

CROSS Dollar Whitepaper

The Native Digital Asset of the CROSS Ecosystem

1. Executive Summary

CROSSD is native digital asset used as a value-referenced medium of exchange within the CROSS ecosystem. It is a reward-enabled digital asset designed to provide gamers and ecosystem participants with a store of value and medium of exchange that is eligible for protocol-level reward allocation. Unlike traditional digital assets, CROSSD is engineered for **growth**, built upon a robust, market-neutral mechanism.

By combining the transactional utility of a stable asset with a discretionary reward mechanism, CROSSD provides an experience of the "Gamer's Savings Account," allowing users to potentially receive ecosystem rewards simply by holding the asset in their wallets—without the need for complex staking or lock-up periods.

2. Introduction & Vision

2.1 The Problem: Capital Inefficiency

In the high-velocity environment of Web3 gaming, capital efficiency is paramount. Users often face a dilemma:

- **Idle Assets:** Traditional stablecoins (like USDT or USDC) are essential for transactions but do not natively incorporate any on-chain reward mechanism that reaches their holders.
- **Opportunity Costs:** To earn yield, users must lock funds in DeFi protocols, rendering them illiquid and unusable for gameplay or immediate trading.

2.2 The Solution: CROSSD

CROSSD resolves this friction by automating reward distribution to the freely transferable asset itself.

- **Native Stability:** It serves as the standard medium of exchange for game items, marketplaces, and digital payments on the CROSS Chain.
- **Seamless Access:** It democratizes access to institutional-grade trading strategies, delivering rewards to all holders.

- **Seamless Integration:** It is fully integrated with the CROSS Bridge and DEX, ensuring deep liquidity and ease of access.

3. Architecture & Mechanism

CROSSD is a digital asset supported by an asset portfolio that targets a 1:1 collateralization ratio on a discretionary basis to support its target value.

3.1 Operational Mechanics

- **Backing:** The Issuer/protocol maintains a reserve of generally accepted stablecoins such as USDT, USDC, USD1, PYUSD, etc to support protocol operations.
- **Authorized Issuance:** A dedicated entity (the Issuer) manages the minting and redemption process.
 - Note: Users CANNOT mint or redeem CROSSD with the Issuer. Users acquire CROSSD via the CROSS DEX.
- **No Direct Claim:** Ownership of CROSSD does not constitute a direct claim or creates no contractual or legal claim against the Issuer/the protocol or the protocol's underlying assets. The value of CROSSD is maintained through market mechanics, liquidity management, and the protocol's backing strategies.

3.2 The Reward Engine: Delta-Neutral Hedging

To maintain value and generate reward, the protocol employs a Delta-Neutral Hedging Strategy.

- **Capital Deployment:** Collateral may be deployed to centralized exchanges (e.g., Binance).
- **Position Structure:** The protocol buys spot assets (e.g., BTC, ETH) and simultaneously opens an equivalent short position in perpetual futures.
 - **Mechanism:** Buy 1 BTC Spot + Sell 1 BTC Perpetual Future = Net Zero Delta. This may neutralize exposure to market price volatility.
- **Revenue Generation:** The protocol collects "Funding Fees" from the derivatives market. In crypto markets, long position holders typically pay short position holders a fee to keep positions open; CROSSD captures this fee as revenue.
- **Future Strategies:** The protocol reserves the right to explore and integrate additional delta-neutral or market-neutral strategies in the future to optimize reward generation and diversify risk.

3.3 Reserve Fund

To ensure system stability, a Reserve Fund is established.

- **Purpose:** It acts as a safety buffer during periods of negative funding rates (where short positions must pay fees) or extreme market volatility.
- **Funding:** A portion of the protocol's revenue (initially 10%) is automatically allocated to the Reserve Fund.

The Reserve Fund is discretionary and does not guarantee peg stability, redemption value, or repayment. The Protocol may adjust the Reserve Fund's parameters and composition at its discretion.

4. Ecosystem Economics

4.1 Native Rewards Model

Unlike other yield-bearing assets that require wrapping or staking, CROSSD simplifies the user experience:

- **No Staking Required:** Users may become eligible for rewards based on random balance snapshots.
- **Snapshot Mechanism:** The protocol takes random snapshots of user balances throughout the week. This prevents manipulation and ensures fair distribution.
- **Reward Distribution:** Rewards (converted to CROSS tokens) may be distributed to holders based on their Eligible Balance derived from these snapshots.
- **Protocol Discretion:** The specific rules regarding snapshot frequency, reward calculation formulas, and distribution schedules are at the full discretion of the protocol and may be adjusted to ensure ecosystem health.

5. User Experience & Liquidity

5.1 Acquisition (On-Ramp)

Users can acquire CROSSD seamlessly through the ecosystem's infrastructure:

- **Bridge:** Users bridging stablecoins from BNB Chain to CROSS Chain are offered a one-click option to swap into CROSSD.
- **DEX:** A liquidity pool for stablecoins/CROSSD allows users to trade between the stable bridge asset and the reward-earning CROSSD with minimal slippage.

