

Universal

CRYP2NOVA

The Wrapped Asset Protocol

Trade on your favorite chain, from any chain

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Introduction

1.1 Summary

Universal is a wrapped asset protocol designed to enable any token to trade on any chain. Trade assets like BTC, SOL, XRP, and DOGE on any chain, without the need of multiple wallets, bridging, or centralized exchanges.

1.2 Introduction

Universal aims to solve one of cryptocurrency's most frustrating user experience problems: the fragmentation of liquidity across multiple chains that cannot easily interact with each other.

L1 and L2s have a cold start problem- they do not have tokens/assets on day one. Token issuers have a different cold start problem- they cannot afford to manage liquidity on every L1/L2. Bridges have yet another cold start problem- there needs to be liquidity locked in on both chains before users can trade using those assets on either chain. Most importantly, users just want to be able to trade any asset they want without having to think about liquidity depth, bridging, or setting up a new wallet.

As ecosystems like Ethereum scale via L2s and monolithic L1s like Solana reach mass adoption, the availability of tokens often depends on a complex network of bridges or is simply unavailable. Universal aims to streamline this process by providing a seamless on-chain trading experience, abstracting away many of these complications for the end user.

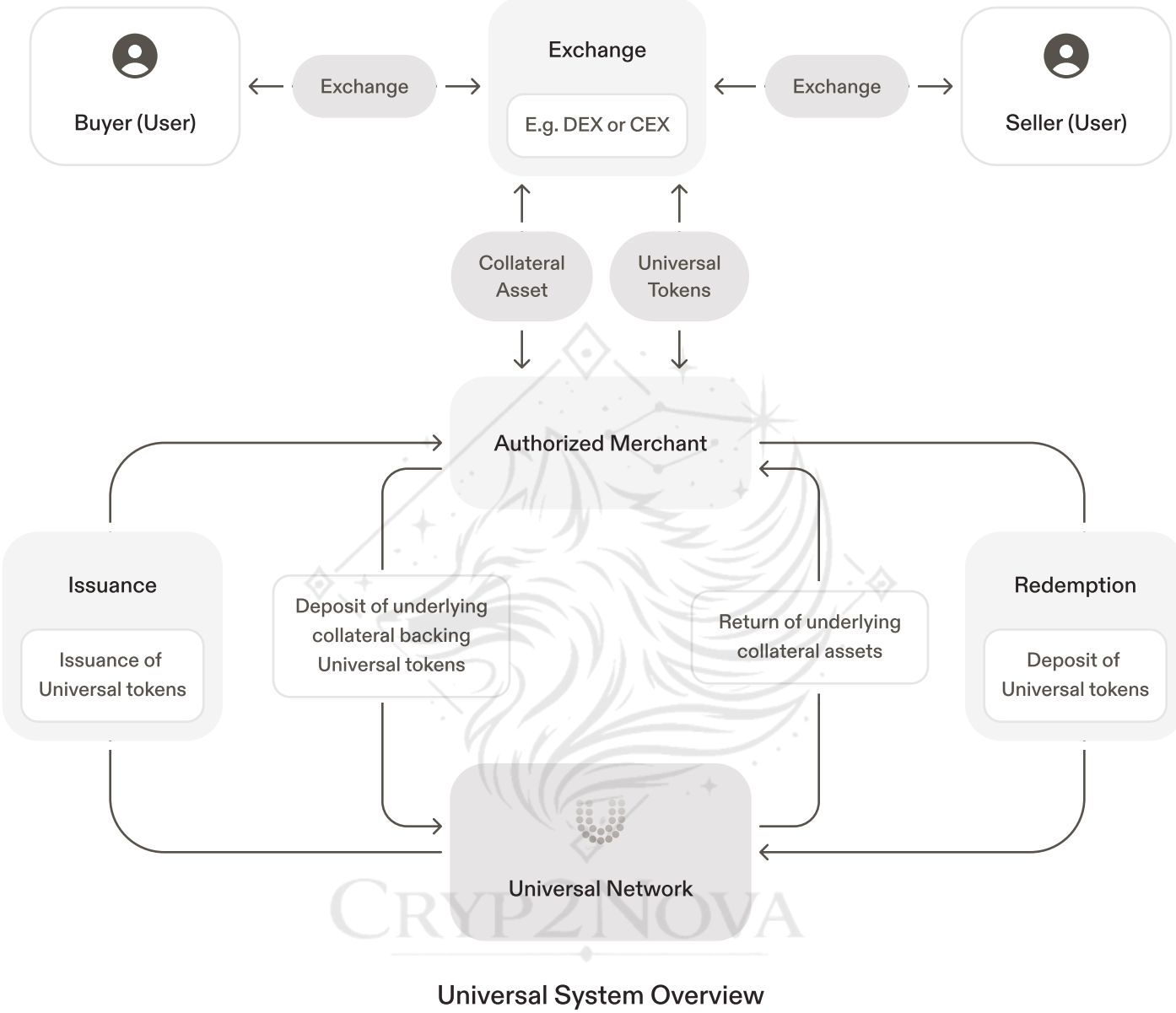
Universal can enhance liquidity management, simplify token availability across multiple chains, and significantly improve the overall user experience in crypto ecosystems.

