

# delta.theta WhitePaper

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## 1. Disclaimer

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## 2. Introduction

delta.theta is a Peer-to-peer asset options trading platform. The platform consists of the following modules:

- delta.theta Smart Contracts;
- LITE terminal for farmers;
- PRO terminal for traders;
- \$DLTA token to fuel the ecosystem.

Currently, the platform can function in both Ethereum (most trusted) and Binance Smart Chain (most popular among retail users).

delta.theta solves two biggest pains for farmers and traders. **Farmers** can take advantage of more advanced trading strategies, using options to hedge risks of impermanent loss and price surge of the underlying asset, which is locked for farming. **Traders** can finally work with liquidity directly, omitting the LPs and CEX matching engines, while enjoying a simple and classic options trading terminal interface.

delta.theta is processing the orders of participants, offering only **fully covered options**. delta.theta does not take custody of user funds, and functions as an intermediary between market participants.

\$DLTA token has an essential utility in the platform, granting the token holders with a number of benefits, including market reports and extended platform functions.

## 3. Target Industry

As it was stated previously, **delta.theta is building a DEX P2P options platform**, which will allow every user to access liquidity directly. Looking back into the history of



classic finance, we can discover that derivatives annual trading volume is higher than the global GDP - and this difference is tangible as it is more than 5 times bigger.

So what is a derivative in classic financial markets? **Derivative** is a kind of financial instrument, generally expressed as an agreement between two entities, the price of which is determined by the price of other basic products. And there are corresponding spot assets as the subject matter, and the transaction does not need to be delivered immediately, but can be delivered at a future time. Typical derivatives include forwards, futures, options and swaps.

The global Derivatives market size is projected to reach \$39170 million by 2027, from \$21980 million in 2020, at a CAGR of 8.6% during the forecast period 2021-2027. In other words, the classic derivatives markets are projected to almost double their annual trading volume in the next 5-6 years.

## 3.2 Options in crypto

One may ask, what is the situation with derivatives in crypto? And the answer is shocking - derivatives in crypto have become at least in some way popular only a few years ago with the launch of Binance Futures platform, followed by other market participants. Before Binance, there was only the BitMEX platform on the radars of the wide crypto community. Statistics say that the derivatives market in crypto is only somewhere around **\$9 billion** right now. With the market capitalization of more than \$2 trillion achieved in 2021, this is ridiculously low. If the crypto industry follows the projections of classic financial markets derivatives development, then we should expect at least **100** times higher volume of derivatives traded in the coming years. It is also notable that crypto markets outperformed the growth rates of classic financial markets multiple times, as crypto made the journey which took classic finance centuries, only within 10 years. That is why predicting the crypto derivatives market growth rates at this point would not be descriptive - we leave it to the freewill of readers.

### 3.2.1 CEX Options markets

Speaking more specifically about the options markets in crypto, as one of the types of derivatives, the situation is even more promising. Out of all major CEX platforms, only Deribit and OKEX are offering its users possibility to trade on options markets. All other major CEXs are ignoring options as the type of derivatives focusing their attention on futures and swap contracts.

According to the Yahoo finance [statement](#) from January 12, 2021, **Deribit** accounts for around 85% of cryptocurrency options traded with the all-time high volume of around **\$2 billion daily**. At the same time, [CoinMarketCap](#)'s official statistics state that the total traded volume on January 12, 2021 was **\$197 billion**. In other words, a sudden

spike of options trading volume on the CEX, responsible for 85% of options volume traded, still reached slightly more than 1% of total volume traded.

### 3.2.2 DEX options markets

Regardless of the beliefs of the majority of crypto fans, DEXs are very different to CEX. Handling a dapp requires a different set of skills, as well as handling the DEX trading activity. Trading on DEX has become especially popular with the introduction of Automated Market Makers (AMMs) by Uniswap. In fact, this was one of the deciding factors of DeFi's skyrocketing popularity.

No wonder, that DeFi space has a few existing options trading platforms available. According to [CoinGecko's statistics](#), one of the more renowned options platform Hegic has a **TVL of \$36 million** as of June 25, 2021. Keeping in mind that Hegic, just as any other options trading DEX, uses the Liquidity Pool model, it can be stated that the total volume of all options on Hegic as of June 25, 2021 is **\$36 million**. Just a reminder, that Deribit daily traded volume 5 months before the Hegic observation was **\$197 billion**. In other words, Hegic has roughly **0,018%** of the Deribit daily options volume, which is still a little more than 1% of total daily traded volume of crypto assets.

