



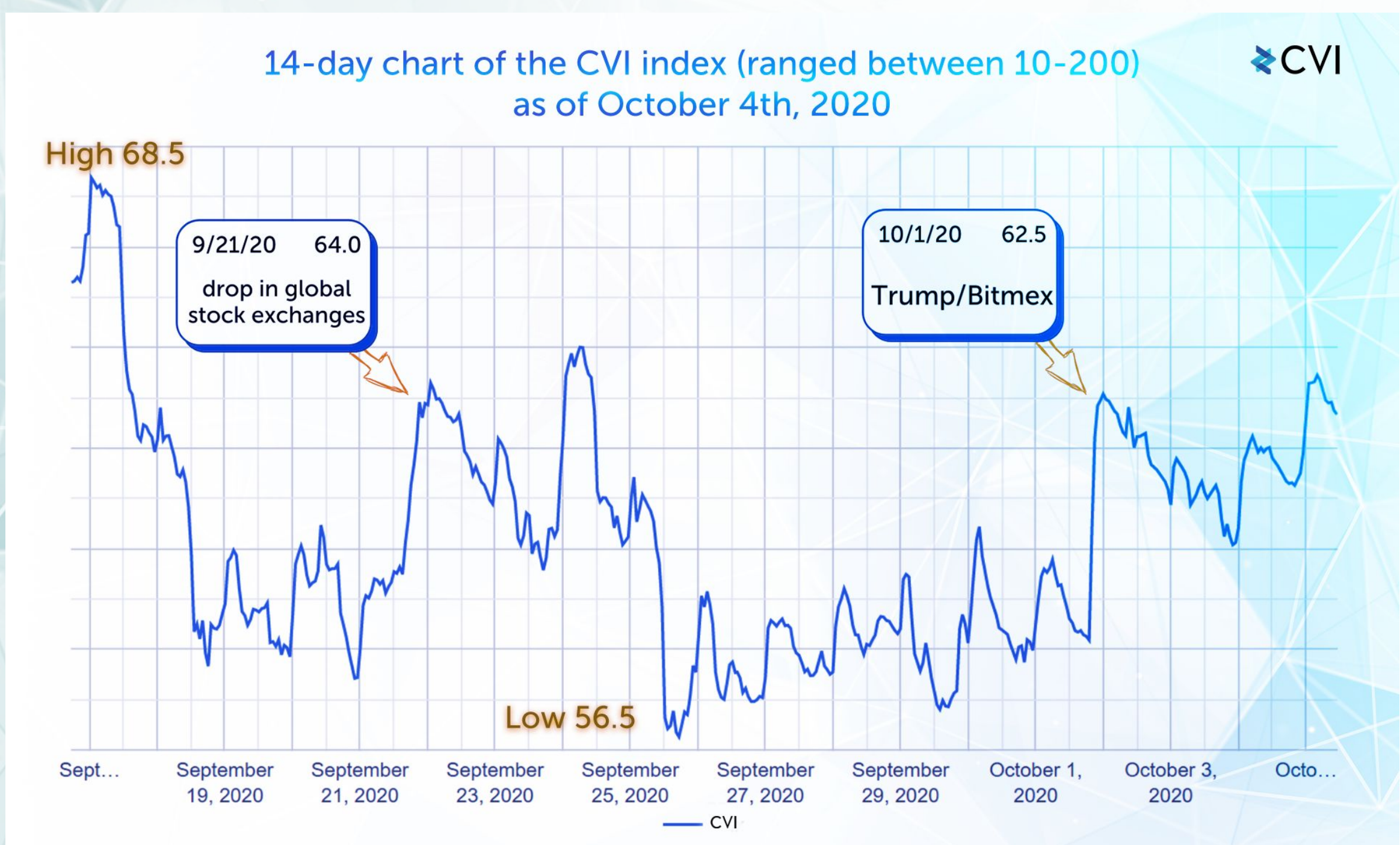
Market Fear Index for the Crypto Space

a Decentralized Volatility Index

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Executive Summary

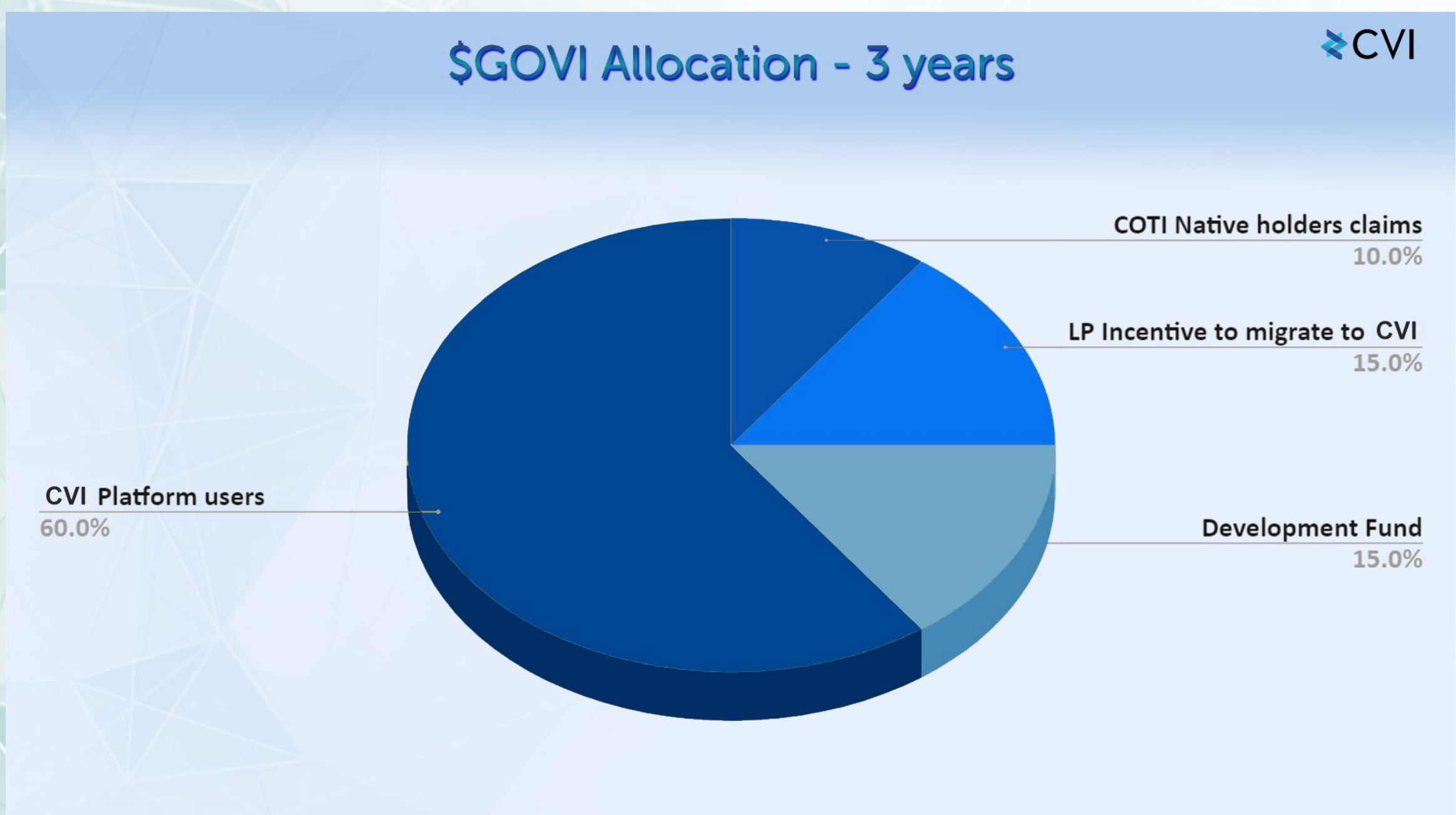
1. The VIX, commonly referred to as the “Market Fear Index”, is one of the most important indexes in traditional finance, allowing traders to hedge or to take profit from market volatility.
2. The emergence of the Crypto derivative market has signaled the need for solid pricing strategies as well as reliable risk measures. There is a growing need for a new decentralized volatility index that provides a proper estimation of the risk measurement of the cryptocurrency components, and a delivery of market status information to potential investors
3. **As such, COTI is launching CVI, the first decentralized version of the VIX for the crypto market, covering major crypto assets.**
4. CVI is created by computing a decentralized volatility index from cryptocurrency option prices together with analyzing the market’s expectation of future volatility and working in a decentralized fashion by using a network of decentralized Chainlink oracles.
5. The following is a 14-day chart of the CVI index (ranged between 10-200), as of October 4th, 2020. This demonstrates the correlation the index has with macroeconomic events that affected the markets, such as the drop in global stock exchanges from September 21st and the events surrounding the Bitmex lawsuits and Trump Coronavirus news on October 1st:



6. COTI is also introducing a fully decentralized and self-adjusting trading system that enables a permissionless way to enter long/short positions on CVI. Traders can use the CVI in order to hedge their cryptocurrency holdings against volatility, and liquidity providers on CVI play the role of the counterpart for every trade made on the platform.

7. Usage examples:

- a. Trader 1 (Alice) enters a position in the CVI platform and deposits 4 ETH as she anticipates increased market volatility, and wants to hedge her current cryptocurrency portfolio, which contains several currencies such as: BTC, ETH, LINK etc. When Alice entered her position, the CVI value was at 40 (out of 200), therefore each CVI index point cost Alice 0.2 ETH (40/200). After a few days, due to COVID-19 fears, the market became increasingly volatile and Alice's cryptocurrency position sustained losses as a result. Due to the volatility, which in this case pushed the market down, the CVI index went up to 80, leading to profits on Alice's CVI position. Alice now has ~7.98 ETH (40 to 80 climb, or 100% gain, while paying some fees).
 - b. Trader 2 (Bob) is a volatility trader. He profits when the market is volatile and loses during times of market stagnation. Bob is also a liquidity provider on Uniswap, but wishes to diversify his liquidity provisions and to avoid an impermanent loss. Bob deposits 60 ETH into CVI's collateral pool (LP) in order to diversify, as he believes that the CVI LP is more profitable due to the fact that generally speaking, a fear index always returns to its mean value when the market settles and he sees the current value (80) as too high and wishes to short it.
8. The \$GOVI token will be introduced and act as a governance token for the protocol and platform. Holders of \$GOVI will share platform fees and will vote on matters such as the tradable assets, leverage used, deposit amounts, platform fees, and more.
 9. The \$GOVI total supply is minted gradually over three years and is capped to 32M \$GOVI tokens, with no option to mint more. The \$GOVI tokens three year allocation distribution:



- 10% \$COTI native coin holders (3.2M tokens)
- 15% incentives for liquidity providers to migrate to CVI(4.8M tokens)
 - COTI - ETH Uniswap liquidity pool - 1.6M tokens
 - Other Uniswap liquidity pools combined- 3.2M tokens
 - Both of the above allocations are - locked until the platform is launched and achieves a set milestone
- 15% development fund - distributed over 3 years (4.8M tokens)
- 60% users of the CVI platform for their usage and liquidity - distributed over 3 years (19.2M tokens)
 - Platform liquidity providers - 12.8M tokens
 - Platform usage- 6.4M tokens

10. CVI will be launched with support for trades and deposits with ETH and USDT and will rapidly grow to support other tokens. \$GOVI token holders will play a critical role in determining what these new tokens introduced to the platform are.

Website: cvi.finance

Telegram (Group): t.me/cviofficial

Telegram (Channel): t.me/cvichannel

Twitter: twitter.com/CVlofficial

Medium blog: cviofficial.medium.com