OVERVIEW

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📖Abstract

The genesis of f(x) Protocol

Stablecoins and leverage trading are the backbone of the crypto industry.

Surprisingly, most efficient approaches so far relied on a trust assumption that is the opposite of what DeFi stands for.

This time is over; let's dive into f(x) Protocol's paradigm shift.

Stablecoins

Most stablecoins are either centralized, capital inefficient or have unreliable pegs.
DeFi users, DAOs, and institutions need a scalable stablecoin that doesn't require trusting any entity.
Moreover, they need it to provide sustainable and attractive yields.

Leverage

By design, gaining leverage exposure can be dangerous. Liquidations melt the capital of the most adventurous traders, while funding rates erode it regardless. Regarding decentralization, most perps are built on centralized layers or rely on centralized execution elements, while the decentralized money markets offer very low leverage options.

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The Genesis

March 2023, the most trusted stablecoin across DeFi, USDC, lost its peg toward $0,86 due to the collapse of a TradFi institution: the Silicon Valley Bank.

Aladdin DAO attended, noted the above points, and, drawing on their experience as Concentrator and CLever, decided to change the paradigm of stablecoins and decentralized leverage forever.

f(x) Protocol V1 was released on August 2023. By splitting any yield-bearing asset into a zero-volatility asset (stablecoin) and a high-volatility asset (leveraged token), it has already created the most capital-efficient decentralized stablecoin ever while offering a zero-liquidation solution for leverage traders.

But the system could constantly be improved.

16 months and $70m TVL later, f(x) Protocol now unleashed it's V2 bringing:

On the leverage side.

- Up to 7x leverage on ETH and BTC
- Very minimized liquidation risk thanks to the rebalancing mechanism
- No funding cost under normal market conditions

On the stable side, the first USD strategy:

- Stays perfectly USD delta-neutral
- Captures perp trading commissions
- Earn enhanced stETH and WBTC yield
- Has no counterparty risks
- Is 100% on-chain and doesn't rely on RWA

TLDR: the most attractive, scalable & sustainable, decentralized, stable yield strategy.

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This documentation is here for you to get all the ins and outs of f(x) Protocol. You may finds all your questions answered.

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