

AXOR

Decentralized USDT-Margined Perpetual Protocol (DPP)

Abstract:

Axor is a decentralized perpetual trading protocol that will utilize a stablecoin margin collateral mechanism on the Arbitrum blockchain. Axor is a fork of dYdX which utilizes a unique method of collateral funding by enabling clients to fund liquidity with Tether USDT, as opposed to USDC, which is the world's largest stablecoin by market cap and users. Axor is operated by the Axor DAO which comprises of AXR token holders and is powered through Arbitrum network.

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Summary

Axor's innovative perpetual trading platform represents a significant advancement from its competitor who focuses on USDC margin, which has a substantially lower market cap of stablecoins. Operating on Arbitrum, a technology suite designed to scale Ethereum, this platform offers a decentralized approach to derivative trading. At its core, Axor allows users to trade perpetual derivatives, which are instruments that closely track the price movements of an underlying asset. Unlike traditional futures contracts, these derivatives do not have an expiration date, thus enabling continuous and fluid trading without the constraints of time-bound settlements.

This platform leverages the robust capabilities of Arbitrum, which is designed to scale Ethereum to enhance transaction throughput while maintaining the security and decentralization inherent to the Ethereum blockchain. By operating on this layer-2 solution, Axor mitigates the common issues faced in the Ethereum network, such as high gas fees and network congestion, thereby providing a more efficient and cost-effective trading environment.

Axor's platform is designed with a decentralized framework, which ensures that no central authority has control over the exchange's operations. This decentralization is pivotal in enhancing the security and transparency of the trading process. It allows traders to retain full custody of their assets, minimizing the risks associated with centralized exchanges, such as asset mismanagement or platform insolvency.

Axor's perpetual trading platform, built on Ethereum's layer-2 Arbitrum blockchain, offers a groundbreaking solution in the world of decentralized finance (DeFi). It provides a secure, efficient, and user-friendly environment for trading perpetual derivatives, revolutionizing the traditional futures market by removing expiration dates and enabling continuous trading, it is also funded by USDT which is the world's largest stablecoin by market cap and user base. With its focus on decentralization, enhanced liquidity, and robust risk management, Axor stands poised to attract a broad spectrum of traders, from retail investors to institutional players, in the perpetual cryptocurrency market.

Problems and Solutions

Centralization Risks:

- **Problem:** Centralized exchanges can be vulnerable to hacks and security breaches, putting users' funds at risk.

- **Solution:** Axor leverages decentralized technology to minimize centralization risks, ensuring greater security and control for users.

Liquidity Challenges:

- **Problem:** Many decentralized exchanges struggle with liquidity, leading to slippage and difficulty executing large trades.

- **Solution:** Axor addresses liquidity challenges, through liquidity pools, market-making incentives, dynamic fee structures and other mechanisms.

Limited Asset Offerings:

- **Problem:** Some decentralized exchanges have a limited selection of tradable assets.

- **Solution:** With cross margining and increased scalability, Axor can launch many markets.

Complexity for New Users:

- **Problem:** Decentralized trading platforms can be challenging for newcomers to understand and use.

- **Solution:** Axor makes users accessible to user-friendly interfaces, educational resources, or onboarding processes with varying levels of experience.

Scalability Issues:

- **Problem:** Some blockchain platforms face scalability challenges, leading to slow transaction processing times.

- **Solution:** Integration with Layer 2 scaling solutions can significantly improve the scalability of decentralized applications. With these solutions, Axor allows for more transactions to be processed off-chain, reducing the load on the Ethereum mainnet.

Protocol

Overview

The Axor Perpetual Contracts Protocol implements a synthetic trading market on Arbitrum that allows for exposure to arbitrary liquid assets using ERC-20 tokens as collateral.

Similar to existing perpetual contracts, the price of the contract is tethered to the price of the underlying asset by a dynamic interest rate, called the funding rate. An on-chain price oracle is used for liquidation purposes, and secondarily, to calculate funding payments. The order book for the market can remain off-chain, allowing for faster price movements and better liquidity.

Importantly, the contract's underlying asset does not have to already exist as a token. For each account trading the perpetual, profits and losses are exchanged using the margin ERC-20 token. This effectively allows users to trade assets that do not actually exist on Arbitrum as long as a sufficient price oracle exists. For example a BTC–USDT perpetual contract can exist as long as a BTC–USDT oracle exists. Only USDT would be used as a margin deposit for all parties; tokenized BTC is not required.



Smart Contracts

Defining a Perpetual Contract

Global State

Each Perpetual Contract is uniquely defined by:

- The Margin Token (e.g. USDT)
- The Margin Requirement (e.g. 7.5%)
- The Price Oracle Contract
- The Funding Oracle Contract

The choice of price oracle will determine the underlying asset of the contract (e.g. BTC).

In addition, the Perpetual Contract keeps track of:

- The Global Index
- The Unix time of the most recent Global Index update
- User accounts

The Global Index is used in funding payment calculations and is explained in greater detail later.

Account State

For a given Perpetual Contract, each Ethereum address has a single account. Each account's state consists of:

- **The Margin Balance**
- **The Position Balance**
- **The Cached Index**

The Margin Balance and Position Balance are each signed integer values. The Margin Balance is denominated in Margin Token (e.g. USDT). The Position Balance is denominated in the underlying asset (e.g. BTC), that is traded against the Margin Token. The Margin Balance may change due to funding payments, deposits, and withdrawals. Both the Margin Balance and the Position Balance may change due to trades.

