



Frictionless-Platform White Paper

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Abstract

This Document aims to provide a technical overview of the Frictionless-Platform. The platform utilizes distributed ledger technology in the form of smart contracts to alleviate negative impacts on the development of tokenized projects and companies. This whitepaper explains current problems in DeFi and our solutions to the mentioned problems in detail.

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1. Preface

Revolutionizing DeFi Trading:

Frictionless Unveils a Distinct Approach In the ever-evolving landscape of decentralized finance (DeFi), Frictionless emerges as a unique platform, redefining the norms of OTC and P2P trading.

We at Frictionless Network have been observing and analysing the cryptocurrency market over the past years and have documented the key problems that are prevalent in the market. Many issues were further exacerbated by the growing number of smart contract capable blockchains and expanding decentralized finance (DeFi) ecosystems, which brought with it increased popularity for tokenization as a funding mechanism. With chains like Ethereum, Polygon and Binance Smart Chain (BNB Chain) creating highly attractive investment opportunities for investors, the cryptocurrency market got flooded with unsustainable get-rich-quick schemes and investments in the DeFi space were being dictated by marketing hype and publicity more than actual utility. This resulted in the encumbrance of projects that relied on steady development and reliable investments.

Projects that raise their capital through tokenization suffer from having to commit a significant share of the raised funds to liquidity and would need to rely on liquidating their unsold native token holdings to cover deficits in development and operating budgets. This creates a selling pressure on their digital asset sending negative signals to the market despite any liquidated funds being used to grow and promote the project actively. Projects are in dire need of a solution that prevents negative market or sentiment impact from the sale of their native assets that are earmarked for covering expenses.

We at Frictionless aim to create the first platform where projects and investors can swap their native token holdings in a wallet-to-wallet manner without the transaction having an impact on the public market prices and liquidity pools. With unique buying and selling opportunities, token creators can leverage our platform to set competitive prices, attracting more users. This flexibility is absent in traditional platforms, giving Frictionless a competitive edge. We enable this by creating open channel swaps, or 'Offers' on our innovative Offer-Wall, where users can swap or 'switch' tokens through various mechanisms that are protected by our safety protocol and escrow-smart-contracts.

Thus, Frictionless is able to preserve chart integrity. Large trades often trigger panic sales, damaging a token's chart. We eliminate this threat by facilitating direct transactions between buyers and sellers. Our platform ensures that, regardless of trade size, there's never a negative impact on the traded token's chart. Large trades can get executed without compromising value, ensuring sellers receive the entire sum they request, a feat unmatched in the current market.

The core concept is to create a trustless platform where budget creation can easily be facilitated. This will extend further into the inception of a full-on decentralized P2P exchange, that will have the best of all worlds with none of their flaws - the easy haptics, and accessibilities of the most popular centralised exchanges (Binance, Kucoin or Gate.io), and the security of an immutable blockchain backend, that allows non-custodial movements of funds, where no one has access to assets except the asset holders and owners. Busts like FTX or Celsius are a thing of the past, misappropriations of user funds are simply not possible with our tech.

Our innovative approach not only tackles common issues but propels us beyond the competition. Unlike conventional platforms, we offer a seamless trading experience without the dreaded price impact.

This document outlines the problems in detail, our proposed solution and how we expect to help bring stability to the DeFi and cryptocurrency markets.

2. Current problems

The core problem that we have identified is the heavy impact of the transactions that the project owners or large holders initiate in order to liquidate their budgets held as native tokens. When coupled with the heavy reliance of such funding mechanisms for DeFi projects, the lack of steady funding or grant allocations has caused many projects in the market to cease operations. This is mainly due to the contagion effect of the negative impact these liquidations have on the public price which results in market panic and hysteria, effectively pushing the project sentiment and asset price to unrecoverable levels.

While evident to most, it is still common to see waves of negative market sentiment being generated every time native holdings are liquidated by a project to fund their progress. Investors often think of these transactions as insider sells, a predominantly negative signal in traditional markets, despite complete disclosure from the project on how their development and expansion budgets are held as native tokens on market launch.



This problem is not constrained to just project funds. Early investors and whales would also have significant sized holdings that would grow in value exponentially compared to the available liquidity, resulting in high price impacts should they choose to exit their investment on the market. This sends a negative signal to the remaining investor base due to the price decline. No one is at fault here, the investor exited via the only means available to him.

