

OPTIONBLITZ

DECENTRALISED OPTIONS TRADING PROTOCOL

WWW.OPTIONBLITZ.CO



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EXECUTIVE SUMMARY

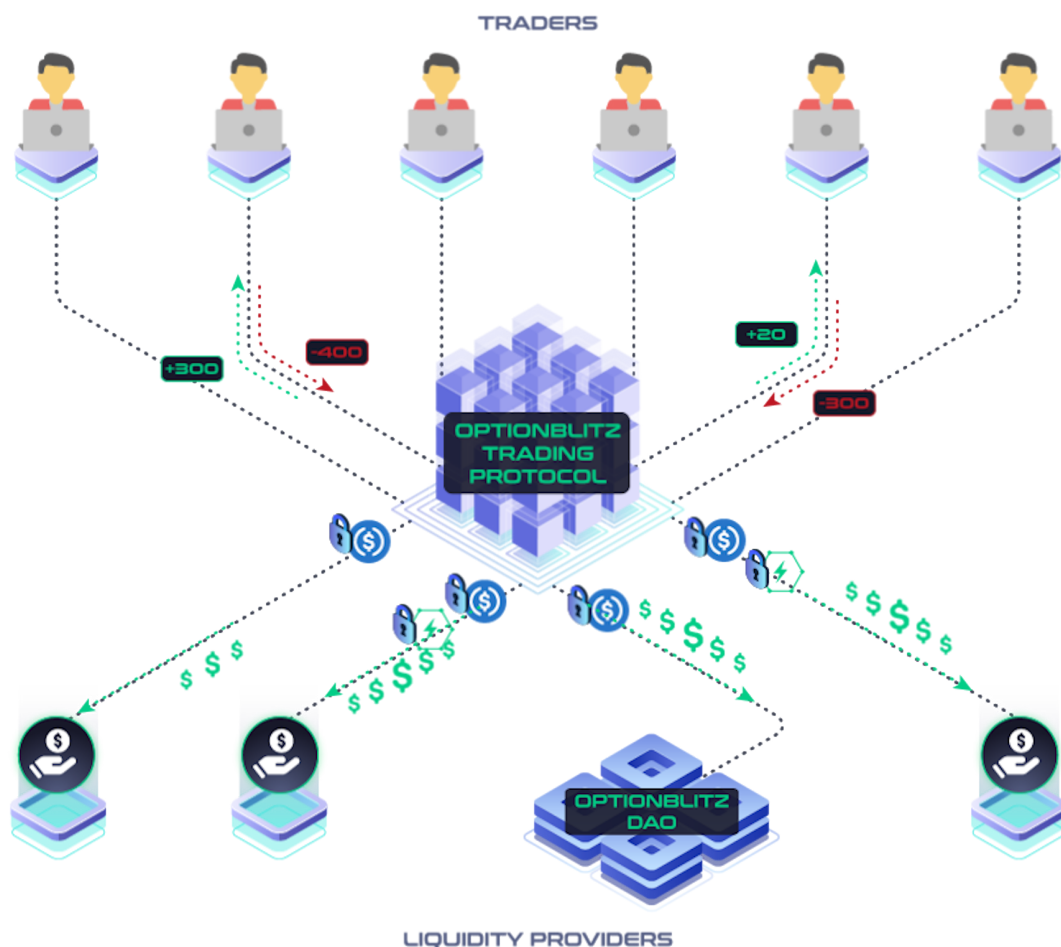
BUSINESS SUMMARY

WHAT IS OPTIONBLITZ?

Optionblitz is a decentralised trading platform built on an Ethereum Layer 2 scaling solution called Arbitrum, to enhance performance and deliver a better, fully-permission-less user experience for its clients.

Products available to trade with include digital options, classic options and our flagship trading product: Turbos. We bring the world's first decentralised Turbos to the blockchain, combining the features of leveraged certificates with perpetual swaps.

Optionblitz also supports liquidity mining in the form of USDC staking. Liquidity providers can stake USDC in exchange for a revenue share with flexible conditions enabling total control of their investment with zero impermanent loss.



Optionblitz will deploy a DAO “Decentralised Autonomous Organization” as a separate entity to initially bootstrap the liquidity for the Optionblitz trading protocol and give members BLX tokens in exchange. These tokens will support multiple utilities including governance rights over the DAO, staking power enhancement on USDC yields plus discounted trading fees.

Finally, a transparent affiliate program will develop growth and penetrate large communities of traders around the world. Continue reading as we explore all these concepts and features.

BUSINESS CASE

The world-wide forex and crypto trading economies are huge and sustain millions of traders every day, DeFi secures billions of dollars of capital and the appetite for new trading opportunities is constantly evolving. As these opportunities arise so do the risks and the regulations. Blockchain technology offers the chance to build highly efficient markets with maximum transparency and security. As the Optionblitz trading platform runs inside a trusted execution environment, clients can secure their funds on their own devices. Users know their funds are safe, their funds are always in their control and they can avoid cases of fraud which is rampant among Forex brokers.



Optionblitz is providing a service that is open to everyone. The protocol cannot discriminate clients based on the performance of their account or ban them from trading, instead careful algorithms regulate risk according to various on-chain metrics.

USP REVIEW

With new projects entering the space all the time, how does Optionblitz compare to them? Our initial analysis showed that the majority of emerging derivatives projects recycled each other's ideas but all shared the same characteristics. They offer more conservative products and cater to the long-term investor. We have fine-tuned our platform to suit clients that typically settle trades the same day down to as low as 10 second trade windows. We also present our 'Turbos' which we believe will set a new standard in the industry due to fundamental advantages they have over the incumbent perpetual swaps/futures products common in the crypto market. We explore these later in the features section.



Most of our competitors lack an attractive UI/UX; their websites are clunky and hard to understand. We have worked hard to streamline our user experience and include many markets which are excluded due to a lack of banking partnerships. We have created what is possibly the most intuitive and attractive user interface complete with all the most important charting tools and add-ons. It runs in any web browser and doesn't require any downloads. We even have a browser wallet/secure portal if a client does not have access to a dapp wallet like Metamask or Trustwallet. It's fast and easy to deposit in almost any cryptocurrency or buy it via our fiat gateway partners.

Optionblitz also benefits from first-mover advantages by deploying to Arbitrum and spearheading the shift from Layer 1 Ethereum into Layer 2. The massive demand for Layer 2 projects is really exciting and the next generation of blockchain applications has arrived.

If you are not a trader, we have a very attractive liquidity mining program offering excellent rewards/yields on USDC provided to the protocol. Participation in Optionblitz is also possible through the Optionblitz DAO offering a chance to enter the heart of a DeFi trading powerhouse from the very beginning.



OBJECTIVES

SUMMARY

Optionblitz's objective is to become the most popular on-chain options platform within 12 months and offer traders the best experience in the market. We aim to give traders a stable trading system which offers best-in-class execution and zero price impact trading.



We also aim to offer our users a variety of products to satisfy different risk profiles and allow them to build sophisticated structured products to support the most comprehensive trading strategies.

MISSION

- To be the number 1 derivatives trading platform on Ethereum Layer 2.
- Constantly innovate and develop new trading products catering to all risk appetites
- Enhance our traders experience by securing key partnerships with influencers, communities and developing our Trading Academy
- Deliver on all proposals made to the Optionblitz DAO and maximise returns to investors.
- Maintain and secure all systems with regular reports and economic audits.
- Invest in Research & Development and key Human Resources to explore new technologies and ways to optimise our business.

#2 OPTIONBLITZ TRADING PROTOCOL

FEATURES

Optionblitz offers a range of trading products and a suite of features to support the user's experience. The trading platform's liquidity is provided in the form of USDC tokens by liquidity providers who receive a revenue share in exchange for their investment.

The entire platform is built on Arbitrum and uses decentralised Chainlink price oracle systems to get data feeds into the smart contracts, simultaneously transmitting real-time prices to the UI.



To get started clients just need to buy USDC and can get this by purchasing from our payment gateway partners inside the app or by connecting to the built-in coin swap services to trade altcoins for the native token.

PRODUCTS

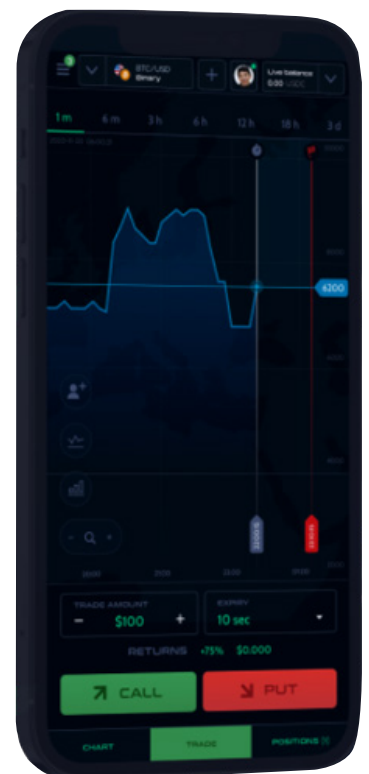
DIGITAL OPTIONS

Binary options have been developed for the platform which offer traders the ability to speculate on simple changes up/down in the underlying price of an asset. Expirations range from 10 seconds to 1 hour.

Touch and no-touch options or Knock-in/Knock-out digitals are also supported allowing traders to fully customise their trading parameters with the ability to set custom barrier levels and receive fair and transparent pricing for successful predictions.

CLASSIC OPTIONS

American options are traditional derivatives and ours are no different. We offer expiration ranges from 10 minutes to 24 hours across a large range of asset classes.

