

STOCKSD.APP

Litepaper

Protocol Overview

Stocksd.app is a decentralized application (Dapp or dApp) that enables decentralized (P2P) oracle-based stock trading on the Ethereum network. The ecosystem consists of the exchange contract (updated on a rolling basis), oracle nodes and an oracle contract (supplying individual stock data - can be outsourced from a variety of oracles) and the STOCKSD token contract (bridging exchange and oracle contracts).

Lifecycle of a Trade

Stocksd.app central abstractions are that of seller (or *dSeller*, referred interchangeably) and buyer roles. Both roles are not mutually exclusive and can be shared by a single Ethereum address.

To initialize an offer, a seller has to provide a deposit of any amount of stablecoin (DAI in the current protocol implementation) that will serve as a collateral against asset *appreciation*. In other words, if the price of a stock goes up this would be the deposit that a buyer will be paid from. No price request is made upon offer initialization.

After an offer is successfully opened, a potential buyer can accept it via fulfilling the offer at the current market price using price oracle request. Buyer deposit (denominated in DAI as well) covers the total value of stock purchased plus seller commission. This deposit will serve as a collateral against *full asset depreciation*.

After a price oracle request is fulfilled, deposits are locked and the seller is expected to procure advertised stock in a timely manner. Delays in procuring advertised stock will proportionally increase volatility risk for the seller.

At this stage (right after an oracle request is fulfilled) the stock buyer is free to close a position at any time but subject to restrictions described in *Risk minimization* chapter. The seller incurs volatility risks identical to those of procuring advertised stock when an offer is accepted.

Closing a position triggers a second oracle request which determines the final value of position. If a trade turns out to be profitable, the stock buyer receives profit from seller deposit plus initial deposit, commission; deposit leftovers are returned to the seller. If a trade turns out to be unprofitable, the stock buyer receives initial deposit at the current price; commission plus position loss coverage are returned to the seller from buyer collateral.

Risk minimization

There are a number of features that stocksD.app protocol implements to protect the interests of the seller, who incurs volatility and potentially regulatory risks that come with real-life (traditional stock exchange) stock procurement:

1) AFK hours

AFK (away from keyboard) hours is an array of hours when either accepting an offer or closing a trade is locked

2) Fixed commission

Commission from a trade is levied in a static way independent of a trade outcome

3) Duration cap

Each trade can be assigned a duration limit (duration cap) - upon expiration of the duration cap a seller is able to close a position on behalf of a buyer

4) No buying offers

Sellers are always makers - therefore they are able to choose a stock that would be safe to procure, as well as set the terms of each trade

In addition to those features that are already present in the current implementation we are planning to include other precautions that would protect seller interests.

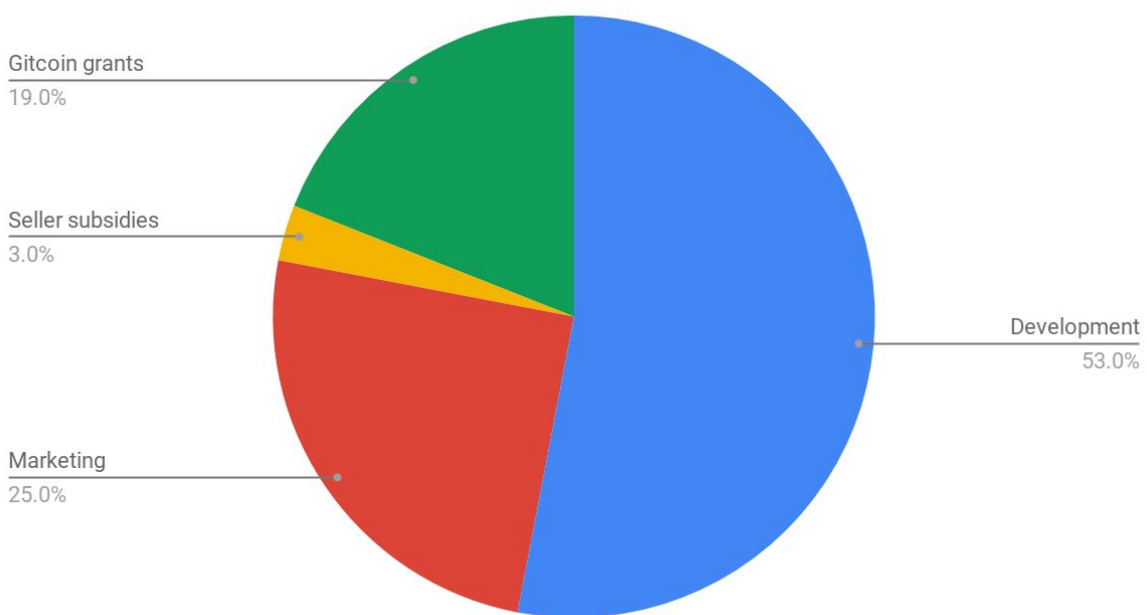
STOCKSD Tokenomics

STOCKSD coin is a bridging part of stocksD.app ecosystem. STOCKSD is stakable, lockable coin contract with a total supply of 100,000,000 coins. STOCKSD earns dividends from exchange profits via staking mechanism which is already implemented in the current coin contract.

STOCKSD also serves as a LINK token substitute for all stock oracle request fees, required for each trade on stocksD.app.

STOCKSD is a central governance token in STOCKD DAO.

Token Distribution



2020-2021 Roadmap

2020 Aug

Release of standalone STOCKSD-based oracle dApp

2020 Aug-Sep

Implementation of v2 version of the protocol - optimized gas fees, event notifications and further seller protections

2020 Sep-Oct

Setup of broader STOCKSD DAO with Colony management

2020 Nov-Dec

Release of Android mobile dApp

2021

Integration with ERC1400 security token standard for managed trades

2021

Providing trade insurance on top of ERC1400 and further regulatory risk minimization