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Abstract

Sanzooz Finance is an Ethereum-based protocol for decentralized asset issuance. These artificial assets will be collateralized by the Sanzooz Network Token (SZFT), which, when locked in a contract, enables the creation of artificial assets. This pooled collateral model enables users to perform asset conversions directly through the smart contract, without the need for counterparts.

This mechanism addresses the liquidity and slippage issues that DEXs face.
Sanzooz Finance will facilitate the trading of artificial fiat currencies, cryptocurrencies (long and short), and commodities. SZFT holders are rewarded for staking their tokens by receiving a pro-rata share of fees generated by activity on a new platform called "Sanzooz Exchange" based on their contribution to the network. It is the right to participate in the network and collects fees from Sanzooz exchanges, which will be used to determine the value of SZFT.

Besides creating trading facilities for artificial assets, we'll also be focusing on derivatives trading such as options and futures. Sanzooz has put forth a mechanism where it'll possible to execute these trades seamlessly and with a lot more options than the current DeFi market has to offer.]

Sanzooz has also taken the possible risks into account and devised a risk mitigation strategy to safeguard the funds of the investors. Also, in order to secure the Smart contracts from outside breaches, we'll be frequently consulting experts and auditors.

As a decentralized platform, the ultimate governance system will be decentralized and supervised by multiple subDAOs under the core Sanzooz DAO. Each DAO will have its own specific operational area and ultimately every governing body member will be making the best decisions for the protocol.

What Are Artificial Assets and How It Works?

Artificial assets are a type of assets that do not exist in tangible forms or have any inherent intrinsic value. These products or assets are derivatives of tangible assets that actually do have intrinsic value, such as equities, commodities, or currencies. For that reason, artificial assets are also known as derivatives.

The existence of artificial assets came about to facilitate trading assets without needing to physically relocate them or pre-selling goods that are yet to be produced or made available for selling purposes.

What essentially happens in the creation of an artificial asset is that two or more parties agree on certain terms that create a contract on the basis of a real-world asset. While the contract in itself isn't worth anything, given that it represents the value of the underlying asset, the agreement recognizes the financial value of the contract.

Here's an example to simplify the scenario.

Let's assume Person A owns a gaming console that is currently worth $1500. For whatever reason, A has to leave town in 3 months and needs to sell the console at that time. So A wants to sell the console on two specific terms, i) the selling price will be $1500, ii) the selling date will be 3 months from now. Person B offers to buy the console on those terms and signs the contract. That contract is now a derivative asset. While it doesn't have any intrinsic value, it represents an entity that has value, leading to the contract gaining value in the market.

Now, Person B can decide to execute the contract and buy the console, or they can sell the contract for a price (assuming $100) to another person. Whoever owns the contract at the time of expiry (which is 3 months from the agreement) will be liable to buy it.

This is how artificial assets work in a nutshell, however, it is a much more complex system than the explanation above as the types of contracts, the terms of contracts, and the executory details of contracts vary greatly.

The primary types of Artificial Assets are

1. Forward
2. Futures
3. Options

This system is almost identical to both Traditional Finance (TradFi) and Decentralized Finance (DeFi) with a few minor tweaks and additions. However, given the novel market of DeFi, it's safe to assume, there'll be many more changes to this traditional idea of Artificial Assets.

One important feature of the DeFi derivatives market to note is that in DeFi the contracts are represented as synthetic tokens that represent the characteristics of its underlying assets.

How SZFT Backs Assets

SZFT tokens will underpin all artificial assets. Assets are minted when SZFT holders use Mintr, a decentralized application for interacting with the assets contracts, to stake their SZFT as collateral. Assets will be collateralized at a 750 percent level, although this level may be increased or decreased in the future through community governance mechanisms. SZFT stakeholders incur debt when they mint assets, and they must repay this debt by burning assets in order to exit the system (i.e. unlock their SZFT).

Staking SZNT

SZFT holders will be rewarded in a variety of ways for staking their tokens and minting artificial assets. To begin, there will be exchange incentives. These will be generated whenever an asset is exchanged for another (i.e. on Sanzooz Exchange). Each trade generates an exchange fee, which is sent to a fee pool, from which SZFT holders can claim their weekly share. This fee will range from 10 to 100 basis points (0.1 to 1%, though it will typically be 0.3 percent), and will be displayed during any trade on Sanzooz Finance.

