



# THE DEFIHEDGE PROTOCOL & EXCHANGE

DEFIHEDGE, LLC

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Julian Traversa, Founder

## 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 \$10 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 or  
liquidation 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

# CURRENT STATUS

## CONTRACTS

Basic MVP complete

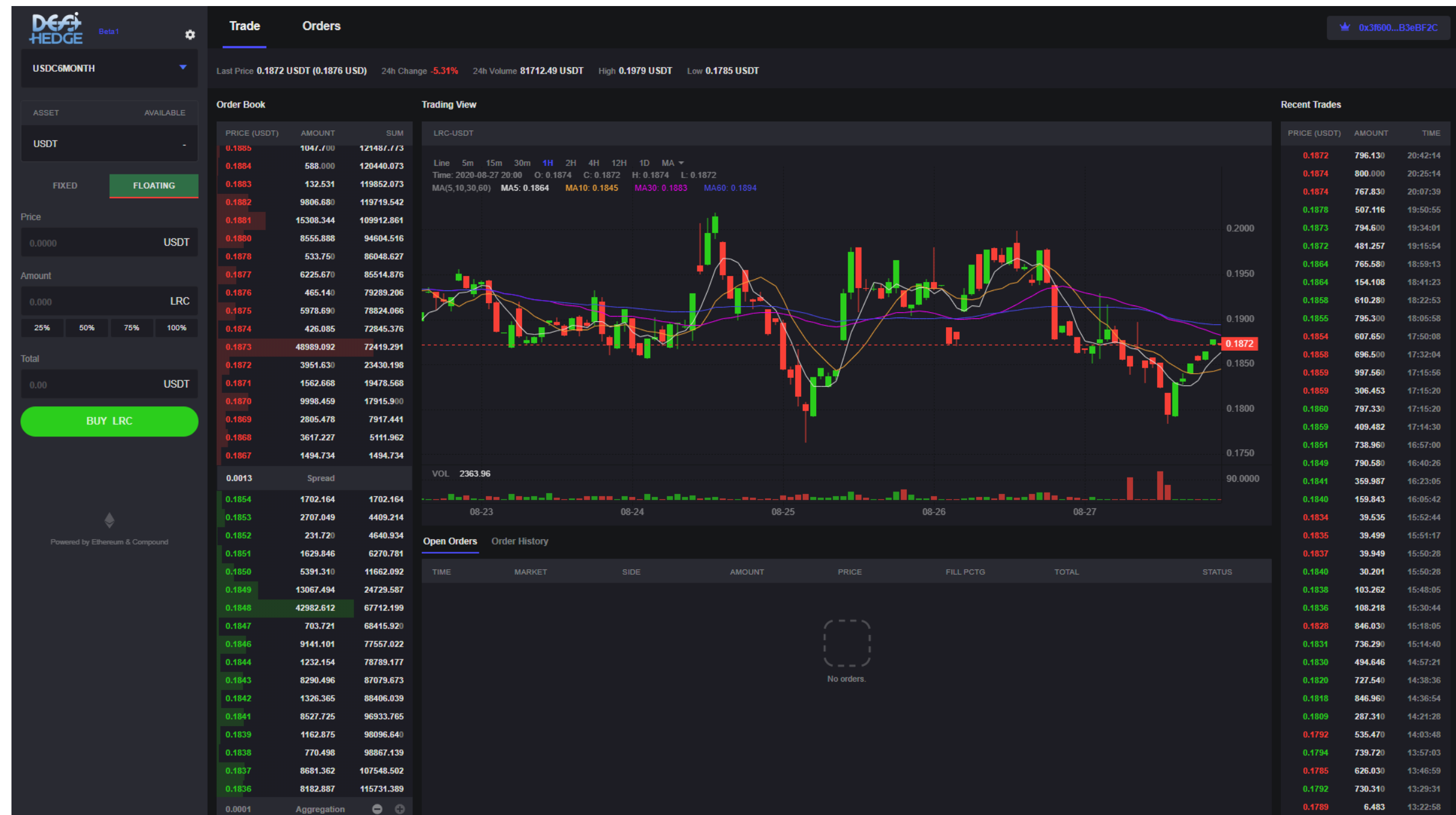
(Order Matching, EIP712 Signature Validation, siloed on/off chain orderbooks)

