



# Bridges

WHITEPAPER



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# 1 Industry Status Quo

## 1.1 The cryptocurrency industry's explosive growth

Ten years ago, many laughed at the concept of Bitcoin. Today, even Bank of America is paying attention. As more people realize that cryptocurrencies and other blockchain technologies have the power to democratize finance, more developers will enter the space and seek to create new projects and use cases. The encryption venture capital company Electric Capital published a blockchain developer report in December 2020 which summarizes and analyzes the situation of developers in the crypto space based on Electric Capital's proprietary data. The following conclusions are stated in the report:

- The number of new cryptocurrency developers increased for the first time since 2017. In 2020, the monthly growth rate of new cryptocurrency developers reached 15%. Additionally, more than 80% of active developers at the time of the report joined the crypto space in the previous two years.
- In the Bitcoin, Ethereum, and Binance ecosystems, developers are particularly active with Ethereum still being the leading blockchain. However, due to scalability issues developers are slowly shifting to new blockchains nowadays - mostly EVM-compatible. The number of developers in the Bitcoin ecosystem increased by more than 70% compared to three years prior. More than 300 new developers were predicted to join the Ethereum ecosystem every month growing by 215% on a monthly base in the previous three years. Since 2 January 2020, the number of active developers in decentralized finance had increased 67% monthly.



## 1.2 The rise of DeFi

The main idea behind decentralized finance (DeFi) is to create financial products and agreements by using smart contracts running on the blockchain so that we can build a more open, transparent, and fair market which is more suitable for financial civilian innovation. DeFi's transaction volume increased substantially in 2019, and at the start of 2020, its total locked positions experienced the first period of rapid exponential growth. One of the main driving force behind the expansion of DeFi and decentralised exchange in particular is liquidity mining. Liquidity mining refers to users providing "liquidity" contributions to the market being rewarded for that, thereby allowing holders to trade the underlying assets.

According to Statista, the total value locked (TVL) in DeFi was \$1 billion in May 2020. This number itself may not be large, but the DeFi market was only worth \$500 million in May 2019 with a 100% increase in one year. At the time that Bridges launched in November 2021, the market capitalization of the DeFi market was around \$90 billion, an impressive 9,000% increase with respect to the previous year. Considering the technical difficulties in accessing DeFi markets compared to the traditional markets with well established tools, these numbers and this overwhelming growth are even more impressive. We do believe this is just the starting point. With new technologies and better platforms coming out, DeFi will likely maintain the same growth rate in 2022.

## 1.3 Current DeFi hotspots

By 2020, many projects wanted to classify their tokens as “DeFi.” We then need to consider what can be classified as a DeFi project. We believe that for a cryptocurrency project to be classified as decentralized, it must meet the following requirements:

- Financial use: The project has a clear financial application relating to areas such as loans, exchanges, derivative/synthetic assets issuance, or assets management.



- No permission required: Open source; anyone can use or build projects without the permission of a third party.
- Anonymity: Holders can use the protocol without revealing their identity.
- Decentralized governance: Decision-making and management privileges are not held by a single person nor entity without a reliable way to exclude that person or entity.