The other reason for SZFT holders to stake/mine is to earn SZFT staking rewards, which are generated by the protocol's inflationary monetary policy. Between April and August 2024, the total supply of SZFT will increase from 100,000,000 to 260,263,816 at a weekly decay rate of 1.25 percent. From September 2024, there will be annual terminal inflation of 2.5 percent in perpetuity. These SZFT tokens will be distributed weekly on a pro-rata basis to SZFT stakeholders who maintain a collateralization ratio above the target threshold. Sanzooz Tokens will be vested for 2 months.

How Minting and Burning Works

The mechanisms outlined above ensure that SZFT stakeholders are rewarded for maintaining an optimal Collateralisation Ratio (C-Ratio) (currently 750 percent). This ensures that artificial assets are adequately collateralized to absorb large price shocks. If the value of SZFT or its assets fluctuates, the C Ratio of each stakeholder will fluctuate as well. If their ratio falls below 750 percent (with a small buffer for minor fluctuations), they will be unable to claim fees until their ratio is restored. They adjust their ratio by either minting assets or burning assets if their ratio exceeds 750 percent.

Stakers, Debt, and Pooled Counterparts

When SZFT holders mint assets, they incur a 'debt.' This debt will fluctuate in value regardless of its original minted value, depending on the exchange rate and supply of SZFT in the network. For instance, if 100% of the system's assets were artificial Bitcoin (aBTC), which halved in price, the system's debt would halve, as would each staker's debt. This means that if only half of the system's artificial assets were aBTC and the price of BTC doubled, the system's total debt — and each staker's debt — would increase by a quarter. SZFT stakeholders will act as a pooled counterparty to all artificial asset exchanges; stakeholders will bear the risk of the system's overall debt. They will be able to mitigate this risk by taking positions outside the system. By taking on this risk and enabling trading on stakers, they earn a claim on the system's fees.

Asset Pegging Mechanism

Asset pegs are critical for a system to function properly, as traders require both liquidity and stability between assets and other crypto-assets in order to profit from trading. Because some artificial assets will be traded on the open market, it is possible for them to depreciate in value relative to the underlying assets. Incentives are required to keep deviations from the peg to a minimum and to motivate actors to correct them.

There will be two methods to maintain the artificial assets peg:

Arbitrage: SZFT holders will have incurred debt through the creation of artificial assets; therefore, if the peg drops, they can profit by purchasing aUSD below par and burning it to pay down their debt, as the Sanzooz Finance system always values 1 aUSD at $1 USD.

aETH liquidity pool on Uniswap: each week, a portion of the SZFT added to the total supply via inflationary monetary policy is distributed as compensation to individuals who provide aETH/ETH liquidity on Uniswap. This will incentivize liquidity providers to collaborate to build the largest liquidity pool on Uniswap, enabling traders to purchase artificial assets to begin trading or to sell them to profit from profits.

Limitations of Current On-chain Protocols

Existing DeFi platforms, for example, Aave and Compound have demonstrated their permissionless nature and minimalistic interfaces to great lengths. The duo uses a couple of algorithmically calculated interest rates for every token as an identifier of organic market movements on the platforms.

Aave offers a steady borrowing rate for some tokens, but it is at present set at a critical premium over a new factor rate normal to limit foundational risk. Remarkably, neither one of the platforms can offer stable rates to contributors. This is not out of the ordinary, as one can't dependably gauge how the irregularity of the market for a token on the platform will develop, and subsequently the related time series for each set of loan costs.

Assuming a decent interest searcher had the option to secure in an IR for a longer period and acknowledged profit ended up being very low from what was expected, the question remains of who would subsidize the deficit. As such, fixed rates of interest make it risky for the DeFi framework which eventually requires dependence on CeFi markets.

Normally, this outcomes in the vast majority of borrowings happening on a drifting premise, and accordingly, a failure to frame a term structure for interest rates. One methodology might be to make a DEX for financing cost trades, but this strategy faces issues around illiquidity.

