OIN Finance

White Paper

The Premier Stablecoin & Leveraging Platform

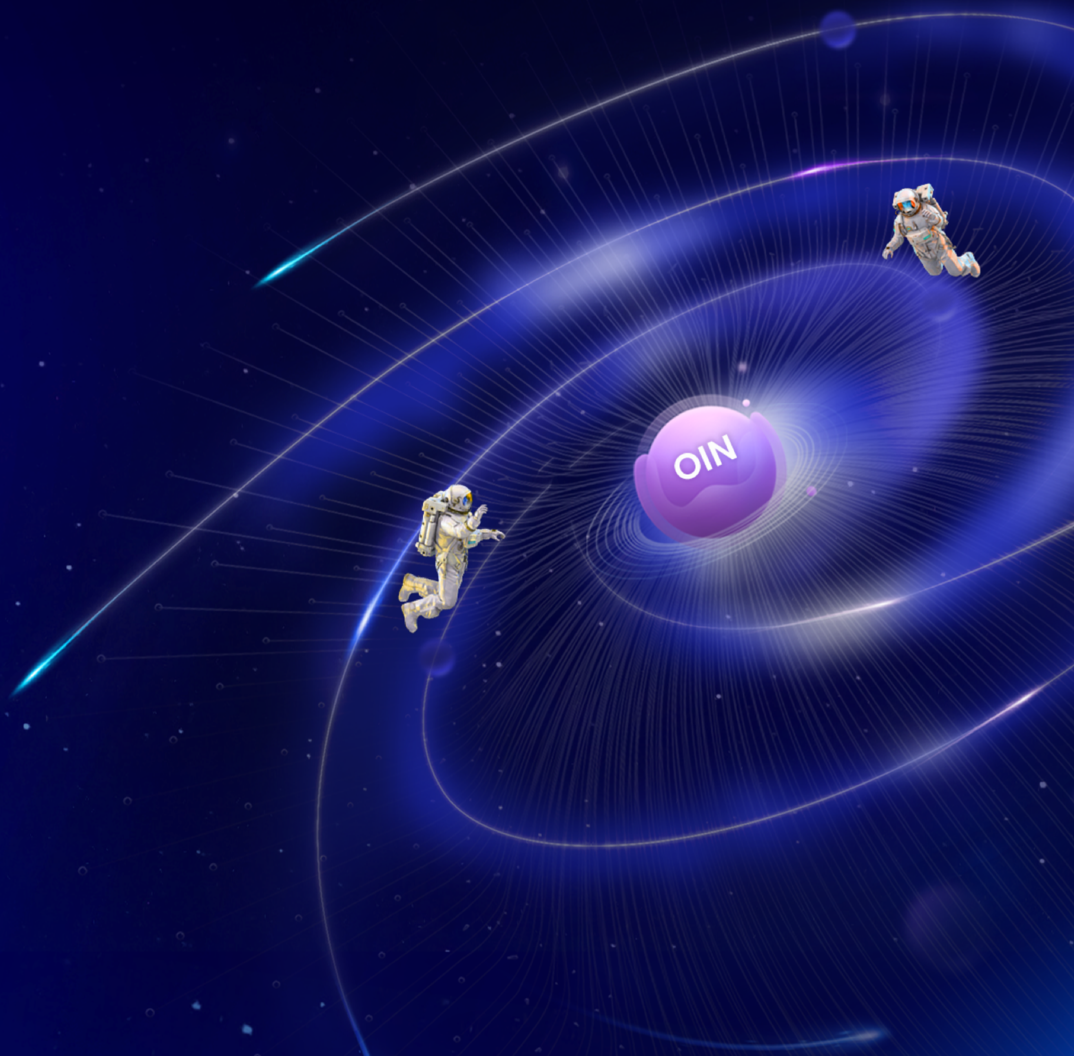

Table of Contents

INTRODUCTION

Executive Summary

With blockchain technology finding more applications and use cases, more and more fields are joining the fray with exciting propositions. The DeFi space (Decentralized Finance), has seen its recent boom, becoming a $5 billion industry. The cumulative value of tokens locked in DeFi applications has surpassed a milestone of $1 billion. The blockchain industry is now more than ever legitimatized by the DeFi players, garnering attention from the average retail investor, to prominent institutional investors.

