



frenswap – an innovative price discovery swap dapp for fractionalised ownership tokens

The rise of fractionalised NFT art will mean more people will be in possession of tokens providing fractional rights of ownership over ERC-721 assets.

While these tokens may one day provide a benefit (proceeds from sale of the underlying NFT), there is currently no adequate price discovery mechanism for valuing these tokens. They can be traded as any other ERC-20, but such trades require off-chain negotiation and direct transfers of assets, which themselves can be risky. Liquidity pools can be established but these too are not ideal for price discovery.

Frenswap solves this problem with the invention of a new price discovery mechanic supported by decentralised, autonomous exchange of assets.

Frenswap will always exchange 1 fren token for a declared value of ETH. This value of ETH starts at 0.001 and increases by 0.001 every hour. This allows for price discovery, as holders of fren will wait for what they consider to be a suitable price of ETH for their token.

When a user swaps their fren token for the declared amount of ETH, the offer resets to 0.001 and then increases by 0.001 every hour. This means that a holder of fren waiting for a better price may lose their opportunity, as another holder takes the ETH on offer.

This facilitates an efficient price discovery mechanism for these tokens. Holders wanting to swap fren for ETH will not do so at a price they consider too low. Conversely, they will be motivated to take an acceptable offer, as at any time that offer could be accepted by another holder, sending the offer back to its minimum.

Advantages

- Efficient price discovery for fractional ownership assets.
- Guaranteed and enforceable offers of ETH.
- Autonomous and decentralised exchange. ETH is delivered by the smart contract, with no risk of failed direct deals.

Happy swapping, fren!