

# SwapKing White Paper

A decentralized exchange with 100% profit distribution, trading mining, and automated market maker combination

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## Platform Introduction

SwapKing is the first global fully community-based and decentralized trading platform that combines trading mining and AMM, and 100% of platform profits are distributed to KING Token holders.

There are three points here. One is to all tokens are generated by trading mining, the other is AMM, and the third is 100% of profit distribution to the holders of KING token.

### 1.Cex Platform and Dex Platform

Cex platform and Dex platform, the different advantages between them can capture different users.

#### 1.1.The pros and cons analysis of between Cex and Dex platform

We analyze the advantages and disadvantages of the CEX platform and the DEX platform from the perspectives of asset security, asset control rights, transaction speed, transaction fee rates, usage thresholds and token detail, community and governance.

	Cex Platform	Dex Platform
Asset Security	The Cex platform uses wallets to manage all assets of users. There are certain risks to the security of user assets. For example, hacking, exchange shutting down and ran away, etc.	Smart Contract Custody
Asset Control Rights	The platform party controls user assets, and the user has no control rights.	User Fully Autonomous Control
Transaction Fee Rates	The fee rate is more favorable.	Higher Transaction Fees
Transaction Speed	Off chain, the speed is faster.	On chain, subject to the transaction network on the chain.
Usage Thresholds	The Cex platform requires registration, login, verification and other procedures and steps.	Basically there is no threshold, you just need to use your own wallet to trade at any time.
Token Generation Method	The large number of initial tokens are controlled by the platform, and the platform without any cost generates them out of thin air.	Tokens are generated according to the production rate of the block on the chain, without any cost, generated out of thin air.

Token Issuance	Users need to buy.	The AMM provider obtains it according to the LP token providing liquidity.
Token Value	Platform tokens have nothing to do with platform profits.	Platform tokens have nothing to do with platform profits.
Profit Distribution	All platform profits belong to the exchange.	All platform profits are shared by AMM providers wholly.
Community	Centralized	Big Whale users centralized.
Governance	Centralized, the platform is the only governance role.	Big Whale users obtain too many platform tokens for free, which leads to excessive governance authority for Big Whale users.

The Cex platform is superior in transaction rates and transaction speed, and the Dex platform is superior in asset security, asset control and usage thresholds. The Cex platform party monopolizes the platform profit. The profit of the Dex platform is not unique to the platform, but is divided among the liquidity providers. In terms of token generation, token issuance, community and governance, Cex is completely centralized. Due to the current Dex platform own mechanism, Big Whale users have obtained a large number of tokens, forming a scene of Big Whale user governance and concentration, and it is not completely decentralized. Essentially, it is a centralized community and governance of Big Whale users.

## 1.2.Cex and Dex user value capture

The value generated by users captured by the platform is the value of the platform itself.

Cex's value capture users mainly fall into three categories:

- ✓ Users who are accustomed to Cex trading habits;
- ✓ Users who are sensitive to transaction fee rates;
- ✓ Users who are sensitive to transaction speed rates.

There are three main types of Dex value capture users:

- ✓ Users who are sensitive to asset security;
- ✓ Users who are sensitive to the asset control rights;
- ✓ Users who are sensitive to personal information. Don't want to register and expose personal information in Cex, and they hope that it can be easier and more convenient to trade.

## 1.3.Dex platform current valuation

The total market value of the top ten Cex platforms is around US\$300 billion (Coinbase is valued at US\$55 billion according to its 18-year IPO, and the other leading exchange Binance has a similar volume, and the total valuation of the top ten exchanges is conservatively estimated to be US\$300 billion.).

As the leader of Dex, uniswap, based on its relative valuation of Coinbase's transaction quota, should be around US\$30 billion, which accounts for about 10% of the sum of the top ten Cex. The US\$30 billion valuation is the value currently captured by uniswap.

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## 2. Sample Analysis of Current Dex Platform Problems

### 2.1. Problems with the Uniswap platform

Although Uniswap has made the innovation of AMM, the open source spirit is also respectable. However, Uniswap's consideration of the overall financial economic model and the ecology of token economy is completely lacking and insufficient.