The quickly growing DeFi industry has outpaced the development of blockchain technology and is now thriving in more use cases than ever. The world is now much more welcoming to the blockchain and crypto industry, and the services provided by these companies are now finally hitting their stride in providing the backbone, the infrastructure of what makes a fully developed market. In this end, there is an endless number of possibilities in how specific functions or process can be applied to the industry as a whole.

OIN is here to provide the toolsets that will allow the old and new projects, small and large, to all have an easy, near-instant access to DeFi functionality. By providing such a service, the industry itself can grow to encompass not just a small section of the crypto space, but the whole market itself. Empowering the projects that do not have direct access to these functions, such as stablecoin minting, leveraging, and other DeFi mechanisms, provide a path for not just OIN to grow, but to allow the DeFi space to encompass more than just the "DeFi projects," and to be a standard set of available mechanisms for blockchain itself.

At OIN, our mission is simple: becoming the gateway into DeFi, promote the space, and help grow it to maturity.

Mission

Become the gateway into DeFi
Promote the DeFi industry
Help grow it to maturity

Our three-pronged mission is simple in thought, and ambitious in nature. Our starting point and the current status of the industry gives us a great opportunity in which we can help the unbanked access a more inclusive financial system through technologies such as Digital IDs. By fleshing out our ideas and establishing an ergonomic, comprehensive DeFi platform starting with our own stablecoin minting platform, we will grow with the industry, along with our users. We are excited for what's to come, and we hope you are too.

Overview

OIN aims at providing DeFi functionality to all crypto projects, large and small. Currently the main and live product, the OINDAO, allows projects that join to create their own collateralization pool to mint their own brand labelled stablecoins.

OIN is a decentralized stablecoin issuance and trading platform in its current form. While MakerDao allows only mainstream assets to be used as collateral to issue DAI, OINDAO allows projects, large or small, to issue their own brand labelled synthetic assets that are collateralized by their own tokens. Starting with Ethereum, and gradually expanding to other popular ecosystems such as Polkadot, Avalanche, and Near, OIN is on track to become a one-stop shop for cross-chain stablecoin issuance, trading, and implementation. With planned off ramps and use cases such as swapping for other mainstream stablecoins, adding leverage, hedging, lending, and a plethora of ecosystem-specific utility, the possibilities are endless.

Background

Ethereum famously pioneered the smart contract and created a programmable Turing-Complete architecture for developers to easily create DApps. It enabled a variety of applications previously impossible, which gave rise to its current status as the second biggest platform, and has birthed a wave of new business models into the world.

DeFi, the most valuable blockchain application with the most potential, is able to address many of the pain points of traditional finance. For example, the current state of banking, cultural trends, and current events has shown a great distrust in the traditional banking industry by the public. This is exemplified by the client satisfaction numbers of credit unions. Credit unions are a cooperative banking entity that provides services comparable to the larger traditional banks, owned and ran by its members and clients. This can be viewed as a watered-down traditional example of a decentralized entity. Credit unions are largely seen as more trust-worthy, with greater client satisfaction as compared to their larger, more centralized counterparts, the banks.

DeFi, in order to solve this pain point, has started out on the Ethereum network like many other industries in blockchain. Nearly all of DeFi's smart contracts are currently running on Ethereum, compounding on its own problem with the already congested ETH network and is now becoming too centralized in one blockchain, with services limited to one space. We are extending the reach of DeFi, and will unlock the rest of the crypto space. By empowering projects with an easy-to-use DeFi solution that is more than just a simple DEX or liquidity pool, we are bringing us one step closer to the foundational infrastructure that the industry needs to truly flourish.

OIN PRODUCT OFFERINGS

OINDAO

Why the market needs own brand labelled, collateralized stablecoins?

1. Create an ecosystem that is catered to your specific needs, while having easy access and control over the assets allows for a smooth integration that is conducive to the project's growth.
2. A staking tool to increase TVL with more utility and cultivate a healthy token economy. Unlike the staking services provided by centralized exchanges, or highly centralized wallets, OINDAO gives near complete control of and the tracking of the staking pool's parameters, along with several other features such as token swaps, through an ergonomic and secure backend management portal.
3. Potential Usecases
   - Managing volatility risk. With the benefits of a stablecoin, such as a stable and secure method of payment, a project is also able to circumvent problems such as volatile pricing for payment, while increasing demand as well as brand identity for the community.
   - Borrowing / adding leverage. give your community an extra incentive to hold your tokens through our new stablecoin minting mechanism! Users can leverage their existing assets by staking their favorite token onto OINDAO to mint their stablecoins, which they can in turn use to purchase more assets.