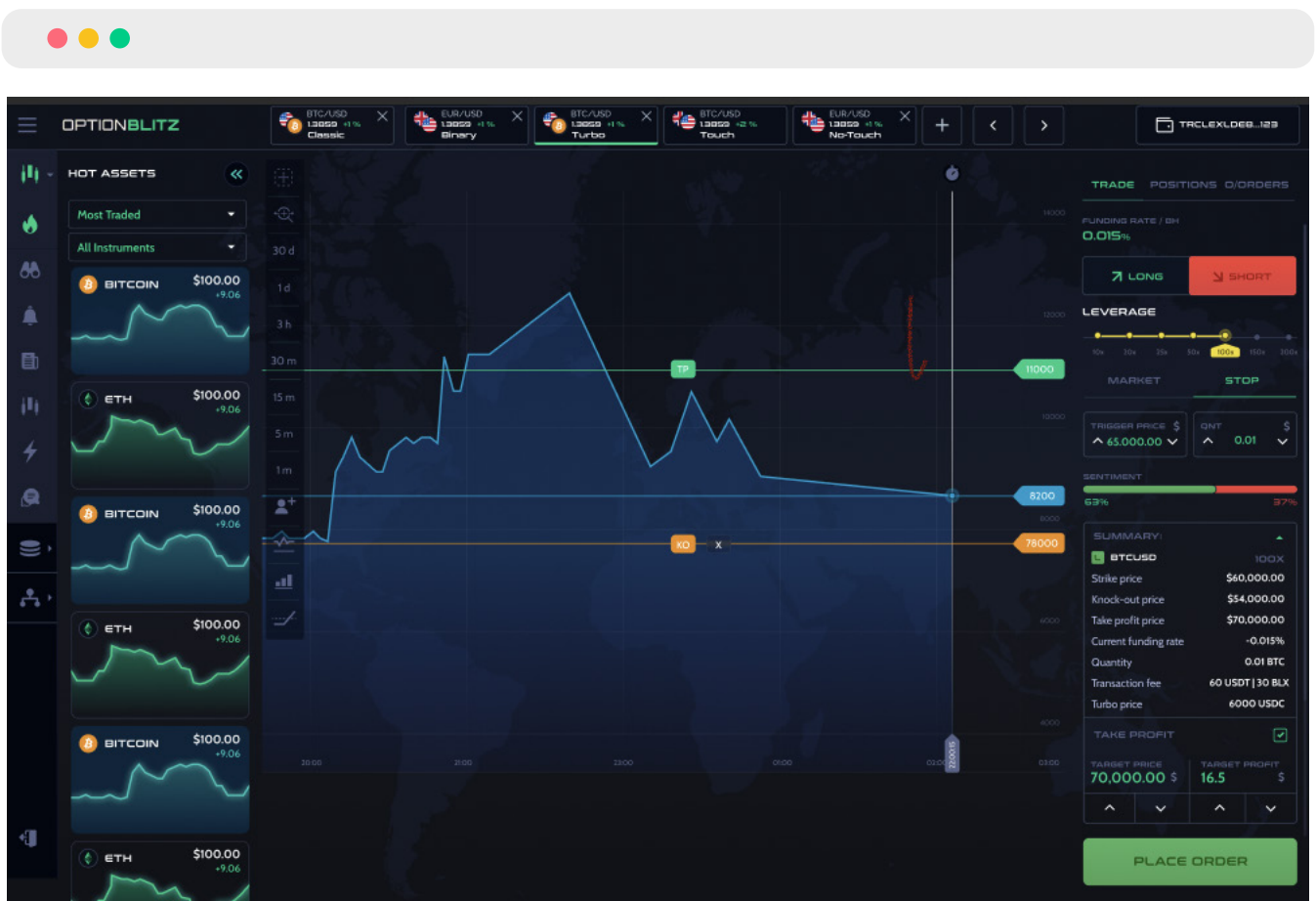


TURBOS

Our flagship trading product! Turbos are leveraged products and function very similarly to perpetual futures but with some differences. You can go long or short but with Turbos your risk is capped, there is no margin. Instead, you have a knock out level and if this price is hit then your position is terminated. You can settle a Turbo at any time and there is no expiration time.

Just like perpetuals, Optionblitz Turbos have a Funding Rate Mechanism built in. This balances long and short positions by charging the side which is the most biased, an interest rate. These Turbos fundamentally have lower Funding Rates than perpetuals because they cater to traders that hold positions for under a day. They also allow much higher leverage safely, up to 200x since there are no margin calls. Most perpetuals have a liquidation level at 50% of margin so in volatile markets, high leverage is impossible.

We believe we have introduced a new instrument that fits a space in the market and can be combined with other products to produce sophisticated trading strategies.



REVENUE MODEL

FEE STRUCTURE

Optionblitz collects fixed fees and distributes them to liquidity providers in different ways.

	Transaction fee /notional	Spread/ notional	Collateral	Liquidation fee
Digital options	-	-	Trade amount	-
American options	0.1%	-	Option premium	-
Turbos	0.1%	-	Turbo premium	-

LIQUIDITY PROVIDER PROFIT DISTRIBUTION MODEL

	USDC + no lock duration	USDC + BLX + no lock duration	USDC + max lock duration	USDC + BLX+ max lock duration
Digital options ^[1]	12%	18%	24%	36%
American options ^[2]	20%	30%	40%	60%
Turbos ^[3]	30%	45%	60%	90%

This table describes the revenue share opportunities for different investment categories. All liquidity providers require USDC but they can choose how long to lock funds inside the staking protocol. They can configure 'no lock duration' which means they can withdraw their funds on-demand. The maximum lock duration has a multiplier effect on the returns and this is capped at 52 weeks duration with a +50% pay-out boost.

Bonding the BLX token to your stake will also multiply your returns with a maximum +50% pay-out boost offered.

AFFILIATES

Affiliates earn based on the total trading revenue generated by their own account and any referrals they make. Up to 12.5% of net profit on digital options and up to 40% of transaction fees collected on leveraged products.

¹ Digital options distribution based on net profit, deposits – withdrawals

² American options distribution based on net revenue, premiums – payoffs

³ Turbos profit distribution, Liquidity providers earn share of net revenue, inflows – outflows

RISK MANAGEMENT AND REVENUE

INTRODUCTION

The platform offers derivative products to the market. These are priced with industry standard techniques, which are sometimes simplified for the testing phase. At the final phase, i.e., before moving to mainnet, pricing will become more comprehensive.

This part is split into three logical parts:

- 1 Discussion of pricing and margin structure.
- 2 Risk management framework includes:
 - a Risk modelling and measuring
 - b Risk management with limits and Risk Capital
 - c Link of Risk Capital to Liquidity provided by Liquidity Providers
- 3 Revenue and profitability estimations

Overall, the approach is this. First, we define products, understand their price and risk performance with respect to price and volatility of the underlying. Second, the risk is equalised to the collateral, which is used to manage capital consumption. For our estimations we parameterize the relationship between product risk and its notional. Third, total collateral level is used to constrain capital consumptions and, therefore, we can estimate the respective notional to be traded. From that we calculate profitability due to profit margins and fees per unit of product and investment.

PRICING AND MARGINS

All products offered to clients are divided into two major classes:

- ➔ Bet products, where loss is known at the moment of sales (trade) and it is limited upfront. These are binary options: simple bet, one touch, no touch, double touch and double no touch;
- ➔ Another class are products with potentially unlimited losses for Optionblitz. These are European/American options and turbos.

To clearly describe their profit/loss structure let's define PnL contributions as following:

$$PnL = P_{\text{purchase}} - P_{\text{payoff}}$$

→ P_{purchase} is price at which product is offered and is sold to the customer.

→ P_{payoff} is payoff for the contract if anything to be paid.

Note, that $P_{\text{fair}} = E[P_{\text{payoff}}]$, is fair value, which is equal to the expected payoff. Over the long-term horizon their expected difference is zero, however, since both are paid and received at different points in time, their intertemporal mismatch generates fluctuations and hence generates risk to the balance of Optionblitz.

Risk forces us to keep a capital buffer, which protects Optionblitz from the default. This generates cost due to the lost investment opportunity. To compensate for that Optionblitz charges fees and profit margins. Margin must exceed price of risk to maintain overall PnL positive over the long run.

Then, the resulting revenue will be divided among:

- LPs, as part of the fee for their liquidity contributions, and
- shareholders, as part of reward for their initial investments and development efforts
- Refill capital levels during the period of great losses taken by Optionblitz

VOLATILITY

Price and risk of the product depend on the volatility. Optionblitz calculates volatility for each asset class off-chain from an oracle using 5-min interval data. We then apply an Exponentially Moving Average (EMA) algorithm and then record this value to the blockchain every hour. Volatility at other time horizons is scaled with simple root-square rule.

RISK MANAGEMENT AND RISK CAPITAL

Risks for these two product groups are calculated differently:

- Digital options/Binaries
- American options and turbos



In the first group risk is equal to the potential payment. In the second group, risk is equal to the change of value due to the worst-case-scenario estimated at the moment of sale.

COLLATERAL AS CAPITAL MANAGEMENT TOOL

Every sold contract contributes to PnL, but also adds risk to the book of Optionblitz, which requires strict measurement, management and control.

The risk is set equal to collateral locked with the contract. Contract decides what to do with collateral, when it triggers certain conditions predefined at the moment of trade. This guarantees fulfilment of the deal and provides control over consumption of the capital. When capital is completely consumed, Optionblitz stops selling products. Platform will resume trading when some of the collateral recovers and the capital is free again. System makes sure this condition is always satisfied:

$$\sum collateral \leq TotalCollateral = Capital < LiquidityPool$$

INSURANCE FUND

Binaries and Americans expire at maturity; therefore, collateral management is applicable. In contrast, turbos are perpetual products and, therefore, the collateral system will not work here.

Instead, Optionblitz is building up a separate Insurance Fund which buffers all ongoing losses. Turbos profits refill IFund levels. IFund level is defined such that it is able to absorb a few days' losses. All excess is defined as profit and distributed to investors. Overall risk is controlled via current risk exposures within the book:

$$\sum risk \leq TotalRisk < InsuranceFund < LiquidityPool$$

CONCENTRATION RISK AND DIVERSIFICATION

Optionblitz will market products indexed on 20 different underlyings in crypto, forex, metals and energy commodity classes. Their correlation is not perfect, which provides certain diversification to the portfolio of Optionblitz. Optionblitz has no intention to leverage on this diversification.

To maintain further diversification of the inventory, we regulate maximum sizes of products to reduce concentration risk. It is needed because if a trader buys one product generating risk consuming whole capital, Optionblitz will become exposed to the risk of losing it completely. High granularity of portfolio with products sold at different times and underlying levels allows for better inventory diversification. Optionblitz aims to maintain the number of individual product units sold no less than 1000, hence we will limit the maximum notional of every single product to be sold per underlying. Specifically, for binary options, our maximum trade size allowed is \$1000 and is never lower than \$1, always subject to the size of the Capital allocated.

INVENTORY RISK AND BOOK ASYMMETRY

Optionblitz liquidity providers are the ultimate counterparty to traders buying our products. It is possible that under trending scenarios all traders will like to buy products in one direction. This will create directional exposure for Optionblitz, i.e., create inventory asymmetry. When traders purchase calls and puts at an equal rate uniformly across the time, then by the law of probability half of losing accounts would partly subsidise the payments towards winners. However, when purchase rates are asymmetric and positively correlate with price trend this will lead to more wins for traders and more losses for Optionblitz. Effectively, it is a delta exposure. To balance such situations and get compensated for taken risks, Optionblitz implements risk brackets and price adjustments:

The asymmetry of inventory is transformed into **Adjustment Coefficient**, which is added to the price at the offer. This add-on is sensitive to how much collateral is currently submitted due to purchases in one direction (either call or put). It is also sensitive to how much capital capacity is left at disposal of Optionblitz;

Adjustment Coefficient is applicable to prices of all products, but Turbo. In the case of Turbo, products are sold at par, but at a fee, which covers risk over the initial period. The turbos barriers are shifted at Funding rate per hour to compensate for the running risks over next periods. Hence the longer the position is held, the more Barrier is shifted.