1.3 Objective

Our goal with Universal is to create the foundational assets that power trading for a wider variety of assets onchain. This can enable developers to build CEX like experiences entirely onchain, DeFi protocols to bring functionality to a broader array of tokens, and users to get the best execution onchain, without ever having to deal with the friction introduced by bridges, new wallet setups, or liquidity management.

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Implementation and Technology



Universal System Overview

2.1 Key Roles

Custodian: A trusted institution or party who assumes responsibility for securely storing the private keys that control the various crypto-assets.

Merchant: An institution or party to whom the Network issues tokens. They have the ability to redeem Universal tokens for the respective underlying asset. Each merchant initiates the process of minting and burning tokens. Merchants behave as core liquidity providers for the token.

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User: The Universal token holders. Users transfer, transact, and perform any other activity that requires fungible tokens on the blockchain the token is issued on.

2.2 Token Issuance

Token issuance refers to the process of increasing the supply of Universal tokens in circulation through minting.

The issuance process is administrated by the network, however, the process can only be initiated by a merchant, with each token being collateralized by its respective asset. Tokens can only be issued to whitelisted destination addresses of Merchants.

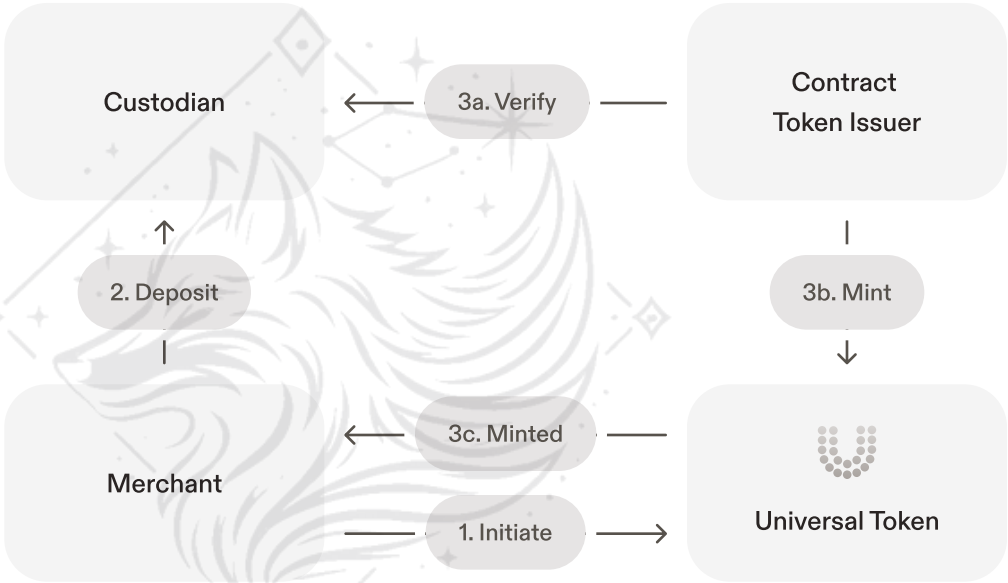


Fig 01
Token Issuance

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Sequences of events for issuance of Universal tokens

1. The merchant initiates the issuance process by sending a transaction to the token contract. This transaction signals the merchant's intent to send underlying assets equivalent to the desired number of Universal tokens. The merchant specifies the blockchain and address where they want to receive these tokens.
2. The merchant transfers the corresponding underlying assets to the custodian. The value of these assets should match the value of the Universal tokens they wish to issue.
3. Upon receiving the underlying assets, the network verifies the received amount. Once the verification is successful, the network creates a transaction to mint the new Universal tokens. The specified number of tokens (n) are then issued to the merchant's address on their desired blockchain.

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2.3 Token Redemption

Token redemption involves reducing the supply of Universal tokens by redeeming them for the underlying assets. This process can only be initiated by merchant addresses.

