



SolidViolet Litepaper

SolidViolet aggregates primary and secondary on-chain Real World Asset (RWA) markets, creating a unified experience with deep liquidity for issuers and investors. A bottom-up, decentralized-first, and user-centric solution for compliant utility and DeFi integration solves many of the unique challenges faced by RWAs.

Since issuance often comes with compliance requirements, it is experienced as a hindrance rather than a benefit to adoption and liquidity. SolidViolet solves this and a number of other usability and utility roadblocks currently preventing RWAs investors, developers, and issuers from achieving their on-chain potential.

RWAs often have an ongoing issuance process where tokens are minted and burned. Issuers that prioritize stability, real world utility, and compliance have been at a disadvantage to projects that rush inferior asset offerings with questionable legals and asset-backing looking to capitalize on the narrative of bringing real-world value on chain

1. Introduction

SolidViolet solves market fragmentation and trading depth for RWAs by combining secondary market and issuer liquidity within a modular compliance framework. Aggregating these liquidity sources into a single marketplace offers deeper liquidity for qualified users, as well as broader but compliant secondary market access to investors and traders.

Directly integrating issuers into the secondary market reduces value leakage to arbitrageurs, improves slippage, and increases utilization. Utilization increases staking yield on the asset which incentivizes the minting of more tokens, putting positive pressure on TVL for issuers.

Utilization rates are further increased by perpetual futures (perps). Perps on SolidViolet enable derivatives trading with little to no onchain liquidity by leveraging the combined depth feature of SolidViolet.

Overall, SolidViolet seeks to catalyze utility and demand for RWA tokens. Since issuers are unable to mint their asset tokens as incentives to bolster liquidity without paying for them, utility is even more important for RWA investors. SolidViolet accomplishes this with these primary features:

- **Issuer Compliance Tooling:** Issuers have tooling and a standard interface for defining KYC and compliance requirements to be enforced for issuance and secondary market trading

- **Unified Incremental KYC:** Investors can leverage a unified and incremental KYC system integrated with issuers that minimally and progressively captures information. This allows for trading as many assets as possible with as little sharing of information as possible.
- **Combined Liquidity:** SolidViolet aggregates primary issuer and secondary market liquidity into a single market, enabling traders to access deeper liquidity in a single order.
- **Fast Perpetual Futures:** Combined liquidity can enable the rapid deployment of a perpetual futures market without the need for onchain liquidity.
- **Liquidity Accelerator:** Liquidity programs for vetted RWA issuers enhance deeping by supporting asset utility and trading volume. This collaboration framework not only supports emerging projects in raising capital for liquidity and broadening their token distribution, but also provides SolidViolet protocol token investors opportunities for early access and yield.

2. Modular Compliance

SolidViolet solves market fragmentation and trading depth for RWAs by combining secondary market and issuer liquidity within a modular compliance framework. Aggregating these liquidity sources into a single marketplace offers deeper liquidity for qualified users, as well as broader but compliant secondary market access to investors and traders.

3. Combined Liquidity

SolidViolet's Combined Liquidity feature streamlines the integration of primary issuer and secondary market liquidity, offering traders access to extensive trading depth in a single interface. The synergy between these elements enhances the platform's trade routing and settlement efficiency. The combined liquidity solution applies to any token that has an ongoing mint/burn issuance process, and enables the more rapid deployment of additional financial instruments such as lending, borrowing, margin trading, and more.

4. Fast Perpetual Futures

SolidViolet's perpetual futures (perps) enable leveraged exposure and hedging, allowing traders to take long and short positions on assets. SolidViolet perps are settled in the asset token utilizing the platform's combined liquidity for efficient settlement and more stable prices without the need for on-chain liquidity. The demand for borrowing RWA tokens to power SolidViolet perps fuels yield for single asset staking.

SolidViolet also implements a liquidation process to maintain market integrity when

collateral values fall, along with an insurance fund to cover losses in extreme market conditions. This structure supports a secure and balanced trading environment. Perpetual futures a key feature of SolidViolet's RWA-focused ecosystem.

5. Liquidity Accelerator

The SolidViolet Liquidity Program selects RWA issuers through a rigorous vetting and approval process, ensuring a standard of quality. This program is designed to significantly enhance liquidity from the outset, enabling a seamless introduction of new assets into the market. By securing substantial liquidity early on, the program lays a solid foundation for the successful launch and sustained trading activity of these assets.

This early activation not only enriches the trading ecosystem but also attracts a wider range of participants, further bolstering market depth and stability. The program's structured approach to liquidity enhancement thus plays a pivotal role in expanding trading opportunities and market efficiency from the launch phase.

VLT token holders can lock up their tokens for potential early access, discounts, and other rewards on new listings. During a pre-launch period, token holders can lock up their tokens and forfeit the VLT yield to accumulate the new asset. In exchange for locking up their tokens, the user gets some proportional discount on the list price when the pool goes live. SolidViolet will host regular launch batches for new assets.

6. SolidViolet Revenue and Token

SolidViolet's protocol revenue, derived from trading fees, borrowing charges, and other service fees, is allocated to support platform growth and stability. The planned allocation is as follows:

- **Yield for VLT Token Holders:** 50% of the revenue is distributed to token holders as direct yield, through dividends, buybacks, or burns, along with rewards and incentives.
- **Liquidity Accelerator Fund:** 20% of the revenue is allocated to enhance trading pair liquidity, ensuring efficient trade execution and minimal slippage.
- **Lending Insurance Fund:** 20% is set aside to mitigate risks in the lending market, acting as a safety net for lenders.
- **Treasury:** The remaining 10% is directed to the treasury for operational expenses, strategic investments, and platform development.

These allocations may be adjusted in the future based on platform stability needs, to maximize token holder rewards, or following governance decisions if a voting mechanism is introduced.



solidVIOLET

www.solidviolet.com