



# THE DEFIHEDGE PROTOCOL & EXCHANGE

DEFIHEDGE, LLC

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## MARKET

The Bank for International Settlements estimates the notional value of all OTC interest rate derivatives to be ~ **\$524**

**Trillion** in their most recent annual economic report

## RISK

All swaps are subject to counterparty risk and each party must evaluate the likelihood of counterparty default

# TRADITIONAL INTEREST- RATE SWAP MARKETS

# DECENTRALIZED FINANCIAL MARKETS

## MARKET

Today, over \$7 Billion is locked in various DeFi protocols providing users the ability to utilize the “time-value” of their assets

## SWAPS

Unlike traditional finance, DeFi severely lacks the infrastructure necessary to provide leveraged positions on these protocols

# SOLUTION:



## FIXED-SIDE

Hedge against  
rate volatility with fixed-  
side swaps



## FLOATING-SIDE

Leverage capital & long  
rates with floating-side  
swaps



## NO RISK

No counterparty risk & a  
truly “trustless” swap  
venue



# HOW IT WORKS

For every swap, there is a fixed, and floating side.

Like a traditional exchange, rates are set by a marketplace of buyers & sellers (floating & fixed sides)

Once an order is accepted, floating-side collateral is posted to back a given fixed rate.

Both user's funds are pooled and minted into cTokens to earn interest on the Compound protocol

When the lending term has completed, any party can initiate a return of funds

One user is returned their initial capital & fixed yield, while the other is returned the excess interest

# COMPETITIVE ENVIRONMENT

Crypto-Lending				Crypto Derivatives	
Fixed		Variable		Interest-Rates	Futures/Leverage
DeFi	Central	DeFi	Central		<div>BitMEX</div> <div>BITFINEX</div> <div>DDEX</div> <div>BINANCE</div> <div>Kraken</div> <div>Huobi Global</div> <div>Deribit</div>
	<div>crypto.com</div> <div>BlockFi</div> <div>Genesis CAPITAL</div> <div>nexo</div> <div>CRED</div> <div>SALT</div> <div>ODLNAUT</div> <div>AAVE*</div>	<div>Compound</div> <div>bZx</div> <div>MAKER</div> <div>nūo</div> <div>δY/δX</div> <div>AAVE</div>	<div>celsius network</div> <div>POLONIEX</div> <div>BITFINEX</div> <div>DDEX</div>	<div>Flawed/Non-Viable:</div> <div>Cherry Swap</div> <div>Yield</div>	

## ASSUMPTION

DefiHedge requires a demand for both leveraged positions & fixed-rate lending, protocol adoption is limited by whichever garners least demand which is expected to be the fixed-side

## THESIS

Accepting this we roughly estimate that the currently obtainable market is likely in the range of ~\$3B/year based on current fixed-rate demand

# OBTAINABLE MARKET





# CURRENT STATUS

## CONTRACTS

Basic MVP complete

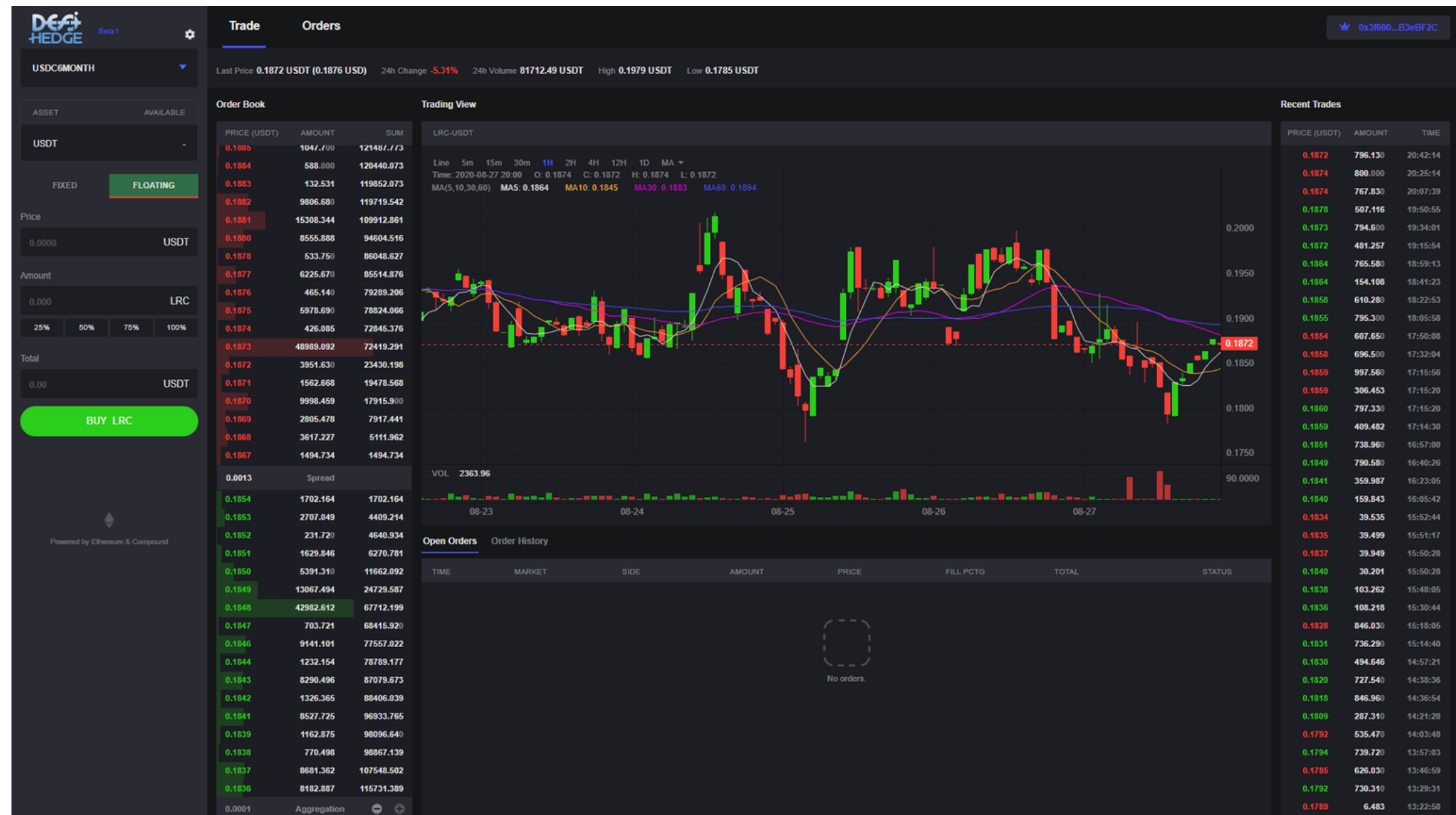
(Order Matching, EIP712 Signature Validation, siloed on/off chain orderbooks)

## EXCHANGE

Major UI components complete

Database established

Optimistic Release Q4 2020





# TOKEN DESIGN & SUSTAINABILITY



## FEES

Upon official launch DefiHedge will offer -.10% maker fees & 0% taker fees in order to bootstrap liquidity

## GOVERNANCE

Democratic contract upgradability, fee determination & funding proposals

## PROPOSED DISTRIBUTION

2% Compound Finance Stakeholders  
8% Community Voted Initiatives  
40% Early Investors & Advisors  
15% Developer Fund

10% Retained by DefiHedge  
10% Founding Team  
15% Market Making/Liquidity Incentives



# THE DECENTRALIZED PROTOCOL FOR FIXED-RATE LENDING & INTEREST-RATE SWAPS

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