## 1.4 Dynamic automatic market maker

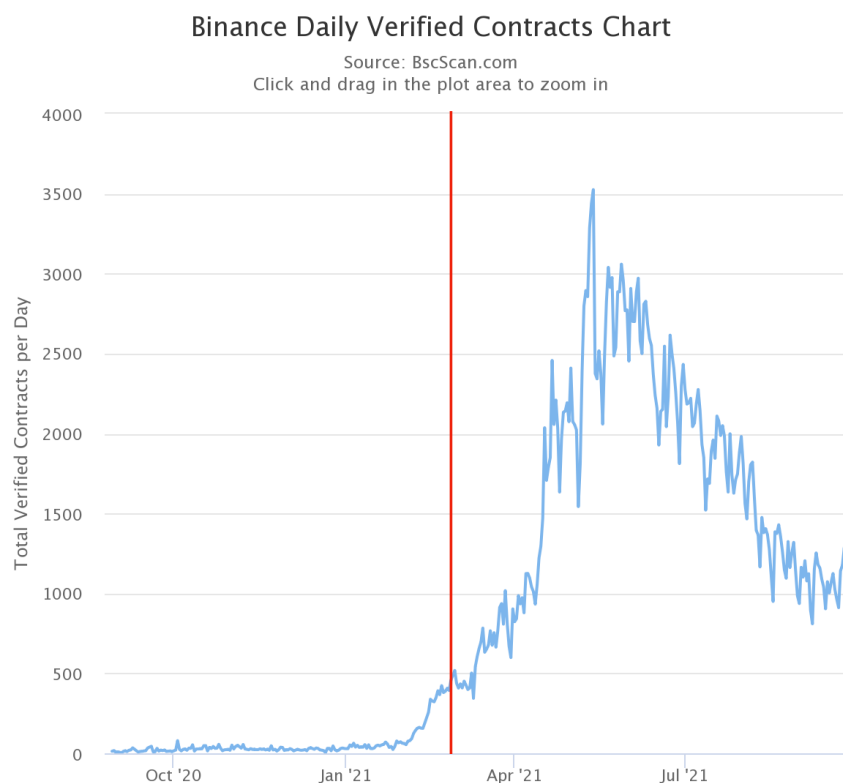
The automatic market maker (AMM) model is feasible, and liquidity mining proved that it can be expanded. Uniswap on the Ethereum blockchain and PancakeSwap on BNB Chain (formerly called Binance Smart Chain, or BSC) are the market leaders with PancakeSwap having \$770 million daily volume on average and UniSwap generating \$58 B in volume in 2020 with a 15000% increase with respect to 2019. These models have shown to be successful in a first phase with a completely automated, simple, anonymous, and fast way to list new tokens on their platforms. They respect the DeFi criteria and drive the expansion of the DeFi space further, meanwhile allowing the creation of liquidity pools for liquidity mining.



## 1.5 The new DeFi era

Following this initial push led by the Uniswap launch back in 2018 and PancakeSwap's subsequent launch in 2020, a promising new project called SafeMoon entered the DeFi space in March 2021. This project is deployed on BNB Chain, and it is one of the first deflationary tokens in the space. It was quite successful, breaking previous records and reaching almost 3 million holders in less than six months.

The SafeMoon protocol introduced a new concept: an auto-feeding system for the liquidity pool. Thanks to this novel idea, liquidity providers are not necessary anymore, as a fraction of each transaction is used to grow the liquidity pool. With the DeFi world being devoted to the open source ideal and with BNB Chain providing a flexible tool as well as low fees, the SafeMoon success spurred many developers to launch their own version of a deflationary token.



Number of daily verified contracts on BNB Chain before SafeMoon (left) and after (right).



## 1.6 Risks

New projects are launched every day thanks to the open source environment, and DeFi exchanges make the process easy and fast. As a result, the DeFi world went through yet another expansion period in 2021; unfortunately, this expansion was not without its drawbacks. The DeFi world has become a treacherous place for holders to buy into. DeFi exchanges lack quality-control procedures to evaluate the new tokens being listed every day. As one might expect, this has created an opening for scammers in the DeFi space. The most common scam is the so-called “rug pull” in which the developers of a token suddenly withdraw the liquidity, leaving holders trapped without the possibility to cash out. In addition to this, other scams have populated the space, such as pump-and-dump schemes, honeypots, project shutdowns, and many others.

A report from 2021 by [The Motley Fool](#) citing data from the Federal Trade Commission (FTC) estimated the amount of crypto scams in 2020 to be around \$419 million. This article compares data from the FTC over the previous three years. In 2017 the amount of scams in the crypto space was \$50 million. This is an 800% increase in three years, with the data coming from Q1 2021 totaling \$215 million in just one trimester. A Motley Fool survey cited in the same article mentioned 37% of scammed holders did not report the scams to the FTC or to the Securities and Exchange Commission (SEC), meaning that the numbers discussed above could be dramatically higher. Almost every holder in the DeFi space has been rug-pulled at least once. These scenarios dramatically decrease the trust of participants in the DeFi space, especially for those holders who are entering DeFi from a less than privileged financial position.



## 2 Bridges

### 2.1 Our vision

Trading, lending, and liquidity mining are the cornerstones of the financial system. In the traditional financial sector, individuals usually participate through intermediaries such as mutual funds, hedge funds, or other asset management companies. DeFi has now emerged as an on-chain fund manager with the potential to revolutionize the financial world and to democratize access to financial opportunities. This can prove especially valuable for people who come from financially disadvantaged backgrounds or who belong to marginalized groups whose families were not permitted to access the traditional financial avenues.

