BXTB PLATFORM

Whitepaper

Version 3.0

1 Executive Summary

BXTB Platform is a DeFi Protocol developed and supported by BXTB Foundation (the "BXTB Foundation"). The goal of BXTB is to create a high-throughput, yield-generating Stablecoin that is suitable for enterprise use cases.

At present, Stablecoin projects are often focused on maintaining their pegs through various collateralization mechanisms or through custodian services (fiat "vaults"). Because of the need to have strong finality and ready access to pricing oracles, they are limited to popular blockchains such as Ethereum.

BXTB's stablecoin, CHIP, focuses instead on the need for high throughput and strong operational support for real world use cases. CHIP itself is collateralized by other Stablecoins that maintain its peg and valuation, but issued on a separate sidechain based on Proof of Capacity (POC). By utilizing this sidechain, enterprise users can easily integrate CHIPs into regular usage – examples include digital games of chance, real-world casino operators, application service providers, and virtual worlds. These enterprise users can offer their customers a seamless, tokenized transaction experience while all the accounting, settlement and payment processes are handled entirely through the BXTB POC blockchain.

Our first target market will be online games of chance; this industry is expected to approach USD $1 trillion by 2021[1], according to Juniper Research.

BXTB's approach to implementing blockchain technology in a real world use case is the first yield-generating mechanism to have its value generated from outside of the blockchain ecosystem rather than within; whereas existing DeFi solutions often present a circular economy that is not sustainable in the long run.

2 Real World Problems

Payment Processing

The gambling industry has traditionally been utilizing fiat-to-token models at brick-and-mortar properties. However, it has had a tough time doing the same for its online properties due to the complications in online transactions and unreliable tokenization systems, despite the fact that online gambling is legal in more than 85 countries[2].

While credit card networks such as Visa and MasterCard technically allow gambling-related transactions, strict and inconsistent regulations have scared off many businesses and services. Banks, credit card companies, and e-wallets that handle transactions have been worried about running afoul of the Unlawful Internet Gambling Enforcement Act of 2006, UIGEA, which prohibits persons or businesses "from knowingly accepting payments in connection with the participation of another person in unlawful Internet gambling."

In turn, the related businesses that online gambling platform require have also been wary of the field, resulting in onerous customer adoption challenges and operational inefficiencies across the industry.

More specifically, banks, credit card companies, and e-wallets often operate across multiple jurisdictions that have different regulations. For instance, the United Kingdom allows online gambling while the United States prohibits it. Instead of working with each region, companies often opt to simply prohibit gambling transactions across the board, making it difficult, if not impossible, for customers to transfer funds to and from online casinos — even though those transactions are perfectly legal.

Customers are forced to seek other, less attractive and often risky alternatives, such as buying prepaid gambling cards or resorting to opaque cash agents. Of course, this completely negates two of the major appeals of online gambling: the presumed increase in privacy and convenience.

Multi-Party Settlement

Furthermore, online casinos are also having tremendous difficulties settling payments within their supply chains.

On the back-end, an online casino property might consist of:

1. An operator: the entity that holds the casino license and operates the domain name
2. A platform provider: the software vendor providing the gaming platform
3. A games provider: the software vendor providing the casino games
4. A payment processor: the software vendor providing the fiat on/off ramp, often by playing cat-and-mouse with the banks

On the front-end, the online casino might include a network of human agents as well as sub-agents and sub-sub-agents, etc., who act as intermediaries, handling cash to and from would-be bettors.

The traditional banking system is as reluctant to handle inter-party payments between operators and software providers as it is to handle deposits and withdrawals from end consumers. Again, this forces those inside the industry to resort to other means — usually cash — to settle payments amongst themselves.

Further compounding the problem is the fact that stakeholders are required to blindly trust each other on accounting and contract enforcement or resort to redundant reporting and onerous reconciliation.

3 The Solution

We believe that cryptocurrencies, blockchains, smart contracts, and proof-of-capacity mining constitute the ideal components to effectively address these problems.

Using a cryptocurrency dispenses with the need to deal with traditional financial institutions, while maintaining the reliable store-of-value necessary for transactions to be valid. Smart Contracts allow automatic settlement between parties in a secure and reliable manner – all done transparently on the blockchain.

How it works

The core BXTB platform consists of two core elements:

1. A sidechain that operates using Proof of Capacity, a greener yet high-throughput alternative to Proof of Work and other consensus mechanisms.
2. A DeFi collateralization and yield-generating mechanism which incentivizes users to mint and promote CHIPs

On the BXTB sidechain (the "yield-chain"), two processes occur: BXTB mining and CHIP transactions. BXTB tokens are governance and utility tokens which have to be mined, and are also required in the creation of a CHIP. The collateralization process can be summarised as follows:

BXTB + Stablecoin = YBXTB + CHIP

In order for a CHIP to be minted, BXTB must be purchased or mined, then sent to a smart contract on Ethereum together with a supported Stablecoin such as USDT or DAI. The tokens are locked and a corresponding CHIP is generated on the BXTB yield chain, along with a YBXTB.