Looking at how other players in the space operate, from large exchanges to decentralized token auction platforms, we can see that investors shy away from off-market trading due to cumbersome KYC requirements and inflated transaction fees. The benefits of off-market trading are negated by the lack of anonymity and transparent pricing.

“Not your keys, not your coins”

A popularly quoted mantra in the blockchain space, is an underlying digital education topic that will be repeatedly expressed in the industry. On centralized exchanges, users do not have transferable ownership over their funds given the custodial nature of the platforms.

In essence, users are temporarily loaning out their assets to the exchange to be able to participate in trading, staking, or using said assets within the exchange. This creates a huge vulnerability for investors, as seen in recent fiascos like with Voyager and Celsius, where investors' locked funds

were being used as collateral for debts. Once deposited on an exchange or platform, users forfeit their right to their assets should the platform get hacked or go bust.

To simplify the problem, imagine a company declaring a very positive financial year and then releasing its treasury stock at a slight discount to the market price to raise capital for new geographic expansions. In traditional markets, this would be a bullish signal for investors and rights issues of equities which are often fully subscribed for well-performing companies. Now imagine if this created market panic and caused investors to sell their holdings despite an improvement in the company's intrinsic value and future growth prospects.

3. Our Solution

Terminology Legend:

Contributor – Users who can fill orders that are set up by Offer-Creators.

Offer-Creator – Users who create Offers on the Frictionless-Platform (Projects or Token Holders).

Project-Contract – A custom generated smart contract for every new project that joins our platform. It governs the funds, provides trustless security for transactions, and is public.

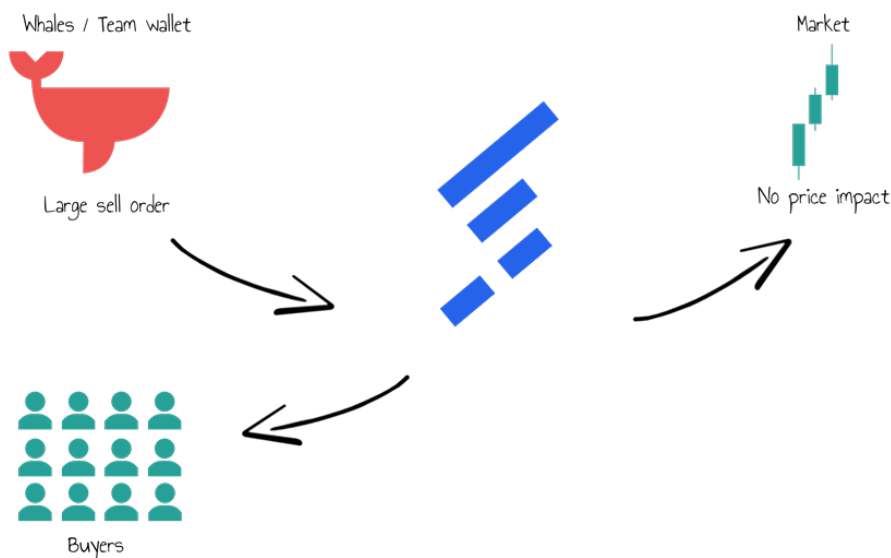
Offer-Wall – Public interface of all current Offers that is displayed on the front end of the Frictionless platform.

Controller-Contract – The contract that handles all the underlying project contracts and the Offer-Wall.

