

FRAK LITE PAPER POWERED BY VOY FINANCE





TABLE OF CONTENTS

• INTRODUCTION

- **REVOLUTIONIZING REAL-WORLD ASSET TOKENIZATION**

• THE PROBLEM

- **LIQUIDITY CHALLENGES AND ACCESSIBILITY ISSUES**
- **IMPACT ON MARKET PARTICIPANTS**
- **WHY IT MATTERS**

• OUR SOLUTION

- **FRAK'S APPROACH: TOKENIZATION AND FRACTIONALIZATION**
- **HOW IT WORKS**
- **TOKENIZING AN INVOICE**
- **THE BENEFITS**

• USE CASES CONTINUED

- **USE CASE 2: ERC-4626 VAULT TOKENS**
- **CONCRETE BENEFITS FOR USERS**
- **MARKET IMPACT**

• TECHNOLOGY AND STANDARDS

- **OVERVIEW OF ERC-6960**
- **KEY FEATURES OF THE DUAL-LAYER TOKEN (DLT)**
- **WHY IT'S IMPORTANT**

• PLATFORM PROCESS

- **ONBOARDING EXTERNAL PROTOCOLS**
- **TOKENIZATION AND DLT CREATION**
- **FRACTIONALIZATION AND LISTING**
- **INVESTOR ONBOARDING AND INTERACTION**
- **UNWRAPPING DLTS**

• CONCLUSION AND FUTURE PERSPECTIVES

- **CONCLUSION**
- **FUTURE PERSPECTIVES**

INTRODUCTION



Revolutionizing Real-World Asset Tokenization

FraK is an advanced platform that leverages blockchain technology to transform the tokenization of real-world assets.

Our mission is to bridge the gap between traditional finance and the decentralized world by democratizing access to global investment opportunities. FraK unlocks liquidity in traditionally illiquid markets by supporting a wide range of ERC standards, including ERC-20, ERC-1155, ERC-4626, ERC-721, ERC-6960, and ERC-7621.

This flexibility ensures that FraK can accommodate various asset types and use cases, making it a versatile solution for modern financial challenges.

THE PROBLEM



Liquidity Challenges and Accessibility Issues:

In the traditional financial system, many valuable assets remain trapped in illiquid markets. For instance, a business holding a €10,000 invoice may urgently need liquidity but struggles to find a buyer willing to purchase the entire asset. Similarly, holders of ERC-4626 tokens often find that these assets are not easily tradable, limiting their liquidity options.

Impact on Market Participants:

These challenges create significant barriers for asset holders who need immediate liquidity and for smaller investors who cannot participate in high-value investments due to the large capital required. This results in an inefficient market where valuable assets are underutilized, and investment opportunities are concentrated in the hands of a few.

Why It Matters:

Lack of liquidity in these markets not only hampers the growth of small businesses and individual investors but also reduces overall market efficiency. Addressing these challenges is crucial to unlocking the full potential of global financial markets.



OUR SOLUTION

FraK's Approach: Tokenization and Fractionalization:

FraK addresses these liquidity issues by enabling users to tokenize their assets, thereby creating digital representations of these assets on the blockchain. Once tokenized, these assets can be fractionalized into smaller, more accessible units, allowing a broader range of investors to participate.

How It Works:

1. **Asset Wrapping:** The user starts by wrapping their asset on the FraK platform, creating a digital version of the asset.
2. **Tokenization:** The wrapped asset is then converted into a DLT or ERC-6960, which represents the total value of the asset.
3. **Fractionalization:** The DLT is further divided into smaller units called "subIds," which can be sold individually to multiple investors.



TOKENIZING AN INVOICE

- Scenario: A business needs immediate liquidity for a €10,000 invoice.
- Solution: The business uses FraK to tokenize the invoice into a DLT, which is then fractionalized into smaller units.
- Outcome: The business lists these fractions for €9,000. Investors buy the fractions, providing the business with the needed liquidity. Upon the invoice's maturity, investors receive the full €10,000, distributed proportionally to their investments.

THE BENIFITS



Benefits for the Asset Holder:

- The asset holder can access liquidity without waiting for the invoice to mature or needing to sell the entire asset to a single buyer.

Benefits for Investors:

- Smaller investors can now participate in high-value investments by purchasing fractions of the asset, allowing for portfolio diversification with lower capital requirements.

USE CASES CONTINUED



Use Case 2: ERC-4626 Vault Tokens

- Scenario: A user holds ERC-4626 tokens that are difficult to trade due to low market liquidity.
- Solution: The user utilizes FraK to wrap and tokenize these tokens into DLTs, which are then fractionalized for sale to other investors.
- Outcome: Previously illiquid tokens are now tradeable on the FraK platform, improving liquidity and allowing the user to access needed funds.

Concrete Benefits for Users:

- Increased Liquidity: Assets that were once hard to sell can now be liquidated more easily, providing more flexibility for asset holders.
- Accessibility for Small Investors: The fractionalization process allows small investors to gain exposure to high-value assets that were previously out of reach.

Market Impact:

- FraK creates a dynamic marketplace where assets can be traded efficiently, enhancing overall market liquidity and allowing a broader range of participants to engage in global financial markets.

TECHNOLOGY AND STANDARDS



- ERC-6960 introduces a dual-layer token classification system that allows for a more organized and flexible approach to token management.
- This standard is particularly beneficial for projects that require detailed control over the management of assets, enhancing transparency and efficiency in tracking and allocating these assets.