To redeem Universal tokens, the merchant must call the ‘burn’ function in the contract, specifying the amount of tokens to be burned. When this function is called, the specified amount is deducted from the merchant’s Universal token balance on-chain, and the overall supply of Universal tokens is reduced accordingly.

By burning the tokens, the merchant effectively exchanges the Universal tokens for the equivalent value in underlying assets, thereby decreasing the total supply of Universal tokens in circulation.

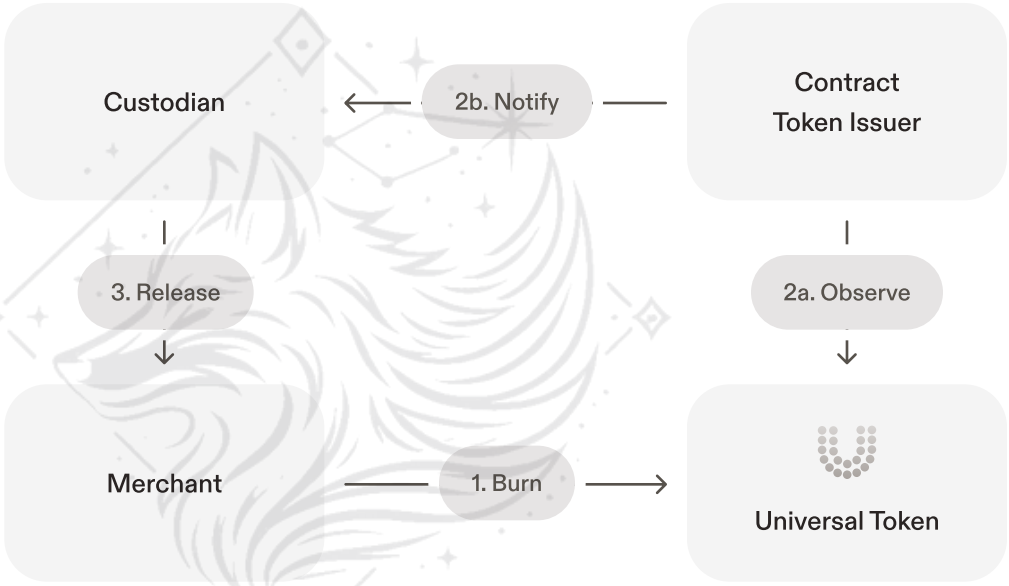


Fig 02
Token Redemption

Sequences of events for redemption of Universal tokens

1. The merchant calls the ‘burn’ function in the contract with the specified amount of tokens. This action reduces the merchant's Universal token balance on-chain and decreases the total supply of Universal tokens.
2. The network observes the burning of the specified amount of Universal tokens. It verifies that the correct amount of tokens has been burned and instructs the custodian to release the corresponding underlying assets to the merchant.
3. The custodian, upon receiving the instruction from the network, releases the corresponding amount of underlying assets to the merchant. The value of the released assets matches the value of the burned Universal tokens.

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2.4 Token Bridging

Token bridging involves the process of reissuing a Universal token from one chain onto another. This essentially involves the burn function followed by the mint function, avoiding the need to withdraw and re-deposit collateral to the custodian.

To bridge Universal tokens, the merchant must call the 'bridge' function in the contract, specifying the amount of tokens to be burned. When this function is called, the specified amount is deducted from the merchant's Universal token balance on the corresponding chain. After finality, the equivalent amount of Universal tokens is minted onto the desired chain and transferred to the specified wallet address.

By bridging the tokens, the merchant effectively exchanges the Universal tokens for an equivalent amount of Universal tokens on another chain, thereby maintaining the total supply of Universal tokens in circulation.

