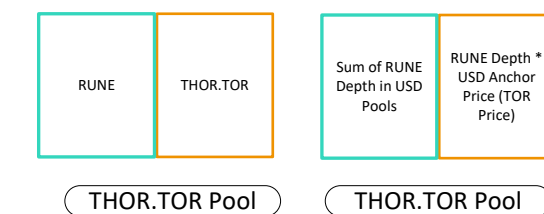


- Topics
 - What is TOR - THORChain's Stablecoin
 - an opening and closure process
 - in amounts for Loans
 - liquidity Traps
 - network protections (Conf counting and outbound delay)
 - why no interest, no liquidations and time limits
- Complex stuff
 - ending Risks.
 - Circuit Breaker
 - affects in bull and bear markets
- affects on the network
 - Depth, Volume and Bond)
- Take away points

THOR.TOR Price = Median USD Price from the below
*specifically it is the inverse of the Median of each assetPrice

Liquidity Pool	RUNE	USD
Liquidity Pool	RUNE	USD (1774)
Liquidity Pool	RUNE	USD (1767)
Liquidity Pool	RUNE	USD (1660)
Liquidity Pool	RUNE	USD (1646)

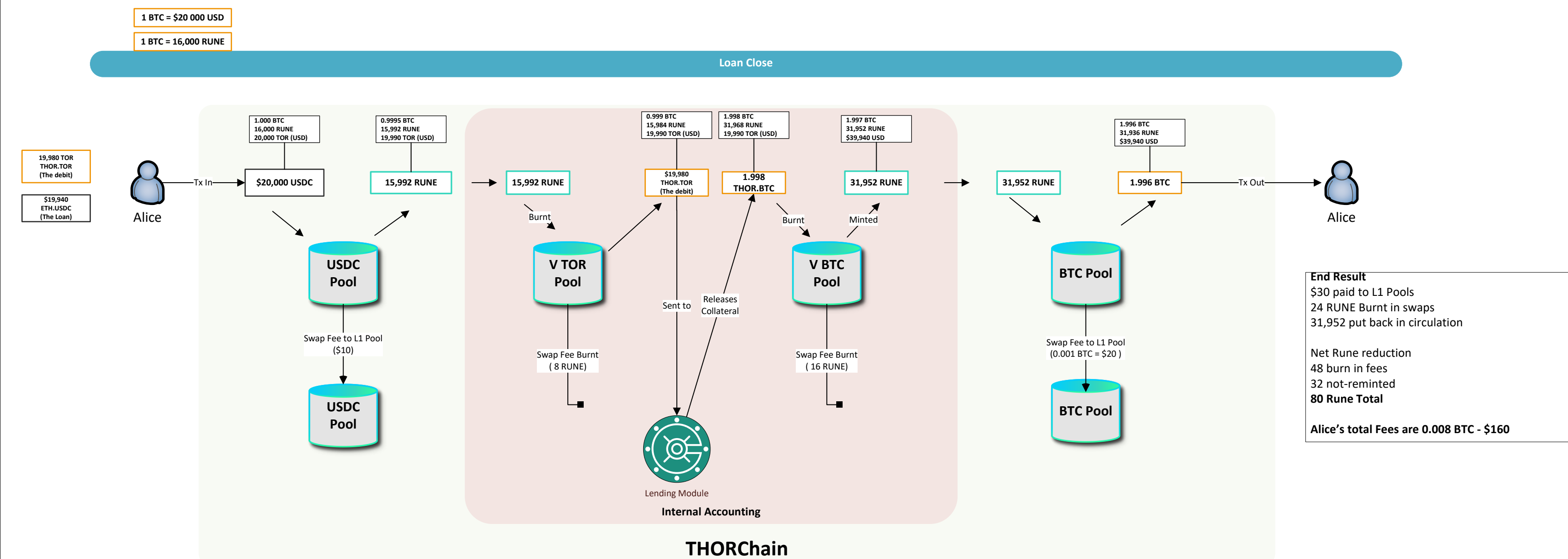
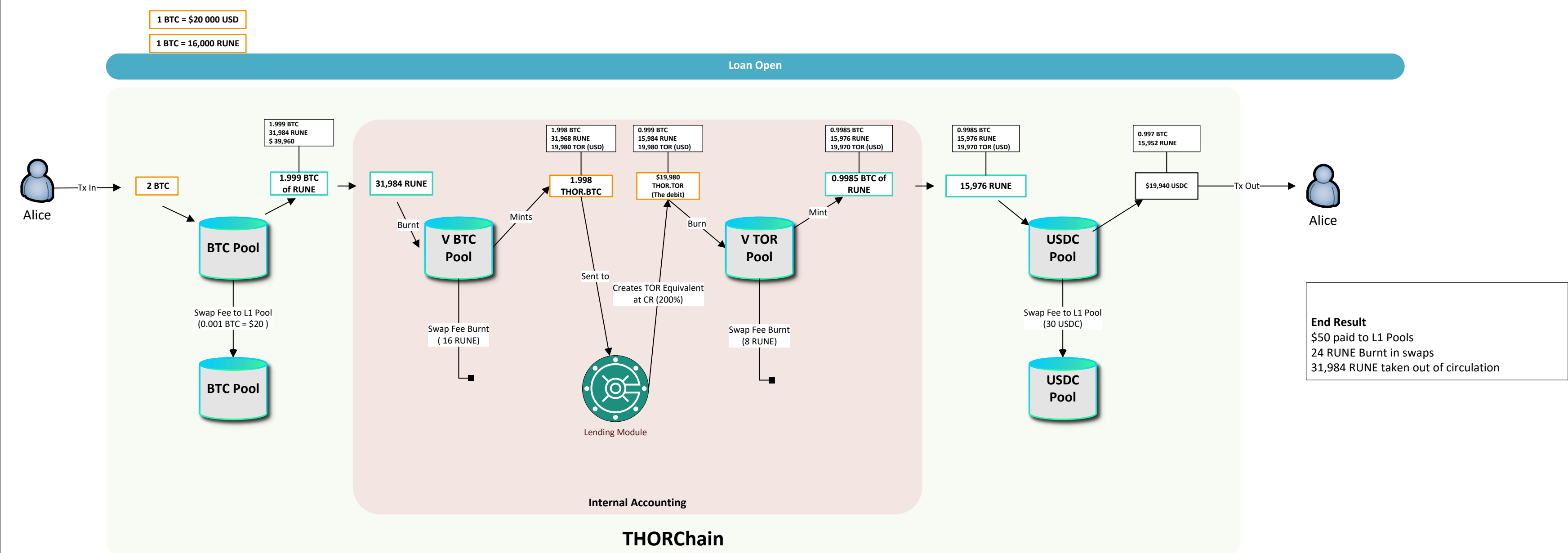
Creating the Virtual TOR (USD) Pool