For a trader to get fixed on an interest rate trade at an interest rate of Y and tenor T, the trader has to put efforts into finding another member in the market who will sit at the opposite side of the trade, at the ideal value (Y) and tenor (T).

Also, regardless of whether we envision that said trader had without a doubt been effective in tracking down a match on an illiquid IRS at Y for T, proper processes would then should be set up to guarantee that an adequate edge is held by the two members to cover any potential installment deficits, making more entanglements and dangers.

Game Theory-Based Approach to Decentralized Interest Rate

Aware of the difficulties encompassing the development of fixed interest rate markets without using a DEX/orderbooks, we propose an original framework that lets members collectively decide the respective interest rates for a given income stream, by picking 1 of 2 choices; go about as a non-fixed (drifting) liquidity provider or partaking in what one could depict as an open auction.

Think about the following scenario:

There is a pool of cash C comprising of N members who contribute sums c1, c2, c3… cN into the pool. "Cash" in this setting can be any cryptocurrency that can generate an income stream, inferring that the construction is adaptable across various coins/tokens, artificial or mirrored farming pools, or entirely separate blockchains. Inside this pool, we have 2 sides of liquidity arrangement designated in the pool basic, drifting payout or fixed payout, this can likewise be stretched out forward in time.

This gives us,

$$C=c1+c2+c3+…+cN$$

The aggregate of c can be stored on another DeFi platform or in more than one platform where the income is created within the protocol. The revenue stream might fluctuate on every block, or it very well may be a platform that gives everyday payouts. Preferably, the end goal of the protocol should be to optimize the payout system in a way that creates the best profits for the members.

Members don't have the foggiest idea how the revenue stream will advance, yet we permit them to submit fixed loan cost 'offers' which (ought to) address what they would be glad to get from the fundamental revenue stream throughout the significant time duration. The bids are straightforward and can be shared among the members or shown on a website in real-time so that the records are transparent and open to everyone.

These bids can likewise be changed - to an alternate internet rate level before the completion of the round so that no member has to get stuck into a bid for a time span more than the time period of the revenue distribution. Also, members aren’t forced to offer a bid in the event if they don't really want to. In the event that they so decide, they can stay as a 'drifting' member, or change back to drifting from fixed.

We will place the whole process in such a game that the swarm of participants will only demonstrate behaviors towards amplifying their singular benefit as per individual risk tolerance and speculative mindsets, and the weighted fixed IR bid will act as a sensibly decent indicator of future returns for the underlying revenue stream while giving huge use case to speculation/arbitrage and hedging of DeFi and CeFi flows.

Sanzooz Exchange

Why Trade Artificial Assets?

Artificial assets enable investors to gain exposure to an asset without actually owning it. This has a number of advantages, including lowering the friction associated with switching between assets (e.g., from artificial Apple shares to artificial gold), increasing the accessibility of certain assets, and providing resistance to censorship.

How Artificial Assets Work

Artificial assets will track the underlying asset's price. They will enable holders to gain exposure to a variety of asset classes on Ethereum without owning the underlying assets or relying on a custodian. Artificial will be backed by the Sanzooz Finance Token (SNFT), which will be staked at a 750 percent leverage ratio.

Artificial Asset Categories

The derivatives market is valued at more than a quadrillion dollars. To put it in perspective, it’s 20x of the global GDP. To put it into perspective, it’s 5x larger than the market of stocks and bonds combined. As for the crypto market, the derivatives market is near 600x the size of the total crypto market cap (right now around $1.8 trillion).

The ultimate aim of Sanzooz is to dominate the derivatives trading scene from the decentralized sector by providing extensive services. In the beginning, Artificial assets will be available in five categories: fiat currencies, commodities, cryptocurrencies, inverse cryptocurrencies, and cryptocurrency indexes.

Our fiat artificial assets will include aUSD, aEUR, and aKRW, among others; our commodity assets will include artificial gold and artificial silver, both measured in ounces; our cryptocurrencies will include aBTC, aETH, and aBNB, among others; and our obverse assets will track the price of those available cryptocurrencies in the reverse direction, meaning that when BTC's price decreases, oBTC's price increases. Our cryptocurrency indexes will be called aDEFI and aCEX (along with their inverses), and will track a basket of DeFi assets and a basket of centralized exchange tokens, respectively.