Why OIN?

- As little as 2 weeks to list and mint your ERC20 stablecoins once the Parameters (e.g. collateralization rate, etc., detailed below) are decided by the listing project
- Save time for your development team. OIN's smart contracts, in this case the OINStake has been audited and are trusted by a lot of our credible partners such as Avalanche, Dash and Matic.
- Tech support to set up key risk parameters for the smart contracts
- Tech support to help your own branded stablecoin to swap with mainstream stablecoins on Curve and Balancer to unlock the liquidity of your asset.

OINDAO Platform Evolution

OINDAO V1 – Stablecoin model with a stable currency ratio

The stable currency model with a fixed token ratio is the simplest stable currency model. The model maintains a permanently fixed ratio of project tokens to stable currencies (e.g. # of OIN tokens to 1 USDO), meaning the number of stable currency generated will not be affected by the project tokens no matter how its price fluctuations. This model has two advantages:

1. First, since the total amount of stable currency issued is fixed, it is easy to calculate the required value of the underlying token to maintain the stable currency price peg to 1 US dollar, which is conducive to maintaining its status as a stablecoin and protect the value of the user's assets.

2. Second, in the process of using the stablecoin, such as voting or mining, some project parties prefer the stablecoin to have a fixed ratio. This model's disadvantage is that since the ratio of the number of stablecoin to tokens is fixed, and thus when the underlying token's price rises, there is capital inefficiencies as the over-collateralization may go above the project's desired levels.

V1 Key Parameters

1. **Stablecoin name**: Custom stablecoin names.

2. **Collateral ratio**: The sponsor of the stable coin pool is free to set the pledge ratio of pledged assets to stable coins. OIN's first stablecoin pool, USDO1, has a collateral ratio of 35:1.

3. **Collateral Price**: Stable coin promoters can set a price higher than a certain price in order to pledge to generate new stable coins. The USDO1 pool of OINs is marked at 0.2 USDT, i.e. new USDO1s can be generated by pledging only if the price of the OIN is higher than 0.2 USDT.

4. **Liquidation ratio**: Stable pool sponsors are free to set the liquidation ratio. 110% for OIN's first stable pool USDO1.

5. **Mining reward**s: Stable coin pool sponsors are free to set the number of block rewards and time periods to meet the different demands of different stable coin pool sponsors. a single Ether block of OIN is rewarded with 1 OIN, and the total mining reward time is about 5 years.

a. Multi-token Rewards - OinStake v1.5: Multiple tokens may be rewarded into one pool.

6. **Oracle Service**: Stablecoin pool initiators can choose a credible Oracle like Chainlink to feed the price, or they can choose other feeding mechanisms. In version 1.0 of OINDAO, the OIN feed is determined by a Oracle that automatically pushes the asset price onto the chain.

7. **Clearing Mechanism**: At a 110% ratio (0.0314 USDT), the OIN will be cleared and returned to the user's wallets. This is to ensure that the user's assets are protected. USDO holders can also submit a request to withdraw their OIN at any time and the contract will burn the USDOs they hold and give them their assets back to their original wallets.

OINDAO V2 – Stablecoin model with a variable token ratio

The stablecoin model with the variable token ratio is the most mainstream stablecoin model. In this model, the minting and/or burning of the stablecoin is in proportion to the price of the underlying asset (e.g. 1.5 USD of OIN per 1 USDO). The system will initially set the ratio of the value of the collateralized asset to the stablecoin. When the collateralized assets' value exceeds this ratio, the user can generate more stablecoins. When the collateralized assets' value is lower than this ratio, the user cannot mint the stablecoin, but the user can still redeem the underlying assets by returning the stablecoin to the OINDAO. Markerdao adopts this model. The variable token ratio stable currency model's most significant advantage is that more of the stablecoin can be flexibly generated as the token price changes to keep within a target collateralization rate. The most significant disadvantage is that when the price of the coin fluctuates sharply in the short term, it is possible to generate too many stable coins, reducing the possibility of the stable coin peg to 1. This model helps projects that incorporate their stable currency into the ecosystem, but it also increases the risk that the stablecoin becomes unstable, and as such it is advised to thoroughly analyze the Key Parameters to handle such volatility in the markets.

