

AraucoChain

Arauco Chain Whitepaper

The Open Finance layer

Document versions

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Executive Summary

With the continuous advancement of finance in all aspects and places, different services have emerged for people and companies, focusing on various aspects of business. Along these lines, there is still a huge opportunity to take advantage of Blockchain networks in **Open Finance**, which will enhance the development and use of new stablecoins, tokenization of real assets, decentralized finance for people without technical knowledge, and much more.

The objective of this document is to present **Arauco Chain**, an innovative network that uses blockchain technology, specifically the **Polkadot SDK and Substrate**, to enable and connect open finance with the Web 3.0 world. **Arauco Chain** aims to revolutionize the way traditional assets and finances are managed, with transparent and efficient blockchain-based solutions.

Arauco Chain

Introduction

Arauco Chain is an innovative blockchain network designed to address key challenges in the realm of open, decentralized, and global finance. As the financial world evolves, the need for more transparent, accessible, and secure systems becomes increasingly pressing. **Arauco Chain** seeks to be the definitive solution to these problems, offering a robust and scalable platform for financial transactions and smart contracts.

Problems

The state of current financial applications, although they have been very collaborative, also have some shortcomings/problems that we need to solve:

Centralization:

In the traditional financial system, most financial services such as banking, lending, investments, and payments are controlled and managed by centralized institutions such as banks, governments, and financial corporations. This centralization presents several problems:

- **Control and Concentrated Power:** Centralized institutions have significant control over access to financial services, the fees charged, and the policies applied. This can limit users' freedom and subject them to decisions that may not be in their best interest.
- **Limited access:** People and small businesses in underdeveloped regions or difficult economic situations are often unable to access basic financial services. Centralized institutions often set strict and costly requirements for opening accounts, obtaining loans, or making investments.
- **Lack of Transparency:** Centralized financial systems often lack transparency. Decisions about interest rates, loan approvals, and other policies are made behind closed doors, which can lead to unfair or discriminatory practices.
- **Censorship Risk:** Centralized financial institutions have the power to censor or block transactions. This can be problematic in cases of arbitrary or politically motivated decisions, limiting the economic freedom of individuals.

High Transaction Costs:

The fees and commissions associated with traditional financial transactions can be prohibitively high, especially in international transactions.

Transaction Speed:

International transactions in the traditional financial system can take several days to complete, and local transactions can be affected by the monopoly of the available payment methods, making the process more expensive.

Financing and Liquidity:

Small and medium-sized businesses often face difficulties in accessing financing and maintaining liquidity.

The solution: Arauco Chain

Arauco Chain represents a significant advance in the evolution of open and decentralized finance. By addressing critical issues in today's financial system using the **Substrate** to build the network, this blockchain has the potential to transform the way people and businesses manage and access financial services, creating a more fair, efficient and accessible system for all.

Stablecoins:

The integration of stablecoins into **Arauco Chain** will not only improve the functionality and efficiency of the network, but will also drive widespread adoption by offering a stable and reliable alternative for transactions and storage of value. These benefits will position **Arauco Chain** as a leading platform in the field of open and decentralized finance, capable of meeting the needs of both individual users and companies globally.

Tokenization of Real-World Assets:

Part of the core of **Arauco Chain** is the tokenization of real-world assets (RWA). Through the tokenization process, any user can convert physical assets, such as commercial real estate, artwork, and commodities, into digital tokens on the network. These tokens represent fractional ownership of the underlying assets, allowing investors/users to acquire smaller portions of them.

Decentralized and Secure network:

Arauco Chain operates on the top of **Polkadot**, a blockchain known for its scalability, security and ability to manage a wide range of decentralized applications. Our network offers a secure and transparent environment where users can participate in the use of financial products/services without concerns about the integrity of transactions or the protection of their digital assets.

Decentralized Secondary Markets:

We will facilitate the development of platforms for liquidity of tokenized assets through decentralized secondary markets. These markets will allow investors to buy and sell tokens efficiently, providing an avenue for continuous trading and profit realization. By democratizing access to liquidity, **Arauco Chain** removes one of the main barriers to participation global finance, especially in the real-world asset market.

Intuitive and Accessible Interface:

Our network is designed to be intuitive and accessible to all types of users, from retail users to financial institutions. We provide a seamless user experience that guides users through the process of using the network, from payments to trading on secondary markets, and much more.

