DeFiBetter

Litepaper

DeFi is a space with lots of potential. With a market capitalisation of currently just over $50B, it still only makes up a fraction of global trading volumes. Compared to matured markets like the stock or bond market, DeFi has immense room to grow. However, the majority of trading volume globally does not come from stocks or bonds, but constitutes of derivatives, which make up over $630T with estimates going as high as $1,000T notional value and growing.

Upcoming regulations pave the way for institutional investments. But especially in the derivatives space, DeFi so far lacks satisfying solutions. Existing solutions sought out to merely copy concepts from traditional finance, rather than innovating and providing new solutions to new problems in a new environment.

With DeFiBetter, we present a solution to those problems.

It is time, to make DeFi better.

DeFiBetter is a derivatives and price prediction protocol on Binance Smart Chain.

With DeFiBetter, we solve the central issue of liquidity fragmentation in options-like derivatives by leveraging our own, handcrafted, in-house formula, while at the same time ensuring the best possible user experience through built-in bot protection, built-in protection against market manipulation and the lowest fees in the industry.

The product we offer is so versatile in its applications that it provides investment and trading opportunities for day traders, swing traders and long-term investors alike: no matter if you want to take advantage of current market events, the long-term statistical nature of prices or even – and that is in this form very much a first of a kind in DeFi – volatility.

Using DeFiBetter, you can profit off trending markets, ranging markets as well as assumptions on volatility that you are making. Doing all that, you don't have to be concerned with financing third party capital or liquidation risks, while at the same time still profiting from an effectively leveraged position and a capped maximum loss.
You don't pay spreads, you don't pay swap fees, you don't have price impact on your positions and the outcome of your positions is determined by your market view in relation to the other protocol participants'. That means as opposed to trading against liquidity pools or an order book, you don't have to outsmart the entire market to turn a profit like it is currently the case, but you only have to be more correct in your assumptions than the other participants that make assumptions on the same underlying in the same epoch.

We effectively reduce the amount of people you have to outsmart from potentially billions, including high frequency trading bots from big trading firms, to a mere few hundred.

In combination with the fact that we only take fees when you actually turn a profit on your position, it becomes easy to see how DeFiBetter poses not only a viable alternative to current day trading and investment solutions in the DeFi space, but presents itself as an objectively superior option.

All gain fees from the protocol are exclusively emitted to stakers of the protocol token $BETR. Shares of $BETR supply are set aside and permanently locked in the staking pool (where they accrue fees but cannot be withdrawn or sold) in order to provide funding for our referral program, our milestone rewards and for ongoing development.

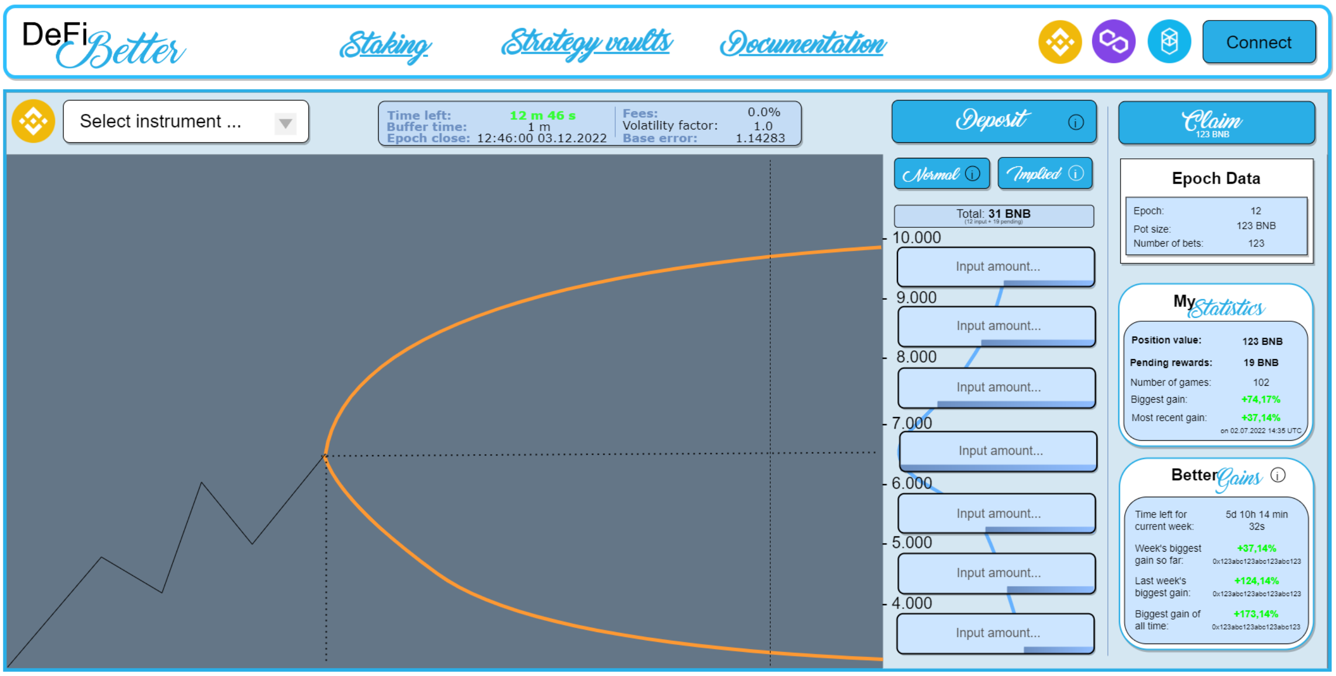
How does it work?