The following case study demonstrates the OINSTAKE v2 Key Parameters, laid out below.

OINDAO v2 Case Study: OIN, USDO1, and Key Parameters

Assuming that the system is initially set to a collateralization ratio of 700%, OIN's worth 7 dollars can generate USDO1 for 1 dollar.

- If the price of OIN is $1, a user must stake 7 OIN to generate one USDO1.
- If the price of OIN rises to $2 USD, 7 OIN can generate 2 USDO1.

  The number of OIN held by token holders and by the OINDAO remains unchanged, but twice as many stablecoins can be generated.
- If the OIN price drops to 1.5 and the token holder still holds two USDO1, the current collateralization ratio is 7 * 1.5 / 2 = 525%, bringing it lower than the 700% threshold. At this time, the holder cannot freely withdraw the staked OIN. Holders need to return USDO1 to the 700% threshold before they can start redeeming. Assuming that the holder returns 0.8 OIN and holds 1.2 USDO1, and the collateralization ratio becomes 7 * 1.5 / 1.2 = 875%, OIN can be withdrawn until the 700% threshold. In this example, the number of OIN until the 700% collateralization ratio is 5.6, and the coin holder can withdraw 1.4 OIN.

Staking (collateralization) ratio: The ratio of the staked (collateralized) assets of the project's stablecoin pool to the staked value of the stablecoin. When the value ratio of token holders' staked assets is higher than a certain threshold, token holders can freely withdraw the staked tokens or issue more stablecoins. When the value ratio of staked assets is lower than the threshold, token holders cannot freely withdraw the underlying tokens nor issue more stablecoins. Token holders can increase their stake of tokens until their collateralization is higher than the threshold, allowing them to once again mint more stablecoins. When it is lower than the value ratio threshold, the token holder can return the stablecoin to increase their collateralization ratio. After the threshold is exceeded, the staked tokens can be retrieved.

Penalty for low collateralization ratio: The purpose of the penalty for a low collateralization ratio is to maintain an over-collateralization in the system and minimize the market volatility and in extreme cases liquidation risk. This mechanism is achieved by not being able to withdraw the mining rewards when the ratio is lower than the system threshold – when the ratio is lower than the threshold, users are unable to withdraw their assets until they add the requisite amount of stablecoin.

Redemption fee/stability fee: The redemption fee is the same as the OinStake V1. For some projects, it may be considered that the collateralization ratio, a single variable, is insufficient to stabilize the pool, which may not achieve the degree of safety expected by the project party. At this time, version V2 with stability fees can be selected. The stability fee is akin to a central bank's prime interest rate, and the user pays the system. The stability fee rate is calculated based on the block height. The stability fee is calculated and charged upon redemption based on the number of blocks that the user has staked for. The stability fee's most important function is to adjust the system's asset-liability ratio (equation below) at the macro level.

(Total value of stablecoin generated by the system) / (Total value of pledged assets) = (Asset-liability ratio of the system).

When the ratio is high, the risk of system liquidation is greater, and the stablecoin fee rate can be increased to encourage the holders to increase the cost of a lending (leveraging) stablecoin and return the stable currency in advance to reduce the system's debt-to-asset ratio. When the ratio is low, it indicates that the token holders cannot stake tokens to generate stablecoins. They can attract token holders to stake assets to generate more stablecoin by reducing the stability fee rate.

The hard cap of the amount of stablecoin generated: The hard cap of the amount of stablecoin generated refers to the maximum number of stablecoin allowed by the current system and is the third line of defense for the stablecoin system's stability. Token holders cannot continue to stake tokens to generate stablecoin once this amount is reached, ensuring the system's security.

The Key Parameters, the stablecoin pool naming, liquidation ratio, mining rewards, multi-currency mining, and oracle are the same as OinStake V1.