Advantages of Sanzooz Exchange

Trading on Sanzooz Exchange will have numerous benefits over centralized exchanges and order book-based decentralized exchanges. Due to the absence of an order book, all trades will be executed against the contract directly, a process referred to as P2C (peer-to-contract) trading. Through price feeds supplied by an oracle, assets will be assigned an exchange rate and converted using the Sanzooz Exchange dApp. This results in infinite liquidity up to the value of the system's collateral, zero slippage, and permissionless on-chain trading.

System Architecture

Minting Artificial Assets

A SZFT holder can mint USD by using the Sanzooz Finance smart contract to lock their SZFT as collateral. When a SZFT holder mints, the following steps occur:

- The Sanzooz Finance contract verifies that the SZFT stakeholder is capable of minting synthetic assets against their SZFT, which requires a Collateralization Ratio of less than 750 percent.
- Their obligation is entered into the Debt Register. The debt represents the amount of newly created value and is denominated in USD.
- The Sanzooz Finance contract instructs the aUSD contract to issue the new amount with the debt assigned to the staker. It adds it to the total supply and populates the user's wallet with the newly minted aUSD.

If the price of SZFT rises, a staker's equivalent amount of SZFT is automatically unlocked as collateral. For instance, if a user locks $100 in SZFT as collateral and the value of SZFT doubles, the user locks half of their SZFT (total value: $200) and unlocks the other half. If they wish, they can then stake the additional unlocked SZFT to continue minting aUSD.

Exchanges

The steps required for smart contracts to process an artificial asset exchange (in this case, from USD to BTC) are as follows:

- Burn the source asset (aUSD), which entails depleting the aUSD balance in that wallet address and updating the total supply of aUSD.
- Calculate the conversion factor (i.e. the exchange rate, based on the price of each currency).
- Charge a conversion fee of 0.3 percent of the converted amount and send the fee as sUSD to the fee pool, where it can be claimed by SZFT stakeholder.
- The remaining 99.7% is issued by the destination asset (aBTC) contract, which also updates the wallet address balance.
- The total supply of aBTC is updated.

There is no need to exchange counterparts because the system will convert the debt from one asset to another. As a result, there is no need for order books or order matching, resulting in infinite liquidity between assets. No debt change will be required to be recorded against the debt pool, as the source asset's value is burned and the destination asset's value is minted.

Claiming Fees

When artificial assets are exchanged via the Sanzooz Finance contract, a 0.3 percent fee is extracted and sent to the fee pool, where SZFT stakeholders can claim it. When a staker claims fees (also known as asset exchange rewards), they also claim their SZFT staking rewards, which provide them with additional SZFT in exchange for staking their current SZFT. Once a staker requests to claim their fees, the smart contracts will proceed as follows:

- The fee pool will determine if fees are currently available and if the staker is eligible to receive them.
- The staker's wallet address will receive the amount of fees in aUSD, and the fee pool's balance will be updated.
- Additionally, a pro-rata portion of the escrowed SZFT from the SZFT staking rewards contract will be assigned to the wallet address.

Fees will be determined by the amount of debt issued by each stakeholder. For instance, if a staker issues 1,000 aUSD in debt, the debt pool is 10,000 aUSD, and 100 aUSD in fees will be generated during a fee period, the staker is entitled to ten aUSD because their debt represents 10% of the debt pool. For SZFT staking rewards, the same proportional distribution mechanism is used.

Burning Debt

When a stakeholder in SZFT wishes to exit the system, reduce their debt, or unlock staked SZFT, they must repay their debt. To put it simply, a staker mints ten dollars by locking SZFT as collateral and then burning ten dollars to unlock it. However, if the debt pool fluctuates (and thus their individual debt), they may be required to burn more or less debt than they minted. The procedure for achieving debt oblivion is as follows:

- Their debt balance is determined and they are removed from the Debt Register by the Sanzooz Finance contract.
- The required amount of aUSD is burned, and the total supply of aUSD is updated, as well as the user's aUSD balance.
- Their SZFT balance is converted to a transferable asset.

