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Overview

Intro

Optyn is an option market and synthetic asset protocol. The option market allows an option market to be created for any Chainlink price oracle, collateralized with any ERC20 or BEP-20 tokens.

Option markets can be created for any Chainlink price oracle. Including:
- Crypto currencies: Bitcoin, Ethereum, Litecoin, Xrp …
- ERC20 tokens: Binance, Chainlink, Uniswap, Sushiswap …
- Forex: GBP, AUD, CHF, EUR, CNY, JPY, KRW …
- Indices: FTSE, Nikkei, Total crypto market cap …
- Commodities: Gold, silver, oil …
- Stocks: Tesla, Apple, Amazon …

To hedge the pool exposure, synthetic ERC20 assets can be created for any Chainlink price oracle that correlate to their price. These are liquid assets that any other protocol can use.

Problems & Opportunities

Options are used by market participants for a variety of reasons:
- Hedging and risk management: this was the main reason why futures were invented
- Short exposure: traders can bet against an asset's performance even if they don't have it.
- Leverage: traders can enter positions that are larger than their account balance..

Options solutions on blockchain specifically have the following limitations and opportunities.

Lack of instruments for crypto native asset speculation & hedging

The financial landscape within crypto is expanding and evolving rapidly. However the existing options market solutions typically:
- Focus only on Bitcoin & Ethereum
- Rely on legacy ways of determining Implied Volatility
- Suffer from a lack of liquidity due to need to match buyers to sellers
- Are permissioned (restricted for US customers)

Optyn is a generalised solution that allows any Chainlink price feed to be tracked and any ERC20/BEP20 tokens to be used for collateral. As other assets in the ecosystem prices grow in importance and value across the crypto space there is more demand for hedging & risk management as well as short exposure and leveraged trading for these assets.

Optyn is a peer to pool automated market maker which means that any buyer can choose any strike/period/size etc. and the pool will provide a price and sell you the option. This provides deep liquidity and allows large position sizes to be purchased in all of these new markets without slippage. The protocol calculates the Implied Volatility based on the internal demand of options.

Centralised finance disruption

The centralised finance derivatives market is worth approximately $1 quadrillion. This market is ripe for disruption. These option markets:
- Are built with legacy technology
- Are illiquid
- Are heavily restricted by regulation
- Have poor usability

By using Ethereum, Optyn is able to provide an option protocol that is permissionless, highly scalable and provides deep liquidity. The web front end provides a user interface that anyone can interpret and understand without needing a deep understanding of how options work.

With a better user experience, 24/7/365 trading & deep liquidity we will then use the OPTYN token to incentivise key players in the crypto merchant bank industry and incumbent banks to incentivise migration away from their legacy systems.

Lack of instruments for synthetic asset speculation & hedging

For blockchain to realise the vision of disrupting centralized finance there needs to be assets on chain that correlate to non crypto assets.

Optyn needs these assets to hedge against price movements so we will create them and make them available for everyone. They will be ERC20 tokens forked from Ampleforth that track the Chainlink price oracle by adjusting their token supply to adjust for demand.

Every asset will have its own IBCO and initial demand for the asset will be driven by its use as an underlying asset in the Optyn protocol. These assets:
- Require no overcollateralization
- Are decentralised
- Are highly liquid
- Are diversified from other other crypto assets

Assets such as these will be the foundation for the disruption of the centralised finance industry and as such the demand for them is expected to grow exponentially and be enormous.

Optyn Protocol

Option markets are created with a combination of a Chainlink price oracle and an underlying erc20 asset that the price correlates with.

Each market has a corresponding liquidity pool in a swap protocol with a pair including the underlying asset and a hedge asset.

The protocol attempts to keep the pool delta hedged by buying/selling either the underlying or hedge assets in the liquidity pools.

Architecture for Optyn V2

Synthetic ERC20 Tokens Used for the Underlying

For the protocol to be successful it's essential that it can minimise the exposure to price movements in the underlying asset. Where there existing ERC20 assets that correlate to a price oracle then we can use that.

However, many oracles don't have an ERC20 already created. Without such an asset the protocol cannot effectively hedge against price movements. For these we will create an ERC20 token that tracks the Chainlink price oracle.

These assets currently don't exist and would be in extremely high demand for speculation & risk management for the protocols coming that will disrupt centralised finance.