The Cached Index of an account is equal to the Global Index at the last time that the account was interacted with. The Cached Index is used when settling funding payments for an account.

Margin Requirement

The margin requirement is the minimum margin percentage that an account must maintain to avoid liquidation. The margin percentage is defined as the value of any positive balances divided by the value of any negative balances, minus 100%. For example, if 1 BTC is worth 1000 USDT according to the price oracle, then an account with a Position Balance of -1 BTC and a Margin Balance of +1100 USDT would have a margin percentage of 10%.

After each interaction with the Perpetual (except deposits), the smart contract checks the margin percentage of each affected account. If the margin requirement is not met for an account, then the account's margin percentage must have increased and its position balance must have decreased in absolute size and not changed signs during the interaction. This condition must be met for each affected account, otherwise the transaction is reverted.

Funding Payments

The Perpetual aims to trade as close to the price of the underlying asset as possible. This helps traders and market-makers understand and predict the price, maintain expectations for how it will perform, and hedge their positions appropriately.

Like other perpetual contracts, we use a "funding rate" to incentivize traders to take the "unpopular" market position and help tether the price of the Perpetual. The funding rate operates similarly to a dynamic interest rate on traders' positions, paid by longs and received by shorts, or vice-versa, depending on market conditions.

Funding payments are made continuously and are effectuated via updates to the Global Index. The Global Index is a signed number that starts at zero. It is updated at the start of any transaction to the smart contract according to the formula:

$$I_+ = T R P$$

Where **I** is the Global Index, **T** is the time since the last index update, **R** is the current funding rate, and **P** is the current price of the underlying relative to the margin token, according to the price oracle.

The funding rate can be positive (longs pay shorts) or negative (shorts pay longs), thus the Global Index can both increase and decrease. The funding rate is determined by the funding oracle. This contract is fed updates by an Admin address according to an off-chain algorithm that aims to keep the market value of the Perpetual as close as possible to the underlying asset. The funding rate will be positive if the Perpetual is trading higher than the price of the underlying, and negative if the Perpetual is trading lower. Limits on the maximum value and the rate of change of the funding rate are implemented on the funding oracle contract itself.

Each account's funding payments are derived from changes in the Global Index, scaled by the size of the account's Position Balance (irrespective of leverage). Any time the Global Index is updated, each account involved in the transaction will settle its funding payments since its last update. This is done by updating the Margin Balance of the account according to the formula:

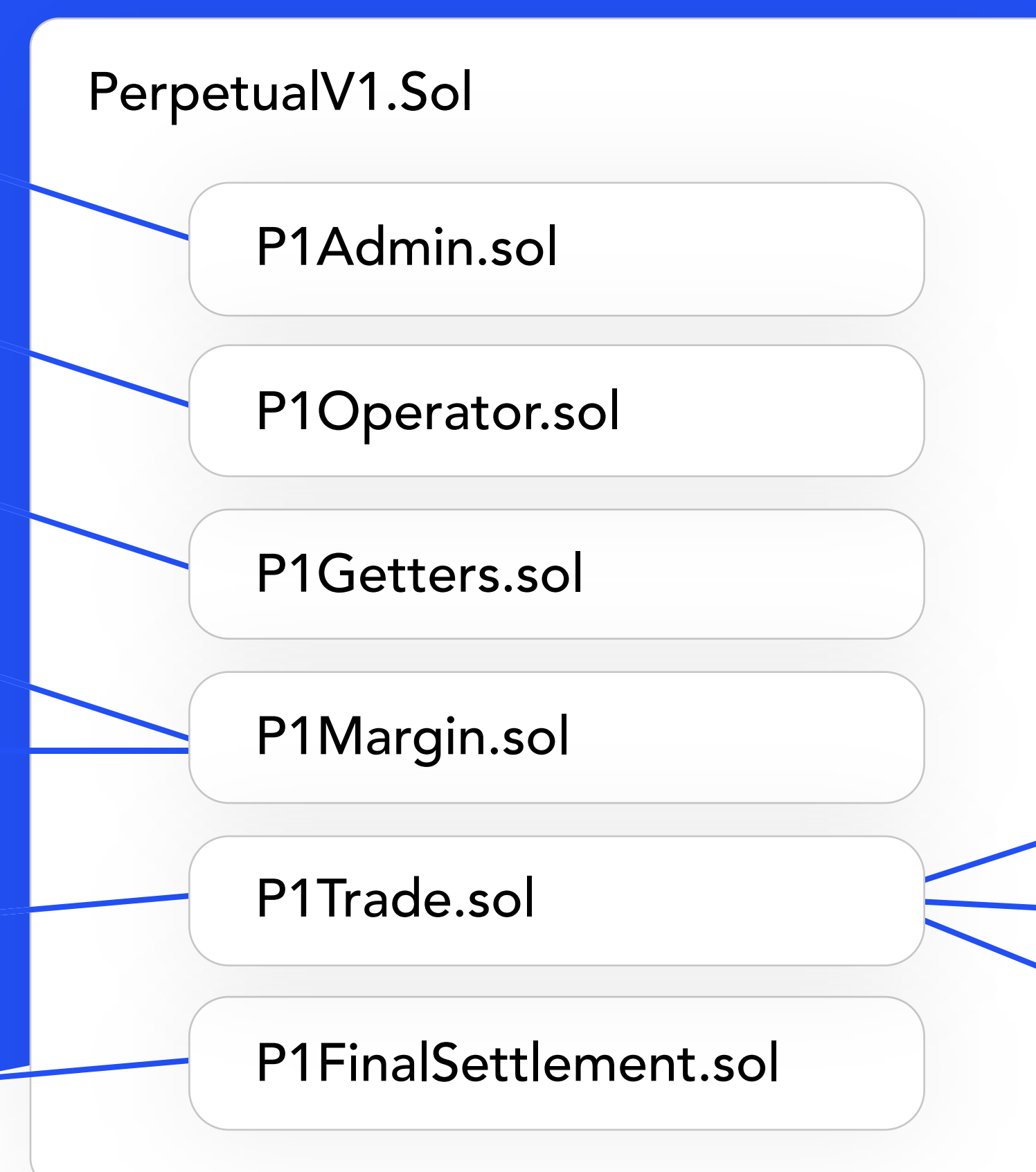
$$M_- = (I_1 - I_0) \times P$$

Where **M** is the Margin Balance of the account, **I₁** is the newly updated Global Index, **I₀** is the account's Cached Index, and **P** is the Position Balance of the account. Note that all of these variables are signed numbers which can be positive or negative. After this settlement occurs, the account's Cached Index is set to the new Global Index. These calculations result in continuous, non-compounding, peer-to-peer interest payments between traders.

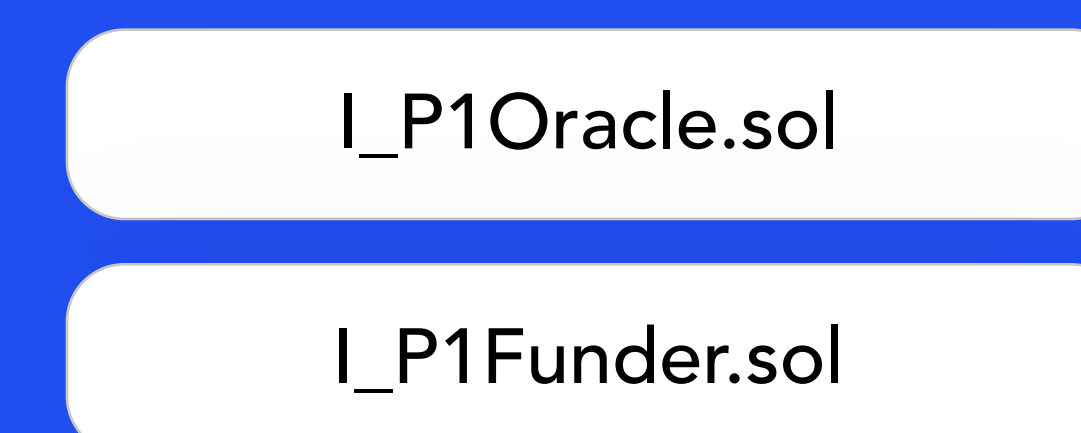
External Functions



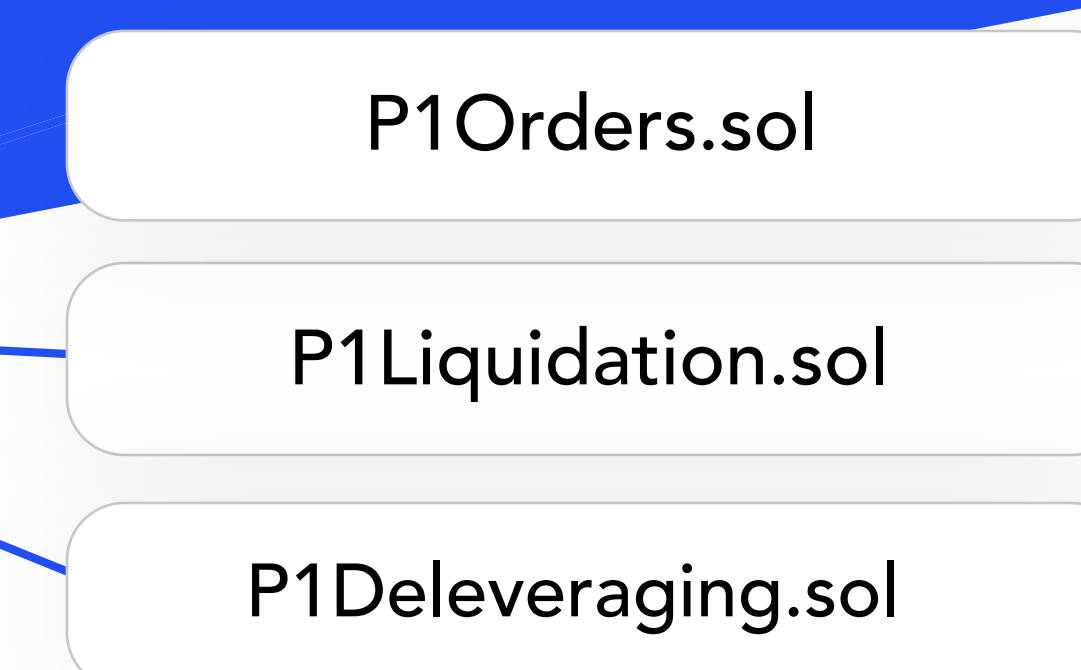
Core Protocol



Oracles



Traders



High-level structure of the protocol.