EMERGENCY MANAGEMENT

Emergency market intervention simply consists of the ability of the protocol operator to suspend/enable markets. This action can only be applied to new traded positions, because Optionblitz cannot force premature settlement of any existing client position due to the irreversibility of crypto transactions.

Optionblitz can be stopped manually in case of an attack or to reverse negative PnL trend.

RISK CAPITAL AND LIQUIDITY PROVIDERS

RISK VS RETURNS & ROI



Liquidity providers contribute to Liquidity Pool (LPool). Part of it is used as a resource to manufacture products sold. Each product is expected to bring profit, either as profit margin or via fees or both. Risk is limited via Collateral account or via 'TotalRisk' account. All this creates a link between risk and volume of products sold (expressed in notionals). From this we can estimate profitability.

To understand the link between profitability, notionals and risk profile of each product a number of product models were created. All of them assume simple Brownian motion, the one used in many models including the famous one named after F. Black and M. Scholes. Its ingredients are constant volatilities and Gaussian distribution of price increments. However, the volatility of the real market is stochastic. To cope with this problem, we make calculations for different volatility regimes and choose the most pessimistic estimates.

So, in short, we can say that given market conditions and adverse behaviour of customers (traders) we steer Optionblitz-portfolio risk within limits of available capital to generate healthy profits. **Summary of revenue sources structure is the following:**

- Binaries products are sold with an embedded margin of an approximate level of 20% of potential Win. It is not guaranteed though, and depends on the relation between market conditions and customers behaviour. Asymmetry adjustment is charged to guarantee book delta-neutrality.
- Americans are sold at a transaction fee of 0.1% plus premium calculated with Black-Scholes using historical volatility. Asymmetry adjustment is also applied. Maturity or option exercise is for free.
- Turbos are sold and bought back at a transaction fee of 0.1%. Since turbos are perpetual, we have chosen to charge Funding Rate as a fee every period, except the first one, when a transaction fee is charged. Funding rate is an average of risk premiums calculated over all turbos in the book of the same underlying.

Liquidity pool is shared among all products. In the estimations we assume that some products will be more popular than the other and hence we assume this distribution of the capital:

- a Binary – 10% (in equal share between sub-products)
- b Classic options (American and European) – 20%
- c Turbos – 70%

This distribution is indicative and may change. They depend on the market situation and client response.

Implementing all the above discussions, the model delivers the following:

	Binary	American	Turbos
Allocation	11%	18%	71%
Notional/Capital	1	80	20
Profit Margin	12%	0	0
Fee rate	0	0.1%	0.1%

Table items are:

- **Allocation** is a proportion of total Capital allocated to a product set. 11% of Capital allocated to binaries is distributed evenly across all 5 products (roughly 2% each)
- **Notional/Capital** factor for American says that every 1 USDC of capital corresponds to 80 USDC of Notional. Or equivalently, American option with Notional of 80 USDC will generate the risk at 1 USDC level. Similar meaning is applicable to other products
- **Profit margin** is an add-on averaged across all 5 binary products: Simple Bet, One-Touch, No-Touch, Double-Touch, Double-No-Touch. In our American and Turbos we do not add any profit margin on top of historical volatility. However, it is a very gross assumption. Optionblitz sells options and has to stay at least at the level of the market, which is reflected by implied volatility. We estimate that today the IVol/HVol for ratio is about 1.16 for Bitcoin. This is in line with estimations for Equity, Commodity etc, where IVol consistently exceeds HVol by 10-20%. Hence, consider our profit estimations as pessimistic.
- **Fee rate** is applied to Notional of American and Turbo products. No transaction cost is applied to any binary product

REVENUE AND PROFITABILITY ESTIMATIONS

By assuming that Optionblitz is able to attract 10M of the capital, Digital Options, American and turbos will receive 1.1, 1.8 and 7.1 M USDC of Capital, respectively. In our factored estimates these values are converted into Notional volume to be sold every day. From this we may find cash amount due profit margin and transaction fees.

These numbers are summarised in the table, where Total Profit includes revenues from profit margin and fees collected from transactions.

	Digital Options	American	Turbos
Notional / Deposits	401.5 M	52.3B	51.8B
Total Profit, cash	48.2 M	49.4 M	51.8 M

Finally, profit expectation is about 154 M of USDC. To remind, this amount is expected to be generated on 10 M of Liquidity provided. This is quite ambitious. However, we want to limit capital usage such that Optionblitz can “sustain the wind” during 10 days. This will reduce the capital to 52 M of USDC.

We can now study the APY returns of different investor categories according to pessimistic, target and optimistic outlooks.

		Pessimistic	Target	Optimistic
	USDC + no lock	28.25%	50.07%	58.89%
Investor category	USDC + BLX + no lock	56.50%	100.14%	117.77%
	USDC + max lock	42.38%	75.11%	88.33%
	USDC + BLX + max lock	84.76%	150.21%	176.66%

The model above assumes 90% capital utilization per day which is equal to 9,000,000 USDC capital consumed. This is roughly equivalent to the sale of 4900 products per day assuming an average outlay between 150 and 250 USDC per product. Our target and optimistic returns forecasts add provision for volatility margin. We explained previously that implied volatility usually exceeds actual volatility by 10% to 20% so if we estimate conservatively 5% and 7% volatility margins on our outlooks, we can see how it influences our returns profiles.



OPTIONBLITZ TOKENOMICS

OPTIONBLITZ DAO



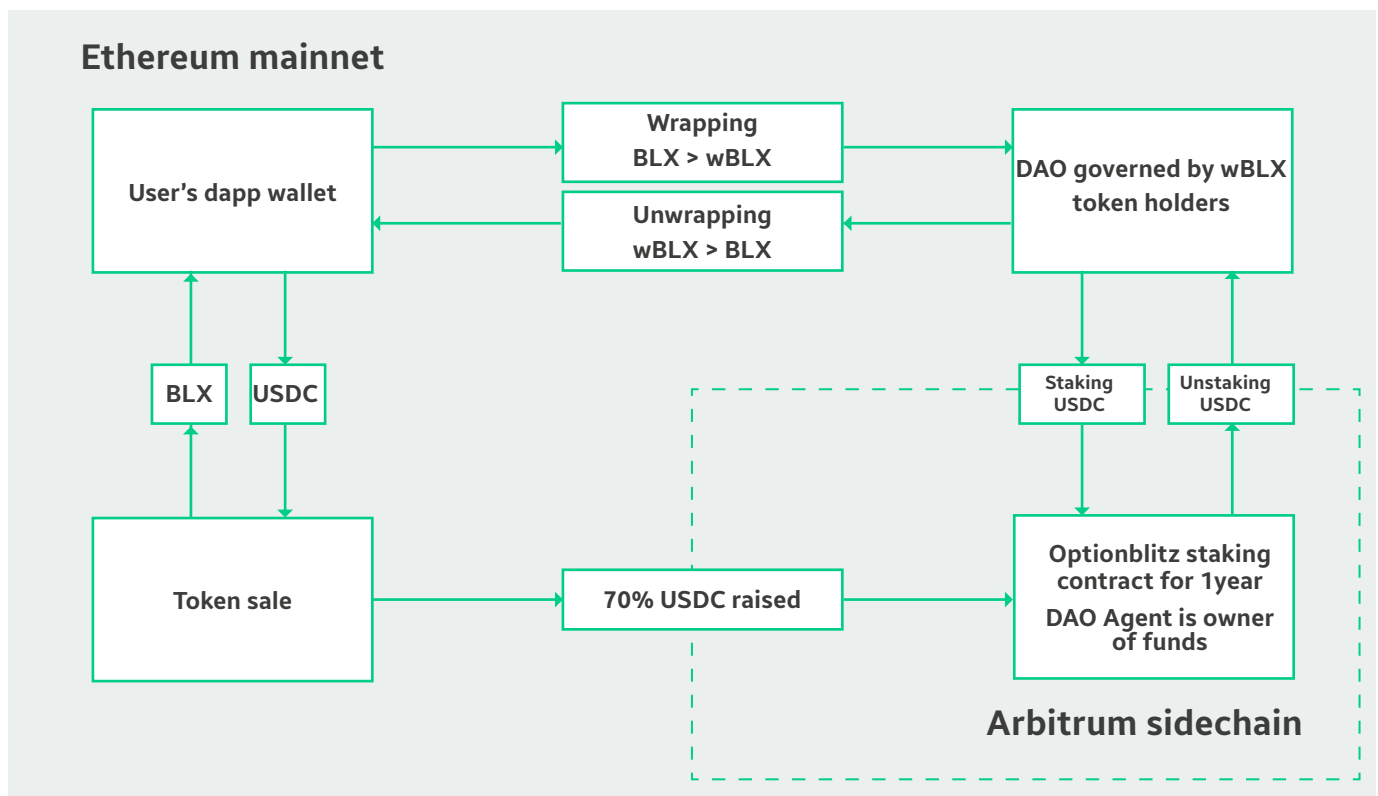
SPECIFICATION

Optionblitz DAO is a decentralised autonomous organisation driven by the community of BLX tokens holders where BLX is an ERC-20 utility token minted on Ethereum mainnet.

To enable optimal performance and UX for stakeholders, Optionblitz DAO will be deployed on the Ethereum chain. The Aragon platform will be used as a basis for the DAO. Due to the nature of ERC-20 tokens standard BLX tokens will be wrapped to be able to give its owner a voting power in the DAO.

The Optionblitz DAO functions like a completely separate entity to the Optionblitz protocol. It is deployed before the token sale event and controls the funds used to bootstrap the liquidity for the protocol. The funds raised are transferred to the staking pool of the protocol and locked for a minimum of 1 year. After this lock duration has elapsed the DAO stakeholders can make proposals on how to use the funds by voting with their BLX tokens. Governance related topics are discussed at forum.Optionblitz.co

SCHEMATIC OF THE TOKENS MOVEMENT:



The DAO is an extremely flexible system which adds value to the project by democratising the decision processes that affect our stakeholders the most. The mission of DAO is to continuously develop the Optionblitz ecosystem.