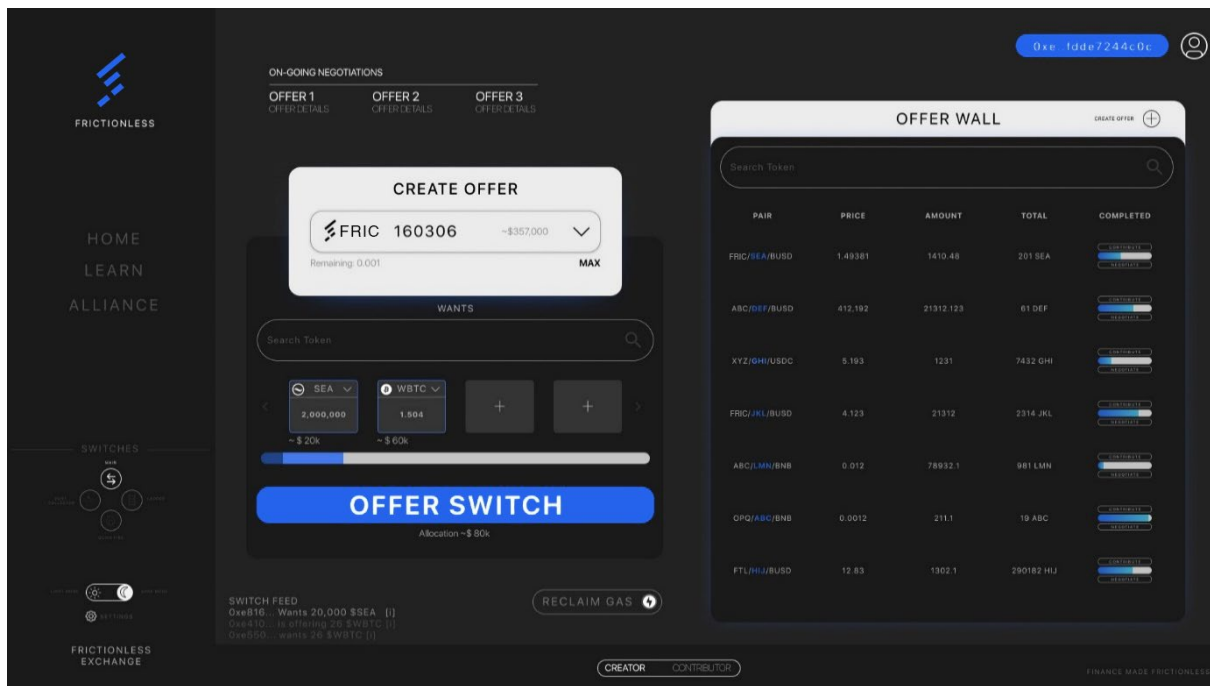
Switch – In-platform name for the transfer of assets between the two parties.

Wants – Preselected assets the Offer-Creator accepts in exchange for his listed asset.

The Frictionless-Platform Offers an innovative and new market experience for projects, whales, and normal investors alike. Our solution allows users to move native digital assets without creating a price impact, whilst accommodating high flexibility in how the transaction is conducted.

