

# Seashell Network White Paper V1.0

## 1. Preface

Seashell Network is a money market system for obtaining stable currency through collateral, aiming to introduce a complete lending system based on decentralized finance into the Wisdom Chain. Seashell Network allows users to leverage their cryptocurrency by providing collateral to the network, which can be borrowed by pledging the cryptocurrency.

Create synthetic stabilizing currencies from over-mortgaged positions that are not supported by a basket of legal currencies but by a basket of encrypted currencies, which make use of Wisdom Chain for fast, low-cost transactions, while accessing encapsulated currency and a deep network of liquidity to achieve mutual accommodation and value transfer between Wisdom Chain's ecological assets.

## 2. Introduction

The purpose of Seashell Network is to implement a complete algorithmic money market protocol on the Wisdom Chain, which is designed to be structured and branched based on Compound and MakerDAO. Seashell Network combines the advantages of both systems.

## 3. Present situation

The development of decentralized finance has created a diversified financial ecosystem built directly on a block chain, which is transparent/verifiable, with the help of encrypted currencies and predefined codes called smart contracts. These platforms are redefining the structure of money markets without the need for central agencies or third-party decision makers.

In today's traditional world, even if a user provides collateral (such as a house or a car), he or she needs to provide credibility, proven income, and other factors to make a decision for the

lender. Traditional lenders cannot mortgage digital assets and encrypted currencies, nor can they receive loans or provide them to the lender and the bank to earn interest rates.

Seashell Network is not the first agreement in the block chain to help bridge the gap between traditional financial lending and decentralization agreements, which have been achieved by locking billions of dollars in assets into the agreement. However, these agreements are mainly based on Ethereum, which has become expensive, slow and painful in the user experience. These agreements also lack support for higher market value assets, such as XRP and LTC currencies.

#### **4. Solutions**

Seashell Network can make use of a high-speed, low-cost block chain by providing a collateral that can be borrowed from Wisdom Chain, and by casting a stable currency (SDAO) on demand in seconds. These solutions occur directly on the block chain and can use a visual interface. The agreement unleashes billions of dollars worth of money that are currently in a block chain without a lending market (such as BTC, XRP, LTC, etc.) and gives participants real-time access to liquidity.

For example: Alice wants to buy the house she dreams of, but the bank rejects her application. Alice has been a champion of encrypted currency for years and has a good portfolio, but she does not want to sell her assets to pay capital gains tax without earning any potential value added. Second, Alice believes in the underlying technology of encrypting money, just as she believes in medium- and long-term growth in the asset class. What about Alice? She cannot use the bank to borrow money from her asset class. She is currently unable to sell goods, exposing herself to tax and missed opportunities.

Alice turns to the Seashell Network and uses the token channel project to transfer her XRP from her XRP book to the Wisdom Chain for free. She then accesses the Seashell Network Control Panel using her browser and the Internet and provides the XRP to the protocol. Now,

she benefits from the potential price rise for XRP, while getting a modest supply of APY. She then calculates how much it takes to prepare for a SDAO loan, then uses the control panel to make the loan.

In the absence of any bankers or third parties involved, the agreement will calculate the value of their collateral and grant them hyper-mortgages. She immediately borrowed SDAO and converted it into local legal currency using her encrypted currency exchange account. Now Alice has enough money to buy her dream house while waiting for the market. She is not obliged to make any monthly payments, and the added value of her collateral can be used to her liking. She can pay at any time without paying extra interest, because the interest rate for each block is compound.

Finally, Alice keeps an eye on DeFi, and all the new high-yield APY returns she can make from agriculture. These potential benefits may be temporary but real. How does Alice use this? Does she need to step over the hurdle, take out her mortgage and create a stable currency in another agreement? No - Alice wants a one-stop solution so she can quickly participate in boosting agriculture. In a control panel or smart contract, she can cast stable currencies without any centralized authorization and easily use these newly minted stable currencies for the latest DeFi Production Increase Agricultural Project.

## **5. Seashell Network Framework**

Main features of Seashell Network Synthetic Stability Currency Platform:

- *Borrowing encrypted and stable currencies, without credit checking, quickly launches on the Wisdom Chain.*
- *Found a stable currency from the collateral you provide and can be used in over 60 million locations worldwide through the Seashell Network platform.*

## **Assets borrowed**

Users who want to borrow any supported encrypted currency, stabilized currency, or digital assets from Seashell Network must mortgage the mortgage that will be locked into the agreement. These assets must be mortgaged in excess of 200%.

Once these assets are provided, you can borrow based on the mortgage ratio of the assets. For example, if users provide a \$30,000 WDC to Seashell Network, this means they can borrow up to \$10,000 SDAO. However, if the value of the user's collateral drops below 130%, Seashell Network will force liquidation.

Users can also lend more SDAO (no less than 200%) when the value of the mortgage's assets increases (more than 200%).

In the V1 version, Seashell Network only supports WDC as the sole mortgage, with a mortgage rate of 200%, no handling fees for the mortgage, and 2% system stability fee for redemption.

The V2 version will support BTC, ETH, etc. as collateral across chains and generate debt denominated as BTC, etc., with a minimum mortgage requirement of 150%, and introduce an APY (annual percentage production) mechanism.

## **Synthetic stable currency**

First, Seashell Network will allow users to cast SDAO by using Tokens from the underlying collateral they previously provided to the agreement, a synthetic stabilized currency based on a dollar price.

Stability currencies in the Seashell Network can be synthesized through governance or added as proposals. The SDAO will be the default stable currency for the agreement and can be cast from mortgaged collateral in Seashell Network.

## Pricing mechanism

Since there is no basic legal reserve to guarantee the value of a synthetic stable currency as stipulated by Seashell Network, it will rely on market forces, a basket of collateral and security mechanisms to maintain its linkage to the legal currency intended for synthesis. For example, SDAO will initially keep the SDAO:USD exchange rate fixed at 1:1.

Encourage the market to maintain this linkage so that procedural mechanisms designed to protect pegged exchange rates will not be initiated by agreement.

If at some point the SDAO or other synthetic stabilized currency loses a fixed exchange rate, the agreement can use the governance process to start the price adjustment module. The module will allow parameters to be changed in the stable currency system on the Seashell Network to unhook and change supply and demand relationships, thereby restoring stability to its original hook.

The system will enable two main points. Benefits of holding/purchasing synthetic stabilized currency or casting/borrowing synthetic stabilized currency. The positive or negative price of a peg is determined by external market conditions.

### Stability Currency Parameter

Users with the native token of the protocol can change specific parameters for synthesizing a stable currency by creating proposals on the platform using an on-chain governance system. Set these parameters from an agreement risk perspective to protect the interests of users and platforms. The parameters that users can control are as follows:

- *Maximum supply: This determines the maximum number of synthetic stabilized currencies that can be cast at any given point to determine the maximum supply of synthetic stabilized currencies.*
- *Interest rate: The interest rate parameter controls the interest fees paid by the user for casting these synthetic stabilized currencies. These rates go directly into the Reserve*

*Factor Community Fund.*

- *Mortgage ratio: Each composite stable currency will be used as the liquidation price. These liquidation prices are controlled by the mortgage ratio of each synthetic stable currency.*
- *Fine Rate: If liquidation occurs, you must pay the agreed fine rate. The penalty ratio is set by the agreement.*

Seashell Network is designed to provide a decentralized, secure trading platform for platform users to obtain loans, earn interest, and cast synthetic stabilized currencies. The protocol runs entirely on the Wisdom Chain, eliminating the current congestion in the Ethereum block chain, the lack of cross-chain compatible assets, and high transaction fees.

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