

# DexMex

*The first decentralized exchange based on Uniswap to offer peer to peer leverage trading*

Whitepaper



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## INTRODUCTION

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The first cryptocurrency exchange was bitcoinmarket.com. It was created on March 17, 2010 and allowed bitcoin to have value pegged to dollar for the first time. It was a basic platform that allowed people to buy bitcoin through PayPal. Soon after a platform appeared and dominated 70% of the entire crypto market. It was called Mt. Gox.

Since 2014, many platforms have taken over and shared the immense volume of crypto trade, which is currently estimated at over 200 billion per day.

With the adoption of cryptocurrencies, also comes the development of trading platforms. If the CEX completely dominated the trading volume for years, a new category of platforms is now appearing which are decentralized platforms (also called DEX).

If crypto currencies are decentralized, it would be wise to also have decentralized platforms, which allow the user to actually own their funds, and to trade without going through a third party or laws. DEXs perfectly represent the decentralization approach, and it is obvious to us that they will take over the CEX market.

Indeed, in barely a year, the representation of the total volume of DEX platforms in the crypto market has gone from 0.11% to 6% and is constantly progressing. However, CEX platforms still have a few advantages over DEXs. A user can for example trade with leverage or make futures on a CEX platform easily. This is not the case on DEX's.

It is therefore on this issue that we imagine a product where leverage would be decentralized and accessible to any token.

## WHAT IS DEXMEX

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DexMex is the first decentralized exchange based on Uniswap to offer peer to peer leverage trading. This allows any person to short or long with leverage any erc20 token in a decentralized manner.

DexMex stands out from other platforms in several ways:

### DECENTRALIZATION

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One of the main aspects of DexMex is decentralization. This means that the platform is fully self-regulated.

It is not subject to various laws and external regulations. This therefore allows the community to trade any asset without restrictions and no centralized power can come into play to affect users. We have noticed that many problems affecting the user experience have arisen in centralized platforms, such as for example with Bitmex, which has many times stopped trading to limit the losses of the platform. By decentralizing all the decision-making aspect on DexMex, the user's experience cannot be affected by an external event, thus allowing him to trade with confidence.

### PRIVACY

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The user can trade on DexMex without giving his identity or any personal information. He only needs to connect his wallet to DexMex to be able to trade

### ACCESSIBILITY

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No exterior restriction affects the user. You only need a MetaMask wallet to be able to trade on DexMex. In addition, there is no limit of deposit or withdrawal. DexMex is a platform working directly with the Ethereum network, this allows trades to be done in seconds.



## HOW DOES IT WORK?

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### PEER TO PEER LEVERAGE

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DexMex brings a whole new concept to the world of decentralized exchanges by mixing peer to peer trading with leverage.

Users are rewarded directly with the value of losing positions. It is therefore the losing positions that reward the winning positions on DexMex, and that in a continuous and direct way.

To achieve that, a ratio is set between the short interest of a token and the long interest of the same token, leverage is then updated every time a user withdraws his holdings or gains. Everything is done directly with Ethereum, there is also no need to borrow the token to short or long it.