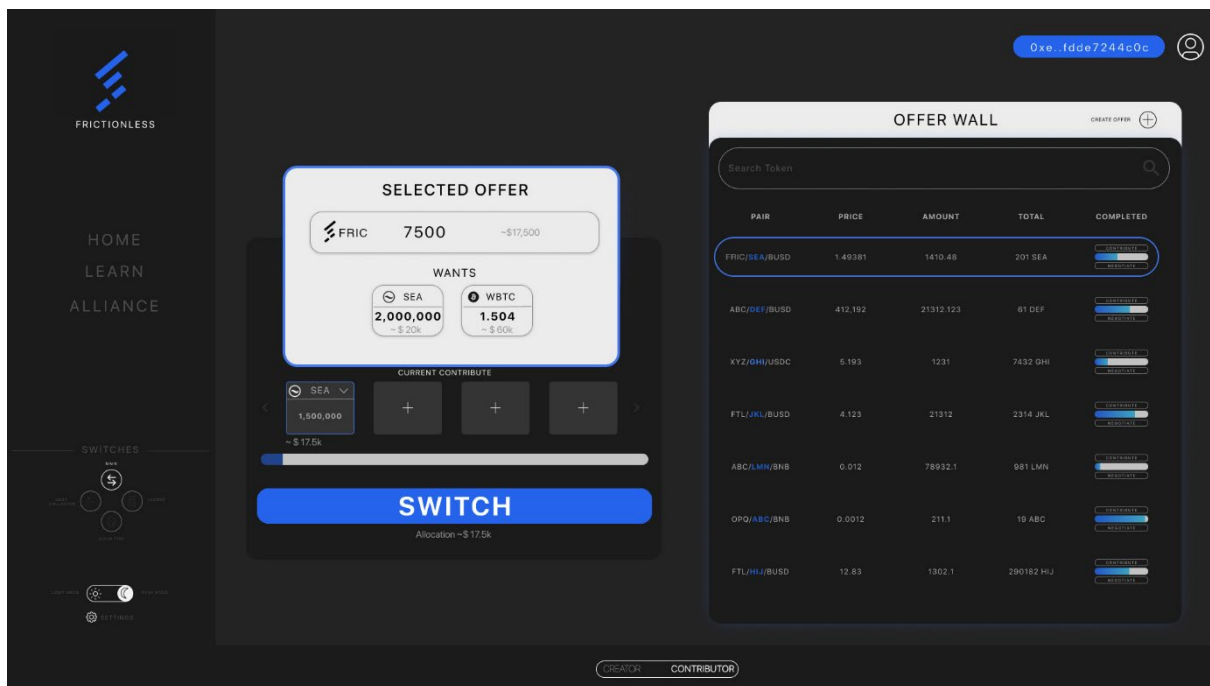


We have two primary types of users – the Offer-Creators and the Contributors. Offer-Creators can select one of their Assets which is supported by the Platform to exchange for a selected set of unique assets, Wants. Contributors can see and select those Offers and can contribute to any open Offer if they own the requested token.



Offer-Creator UI

Projects and verified whales can set up Offers which will dynamically be displayed on our public Offer-Wall. Contributors can in turn fill available and open Offers by exchanging any of the Wants held by them.

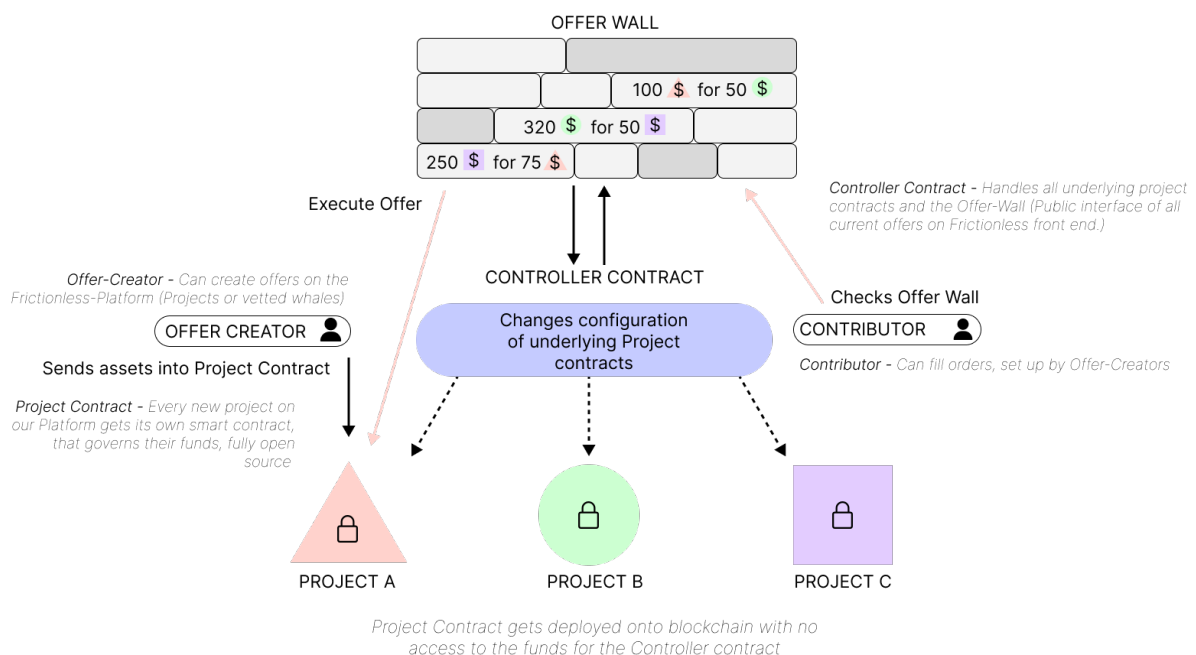


Contributor UI

A look behind the curtain

For every project that is available on Frictionless, there is a customized smart contract handling the assets offered by the Offer-Creators. This 'Project-Contract' will be public and easily accessible, ensuring complete transparency for the users. Once deployed, it cannot be tampered with while still allowing Creators to withdraw their funds to cancel an Offer, provided there are no ongoing negotiations or switches.