However, depth is reduced exponentially based on recent trade volume.

Alice' is a BTC holder

She deposits 2 BTC worth \$40,000
Her collateral is 1.998 BTC
The collateralisation Ratio is 200%
Debit issued is 0.999 BTC in TOR (\$19,980 USD)
Alice wants the loan in USDC.
Alice's will receive 0.997 BTC worth in USDC {19,940

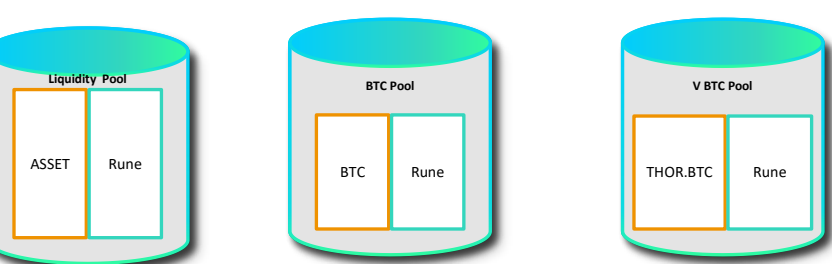


Liquidity Traps

Understanding XYI

<https://medium.com/phoenix-finance/understanding-the-xyk-model-of-pooled-liquidity-7340fdc20d9c>
<https://haseebq.com/what-explains-the-rise-of-amms/>
<https://blog.chain.link/automated-market-maker-amm/>

How depth effects slip



Virtual Pool Depths

Depth is reduced exponentially based on recent trade volume. Price in either direction reduce the depth, e.g. % Movement overall. 2% increase then 3% decrease = 5% overall

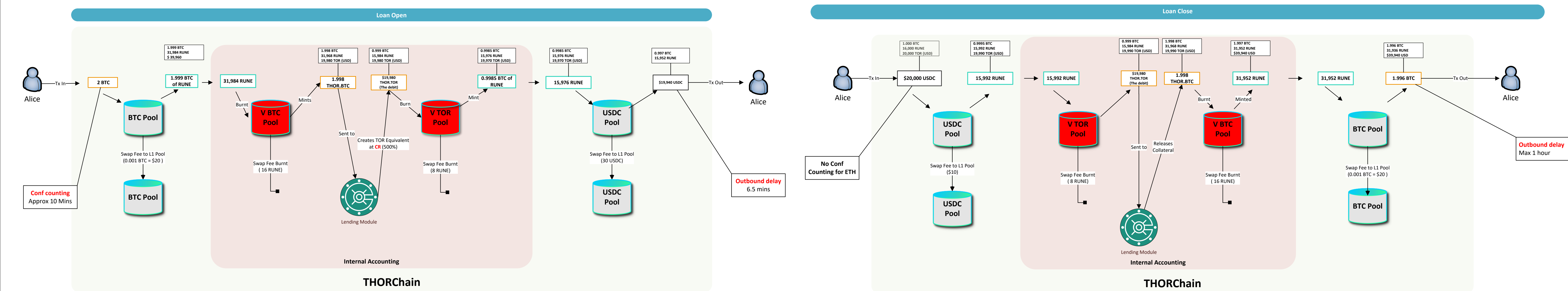
Price manipulation Protection

Exponential depth reduction examples *:

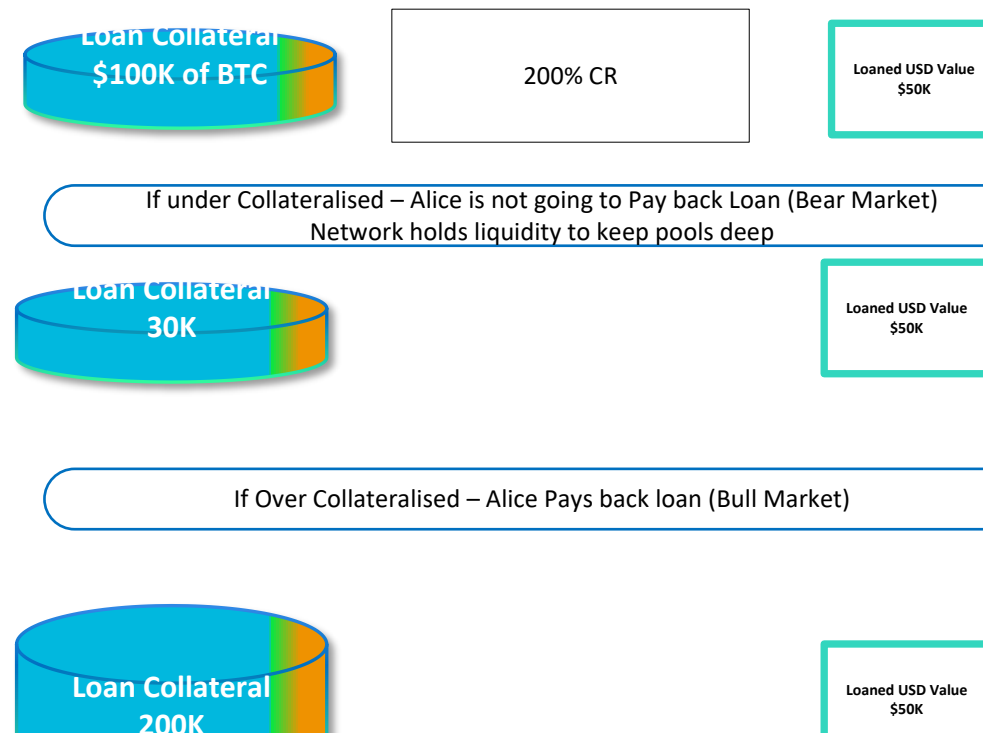
- Price moves 5% (up + down), then the v pool depth is reduced 5%
- Price moves 20% (up + down), then depth is reduced 50% (double slip)
- Price moves 40% (up + down), then depth is reduced 80%

* Haven't got the exact formula yet but virtual pool depth reduction based on recent LTP pool trade is exponential not linear.