Regulatory compliance:

At **Arauco Chain**, we are committed to complying with relevant regulations in all jurisdictions in which we operate. We work closely with legal and regulatory experts to ensure our platform meets the highest security and compliance standards.

In summary, **Arauco Chain** offers a comprehensive network for an open and global finance, addressing the accessibility, transparency and liquidity challenges that have limited participation for millions of users in this market. With our Substrate-based network, we are democratizing finance and opening new opportunities for users from all walks of life.

Advantages of Finance with Arauco Chain

Decentralization of Control

Arauco Chain operates on a distributed network of nodes where there is no single entity that has absolute control. All transactions and operations are verified by multiple independent nodes, ensuring that no entity has the power to alter or censor the network at will.

Universal Access

Arauco Chain allows anyone with Internet access to participate in the network, regardless of their geographic location or economic situation. This removes the barriers to entry imposed by traditional financial institutions, providing access to financial services to a global audience.

Full Transparency

All transactions in **Arauco Chain** are recorded in the blockchain in a public and immutable manner, accessible to all network participants. This guarantees a high level of transparency, allowing all operations to be auditable and verifiable, reducing the risk of corruption and bad practices.

Resistance to Censorship

By not relying on a centralized authority, **Arauco Chain** is inherently resistant to censorship. Transactions cannot be blocked or reversed once confirmed, which protects the economic freedom of users and ensures that they can carry out transactions without undue interference.

Efficiency and Reduced Costs

Tokenizing real-world assets and other financial assets on the **Arauco Chain** eliminates intermediaries and reduces costs associated with traditional investing, such as brokerage commissions and legal fees. By automating processes such as token issuance and smart contract execution, **Arauco Chain** increases efficiency and offers a more economical investment experience for users.

Potential Use Cases in Arauco Chain

The following examples illustrate the diversity of products and services that can be built on **Arauco Chain**, opening up new investment opportunities and democratizing access to traditionally exclusive financial products and asset classes.

1. Real World Assets

Tokenization of commercial properties, such as office buildings, shopping centers and industrial complexes.

Example: A prime office building in the center of a major city can be tokenized, allowing investors to acquire fractions of the property and benefit from rental income and appreciation in property value.

2. Stablecoins and Digital Currencies

Issuance and management of stablecoins backed by real assets or cryptocurrencies.

Example: New stable currencies that can operate on mobile apps as a means of payment instead of POS systems in different countries, and reduce costs for each operation, including the incentive to operate digitally instead of the informality of cash.

3. Basic Products

Tokenization of physical commodities, such as gold, silver, oil, and agricultural products.

Example: A physical gold bar can be represented by digital tokens, allowing investors to own fractions of the precious metal and benefit from its intrinsic value as a store of value and hedge against inflation.

4. Residential Real Estate

Tokenization of residential properties, such as single-family homes, condominiums, and apartments.

Example: A luxury residence in an exclusive location can be tokenized, allowing investors to hold stakes in the property and earn rental income or capital gains.

5. Real Estate Ventures

Tokenization of real estate projects in development, such as building construction, residential and commercial developments.

Example: A residential complex development project can be tokenized, allowing investors to finance the construction and make profits once the project is completed and the assets generate income.

6. Decentralized Loan and Borrowing Platforms and Exchanges

Platforms that allow users to lend and borrow cryptocurrencies and tokenized assets in a decentralized manner.

Example: Open platforms for the exchange of assets without a central manager to control operations, leaving users free how to operate.

7. Traditional Financial Instruments

Tokenization of traditional financial instruments, such as stocks, bonds and investment funds.

Example: Shares of a publicly traded company can be tokenized, allowing investors to own fractions of shares and receive dividends proportional to their participation. Likewise, corporate or government bonds can be tokenized, allowing investors to access predictable income streams.

8. Alternative Investment Funds

Tokenization of alternative investment funds, such as venture capital funds, hedge funds, and real estate funds.

Example: A venture capital fund that invests in startups can be tokenized, allowing investors to gain exposure to a diversified portfolio of startups and benefit from potential returns from investing in innovation and growth.

9. Digital Commodities

Tokenization of physical and digital commodities, such as gold, oil, cryptocurrencies and stability tokens.

Example: An oil futures contract can be represented by digital tokens, allowing investors to speculate on the future price of oil and profit if the price increases. Similarly, fiat-backed stability tokens or collateral assets can provide exposure to stablecoins and act as a haven against cryptocurrency market volatility.

10. Financial Derivatives

Tokenization of financial derivatives, such as options, futures and swaps.