The DAO has a treasury. The asset in this treasury comes from:

- Share from the fee captured by Optionblitz ecosystem from staked funds.
- Sale of BLX in the treasury
- Fees captured from Uniswap token listing
- Other payments made to the DAO such as withdrawals from the insurance fund

The asset in the treasury is used to assist the DAO mission. Its specific usage includes but

not limited to:

- 1 Liquidity mining: Add liquidity to products in the Optionblitz ecosystem
- 2 Governance incentive: Incentives for BLX holders who participate in community governance
- 3 Development incentive: Incentives for community starters and community managers
- 4 Audit fee and other required fees
- 5 Buyback BLX from the secondary market. The BLX will be part of the treasury asset.
- 6 Provide liquidity for BLX (in the BLX liquidity pool on Uniswap)

GOVERNANCE

FUNCTIONS OF THE DAO

BLX holders have the governance right of the DAO. The DAO applies the “Off-chain discussion, On-chain governance” method. Since the governance is on the chain, every proposal is essentially an executable smart contract.

The DAO governance includes:

- Managing the specific usage of the treasury asset;
- Managing risk management parameters of the protocol such as insurance fund conditions.
- Upgrading the DAO and Optionblitz protocol smart contracts. To upgrade any protocol smart contracts, Optionblitz admin has veto power. This means that the DAO would have to fork the code in the event that Optionblitz admin rejected an upgrade proposal. This is to protect against malicious attacks.

The Optionblitz governance proposal needs to be initiated by BLX holders, and the initiator's BLX voting power has to be no less than 1% of the issued total. The voting quorum has to be no less than 5% of the issued total. The proposal initiator is set to vote yes.

A BLX holder can delegate the voting power to another holder.



GOVERNANCE PROCESS

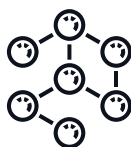
The Optionblitz governance will have 3 distinct stages:



Early days - during this period, the team is in full control of the project and no voting is done. This is because there will be bugs and events which require immediate hotfixes and this cannot be done really democratically.



Semi-decentralisation - during this period, the team is still in full control of the project and can deploy hotfixes same as above, but for the non-urgent decision, it can take community input via a forum or even via off-chain voting like snapshot - <https://snapshot.page/#/>



Full decentralisation - during this stage the project is fully decentralised and all decisions are done via a strict procedure and all voting is done on-chain. The process is detailed below:

The process for suggesting and implementing a proposal will closely follow Uniswap's governance process, with tweaked parameters and an additional Tender step.

PHASE 1

TEMPERATURE CHECK

The purpose of the Temperature Check is to determine if there is sufficient will to make changes to the status quo.

To create a Consensus Check:

Community member (A) asks a general, non-biased question to the community forum about a potential change (example: "Should daily LP rewards be increased to 0.02%?").

Voters vote on-chain to indicate their interest in bringing it forward to the next stage. Voting lasts five days, or until 5% of the voting pool backs the proposal.

If the proposal gains 5% of the pool backing, it moves to the next stage – consensus check.

PHASE 2

CONSENSUS
CHECK

The purpose of the Consensus Check is to establish a formal discussion around a potential proposal.

To create a Consensus Check:

Community member (A) uses feedback from the Temperature Check post and creates a new poll covering the options that have gained support. This poll can either be binary or multiple-choice but should include the option “Make no change” or its equivalent.

Community member (A) creates a new topic in the forum titled “Consensus Check — [Your Title Here]”. This will alert the community that this topic has already passed “Temperature Check.” Community moderators should immediately remove any topics beginning with Consensus Check that have not passed Temperature Check. **Community member (A) makes sure that the discussion thread links to the:**

- Original Temperature check thread
- Original Temperature check poll
- The new poll for the Consensus check

Community member (A):

- Reaches out to their network to build support for the proposal.
- Discusses the proposal and solicit delegates to vote on it.
- Responds to questions on the Consensus Check topic.
- Shares their viewpoint, although tries to remain as impartial as possible.



The proposal should also include an implementation standard for the suggestion:

- What companies/individuals are eligible for the implementation process?
- Is a POC required? Does the treasury partially or fully fund the POC?
- What is the maximum budget for the implementation?
- What are the deadlines?

For submitting a tender proposal for the final deliverables:

What is the penalty for not delivering the project?

- Within the deadlines
- With a sufficiently good scope

Voting lasts five days. Whichever option has the majority of votes wins and can be included in a Tender for Stage 3. A 67% pool quorum of the voting pool is required for the vote to be considered valid.

If the option "Make no change" wins, the Consensus Check topic should be closed by community moderators.

PHASE 3

TENDER

Each passed Consensus Check will be subject to a public tender for implementation. The tender begins after the Consensus check, and applicants can submit their proposals for implementation. Those parameters include (but are not limited to):

- Bit for the implementation
- Request for penalty amount subsidy
- Deadline
- Request for audit subsidy
- Success criteria

This process is as long as defined in the Consensus check, and at the end of the period, a vote is initiated. The vote lasts for five days:

- Any proposal that collects more than 25% of the votes is subject to financial compensation for the PoC / application (if explicitly specified in the consensus check parameters).
- The proposals are selected and ranked in order of votes collected. The top proposal is the winner and becomes the "Implementation party".

The implementation party has two days to stake any penalty deposits as defined in the Consensus check. Suppose the implementation party cannot provide this amount on their own. In that case, it can be delegated to them (penalty amount subsidy) by everyone who voted for their application (taken in proportional amounts to the vote).

If the implementation party does not satisfy the above conditions within the time period, the contract is awarded to the second runner up. This process continues until one of the applicants meets the above requirements. If none of the applicants satisfies the condition, then step 3 repeats all over. If step 3 fails a second time, then the whole process reverts to phase 2, where Community member (A) should suggest new proposal parameters.

PHASE 4

GOVERNANCE PROPOSAL

This is the final step of the governance process. The proposal should be based on the winning outcome from the Consensus Check and the winner of the Tender and can consist of one or multiple actions, up to a maximum of 10 actions per proposal.

To create a Governance Proposal:

The implementation party writes the code for the proposal. A professional auditor should audit all proposed code. This auditing process could be paid or reimbursed by the community treasury (audit subsidy.)

Once the proposal is active, a five-day voting period is started. Ongoing discussion can take place in the community forum. If the proposal passes successfully, a two-day time-lock will follow before the proposed code is executed. If the proposal does not pass, one of two things happen:

- The community can vote on a time extension for the implementation party to re-calibrate their proposal.
- The community rejects the proposal, any penalties defined are slashed from the implementation party's deposit, and the Tender process begins anew.

GOVERNANCE GLOSSARY



Governance token: An ERC-20 token that designates the weight of a user's voting rights. The more Governance tokens a user has in their wallet, the more weight their delegation or vote on a proposal holds.



Delegation: Governance tokens holders cannot vote or create proposals until they delegate their voting rights to an address. Delegation can be given to one address at a time, including the holder's own address. Note that delegation does not lock tokens; it merely adds votes to the chosen delegation address.



Governance Proposal: A proposal is a code that is executed by the governance contract through time-lock. It can replace the governance contract, transfer token. Proposals are stored in the "proposals" mapping of the Governor smart contract. All proposals are subject to a 5-day voting period. If the proposer does not maintain their vote weight balance throughout the voting period, the proposal may be cancelled by anyone.



Quorum: For a vote to pass, at least 67% of all delegated tokens must vote in the affirmative. The purpose of this quorum is to ensure that the only measures that pass have adequate voter participation.



Voting: Users can vote for or against single proposals once they have voting rights delegated to their address. Votes can be cast while a proposal is in the "Active" state. If the majority of voters vote for a proposal, the proposal may be queued in the Time-lock.



Time-lock: All governance actions are delayed for a minimum of 2 days by the time-lock contract before they can be executed.

BLX TOKEN ECONOMY

ECONOMY SETUP

Running a token economy is akin to running a small country. Without adequate monetary and fiscal policies, even if the token sale is successful, you still might be setting up for failure down the road.

The token's monetary policy mainly pertains to the number of tokens as a total and the release schedule of those tokens. It also covers any mechanisms to expand or contract this supply as needed or even introduce deflation mechanics' continuous inflation.

On the other hand, the fiscal policy defines possible commercial benefits for the holders of tokens, which transcend the simple capital gains related to the token's scarcity. Those could be any incentives to hold or stake the token instead of just buying the token only to settle a transaction. Those can take on the form of discounts, cashback or waiving of fees.

The bottom line to the token's fiscal and monetary policy is balance between aggregate supply and demand of tokens. Highly scarce and commercially beneficial tokens can lead to low market liquidity and high price volatility, resulting in deflationary spirals. Highly abundant and not commercially viable tokens can result in severe token price drops. A proper balance managed via these policies is critical.

MONETARY & FISCAL POLICIES

As mentioned previously the BLX token will offer its holders advantages in the forms of:

- Increased payout from providing liquidity to the platform
- Reduced trading fees

All BLX holders who choose to pay the platform fees in BLX will enjoy a 25% fee reduction for any trade on the platform.

In order to obtain the other two perks, platform users will need to either stake or burn the BLX token. Both of those options can provide a pay-out boost of up to 50%, with the burning requirements being a lot lower. **The general idea behind this mechanism is that:**

- When BLX price is low it would be more efficient (in the long run) to burn tokens (thus permanently reducing the token supply and boosting the price)
- When BLX price is high it would be more efficient to stake tokens, as the user would eventually get those tokens back

In both staking and burning, the general logic is: the amount of BLX tokens required to Optionblitztain the pay-out boost would be proportional to the current BLX price and the liquidity which the user has provided to the platform.