The Debt Pool

Each time a SZFT holder mints or burns assets, the system will keep track of the debt pool (as well as the debt of each individual staker). This is accomplished by periodically updating the Cumulative Debt Delta Ratio. This will calculate the staker's share of the debt pool at the time they last minted or burned, as well as the debt change caused by new or exiting stakers. The system will use this information to determine each staker's individual debt at any point in the future, eliminating the need to manually record each staker's changing debt.

By updating the Cumulative Debt Delta Ratio on the Debt Register, the system will be able to track each user's percentage of debt. It will calculate the percent change in the debt pool caused by the new debt and append it to the Debt Register using the formula below:

New Debt Minted (Total Existing Debt + New Debt)

The staker's most recent mint/burn action is then recorded in the Debt Register alongside their issuance data and the relative index number at which it occurred. The detail recorded is their percentage of the debt pool, which will be calculated using the following formula:

User debt percentage =(New Debt + Existing Debt) (Previous Debt Pool + New Debt)

The Debt Register will store the Cumulative Debt Delta Ratio, which is the product of the above calculation and the relative time (index) at which the debt was added, in order to calculate any user's percent of the debt pool at any index in the future based on the percent shift in the debt pool caused by their last mint/burn.

Each time new debt is issued/burned, the debt pool will be recalculated by multiplying the number of tokens in each Sanzooz Finance contract by the current exchange rate:

totalDebtIssued = totalIssuedArtificialAssets

This enables the calculation of the current debt pool and includes it in the updated Cumulative Debt Delta Ratio, ensuring that we know the size of the debt at each Debt Register entry (in artificial assets).

When a staker repays their debt (i.e. by burning the fabricated assets), the system updates the Cumulative Debt Delta based on the percent change in the amount of debt to be burned relative to the total value of the system's debt following the repayment.

This is the converse of what happens when a user creates new debt:

user's new debt percentage =(existing debt - debt to be burned) (debt pool - debt to be burned)

Calculating the updated Cumulative Debt Delta will work as follows:

delta = debt to be burned (debt pool - debt to be burned)

If a staker burns all of their debt, their issuance data in the Debt Register is set to 0 and they are removed from the debt pool.

The Oracle

Currently, the value of all artificial assets in the Sanzooz Finance system is determined by oracles that push on-chain price feeds. It creates an aggregate value for each asset using an algorithm and data from a variety of sources. Both Chainlink's independent node operators and Sanzooz Finance will provide price feeds.

Options Mechanism in Sanzooz

In an option, a holder of an asset offers the option to trade that asset at a predefined strike cost and future date. An option to purchase an asset is alluded to as a call, and an option to sell an asset is called a put.

The vendor of the option gets a premium upon the deal but on the other hand, will undoubtedly have to trade the asset at the settled cost and date in the event that the holder of the option wants. A covered option demonstrates that the basic asset is put up as insurance, so it is destined to have the option to be executed sometime not too far off. The option could itself at any point be exchanged on the open market. We portray an execution of a covered option or one which can be practiced whenever before the lapse date.

Options empower various strategies that can be intended for speculations or risk management.

Options can be utilized to give extra influence in speculation. For instance, let's say the cost of $BTC is $100, and a trader who has $1000 to contribute accepts it will go up. The trader could purchase 10 $BTC at $100, and assuming the value ascends to $110, selling would return a $100 or 10% benefit. Assume all things considered that the trader had bought call options with a $100 strike and $2 premium. The trader could bear 500 of these options with $1000.

On the off chance that the cost again rose to $110, the trader could practice the options to purchase at $100, and afterward, promptly sell at $110 for a $10 benefit for each option. Since the trader had paid $2 for every option, a benefit of $8 per option would have been made. This implies the trader's benefit would have been $8 * 500 = $4,000 or a 400% return. This shows how with a similar measure of capital financial backers can accomplish a lot bigger returns utilizing options than by basically holding the asset.

Options can likewise be utilized to fence or lessen risk in a venture. Envision a trader is long 100 $BTC, which is again exchanging at $100. The trader could buy a put option with a $90 strike for a $2 premium. Such an option would guarantee that for just a 2% expense, during the lifetime of the option the trader couldn't lose over 10% on the venture.