5.2 Off-Ramp

Users can seamlessly exit the ecosystem by performing the reverse operations:

- **DEX:** Users can swap CROSSD back into the bridged stable coins, using the liquidity pool.
- **Bridge:** Users can then bridge the stablecoins back to stablecoins on BNB Chain to complete the withdrawal.

5.3 Liquidity Management

- **Active Liquidity Provision:** The Protocol provides active liquidity in the DEX pools to optimize trading efficiency and minimize slippage. This provision is discretionary; the Protocol is not obligated to continuously supply liquidity.
- **Discretionary Stabilization:** The Issuer employs an active inventory management strategy, utilizing CROSSD minting and redemption to rebalance the pool as needed. This action is intended to guide the asset's market price toward its target value, but it is a discretionary operational measure and does not constitute a guarantee of peg maintenance.

6. Risk Management & Disclosures

While designed for stability, CROSSD involves specific risks:

- **Market Value Risk:** The market price of CROSSD is determined by supply and demand. While the protocol manages liquidity to minimize deviation, it is not a guaranteed hard peg.
- **Funding Risk:** Funding rates are variable. In prolonged periods of negative funding, reward generation may cease. The Reserve Fund is designed to absorb costs during these periods.
- **Counterparty Risk:** Hedging is performed on centralized exchanges. The protocol mitigates this via internal controls and monitoring of exchange solvency.
- **Regulatory Risk:** The regulatory environment for digital assets is evolving. Changes in law could impact the protocol's ability to operate certain strategies.

7. Roadmap

Phase 1: Launch

- Deployment of Minter and CROSSD contracts.
- Establishment of the USDTx-CROSSD Liquidity Pool.

Phase 2: Integration

- Replacement of USDTx markets with CROSSD markets across the ecosystem.
- Integration with game rewards and NFT marketplaces.

Phase 3: Expansion

- Diversification of hedging venues (additional exchanges).
- Introduction of new collateral types.
- Expansion of CROSSD utility.

8. Legal Notices and Disclaimers

CROSSD is a digital asset used within the CROSS ecosystem.

It is not:

- legal tender,
- a deposit or savings product,
- e-money or stored value,
- an investment, security, or financial instrument.

Holding CROSSD does not create any legal or contractual claim against the Issuer or any related entity.

No Redemption; Market-Based Value

CROSSD is **acquired and disposed of only via market mechanisms** such as the CROSS DEX.

The Issuer:

- does **not** redeem CROSSD for fiat or stablecoins;
- does **not** guarantee any price, peg, or value;
- is **not** obligated to provide liquidity or stabilize price.

Any references to reserves or hedging strategies describe **Issuer's internal treasury operations only** and **do not create rights for holders**.

No Value Guarantee

The Issuer does not guarantee the value, price, stability, peg, or purchasing power of CROSSD. CROSSD may trade at, above, or below any reference value, and its market price is determined solely by supply and demand.

No person or entity is obligated to maintain or support the value of CROSSD.

Not a Security; No Investment Intent

CROSSD is **not** an investment product or security in any jurisdiction.

Holding CROSSD:

- does **not** create an expectation of profit based on the efforts of the Issuer or any third party,
- does **not** represent ownership, equity, or governance rights,
- does **not** entitle the holder to dividends, revenue share, interest, or any financial return,
- does **not** involve any managerial or fiduciary obligation by the Issuer.

Nothing in this Whitepaper should be interpreted as an offer or solicitation to sell securities, investment contracts, or financial instruments.

No Obligation to Act for Holders

The Issuer has **no obligation** to:

- support the price or value of CROSSD,
- provide liquidity,
- generate returns or rewards,
- maintain any specific strategy, reserve, hedge, or market condition,
- ensure that CROSSD is tradable or usable in any market.

Any operational actions (e.g., hedging, liquidity provision, reserve allocations) are undertaken **solely at the Issuer's discretion** and do not create rights or expectations for holders.

Rewards Are Discretionary

CROSSD may be **eligible** for protocol-level reward allocations.

However:

- rewards are **not guaranteed**;
- reward parameters may be changed, paused, or discontinued at any time;
- funding fees may be positive, zero, or negative.

CROSSD is **not** a yield product, staking program, or savings instrument.

No User Asset Custody

The Issuer does **not** custody or manage user assets.

Any hedging or reserve management uses **Issuer-owned assets only**.

Market, Technology, and Regulatory Risks

CROSSD may involve risks including price volatility, smart contract vulnerabilities, exchange counterparty risks, and evolving global regulations.

This document does **not** constitute legal, financial, or investment advice.

No Contractual Effect

This Whitepaper is **informational only** and does **not** create a contract, commitment, or promise. Users are responsible for compliance with applicable laws and for safeguarding their own wallets and keys.