STAKING

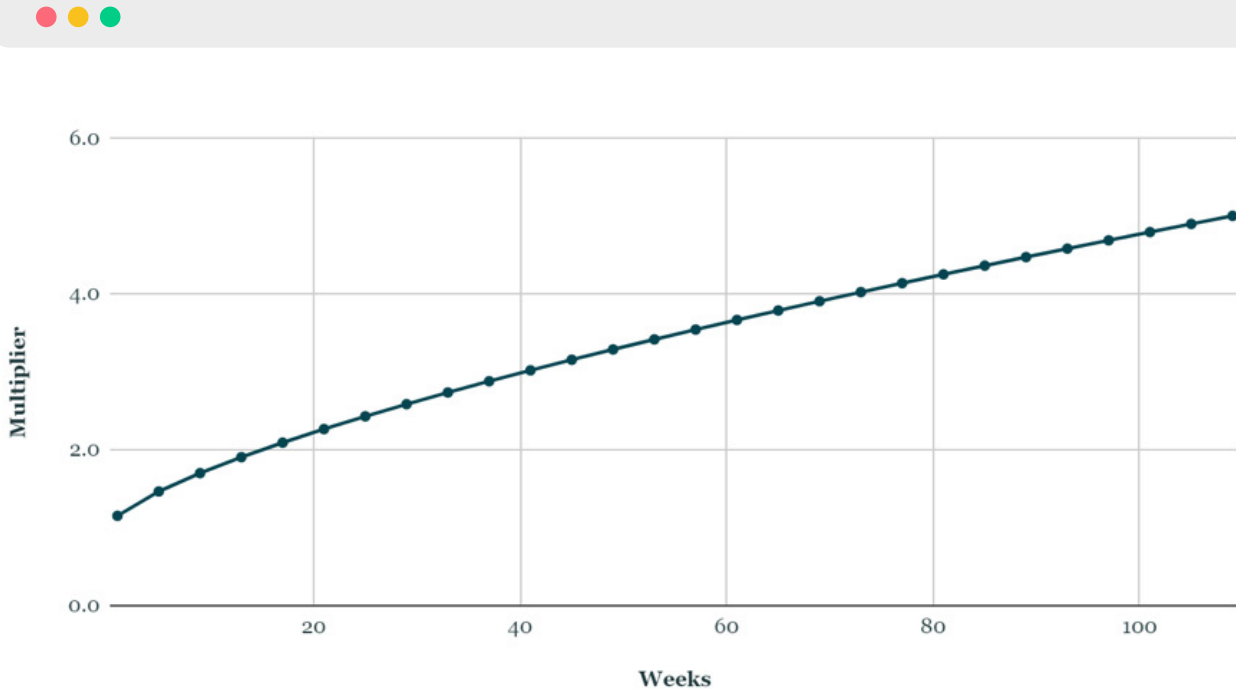
The pay-out increase from staking is dependent on four factors:

- The number of tokens staked (S)
- The staking multiplier (M) based on stake duration
- The amount of liquidity provided on the platform (L)
- The current BLX price (P)

Then we can define the Payout Increase (I) as:

$$I = \frac{(S \times P \times M)}{L}$$

We can then further define the duration multiplier as a function of the duration for which the tokens are staked in weeks (D):



M has a minimum value of 1 and a maximum value of 5, when the LP tokens are staked for 52 weeks (or about 1 year). Staking for a longer duration does not provide a higher multiplier.

Here is a simple framework to think about the above:

- ➔ If you stake without duration, you need to stake an amount equivalent to half of the liquidity which you have provided to get the maximum pay-out increase.
- ➔ If you stake with maximum duration you need to stake an amount equivalent to 1/10th of the liquidity which you have provided to get the maximum pay-out increase.

We will further illustrate this with two examples, under the following assumptions:

- ➔ Liquidity provided 10 000 USDC
- ➔ Base pay-out rate 40% revenue share
- ➔ Current BLX price 0.5 USD

If a user wants to get the maximum pay-out rate ($40\% + 40\% \cdot 50\% = 60\%$) then they need to do one of the following:

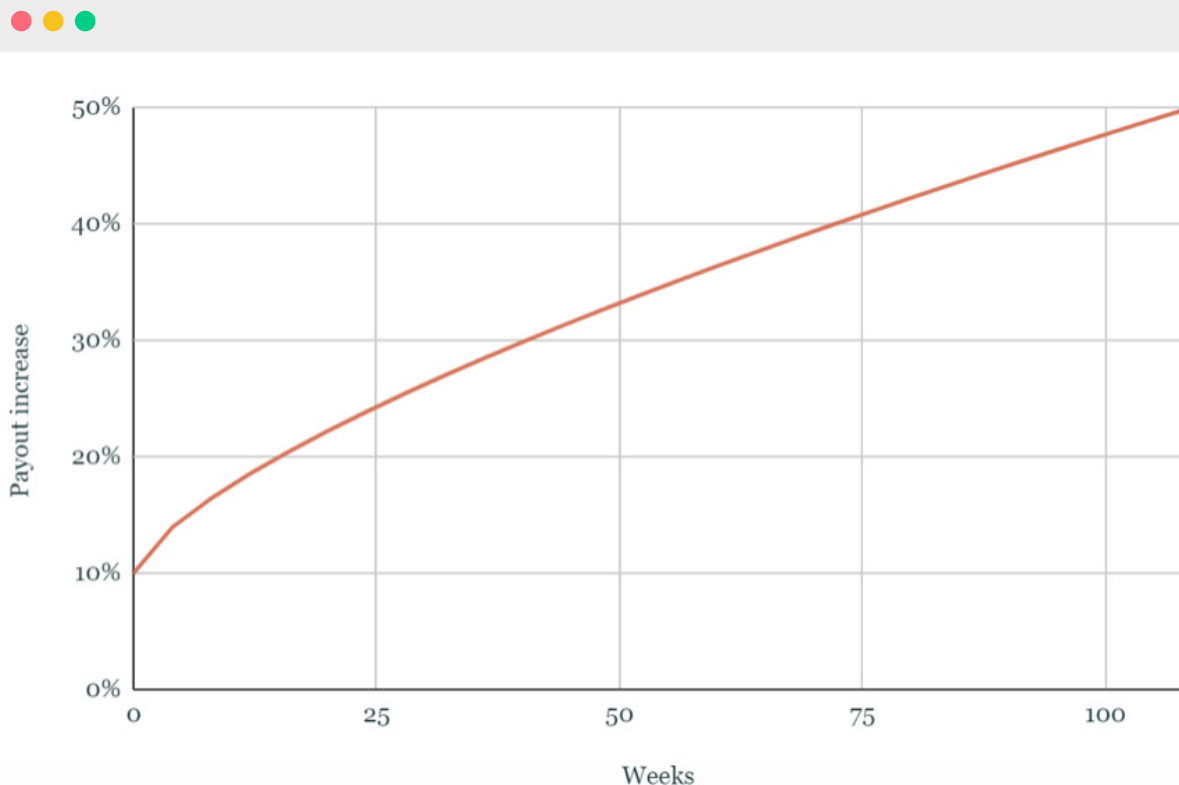
- Stake $10\,000 \cdot 50\% / 0.5 = 10\,000$ BLX without duration
- Stake $10\,000 \cdot 50\% / 0.5 / 5 = 2\,000$ BLX with maximum duration
- Stake an amount between the two above, while adjusting the duration

The pay-out increase is capped at 50%.

Below is a chart to further the intuition on the subject:

The amount of pay-out increase which 2000 staked BLX can provide, under the assumptions of 10 000 USDC liquidity provided to the protocol. 0.5 USDC BLX price, based on the staking duration (in weeks):

Staking with duration has an additional benefit that the BLX price is snapshoted at the time the stake is made.



This means that if a user stakes 2000 BLX (the example above) with max duration, then even if the price of BLX falls below 0.5, he would still be eligible for the original pay-out increase regardless of the fall in the token price.

If a user stakes without duration, then his pay-out increase will vary as the price changes.

Once the stake duration ends the user can opt:

- either to stake the tokens again
- or to Withdraw the LP tokens and pay 5% withdraw fee

BURNING

Burning follows an almost identical pattern to staking (and uses the same formula) with the

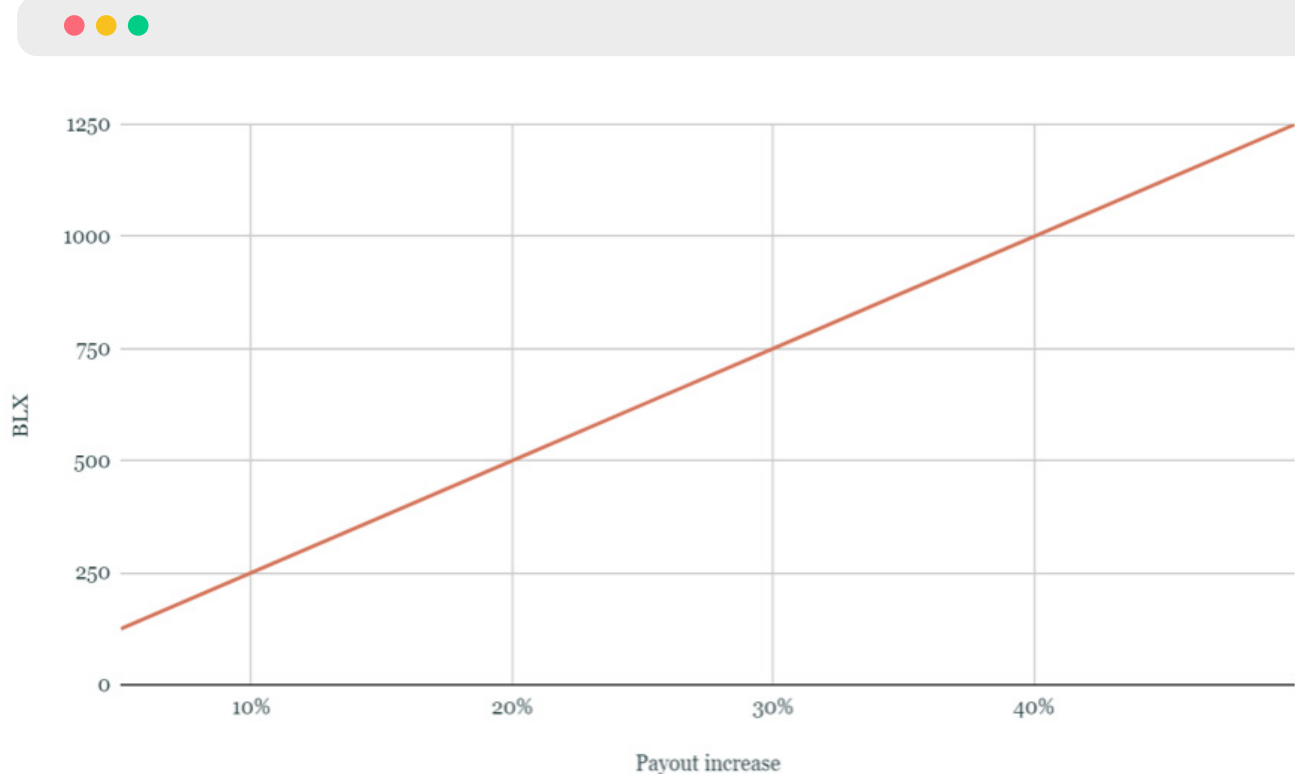
only difference being that:

- The multiplier M has a fixed value of 8 (unobtainable via Staking)
- Since burning is perpetual, there is no expiration date, e.g., the price at which the tokens were burned is snapshotted forever.

Continuing the examples from the staking section, we can then show how much BLX needs

to be burned in order to obtain certain discount, using the same assumptions as above:

- 10 000 USDC liquidity provided
- 0.5 current BLX price



BUYBACK & LP

Buyback and burn have been a very successful and popular mechanic in the crypto space, which has historically helped token price appreciation and keeping the tokens scarce.

Burning tokens based on collected fees has some very desirable effects. The approach's beauty is the inverse correlation between the project's success and the number of tokens burned, essentially creating a self-regulating mechanism for the total number of tokens in circulation.