The company and Frictionless team will never have access to those funds as they are being held in escrow-smart-contracts called Project Contracts. The contracts themselves will store the funds to ensure the legitimacy and availability of the Offers. The dynamic nature of those will immediately reflect any changes such as cancellations or amendments to an Offer as it is published to the relevant blockchain network. Similarly, if a Contributor partly or completely fills an order, the Offer-Wall directly calls the Project Contract and executes the swap which is reflected on the blockchain. All Project



Contracts are handled by the Controller-Contract that can change the configuration of the underlying project contracts to reflect any changes to the Offer but has no access to the project's funds.

This Controller Contract also handles the task of deploying new projects onto the Frictionless-Platform. This structure allows us to dynamically add new project assets to the platform seamlessly while ensuring there is no risk of centralized security by having the funds and transactions routed through individual contracts set up for each project.

One of our core challenges was to ensure fast loading times while keeping everything on chain. This is solved via a hybrid solution using both blockchain and in-house databases. The Frictionless-Platform will grab data from the database first, for a much faster user experience, while fetching transaction records and updates from the blockchain in the background. The database is automatically updated to ensure the most recent info is displayed to the user. The Frictionless-Platform will host a curated set of projects, each individually vetted by our team. So far, we have 10 confirmations by projects of future usage of our platform. We allow for high levels of customization for every project contract, each with its own set of rules. For example, a minimum Offer creation size can be implemented for a specific project at any time.

4. Revenue model

Per-Transaction-Fee-System

Per transaction we will receive 2% fees in the traded assets, users have the option of holding our FRIC token to reduce the fee to 1%. The fee can be reduced further for projects and their investors by joining our partner program the Token Alliance: Projects can enjoy a transaction fee of 0.8% and their community and investors a fee of 0.9%. With future incentives and referral programs, the fee can be reduced even further. From the current 10 Token Alliance partner projects, we can expect a healthy platform launch revenue.

Overall, if we look at one side of the market size we tackle, the decentralized market, we observed an impressive \$854 billion in trading volume in 2022 from 5,687,713 unique trading addresses, with a Compound Annual Growth Rate (CAGR) of 42.5%, expected from 2022 to 2030. If we become the market leader and carve out our niche further, onboarded project treasuries alone - approximately 10-20% of the above-mentioned trading volume - could create a fee volume of \$8,000,000,000-\$16,000,000,000.

This does not include the centralized exchange volume we enable through becoming a decentralized P2P-Exchange, which will unlock the overall cryptocurrency market to us, and its volume.

Outsourcing of technology

Frictionless aims to become a standardized premium feature for projects and companies by seamlessly integrating our Switching technology as a plug and play API module that is interacted with via their respective front ends. Offers can be created on-site, resulting in secure routing to our core backend, which in turn creates the necessary smart contracts. These Offers will hence be accessible to the public on the Offer-Wall. In addition to projects, decentralized and centralized exchanges will integrate our Offers as transactional alternatives and provide gateways to our platform on their front ends.

The licensing model of our technology will vary and adapt to the respective needs of projects and companies, allowing for both one-time purchases as well as monthly subscription models. Our development teams will also provide service integration on demand for licensing companies, leading to additional revenue generation. End-to-end integration of our technology with a third-party storefront will be one of our pillars for profitability.

Liquidity transfer of decentralized exchanges

Every protocol requires a large volume of traffic to be successful. Frictionless achieves this by partnering with decentralized exchanges and liquidity providers. Our platform enables projects to migrate their liquidity pool (LP) from one exchange to another without the hassle of an unlock period for the liquidity and any price impact. This allows for greater flexibility and independence from third party platforms for any project.

This unprecedented functionality starts with the deployment of a dedicated smart contract on our platform. Projects then allocate their development budget assets, ETH, BNB or other higher volume assets to the contract and in return receive their native token. These tokens are accumulated in a lock-up smart contract and can be provided as liquidity on a new DEX. The benefit of using our platform instead of re-purchasing their native token on the market is clear: a lack of slippage and price impact allows us to provide a higher upside on the received assets, and Projects can set custom rules to make the Offer more attractive, including making it selectively available for certain wallets.

Marketing the Offer on our “Offer-Wall” will enable an active community to drive traffic to the contract and enable a rapid transfer of liquidity pools.

