EverHarbor Finance Whitepaper

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I、 Overview

1. Background

Background

With the continuous advancement of blockchain technology, the Chia ecosystem is entering a phase of rapid development, presenting new opportunities and challenges for digital finance. Within the CHIA ecosystem, liquidity bottlenecks have become a major constraint for the rapid development of applications. The migration of stablecoins from other chains within the ecosystem faces technical, operational, and market challenges, making liquidity issues particularly prominent.

Reasons for Building a Local Stablecoin

The EHF project has emerged to address the liquidity challenges faced by applications within the CHIA ecosystem. The goal of introducing a local stablecoin is to provide a more stable, efficient, and sustainable digital asset trading experience, fostering the prosperity of the Chia ecosystem. The introduction of a local stablecoin not only contributes to ensuring the health and stability of the Chia ecosystem but also provides users with a more powerful, efficient, and independent stablecoin trading experience, thereby reducing liquidity risks. The choice of BTC and ETH as collateral, with USDT as a benchmark, is to leverage the widespread

recognition and market position of these two digital currencies.

Position of EHF in the Chia Ecosystem

The mission of the EHF project is to become a core component of the local stablecoin within the Chia ecosystem, providing Chia users and applications with a more robust, efficient, and independent stablecoin trading experience. Resolving liquidity bottlenecks within Chia applications, facilitating the healthy growth of the ecosystem, is a key objective of the project. The selection of BTC and ETH as collateral aims to establish a solid foundation for the local stablecoin within the Chia ecosystem.

2. Objectives

The core objectives of the EHF project are to establish and promote a local stablecoin within the Chia ecosystem, providing users with a more reliable, efficient, and independent digital asset trading experience. Specifically, the project aims to:

Address liquidity issues by introducing a local stablecoin, overcoming bottlenecks faced by applications within the Chia ecosystem and promoting the rapid development of internal applications.

Provide stability by building a local stablecoin based on BTC and ETH as collateral, benchmarked against USDT, aiming to offer a more stable trading environment compared to other stablecoins.

Reduce liquidity risks by introducing a local stablecoin, lowering liquidity risks within the Chia ecosystem and enabling users to better withstand external influences.

Promote the healthy development of the ecosystem by offering Chia users more choices and a more powerful stablecoin trading experience, driving the prosperity of the Chia ecosystem.

Draw on successful experiences, such as the successful cross-chain deployment of digital assets like Bitcoin and Ethereum, by choosing BTC and ETH as collateral to construct a local stablecoin within the Chia ecosystem, leveraging the widespread recognition and market position of these digital currencies.

3. Vision

The vision of the EHF project is to construct a robust and stable digital asset platform within the Chia ecosystem, providing users with a consistently high-quality, efficient, and secure digital asset service. Our aspiration is to become a leader in local stablecoins within the Chia ecosystem.

II、 Technical Architecture

1. Blockchain Technology

The blockchain technology architecture of the EHF project is designed to ensure the secure, efficient, and transparent operation of the local stablecoin.

Base Blockchain Network

EHF is built on the Chia ecosystem, leveraging the foundational blockchain network of Chia. Chia, being an efficient and secure public chain, provides a stable underlying infrastructure, ensuring the robust support for our local stablecoin within a powerful network.

Collateral Assets

We have chosen Bitcoin (BTC) and Ethereum (ETH) as collateral, considering their widespread recognition and market position in the blockchain domain. This selection not only enhances the trustworthiness of the stablecoin but also offers users the option to use a diverse range of digital assets for collateral.

Smart Contracts

The EHF project relies on smart contract technology to implement various functions of the local stablecoin, including collateralization, issuance, and transactions. The decentralized nature of smart contracts ensures

transparency and verifiability, providing users with a highly secure environment.

Stablecoin Issuance and Anchoring

Through smart contracts, EHF achieves the issuance and anchoring of the stablecoin. We anchor to the US Dollar (USD) to ensure the local stablecoin is pegged to a stable fiat currency, providing users with a more secure digital asset trading experience.