- ➔ If the project performs well, the token price would appreciate naturally, which means that a fixed amount of FIAT revenue (1MM for example) would buy fewer tokens (as their price would be higher). If we assume a token price of 10 USDC (purely as an example), this will net 100k tokens, 40% of which would be burned.
- ➔ If the project performs worse, the token price would be lower, and a fixed amount of FIAT revenue (100k, for example) would buy more tokens. If we assume a token price of 0.1 USDC, this will net 1MM tokens, 40% of which would be burned.

With the emergence of Decentralised Finance (DeFi) and Automated Market Makers (AMM) such as Uniswap, however, a new approach has emerged which has the core benefits of the buyback and burn approach, together with the added value of deeper liquidity - buyback and liquidity provision. In this scenario, instead of burning tokens, they are first provided as liquidity for the token on its main AMM market and then the resulting LP tokens are burned, thus combining the benefits of the reduced token supply together with deeper liquidity for the token.

In the case of Optionblitz, 5% of any tokens which are un-staked will be collected as fees and dedicated towards buyback & LP. Since the fees are already collected in LP tokens, those tokens would just directly be burned.

ECONOMY BENCHMARKS

Economy-wise, the closest sibling to the BLX is the Binance coin (BNB) as both tokens are used as a fee discount token with an aggressive buyback and burn programme. It is essential to point out some crucial differences in this regard.

- Binance has burned approximately 20 mil BNB or about 11.1% of its total supply over nearly three years. Optionblitz intends to burn a considerably more aggressive amount.
- The fee reduction benefits on Binance reduce over time, while the Optionblitz will always have a maximum of 50%.
- Binance has a cap on the number of tokens burned at 50%, while BLX has no cap
- Binance does direct token burns, while Optionblitz incentivises Liquidity token burns having the added benefit of both strengthening the liquidity and taking the tokens out of circulation.
- The burning on Binance is centralized, while the one on Optionblitz is mainly community driven.



TOKEN SALE FINANCIALS AND TOKEN GENERATION EVENT

SUMMARY

BLX is a hybrid token, it is a profit-sharing certificate, payment token and governance token. It gives holders unlimited voting rights in the DAO, entitlements to increased revenue share (when bonded with provided liquidity in the trading protocol) and can be spent on transaction fees for a discount.



BLX TOKEN SALE TERMS

BASICS

Ticker	BLX
Initial Total Tokens:	100,000,000 BLX
Accepted currencies:	USDC
Jurisdiction:	Saint Vincent & Grenadines
Eligibility:	Subject to KYC and AML
Compliance:	None
Token purchase contract:	Token Sale Agreement
ICO stages:	2
Cumulative number of tokens available	40,000,000 BLX
Cumulative cap:	10,600,000 USDC
Minimum investment:	100 USDC
Maximum investment:	-
Founder vesting:	Yes
Token type:	Deflationary (buybacks)
US investors allowed?	Yes. Under SEC rules, this token is a security and as such will only be offered to accredited US investors

TOKEN GENERATION EVENT SUMMARY

The token sale for BLX will be done in two stages:

- 1 Fixed price Pre-sale
- 2 Initial Bonding Curve Offering (IBCO) with early participants having a significant discount to later ones

Both of these are described below:

STAGE 1

PRE-SALE

Pre-sale	
Fixed token price:	0.1 USDC
Bonuses	0%
Bonuses for large investors	0.0%
Softcap:	200,000 USDC
Hardcap:	1,000,000 USDC
Pre-sale tokens	10,000,000 BLX
Remaining tokens post-presale:	Burned
Pre-sale token allocation:	10%
Stage start:	TBD
Stage end:	TBD

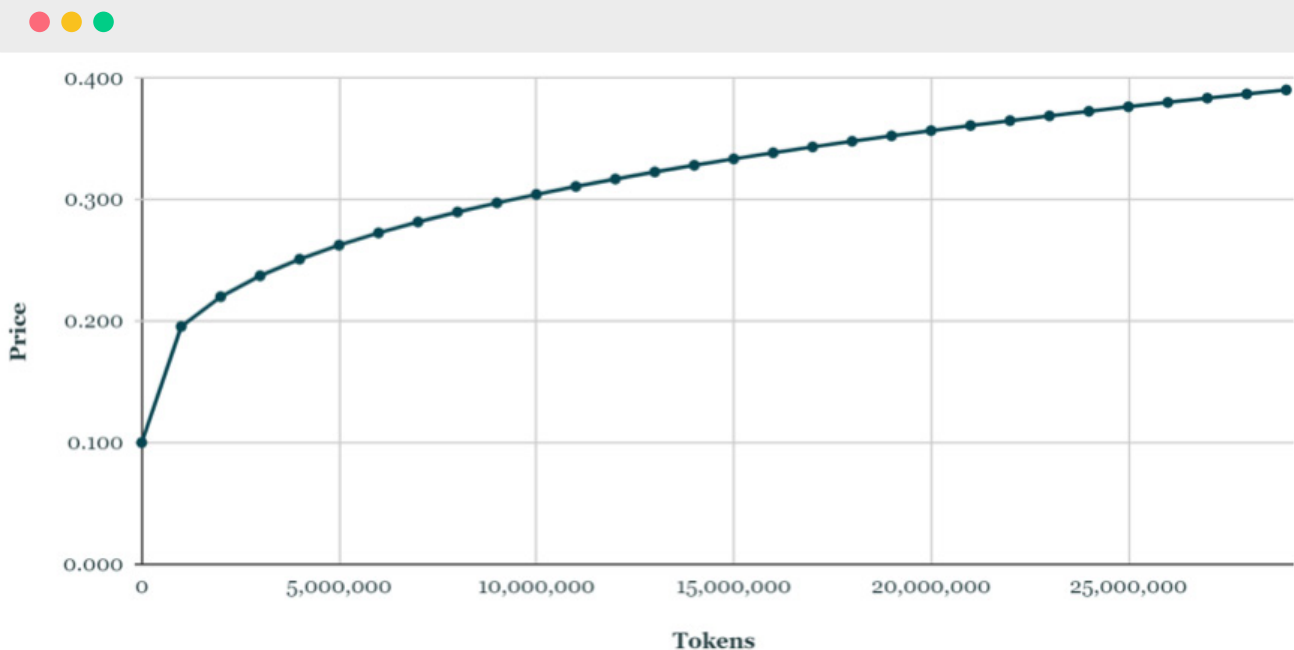
STAGE 2

INITIAL BONDING CURVE OFFERING

IBCO [4]

Initial token price:	0.1 USDC
Final token price:	0.39 USDC
Softcap:	1,000,000 USDC
Hardcap:	9,600,000 USDC
IBCO Tokens	30,000,000 BLX
Remaining tokens post IBCO:	Burned
IBCO token allocation:	30%
Stage start:	TBD
Stage end:	TBD

We can express the shape of the bonding curve by using the formula $P = 0.001 \times T^{2/3}$ where (P) is the price and (T) is the number of tokens released.



⁴ Initial price of 0.10 USDC (Pre-sale price) and increasing up to 0.39 USDC. Selling out all 30,000,000 IBCO tokens would be the equivalent of raising 9,600,000 USDC.

AFFILIATES/REFERRAL SCHEME

Throughout the token sale, a 10% referral bonus will be given to anyone who brings investors to the token sale. That is to say, token promoters would get BLX tokens in proportion to 10% of the tokens bought by any investors which they bring to the platform.

VESTING SCHEDULE

SUMMARY

In order to protect shareholders from insiders making significant trading gains by exploiting their privileged access to information, a vesting schedule will bind team members to a fixed and completely transparent token unlock timeline.

Team tokens will be vested for 4 years, with 25% being unlocked every year until all team tokens are released.

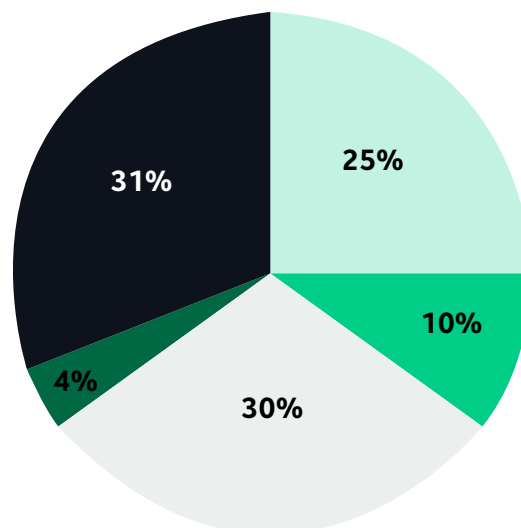


	Year 1	Year 2	Year 3	Year 4
Number of Team's BLX tokens unlocked	6,250,000	12,500,000	18,750,000	25,000,000
Percentage available	25%	50%	75%	100%

TOKEN ALLOCATION AND FUNDS UTILISATION

TOTAL BLX TOKENS ALLOCATION [5]

	Amount (BLX)	Participant
10	10,000,000	Presale investors
30	30,000,000	IBCO investors
4	4,000,000	Affiliates
25	25,000,000 ^[6]	Team
31	31,000,000 ^[7]	Reserve



TEAM

PRESALE

PUBLIC SALE

AFFILIATES

RESERVE

PRE-SALE FUNDS USAGE [8]

- 40% of the funds will be used to perform upgrades to the Optionblitz platform and will include team recruiting, code audit and related development costs for the next 12 months.
- 50% will be used for Optionblitz branding and marketing, including continuous promotion and education of Optionblitz over the next 12 months. Different methods to attract traders and investors to the platform will be deployed including advertising campaigns across multiple mediums and a variety of content delivery strategies.
- 10% will be kept in reserve to cope with any emergencies or unexpected situations.

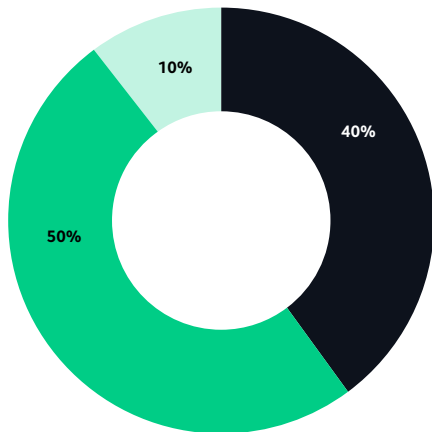
⁵ Assumes reached hardcap

⁶ 4-year vesting schedule applies

⁷ Reserve tokens are stored in the DAO Treasury

⁸ Pre-sale funds are discretionary

Pre-sale funds allocation



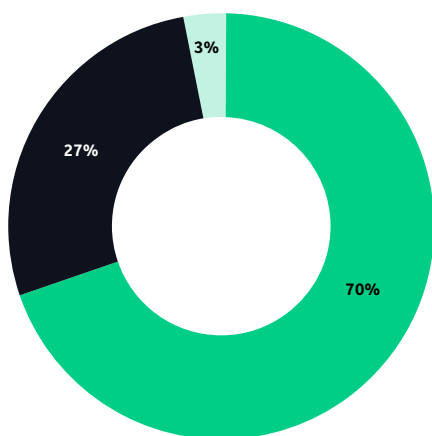
In the event that the hard cap is not reached, funds usage will be prioritised to the development and code audit budget.