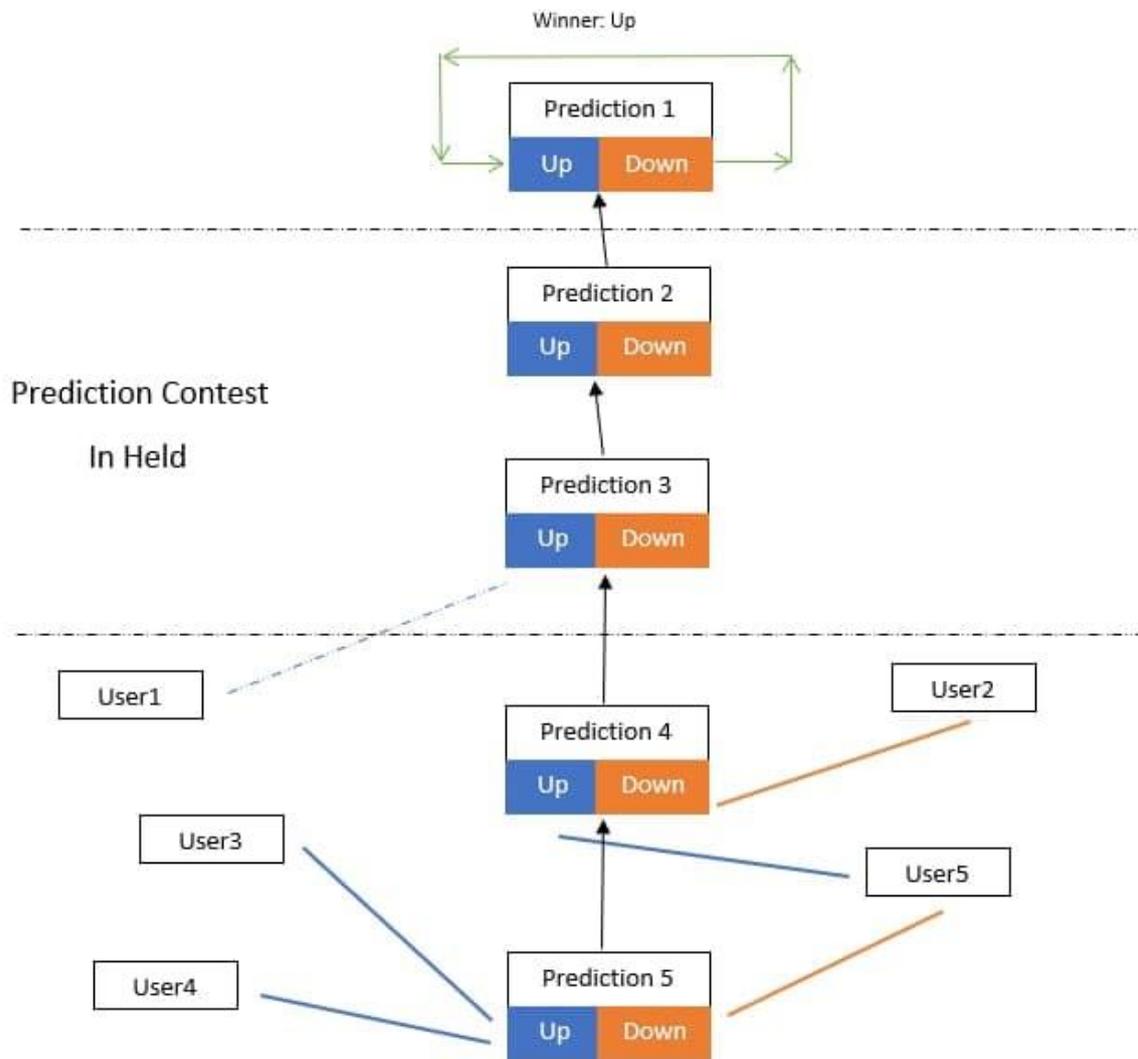
The DexMex trading system consists of a pool for each erc20 token. This same pool is divided into two sub pools: One which shows the long interest for the token, represented by assets (in ether) that are deposited by users who believe the erc20 token will go up. The other pool shows interest in shorting this same erc20 token; assets are deposited by users who believe their erc20 token will go down.

The leverage is then determined by the ration between these two pools and is calculated continuously when a user withdraws his assets from the pool.



## ILLUSTRATION OF THE MECHANISM

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Preparing

The peer-to-peer concept is based on a continual predicative analysis of the token. This means that winning users are continually rewarded by losing users.

Prediction is done individually when the user decides to withdraw their funds. In addition, users can enter the peer-to-peer system whenever they want, without there being a predicative duration since it is continuous. It is therefore a timeless prediction contract.

## ADVANTAGES OF PEER TO PEER

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The advantages of a decentralized leveraged platform using our peer-to-peer system are numerous, here are a few

### ENDLESS LIQUIDITY WITHIN THE CONTRACT

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The reward value of the short and long positions is determined thanks to a direct ratio between the interest of the shorts and that of the longs, it is continually updated whenever a user withdraws/deposits in the short/long pool. This allows the system not to suffer from liquidity problems to reward its users.

### ACCUMULATION INTEREST

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Instead of having to set up a loan system which requires a great interest in the token so that leverage can be applied, the DexMex protocol builds its "liquidity" in leverage little by little while allowing the user to never be limited in its positions, even if the interest for the token is extremely low.

Indeed, thanks to the timeless prediction protocol made by DexMex, users can leave their positions open as much as they wish, thus allowing other users to join which allows short/long interest to accumulate in the token.

### FLEXIBILITY

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Currently, in order to be able to set up a leverage system in a decentralized way for a token, it is necessary that many people have enough interest in it for the liquidity to be optimal.

In addition, users are limited in their positions, as it is related to the size of the lending pool of the token. It imposes also limitations; in fact, liquidity lenders cannot participate in trading the cryptocurrency with their lending positions.

Finally, there must be incentives for lenders to put their liquidity in the protocol. These incentives are often expensive and have a negative impact in the price of the token; the rewards are often tokens which puts sell pressure or fees are taken from platform, which decreases the potential rewards for the users.

Thanks to DexMex's peer to peer system, the user can start leveraged trading on any token with any liquidity. Liquidity is then built over time and its growth never affects the user in question. Indeed, he can always be rewarded, whether the token has a low interest on DexMex or high.