Example: A call option on a company's stock can be tokenized, allowing investors to speculate on the future price of the stock and profit if the price rises above the strike price. Futures on stock indices or commodities can also be tokenized, offering exposure to price movements in specific markets.

These examples illustrate the diversity of real-world assets that can be tokenized through Arauco Chain, opening up new investment opportunities and democratizing access to traditionally exclusive asset classes.

Arauco Chain Features

Below are some characteristics natively configured that make **Arauco Chain** a network ready and dedicated to open, decentralized, and global finance in any field and industry.

1. Smart currencies

The "**Smart Currencies**" feature in **Arauco Chain** allows the implementation of advanced attributes on digital currencies, such as Know Your Customer (KYC), clawback, and other customizable functionalities. This capability allows digital currencies on the **Arauco Chain** to have specific properties and rules, adapting to various regulatory and operational needs. For example, through KYC, it is ensured that only verified users can interact with certain assets, complying with anti-money laundering and terrorist financing regulations.

The clawback functionality allows asset recovery in the event of fraud or error, increasing security and confidence in the use of digital currencies. Other attributes may include scheduling usage restrictions, geographic limitations, and setting governance policies over the assets. By enabling digital currencies to be "smart" and adaptable, **Arauco Chain** provides a robust and flexible platform that meets the requirements of various sectors and jurisdictions. In short, "Smart Currencies" on the **Arauco Chain** improve the security, compliance, and functionality of digital assets, facilitating broader and more reliable adoption, for example, for fiat and Central Bank Digital Currencies in a decentralized world.

2. Types of payments

The "**Types of Payments**" feature in **Arauco Chain** allows the implementation of various advanced functions in digital payments, such as escrows, digital checks, payments between different currencies (cross-currency), and more. This feature offers flexibility and improved security in financial transactions, adapting to different scenarios and specific needs of users and companies.

Escrows: Facilitate secure transactions by holding funds in a smart contract until certain predefined conditions are met, such as the delivery of goods or services, ensuring protection for both buyers and sellers.

Digital Checks: Allows the issuance and management of digital checks that can be automatically deposited and verified in the blockchain, streamlining payments and providing an immutable record of transactions.

Payments between Different Currencies (Cross-Currency Payments): Facilitates the automatic and secure conversion between different cryptocurrencies and stablecoins within the Arauco Chain network, allowing seamless transactions and minimizing exposure to market fluctuations.

Secret transactions: We believe that privacy is a right, so the option of private payments will also be available through tokens configured in the "Smart Currencies" module so that people and companies can execute transactions safely in certain contexts.

Additional Features: Includes the ability to set automatic payment terms, schedule recurring payments, and apply specific terms such as staggered or milestone-based payments to commercial contracts. These functionalities improve operational efficiency and reduce complexity in financial transactions within the Arauco Chain ecosystem.

Together, "Types of Payments" on **Arauco Chain** strengthens the platform as a comprehensive solution for advanced financial needs, providing powerful tools to manage complex payments and adapt to various regulatory and business requirements.

3. Interoperability

Interoperability in **Arauco Chain** allows for seamless integration with other blockchain networks and traditional financial systems through the ISO 20022 standard. This capability is crucial to creating a truly global and connected financial ecosystem, where assets and transactions can move seamlessly between different platforms and networks. Interoperability ensures that **Arauco Chain** users can interact and transact with users of other blockchains, as well as integrate with conventional financial institutions, facilitating broader adoption and greater utility.

The use of the ISO 20022 standard, an internationally recognized financial messaging format, facilitates communication between **Arauco Chain** and existing financial systems. This not only improves operational efficiency and reduces integration costs, but also ensures compliance with global regulations. By fostering interoperability, **Arauco Chain** expands its reach and utility, allowing users to take advantage of a greater diversity of financial services and digital assets while strengthening its position as a versatile and connected platform in the global financial landscape.

Interledger

Interledger Protocol (<https://interledger.org/>) enables the interconnection of different financial networks (Blockchain and non-Blockchain). In this context, Arauco Chain will use this protocol to exchange data and assets with different financial networks to reduce the necessary steps for asset migration, and on-ramp (from fiat to crypto) and off-ramp (from crypto to fiat) to just a couple of steps.