OINDAOV3 – Variable token ratio and single vault liquidation

Both the V1 and V2 stablecoin models do not involve single vault liquidation. The most significant advantage of the stablecoin model with single vault liquidation is to improve the efficiency of capital use. In contrast, the stablecoin model without single vault liquidation needs to set a higher collateralization ratio to improve system security. For example, in Marker, the ETH pledge pool's liquidation ratio is 150%, while the ratio of pledged assets in Synthetix is 750%. However, stablecoin with liquidation requires many liquidators to ensure liquidation's immediacy, thereby reducing system risks. Most projects are pledged to generate stablecoin just for use within their ecosystem, and their market value is difficult to make liquidators profitable, so a stablecoin system to be liquidated is necessary. Public chains other than Ethereum have an actual demand for stablecoins with liquidation. The system of the V3 version is a stablecoin system that combines with single vault liquidation, similar to MarkerDAO. At the same time, compared with Maker, the V3 version will add a multi-slot mining module. While improving the efficiency of capital use, the staker can also obtain multiple mining benefits.

Integration

Integration is an important strategic direction of the OINDAO. The first version of OINDAO is based on Ethereum and can cooperate with all projects that issue ERC20 tokens, as well as wrapped tokens to mint stablecoins. Nevertheless, the OINDAO is not limited to the Ethereum community. Our goal is to become the most significant player on all non-Ethereum public chains in the field of stablecoin issuance. OINDAO will work closely with major public chain foundations to use its solid technical advantages to create customized exclusive stable currency for different communities.

OIN-Swap – Integration of a stable currency transaction platform

With the OINDAO platform's gradual growth, much stable currency issued through the OINDAO platform will appear on different public chains. At this time, the demand for cross-chain stablecoin transactions will naturally grow. OIN-Swap is a stablecoin trading platform that aggregates cross-chain functions. The platform will gather bridges between different public chains and adopt AMM's DEX mechanism to provide a simple and easy-to-use cross-chain stablecoin trading experience.

After minting the stablecoins, token holders can use OIN Swap to swap with other mainstream stables (USDT, USDC, etc.). This allows users to continue to hold positions in their favorite projects, while leveraging their holdings to partake in other investing / activities throughout the crypto and DeFi space with the extra mainstream stables.

ECONOMIC MODEL AND GOVERNANCE OF OIN TOKEN

1. **OIN token holders can obtain the economic value captured by the OINDAO agreement.** The project party issues stablecoins through the OINDAO platform and must pay a redemption fee/stability fee to the system. Two-thirds of the fee goes to a public address, which is used to repurchase OIN and destroy it regularly, which the community will oversee through voting to ensure that OIN is a deflationary token. One-third of the fee goes to the team to ensure the sustainable development of the project.

2. **OIN token holders have extensive governance rights over the OIN protocol**
   a. OIN token holders have the right to govern projects that issue stablecoins on the OINDAO platform, which is mainly reflected in community voting, which can choose to deploy different stablecoin versions and adjust the platform's parameters. The power of governance is achieved in two ways.
      i. First, for projects that wish to use their tokens for voting governance, OIN tokens can be used as a "catalyst," that is, voters who hold OIN have greater weight when voting with project tokens. For example, the STPT community plans to govern their stablecoin through STPT voting. One STPT represents one vote, but the STPT of OIN holders represents two votes.
      ii. Second, the OIN side tokens and the project side’s tokens jointly vote for governance. For example, suppose OIN and STPT agree that OIN’s voting weight is 30% and STPT is 70%. Then the final voting result is determined by the calculation result of the two-coin voting.
   b. When the project party is a non-Ethereum public chain, OIN that wraps to other chains has greater voting weight. For example, OINDAO issued a stablecoin based on Near. OIN tokens wrapped on Near, when voting for stable currency parameters on the Near public chain, should have a greater voting weight than OIN on Ethereum.
   c. After many stablecoins are listed on the OINDAO platform, OIN holders will be able to initiate a proposal to dynamically vote on the distribution ratio of the mining rewards of the OIN in different stablecoin pools.

RISK MANAGEMENT

Contract Audit

We have reached agreements with the best contract auditing companies in the Ethereum ecosystems, to subject every contract to code audit by multiple players before it becomes effective. We will also hold periodical and irregular Hackathon and invite the best in the world to participate as attackers and defenders. We will also hire more external technical advisors to help safeguard the contracts.

