



A decentralized, uniswap-based, algorithmic margin trading
mechanism

INTRODUCTION

UniMex is a Uniswap based DeFi (decentralized finance) protocol which facilitates the margin trading of native Uniswap tokens. Currently, there is no direct way to short or long these tokens despite the hundreds of millions of dollars of aggregated daily trading volumes that those projects attract and the \$2 billion liquidity pooled in the protocol as of the time of writing. UniMex plans to solve this problem.

HOW IT WORKS ?

Lending

In UniMex, a central factory smart contract deploys lending pool contracts. That is, smart contracts which permit the lending of specific ERC20 tokens so that margin traders can borrow them for leveraged trading. Naturally, upon deployment of UniMex, there will be a default ETH lending pool created. This is necessary for the creation of a complete ETH denominated margin trading platform, since ETH must be lent for leveraged longs.

UniMex only permits the creation of lending pools for tokens that are trading within an ERC20-ETH Uniswap pair. Lending pools cannot be created for tokens which are only trading within ERC20-ERC20 pairs on Uniswap.

In UniMex, a lender creates a lending pool automatically by calling a function on the UniMex factory which checks that the ERC20-ETH pair is trading on Uniswap, by querying Uniswap's factory, while also ensuring that the lender seeds a sufficient amount of ERC20 tokens to the aforementioned pool.

There will be a restriction imposed upon which ERC20 tokens are eligible for the creation of a lending pool subject to the liquidity of the ERC20-ETH Uniswap trading pair. Unfortunately, a measure of decentralization will be sacrificed at this juncture, however this is a necessary preventative measure to combat the high-manipulability of low-liquidity pools.

Moreover, with onchain oracles so central to the functioning of our protocol, the effect of permitting free reign on the integration of Uniswap pairs of low or dubious liquidity (e.g. pairs from fraudulent projects which are likely to have most of their liquidity pulled by an admin) could be catastrophic.

However, in the medium term we will liberate the process of approving the creation of lending pools from the governance of an admin, by subjecting this decision to a vote which users will be able to contribute to by burning/staking UniMex recognized governance tokens, this is expounded upon below.

All collateral from borrowers will be denominated in ETH. Although this sacrifices some flexibility, this is a necessary measure to ensure control of the margin trading process, as every asset valuation, which for example ensures sufficient collateralization from traders and sets the conditions for liquidations, within the protocol will be denominated in ETH.

Finally, lenders receive fees in the denomination of the asset borrowed. That is, ETH borrows will yield ETH fees and ERC20 borrows will yield ERC20 fees, distributed among borrowers proportional to their stakes in the according lending pools. Lenders will receive 0.4% fees enforced on margin traders upon the borrowing of assets.

Margin Trading

To begin margin trading a trader must stake ETH denominated collateral in a central account. No other asset beyond ETH will be recognized as collateral within the protocol. Once the appropriate collateral has been staked, the margin trader will be able to borrow ERC20 tokens and ETH from relevant lending pools in order to open short or long positions respectively.

UniMex offers generous leverage within the range of 1x-5x depending on the liquidity of the ERC20-ETH Uniswap trading pair and the soundness of the project which the ERC20 token represents. Unimex will thus permit a trader to borrow a multiple of the value of his ETH collateral in the relevant asset up to the maximum leverage multiplier available for the particular asset.

More specifically, to open a long position, a trader will borrow a multiple of his collateral in ETH up to the maximum leverage available for the ERC20-ETH Uniswap pair, fees will be immediately deducted from the borrowed ETH and disbursed to ETH lenders in the ETH lending pool, and the trading contract will directly execute a transaction to purchase the ERC20 token in the ERC20-ETH Uniswap pair.

Upon the closure of that position, either by the trader or through a forced liquidation, the borrowed amount of the ERC20 token will be directly sold on Uniswap to reimburse the lender at which juncture fees will again be deducted (indeed fees are levied on each swap).

Alternatively, to open a short position, a trader will borrow a multiple of his collateral in the relevant ERC20 token up to the maximum leverage available for the ERC20-ETH Uniswap pair, fees will be immediately deducted from the borrowed ERC20 in the denomination of the token, then disbursed to the ERC20 token lenders in the particular lending pool, and the trading contract will directly execute a transaction to purchase the ETH using the borrowed ERC20 token in the ERC20-ETH Uniswap pair. Upon closure of that position, either by the trader or through a forced liquidation, the borrowed amount of ETH will be directly exchanged for the relevant ERC20 token, at which juncture fees will again be deducted.

UniMex's margin trading engine is entirely contained within Uniswap, thus, as the example above shows, all trades will be executed completely on chain. This creates a more decentralized system in comparison to the current approach of hashed trading parameters, delivered through a centralized API, exposed to far greater uncertainty in the execution of orders than an onchain direct-to-exchange approach.

