Metrix Liquid Governance Protocol

Empowering MRX holders with MetrixCoin governance-driven liquidity strategies, fostering decentralization and resilience within the ecosystem.

White Paper

v1.0

Abstract

The Metrix Decentralized Governance Protocol (DGP) poses a significant dilemma for MRX holders in the MetrixCoin ecosystem, the choice between actively participating in governance decisions and accessing MRX collateral.

This problem arises from the fundamental nature of the Metrix DGP, where MRX must be deposited as collateral to participate in the MetrixCoin governance.

In response to this challenge, the Metrix Liquid Governance Protocol (LGP) provides:

- A liquid governance derivative token (gMRX)

- A governance power derivative token (g)

- A built in liquidity pool for trading gMRX and MRX

- Incentives for participants in the ecosystem

- A permissionless, open, accessible and extensible platform

By leveraging the Metrix DGP and introducing novel liquidity solutions, the Metrix LGP revolutionizes governance dynamics within the ecosystem, paving the way for decentralized, resilient, and community-driven governance.

1. Motivation

The MetrixCoin ecosystem operates on decentralized governance principles through the Metrix Decentralized Governance Protocol (DGP). However, MRX holders encounter a practical dilemma: balancing participation in governance with accessing MRX collateral for liquidity. This restricts widespread engagement in governance and limits liquidity options.

The motivation behind the Metrix Liquid Governance Protocol (LGP) is to address this obstacle directly. Metrix LGP aims to provide MRX holders with liquidity solutions that preserve their governance rights. By unlocking the value of illiquid MRX collateral while preserving governance participation, the Metrix LGP aims to empower MRX holders to actively shape the ecosystem while maintaining liquidity access.

Through aligning governance incentives with liquidity mechanisms, Metrix LGP aims to create a cycle of participation and value creation beneficial to all stakeholders.

1.1 MetrixCoin DGP collateral

The MetrixCoin Decentralized Governance Protocol (DGP) serves as the backbone of governance within the MetrixCoin ecosystem. MRX holders actively participate in governance decisions, contributing to the ecosystem's direction and evolution. However, a significant challenge arises from the collateralization of MRX within the DGP.

As MRX holders engage in governance activities, they are required to lock up their MRX holdings as collateral. While this ensures the integrity of the governance process, it also renders the collateral illiquid, creating a dilemma for MRX holders. This illiquidity hampers MRX holders' ability to access their collateral for immediate liquidity needs, limiting their flexibility and options within the ecosystem.

By introducing tools like Governance Power Derivatives (GPDs), Liquid Governance Derivatives (LGDs) and AutoGovernors, Metrix LGP empowers MRX holders to shape the ecosystem while retaining access to collateral for liquidity. Metrix LGP's goal is to democratize governance and liquidity provision in the MetrixCoin ecosystem. By making governance more inclusive and accessible, Metrix LGP seeks to enhance the ecosystem's resilience and growth potential.

1.2 Liquid Governance Derivatives

Liquid Governance Derivatives (LGDs), known as Liquid Governor Metrix (gMRX) within our system, offer a unique solution to the liquidity challenge faced by MRX holders in the MetrixCoin ecosystem. Through the Metrix Liquid Governance Protocol (LGP), MRX holders can mint gMRX tokens by providing collateral directly within the LGP framework.

The issuance of gMRX tokens is directly tied to the collateral provided within the LGP, ensuring a one-to-one ratio. This mechanism enables MRX holders to unlock liquidity while maintaining exposure to their collateralized assets within the governance framework.

By minting gMRX tokens, MRX holders gain access to a liquid market for their collateralized assets, enhancing their liquidity options within the ecosystem.

1.3 Governance Power Derivatives

Governance Power Derivatives (GPD), referred to as Gov (g) tokens, are non-fungible tokens (NFTs) that provide governance rights and exclusive rewards to holders.

Gov tokens grant holders the ability to participate in the creation and voting on Budget and DGP proposals within the MetrixCoin ecosystem. Additionally, Gov token holders receive a 20% royalty reward from a specific AutoGovernor within the system.

This reward is distributed in the form of Wrapped Metrix (wMRX) tokens every 1920 blocks , with the remaining 80% injected into the built-in liquidity pool of the Metrix LGP.

Minting Gov tokens is achieved by providing the required collateral within the MetrixCoin DGP framework in MRX. Upon minting a Gov token, the corresponding amount of gMRX tokens is also minted and issued to the minter.

Gov tokens are burnable, allowing holders to unenroll the corresponding AutoGovernor and return its MRX collateral to the built-in wMRX/gMRX liquidity pool.

Gov tokens offer MRX holders governance rights, royalty rewards, and liquidity enhancement within the MetrixCoin ecosystem.

1.4 Liquidity Pools and DeFi

Liquidity Pools and DeFi technologies are fundamental drivers behind the creation of the Metrix LGP ecosystem. They represent a shift towards decentralized finance, removing barriers and opening financial opportunities to all.
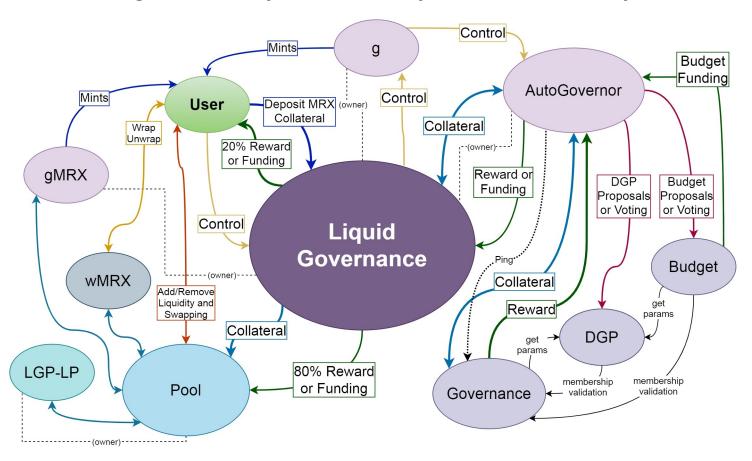
Liquidity pools enable seamless asset exchange and encourage participation without traditional intermediaries. The Metrix LGP ecosystem embraces these technologies, facilitating liquidity provision, asset exchange, and community-driven governance in a transparent and inclusive manner, promoting financial empowerment and autonomy.