Dynamic Collateral Management, Collateral Ratio and Overcollateralization

Collateral is the foundation of the OINDAO contracts. Through collateralizing a token as the underlying value of the created stablecoin, the stablecoin themselves have inherent value to the amount of the collateralized assets, with a minimum of 110%. This means that during normal markets and functions, the stablecoins are overcollateralized by at minimum 10% (this can increase as the token price increases). The act of collateralizing and minting a stablecoin however, is a risk-on event as a user is leveraging their assets to create liquid synthetic assets (not unlike taking out an asset-backed loan). The stablecoin's risk, however, is minimized through over-collaterlization, and is only in risk if the market experiences a flash crash, or a consistent long-term significant downward pressure in price.

DISCLAIMER

This whitepaper ("Whitepaper") is prepared by OIN Finance (the "Company") may be amended from time to time without notice. This Whitepaper is intended to provide general information and is not meant to be exhaustive, comprehensive or authoritative.

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Risks Disclosures

The risks described below, and or other additional risks presently regarded to be immaterial actually materialise, the commercial viability of the OIN Protocol and its features and services may be materially and adversely affected and could result in the destruction of OIN tokens and/or the termination of the development or operation of the OIN Protocol and its features and services.

OIN Protocol and its associated ecosystem solutions are under development and may undergo significant changes before they are released or implemented. While the Company intends for OIN Protocol and its associated ecosystem solutions to function as described in this Whitepaper, the Company may have to make changes to various features or specifications of OIN Protocol or its associated ecosystem solutions. During the course of development, the Company may also run into difficulties including financial, resourcing or technical difficulties. This may create the risk that OIN Protocol or its associated ecosystem solutions may not meet the expectations users may have and this may adversely impact OIN Protocol, its associated ecosystem solutions and the potential utility of OIN.

While OIN Protocol has a vision of making the OIN solution fully autonomous with community decision making using transparent and fair governance processes, in order to increase protocol development speed and react faster to environmental challenges, some initial decisions will be made in a centralized manner. This includes decisions about token listings, protocol variable adjustments and industry partnerships.

The products and services that are offered by third parties through OIN Protocol may be subject to applicable laws and regulation in the relevant jurisdictions and may create the risk of infringing such laws and regulations. This may negatively impact OIN Protocol, its associated ecosystem solutions and the potential utility of OIN.

The sale and creation of OIN and the development of its associated ecosystem solutions may fail, be abandoned or be delayed for a number of reasons, including lack of interest from the public, lack of funding, or lack of commercial success or prospects (e.g. caused by competing projects).

OIN Protocol, the sale of OIN and/or its associated ecosystem solutions are based on blockchain technology which is still in a relatively early development stage. OIN is intended to represent a new capability on emerging technology that is not fully proven in use. Any malfunction, flaws, breakdown or abandonment of the underlying blockchain technologies used by OIN may have a material adverse effect on OIN, the sale of OIN and/or its associated ecosystem solutions. As the technology matures, new capabilities may dramatically alter the usefulness of OIN or the ability to use or sell them. The functionality of OIN is complex, will require enhancements and product support over time, and full functionality may take longer than expected. The full functionality of OIN is not yet complete and no assurance can be provided of such completion.

It is possible that certain jurisdictions will apply existing regulations on, or introduce new regulations addressing, blockchain technology, which may be contrary to OIN and/or its associated ecosystem solutions and which may, inter alia, result in substantial modifications of the overall ecosystem strategy relating to OIN and/or its associated ecosystem solutions, including termination and the loss of OIN.

The tax treatment and accounting of OIN is uncertain and may vary amongst jurisdictions. You must seek independent tax advice in connection with purchasing OIN, which has the possibility of resulting in adverse tax consequences.

The value of tokens or cryptocurrencies may fluctuate significantly over a short period of time as a result of various factors including market dynamics, regulatory changes, technical advancements, and economic and political factors. Due to such volatility, the Company may not be able to fund development of OIN Protocol and/or its associated ecosystem solutions or may not be able to maintain OIN Protocol in the manner that it intended.

It is possible, due to any number of reasons including, but not limited to, an unfavorable fluctuation in the broad cryptographic token market, decrease in OIN utility, the failure of commercial relationships, or intellectual property ownership challenges, that the OIN Protocol may no longer be viable to operate and the Company may dissolve or be wound up or face an uncertain or changing regulatory regime.

Cryptographic tokens such as OIN are a new and relatively untested technology. In addition to the risks noted above, there are other risks associated with your purchase, holding and use of the OIN that the Company cannot anticipate. Such risks may further materialize as unanticipated variations or combinations of the risks set out above.