Options likewise empower further developed exchanging systems like straddles, strangles, collars, and some more. In addition to other things, such methodologies can secure in a cost, benefit from unpredictability toward any path, or benefit from cost security in an asset.

The Sanzooz option mechanism will utilize one Ethereum Smart Contract for each type of option. A type alludes to a guaranteed set of input boundaries including the base token, quote token, strike cost, and lapse date. Base token alludes to the asset the option is for and quote token alludes to the token where the premium and strike cost is named.

Every option contract can issue new options of its type anytime before the option termination date. The agreements can go about as either a put or a call option by just exchanging the base token and statement token and inversing the strike cost.

Writers of the option list offer predetermined size and amounts and premiums on a different platform. Purchasers can purchase options from a writer by sending a transaction containing an offer to the smart contract. Later getting such a transaction, the smart contract moves the premium in quote token to the writer and the offered amount of base token to itself. The purchaser is given options that can be moved and exchanged as some other ERC20 token. The smart contract holds the base token until the option is either executed or terminated.

Any holder of the option can decide to practice whenever before the lapse date. Upon execution, the option holder follows through a strike cost × (# options) of the quote token to the smart contract and is sent # options of #base token from the smart contract. The quote token paid to the smart contract is dispersed to the writer or writers of the option.

Current Risks and Risk Mitigation Strategies

Sanzooz Finance is still an experimental system, and complex systems require both empirical observations and theoretical analysis. Empirical observation and theoretical analysis ensure that the mechanism is designed in such a way that all players' incentives are aligned. One risk is the debt that SZFT holders will incur when they stake their SZFT and create artificial assets. As previously stated, this debt is subject to fluctuation due to systemic exchange rate changes. This means that in order to exit the system and reclaim their staked SZFT, they may have to burn more fabricated assets than they initially minted.

Although the majority of participants in the cryptocurrency space are aware of this risk, the prices of the majority of crypto assets are highly correlated with those of Bitcoin and/or Ethereum. This means that significant price fluctuations in the SZFT token are possible for reasons unrelated to SZFT or the Sanzooz Finance system.

Finally, several facets of the system will be centralized. This decision was made to ensure the project's efficiency. Centralization is demonstrated by the widespread use of proxy contracts throughout the architecture. This is to ensure that the system can be upgraded easily, but it also gives the engineering team a measure of control, which requires user trust. While these features will gradually be phased out, it is critical to understand the risks associated with the current system architecture.

Besides the above-mentioned risks, there are several other risks that are in play outside of our control.

#1 The derivatives market is one of the most heavily regulated markets on the global financial scene, various countries have their own respective laws and regulations to control the market. As a result, it’s always a risk to offer assets controlled by centralized infrastructures. Also, the crypto market is a novel market with almost zero regulations in terms of DeFi in the majority of the countries. We’re unsure of any regulations that may come into existence in any of the major economies barring or restricting artificial assets trading in the DeFi market and how it may affect our current model of operations. However, we’re hopeful that given the promise of the crypto markets, most countries will have a positive outlook on it and will be spared with minimum regulation.

#2 The Sanzooz protocol is still under development and going through heavy scrutiny from all aspects to make sure the model is robust enough to handle millions of dollars worth of trades every day. In this process, we may decide to tweak and adjust certain parts to make the model more efficient and in the process may adversely affect your trading strategies. Although we’ll update such changes at the earliest, both through notifications and updates of the whitepaper, it’s still a risk factor that will exist due to latency in disclosure.

#3 Another factor that may take place in the functioning of the platform is an outside competition or internal fork leading to the creation of a competing protocol. In this fast-expanding crypto environment, we’ve experienced countless similar scenarios and it’s only practical to expect a similar outcome with Sanzooz as well. In such cases, we may need to change our policies, priorities, or terms and conditions to provide service to our users without any adverse effects on the functions.

Governance

The governance model of Sanzooz is a multi-DAO model where each DAO will have its separate functions. So far we've planned to establish a Council, Protocol DAO, Sanzooz DAO, Ambassadors DAO, and the Grants DAO. The eligibility criteria of the members will vary depending on the specific functions these DAOs fulfill.

