

# USDN is transitioning from stablecoin to Neutrino Index Token - XTN

*\*\*Update 30/Jan/2023 - It was decided based on community feedback that the new token would be called XTN. Not WIXT, you can [read the whitepaper here](#)*

It's been a wild ride for stablecoins in 2022. We've seen algorithmic stablecoins come and go, with high-profile failures causing significant user losses. It's clear that there is a need for a pivot in the stablecoin space, and that's exactly what the Neutrino team is proposing for USDN.

USDN is currently a stablecoin with a large user base, strong team, and community governance. Before the 2022 bear market, USDN was a reliable option for those looking to store value. With the current setup, clearly, USDN can not withstand the unprecedented market volatility. However, the team and community believe USDN can still perform a valuable use case in the Waves ecosystem by pivoting to a different model.

Today, we are excited to announce that the Neutrino team's proposal to pivot USDN from a stablecoin to a Neutrino Index Token, or *XTN*, has been accepted. Here's what you need to know about this pivot and the roadmap to make the full transition.

## The Pivot to XTN

First, let's talk about *XTN* and how it will work. *XTN* will be collateralized by a basket of tokens from the Waves ecosystem and will no longer be pegged to \$1. Instead, the value of *XTN* will float based on supply and demand and indirectly based on the Backing Ratio (BR). The BR is the total value of all the assets held in collateral against the value of the circulating supply. *XTN* will target a 100% BR, meaning the price when that is achieved will tend towards \$1. This allows for more stability compared to a single-collateral stablecoin, as the value is not tied to the performance of a single asset.

One key aspect of the pivot is the role of SURF, a token issued to recapitalize reserves of USDN. With the pivot to *XTN*, SURF will still perform this function. Specifically, 10% of the reserves will be auto-converted from SURF to *XTN* when the BR reaches 115%, using 10% of reserves to repay users.

This creates an arbitrage opportunity for SURF buyers. You can issue SURF at the value of the BR, and then when the BR reaches 115% (which is the protocol goal), staked SURF will be converted automatically to *XTN* at whatever the current price is of *XTN* at that time.

## The roadmap

So, what's the roadmap for the pivot to *XTN*? Here's what you can expect in the coming months:

- January: Development of functionality
- End of January: *XTN* technical Litepaper is released
- Mid-February: Complete rebrand of USDN to *XTN*
- February - March - April: Adding \$15million of ecosystem tokens as collateral through governance

We believe that the transition from stablecoin to Neutrino Index Token will be a win for all USDN holders. The diversification of collateral through the basket of ecosystem tokens will improve stability, and SURF holders will have the opportunity to benefit from arbitrage.

As more ecosystem tokens are added as collateral through community voting, *XTN* can become a significant player in maintaining liquidity for these tokens. We're excited to see where this pivot takes us, and we hope you'll join us on this journey.

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