Tools for Market Makers

So far traditional market makers have been tackling the problem of funds liquidation in a different manner, by strategically controlling the project’s asset price they represent to aggregate and govern a treasury for their customers. This drives volume and creates healthy asset order flow. When using our Offer-Wall and specialized tools, market makers can unlock additional means to guard an asset’s prize and to further support the treasury. By allocating a percentage of the project’s funds to our technology, they can build tactical methods of receiving paired main assets to strengthen liquidity pools or create additional upwards pressure through buybacks.

In the near future, we will announce partnerships with legacy market makers to coordinate and consolidate the tool development with industry feedback and expertise. This creates a three-dimensional revenue-generating approach which does not exist in the blockchain space where projects, investors, and market makers will work together to support the organic growth of innovation and liquidity.

Switch Subscription Model

It is important to state that the default ‘Switch’ will be freely accessible for users of our platform.

Projects and investors can choose between and subscribe to different Switch Usage plans to unlock full access to all features on our platform. These include a selection of additional ‘Switches’ to further assist projects and their investors to find the customization that works best for them.

Switch Single Buys

This Switch option can be used throughout the whole transaction/negotiation process until the Offer goes through for the user/project or until the Offer is finalized with another user.

Offer Wall Ad-Space

Offers can be promoted by purchasing Ad-Space at the top of the Offer Wall, which will give projects better visibility and special focus.

Offer Wall Push to Top

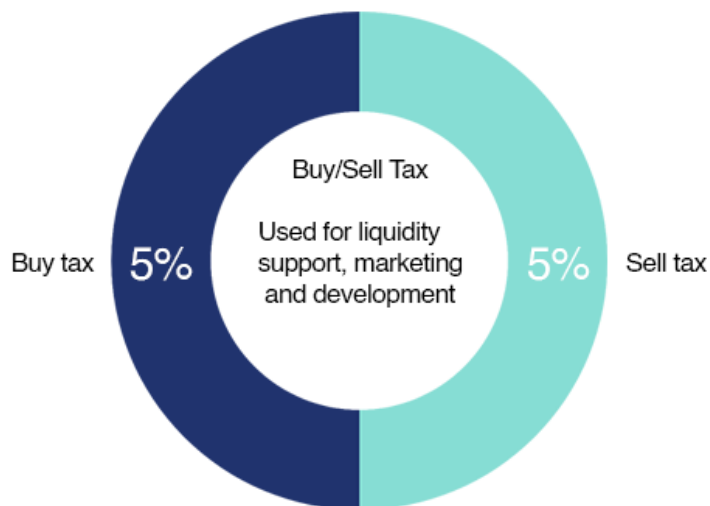
Offer can be pushed back to the top of the list in high-frequency phases for a small fee.

The native Frictionless token will have attractive behavior through the multitude of volume and revenue-generating features. The native tokens that were bought on our platform or on the market through a DEX, will eventually come back to the treasury or will be put back into the Frictionless LP using different switches.

Traffic is the primary focus of every platform. By making our Token a favourite amongst traders through its mandatory utility and inclusion into the platform, we can raise its value and at the same time create volume for our platform.