For these reasons, we at Bridges are strong supporters of the DeFi world. As DeFi is still in its early stages, something needs to be done in order to make it easier to access and—even more important—safer. In the process, we believe that we can make crypto more equitable, as traditional finance is not necessarily available to the average person. By removing institutional barriers in the centralized finance world and allowing anyone with internet access and liquidity to participate in secure projects, we can empower a whole new group of participants to build generational wealth.

Our vision is to make the future of finance work for everyone. To do that, we will empower holders and developers with a suite of solutions and blockchain opportunities that have innovation, safety, equity, and philanthropy at their core.





## 2.2 Our solution

We at Bridges aim to build a new infrastructure, what we like to call a semi-DeFi solution, to overcome the problems related to DeFi exchanges. Bridges Exchange will be active on BNB Chain at the start since it is one of the most suitable blockchain for trading; however, we do not want to rule out the possibility of building a multi-chain infrastructure in the future.

We will host crypto assets on our platform, both with auto-liquidity auto-feeding systems and without, providing all of the opportunities related to liquidity mining in the latter case. We will act both as a launchpad and as an exchange at the same time. Projects willing to be listed on our exchange will have to go through a selection procedure that filters for the projects that meet our criteria.

The selection procedure itself will be focused on two key aspects:

- **Safety:** New projects will need to pass a safety check, including using anti-whale practices and locking a majority of their liquidity (at least 70%) if the project is using a liquidity auto-feeding mechanism. The contract itself will need to be audited before launch. Developers will also be vetted and are required to be either doxxed or to complete a private KYC identification. Also, the development team should not hold a significant amount of the total token supply in their private wallets (no more than 10% total and not more than 2% each). Project wallets should be multi-signature wallets.
- **Innovation:** We strongly believe in the open source philosophy to boost the DeFi space, but open source has its drawbacks. At this point in time, a small percentage of developers are bringing innovation. This is because for each small innovation, many other projects immediately come out copying the original one, saturating the market and creating confusion for the holders who have to filter between thousands of copies to find the “hidden gems”. To be listed on our exchange, projects will need to bring innovation. Projects merely copied from existing ones, without innovative use cases will be rejected immediately. Projects will be required to provide their own whitepaper that explains the innovation and particulars of their project.



In addition to the above requirements, new projects will also need to ensure that they have a secure website live before their launch and have a tax protocol of no more than 10% if they use one. It has been clearly demonstrated by existing projects that employing an exceptionally high tax protocol deters trading volume as holders seek to minimize their costs by reducing their overall number of transactions executed.

This ecosystem will bring benefits to both holders and developers. Holders will find a safe place, knowing that projects listed on Bridges Exchange undergo a rigorous selection procedure. For developers, being listed on the exchange will give the project more credibility and will help the project to differentiate itself from the critical mass of low quality projects that exist. Developers will also benefit from getting their token in front of the growing Bridges community, and receive additional benefits that are not available on self-service exchanges.

Additionally, we have a very ambitious expansion plan to make our exchange easily accessible, thereby bringing the DeFi space out from its current niche status. This will eventually and indirectly benefit the projects listed on our platform even more. The backbone of the platform and first step of our project was the fairlaunch of our Bridge\$ token on 13 November 2021.

## 2.3 Philanthropy

Bridges goes further than just its ecosystem. It is important to us to share our success through philanthropy in addition to our core values of innovation, safety, and equity. To this end, we endowed a Charity Wallet with 10% of the total Bridge\$ supply. These tokens will not be sold, and instead the dividends from this wallet are used for monthly financial donations to nonprofits and worthy causes, starting with the launch of the exchange. A shortlist of nonprofits will be selected each month and proposed to the community to vote for their favorite. Beyond the Charity Wallet, we also seek to promote noble causes through networking, collaborations, mentorship, and other means.



## 3 Development Plan

### 3.1 Token

The first step of our project was the launch of our token: Bridge\$ (BRG.X). Bridge\$ is a multi-dividend BEP-20 token. Holders can choose to have their dividends paid out in the stable coin Binance USD (BUSD), Binance-pegged Bitcoin (BTCB), or Binance-pegged Ethereum (ETH). Additional dividend token options can and will be added in the future. The initial supply was 100 million tokens with the following distribution:

- 1 million to each of the four founding team members;
- 6 million for our initial marketing strategy, including financing giveaways based on contests to grow the Bridges community;
- 10 million to our Development Wallet which is used to fund further development and marketing of the project;
- 10 million to our Charity Wallet from which the dividends will be paid out to charitable organizations of our community's choosing;
- 70 million was paired with Binance Coin (BNB) to create the liquidity pair on PancakeSwap.