OVERVIEW OF ERC-6960

- MainId and SubIds: The DLT comprises a main identifier (MainId) representing the entire asset, and a mapping system where each MainId is linked to SubIds, which further represent specific fractional components. For example, a MainId might represent a hotel, a SubId might represent a specific room (e.g., Room 101), and the amount would represent the number of shares associated with that room.
- Flexibility: This system supports both fungible (interchangeable) and non-fungible (unique) assets within the same contract, providing maximum flexibility in asset management.
- Traceability: Every transaction and fractionation is recorded on the blockchain, ensuring full transparency and traceability of the asset's history.

KEY FEATURES OF THE DUAL-LAYER TOKEN (DLT)

Why It's Important:

- The ability to fractionalize and manage assets with precision allows FraK to meet the diverse needs of its users while enhancing overall market liquidity and efficiency.

PLATFORM PROCESS



Onboarding External Protocols:

FraK supports the seamless integration of various ERC protocols, ensuring a smooth onboarding process for external assets. Here's how it works:

1. Registration: External ERC protocols, including ERC-721, ERC-20, and ERC-1155, register on the FraK platform by providing necessary information and documentation for compliance and security.
 - Example: Bob, the owner of an ERC-721 token from a specific collection, registers his token on FraK, submits the required documents, and awaits approval.
2. Approval and Whitelisting: FraK reviews the submitted information, and upon successful verification, approves the protocol for interaction with the platform.
 - Example: After a thorough review, Bob's protocol is approved and whitelisted. He receives confirmation and gains access to the FraK dashboard.
3. Staking Tokens: Once approved, protocols can stake their ERC tokens on FraK, preparing them for tokenization.
 - Example: Bob stakes his ERC-721 tokens in the FraK staking contract, readying them for tokenization.

PLATFORM PROCESS



4.Tokenization and DLT Creation: The staked tokens are converted into DLTs, each with a mainId and subIds, enabling fractional ownership.

- Example: Bob's ERC-721 tokens are now tokenized into DLTs, with each token assigned a mainId and fractional subIds for sale.

5.Fractionalization and Listing: The DLTs can be fractionalized into smaller units and listed for sale on FraK, allowing multiple investors to purchase shares of high-value assets.

- Example: Bob fractionalizes his DLTs into 100 shares each and lists them on the FraK marketplace, making them accessible to a broad range of investors.



INVESTOR ONBOARDING AND INTERACTION:

FraK offers a user-friendly interface for investors, providing simple steps for account creation, investment management, and transaction execution.

1. Sign Up and Login: Investors create an account on FraK, providing personal information and completing KYC procedures for identity verification.
 - Example: Carol, an investor, signs up on FraK, completes KYC, and logs into her new account.
2. Browsing DLTs: Investors can browse available DLTs on FraK, with detailed information on each underlying asset, fractional shares, and cap table.
 - Example: Carol explores the FraK marketplace, reviewing various DLTs, and considers her investment options.
3. Buying Fractions: Investors purchase fractional shares of DLTs through FraK. The process is secure and straightforward, enabling portfolio diversification.
 - Example: Carol buys 10 shares of a DLT she's interested in. The transaction is completed securely, and her portfolio is updated with her new assets.

INVESTOR ONBOARDING AND INTERACTION:



4. Managing and Trading DLTs: Investors can trade their DLT fractions on FraK. The platform provides tools for managing investments, tracking performance, and conducting transactions.

- Example: Carol monitors her DLT shares' performance. She decides to sell 5 shares and uses the proceeds to invest in another DLT. FraK handles the transactions seamlessly.

5. Unwrapping DLTs:

In the unwrapping process, an investor who owns 100% of an ERC-721 DLT can unwrap it to retrieve the original ERC-721 token. This involves burning the DLT and releasing the staked ERC-721 token back to the investor. This requirement of holding 100% of the shares applies specifically to ERC-721 tokens due to their non-fungible nature.

For other ERC standards, such as ERC-20 or ERC-1155, the process is more flexible. Investors can unwrap their balance at any time, regardless of whether they hold 100% of the shares. This means that holders can retrieve a portion of their staked tokens according to their balance in the DLT without needing full ownership.

n. This involves burning the DLT and releasing the staked ERC token back to the investor.

Example for ERC-721:

- Scenario: Carol eventually buys all remaining shares of an ERC-721 DLT. She initiates the unwrapping process, burns the DLT, and receives the original ERC-721 token.

Example for ERC-20/ERC-1155:

- Scenario: Dave holds 50% of the shares in an ERC-20 DLT. He decides to unwrap his portion, burns the equivalent DLT tokens, and retrieves 50% of the staked ERC-20 tokens, leaving the remaining balance still staked in the platform.

CONCLUSION AND FUTURE PERSPECTIVES



Conclusion:

FraK stands at the forefront of asset tokenization, offering a transformative solution that seamlessly integrates traditional finance with the innovative power of blockchain technology. By supporting a wide range of token standards—including ERC-20, ERC-1155, ERC-4626, ERC-721, and ERC-7621—FraK enhances asset management, increases liquidity in previously illiquid markets, and democratizes access to high-value investment opportunities. This platform empowers a diverse range of investors, from individuals to large institutions, to participate in markets that were once beyond their reach.

FraK's versatility and adaptability across various asset types and use cases position it as a key player in the future of decentralized finance (DeFi), making it a leading solution in the tokenization space.



FUTURE PERSPECTIVES:

Looking ahead, FraK is committed to expanding its platform to meet the growing demands of the global financial market. We will enhance security through comprehensive smart contract audits, ensuring the highest standards of protection for our users and their assets.

FraK also plans to broaden its support for emerging ERC standards, further increasing the versatility and adaptability of our platform. In addition to these technological advancements, FraK will establish new partnerships with venture capital firms and investment funds, creating unique opportunities for our users to collaborate with leading institutional investors. Through these strategic partnerships, FraK is well-positioned to shape the future of decentralized finance and set new standards in asset tokenization.