- (1) UNI token has no value in essence. Because the UNI token has nothing to do with the profit of the platform, this is the fatal point.
- (2) Uniswap platform profit distribution is improper. Most of the profits are harvested by the Big Whale users of the platform, and the distribution of benefits is uneven.
- (3) The token issuance and distribution process is too centralized. The UNI token is too concentrated. UNI token is that initialized directly by the platform to generate tokens, and then distributed to different roles via airdrops. This method of generating tokens out of thin air and the allocation are completely centralized. Uniswap uses decentralized technology to develop the Uniswap platform, but uses a centralized method to generate tokens and allocate platform tokens.

### 2.2. Sushiswap Platform

Sushiswap issued the platform token SUSHI on the basis of Uniswap, opening the door of AMM Dex token economy, allowing AMM Dex to be widely promoted in the community and making community governance to possibility. But the limitations of Sushiswap are also very obvious.

The first and most important point is that, like Uniswap, the sushi token does not carry any value of the platform.

The second point is also the same as Uniswap, the platform profits are basically all contributed to the Big Whale users who do AMM.

The third point is that a large number of tokens are also in the hands of AMM Big Whale.

SushiSwap's tokens are generated along with blocks, but require no cost. At the same time, a large number of tokens are obtained for free by AMM provider, and the generation and distribution of tokens are still centralized.

Although Sushiswap has taken an extra step in the token economy, it has not solved some of the inherent problems of Uniswap. Therefore, Sushiswap cannot go further, let alone surpass Uniswap.

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### **2.3. Other copy type swap platforms**

Other copy-type swap platforms cannot solve the drawbacks and pain points of the platform by modifying several parameters, and cannot change the fate that when the project coming online, tokens are being directly dumped to zero.

## **3. Summary of the core issues of the current Dex platform**

In the entire ecosystem of Dex platform, in addition to LP liquidity providers, there is also a very important role of traders. The liquid funds of the liquidity provider itself will not generate value. Only when the trading user makes a transaction, the liquid funds will generate value. It is traders who really create profits for the Dex platform. As one of the most important member of the Defi ecosystem, they are ignored by all Dex . Because all current Dex platforms use Cex thinking mod to make Dex products. At present, the technology of all Dex platforms is decentralized, but the products are centralized. Technology decentralization refers to the implementation of swap and pool exchanges adopting contract methods, and the code is decentralized. The product is centralized, which means that the idea of the entire product itself is centralized, including the centralization of the issuance of tokens, the centralization of token distribution, and the centralization of platform profit distribution.

The current Dex platform model is like crowdfunding to open a bank. In essence, the economic model of crowdfunding to open a bank is also the centralized model of modern finance. Crowdfunding whales exploit real transaction users. However, real traders are the main body of the entire coin circle. And SwapKing will lead the real main users of the coin circle to stand up and let users be their own kings instead of being exploited by whales!

### **3.1. The issue of the profit distribution method of the current Dex platform**

At present, it is wrong that all the profits of Dex platforms are distributed to liquidity providers. It is the real traders who really create profits for the platform. Although liquidity providers provide liquid funds, liquid funds do not generate value without user token swap. Traders are the real contributors to profits. Therefore, most of the profits should be fed back to traders, not liquidity providers.

### **3.2. The issue of the token generation method of the current Dex platform**

At present, the generation method of all Dex tokens are generated is wrong. Traders are the

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contributors to the real benefits of the Dex trading platform. Therefore, the issuance of Dex tokens should be issued by traders, not by platforms or liquidity providers. The issuance of tokens must have come at a cost, not out of thin air. The cost of tokens issued by traders is the fees contributed when token swap is carried out.

### **3.3. The issue of the token distribution method of the current Dex platform**

At present, the token distribution method of all Dex is wrong. All current Dex tokens are issued to liquidity providers, while traders, as the real profit providers of the platform, do not have any tokens. In fact, most of the tokens should be issued to traders who conduct token swap fees, not to liquidity providers.