Category	Asset	Requires Creation of Synthetic ERC20 Tokens?
Crypto Currencies	Dogecoin, Monero, Litecoin, XRP	✔
ERC20 Tokens	WBTC, WETH, Binance Coin, Chainlink, UniSwap, SushiSwap, USDC	—
Commodities	Gold, Silver, Oil	✔
Indices	FTSE, Nikkei	✔
Forex	GBP, AUD, CHF, EUR, CNY, JPY, KRW	✔
Stocks	Apple, Amazon, Tesla	✔
Other	Crypto market cap, Ethereum Gas Prices	✔

Feature Rollout

- **Use Swap Protocols for Liquidity Pools**
  The current implementation stores the collateral token only.
- **Delta Hedging**
  Buy or sell the assets in the swap pool to mitigate the "option sellers are exposed to price movement" risk.
- **Synthetic ERC20 Tokens**
  Create tokens whose price correlates to an oracle and can be used as an underlying

asset and mitigate the "[markets without a correlated erc20 token cannot be covered effectively](#)" risk.

- **Ethereum scaling solution**
  Implement a native Ethereum scaling solution such as Optimism.
- **Implement UniswapV3 Liquidity Pool**
  Providing liquidity to synthetic erc20 tokens in a tight range will increase fees collected.
- **Regulator friendly interface**
  Used as a tactic for the strategy objective "Phase 3: Strategic partnerships to centralised finance". eg. Only allow access where customers have provided KYC.
- **Option strategies**
  Provide the ability to execute well known option strategies. eg. condor, straddle, strangle.
- **Concentrated Option Liquidity**
  Allow sellers to set criteria for when they want to provide liquidity for buyers.
- **Automatic hedging for assets bought**
  For example when purchasing from Uniswap you can automatically hedge your position.

Market & Synthetic ERC20 Token Rollout

Polygon	Crypto Currencies: ETH, BTC Tokens: MATIC, LINK
Binance Smart Chain	Crypto Currencies: ETH, BTC Tokens: BNB, LINK Commodities*: Gold, Silver, Oil
Ethereum	Crypto Currencies: ETH, BTC Tokens: LINK, UNI, SUSHI, YFI Commodities*: Gold, Silver, Oil Stocks*: Amazon, Apple

*Dependent on synthetic erc20 token launch

More markets and synthetic erc20 tokens will be added over time. On ethereum there are already many price oracles that could be created if there is demand. The expectation is that options markets will be created for but aren't limited to:

- Crypto currencies: Bitcoin, Ethereum, Litecoin, Xrp …
- ERC20 tokens: Binance, Chainlink, Uniswap, Sushiswap …
- Forex: GBP, AUD, CHF, EUR, CNY, JPY, KRW …
- Indices: FTSE, Nikkei, Total crypto market cap …
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User Experience

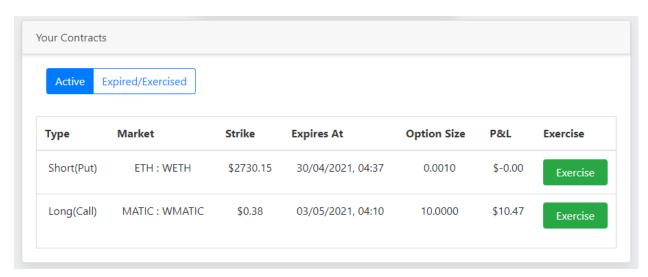We believe that options interfaces and language currently are unnecessarily complicated and therefore making them less accessible for average users. We aim to provide a simple user experience and use simple language.

Buy Options

Option Type

| Short(Put) | Long(Call) |

Option Size

Balance: 18.33530

| 25 | MATIC : WMATIC ⇕ |

Value: $21.50 (USD)

Strike Price

Current Price: $0.86182281 (USD)

$0.80 (USD)

Period of Holding

14 days (2 weeks) ⇕

Leverage	12x
Breakeven	$0.74
Total USD	$1.61
Total WMATIC	1.87000

| Approve WMATIC | Buy |

Buy Options

Your Contracts

Revenue Model

Optyn's revenue will come from the following sources.

Protocol Fee & Distribution Pool	1% of the option premium is collected by the protocol. This will be distributed proportionally to the token holders. Deribt currently has ~25% of BTC options volume and does ~$1.4B in trading volume per day. If Optyn can match this it would equate to $14M per day or $3.65B per year distributed to the token holders. Given the crypto market is still growing rapidly and centralised finance hasn't even started to decentralise we believe that target is realistic assuming that options volume will grow 10x-100x over 10 years.
Liquidity Pool Fees	Using Uniswap, PancakeSwap & QuickSwap to store the protocol liquidity will generate fees. By creating new synthetic erc20 tokens and providing liquidity to them we expect the fees will be significant.
Liquidity Pool Staking Incentives	Using Uniswap, PancakeSwap & QuickSwap to store the protocol liquidity will generate staking incentives.
Synthetic ERC20 Tokens	Tens to hundreds of tokens will be created for commodities, indices, forex, stocks, etc. with a proportion of their market cap being distributed to Optyn token holders. Demand for these assets via the protocol and also externally will increase

	the value of these holdings.
Synthetic ERC20 Rebasing Protocol Fee fee	When the protocol needs to adjust the price up or down then it collects a % for the protocol for administration of the protocol. Eg. provide liquidity incentives, gas fees, pay for Chainlink oracle maintenance etc.
Synthetic ERC20 Arbitrage	The supply of all the synthetic erc20 assets can adjust incrementally when the price or demand changes. This information is known and can be used to arbitrage the price.