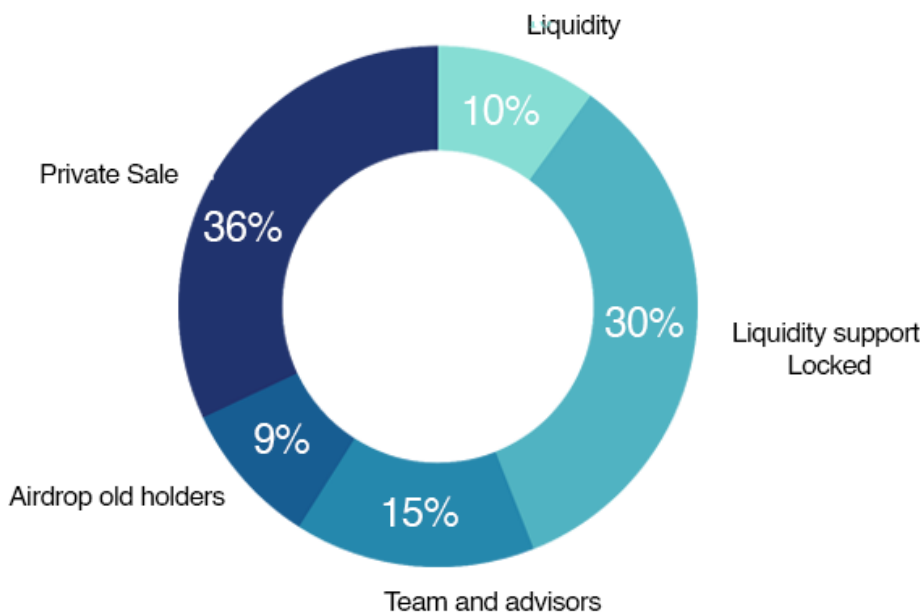
5. The Frictionless Token

Our native token derives its value directly from the traffic on our platform and the tax on token transactions is used to fund operations, provide liquidity, and reward our token holders. Our initial tax of 5% for each buy and sell consists of:



The token tax is subject to change throughout development and will get adapted with the completion of milestones.

The total token supply will be 500,000,000 FRIC, the private sale will get an allocation of 180,000,000 tokens, the team and advisors 75,000,000, the LP 50,000,000 and a lock up of 150,000,000 FRIC tokens for liquidity expansion and control, and a 45,000,000 airdrop to our old holders.



Utility of Token

The token will be the fuel of the Frictionless-Platform, the needed bridge to facilitate switches between different assets and provide access to the platform for a dynamic number of held tokens.

Furthermore, it will allow users to unlock different services and secure our platform.

It will act as a connector from one asset to another, providing users with more options to liquify their assets. This goes hand in hand with another feature, the prioritized trading for users who choose to use the platform's native token, so that they can front-run attractive offers. It makes the token itself more attractive and allows for a greater volume of the token.

Additionally, need to hold a fixed value of our native token to access the platform. If a user, Contributor and/or Offer-Creator increases their stake in Frictionless he can access further features. For example, more switches or in the case of Contributors, the ability to create their own offers, in accordance with compliance and regulatory frameworks.

To drive further utility to our token we are looking into developing a DAO to further decentralise processes to provide more layers of trustlessness, and give the community, Offer-Creator and Contributors more control over aspects concerning their user journey and experience on the platform.

6. Future Development

Evolution Towards a Full-Fledged Decentralized P2P Exchange

Frictionless, born out of a commitment to revolutionize DeFi trading, is poised to evolve into a comprehensive decentralized P2P exchange. As we pave the way for this transformative journey, it's crucial to understand the core principles guiding our progression.

Phase 1: Establishing Market Presence

Frictionless begins its journey by addressing the critical pain points in current DeFi trading – the absence of seamless OTC solutions, the damaging impact of large trades on charts, and the scalability issues of token projects. Through our platform, users experience a seamless and chart-friendly environment.

Phase 2: Building Trust and Community (Token Alliance)

Trust is the cornerstone of any successful exchange. Frictionless, through its commitment to fair pricing and preserving the health of crypto assets, is laying the foundation for a community of confident and engaged traders. This phase involves building a user base that believes in our ethos. We started this process by creating the Token Alliance, a place where projects and investors can meet, share info, and pivot their engagement around our platform, earning privileges and rewards.

Phase 3: Expanding Token Project Integration (Token Alliance)

As Frictionless gains momentum, more token projects will integrate with our platform. The unique buying and selling opportunities we offer become increasingly attractive to projects seeking a competitive edge. Frictionless becomes the go-to platform for token creators, fostering a thriving ecosystem with additional benefits through the Token Alliance. We are already partnered with and are looking to partner with projects that offer unique two-way-streets for us to keep expanding our reach, like launch pads, auditors and market makers. Their users will become ours and vice versa.

Phase 4: Advanced Trading Features

The journey towards a full-fledged exchange involves introducing advanced trading features. Frictionless explores options like limit orders and enhanced analytics, providing users with sophisticated tools for strategic trading. These features empower users, creating a robust and dynamic trading environment, all on the back of our unique Offer-Wall.

Phase 5: Decentralization and Governance

True to the principles of decentralization, Frictionless embarks on a path to distribute control and decision-making power to its community. The introduction of decentralized governance models ensures that users have a say in the platform's evolution, fostering a sense of ownership and participation. See our DAO model.