## **4. The Defi Revolution of SwapKing Platform**

The SwapKing platform will undergo major changes in algorithms and token economic models, subvert all existing Dex platforms, and create a truly community-based and decentralized AMM Dex platform. The specific measures are in these aspects. The first one is to subvert the token generation method. All platform tokens are generated by trading mining during token swap by traders. The second is to subvert the token distribution method. Most of the tokens will be issued to traders. The third is to subvert the current profit distribution method. 100% of platform profits will be distributed to platform token holders. Through these three measures, we can safeguard the interests of the real main users of the coin circle, and let the majority of users - traders in the coin circle stand up, build their own kingdom and be their own king!

### **4.1. KING Token generation**

KING Token will be all generated by traders. When a trader successfully conducts a swap, the corresponding amount of platform token KING will be generated to the trader according to the trader's swap fees, and at the same time, a part of the platform token will be additionally issued to the LP liquidity provider. We call this process the process of mining by traders. How many KING tokens are mined depends on how much swap fees are consumed by traders. The whole process is called trading mining.

The specific implementation algorithm is that after the trader performs one swap transaction, the SP Token (SWAP Token) will be issued to the trader based on the fee of this swap. Traders can convert SP Token for the platform's token KING Token at any time.

Take an example. In the (TokenA, TokenB) swap pool, user A used 1,000 token A, swap 800 token B, and consumed 3 token A as the fees. Then the system will issue 3 SP Tokens to users. Using these 3 SP

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Tokens, users can mine KING Token equivalent to the value of 3 SP Tokens at any time according to the current ratio of (TokenA, KING) transaction pairs. In this way, for the user, a swap was carried out, which consumed 3 TokenA's fee, but gets the compensation of King Token whose worth is equivalent to the value of 3 Token A.

We also launched the referral link function. If user A is invited by user B, and user A makes a transaction and gets  $m$  KING tokens returned, then user B can get an extra  $50\% * m$  KING tokens back returned! So in the example just now, if user A invites himself, user A can get compensation of KING Token whose worth equivalent to the of  $3+1.5=4.5$  TokenA. It is equivalent to a transaction fee-free, and an KING Token reward equivalent to 1.5 times fees is additional obtained!

#### **4.2.SwapKing platform token KING distribution**

SwapKing platform token KING will be all generated by traders. In addition to the tokens generated according to the swap fees consumed by the traders, a part of the tokens will be generated and allocated to the liquidity providers, dev fund, and treasury. The token ratio of traders, liquidity providers, dev fund, and treasury is 6:1:1:2. Treasury will be used to operate the promotion platform, including airdrops, advertisements, ranking incentives, and other project cooperation promotion, etc. Our goal is not only to surpass Uniswap, but to make a complete revolution and surpass the Cex platform.

When the trader convert SP token to KING token, 20% of the KING token will be sent directly to the trader. The other 80% will be divided into 4 parts, each locked for 24, 48, 72, 96 hours .

The KING token which sent to liquidity providers each block will refer to the formula :  $20\% * \text{liquidity KING rewards}/30000$  . This means it takes about 5 days to get all of the liquidity KING rewards .

#### **4.3.SwapKing platform profit distribution**

100% profits of SwapKing's platform will be fully distributed to the holders of the platform token KING . That's it, 100%. With KING , you have SwapKing.

The profit distribution formula for each block is :  $20\% * \text{profit}/30000$  . This means that 100% of the profit is distributed, but it takes about 5 days to get all of it.

#### **4.4.SwapKing---Revolutionary Defi platform**

The SwapKing platform has realized the true decentralization and community-based of token issuance. Not only is the decentralization of code distribution, but also the decentralization and community-based of distribution methods. Token issuance is issued by trading users, and anyone can issue

KING tokens through SWAP. The process of issuance is the process of SWAP! This is the real decentralization and community-based of token issuance.

The SwapKing platform has realized the true decentralization and community-based of profit distribution. 100% of the profits will be all distributed to holders of the platform token KING Token. With KING, you have SwapKing!