## EXCHANGE

Major UI components complete

Database established

Optimistic Release Q4 2020





# TOKEN DESIGN & SUSTAINABILITY



## FEES

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

## GOVERNANCE

Democratic contract upgradability, fee determination & funding proposals

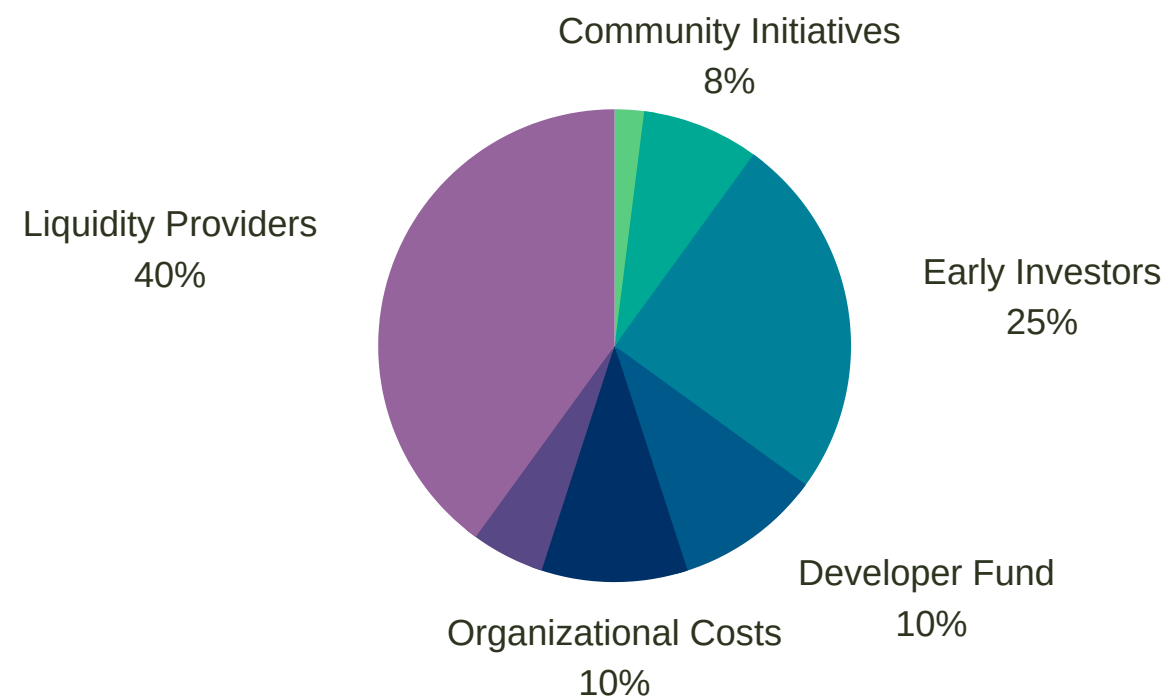
## PROPOSED DISTRIBUTION

2% Compound & Aave Stakeholders  
8% Community Voted Initiatives  
25% Early Investors & Advisors  
10% Developer Fund

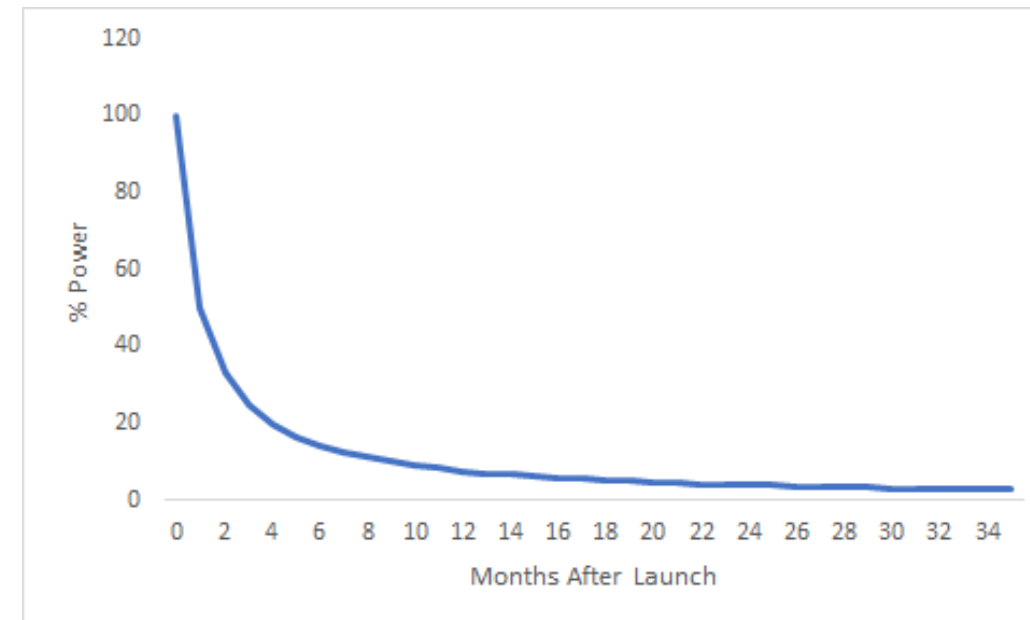
10% Retained by DefiHedge  
5% Founding Team  
40% Market Making/Liquidity Providers

