The working mechanism of BinaryX

Settlement cycle

BinaryX has a fixed settlement cycle of XXXX blocks (Binance SmartChain). At the end of each settlement period, the BinaryX protocol will settle the profit and loss according to the agreed rules and pay out the revenue for that period to liquidity mining and token lock users.

Transaction

Users can transfer funds to the trading address agreed upon in the BinaryX Protocol. The type and number of tokens that can be transferred varies from one BinaryX Binary Options Protocol to another. The block in which the transfer of the user's Token is confirmed is considered to be a transaction in which the user's purchase of a BinaryX Binary Option is completed. The exercise price of the option depends on the price of the coin agreed upon by the BinaryX Protocol in that block (based on the price data provided by the Predictor and

DEX for that Token in the same block). The BinaryX protocol will compare the price of the underlying Token at the agreed block height to the exercise price of the option and determine whether the option is profitable or not.

The exercise yield of an option depends on the comparison of the amount of long and short orders purchased by the user and the size of the market maker's liquidity funds. Options purchased for larger amounts will yield a lower yield, and options purchased for lower amounts will yield a higher yield. BinaryX's agreement will dynamically adjust the size of the market maker's liquidity funds according to the user's trading size. Users who trade profitably will be rewarded with Tokens in the denominated currency based on the amount invested by the user and the yield of the investment, as well as a fixed percentage of BNXtoken as a profit bonus.

Liquidity Mining

Tokens that provide denominated currency to the BinaryX protocol will become liquidity miners for BinaryX. Users can transfer funds to and from BinaryX's liquidity mining pool at

any time. Funds from the liquidity mining pool will be used as a liquidity market maker for the BinaryX options protocol to provide liquidity to all trading users. Therefore, liquidity mining is subject to the risk of capital loss.

Users who participate in liquidity mining will be rewarded with BNX Token. The amount of the mining reward depends on the profit and loss of the liquidity mining pool on that day. After every XXXX block height, the liquidity pool will be settled once, and the mining bonus will be issued. If the BinaryX protocol is profitable compared to the previous cycle, all liquidity mining users will be rewarded with BNX Token equal to 50% of the profitable amount of BNX Token. Suppose the BinaryX protocol is at a loss compared to the previous cycle. In that case, all liquidity mining users are required to bear the loss in equal proportion and are compensated with BNX Token equal to 50% of the loss amount.

Users can transfer funds into or out of the liquidity mining pool at any time, but can only earn mining rewards after a full liquidity mining settlement cycle. New transfers to the pool are officially entered into the liquidity pool after the most

recent settlement. Until then, no potential losses will be incurred, and no liquidity mining bonus will be earned. Users who transfer funds out of the liquidity pool before a certain settlement will not receive the liquidity mining bonus for the current cycle. If the liquidity pool is in a loss position at the time of the transfer, the transferring user will also bear the same percentage of the loss.

Dividend lock-in

Users who have acquired BNX Token can lock their BNX Token holdings and enjoy the corresponding dividends. After locking the corresponding BNX Token, the user will receive the BinaryX Agreement dividends, the amount of which depends on the profit of BinaryX in that settlement period. If the BinaryX protocol is in loss for that cycle, the user will not receive dividends. Users will only receive dividends after a complete locked position for one cycle. BNX Token locked in the current cycle will receive dividends in the next cycle, and unfrozen BNX Token in a cycle will not receive dividends for that cycle.