Overview

Users interact with the smart contract by calling one of three functions:

- **Deposit**
- **Withdraw**
- **Trade**

The structure of each function is as follows:

- The **Global Index** is updated.
- **Funding payments** of affected accounts are settled and **Cached Indexes** are updated.
- The action (**Deposit/Withdraw/Trade**) is processed.
- The **margin percentage** of each affected account is checked.

We describe each function in more detail below.

Deposit

This function increases an account's Margin Balance by transferring in some amount of Margin Token from the caller's ERC-20 balance.

Withdraw

This function decreases an account's Margin Balance by transferring out some amount of Margin Token. The function takes as an argument a destination address to receive the tokens. Withdrawals cannot be completed if the account's margin percentage is below the margin requirement.

Trade

A trade happens between two accounts, affecting the Margin and Position balances of those two accounts. The term “trade” is used broadly here to refer to any operation involving a transfer of balances, and the exact types of trades allowed will depend on the Trader contracts in use (described below).

Since a trade is the only way to change the Position Balance of an account, and is always executed as a transfer between two parties, the total net Position Balances across all accounts in a given Perpetual market will, at any time, sum to zero.

Trades are sent to external “Trader” smart contracts for processing and approval. These Trader contracts must be approved by the Perpetual Admin before they can be used. Arguments to the trade function include the address of the Trader contract to use, maker and taker addresses, and additional data depending on the Trader contract. If the trade is approved, the Trader will return an amount of Margin and Position to transfer between the two accounts. The transfer is then executed by the Perpetual contract.

Multiple trades may be processed at once as an atomic batch. The margin percentages of accounts are checked at the end of a batch of trades.

Trader Contracts

Below, we outline the three Trader Contracts that will be available at the launch of the protocol. Our architecture aims to keep trader logic outside of the core Perpetual smart contract, allowing us to cleanly make changes and upgrades to trade functionality by approving new Trader contracts.

Orders

The Orders contract is a Trader that allows a taker to execute a trade with a maker, given a signed order from the maker. This allows traders to place orders by signing an order object off-chain. An order matching service (e.g. Axor) can then match and execute trades on-chain by acting as the “taker” for each order.

Makers can cancel orders, either via an off-chain signature (which must then be relayed on chain), or by calling the cancel function directly on the Orders smart contract.

Note that since no tokens are actually transferred during trades (only Margin and Position Balances), liquidity for trades is exclusive to the Perpetual and cannot be sourced from other DEXes.

Liquidation

If an account's margin percentage falls below the Perpetual's margin requirement, then the account may be liquidated. This process allows the liquidator to assume the margin and position balances (wholly or in-part) of the liquidated account. This transfer of balances occurs at the exact ratio of balances in the liquidated account, therefore, the margin percentage of the liquidated account does not change during liquidation.

Any account may choose to act as a liquidator. If there exists enough liquidity in the market, this action is beneficial to the liquidator since the liquidated account has positive market-value.

Deleveraging

If the oracle price changes rapidly, the value of some accounts may drop below zero before there is a chance to liquidate them at a profit. In such cases, deleveraging is used to maintain the solvency of the system.

An account with negative net value (i.e. a negative margin percentage) is said to be underwater, and may be targeted for deleveraging. The process is similar to liquidation, in that the balances of the target account are taken on by another account, in this case called the offsetting account. Unlike liquidation, the deleveraging operation allows the caller to specify any account as the offsetting account, as long as it has a position opposite the target (short vs. long) and of greater or equal size.

The Perpetual Admin is responsible for triggering deleveraging whenever an account is underwater. The Admin will use an "insurance fund" as the offsetting account, if available. Otherwise, the Admin will determine the offsetting account via an off-chain algorithm that prioritizes accounts with a high amount of profit and leverage.

If, due to unforeseen circumstances, the Perpetual Admin is offline for a period of time, then any third-party may trigger deleveraging to maintain the solvency of the system. Third-parties are required to mark underwater accounts and wait a time lock in advance of deleveraging, ensuring that the Admin has priority in executing deleveraging.

Final Settlement

Final settlement is a one-way operation which locks in the current oracle price and Global Index, and restricts all operations except for a special withdrawal function allowing users to exit their positions at the locked price.

Final settlement may be triggered by the Perpetual Admin at the end-of-life of a given Perpetual smart contract. It may also be triggered in the event that a critical vulnerability is discovered that is deemed to pose a significant risk to user funds.

User Interface

Dashboard:

- **Overview:** The dashboard typically offers an overview of the user's portfolio, displaying key information such as account balances, open positions, and recent transaction history.
- **Customization:** Users may have options to customize their dashboard, choosing which data points and metrics are most relevant to them.

Perpetual Contracts:

- **Contract Selection:** The user interface includes a section for selecting the desired trading pair and contract expiration.
- **Trading Tools:** Users have access to advanced trading tools such as charting, technical analysis indicators, and order book data to inform their trading decisions.

Wallet Integration:

- **Asset Management:** Users can manage their cryptocurrency assets directly from the interface, including depositing, withdrawing, and transferring funds.
- **Security Features:** Wallet security features, such as two-factor authentication (2FA) and withdrawal whitelists, may be accessible from the interface.

Governance Participation:

- **Proposal Voting:** The user interface includes a section for participating in governance activities, such as voting on proposals.

