



Exploring Ultraround Money: Game Theory

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"Markets bottom not on the presence of new buyers, but the lack of new sellers."

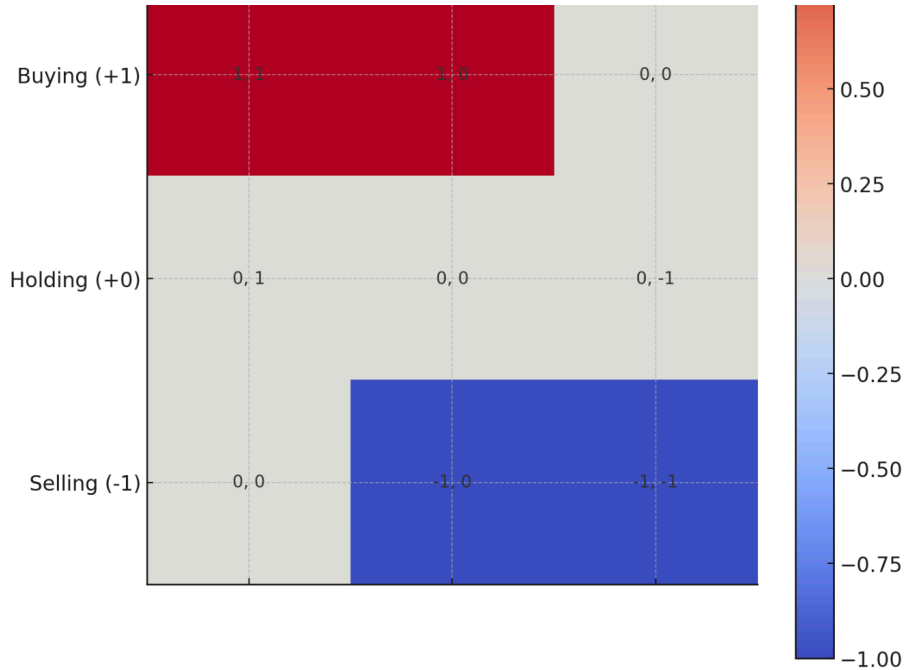
This is the defining idea behind Ultraround Money, and the design of the Chaos Engine (CE).

Let's explore how this works:

Traditionally, there are three actions players can make when interacting with a market.

- **Buying (+1)**
- **Holding (+0)**
- **Selling (-1)**





Regardless of the influx of new buyers, the true market bottom is only established once all sellers have exited the market.

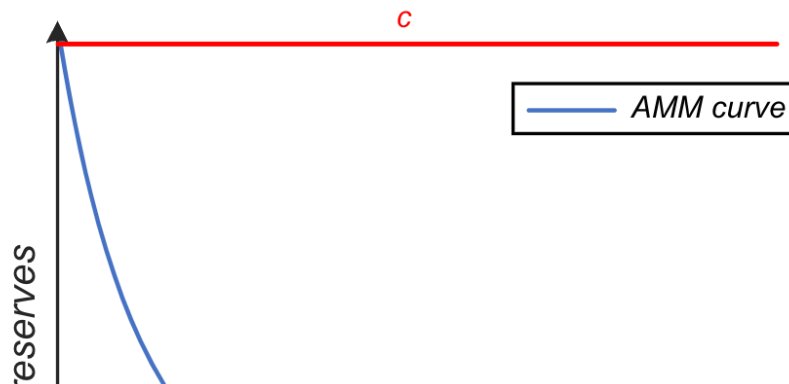
Circle

The brilliance of Circle and the Chaos Engine, is how it redefines that dynamic.

In the case of Circle: Every time we bottom, we are starting at a higher price floor than we did before.

