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# FUTURE SMART CHAIN



**CRX Intent to Support Algorithmic Stablecoin  
Policy Report**

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FUTURE INTELLIGENT CHAIN

www.futuremint.ai

## Abstract

With the rapid development of blockchain technology and the cryptocurrency market, stablecoins are playing an increasingly important role in the digital economy. CRX, as a key component of the Future Intelligent Chain ecosystem, intends to support an algorithmic stablecoin policy to enhance the ecosystem's stability and sustainability. This report aims to analyze the background, advantages, potential risks, and impact of CRX's support for algorithmic stablecoins on the Future Intelligent Chain ecosystem, providing a reference for related decisions.

## (I) Introduction

### 1.1 Concept and Classification of Stablecoins

Stablecoins are digital currencies designed to peg their price to stable assets (such as fiat currencies, gold, or a basket of assets) to reduce price volatility. According to their implementation mechanisms, stablecoins are mainly divided into the following three categories:

- Fiat-backed Stablecoins: Supported by fiat currency reserves, such as USDT and USDC.
- Crypto-collateralized Stablecoins: Collateralized by cryptocurrencies, such as DAI.
- Algorithmic Stablecoins: Maintain price stability by adjusting supply through algorithms, like AMPL.

### 1.2 Characteristics of Algorithmic Stablecoins

Algorithmic stablecoins do not rely on traditional asset collateral but use smart contracts and algorithms to automatically adjust token supply based on market demand and supply, maintaining price stability. This mechanism features decentralization and high transparency but also faces complexity and risks.

## **(II) Background and Motivation for CRX Supporting Algorithmic Stablecoins**

### **2.1 Market Demand**

- **Price Stability:** In the highly volatile crypto market, stablecoins meet users' needs for value storage and as a stable medium of exchange.
- **Decentralization Need:** Users' increasing participation in decentralized finance (DeFi) requires more decentralized stablecoin solutions.

### **2.2 Technological Innovation**

- **Maturity of Smart Contracts:** The smart contract technology of Future Intelligent Chain provides reliable technical support for implementing algorithmic stablecoins.
- **Integration of Artificial Intelligence:** Combining AI technology can optimize algorithm models, improving the stability and responsiveness of stablecoins.

### **2.3 Ecosystem Enhancement**

- **Enriching Ecosystem Functions:** Supporting algorithmic stablecoins will enhance the financial functions of Future Intelligent Chain, attracting more users and developers to join the ecosystem.
- **Enhancing Competitiveness:** Among numerous blockchain projects, an ecosystem with algorithmic stablecoin functionality is more competitive.

## **(III) Advantages of Algorithmic Stablecoins**

### **3.1 High Degree of Decentralization**

- **No Asset Custody Required:** Does not rely on centralized institutions for asset custody, reducing trust risks.
- **High Transparency:** All operations are executed by smart contracts, open and transparent.

### 3.2 Strong Scalability

- Automatic Supply Adjustment: Adjusts token supply automatically through algorithms to adapt to market changes.
- Good Compatibility: Easily integrates with other DeFi protocols, promoting ecosystem synergy.

### 3.3 Reduced Operational Risk

- Less Human Intervention: Algorithm execution reduces human errors and moral hazards.
- Real-time Market Response: Algorithms can respond faster to market fluctuations and adjust strategies.

## **(IV) Potential Risks and Challenges**

### 4.1 Technical Risks

- Complex Algorithm Design: Requires carefully designed algorithm models to prevent runaway or failure situations.
- Smart Contract Vulnerabilities: Smart contracts face the risk of attacks and need rigorous security audits.

### 4.2 Market Risks

- Speculative Behavior: May be exploited by speculators, leading to market manipulation or price volatility.
- Insufficient User Confidence: New stablecoins need time to build user trust and may face liquidity issues initially.

### 4.3 Regulatory Risks

- Policy Uncertainty: Different countries have varying regulatory policies on stablecoins, potentially facing compliance challenges.
- Legal Risks: Need to ensure that the issuance and trading of algorithmic stablecoins comply with relevant laws and regulations.

## **(V) Impact on the Future Intelligent Chain Ecosystem**

### **5.1 Enhancing Ecosystem Vitality**

- **Attracting User Participation:** Providing a stable medium of value exchange lowers the barrier for user participation.
- **Promoting DeFi Development:** Enriches DeFi application scenarios, driving ecosystem diversification.

### **5.2 Strengthening Competitive Advantage**

- **Differentiation Advantage:** Algorithmic stablecoins as a unique feature increase the market recognition of Future Intelligent Chain.
- **Technological Leadership:** Demonstrates technical strength, attracting more developers and partners.

### **5.3 Improved Risk Control Capability**

- **Enhanced Risk Management:** Through algorithms and AI technology, improves monitoring and response to market risks.
- **Increased User Trust:** Establishing a robust stablecoin mechanism enhances user confidence in the ecosystem.

## **(VI) Implementation Strategies and Recommendations**

### **6.1 Technical Aspects**

- **Optimize Algorithm Design:** Introduce professional teams to design robust and efficient algorithm models.
- **Security Audits:** Entrust third-party institutions to conduct comprehensive audits of smart contracts to ensure security.

## 6.2 Market Promotion

- **Education and Awareness:** Use multiple channels to explain the mechanisms and advantages of algorithmic stablecoins to users.
- **Partnerships:** Collaborate with wallets, exchanges, and other DeFi projects to expand influence.

## 6.3 Compliance and Regulation

- **Legal Consultation:** Hire legal advisors to ensure the project complies with relevant regulations.
- **Active Communication:** Maintain communication with regulatory agencies, demonstrating project transparency and compliance.

## **(VII) Conclusion**

CRX's support for an algorithmic stablecoin policy is a significant strategic move in the development of the Future Intelligent Chain ecosystem. By introducing algorithmic stablecoins, Future Intelligent Chain can enhance the ecosystem's stability and competitiveness, providing users and partners with richer functions and services. However, implementation needs to focus on challenges in technology, security, market, and compliance. Through scientific strategies and robust execution, CRX is expected to achieve success in the field of algorithmic stablecoins, promoting the continuous prosperity of the Future Intelligent Chain ecosystem.

**Disclaimer:** This report aims to provide information and analysis and does not constitute any investment advice. Readers should make cautious decisions based on their circumstances and risk preferences.