

# INTRODUCTION

In the last few years, the Decentralized Finance (DeFi) industry has amassed a huge momentum by providing a wide range of financial tools built and innovated on top of blockchain technology. Typical financial services like Exchange, Credit, Lending, Borrowing, Asset Management, Insurance, Derivatives, and much more are now being rendered to the users in a decentralized way with zero involvement of middlemen.

At the same time, one such service from DeFi that has gained a lot of appreciation within and beyond the crypto community is Yield Farming where the users lend or stake their tokens, usually stablecoins to earn the rewards in the form of interest. This real rate of return in DeFi (aka APY) is significantly higher than the interest rates that are provided by the typical banking institutions on the deposits because of different supply and demand curves in the cryptocurrency markets and the United States dollar.

With the aforesaid consideration, there is no doubt that larger APYs (Annual Percentage Yield) are attractive investment options. Maximum protocols in existence are aiming for this as it directly influences their Total Value Locked and revenue, however, it has become the need of the hour to introduce the next innovation in the ever-growing DeFi culture.

For this purpose, the team at Aquasis Protocol is engaged in designing and developing a hub of savings and payments solutions in DeFi, using the stable yield-bearing protocol as the foundation to offer the services that initiate with users making investments or deposits. The idea involves providing a riskless deposit option to users where they deposit USDC and spend the yields they earn via stable APY value generated from a high-yielding savings protocol.

With our platform, there will be a sustainable and seamless exchange between value providers and their customers via customizable deposit contracts powered by yield redirection. In this arrangement, we will be innovating the incentive alignment between merchants and consumers, investors and business executives, sponsors and artists, and many other similar relationships.

Aquasis Protocol will be built on the top of the Ethereum blockchain and will club with a high-yielding savings protocol to incorporate a channel for sustainable payments. As and when the product will progress and develop, we will partner with additional yield-bearing protocols and services within and beyond the ecosystem of Ethereum.

**NOTE: This Litepaper does not constitute nor implies a final technical specification of Aquasis Protocol. Information presented, technical or otherwise, is meant to outline the general idea of the Aquasis protocol, its design, and its use-cases and is subject to change with or without notice.**

# PROBLEM STATEMENT AND SOLUTIONS

In the rapidly advancing technology era, we all have become very familiar with the subscription-based business models and use them on a daily basis. Today, a lot of organizations are getting involved in building and launching their own streaming platform, making it not unusual for a common user to have three, or four, or maybe even five different payments getting billed every month. As a result, the users get in this circle of making recurring bulky payments to all these subscribed services every month.

Therefore, we at Aquasis Protocol intend to re-adjust the payment options to solve this problem.

## *“The Solution is Payments with Aquasis”*

The USDC tokens of customers with Aquasis Protocol will be deposited/staked in a high-yielding savings protocol that will automatically work for them and generate high yield which will not only cover the subscription fees but also enable opportunities to earn additional interest income on the savings.

As a result, the sustainable exchange of funds and services will be made possible between the service provider and consumer.

**Stage I:** Users depositing USDC to access and consume the platform-specific services.

**Stage II:** Creators (Service Providers) receiving consistent yields payouts in exchange for providing the users with recurring services.

**Stage III:** Users withdrawing their principal amount deposited in full after the expiry of the subscription service.

Aquasis protocol will be providing the providers and consumers, both with a technical SDK toolkit that can help to restructure the payments options on their ends while accommodating the long-term services that generate value for the business and consistent growth of loyal and active clientele.

***“It is our long-term vision to integrate advanced DeFi architecture as the core concept and technology for building intuitive payments and savings platforms for all the participants involved in our ecosystem.”***

Aquasis Protocol, as a **principal-protected payment solution**, will allow the users to finance their recurring services to which they are liable like subscriptions or memberships by simply depositing USDC tokens for earning regular yields. Users can deposit the USDC tokens and use the accrued yields for paying the due subscription amount. Once the subscription expires, the users can execute withdrawal of the deposited funds (principal amount) in full.

For the creators or service providers, they can use Aquasis Protocol to customize the payment option with our SDK toolkit for receiving the regular amount in USDC via regular yields generated from the deposits made by the users. The integration of this payment structure shall be made possible with our toolkit viz. Aquasis widget that will bridge the users and creators belonging to any industry.

Also, the scope of the business model shall not be limited to streamlining the relationship between the service providers and service consumers for the payment of subscription fees. Many other use cases shall also arise from the use of Aquasis Protocol as can be understood from the following four use cases:

## **Case I: Rent the Unwanted**

We live in a sharing economy where the people rent the assets they don't need on a day-to-day basis. However, paying regularly for rent is a highly-friction process, especially if you are trying to rent high-value assets like a car or machinery because the owner in this case will be experiencing a high risk of loss.