Liquidations

UniMex permits a trader to borrow a multiple of the value of his collateral in tokens up to a maximum leverage available for a particular Uniswap trading pool. For example, let us assume that the exchange rate for ETH-TokenA trading pair on Uniswap is 1:50, and UniMex offers 3X leverage on that particular pair, a margin trader with 1 ETH deposited as collateral will be able to borrow 150 tokens.

UniMex will permit a 25% fluctuation against the value of a trader's position before enabling liquidation. All lenders for the particular underlying asset being borrowed will be permitted to call a liquidation function which will exchange the asset on Uniswap directly, distribute the base swap fees to the lending pool and incur an additional penalty up to 5% upon the collateral of the trader, which will be rewarded to the liquidating pool.

Oracle

The intention for this project is to be as contained within Uniswap as possible, and to uphold the philosophy of decentralization. Therefore we have elected to reject centralized oracles from sources such as Oraclize and Chainlink in favour of the direct, dynamic, innovative and robust Uniswap TWAP (Time Weighted Average Price) Oracle over a sufficiently vast period to minimize the effect that manipulative actors can have on the oracle.

TOKENOMICS \$

Token Ticker - UMEX

Total Token Supply - 10,000,000

50% 5,000,000 Seed Offering + Initial Token Offering - 0.00065 eth per token.

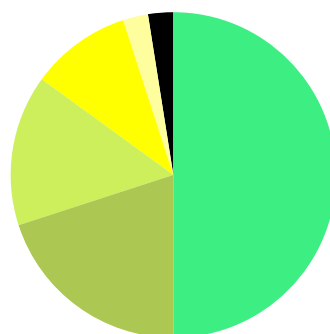
20% 2,000,000 Initial Uniswap Listing - 0.000675 eth per token.

15% team and development (time-released).

10% Marketing, exchange listings, partnerships.

2.5% YIELDX stakers airdrop.

2.5% SWAP holders airdrop.



UniMex charges 0.8% aggregate fees on loans, the distribution of those fees is displayed below.

Fee distribution:

Lenders: 0.4% (50%)

UMEX

UMEX stakers: 0.15% (18.75%)

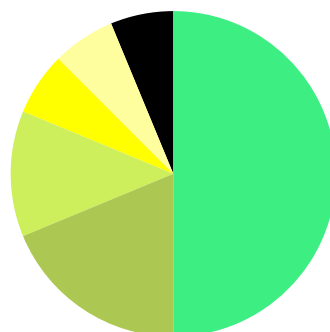
UMEX buybacks and burns: 0.1% (12.5%)

YIELDX

YIELDX stakers: 0.05% (6.25%)

YIELDX buybacks and burns: 0.05% (6.25%)

SWAP stakers: 0.05% (6.25%)



Trading Fee Discount

In order to reward UMEX holders and to further motivate participation in the YIELDX farming platform, UniMex traders will have the opportunity to receive a 25% discount on trading fees if those fees are paid for using UMEX or YIELDX.

Lenders will always receive 0.4% of trading fees, the remainder after trading fee discounts will be allocated proportionally to UMEX and YIELDX stakers.

Governance

Decentralization is a principle which UniMex endeavours to uphold. So shortly after the deployment of the platform the admin will be removed from the contract and instead governance will be liberalized. More specifically, users will have the option to either stake UMEX or to burn YIELDX to affect key protocol changes such as approving the creation of new lending pools.

Yieldxfarming.io


Sister platform based on incentivising and rewarding the provision of liquidity for Uniswap pairs. All UMEX based pool pairs will receive the highest weighting multipliers in order to further incentivise the liquidity pool provision. Additionally, YIELDX holders will be endowed with governance rights over the UniMex platform. This will include the ability to add lending pools to the protocol. The mechanism by which voting will occur will require the burning of YIELDX, which in turn will incentivize staking on the YIELDX platform to capture more of the emission of a now valuable token empowered with a solid use-case.

Trustswap.org

TrustSwap is a full-service DeFi platform offering a suite of practical applications that empower people and organizations to easily and securely exchange cryptocurrency and digital assets using fully-audited, customizable smart contracts. TrustSwap saves time and money by greatly reducing the need for third-parties with services such as SmartSwap (trustless P2P transactions), SmartEscrow (trustless escrow), and SmartSubscriptions (time-released payments).

TrustSwap will enable UniMex to conduct decentralized lending, as well as implementing a decentralized OTC desk for large volume trades. It will also provide token locks for the Unimex team to ensure longevity and sustainability of the projects tokenomics.

ROADMAP



Q4 - Seed Offering + Initial Token Offering



Q4 - Initial Uniswap Listing



Q4 - UniMex Alpha Release



Q4 - UMEXStaking | YIELDXStaking | SWAPStaking



Q4 - Introduction of
Token Governance