Sanzooz Improvement Proposals (SIP) will be the primary means for members to issue proposals and vote on topics to implement changes in the system. Depending on the far-reaching potential of a proposal, it'll be going through different models of consensus before a verdict is passed by the concerned DAO. Every member will have their vote depending on the amount of $SZFT owned and staked. Additional requirements for DAO members will be updated in the future.

The Ambassador DAO is put in place to elect a group of members who will be working as representatives of governance token holders through a multisig environment. These ambassadors are experts in their respective fields making them the perfect candidates for making decisions on important internal and external matters.

The ambassador positions will be up for re-election after every term. The eligibility criteria will be declared once we start forming the DAOs.

Similarly, the Grant DAO will be another subDAO that will specifically operate things related to funding and scholarships. Any project or platform willing to get funding from Sanzooz will undergo a rigorous scrutiny and vetting process by the Grant DAO. The DAO will also be responsible for sponsoring hackathons, providing scholarships to unique talents, and recognizing exceptional works in the DeFi sector.

The Sanzooz Council (SC) is a governing DAO that will comprise 9 members who will be elected by the community staking participants. Proposed by the Genesis team, the SC is responsible for conducting SIP/SCCP interviews, debating the implications of proposed changes, coordinating protocol changes with the protocol DAO and hosting periodic community governance meetings in order to best represent and protect the wider Sanzooz stakeholders. The SC, like other DAO roles, will be paid a stipend by the Sanzooz DAO and conduct their duties on the relevant governance channels.

The election process is an important part of the Sanzooz ecosystem to conduct operations decentrally. The specific terms and conditions for conducting an election will be decided once the platform is operational. Specifics like eligibility criteria, duration of service, stipends, and rewards will be decided accordingly.

Roadmap

The Sanzooz protocol has undertaken a behemoth of a target to revolutionize the existing DeFi artificial assets market. As we continue our efforts, we've broken down the steps for our users to follow. This roadmap may be changed or tweaked in the process.

2022 Q2

- Release Litepaper
- Launch SZFT Token on Testnet
- Launch Sanzooz Genesis on Testnet
- Smart Contract Audit
- Launch ERC-20 SZFT token on Mainnet
- Deploy all Staking Contracts on Mainnet
- Launch SZFT via PancakeSwap
- Launch Sanzooz Staker on Mainnet
- Launch Sanzooz Genesis on ETH Mainnet

2022 Q3

- Launch Sanzooz Dashboard
- Launch Sanzooz Exchange with first set of tradable Artificial assets
- Launch ERC-20 SZFT with BSC-ETH token bridge
- Launch new aAsset classes (aBaskets, inverse, aNFTs, others)
- Introduce new assets to lend as collateral and back zassets
- Launch Sanzooz Protocol Community Governance
- Leveraged Trading

2023 Q1

- Continue to add new innovative synthetic assets
- Continue to further decentralize all aspects of Sanzooz Protocol (Grant DAO, Protocol DAO)

- ❖ Continue to expand and engage with our community across all socials
- ❖ Continue to improve our marketing and education around Artificial assets/DeFi
- ❖ Continue to improve the functionality and user experience of all Sanzooz Protocol products

SUMMARY

Sanzooz Finance will deliver one of the most sophisticated and useful Ethereum protocols to date. However, the potential for censorship-resistant artificial assets is largely untapped at the moment. Further enhancements to the mechanism, as well as functional upgrades and the addition of new artificial assets, will significantly increase the platform's utility. Transitioning to a decentralized governance process will also mitigate systemic risk and increase the project's long-term viability.

Artificial Assets Categories	aUSD, aEUR, and aKRW, Gold, Crypto.
Staking	Staking rewards will range from 10 to 100 basis points every week.
Minting	Optimal Collateralisation Ratio (C-Ratio) is currently 750 percent. If the ratio fluctuates, it'll be adjusted by either minting or burning.
The Debt Pool	Cumulative Debt Delta Ratio is a record of all the debts in the system. New Debt Minted X(Total Existing Debt + New Debt)
Governance	Multi-DAO Governance. Sanzooz Council, Protocol DAO, Sanzooz DAO, Ambassadors DAO, and the Grants DAO.