



Defi options trading

S-K

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The logo for OptionDeFi, featuring the word "Option" in black and "DeFi" in green, set against a white rectangular background.

OptionDeFi

Background

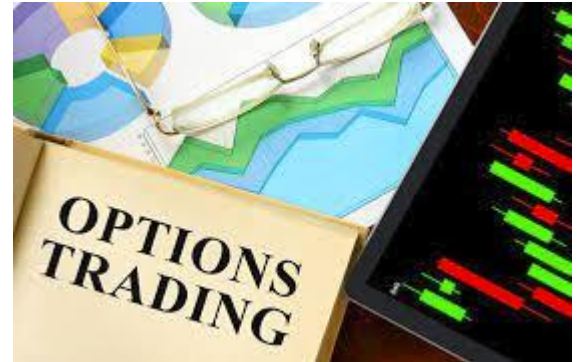
DeFi options are low-barrier borderless instruments that can be easily traded among peers on the platform without involving brokers or paying brokerage.

Pros

- Reduce risk
- High premiums for sellers
- Cheaper portfolio diversification
- Create users own customized options and vaults

Cons

- More sophisticated options are scarce
- High volatility — Price forecasting is difficult
- Leveraged transactions — magnify traders' potential gains or losses



Types

Call options give option holders the right (but not the obligation) to buy shares of stock, at an agreed upon price, on or before a particular date.

Put options give option holders the right (but not the obligation) to sell shares of stock, at an agreed upon price, on or before a particular date.



Target Market

The defi options market is vast, with an increasing trend in terms of quantity and quality of target users.

- **Hedger**, hedge against potential risk in crypto market (high volatility)
 - provide 7-day put option for crypto buyer
 - Each option is backed by the notional value held by the user, which eliminates counterparty risk and ensures that the option holder can always purchase or sell the underlying token in a pre-fixed price.
 - Companies or funds with event risk hedging needs, such as high exposure with crypto.
- **Speculator**, try to make a profit from a security's price change
 - Directional speculators, who take small chances with options, and who .
 - Volatility speculators.

Solution

An on-chain peer to peer option trading protocol built on MMD and cMMD(mock)

Create crypto

1. stablecoin (cMMD,usd)
2. unstablecoin (MMD,stock)

Create option contract

1. Seller write option
2. Buy option
3. Exercise option
4. Seller cancel option
5. Retrieve funds

Innovation



- User interface is easy to operate, which is friendly to new trader
- Continuously expanding functions
- MMD acts as underlying assets, cMMD acts as currency
- Move traditional derivatives trading to the blockchain
- No middleman involved, overall lower fees than traditional trading systems
- Reduced counterparty risk, since the rule is protected by smart contracts
- Automated system because of the use of smart contracts (condition-based)



Demo

https://github.com/Joe-Bradley/S_K





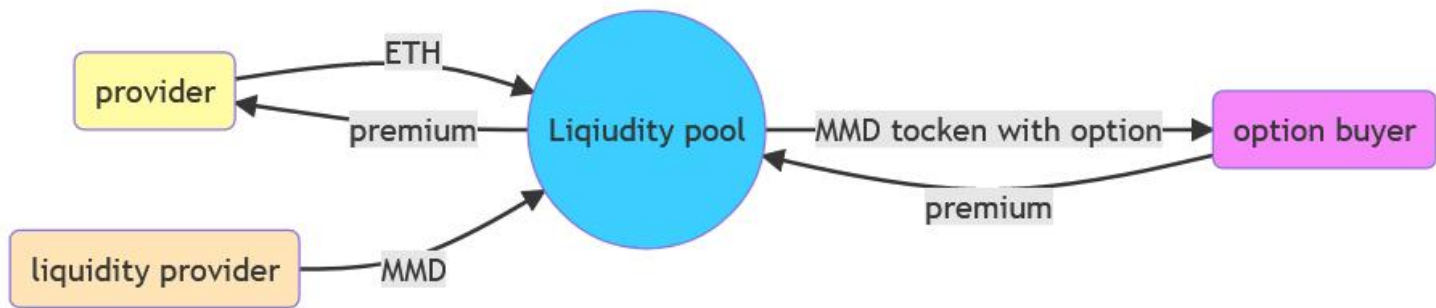
Future Enhancement Direction



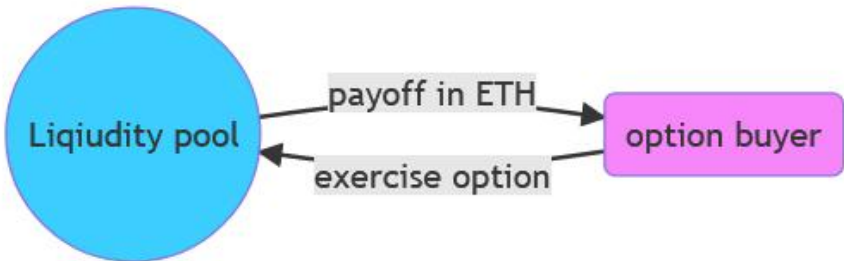
1. cMMD should be pegged to the USD
2. Exchange rate between cMMD and MMD should be floating
3. Implement a liquidity pool to allow buyers to decide the parameters of option they want to buy
4. Implement pricing function of option under 3
5. Logic for front-end interactions must be optimized, and quick feedback on errors must be provided.
6. Support different MMDs with uniswap

Business scenarios

Liquid pool & Option buying



Sell Option



Exercise Option



Thanks

Q & A