IBCO FUNDS USAGE [⁹][¹⁰]

- 70% of the funds will be used to bootstrap the liquidity pool and locked for a minimum of 1 year in order to deliver a consistent trading experience to the users.
- 27% will be used to augment the marketing and operations budget in order to generate awareness of Optionblitz and attract users to the platform.
- 3% of the funds will be used to seed the collateral for the BLX/USDC listing on Uniswap Exchange.

IBCO funds allocation



⁹ Distribution of public sale funds indicated above apply only to funds exceeding the soft cap target. 100% of funds raised up to the soft cap target are allocated to the liquidity pool and Uniswap collateral only. 1/3 of the soft cap will be allocated for the Uniswap listing and 2/3 will be allocated to the Optionblitz liquidity pool.

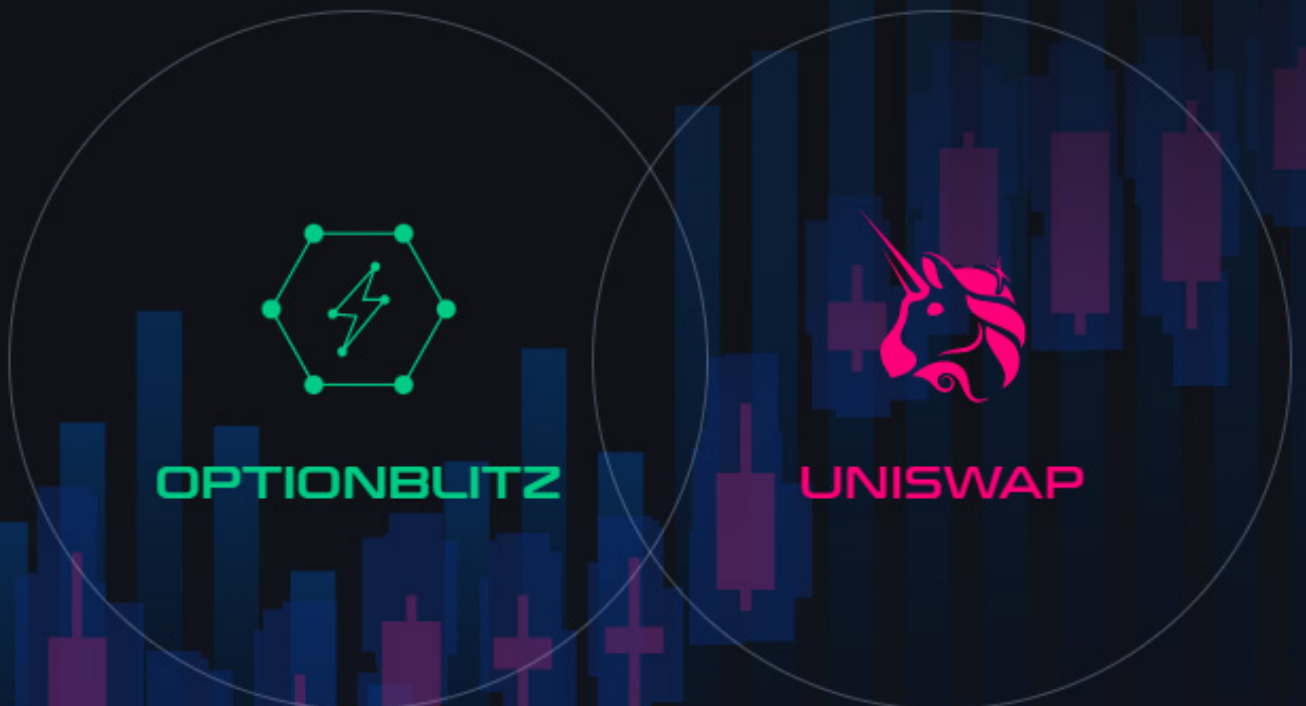
¹⁰ 100% of public sale funds are indiscretionary; managed and controlled by the Optionblitz DAO.

UNISWAP LISTING

MARKET MAKING

Upon successful token sale, the admin will call the 'market transition' function in the token sale smart contracts. A portion of the paid-in capital will be used to seed the liquidity of the Uniswap pool and the DAO will control and own the funds. This will list the BLX token on Uniswap at a price slightly higher than the last IBCO price with liquidity from the reserve pool, roughly equal to 1/3rd of the total pool.

For example, if the token sells out and the final price of 0.43 on the IBCO is reached, then the token will be listed on Uniswap with 333,333 USDC from the cash reserve pool and 740,740 BLX tokens from the token reserve pool. This will price BLX at 0.45 USDC/BLX.



TOKEN VALUATION

METHODOLOGY

In this section, we will outline the valuation methodology used to determine our token's current and future price and examine the application and possible shortcomings of those methodologies.



DISCOUNTED CASH-FLOW ANALYSIS

Discounted Cash Flow Analysis (DCF) has been around for a while. It has been established as one of the main evaluation methodologies of an investment based on its future cash flows. The purpose of DCF analysis is to estimate the money an investor would receive from an investment, adjusted for the time value of money. While it has not widely been used in cryptocurrency up to now (start of 2019), we expect that with the increasing number of Security Token Offerings (STOs), it will establish itself as the de-facto standard for any token with periodic cash flow payments.

While Optionblitz is not designed to be a security token, we can model it using the same valuation technique, since essentially the token represents a cash flow increase when providing liquidity to the platform.

On top of that it also provides fee reduction which could also be treated as a cashflow.

The formula for calculating the net present value of a future cash flow goes as follows:

$$NPV = \frac{CF_1}{(1+r)^1} + \frac{CF_2}{(1+r)^2} + \dots + \frac{CF_n}{(1+r)^n} + TV$$

Where:

- i is the net present value of the investment
- ii is an expected future cash flow at period
- iii is the discount rate, also referred to as the cost of capital
- iv is the terminal value (or exit value) of the investment

In turn evaluated as:

$$TV = \frac{CF_n \times (1 + g)}{r - g} + \frac{A}{(1 + r)^n}$$

With the two new elements being:

- i representing the expected long-term growth rate of the underlying business.
- ii representing any liquid assets available at the end of period.

CIRCULATION

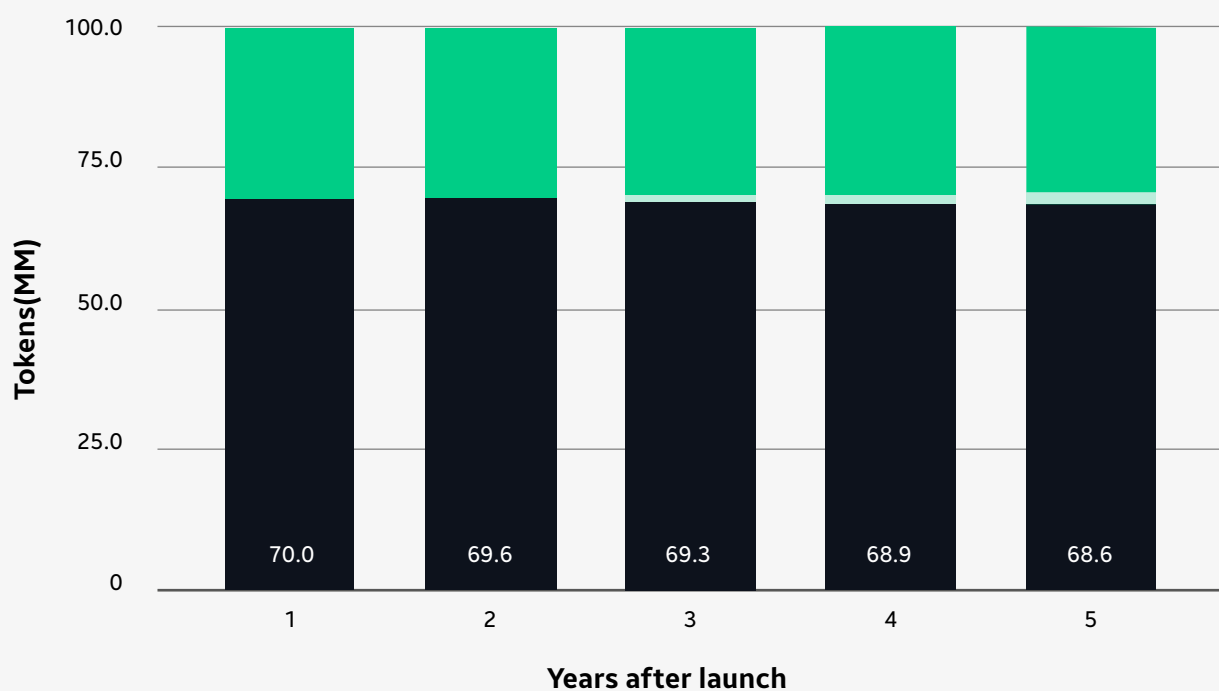
There are several factors which we assume are going to impact the total number of tokens in circulation.

Free float supply. Each cryptocurrency has a certain percentage of the supply held by long term holders and thus not released into circulation. According to CoinMetrics for most of the coins, this percentage is between 20% and 40%⁸. In our estimates, we have included a midpoint of 30% for this number.

Lost tokens. Inevitably some small % of tokens are going to be lost each year (Risk of losing private keys). We have done a conservative estimation of 0.5% of all tokens being lost per year. This is a conservative estimate, as studies have found that approximately 4 MM Bitcoins have been lost (approximately 25% of the available bitcoin supply as of 2017) over 10 years⁹. Other estimates show this to be closer to 11% for provably lost coins.

From here the question becomes, how much of the remaining tokens will be staked/burned for boosting of the revenue share. While we have no adequate means of estimating this, we can instead assume that all remaining tokens will be used for this purpose (and extremely unlikely / conservative scenario), which would give us the floor of the token valuation (that is to say, if less tokens are staked, the value of the sacked tokens would be higher)

Total
Free Float Reduction Lost Tokens Staked/burned



Expected actual token circulation (numbers at the bottom) compared to the total released tokens to date (numbers at the top)

FRAMEWORK

OB-platform intermediates between three types of activities:

- ➔ **Trading:** Sales of derivative contracts to traders where risk is absorbed by the capital. This one generates trading revenues.
- ➔ **Liquidity management:** Attraction of the capital into liquidity pool by distribution of the share of streams of revenues generated by trading
- ➔ **Tokenomics:** These two activities are regulated and steered by DAO via the token BLX which is designed to motivate traders, liquidity providers and investors

This setup is convenient and transparent. It separates trading revenue generation with proper management of risk/capital from profit generation of the entire venue. Tokenomics stands alone because its function is motivational and it also acts as a market evaluation tool of the platform. From the point of view of sales generation and capital management, the first two activities are basically a revenue and cost, **where their net amount is equal to the gross profit of the platform:**

Net Profit = Trading Revenue – Liquidity Cost

Platform runs continuously. We assume that the numbers scale in proportion to the liquidity attracted to the platform. Within capital management procedures discussed above in the risk-profit section the change of the capital will be at the discretion of DAO.