Educational Resources:

- **Guides and Tutorials:** To enhance user understanding, the interface offers educational resources, guides, and tutorials on various aspects of decentralized trading and specific features.

Responsive Design:

- **Mobile Compatibility:** The user interface is designed to be responsive, ensuring a consistent and user-friendly experience across desktop and mobile devices.

API

Axor users are identified within the exchange by their wallet address which is a public key defined over the standard Ethereum elliptic curve.

Collateral

Collateral is held as USDT (displayed as USD throughout the product as it is redeemable 1:1 for USD), and the quote asset for all perpetual markets is USD. Cross-margining is used by default, meaning an account can open multiple positions that share the same collateral. Isolated margin can be achieved by creating separate accounts (using a new wallet address).

Each market has two risk parameters, the initial margin fraction and the maintenance margin fraction, which determine the maximum leverage available within that market. These are used to calculate the value that must be held by an account in order to open or increase positions (in the case of initial margin) or avoid liquidation (in the case of maintenance margin).

Price Oracle

Asset prices on Axor come from decentralized on-chain oracles, and are used to determine the collateralization of your account. These prices are fed to the Axor smart contracts through price oracles that run on Arbitrum.

For the launch, we're using Chainlink's oracle network to power secure price feeds for Layer 2. Chainlink has integrated with Arbitrum to extend the Chainlink Network's hyper-reliable oracle functions to high-performance Layer 2 solutions. In a short time, other oracle providers such as MakerDAO may be used for some markets.

Any features that rely on collateralization, such as stop orders and liquidations, are determined using the oracle/index prices and not the mid market price of the orderbook.

Oracle Prices

The Oracle Price for each trading pair is used for the following:

- Ensuring that each account is well-collateralized after each trade
- Determining when an account should be liquidated

Calculation

Oracle prices are equal to the median of the reported prices of 15 independent Chainlink nodes.

- Chainlayer
- Inotel
- LinkForest
- SimplyVC
- DexTrac
- Fiews
- dMakers
- linkPool
- SDL
- Ztake
- stakFacils
- infStones
- 01node
- Syncnode
- Vulcan

Index Prices

The Index Price for each trading pair is used for the following:

- Calculating the funding rate
- Triggering “triggerable” order types such as Stop-Limit and Take-Profit orders

Calculation

Index prices are equal to the median of several exchanges’ spot prices. Each exchange’s spot price is calculated as the median of the best-ask, best-bid, and last-traded prices of its spot pair.

If the exchange’s quote-asset is a non-USD asset (including USDT), the price is adjusted by our index price for that asset.

Risk Mitigation

Each market has two risk parameters, the initial margin fraction and the maintenance margin fraction, which determine the max leverage available within that market. These are used to calculate the value that must be held by an account in order to open or increase positions (in the case of initial margin) or avoid liquidation (in the case of maintenance margin).

- **Maximum Leverage:** Each market has a specified maximum leverage. You cannot make trades that would place your leverage above this limit.
- **Initial Margin Fraction:** The initial margin fraction is the margin fraction needed to open a position. Margin Fraction is calculated as your position notional amount divided by your equity. If your margin fraction exceeds the initial margin fraction, you will no longer be allowed to increase your position.
- **Maintenance Margin Fraction:** The maintenance margin fraction is the margin fraction needed to prevent liquidation. If your Margin Fraction exceeds the Maintenance Margin Fraction, your position will be automatically closed (liquidated) and a liquidation fee will be assessed.

EPOCH Liquidity Incentives

All rewards and staking contracts operate on 28 day cycles, referred to as epochs. A new epoch automatically begins when the current epoch ends.

The following will occur at the end of each epoch:

- **Trading Rewards** are distributed. Rewards are claimable approximately 7 days after the end of the epoch.
- **Liquidity Provider Rewards** are distributed. Rewards are claimable at approximately 7 days after the end of the epoch.
- Requested withdrawals for the **Liquidity Staking Pool** in the ended epoch may be withdrawn.
- Requested withdrawals for the **Safety Staking Pool** in the ended epoch may be withdrawn.

The following will occur only at the end of **Epoch 0**:

- **Retroactive Mining Rewards** will be distributed. Rewards are claimable approximately 8 days after the end of Epoch 0.
- Transfers of \$AXR are initially restricted. The Initial Transfer Restriction period was lifted approximately 8 days after the end of Epoch 0.

Trading Fees

Fee Structure

Axor uses a maker-taker fee model for determining its trade fees. There are two types of orders on Axor — Maker and Taker orders.

- **Maker orders** are orders that do not immediately fill and rest on the order book — these orders add depth and liquidity to the order book.
- **Taker orders**, on the other hand, immediately cross existing Maker orders. They remove liquidity from the order book.

Volume Weighted Maker-Taker Fee Schedule (30D Volume)

Level	From (30D Volume in	To (30D Volume in	Maker	Taker
1	\$0	\$1,000,000	0.01%	0.035%
2	\$1,000,000	\$5,000,000	0.0075%	0.025%
3	\$5,000,000	\$10,000,000	0.0050%	0.015%
4	\$10,000,000	\$50,000,000	0.0025%	0.010%
5	\$50,000,000	\$200,000,000	0%	0.009%
VIP	\$200M+	-	-0.0085%*	0.005%

* subject to completing onboarding requirements with Axor Trading

Trading Fee Discounts

Badge holders will be eligible to receive up to a 10% fee discount and holding multiple Badges will not increase the discount percent.