YBXTB Yield Generation

YBXTB holders receive a portion of the network and transaction fees generated by the movement and usage of CHIPs. In the early stages of the BXTB protocol, the transaction and network fees will be pooled together and distributed to all YBXTB holders equally. Later stages of the BXTB protocol will allow non-fungible variants of YBXTB that are programmatically linked to the CHIP that it was generated with; this allows the yield from those CHIPs to be exclusively earned by the YBXTB holder, incentivizing them to push for enterprise adopters who will be able provide high transaction volume for the associated CHIPs.

Transaction Fees

CHIPS transacted on the yield chain are used by real-world industries that need high-velocity and high-throughput transactions. Each time a CHIP is transacted, a 0.05% amount of the transaction is paid as fees to the yield chain reserves*, while another 0.25% amount of the transaction is paid as yield to YBXTB holders. This % amount is

set via governance decisions made by BXTB holders, and can be set to any amount depending on the goals of the community (e.g. to promote increased collateralization and liquidity for growth, or to promote increased yield)

Destaking

CHIPs can also be paired with a YBXTB in a destaking process; doing so returns the Stablecoin to the YBXTB owner. This de-staking mechanism means that CHIPS which are out on the market earning yield for the YBXTB holders will remain active and contributing to the reserve. In effect, this means that YBXTB holders are encouraged not to de-stake as they would lose BXTB + lose out on the potential yield that CHIPs would be earning for their YBXTB through the transaction fees of the network. Any De-stakers will also benefit the liquidity of the system as the "free floating" CHIPs out in the market will have their YBXTB yield be aborted to the reserves.

Destaking Summary:
YBXTB + CHIP = Stablecoin

Overcollateralization

In order to encourage the value of CHIP to remain stable and the underlying collateral to be more than adequate to maintain the USD peg, BXTB reserves will be utilized for two purposes:
1. Act as liquidity for an automated market maker mechanism, which facilitates exchange of CHIPs for fiat, Stablecoin or other cryptocurrencies
2. To enable overcollateralization of CHIPs across the system, part of the BXTB reserves of CHIPs will be burnt from time to time.

By creating an overcollateralized stablecoin, enterprise users will feel more secure in utilizing CHIPs, and the failure of an underlying stablecoin collateral to maintain its peg will be addressed through the BXTB reserves.

BXTB Platform Governance

Before being used in the collateralization process, BXTB acts as a utility token that awards governance and voting rights to holders. As BXTB is a DeFi protocol with no underlying team, governance decisions will be performed by means of a DAO, which the BXTB foundation will transition into in future.

Technology Overview: Proof of Capacity

BXTB is mined via a proof-of-storage consensus mechanism and tradeable on cryptocurrency exchanges. Using proof-of-storage drastically lowers the barrier to entry for potential miners because of the relatively cheap cost for storage space as well as significantly reduced energy costs, compared to proof-of-work processing power. The added inclusivity promotes a more diverse, less concentrated group of miners who will all participate and have a vested interest in the growth of the token's key value drivers.

BXTB Cross-Chain compatibility: BXTB (ERC20)

BXTB tokens, while mined on the POC sidechain, can also be converted into ERC20 tokens through a BXTB-foundation operated oracle. Early implementations will focus on interactions in the Ethereum blockchain to ensure adequate community growth and to rely on network effects of DeFi's popularity amongst the Ethereum ecosystem.

BXTB Chips Wallet

The BXTB Wallet is a secure, anonymous, web and mobile wallet designed specifically for CHIP to work seamlessly with the online casino partners and for end users with little or no crypto knowledge.

The primary features of the BXTB Platform Wallet are:

- Purchasing of CHIP from participating service providers
- Purchasing of CHIP directly from the BXTB Platform Exchange
- Support for smart contract based games of chance
- Bulk deposits and withdrawals
- Peer-to-peer transfers of CHIP and BXTB tokens
- Integrated CHIP/BXTB Automated Market Maker (AMM)

BXTB Platform API

The BXTB Platform API is a complete payment toolkit for enterprise users. It is a complete and full-featured payment API, designed for ease of integration, eliminating needless complexity and allowing any enterprise user to easily integrate our payment solutions (and take CHIP tokens) in a matter of minutes. The BXTB Platform APIs are HTTP-based RESTful and implement the same high-security mechanisms that are used in the online banking industry.

BXTB Automated Market Maker

The BXTB AMM allows anyone to purchase CHIP from BXTB Platform directly via the BXTB Platform Wallet or on the BXTB Platform Portal, using an automated mechanism to determine prices.

BXTB Platform Portal (CNP)

The BXTB CNP is a web-based portal designed to bring the power of smart contracts to non-crypto-native users. The BXTB CNP provides a user-friendly user interface (UI) for defining contracts among the various parties: operators, platform providers, game providers, payment providers, agents. It also automatically generates and records a corresponding smart contract to the blockchain for execution.

The BXTB CNP also provides a familiar accounting UI for the parties to inspect and audit transactions. As operators incorporate more and more BXTB Platform functionality into their operations, BXTB CNP will increasingly be their main gateway for managing their platforms.

References

[1] Juniper Research, https://www.juniperresearch.com/press/press-releases/global-online-gambling- wagers-to-approach-$1-trill

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[3] Ars Technica, https://arstechnica.com/tech-policy/2018/02/bitcoins-transaction-fee-crisis-is-over-for- now/