Phase 6: Cross-Chain Compatibility

To maximize accessibility and liquidity, Frictionless aims to become cross-chain compatible. Considering that the problems we tackle reside in most projects, we will provide our service to the most popular main smart contract chains. This ensures that users can access a diverse range of tokens seamlessly and the expansion broadens our reach and solidifies our position as a leading decentralized platform. In chronological order we will launch on the biggest EVM-Chains (Ethereum Virtual Machine) starting with Ethereum, then moving to the likes of Polygon, BNB-Chain, Avax, etc. until we launch on native chains like Algorand, Solana, Polkadot, Elrond and more.

Phase 7: Full P2P Exchange Realization

The ultimate goal: Frictionless transforms into a decentralized P2P exchange. This phase signifies the culmination of our efforts, where users experience a comprehensive and user-centric exchange

for all their trading needs. Frictionless becomes synonymous with trust, innovation, and decentralized excellence, whilst staying approachable to retail investors that only ever used centralized exchanges.

DAO Model

To access the platform a minimum dollar value equivalent of our native token needs to be held to unlock the first of five tiers. The more a wallet holds, the higher the tier and the more tokens can get allocated to offers by Offer-Creators or tokens switched by Contributors.

Both sides can partake in our governance system once they unlock tier five. This will create representative entities on both sides – the Contributors and Offer-Creators, that are looking out for the best interests of both parties. This circular control and decision-making gives control to investors and projects, making holding the highest tier very attractive.

Contributors: Can govern over community rewards and the Contributor's interests. They can propose and pre-filter new projects to the Token Alliance. Through voucher systems, Contributors can decide if a project deserves a voucher for a blockchain service like Certik audits or marketing promotions. The costs for this will be covered by the collected voting fee, and surplus tokens will be transferred to the DAO treasury.

Offer-Creators: Through governance votes, Offer-Creators can decide what project will join the Token Alliance next after Contributors propose new candidates. They are also able to provide proposals for updates or new features such as new Offer restrictions to further customize their Switch experience or to cast their vote for proposed updates and new features by our team (This will make sure that we always develop in line with the customers best interest).

Different Switch options

Negotiation Switch

By choosing the negotiation option the Contributor can present either the Wants or other assets in package deals or individual deals. The Offer-Creator has a chance to counter that incoming Offer by either raising Token/Coin amounts to his liking or by choosing other possible viable assets from the Contributors wallet to complete the deal.

Quick-fire Switch

The Quick-fire Switch is a Negotiation-Switch where a deal is struck after three negotiation rounds. This enables quick access to deals for our users when they are in need of funds on demand. It will be purchasable with our native token on our platform - each deal provides one payment from each party.

Dust collector

A constant giant pool of assets will be open to everyone that wishes to participate. One can include their own assets into the pool and declare an asset they wish to receive once it is available in the common pool. The accumulating coin/token dust (fragments of assets, remnants of former transactions or trades) can be used to fill up a gauge that represents the dollar value of the assets entered by the user into the pool. The user can choose the available assets of their liking to deplete the gauge until they are fully refunded, and the assets will get transferred to his wallet.

7. Disclaimer

This White Paper is provided by Frictionless-Network for informational purposes only. Nothing in this White Paper shall be construed as an offer to sell or buy securities in any jurisdiction, or a solicitation for investment, or investment advice.

This White Paper describes the current vision for the Frictionless-Platform. While we intend to attempt to realize this vision, please recognize that it is dependent on quite a number of factors and subject to quite a number of risks. We do not guarantee or warrant any of the statements in this White Paper, because they are based on our current beliefs, expectations, and assumptions, about which there can be no assurance due to various anticipated and unanticipated events that may occur. Distributed-ledger technology, cryptographic assets and other aspects of the technology used for the Frictionless-Platform are in their infancy and will be subject to many challenges, competition, and a changing environment.

This White Paper may be updated or altered, with the latest version of the White Paper prevailing over previous versions and we are not obliged to give you any notice of the fact or content of any changes. The latest version of the White Paper in English is available at the website www.frictionless.network. While we make every effort to ensure that all data submitted in the White Paper is accurate and up to date at the point in time that the relevant version has been disseminated, the proposed White Paper is no alternative to consulting an independent third-party opinion.

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