2. The Product

The Metrix Liquid Governance Protocol presents a comprehensive ecosystem designed to foster DeFi activities. At its core, the protocol offers a range of essential components, each serving a distinct role.

These include mechanisms for governance participation, liquidity provision, and protocol management. The LGP aims to empower users to actively engage in protocol decisions, liquidity provision, and token governance, thus contributing to the vibrancy and sustainability of the MetrixCoin ecosystem.

2.1 Gov (g)

The Gov token is designed to empower its holders with governance rights and a 20% royalty from AutoGovernor rewards. These rewards, distributed in the form of wMRX every 1920 blocks (approximately every 48 hours), contribute to the liquidity pool of the Metrix LGP.

Issuance

Gov tokens can be minted by providing the required Metrix DGP collateral in MRX. Minting Gov tokens also results in the issuance of the corresponding amount of gMRX.

Burning

g tokens are burnable, allowing holders to unenroll the corresponding AutoGovernor and return its MRX collateral to the built-in wMRX/gMRX liquidity pool.

Governing

g token holders possess the rights to create and vote on Budget and DGP proposals within the ecosystem.

Royalties

A 20% royalty is deducted from every AutoGovernor reward proportional to the g tokens held by an address. These rewards are automatically distributed as wMRX every 1920 blocks or roughly every 48 hours.

Trading Fee Waiver

g token holders are entitled to a trading fee waiver.

2.2 Liquid Governor Metrix (gMRX)

Liquid Governor Metrix (gMRX) plays a pivotal role in facilitating liquidity for previously illiquid MRX collateral within the MetrixCoin DGP.

Issuance

gMRX is minted and issued to the minter of a Gov token at a 1:1 ratio with the MRX provided for collateral in the Metrix DGP.

Flash Loans

Users can utilize flash loans, a type of uncollateralized loan, to mint up to 10% of the total supply of gMRX. This process requires repayment of the loan and a 1% fee in the same transaction. Any gMRX generated through a flash loan is subsequently burned after repayment, with the 1% fee injected into the liquidity pool.

Burning

gMRX can be redeemed and burned in exchange for wMRX at a redemption rate determined by the available gMRX and wMRX liquidity in the pool. Optionally, wMRX can be unwrapped to MRX during the burn process.

Trading

wMRX/MRX and gMRX can be directly traded through the built-in liquidity pool, with a 0.3% trading fee applied to trades, further enriching the liquidity pool.

2.3 AMM Liquidity Pool

The AMM Liquidity Pool is a fundamental component of the Metrix LGP ecosystem, providing a platform for efficient token swaps and liquidity provision for gMRX and wMRX tokens.

Liquidity Provision

Participants can provide liquidity by depositing gMRX and wMRX tokens into the pool, receiving LGP-LP tokens in return. These tokens represent the provider's share of the liquidity pool and can be redeemed for the underlying assets.

Trading Mechanism

The pool facilitates trading between wMRX and gMRX tokens, with an option to wrap or unwrap wMRX into MRX at a 1:1 rate. The trading rate is determined based on the available liquidity of gMRX and wMRX in the pool.

Liquidity Injections

The pool receives injections from various sources, including trading fees (0.3%), flash loan fees (1%), and AutoGovernor rewards (80% every 1920 blocks). These injections contribute to the overall liquidity and stability of the pool.

Burning Mechanism

A built-in mechanism allows for the burning of gMRX tokens, redeemable for MRX at the market rate. However, certain requirements must be met for burning gMRX tokens, including holding g tokens or locking >= 1% of LGP-LP total supply.

Trading Fee Waivers

In addition to the incentives provided by the liquidity pool, trading fee waivers are available to liquidity lockers holding at least 1% of the supply of LGP-LP tokens or holders of g tokens. This encourages long-term liquidity provision and active participation in the MetrixCoin ecosystem.

2.4 LiquidGovernance-LP (LGP-LP)

LiquidGovernance-LP (LGP-LP) tokens are the representation of liquidity provided to the AMM Liquidity Pool within the Metrix LGP ecosystem. Holders of LGP-LP tokens play a crucial role in the protocol by supplying liquidity to the trading pairs. Additionally, users who lock at least 1% of the total supply of LGP-LP tokens qualify for a trading fee waiver, further incentivizing liquidity provision.

Conclusion: Let's dive into DeFi!

The development of the Metrix LGP ecosystem is fueled by a collective mission to democratize finance through decentralized solutions. At its core, the LGP embodies the principles of financial sovereignty, offering users unprecedented control over their assets and governance rights within the ecosystem.

By embracing the transformative potential of DeFi and empowering individuals with the tools to shape their financial future, we pave the way for a more inclusive and equitable financial landscape.

Let's make waves in DeFi together!

-The Cryptech Services Team