4. Gasless experience

The "**Gasless Experience**" on **Arauco Chain** offers a significant advantage by improving the accessibility and usability of the network for all users. By eliminating the need for users to pay transaction fees directly, **Arauco Chain** reduces one of the main barriers to entry into the world of cryptocurrencies, making the platform friendlier and more attractive to both new users and those with less knowledge. technicians. This not only facilitates mass adoption but also promotes more frequent and continuous use of decentralized applications (dApps) on the network, as users can interact without worrying about variable gas costs.

Additionally, the "Gasless Experience" positions **Arauco Chain** with a distinct competitive advantage compared to other blockchains. Transactions without gas costs make microtransactions viable, enabling new business models and greater user retention. This feature also attracts developers looking to offer frictionless user experiences, driving innovation and diversity of services on the platform. In short, the "Gasless Experience" on **Arauco Chain** facilitates broader adoption and greater dynamism in the network ecosystem.

5. Offline payments

The "**Offline Payments**" feature in **Arauco Chain** allows transactions to be made without the need for a constant connection to the blockchain network, storing only the first and last transactions in the blockchain using **payment channels**. This is especially useful for products and services that operate in environments with limited or intermittent connectivity. By allowing transactions to be made and recorded locally until a connection can be established, **Arauco Chain** ensures that users can continue to use their digital assets and make payments even when they do not have internet access.

This functionality not only improves accessibility and convenience for users in areas with poor network infrastructure but also expands **Arauco Chain's** reach to real-world applications where connectivity is a challenge. Additionally, by reducing the frequency of transactions stored on the blockchain, transaction costs are decreased and the overall efficiency of the network is improved. In summary, "Offline Payments" on **Arauco Chain** offers a robust and flexible solution to maintain financial operability in any circumstance, improving both the user experience and the versatility of the platform.

Araucano Labs

The development and success of products, services, communities, and more, within the **Arauco Chain** ecosystem depends on all participants, but in turn, a foundation and laboratory will be created to promote the growth of this ecosystem, with the name **Araucano Labs**.

Araucano Labs will aim to encourage the creation and use of decentralized applications on the Arauco Chain and generate alliances with Fintechs, Banks, regulators, and more to promote open finance on the blockchain. Although its main function is to encourage the use of the network, **Arauco Chain** will always be decentralized and governed by the participants, including some actions that **Araucano Labs** can execute.

Tokenomics

Token details

- Token name: **Rauco**
- Token Symbol: **RAUCO**
- Total Token Supply: **10,000,000,000 RAUCO (10 billion)**
- Decimals: **18**

Token opportunities

Owning **RAUCO** gives you power and voice in the governance of the Arauco Chain. As a token holder, you have the ability to influence key decisions, contribute to the development of the platform and benefit from an active and collaborative community of investors.

1. **Participation in Platform Decisions:** RAUCO holders have the opportunity to participate in the governance of the Arauco Chain, contributing to important decisions that affect the development and future of the network. This includes votes on protocol upgrades, tokenization policy changes, and key strategic decisions.
2. **Participation Rewards:** Active participation in Arauco Chain governance may be rewarded with additional incentives in the form of RAUCO or other benefits. This may include additional token distributions, privileged access to new investment opportunities and functionalities, or discounts on transaction fees on the platform.
3. **Influence on Platform Development:** RAUCO holders have the ability to influence the development and future direction of the Arauco Chain platform through governance proposals and voting. They can voice their opinions on new features, usability improvements, and compliance policies, helping to shape the tokenized asset investment ecosystem.
4. **Transparency and Responsibility:** Token-based governance like RAUCO promotes transparency and accountability in decision-making, as each token holder has the opportunity to express their opinion and vote on issues relevant to the community. This creates a democratic and participatory environment where the interests of the investment community are prioritized.
5. **Community Benefits:** Being part of the RAUCO holder community gives you the opportunity to connect with other investors, share knowledge and experiences, and collaborate on initiatives aimed at promoting the growth and adoption of the **Arauco Chain**. The community plays a critical role in the long-term success of the platform and creating value for all participants.