# COMMUNITY GOVERNANCE

## INITIAL VOTING POWER

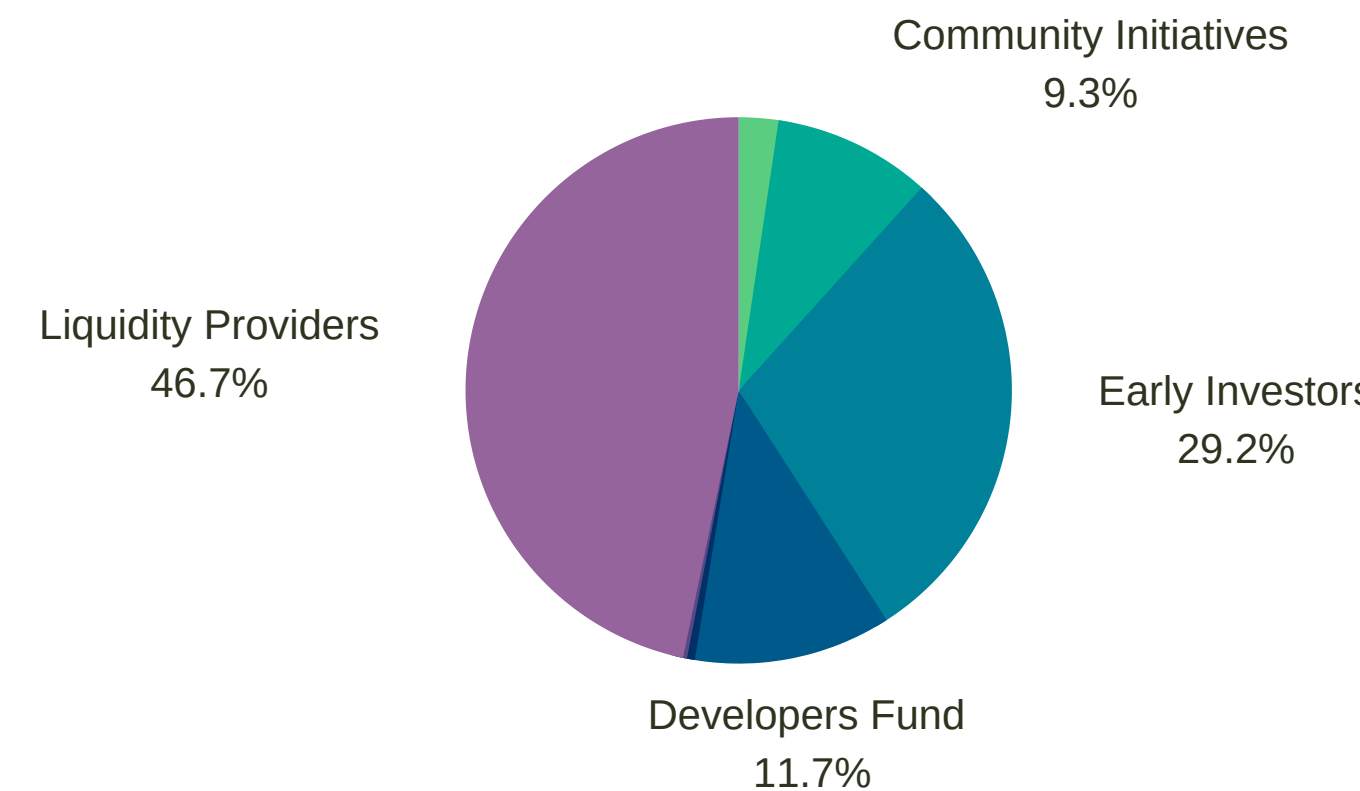


## FOUNDER VOTING POWER



$$\text{VOTING MODIFIER} = \frac{100}{(X/4)+1}$$

## AFTER 3 YEARS







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

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