We can illustrate this simply below:

Let's start with a chart of the Uniswap v3 AMM curve. Along this curve outlines all potential prices for Circle:



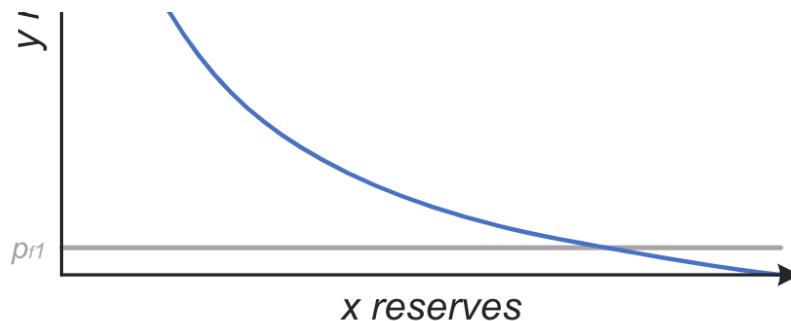


Figure X: CCTP impact on v3 AMM Price Floor

- **Price Ceiling** (c): This top red line is the theoretical ceiling. Circle's actual potential price may approach infinity.
- **Price Floor** (pf1): The bottom gray line is the price floor. This is determined by the existing amount of Circle that has already been burned through the Circular Burn Loop (CBL). The floor represents the lowest possible price for Circle.

In other words, this price floor sets the **lowest** price possible for Circle.

Nothing below the gray price floor is a possible price for Circle.

That was a static example, To illustrate how CE adapts dynamically, let's explore how the CE reacts dynamically to two active examples—where the price is rising and where it is falling.

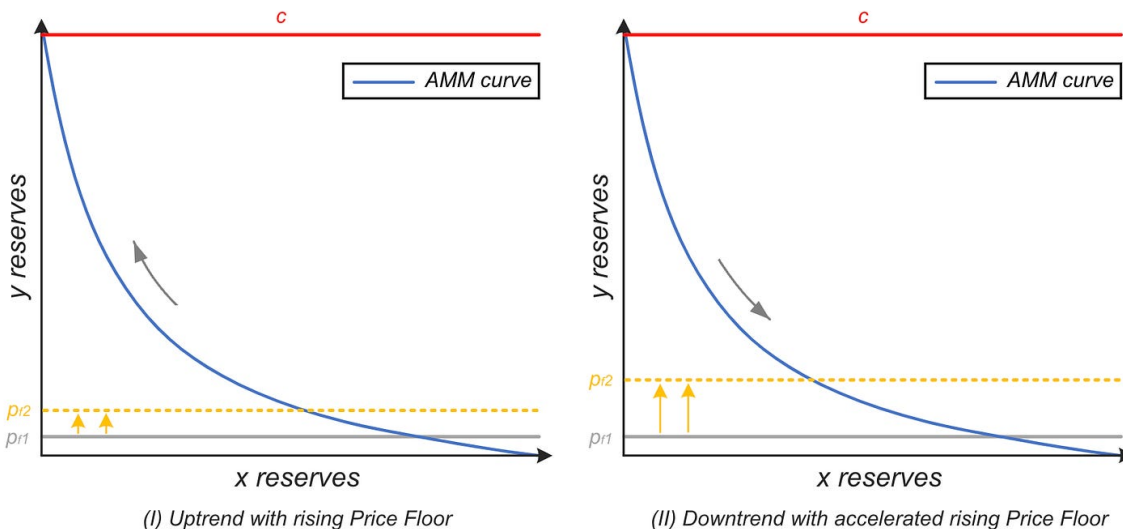


Figure X: CCTP impact on v3 AMM Curve

The figure above shows two charts, one where the price is moving up

(uptrend) and one where the price is moving down (downtrend).

- **Uptrend Chart (I):**
 - In the uptrend chart, we can see the price floor moving up. This is because buying is actively happening, which contributes in generating fees for the burn rate. The price floor moves up at the base rate of the burn.
- **Downtrend Chart (II):**
 - In the downtrend chart, we can see the price floor moving up significantly faster (as high as 30x). This is because selling is actively happening, which contributes in generating increased fees for the burn rate. Additionally, the CE is responding to this by burning even more of the supply to compensate for the sellers. The price floor moves up at an accelerated rate of the burn.

These mechanics ensure that both buying and selling result in the price floor moving up. Every time we bottom, we are starting at a higher price floor than we did before.

Conclusion

When engaging with Circle, there are no losing actions:

- **Buying** is bullish
- **Holding** is bullish
- **Selling** is bullish

Everything contributes to raising the price floor.

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Crypto class of 2017. Observer of trends as they pass through networks. Puzzle solver.

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