Cross-Chain Mechanism

EHF draws from successful cross-chain deployment cases, especially experiences from Bitcoin and Ethereum. This ensures effective interoperability of EHF within the Chia network, expanding the overall flexibility of the ecosystem.

Integrated Governance

Integrated governance in blockchain technology ensures the democracy and transparency of the system. The EHF project will utilize blockchain-based governance mechanisms, allowing community participation in critical decisions to ensure the long-term health and stability of the platform.

User Privacy Protection

Advanced encryption techniques and privacy protection measures will be implemented to safeguard the privacy and security of user transactions and collateral information. User data will be handled with utmost care,

adhering to current regulations and the highest security standards.

2. Collateral and Stablecoin Mechanism

Collateral Selection

Bitcoin (BTC) and Ethereum (ETH) have been chosen as collateral, considering not only their widespread recognition and market position but also drawing from the successful cross-chain deployment experiences of these digital assets. This ensures the diversity of collateral and stability of the system.

Stablecoin Issuance and Anchoring

HUSD stablecoin: EHF introduces the HUSD stablecoin, anchored to the US Dollar as the standard. Through smart contracts, users can collateralize BTC and ETH to obtain the corresponding amount of HUSD. This mechanism ensures the stablecoin is pegged to a fiat currency, providing users with a predictable digital asset trading environment.

Collateralization and Issuance Mechanism

Smart contract execution: Users collateralize BTC and ETH through smart contracts, and the smart contract issues the corresponding amount of HUSD stablecoin based on the value of the collateral assets. This mechanism is not only efficient but also ensures the stability of issuance and accuracy of anchoring.

Liquidity and Liquidation Mechanism

Low-interest mechanism: EHF's liquidity platform adopts a low-interest policy, allowing users to enjoy flexible and low-cost lending services by paying relatively low interest fees. This mechanism ensures the efficient operation of the platform and the security of user funds.

III、 Economic Model

1. Collateral Types

Supported Collateral Types:

Bitcoin (BTC):

As one of the world's largest digital assets, BTC's widespread recognition and market position make it a preferred collateral. Users can pledge BTC on the EHF platform to obtain the corresponding amount of stablecoins.

Ethereum (ETH):

Representing a smart contract platform, ETH holds a significant position in the blockchain industry. EHF supports ETH as collateral, providing users with more choices and enhancing system diversity.

Collateral Selection Criteria:

Widespread Recognition:

Collateral must have widespread market recognition to ensure global acceptance. BTC and ETH, chosen as supported collaterals, exhibit

immense recognition within the digital asset space.

Market Position:

The market position of collateral directly influences system stability. Selecting high market value and significantly positioned digital assets as collateral contributes to maintaining the overall health of the system.

Liquidity:

Collateral liquidity is crucial for users to engage in fast and flexible transactions. With BTC and ETH as supported collaterals, their high liquidity in the market provides users with more flexible financial operation space.

System Risk Control:

When selecting collateral, the EHF project rigorously controls system risks to minimize potential systemic risks and safeguard user assets.

By supporting various collateral types and adhering to strict selection criteria, the EHF project aims to build a robust, diverse, and stable economic model. This economic model not only offers a broader range of collateral choices but also creates a more flexible and secure digital asset trading environment for users.

2. Native Stablecoin

The EHF project introduces native stablecoins (e.g., HUSD) to enhance the stability, efficiency, and sustainability of digital asset transactions within the CHIA ecosystem.

Native Stablecoin Issuance Mechanism

Collateral Support

The issuance of native stablecoins is based on digital assets such as BTC and ETH as collateral. Users can lock these collaterals on the platform to obtain the corresponding amount of native stablecoins.

Low-Interest Mechanism

The issuance mechanism of native stablecoins adopts a low-interest loan model. Users, while locking collaterals, need to pay relatively low interest fees. This incentivizes users to hold collaterals, ensuring system liquidity and stability.