So lets talk liquidity traps



Lending Expanded

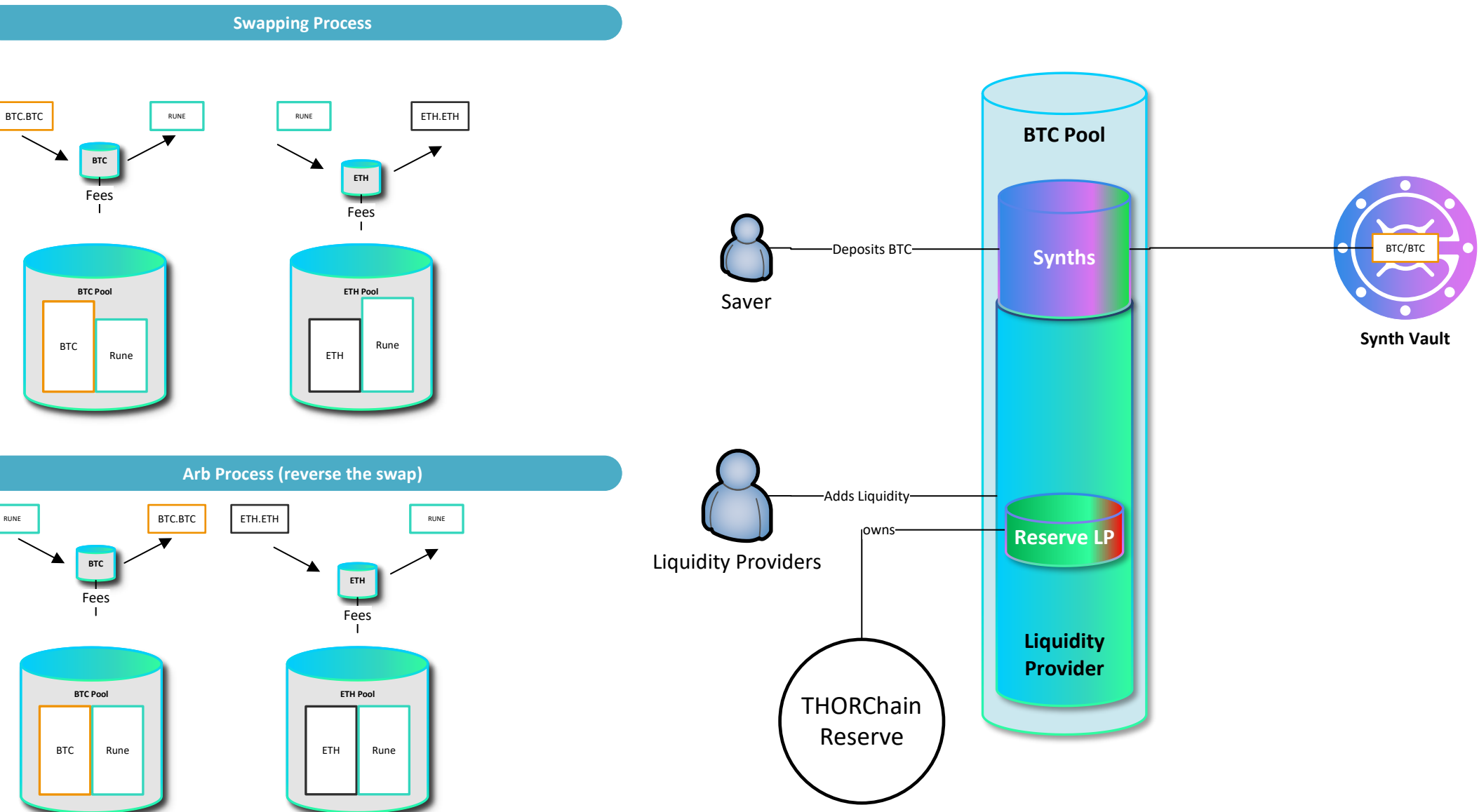


The Complex Stuff

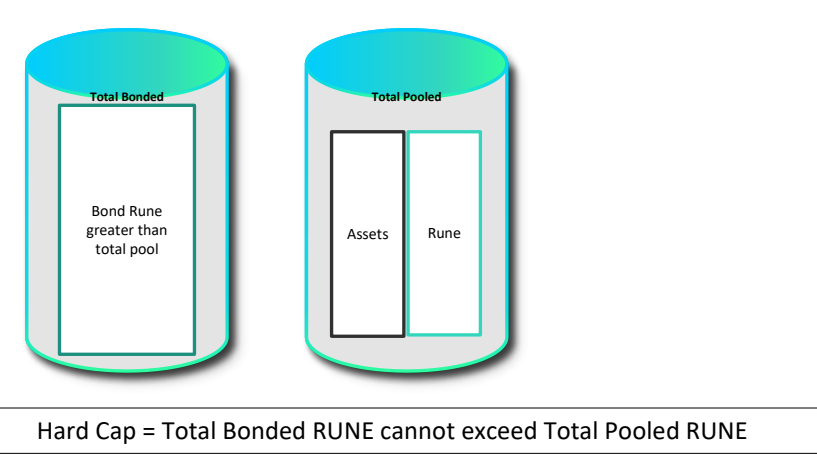
[illegible]

Network Effects (Depth Volume and Bond)

<https://medium.com/thorchain/thorchains-next-phase-adoption-growth-scaling-b82062b19569>



Bond Limits Growth



<https://docs.thorchain.org/network/incentive-pendulum>

The Numbers

<https://docs.google.com/spreadsheets/d/1RiLhm56H2McuaLYB5oYhiQCML14Mwmv42up108MMc68/edit#gid=1025060146>

Take away points

1. Lending is a new design. Defi
2. Has built in protections in addition to existing network protections.
3. Leverages existing Pools and Slp protections.
4. While aimed to be deflationary, risk of being increasing supply – within upper limit protection.
5. Design is not 100% finalised. Mirror settings not finalised, this amount of risk cannot be quantified yet
6. CR controls the inflation point for supply increases. E.g. starting out at 5000K CR provides great growth
7. If the circuit breaker is hit, loan closure will be supported – users will not be left hanging.
8. Mass entry or exit protection – v pool depth reduction causing high slip.