Token Distribution

Early Backers

Percentage: **10%**

Quantity: **1,000,000,000 RAUCO**

Usage: **These tokens are intended for sale during in different stages and for supporters in early stages, where investors can acquire RAUCO by investing money in different currencies, with vesting period to align commitment with the long-term success of the network.**

Public Sales

Percentage: **10%**

Quantity: **1,000,000,000 RAUCO**

Usage: **These tokens are intended for sale for the public, where investors can acquire RAUCO by investing money in different currencies, with vesting period to align commitment with the long-term success of the network.**

Platform Reserve

Percentage: **20%**

Quantity: **2,000,000,000 RAUCO**

Usage: **These tokens are reserved for future use in the development and maintenance of the Arauco Chain, including funding improvements, upgrades and continued operations. These tokens will be managed by different entities, including Araucano Labs. They will also be used as incentives for stakers and validators.**

Team and Advisors

Percentage: **15%**

Quantity: **1,500,000,000 RAUCO**

Vesting: **A vesting period is established for tokens assigned to the core team and advisors to align their interests and commitment with the long-term success of the project.**

Validators

Percentage: **10%**

Quantity: **1,000,000,000 RAUCO**

Vesting: **For entities and individuals who support the network through validators.**

Market Liquidity Reserve

Percentage: **15%**

Quantity: **1,500,000,000 RAUCO**

Usage: **These tokens are reserved to provide liquidity on the decentralized markets and apps where RAUCO tokens and other tokens in the network will be traded/used.**

Community Development and Marketing

Percentage: **20%**

Quantity: **2,000,000,000 RAUCO**

Use: **These tokens are intended for community development, marketing, airdrops and promotional activities to increase awareness and adoption of the Arauco Chain. An Ecosystem Growth Fund will be created to support new projects in the network.**

Roadmap

This roadmap represents a complete view of the project's development, from initial preparation to establishing itself as a leader in the open finance blockchain. With a focus on innovation, adoption and continuous improvement, the project has the potential to transform financial markets and democratize access to investment in traditional assets.

Phase 1: Preparation (2024 Q3)

- **Research and Planning:** Conduct market studies and feasibility analysis to define the objectives and scope of the project.
- **Team Building:** Recruit a diverse team of blockchain, software development, finance, and marketing experts.
- **Concept Development:** Refine and detail the project concept, identifying market needs and innovation opportunities.

Phase 2: Product Development (2024 Q4)

- **Platform Development:** Build and optimize the platform for stablecoins and real-world assets, including key functionalities such as token issuance, asset management and trading.
- **Testing and Iterations:** Conduct extensive product testing and perform iterations based on user feedback and market testing.
- **Brand Development and Marketing:** Develop a strong brand strategy and launch marketing campaigns to increase product awareness and adoption.

Phase 3: Launch and Adoption (2024 Q4)

- **Product Launch:** Launch the network to the public, offering access to stablecoins and real-world asset tokenization and associated investment opportunities.
- **Incentive Program:** Implement an incentive program to attract investors and users to the platform, offering rewards for participation and referrals.
- **Community Development:** Foster the growth of an active community around the platform, offering support and educational resources.

Phase 4: Expansion and Continuous Improvement (from 2025)

- **Global Expansion:** Expand the presence of the platform internationally, exploring new markets and growth opportunities.
- **Release Updates:** Implement regular product updates to introduce new features, products and improve user experience.

Phase 5: Consolidation and Dominion (2025 and forever)

- **Mass Adoption:** Achieve mass adoption of the platform as a leader in the fintech industry, and tokenization of real-world assets, establishing standards in the market.
- **Development of Strategic Partnerships:** Establish partnerships with key companies and organizations to expand the reach and usefulness of the platform.
- **Continuous Innovation:** Remain at the forefront of innovation in open finance, exploring new technologies and applications to remain competitive in the market.

Conclusion

Arauco Chain emerges as an advanced and robust platform designed to transform the landscape of open and global finance. By integrating innovative features such as the "Gasless Experience", "Offline Payments", interoperability with standards such as ISO 20022, and advanced functions such as "Smart Currencies" and "Types of Payments", Arauco Chain not only improves the accessibility and security of transactions but also offers a flexible and adjustable environment for individual users, businesses and developers.

The advantages of **Arauco Chain** are evident: it facilitates mass adoption by removing technical and financial barriers to entry, promotes operational efficiency with fast and cheap transactions, and fosters innovation with an ecosystem that supports a variety of decentralized applications and use cases. Furthermore, its ability to interoperate with other blockchains and traditional financial systems positions Arauco Chain as a key infrastructure in the evolution towards a more inclusive and efficient global financial system.

Leveraging the **Arauco Chain** means exploring new opportunities in the tokenization of assets, the creation of decentralized financial products, and the improvement of traditional financial services through disruptive and secure technologies. With a vision focused on innovation and accessibility, Arauco Chain is prepared to lead the next generation of solutions in decentralized finance, facilitating a more connected and equitable world for all global market participants.