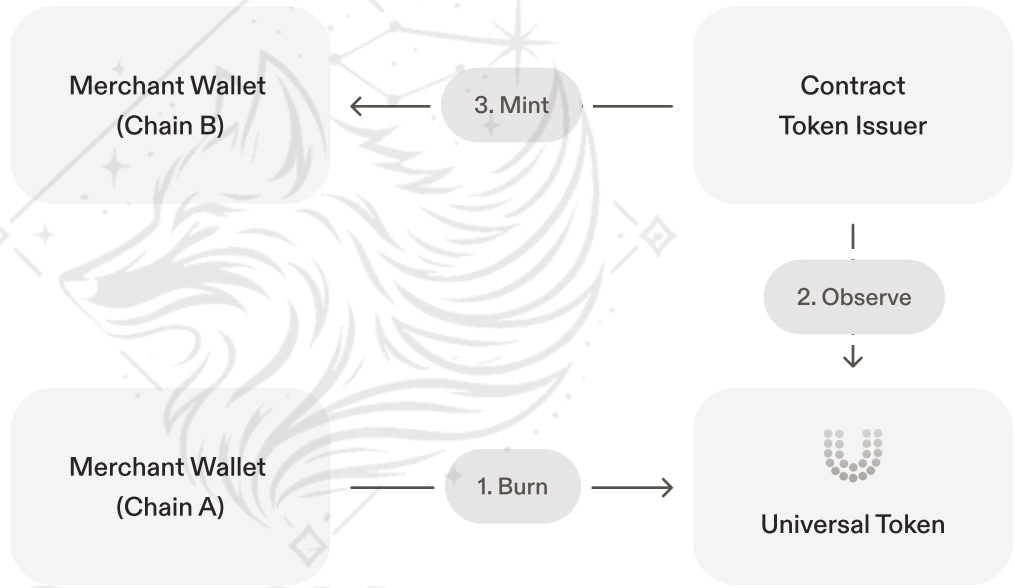


Fig 03
Token Bridging

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Sequences of events for bridging of Universal tokens

1. The merchant calls the 'bridge' function in the contract with the specified amount of tokens. This action reduces the merchant's Universal token balance on-chain and decreases the total supply of Universal tokens on that chain.
2. The network observes the burning of the specified amount of Universal tokens. It verifies that the correct amount of tokens has been burned.
3. The network, upon burning, mints the corresponding amount of Universal tokens to the desired chain. The value of the Universal tokens matches the value of the burned Universal tokens.

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2.5 Token Ownership

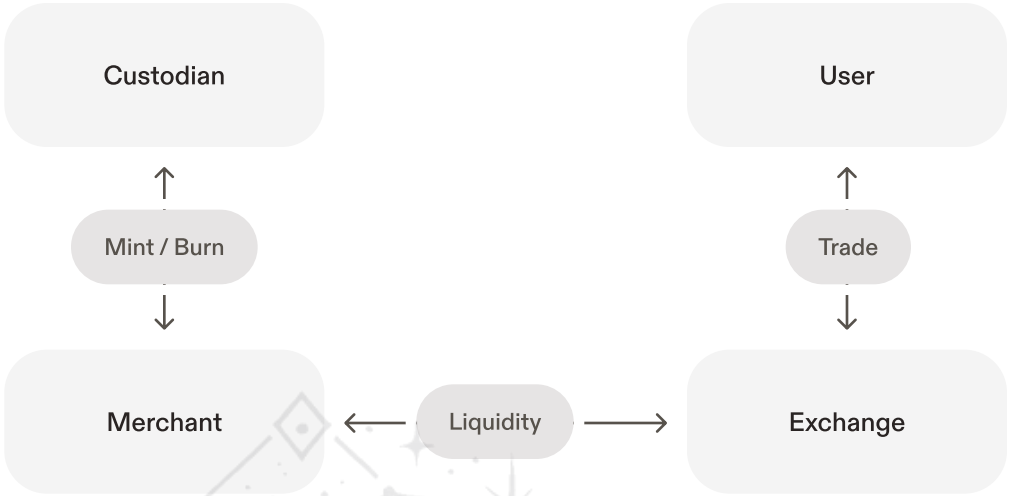


Fig 04
Token Ownership

Universal token merchants mint new tokens and supply exchanges, both centralized and decentralized, with liquidity. Prospective Universal token holders can acquire these tokens by purchasing them on open exchanges. Additionally, token holders have the option to sell their tokens back to merchants, who will then burn the tokens.

2.6 Custodian Structure

Custodians are responsible for securely holding the underlying assets which back Universal tokens, as well as playing a role in the depositing and withdrawal of Universal's collateral assets.