## PEER TO PEER OPPORTUNITIES

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There are many opportunities to encourage users to accumulate interest in a certain token

### IRRATIONAL EQUILIBRIUM

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Users can enjoy an irrational equilibrium between short and long interest. Indeed, it is likely that at the start of the creation of a leveraged contract on a token, the equilibrium will not be found because of the low amount of interest.

Just like supply and demand, one cannot calculate the precise value of a good if the demand is still low. The asset in question may therefore be undervalued.

In our case, the short/long interest may be overestimated. This creates an arbitrage situation that some users can take advantage of, thus increasing the total interest in the token and naturally regulating the short / long equilibrium of the token.

### THE SPEED TO LAUNCH A SHORT / LONG CONTRACT ON A HOT TOKEN

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Thanks to the decentralization of the DexMex protocol, anyone can offer leverage on a token. It is thus possible that a token which has a strong momentum (because it has just launched) can directly and quickly attract a large interest in DexMex. In all other platforms, this is not possible. Indeed, it is necessary to go through controls, regulations or to create pools of liquidity which requires a lot of time to be completed.

### FEES OF THE PLATFORM

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A 0,8% fee is set as an entry fee when users take a long or short trade. After that, there is no additional fee, which means that users can hold as long as they want their winning/losing positions without paying penalties.



## DEXMEX TOKEN (DEXM)

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Dexmex (DEXM) is the cryptocurrency that powers the DexMex platform. It is an ERC 20 token from the Ethereum network. DEXM powers all the economy and revenue of the platform.

Although the DexMex token functions are basic, it is used for several use cases in DexMex.

### GOVERNANCE

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DexMex users have complete control over the protocol. DexMex holders will manage the treasury fund and internal aspects of the platform such as fees taken or upgrading the protocol.

### STAKING AND FEE REVENUE

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DexMex holders will be able to earn 0,5% commissions of all the trades in the platform by staking their tokens. They will earn fees directly in Ethereum.

### BUY BACKS AND BURN

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0,2% of the total fees on the platform will be used to buy back DexMex.

### THE TREASURY

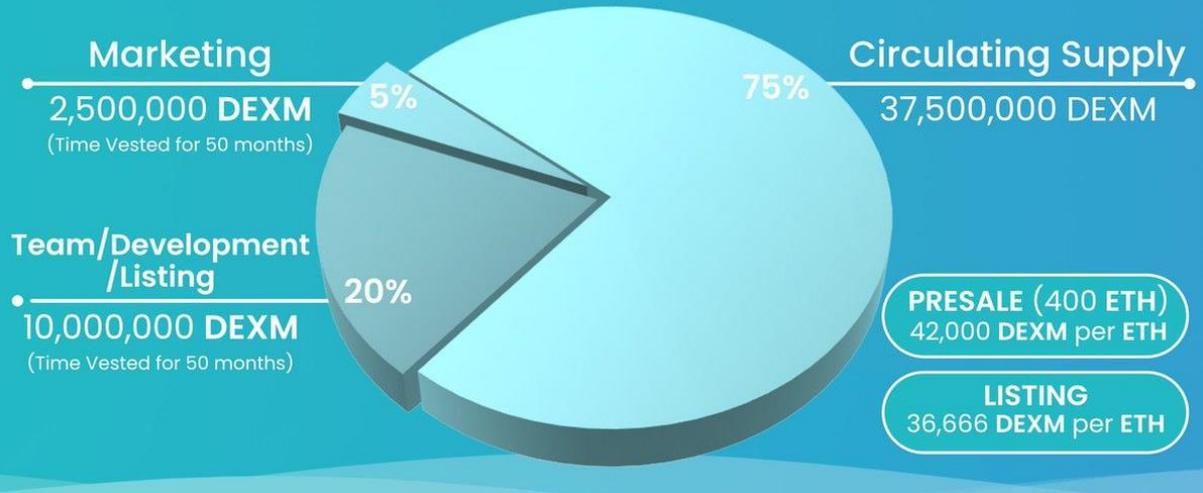
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A 0.2% fee will be added to the treasury, which will be governed by the community. The treasury also backs the token, while users can vote to distribute the treasury to token holders, in the event the project is unsuccessful the treasury would be distributed to the DEXM holders.



# TOKENOMICS

Total Supply : 50,000,000 DEXM



**DexMex Roadmap**

**Q1**

- Beta of the platform : 22.02.21
- Limited governance : 25.02.21
- Public platform release : 27.02.21
- Marketing campaign : 01.03.21
- Platform full release : 06.03.21

**Q2**

- Partnerships announcement : 20.03.21
- Full marketing campaign : April 2021
- New uses cases: April 2021

[www.dexmex.info](http://www.dexmex.info) <https://t.me/DexMexofficial>