In the following estimation the costs paid for the attracted capital use the matrix applied to the trading revenues. The matrix can be read in the “Liquidity provider profit distribution model” table quoted above. **It assumes four different scenarios to be selected by Liquidity Providers (LP-scenarios):**

- 1 USDC + no lock duration
- 2 USDC + BLX + no lock duration
- 3 USDC + max lock duration
- 4 USDC + BLX + max lock duration

First and last scenarios distribute least and most portion of revenues, between 20% and 62%. With \$2.5 million 1-day capital, the platform is estimated to generate revenue of \$38.6 million over a year. Hence, the profit retained after revenue distribution to LP's will range between \$24 million and \$8 million, respectively. These numbers assume that 1-day capital is maintained constant over the entire year.

In addition to that the cash back to loyal traders (wallets) is set at the level of:

- ➔ 12.5% of average profit if they actively trade binary options over a predetermined period of time.
- ➔ 40% of the fee is paid if they trade above certain volume of American options and Turbos over similar period of time

Nevertheless, in the following we assume that everyone receives cashback. Hence, we find

annual performance:

	Amount USDC, Millions	Percentage of revenue
1-day Capital	6,250,000	25,000,000
Revenue	+38.6	100%
Distribution to LP	-27.2	61.9%
Cash back to traders	-13.5	30.6%
OB-profit	+3.3	7.5%

Base scenario assumes the following schedule of consumed capital:

- 2.5 million a day for year 1
- 5 million for year 2
- 9 million for year 3
- 12 million for year 4
- 15 million for year 5

This schedule implies an average growth rate of 60% within first 5 years.

Discounted Cash Flow (DCF) model is used to estimate Net Present Value of OB. It is widely used in similar analyses. The method assumes certain parameterizations of incoming cash flows as trading revenues, discount factors as cost of capital and also may embed business growth rate:

$$NPV = \frac{CF_1}{(1+r)^1} + \frac{CF_2}{(1+r)^2} + \dots + \frac{CF_n}{(1+r)^n} + TV$$

$$TV = \frac{CF_n \times (1+g)}{r-g} + \frac{A}{(1+r)^n}$$

Where:

- r is the discount rate as cost of capital, funding. In our case it is LP-distribution, i.e., 61.9%
- g, the rate of growth beyond 5 years is 2% in line with mature company estimates
- CFs, are revenues. These are calculated as multiples of Consumed Capital presented by the schedule above.
- 1 to 5 are years

In the end, we obtain discounted cash flows for five years (in USDC Millions)

Year	1	2	3	4	5
1-day capital (millions)	2.5	5	9	12	15
Revenue	38.59	77.17	138.91	185.2	231.5
CF/disc	23.8	29.4	32.7	26.9	20.8

Terminal Value, TV is 38.4 million, Assets after liquidation are taken at 20 million.

Terminal Value, TV is 38.4 million, Assets after liquidation are taken at 20 million.

Therefore, NPV is estimated at USDC 169 million. Previous estimations yielded that 68.6 million of BLX tokens will be in circulation. If so, then the corresponding average target exchange rate is **2.119 USDC/BLX**.

The fair price (scope of this document) aims to estimate the BLX token price solely based on its utility. The BLX token's actual price is likely to include more speculative action (as with most financial assets). It will factor in, the expectation from investors for price appreciation.

As Ray Dalio, (American billionaire investor, founder of investment firm Bridgewater Associates, one of the world's largest hedge funds) recently said:

“

“As you know, market pricing reflects expectations of the future; as such, it paints quite detailed pictures of what the consensus expectation of the future is. Then, the markets move as a function of how events transpire relative to those expectations. As a result, navigating markets well requires one to be more accurate about what will happen than the consensus view built into the price. That's the game.”

In other words, given that BLX token's fundamental utility value is expected to appreciate above the token sale price, we do not expect that at any given point in time, the token will be traded below this price, unless the financial projections change.

SENSITIVITY ANALYSIS

Since the values of the discount rate and the long-term growth rate are general assumptions, we have also performed a sensitivity analysis on the token price (USDC), based on varying those variables.

Discounted cash flows sensitivity analysis for year 5

		Long-term growth rate %								
		1	2	3	4	5	6	7	8	9
Discount rate %	10	\$2.018	\$2.064	\$2.123	\$2.203	\$2.314	\$2.481	\$2.759	\$3.315	\$4.982
	20	\$1.982	\$2.513	\$2.744	\$3.005	\$3.300	\$3.637	\$4.027	\$4.481	\$5.018
	30	\$2.183	\$2.312	\$2.450	\$2.599	\$2.760	\$2.934	\$3.124	\$3.331	\$3.557
	40	\$2.123	\$2.217	\$2.315	\$2.419	\$2.529	\$2.645	\$2.768	\$2.899	\$3.039
	50	\$2.088	\$2.161	\$2.237	\$2.317	\$2.400	\$2.487	\$2.578	\$2.673	\$2.773
	60	\$2.065	\$2.125	\$2.187	\$2.251	\$2.318	\$2.388	\$2.460	\$2.534	\$2.612
	70	\$2.048	\$2.099	\$2.152	\$2.206	\$2.262	\$2.319	\$2.379	\$2.440	\$2.503
	80	\$2.036	\$2.080	\$2.125	\$2.172	\$2.220	\$2.269	\$2.320	\$2.372	\$2.425
	90	\$2.026	\$2.065	\$2.105	\$2.146	\$2.188	\$2.231	\$2.275	\$2.321	\$2.367

LIMITATIONS

“

“The only function of economic forecasting is to make astrology look respectable.”

— John Kenneth Galbraith (economist, bestselling author)

It is important to note that the blockchain and cryptocurrency area is still very new. There are limitations to historical data, past performance results and academic research on the topic of cryptocurrencies, let alone on the tokenization, economics and long-term valuation of those asset classes. Stocks(equity) have been around since the early 1600s, and it is only in the past 100 years that we have begun to have more comprehensive and widely accepted valuation models. However, they are still subject to bias and interpretation and suffered from their inputs' quality. On the other hand, cryptocurrencies have been around since 2008, with a wider recognition around 2016 and an explosion in the number of tokens in 2017. As such, it is still early and difficult to evaluate or comment on the performance, monetary policy and models behind any of them. As a result, we prefer to rely on sound economic principles backed by data and reasonable assumptions.

Furthermore, any financial projections should generally be treated as a target rather than a prediction. Their purpose is to ensure that the project has sensible and achievable goals, and upon reaching those goals, the rest of the numbers would add up and make sense. On the other hand, they cannot predict the future, nor account for all possible variables and scenarios with any reasonable degree of certainty.

CONCLUSION

Throughout this document, we have outlined all setup, assumptions and calculations behind the Optionblitz trading protocol and token sale. The document presented here is developed based on an evaluation method generally accepted by the cryptocurrency community (quantity theory of money and discounted cash flow analysis) and relies on a generally accepted school of economic thought (monetarist school of economics).

Hopefully, it should be evident that the Optionblitz protocol and token sale has been carefully considered, relies on solid economic principles and aims to offer participants good results even in the face of uncertainty. Our expectation is for the token to reach up to 174 MM USDC market capitalisation within 5 years.

#7 ROADMAP

SUMMARY

As the trading protocol matures, trading volumes will stabilise and investor returns will reach an equilibrium. Our roadmap includes new investment products which will target those investors seeking more aggressive returns. These protocol developments will be integrated when internal milestones are reached and enable Optionblitz to expand rapidly.

One of the most exciting prospects coming up for Optionblitz will be fully permission-less blockchain managed funds and robo-funds. Anyone will be able to create a smart contract fund and pool investment to trade on all the DeFi sites whitelisted by the protocol, not just Optionblitz. Optionblitz will track the performance of all the funds and money managers will be able to customise the parameters of their funds with 100% transparency. For example, excluding asset classes, restrictions on leverage, performance fees, trading interval policy and much more. Robo-funds will be fully autonomous and decentralised AI powered funds hosted on trusted execution environments, our R&D efforts are focussed in exploring the latest tech stacks and opportunities for developers in this area.

STRUCTURE

- 1 **ITM (In-The-Money) and OTM (Out-The-Money) configurable American & European options.**
- 2 **Longer expirations of American & European options**
- 3 **Copy-trader**
 - Social signals and analytics
 - Copy a nominated trader across whitelisted dapps
- 4 **Structured products marketplace**
 - Highly specialised structured investments
- 5 **Managed funds & Trading strategies/bots**
 - Pool investment and delegate trading to a manager, track performance, trade on whitelisted dapps on all EVM chains. Configure fees/params.
 - Deploy a trading strategy which automates trading according to an algorithm. Study performance and analytics.
 - Create your own bots and charge a fee to users.
- 5 **Tokenised stocks**
 - Enable trading of stocks and shares on the Optionblitz protocol

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#9

GLOSSARY

APY	Annual Percentage Yield
Bootstrap	To kick-start something
Cefi	Centralised Finance
BLX	Optionblitz token symbol
DAO	Decentralised Autonomous Organisation
Dapp	Decentralised-App
Defi	Decentralised Finance
Derivative	Financial instrument whose value is derived from an underlying asset
Dev	Developer/Development
DEX	Decentralised exchange
Fork	A copy of a piece of code usually with a change made to it
Gas fee	Cost of interacting with the Ethereum blockchain network, priced in 'gas' units, paid in ETH
ICO	Initial Coin Offering
IT	Information Technology
Layer 2	Side-chains and virtual machines designed to help 'layer 1' blockchains such as Ethereum, scale.
MVP	Minimum Viable Product
Option	A derivative which gives the holder the right but not the obligation to sell a contract
Solidity	Coding language of the Ethereum blockchain network
Tokenisation	The act of representing something on the blockchain in token form
Tokenomics	Token Economics
USP	Unique Selling Point
Uniswap	Decentralised Exchange. Uniswap Exchange Protocol Docs https://docs.uniswap.io
UX/UI	User Experience/User Interface
VC	Venture Capitalist
Vesting	The act of time-locking tokens inside a smart contract according to a schedule so that they cannot be used/transferred/spent until unlocked.