This is where the Aquasis Protocol can offer a smart solution by providing an opportunity to fund your rent account in which your deposited funds would fulfill the role of collateral. Whenever you rent an asset, the rental amount will be deducted from the yield generated from the collateral (deposit) that can also be verified by the asset owner on the blockchain and confiscated if you destroy or steal the rented asset.

## Case II: Support Favorite Artist

Maximum economic models designed in the entertainment industry are not feasible or beneficial for the artists. For example, your all-time favorite musician to whom you listen to on Spotify or Apple Music does not make reasonable earnings because these music streaming services slice a huge cut out. In this case, Aquasis Protocol will offer an opportunity to support your favorite musicians, artists, or band directly from the yields generated on the deposits made via our protocol.

Moreover, as this solution will scale in the future, holding a deposit for your favorite band or musician will also allow you to receive their personalized NFT airdrops, entry into their metaverse concerts, and access to exclusive posts or content.

## Case III: Crowdfunding

We will be diversifying the scope of the Aquasis Protocol by integrating project crowdfunding and launchpad capabilities via Aquasis Portal, a medium that would allow the project teams to offer their project's native tokens without any considerable risk of the launch being compromised by large capital being sold moments later in the community.

The users will be able to make investments into the projects introduced in the Aquasis Portal by simply staking their USDC for the specified vesting period and gaining the native tokens of the project as a reward. The projects teams at the same time shall receive the yields that have been generated from the initial deposits made. As and when the platform will grow, multiple Ethereum-based projects will be able to leverage the Aquasis Protocol to launch themselves.

## Case IV: Real Estate

If you have an abundance of liquid assets with you, then you will be able to use Aquasis Protocol and make the deposits to finance your real estate investment. With Aquasis protocol, you will be able to leverage the competent APY generated from a high-yielding savings protocol and use the yield to pay for the due installments on a regular basis. Once the loan will be completely repaid after a few years, you will have both the assets in your hands i.e. your original deposit USDC and a real estate property or house.

# ECOSYSTEM

## Aquasis Participants

We will have multiple participants in the Aquasis Protocol as summarized in the table below along with their roles and responsibilities.

Participant	Role
Users	The Users in our ecosystem will be users depositing USDC via Aquasis in a high yield protocol to earn yields and spending the same for a specific service or exclusive membership subscribed.
Creators	The Creators in our ecosystem will be the providers of services who will be receiving the regular interest payouts/yields generated from the USDC deposits by Users.
Platforms	The Platforms in our ecosystem will be the exchange mediums promoting transactions between Creators and Users. With the Aquasis widget, the Platforms will be able to integrate the Deposit-to-Pay model of Aquasis to pay the creators with yields generated from the User's deposit.
Stakers	The Stakers in our ecosystem will be the holders of our native token- \$AQS who will become eligible for participating in the governance, receiving voting power, and accessing the exclusive pools for specific projects.
Liquidity Providers	The Liquidity Providers in our ecosystem will be the members providing liquidity to the \$AQS-\$USDC pair.

## Aquasis Portal

Aquasis Portal will become the flagship product of the Aquasis Protocol, a launchpad for decentralized projects that will help investors to make safe and lossless crypto investments. The projects on the other side will be able to offer their native tokens without involving themselves in the risk where the launch is compromised by the investors offloading a large capital to the community after a short time.

The users (investors) will be depositing their USDC tokens for a particular vesting period in which they will earn yields that will be swapped with the token of the project at a predetermined rate. As a result, the users will have the native tokens of the project and the project teams will have the yields as capital generated from the USDC deposits by the users.

To protect the launch from getting compromised or sniped, only a limited amount of the project's tokens shall be disbursed to the users in the quantity they are farming. On top of this, there will be a vesting period which would make it impossible for the users (investors) to offload or sell the project's tokens in the fear of missing out.

## **For Users (Investors)**

The users (investors) in our ecosystem will be able to leverage on the following benefits:

- ✓ Make risk free investments without exhausting the principal deposit
- ✓ Deposit USDC tokens for a particular vesting period and earn the native tokens of the project along with its governance rights
- ✓ Withdraw the principal amount after the completion of the vesting period and claim the rewards
- ✓ Invest in the efficacious and promising projects at an early phase by purchasing the native tokens at a much lower price

## **For Project Teams**

The startups, early-stage projects, and even existing ventures will be able to leverage on the following benefits from our ecosystem:

- ✓ Raise the funds, scale the product development process, and expand the scope of the project
- ✓ Customize the fund raising option and expect the regular payouts that can assist in the project development
- ✓ Exposure to a crypto-centered community interested to invest in the new ventures with exclusive ideas

## **Aquasis Pool for Deposits**

The Project Teams in our ecosystem will be able to allocate their native tokens to a custom Aquasis Pool where the investors will be able to deposit USDC and receive these tokens and rewards in return. The project team shall be provided with options to customize their investment pool for vesting and claiming so that it can be developed to appropriately fulfill the specific needs of the project launch.