How are taker fees calculated?

Your taker fees are based upon total USD trading volume over the trailing 30-day period across all Perpetual order books.

How do I know my order is a Maker order?

For a Limit Order, users can ensure that they only place a Maker order in the book by clicking Advanced, selecting Good Til Time, and checking the Post-Only box in the Trade Column. If the Limit Order would immediately execute, the order is immediately cancelled prior to placement.

Otherwise, placing a trade that does not immediately get filled and instead rests on the order book will make it a Maker order. You will be notified directly above the place order button that your trade is a Maker trade.

Will I be charged if I cancel my order?

No, if your order is open and you cancel it, you will not be charged a fee. Fees are only charged on filled orders.

What will Axor do with fees?

With fees, Axor will be able to continue covering transaction expenses and incentivize more liquidity.

Perpetuals

The Axor Perpetual is a non-custodial, decentralized margin product that offers price exposure to a variety of assets. Perpetuals trading with up to 30x leverage initially.

Overview

Axor is a non-custodial, decentralized margin product that gives traders synthetic exposure to assets that cannot normally be traded on the Arbitrum blockchain. Like other margin trading products offered by Axor, the market is primarily governed by Arbitrum smart contracts, while hosting of the order book and matching of orders is handled off-chain by Axor.

Supported Coins

With cross margining and increased scalability, we can launch many more markets on Axor. During the launch, we will support 4 Perpetual Markets, these will be BTC-USD, ETH-USD, and SOL-USD, with many more pairs. We are focused on listing the most traded cryptocurrency pairs by volume.

Initial parameters

Once you have selected the market, you will want to spend time understanding the market before opening a position.

You will be able to see key details about a market:

- **Tick Size:** Each market has a specified tick size. This is the minimum price movement on the market.
- **Step Size:** Step size is the smallest factor allowed for order amounts on the market.
- **Minimum Order Size:** Minimum order sizes have been significantly reduced due to our transition to Layer 2. Minimum order sizes vary by asset.
- **Maximum Leverage:** Each market has a specified maximum leverage. You cannot make trades that would place your leverage above this limit.

- **Initial Margin Fraction:** The initial margin fraction is the margin fraction needed to open a position. Margin Fraction is calculated as your position notional amount divided by your equity. If your margin fraction exceeds the initial margin fraction, you will no longer be allowed to increase your position.
- **Maintenance Margin Fraction:** The maintenance margin fraction is the margin fraction needed to prevent liquidation. If your Margin Fraction exceeds the Maintenance Margin Fraction, your position will be automatically closed (liquidated) and a liquidation fee will be assessed.

Portfolio Margining

There is no distinction between realized and unrealized PnL for the purposes of margin calculations. Gains from one position will offset losses from another position within the same account, regardless of whether the profitable position is closed.

Margin Calculation

The margin requirement for a single position is calculated as follows:

$$\text{Initial Margin Requirement} = \text{abs}(S \times P \times I)$$

$$\text{Maintenance Margin Requirement} = \text{abs}(S \times P \times M)$$

- **S** is the size of the position (positive if long, negative if short)
- **P** is the oracle price for the market
- **I** is the initial margin fraction for the market
- **M** is the maintenance margin fraction for the market

The margin requirement for the account as a whole is the sum of the margin requirement over each market I in which the account holds a position:

$$\text{Total Initial Margin Requirement} = \sum \text{abs}(S_i \times P_i \times I_i)$$

$$\text{Total Maintenance Margin Requirement} = \sum \text{abs}(S_i \times P_i \times M_i)$$

The total margin requirement is compared against the total value of the account, which incorporates the quote asset (USDT) balance of the account as well as the value of the positions held by the account:

$$\text{Total Account Value} = Q + \sum (S_i \times P_i)$$

Where:

- Q is the account's USDT balance (note that Q may be negative)
- S and P are as defined above (note that S may be negative)

An account cannot open new positions or increase the size of existing positions if it would lead the total account value of the account to drop below the total initial margin requirement. If the total account value ever falls below the total maintenance margin requirement, the account may be liquidated. Movements in the oracle index price may also cause an account to drop below the initial margin requirement and, eventually, the maintenance margin requirement.

Accounts which fall below the initial margin requirement are restricted from making withdrawals and certain trades until the account's margin percentage is brought back to the initial margin requirement. These restrictions apply whether the "risky" account is a taker or a maker in the trade.

Token

Summary

Axor Token (AXR)

