DOTFLAT

LIGHT PAPER

What is it?

Dotflat is a secured stablecoin with stable purchasing power.

How to use it?

You can use Dotflat to transfer value on the blockchain, protect your funds from inflation and earn on deposits.

Introduction

Initially, it was assumed that the blockchain would allow avoiding control over the ownership and transfer of value in the network. High volatility of native cryptocurrency does not allow it to be used as a means of payment, and modern stablecoins have a number of significant drawbacks: lack of security or its opacity, the possibility of asset blocking by issuers, inflation and close ties to the traditional banking system. It doesn't sound very good.

How does it work?

Dotflat is a fully collateralized coin pegged to the value of a basket of commodities using cross-rates. This means that on average, one coin can buy the same amount of commodities such as gold, silver, copper, orange juice, coffee, corn, grain, cotton, rice, timber, oil, gas, veal, and so on.

Dotflat uses credit issuance, meaning that each coin is issued through a smart contract by a user who has provided sufficient collateral in native cryptocurrency according to the current rates of the cryptocurrency itself and the commodities in the basket. If the price of the cryptocurrency rises relative to commodities, then each coin remains collateralized. Otherwise, the system prompts the user to increase the collateral or reduce the issuance. If neither happens, the system sells the collateral through an auction to cover the issuance made by the user.

Initially, the price of the coin is set equal to one US dollar, but as the dollar depreciates due to inflation, which leads to rising commodity prices, the coin continues to maintain its purchasing power and grows in value along with commodities.

All operating conditions are spelled out in smart contracts, which excludes the possibility of any influence on your balance by third parties or organizations.

Advantages

Full collateralization - all issued coins are backed by a liquid asset - cryptocurrency placed on the balance of a smart contract.

Decentralization - the system is controlled by open-source smart contracts.

Transparency - all balances, conditions, current quotes, transactions, and collateral can be verified in the blockchain.

Inflation resistance - you can buy the same amount of pork or coffee in fifty years.

System

A system of independent oracles broadcasts market quotes for commodities to the blockchain. Based on this data and the current value of the native cryptocurrency, the smart contract determines how much cryptocurrency, taking into account the established discount, should be in the collateral for each Dotflat flatcoin received on credit.

A bot monitors changes in quotes and, in case of insufficient collateral, initiates a margin call to sell the collateral through an auction to cover the issuance. This ensures that the collateral is always sufficient.

All system revenues are used to buy back Rule governance tokens, which leads to their growth in value.

Governance tokens can be used to vote on changes to the system's main parameters or smart contract addresses, thus putting the system entirely under the control of governance token holders.

Due to credit issuance at 9% per annum, the system has the ability to accept Dotflat stablecoins on deposit at 8% per annum. If a user buys stablecoins on the open market instead of taking them on credit, they have the opportunity to earn 8% on the deposit and avoid inflation.

Tokenomics

The main governance token of the system is the token.
The initial emission is 1,000,000.

800’000 =
- Pre-seed=50’000
- Advisers=50’000
- Pre-sales=240’000
- IDO=360’000
- Liquiduty=100’000

200’000 = Dotflat team
The proceeds from the pre-seed and pre-sales will be used to finalize the system and for marketing.

Purpose of the token

The token is a governance and voting token of the system.
All system parameters after the initial installation are changed by voting. Each token is equal to one vote.

Burning

The system has a stabilization fund of 5% of the stablecoin issuance volume, which is replenished by interest on the loan (9% per annum) and margin call fines (13%). In case the stabilization fund is overfilled, which should happen according to the system logic, the surplus goes to the buyback of tokens through an auction. All tokens received by the system after the auction are burned according to the smart contract.

Additional Emission

If the stabilization fund does not have enough funds to pay interest on the deposit, or due to an increase in the volume of stablecoin issuance, the system can initiate an auction to replenish the stabilization fund through additional emission of tokens. The system tries to minimize the volume of additional emission through the auction. The maximum emission volume is 1% of the total emission volume in one auction.

Conclusion

This document describes the concept of a collateralized stablecoin pegged to the value of a basket of commodities, making it immune to inflation inherent in fiat currencies.
Stablecoin holders can earn interest on their deposits through credit issuance.
The document will be expanded with a more detailed description as questions arise that need to be addressed.