<u>Basic functionality</u>

The protocol's life cycle progresses in epochs, which differ based on the instrument and can range from a few seconds to hours or days.

During an epoch, a user selects an instrument from a variety of options, ranging from your favourite crypto coins and tokens to precious metals, stock indices and lots more.

After selecting an underlying of their choice, users can deploy capital in the form of the chain's native gas token (e.g. $BNB, $ETH, etc.) across 7 bins, ranging from very bearish to very bullish. At the end of the epoch, our formula weights how correct your prediction was in relation to those of the other participants among other factors and calculates the rewards. Fees are only taken from positions that realised a gain.



Exemplary view of the main page

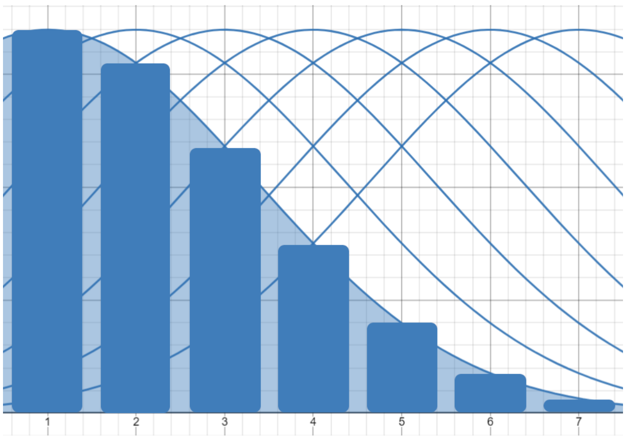
This approach yields several advantages, including:

- the ability to go long or short without the need for a money market or third party capital
- effectively leveraged positions with integrated stop loss and no liquidation risk
- higher profit margin due to significantly lower fees
- the ability to bet on *volatility* instead of or in combination with price, e.g. by focusing on the top AND bottom bin, speculating on a large price spike in either direction = increase in volatility
- strategic depth comparable to derivatives like options, but easy to use and without disadvantages like liquidity fragmentation
- the ability to profit from ranging markets, e.g. by depositing capital into the centre bin, speculating on little to no change in price

Strategy Vaults

Since an investor might have a longer time horizon than just one single epoch, instead of repositioning yourself manually every time, we built strategy vaults to automate that process for you – with the added benefit drastically reduced fees:

Strategy vaults distribute your capital focused on a bin you select, while gradually committing less capital to the bins around it. That means that if the focused bin gets hit, the return is highest, but there is still a certain margin of allowed error to yield decent returns. Those strategy vaults automatically play on every epoch for the selected instrument, paying a fraction of the gain fees of an individual user.



Exemplary distribution of capital across bins using strategy vaults (blue bars)

This comes with two benefits: investors deploying capital into the vaults can take advantage of known statistical tendencies, such as risk assets increasing in price over time (like the stock market index or Bitcoin).
Additionally, the fact that the vaults are always playing equips the epochs with a decently sized pot, which provides an incentive to individual investors to outsmart the vaults, e.g. in case of binary market events where markets behave very differently than the rest of the time. Since each of the vaults always follows its given strategy, an investor might attempt to use this imbalance of information to their advantage.

In order to ensure the best user experience right on launch, we will supplement the vault liquidity on launch to guarantee the best possible experience.

The $BETR token

Should you prefer to be market neutral, you can just stake $BETR and profit from the volume of both individual players and vaults, which exclusively goes to $BETR stakers in full.

$BETR has a fixed total supply of only **10,000 tokens** distributed as follows:

- Leading up to launch, **3,931 $BETR** tokens will be sold to the **public**, a small fraction of which can be purchased at a discounted price of up to -35% during our early funding rounds. The rest will be sold to the public via a fair launch.

- Since $BETR represents a share in the cash flow of the protocol, **3,531 $BETR** tokens remain with the team and are held as follows**:**

    - 20% of those will be **permanently locked** while accruing fees to cover running costs and fund ongoing maintenance and development. By staking those tokens, the team can fund further development without needing to sell any tokens, so the interests of the team are well aligned with that of investors – namely a well functioning product that provides value and accrues fees.
    - The rest of the **team tokens** is subject to a **2 year long linear vesting schedule**, during which vesting tokens **cannot be sold** either.

- **1,000 $BETR** are **permanently locked** while accruing **fees** that go towards the users of our extensive **referral program** (details soon to be announced)

- **1,000 $BETR** are **permanently locked** while accruing **fees** that go towards our innovative **milestone reward program** (details soon to be announced)

- **400 $BETR** tokens are reserved for future **partnerships**

- **69 $BETR** will be used for **initial protocol owned liquidity**.

- **69 $BETR** are emitted as **liquidity incentives** for providing liquidity to the $BETR DEX pair.

$BETR is subject to a selling fee of 5%.

During the week following the launch of the protocol, there is an additional 35% launch selling fee, which linearly decreases to 0% over the span of a week.