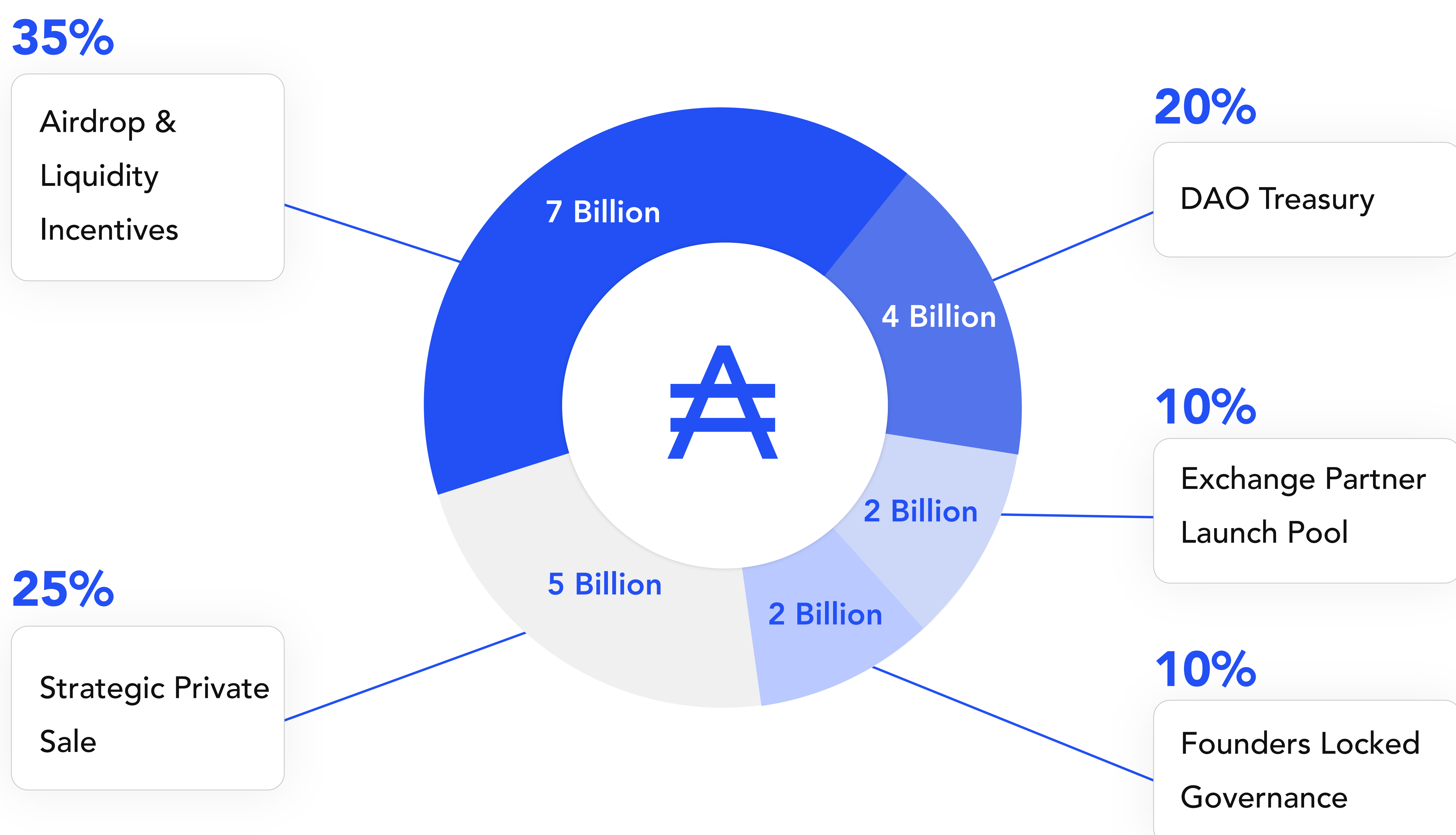
AXR is the protocol's decentralized governance token which is responsible for the protocols safety and security. AXR holders will stake their AXR into the protocol and will receive a staking yield which is elected by the DAO.

Stake AXR (sAXR)

sAXR is the protocol governance-enabling token. The founders will receive sAXR into a time lock address that's multi sig accessible for voting purposes. This will be released over 5 years annually at 400 million per year.

Supply

20 billion AXR



Distribution

The goal of the AXR distribution is designed to distribute a wide range of tokens to protocol users and partners to ensure platform liquidity and proper distributed governance.

See the distribution details below:

- **2 Billion**
Exchange Partner Launch Pool
- **5 Billion**
Strategic Private Sale
- **2 Billion**
Founders Locked Governance
400 million is released per year over 5 years
- **4 Billion**
DAO Treasury
- **7 Billion**
Airdrop & Liquidity Incentives



Voting

Axor is governed and upgraded by AXR token holders and delegates.

There are two powers associated with each of the Governance Tokens:

- The proposing power gives access to create and sustain a proposal.
- The voting power is used to vote for or against existing proposals.

Governance Tokens holders receive governance powers proportionally to their sum of owned and delegated tokens at a given block.

Discounts

Holders of \$sAXR are eligible to receive a trading fee discount based on the size of their current holdings. Badge holders will be eligible to receive a 3% fee discount and holding multiple badges will not increase the discount percent.



Governance

AXOR(\$AXR) is a governance token that allows the Axor community to truly govern the Axor Protocol built on Arbitrum. By enabling shared control of Axor, AXR allows traders, liquidity providers, and partners of Axor to work collectively towards an enhanced Axor. \$AXR enables a robust ecosystem around governance and rewards — designed to drive future growth and decentralization of Axor, resulting in a better experience for users.

Governance will initially be handled by a multisig contract whose keys are held by individuals with a vested interest in the success of Axor. The powers of this contract will be limited to putting the Axor protocol into a close-only mode, preventing the creation of any new positions. The contract will have no power to influence any open positions, nor will the contract be able to add new functionality to the protocol. A lack of centralized power is essential to the trustlessness of the protocol. The limited power to put the protocol into close-only mode is intended to be used only to protect would-be users in the event that a major security bug is found.

Axor enables anyone to increase the functionality of the protocol by allowing users to specify their own smart contracts to help open, close, or manage positions. In this way, any upgrades are completely opt-in by users of the protocols themselves and can also be written by anyone, requiring no special permissions from the base protocol.