#### 4.5. The pros and cons analysis of Cex platform, Uniswap and SwapKing

Cex platform, Uniswap platform, SwapKing platform comparison:

	Cex Platform	Uniswap	SwapKing
Asset Security	The Cex platform uses wallets to manage all assets of users. There are certain risks to the security of user assets.	Smart Contract Custody	Smart Contract Custody
Asset Control Rights	The platform party controls user assets, and the user has no control rights.	User Fully Autonomous Control	User Fully Autonomous Control
Transaction Fee Rates	0.1% fee rates.	0.3%, high transaction fee rates.	0.3%, but there is a 3 times transaction fee returned!
Transaction Speed	Off chain, the speed is faster.	On chain, subject to the transaction network on the chain.	On chain, subject to the transaction network on the chain.
Usage Thresholds	The Cex platform requires registration, login, verification and other procedures and steps.	Basically there is no threshold, you just need to use your own wallet to trade at any time.	Basically there is no threshold, you just need to use your own wallet to trade at any time.
Token Generation	The large number of initial tokens are controlled by the platform, and the platform without any cost generates them out of thin air.	Tokens are generated according to the production rate of the block on the chain, without any cost, generated out of thin air.	Tokens are generated through the fees consumed by traders in the transactions, and require a cost.
Token Issuance	Users need to buy.	The AMM provider obtains it according to the LP token providing liquidity.	Traders and liquidity providers are obtained based on their respective contributions.
Token Value	Platform tokens have nothing to do with platform profits.	Platform tokens have nothing to do with platform profits.	The value of the token is completely binded to the platform profit.

Profit Distribution	All platform profits belong to the exchange.	All platform profits are shared by AMM providers wholly.	100% of platform profits are used for dividends to platform token holders.
Community	Centralized	Big Whale users centralized.	Realize true community-based.
Governance	Centralized, the platform is the only governance role.	Big Whale users obtain too many platform tokens for free, which leads to excessive governance authority for Big Whale users.	Realize true community governance.

#### 4.6.SwapKing platform valuation and value capture

(1) The total value of Top10 Cex is US\$300 billion, capturing the value of these users:

- ✓ Users who are accustomed to Cex trading habits;
- ✓ Users who are sensitive to transaction fee rates;
- ✓ Users who are sensitive to transaction speed rates.

(2) Uniswap is valued at US\$30 billion, and his value lies in Uniswap's capture of the value of these users.

- ✓ Users who are sensitive to asset security;
- ✓ Users who are sensitive to the asset control rights;
- ✓ Users who are sensitive to personal information. Don't want to register and expose personal information in Cex, and they hope that it can be easier and more convenient to trade.

(3) On the SwapKing platform, traders can be compensated for 3 times the loss of the fees when trading, and the transaction fee rate is better than Cex and Uniswap, and traders no longer have the loss of transaction fees and the fees. At the same time, SwapKing's KING platform token issuance truly achieves community-based and decentralization, and the 100% dividend method of the platform token (KING tokens) enables the SwapKing platform to capture more users. SwapKing will capture the value of these users:

- ✓ Users who are sensitive to asset security;

- ✓ Users who are sensitive to the asset control rights;
- ✓ Users who are sensitive to personal information. Don't want to register and expose personal information in Cex, and they hope that it can be easier and more convenient to trade.
- ✓ Users who are sensitive to transaction fee rates (this part of users accounts for more than 50% of Cex)
- ✓ Sensitive to community decentralization;
- ✓ Sensitive to governance decentralization;
- ✓ Users who want to become the true masters of the platform. (100% profit distribution).

The each user groups captured by Cex, Uniswap and SwapKing can be found in the table below:

User/platform	Cex	Uniswap	SwapKing
Users who are accustomed to Cex trading habits	✓		
Users who are sensitive to transaction speed	✓		
Users who are sensitive to transaction fee	✓		✓
Users who are sensitive to asset security		✓	✓
Users who are sensitive to the asset control rights		✓	✓
Users who are sensitive to personal information		✓	✓
Sensitive to community decentralization			✓
Sensitive to governance decentralization			✓
Users who are sensitive to profit distribution methods			✓

For the above 7 points of the value capture , SwapKing should be valued at more than US\$150 billion. Yes, US\$150 billion, you read that right, this is a Defi revolution. Come, follow us, build your own kingdom, be your own king! Build your own kingdom ,be your own king!

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