Native Stablecoin Operational Mechanism

Pegged Currency

The value stability of native stablecoins like HUSD is pegged to the US Dollar. The choice of a pegged currency is based on the widespread acceptance of USD stablecoins in the digital currency market, ensuring users experience transaction stability similar to traditional financial systems within the CHIA ecosystem.

Independence and Liquidity

Native stablecoins exist independently within the CHIA ecosystem, and their value and circulation are unaffected by other chains. This ensures the liquidity and stability of native stablecoins, providing users with a more direct and efficient stablecoin trading experience.

Risk Control

The EHF project establishes strict risk control mechanisms, monitoring collateral market values, market fluctuations, and factors such as interest rate settings. This helps ensure the native stablecoin system can quickly adapt to market changes and minimize potential risks.

IV、 Future Vision

1. Diversification of Collateral Support

As the digital asset market continues to evolve, the EHF project actively envisions a future with diversified collateral support within the economic model

Expansion of Collateral Types

The EHF project plans to broaden support for various types of digital assets in the future to meet the diverse needs of users. Beyond the current BTC and ETH, considerations may include supporting other digital

currencies with credibility and market recognition.

Flexibility in User Choice

To maintain system flexibility, the EHF project will empower users with greater autonomy in selecting collateral. Users can choose the most suitable collateral type based on market conditions and personal preferences, enhancing their participation in the ecosystem and obtaining corresponding stablecoins.

Dynamic Market Response

Adapting to the evolving dynamics of the digital asset market, the EHF project commits to closely monitoring market trends. Responding to market demands and the rise of emerging digital assets, there will be a gradual expansion of collateral support. This responsive mechanism ensures the platform stays synchronized with industry changes, providing users with the most attractive and competitive collateral choices.

2. Decoupling from the USD in Stablecoin Trends

Digital Ecosystem Beyond Traditional Financial Constraints

The EHF project anticipates that the future digital ecosystem will gradually move beyond reliance on the USD, forming a more independent and globalized economic system. This decoupling trend may originate from internal recognition of more fiat currencies within the digital ecosystem and increased exploration of a globalized economic

framework.

Adaptive Adjustments by EHF

Faced with this potential trend, the EHF project will actively engage in market transformations, flexibly adjusting project strategies to ensure that the liquidity solution platform remains in tune with the pulse of the times. This may involve reconfiguring reference currencies, improving smart contract mechanisms, and expanding support for stablecoins more broadly.

Technological Innovation and Experimental Measures

Acknowledging the rapid changes in the digital ecosystem, the EHF project will maintain a high sensitivity to technological innovation. In future visions, the project may implement experimental measures such as adopting new consensus mechanisms and integrating more types of digital assets to better adapt to the trend of stablecoins decoupling from the USD.

V、 Risk and Compliance

1. Market Risk

The digital asset market exhibits significant volatility, and uncertainties

such as regulatory policies and market sentiment may pose challenges in the future. These changes can impact the stability and operations of the liquidity platform.

The EHF project commits to maintaining a high level of vigilance over market fluctuations and establishing flexible response mechanisms. By promptly adjusting collateral types and reinforcing compliance measures, the project is dedicated to mitigating risks arising from market volatility.

2. Technical Risk

The rapid evolution of blockchain technology introduces potential new challenges. Issues such as security vulnerabilities and flaws in smart contracts can adversely affect the normal operation of the liquidity platform.

The EHF project will stay abreast of the latest technologies, continually upgrading the platform's technical architecture. Through comprehensive security audits and the implementation of efficient smart contract coding standards, the project aims to reduce technical risks.

3. Compliance Considerations

Given the evolving regulatory landscape in the digital asset domain, new compliance challenges may arise. Changes in regulatory requirements can impact the operations and development of the project.

The EHF project will establish a robust compliance team, closely monitoring regulatory changes. Through collaboration with regulatory bodies and the continuous update of compliance policies, the project is committed to maintaining a competitive edge in regulatory compliance.