THE DEFIHEDGE PROTOCOL & EXCHANGE

DEFIHEDGE, LLC

Julian Traversa, Founder

MARKET

The Bank for International Settlements estimates the notional value of all OTC interest rate derivates 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

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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

DeFi
HEDGE

SOLUTION: DEFi HEDGE

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

DEFi HEDGE

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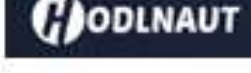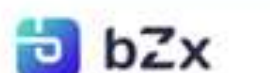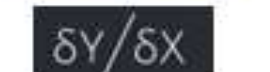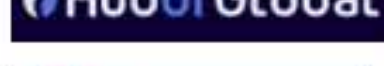
Once an order is accepted, floating-side collateral is posted to back a given fixed rate.

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

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COMPETITIVE ENVIRONMENT

Crypto-Lending				Crypto Derivatives	
Fixed		Variable		Interest-Rates	Futures/Leverage
DeFi	Central	DeFi	Central	**Yield**	
	crypto.com	Compound	celsius network		BitMEX
	BlockFi	bZx	POLONIEX		BITFINEX
	Genesis CAPITAL	MAKER	BITFINEX		DDEX
	nexo	nüo	DDEX		BINANCE
	C CRED	δY/δX			kraken
	SALT	AAVE		Flawed/Non-Viable:	Huobi Global
	HODLNAUT			Cherry Swap	Deribit
AAVE*				swap rate	

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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

Without similar products to guide an estimate, market size is difficult to predict. However, based on centralized fixed-rate demand we estimate the currently obtainable market is likely in the range of ~$3B/year

OBTAINABLE MARKET

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CURRENT STATUS
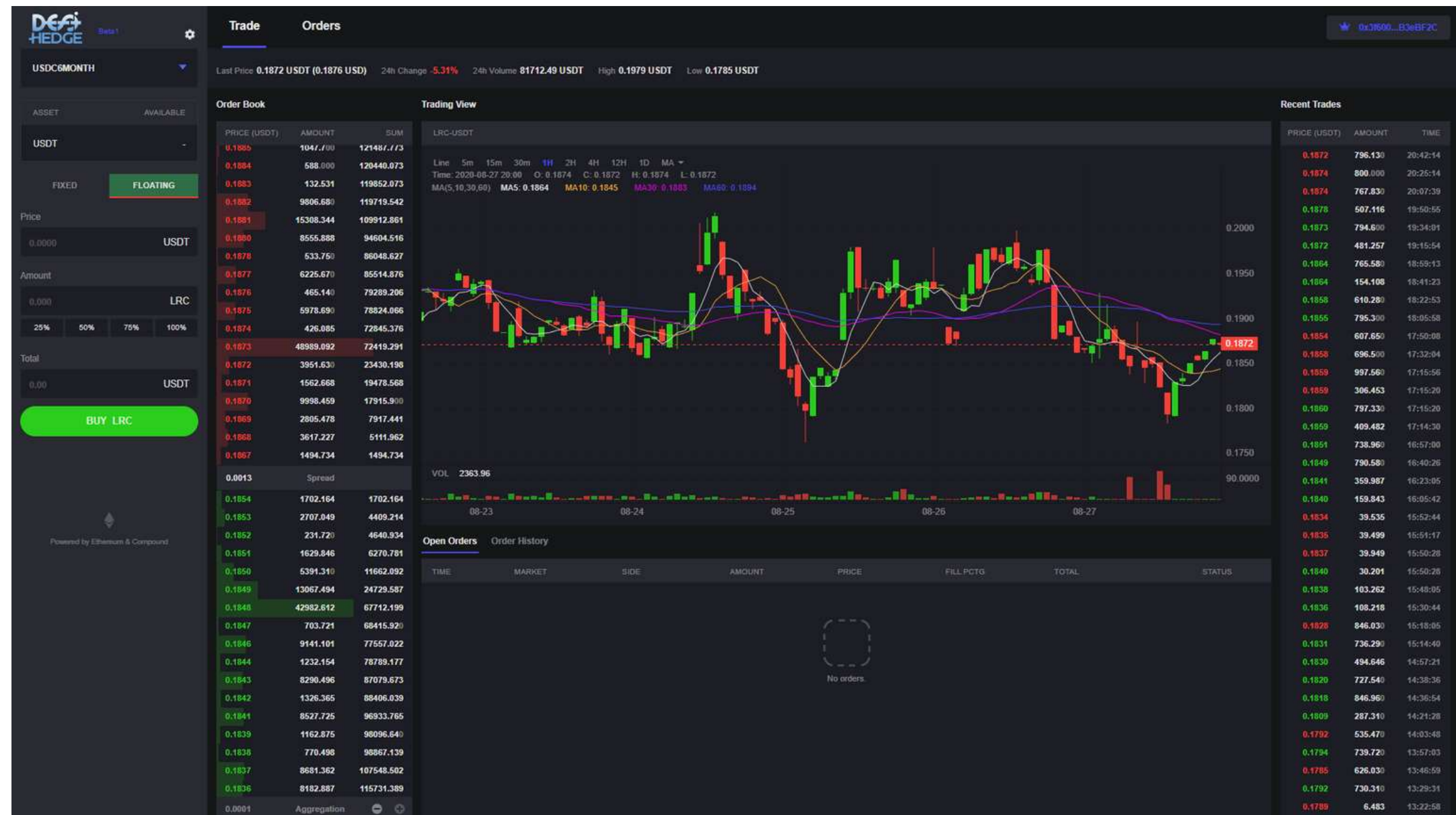
CONTRACTS

Basic MVP complete

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

EXCHANGE

Major UI components complete

Database established

Optimistic Beta 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

DEFI HEDGE

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

JULIAN TRAVERSA, FOUNDER

E-MAIL ADDRESS

JulianT@Nescience.io

Website:

DefiHedge.Finance