Optyn Token (OPTYN)

We will issue an erc20 token (OPTYN). 1.2 billion tokens will be created, never to be increased. OPTYN will run on the Ethereum network. Where feasible new features and functionality will be used to drive value in the OPTYN token.

Allocation

Team & Protocol Founder/team share, development, marketing & promotion	400,000,000	33.3%
IBCO	200,000,000	16.6%
Community Liquidity & option incentives	200,000,000	16.6%
Strategic Investment & Partnerships Seed round, ABRA, crypto merchant banks(eg. Galaxy Digital), incumbent banks(eg. Goldman Sachs)	400,000,000	33.3%
Total Supply	1,200,000,000	100%

IBCO

The mechanism for raising funds will be an Initial Bond Coin Offering.

The benefits of having an IBCO are:
- Same settlement price for everyone
- No front-running

- No pumps & dumps by whales
- No price manipulations
- Price increases with every purchase
- Collective, not competitive, contributions
- Pooling contributions in one batch
- 2 weeks for contributing

IBCO Schedule

Date	Task
2020/12/15	Confirmed start of the Optyn project
2021/04/16	Chainlink Hackathon winner
2021/04/19	Optyn.co mainnet beta launch on Polygon, active trading begins
2021/05/07	Initial draft white paper completed, circulated to potential investors
2021/06/01	Announce Optyn ICO plan and release litepaper to general public
2021/07/01	IBCO starts
2021/07/14	IBCO finishes
2021/07/21	Ethereum mainnet launch

Vesting Plan

Initial Release: 20%
After 1 year: 20%
After 2 years: 20%
After 3 years: 20%
After 4 years: 20%

Funds Usage

- 50% of the funds will be used for providing liquidity
- 35% will be used for software development, branding, marketing & promotion
- 15% will be kept in reserve to cope with any emergency or unexpected situation that might arise

Synthetic ERC20 Tokens

Where there is no underlying asset that correlates with a price oracle we will create a token.

The tokens will be forks of the Ampleforth codebase which tracks the price of an oracle and instead adjusts the supply based on changes in demand.

An IBCO will be run for each token launch. Initial demand for the token will be based on its expected usage in the Optyn protocol.

Allocation

Optyn Token Holders Optyn founder, team, community & partners	400,000,000	40%
Chainlink Oracle Support Oracle payment, node operator incentives	50,000,000	5%
IBCO	350,000,000	35%
Community Liquidity & incentives	100,000,000	10%
Strategic Investments & Partnerships Protocols & business' who have significant transaction volume for this asset	100,000,000	10%
Total Supply	1,000,000,000	100%

Vesting Plan

Initial Release: 20%
After 1 year: 20%
After 2 years: 20%
After 3 years: 20%
After 4 years: 20%

Funds Usage

- 50% of the funds will be used for providing liquidity & liquidity incentives
- 35% will be used for development, branding, marketing & promotion

- 10% will be kept in reserve to cope with any emergency or unexpected situation that might arise
- 5% will be used for Chainlink oracle support.

Team

Danny Dorito

- He has a strong software development background
- His submission to the Chainlink 2021 Hackathon won 5 awards
- Has been in IT for 22 years
- 13 years ago he joined an insurance startup as a software developer and worked through various IT development and management roles as the company grew exponentially
- The company now has $600M (USD) in yearly revenue and employs 1500 people
- As a project manager Danny ran major successful projects such as:
  - Starting a new insurance business
  - PCI Compliance
  - CPS 234 Compliance (information security regulation)

Risks

Option sellers are exposed to price movements

When options are bought it effectively means that the option pool is exposed to price movements in other direction. To mitigate this risk we plan to implement the "covered call" feature. This will buy & sell assets to minimise the pool's exposure.

Markets without a correlated erc20 token cannot be delta hedged effectively

Linked to the risk above. Where there are markets that don't have a corresponding erc20 asset that tracks the price of the market it won't be possible to hedge the pool. This may mean that some option markets need to be disabled in the short term.

In the medium term the "synthetic erc20 token" feature addresses this risk by providing the ability to create synthetic erc20 tokens for any chainlink price oracle. These assets can then be used with the "covered call" features to buy & sell and minimise the pool's exposure.

Dependence on Chainlink oracles

Synthetic ERC20 tokens are unable to maintain price parity

Regulatory risk with options, synthetics of assets & other derivatives