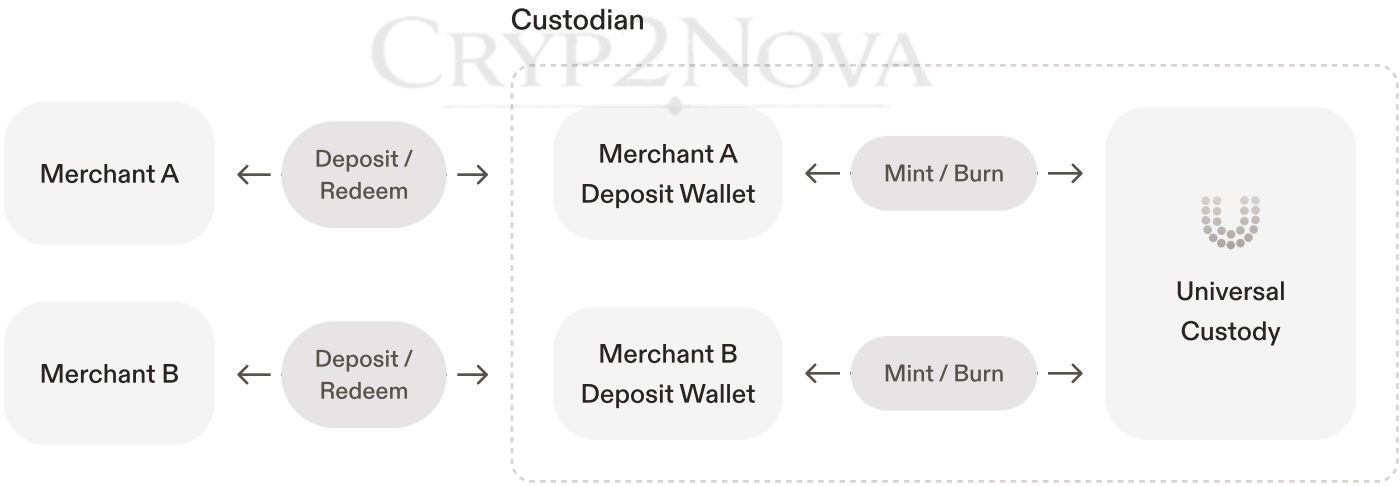


Fig 05
Custodian Structure

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Key features of Custody

- Merchants deposit underlying assets to be used for the minting of Universal tokens into their Merchant Deposit Wallets. These are wallets that are set up by the Custodian and administered by the Service Provider.
- The Universal token will be burnt and merchant deposit wallets will be given their respective underlying asset.

Additional Information

Disclaimer

This document is for general information purposes only. It does not constitute investment advice or a recommendation or solicitation to buy or sell any investment and should not be used in the evaluation of the merits of making any investment decision. It should not be relied upon for accounting, legal or tax advice or investment recommendations. The opinions reflected herein are subject to change without being updated.

Carefully consider the risk factors, purchase objectives, fees, expenses, and other information associated with Universal before making a purchase decision regarding any of the Products. All Products that are speculative in nature involve a high degree of risk and uncertainty. There is no guarantee that any token will grow in value.

For Universal, which is an ERC-20 token available for trading on multiple markets, there can be no assurance that the value of the token, if traded on this secondary market, will reflect the value of the net assets. Tokens of any products traded on such secondary market may trade at a substantial premium over, or a substantial discount to, the value of the network's net assets. While institutions may engage in arbitrage mechanisms to keep the price of the token closely linked to the value of the Network's net assets, and the price of the universal token may deviate significantly from the performance of the Net Asset Value per token ("NAV"). There is no guarantee that any token will grow in value.

Certain of the Universal Network products may be subject to the risks associated with purchasing crypto assets, including cryptocurrencies and crypto tokens. Because crypto-assets are a new technological innovation with a limited history, they are a highly speculative asset. Future regulatory actions or policies may limit the ability to sell, exchange or use a crypto asset. The price of a crypto asset may be impacted by the transactions of a small number of holders of such crypto asset. Crypto assets may decline in popularity, acceptance or use, which may impact their price.

Prior to making any purchase decision in respect of any Product, each prospective user must undertake its own independent examination and investigation of the Product, including the merits and risks involved in a purchase of the Product, and must base its decision, including a determination of whether the Product would be a suitable purchase for the prospective user, on such examination and investigation and must not rely on Alongside Finance, Inc. or the Products in making such decision. Prospective users must not construe the contents of this website as legal, tax, investment, or other advice. Each prospective user is urged to consult with its own advisors with respect to legal, tax, regulatory, financial, accounting and similar consequences of investing in any Product, the suitability of the purchase for such user and other relevant matters concerning a purchase of any Product.

The tokens have not been approved or disapproved by the Securities and Exchange Commission, are not registered under the Securities Act of 1933 (the "Securities Act"), the Investment Company Act of 1940 (the "Investment Company Act"), or any state securities commission or other regulatory body. Alongside is not registered as an Investment Adviser under the Investment Advisers Act of 1940 (the "Advisers Act"), and is not registered as a Commodity Pool Operator or Commodity Trading Adviser under the Commodity Exchange Act (the "Commodity Exchange Act").

Prospective users of any product should very carefully consider such risks prior to making any purchase decision. Tokens may always be redeemed for their underlying net now-your-customer and AML verification by a third-party service provider, by making a request on this website

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