The Bridge\$ token was fairlaunched without any private sale. In order to discourage whales from buying a significant proportion of the tokens, we instituted a limit on how many tokens can be purchased. The initial holding cap was 500,000 tokens. That limit was raised to 1 million tokens on 15 November 2022 when the market cap reached \$5 million. The holding cap will never increase beyond 1 million tokens.



Each transaction is taxed 5% which can be broken down as follows:

- 1% goes into the liquidity pool;
- 1% goes into the Development Wallet;
- 3% is automatically redistributed to holders as dividends in the token of their choice.

Dividends will only be paid once a holder has at least 100 tokens. Once the holder has enough tokens, dividends are automatically paid out by the dividend tracker to the holder's wallet when enough tokens accumulate for the gas fees to cover the transaction and swaps that happen in the background. This process ensures that redistribution is as efficient as possible, minimizing the total gas fees. In any case, holders can always trigger a payout of their dividends without waiting for the contract to accumulate.

The liquidity-feeding mechanism will be dynamically managed particularly in the first phase of the project in order to guarantee adequate volatility and encourage volume. The low tax protocol, compared to several other projects, is created specifically to encourage volume as well. In the late stage of the project after the exchange release, Development Wallet feeding will be discontinued. Finally, liquidity pool feeding will be active only as long as it is required; thus, the tax protocol can decrease to 3% over time.

## 3.2 Exchange

While the token is the backbone of our entire ecosystem, the exchange is what will bring innovation to the DeFi world. In the earlier sections of this whitepaper, we mentioned the uncertainty for holders in finding trustworthy projects and the abundance of scams. What we propose is to solve this issue with a semi-decentralized exchange.

We will first launch the exchange in the second quarter of 2022 with the focus of building up an initial collection of trusted projects which meet our criteria according to project safety and innovation. The liquidity pairs of those projects will be created with BNB. Holders will be able to connect their wallet to the



exchange and start trading with BNB as the base. To reduce complication for the holders, a multi-hop swap will be implemented, among other features.

Once the exchange is in place, our development team will turn to establishing a launchpad and to streamlining the application process for listing tokens. The launchpad will help projects that want to be listed on our exchange to demonstrate that they match the selection criteria and provide all necessary data for showcasing their projects if approved. Projects using the launchpad will also benefit from Bridges partnerships and advice. As soon as the acceptance criteria are met, the Bridges team will enable the project to go live on the exchange.

Once both the exchange and launchpad are live and fully functional, we will turn to enhancing and expanding our offering. We will optimize the exchange to help holders make educated decisions about their use of the exchange and blockchain assets as well as leverage our launchpad to further enable growth of innovative projects that holders will be able to trust. We plan to create features that benefit not only experienced crypto enthusiasts, but also holders who are new to the DeFi space. The Bridges team is also evaluating additional products to add to the Bridges platform which will be announced once they are prioritized (based on the results of engineering and economic analysis as well as holder demand).

### 3.3 App

We won't stop at the exchange. One of the biggest challenges facing DeFi is ease of access. Currently, the holders who want to access DeFi platforms on BNB Chain first have to access centralized exchanges to buy Binance Coins, then transfer them to a private wallet before finally accessing DeFi exchanges. This is a lot of work and exposes the holder to multiple attack vectors. It is additionally very confusing and daunting for those holders who are new to the DeFi space. Therefore, the third and most ambitious step of our project is to pack the entire Bridges ecosystem into a mobile app (both Android and iOS).

The app will be composed of three core components:

- A wallet where holders can store their cryptocurrencies;



- Our DeFi exchange;
- A third-party integration for FIAT-to-crypto and crypto-to-FIAT conversion.

Combining these areas together will create an all-in-one app that will remove the multi-step procedure that is currently necessary to access the market. We also will reduce the attack vectors for security threats to wallets and make the overall process much simpler for the holder. All of this taken together can help DeFi to reach mass adoption.