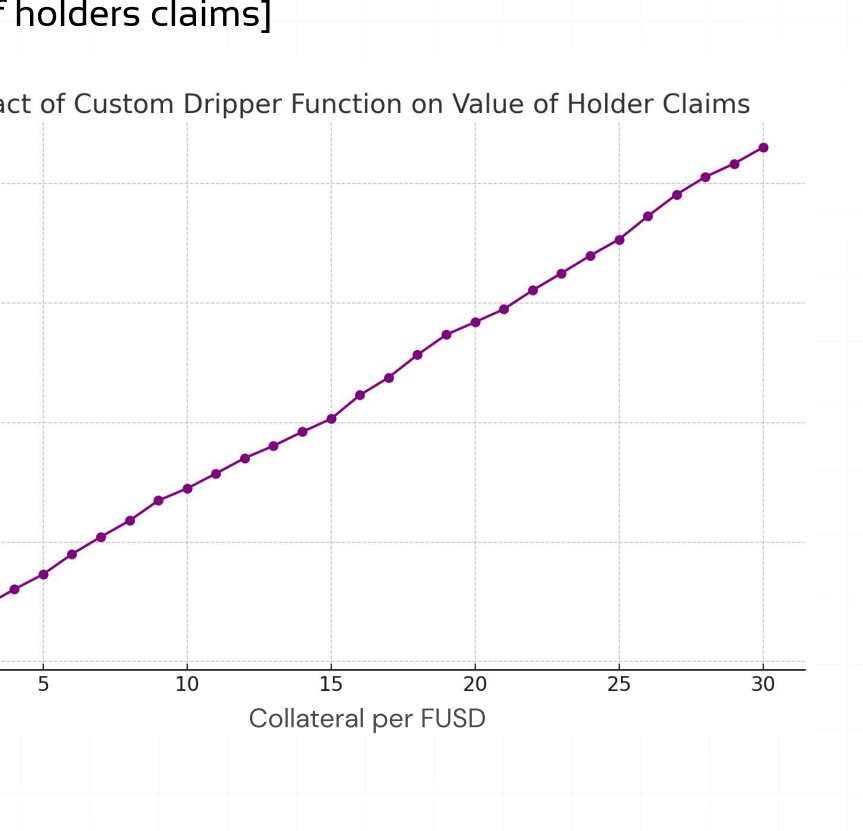
2. Market Efficiency: Arbitrage contributes to more efficient markets by quickly correcting price discrepancies. This efficiency not only benefits traders but also enhances the overall integrity of the market, as prices more accurately reflect the fair value of assets.

3. Liquidity Enhancement: The arbitrage bot also indirectly increases liquidity in the market. By engaging in frequent trades, the bot ensures that there is consistent buying and selling activity, making it easier for users to trade FUSD without experiencing significant slippage.

4. Revenue Generation: The profits generated from arbitrage activities significantly contribute to the financial health of the FUSD ecosystem. These profits are reinvested into the FUSD project, with half of the proceeds directed towards supporting the token's collateralization through the custom dripper mechanism. The remaining half is allocated to development and community initiatives, thereby promoting long-term growth and sustainability.

In summary, the in-house arbitrage bot is an essential component of the FUSD ecosystem, providing stability, enhancing market efficiency, and contributing to the token's overall success. This strategy not only ensures the token's value remains consistent but also builds trust and confidence among users and investors in the FUSD stablecoin.

[Additional Information: pie chart depicting the sharing ratios of the arbitrage bot proceeds]



8. Custom Dripper Function

In alignment with the FUSD growth initiative, we have introduced a slow dripper function. This mechanism allows half of the proceeds from our in-house arbitrage activities to be gradually allocated to the FUSD contract every hour. Consequently, this leads to consistent price appreciation even during periods of low trading volume. Each \$1 injected directly into the FUSD contract exerts an equivalent price impact to that of a \$50 purchase on the charts, thereby ensuring continuous daily growth.

[Additional Information: Graph diagram depicting the impact of the dripper function on the value of holders claims]



9. Farmer Ecosystem

Farmers within the FUSD ecosystem benefit from high-yield APR for purchasing and holding the Crypto Marketing Company Coin (\$CMCC). This qualifies the user for both weekly and monthly rewards paid out in FUSD from the accumulated transaction fees for the designated accounting period. This unique farming mechanism gives the user added convenience as they do not have to learn complex user interfaces or manually claim their investment rewards within our ecosystem.

10. Roadmap

The FUSD Protocol roadmap outlines our key milestones, development timeline, and objectives. We are committed to continuous innovation and growth, with a focus on enhancing the protocol's functionality, scalability, and security.

The FUSD roadmap can be found on our website as soon as it is live at www.fusdcrypto.finance or www.fusdcrypto.com

11. Conclusion

In conclusion, the FUSD Protocol represents a significant step forward in the evolution of decentralised finance. By providing a stable, transparent, and sustainable financial infrastructure, we aim to empower individuals worldwide and revolutionise global finance. Join us on this journey towards a more inclusive and equitable financial future.