On the other side, there will be no fixed ceiling on the number of tokens that the users (investors) will be able to commit to each Aquasis Pool. All the Aquasis Pools in our ecosystem shall stay open for any user to participate at any time before the vesting period ends. The token rewards for every pool shall be distributed to all the users based on the USDC token contribution they have made to the Aquasis Pool.

All the Aquasis Pools within our ecosystem shall have their own vesting and claiming schedule. The deposits made by the users shall stay locked until the vesting period ends while the native tokens of the project will be linearly distributed. Once the vesting period will complete, the users will be able to claim the project tokens and withdraw them to their wallets.

## **NFT Lottery Auction**

We will be providing the NFT Project Teams with opportunities to feature their NFTs on Aquasis Portal through lossless NFT auction pools. The NFT Lottery auction shall be held in which the users will be required to purchase the lottery tickets by depositing a fixed amount as set by the pool creator to enter the draw. Once the running time of the pool will complete, the smart contract will randomly pick the winner and swap his/her deposited amount in exchange for the NFT from the pool. Participants not picked up by the smart contract in the lottery will be able to claim their deposited amount back, hence making a lossless NFT Lottery pool.

## **Aquasis Protocol Web Application**

We will be designing an intuitive Web application that would allow the users to seamlessly trade and stake \$AQS tokens, vote on the governance proposals, propose ideas for Aquasis growth, and engage with the Aquasis community.

## **Aquasis Widget & SDK**

We will be launching a widget and SDK that would allow the platforms, whether existing or new, to integrate it with their payment solutions and allow the users on any cryptocurrency-friendly website to make payments for the services through users deposits where the yields shall be automatically redirected to the platforms and creators.

# AQUASIS TOKEN

\$AQS is the native token of Aquasis Protocol and it will have a wide range of utility across the platform including but not limited to the following events:

- ✓ Governing and administering the Aquasis Protocol using Aquasis web application
- ✓ Depositing \$AQS for creating governance polls
- ✓ Distribution of \$AQS staking rewards linearly generated from the AQS-USDC pair
- ✓ Distribution of \$AQS to the Liquidity Providers for providing liquidity to the \$AQS-\$USDC
- ✓ Distribution of \$AQS to the members making deposits into projects on Aquasis Portal

The \$AQS rewards that will be generated from the \$AQS-\$USDC pair shall be distributed linearly to the users staking \$AQS based on the percentage of stake they have out of the total stake in the governance pool. As a result, a buying pressure shall be created against the generation of new \$AQS tokens which would encourage price stability of the token while promoting the value of the entire ecosystem and creating an opportunity to distribute the transaction fee revenues with the participants in our ecosystem.

In addition to rewarding the active community members in the Aquasis Protocol with \$AQS for their active engagement, following participants in our ecosystem shall also be rewarded:

- ✓ Project teams for launching their project tokens on Aquasis Portal
- ✓ Platforms for developing the service offering that would integrate Aquasis widget & SDK

A percentage of the yields generated and transactions executed all across the Aquasis Protocol shall be captured and stored in the Aquasis Treasury to help the \$AQS holders benefit from the growing size of the Total Value Locked in Aquasis Protocol. Moreover, a portion of the interest and revenue generated across all the projects and platforms on Aquasis will also be stored in the treasury which will be governed by the community members who have their \$AQS staked.

Apart from distributing the \$AQS rewards, the users who will stake their \$AQS holdings shall also receive the additional NFT airdrops, the project's token airdrops, and early access advantages on Aquasis Portal.

# AQUASIS GOVERNANCE

Aquasis Protocol shall provide the on-chain governance for all the crucial parameters of the protocol where the contributors will be able to vote for executing any changes over the network and settle network upgrade conclusions democratically. The users will be able to deposit their \$AQS holdings for creating governance polls whereas the \$AQS stakers will qualify to vote on the matters including but not limited to the following:

- ✓ Community fund grants
- ✓ Protocol and ecosystem updates
- ✓ Launchpad projects
- ✓ Parameter changes
- ✓ Introduction of new features
- ✓ Distribution of treasury
- ✓ Initiatives for expanding ecosystem

Users holding the \$AQS tokens shall be rewarded to propose, comment, and vote on the governance proposals in the AquasisDAO that would merit the entire Aquasis ecosystem and community.

***“Our Continuously Evolving Governance Structure Will Deliver the Decentralization with Stability”***

Unlike few other governance mechanisms, Aquasis Protocol will not allow unlimited changes to the system’s arbitrary aspects. Instead, only a finite number of predetermined parameters can be modified via governance. All governable parameters will be further subject to limits in specified time bounds, familiarizing hysteresis, and making sure that the system remains predictable for short time ranges.

Aquasis governance will be completely decentralized with DAOs & builders. Ultimately, Aquasis Protocol will evolve into a DAO and a place for DAOs to connect the voices of Aquasis Communities via on-chain mechanisms.