In this way, upgrades cannot be forced by the authors of the protocol. A token is to help promote common standards, Axor will consider using a DAO to govern upgrades to the protocol.

DAO:

(Decentralized Autonomous Organization):

- **Structure:** Axor operates as a DAO, a decentralized autonomous organization. This means that the decision-making process is distributed among token holders rather than being centrally controlled.
- **Token Holders:** The Axor community, consisting of AXR token holders, actively participates in the governance of the protocol. Each token holder has the opportunity to propose and vote on changes to the platform.

Voting:

- **Participation:** AXR token holders have the ability to participate in various governance decisions. This participation can include voting on proposals for protocol upgrades, changes to parameters, or other decisions that impact the Axor ecosystem.
- **Proposal Submission:** The governance structure likely allows AXR holders to submit proposals for consideration by the community. This promotes a democratic process where the community can actively contribute to the evolution of the protocol.

Treasury:

- **Management:** The governance framework is likely involved in the management of the Axor treasury. The treasury could consist of funds, assets, or resources that are collectively owned by the DAO.
- **Decision-Making on Funds:** Decisions related to the allocation and utilization of funds from the treasury are likely subject to governance votes. This can include funding development, partnerships, marketing initiatives, or any other activities that benefit the Axor ecosystem.

Team

The Axor project is driven by a dedicated team of professionals with diverse expertise in blockchain technology, decentralized finance (DeFi), and financial markets. The core team members are committed to the development and maintenance of the Axor protocol, ensuring its robustness, security, and continuous improvement. Collaborating with industry leaders, developers, and researchers, the team is focused on delivering a cutting-edge decentralized trading experience.

Restrictions

Reasoning

To uphold the integrity and security of the Axor platform, certain restrictions are in place. These restrictions are designed to mitigate potential risks, protect users, and maintain compliance with relevant regulations. The reasoning behind these restrictions lies in creating a secure and reliable environment for all participants in the Axor ecosystem.

Locations

Access to Axor services may be restricted in specific jurisdictions due to legal and regulatory considerations. Users are advised to familiarize themselves with their local laws and regulations related to cryptocurrency and decentralized trading platforms. It is the responsibility of users to comply with applicable laws in their respective locations.

IP Ban

To further enhance the security of its digital environment and to provide robust protection against potential cybersecurity threats and geographic restrictions on its interface and API, Axor has adopted a stringent policy that includes the imposition of IP bans. This policy specifically targets users who are identified as engaging in unauthorized or harmful actions through its interface and API. Such actions not only compromise the security of individual accounts but also pose a significant risk to the overall integrity of the platform. By implementing IP bans, Axor aims to deter such malicious behavior, ensuring that the platform remains a safe and trustworthy space for all its users.

The rationale behind the use of IP bans as a security measure is rooted in their effectiveness in restricting access to those who have demonstrated a disregard for the platform's terms of service and its community standards. This approach is particularly critical in maintaining a secure trading environment, where the stakes are high and the impact of malicious activities can be far-reaching. IP bans serve as a strong deterrent, sending a clear message that Axor is committed to upholding the highest standards of security and compliant conduct. Additionally, this measure plays a crucial role in safeguarding not only the platform's operational stability but also the privacy and assets of its user base, thereby fostering a sense of confidence and trust among its DAO community members.

VPN Ban

The use of Virtual Private Networks (VPNs) to circumvent geographical restrictions is strictly prohibited on the Axor interface and API. VPNs, while useful for privacy and security in many contexts, can enable users to obscure their actual location, potentially contravening local laws and regulations regarding cryptocurrency trading.

By disallowing VPN usage, Axor DAO ensures adherence to the regulatory frameworks of different jurisdictions, particularly in areas where regulatory clarity regarding cryptocurrency derivatives and decentralized trading platforms is still evolving.

This stringent approach to VPN usage is in line with the dedication to providing a responsible trading environment. It mitigates the risk of legal non-compliance, both for the platform and its users, by ensuring that all participants are trading within the bounds of their jurisdiction's regulations. In essence, the VPN ban is a proactive measure to align Axor's operations with the diverse and evolving legal landscapes globally, ensuring a compliant and secure environment for all users.

Conclusion

Axor stands at the forefront of decentralized finance, offering a paradigm shift in the world of perpetual cryptocurrency trading. Rooted in our commitment to decentralization, security, and innovation, our platform harnesses the power of the Ethereum layer-2 solution to deliver an unparalleled trading experience. Our perpetual trading protocol, free from the constraints of expiration dates and centralized control, empowers users worldwide to trade derivatives with efficiency, fluidity, and confidence.

By adopting a stablecoin margin mechanism, primarily using Tether USDT, we ensure enhanced liquidity and stability in the volatile cryptocurrency market.

The Axor Protocol design prioritizes user empowerment and transparency, with mechanisms that include sophisticated smart contracts, advanced risk mitigation tools, and a user-friendly interface. This ensures that both novice and experienced traders can navigate and engage with the platform seamlessly. Furthermore, Axor's dedication to complete decentralization powered by the AXR token, alongside robust security measures, creates a trustworthy environment that aligns with the evolving global financial landscape.

The background is a solid blue color with several faint, light-blue geometric patterns. These include 3D cubes, some of which contain concentric circles on their faces. There are also dashed lines with arrowheads pointing in various directions, suggesting movement or flow. The overall aesthetic is clean, modern, and technical.

Axor