# TWOSIDE LITEPAPER II

Version 1.0



## 1. INTRODUCTION

Twoside is a derivative liquidity protocol that allows any token holder to earn trading fees on the token they already hold, without ever having to leave that token.

The vision: a home for single-token yield that is decentralized, non-custodial, with real yield. Similarly to how Curve is a place to earn yield for stablecoins, Twoside is a place to single sided yield on any coin..

## 2. THE PROBLEM

Token holders who believe strongly in a project typically just hold their tokens and earn nothing.

Existing yield options require:

- Pairing your token with another asset (e.g., ETH or USDC)
- Accepting impermanent loss that punishes you when your token increases in value
- Ending up with less of your preferred token if it significantly appreciates

There is currently no clean solution for earning yield while maintaining pure single-token exposure.

## 3. THE SOLUTION

Twoside introduces a derivative minting protocol that allows any holder of any token to:

- Mint a 1:1 liquid derivative
- Provide liquidity in a paired pool
- Earn trading fees
- Redeem back to their original token at a 1:1 ratio anytime

Result: yield earned in the same token you already believe in.

## 4. HOW IT WORKS

Step 1. Lock your token
Deposit any amount of your token into the Twoside protocol.

Step 2. Mint your liToken (li = liquid)
Receive an equal amount of the liquid derivative.
Example: lock 1000 SPX → receive 1000 liSPX

Step 3. Provide liquidity
Deposit your liSPX and SPX into the liSPX/SPX liquidity pool.

Step 4. Earn fees
Collect trading fees from swap activity and arbitrage.

Step 5. Redeem anytime
Return liSPX and receive your original SPX back at a 1:1 ratio, anytime, no penalty.

## 5. THE liTOKEN STANDARD

liTokens are liquid derivative tokens minted by locking an original token.

Key properties:

- Always redeemable 1:1 for the original token
- Token-agnostic — works with any token on supported chains
- Peg maintained by arbitrage
  - If liSPX < SPX → arbitrageurs buy liSPX → redeem → restore peg

Naming convention:
li (liquid) + token symbol (liSPX, liUSD, liETH)

## 6. LIQUIDITY ARCHITECTURE

Core pairs:

- liTOKEN / TOKEN (primary pool)
- liTOKEN / ETH (price anchoring + arbitrage routing)

Arbitrage mechanism:
Bots monitor price differences between:

- liTOKEN/ETH
- TOKEN/ETH (external DEXs)

They exploit discrepancies, generating:

- Volume
- Fees for liquidity providers

Fee generation sources:

- Organic trading activity
- Arbitrage trading

## 7. SECURITY

- Smart contracts designed for simplicity
- 1:1 redemption is the critical invariant
- Third-party audit planned before scaling
- Contracts are open source for review

## 8. ROADMAP

**Phase 1** — Launch
- Deploy minting protocol

**Phase 2** — Growth
- Native Twoside DEX

**Phase 3** — Scale
- Native token launch

## 9. NATIVE TOKEN

A Twoside native token will be introduced.

Early participants (liquidity providers and users) will be rewarded.

Details pending.

## 10. CONCLUSION

Twoside is built for holders with conviction.

Earn yield without:

- Selling
- Pairing away exposure
- Accepting dilution

Any token. Any holder. Always redeemable.

Welcome to Twoside.