This small perspective on the situation with DEX options platforms has one purpose – to show that DEX options has unexplored potential on a market, where all other DeFi technologies grew multiple times. Though, there is a good reason for DeFi options underperforming the DeFi sector multiple times. All of the available DEX options platforms to date (excluding delta.theta) uses the Liquidity Pool or AMM approach. And that's where things are getting really heated.

### 3.2.3 LPs vs Orderbook

DeFi is almost totally built on AMMs and LPs. They are really useful in many cases and, undoubtedly, represent a great technology. Though, it's not applicable for options. Options trading is an activity which a trader should enter with a very clear market opinion, knowing the levels of their personal interest. AMMs and Liquidity Pool approach isn't really doing a great job at matching and executing the options contracts.

Even more, with LP approach, it's impossible to create an options market for a pair of a risky asset and a rather-stable one. The reason is simple - if we are talking about fully covered options, then liquidity providers who will not get their options filled, would unstack an increased amount of a risky asset, facing the impermanent loss. In other words, LP approach in options trading goes against the liquidity providers, dis-incentivizing them to participate in the market.

That is why in delta.theta, we are using a totally different approach. For each options market in delta.theta there is an orderbook with liquidity in the form of locked assets. Our platform does not use the LP approach and provides every user with direct

access to the orderbook and liquidity of all other participants. With this approach, we can always create a new options market for a volatile and risky asset vs stable coin (for example, a newly emerged farming token with a lifecycle of 1-2 weeks). In fact, delta.theta would be the only DEX options platform to handle this kind of options market and halt the market rather painlessly for all participants, when the farming token tokenomics would burn out (which is often the main case for these tokens).

The only question which needs addressing regarding LP approach of competitors vs delta.theta's true P2P approach - how do liquidity providers become interested in locking their funds on our platform? Apart from the traditional Option Premium upon execution, with delta.theta liquidity providers can get APY just for creating the options contract which will expire, e.g. would never be filled. This feature is called Liquidity Incentivization Program and would be described in the [separate sub-section of the delta.theta product description](#).



## 4. delta.theta - DEX options trading platform

The previous sections of this WhitePaper reveals the nature of delta.theta product. We're building a **DEX options trading platform**. With the help of our platform every

owner of the Ethereum, or BSC wallet would be able to get direct access to liquidity and build advanced trading strategies.

The platform is represented in 2 different terminal versions - **LITE and PRO**, targeting different needs of different crypto industry participants - farmers and traders. Both terminals are created to fit a specific need of the audience. Yet, both of these terminals are interoperable and use the same order books and smart contracts to execute orders. The only visible difference between LITE and PRO terminals is the overall view and user experience differences inside the terminals.

*For example, in the LITE version, SELL PUT option is replaced with an understandable "Buy Low" type of strategy, so that farmers and non-professional traders would understand the idea behind the option.*

## 4.1 Platform features and architecture

delta.theta is a fully functional DEX to trade options on any type of assets, which are represented in the supported blockchains - currently, its BSC and Ethereum. Below is the list of some of the key unique differentiation points of delta.theta platform:

- **Any coin pairs in the corresponding blockchain** - pick 2 coins in 1 network and request an options market in delta.theta;
- **American style options** - execute an option at any time if the strike price is hit, not only upon expiration;
- **Limit and Market Orders**;
- **2-level commissions** - Taker and Maker fees;
- **100% covered options** - Seller of an option locks 100% of its value while creating an order;
- **Liquidity Incentivization Program** for Option Sellers (Liquidity providers).

### 4.1.1 Liquidity Incentivization Program

*Liquidity incentivization Program LIP Disclaimer:.. This feature is optional and can be switched on and off by every user themselves. If you decide to participate in LIP program, then you confirm your understand the risks of this action, as well as the fact that your funds would be deponed into some of the most popular lending platforms (like Venus or Compound) by delta.theta on your behalf. Interaction with lending platforms poses third party risks, which will not be covered by delta.theta in case of lending platform misfunction/vulnerability exploit.*

Liquidity Incentivization Program is an innovative feature of delta.theta to give users even more options to effectively manage their assets. The main goal of our platform is to aggregate liquidity and distribute it between the users upon their request,





giving them more room for execution of advanced strategies. Often, people use lending protocols for the sole purpose of getting APY. With our incentivization program, they would still be able to do the same, while having an opportunity to buy or sell an asset at an attractive price for them.

Liquidity Incentivization Program by delta.theta became possible because our smart contracts can depone the locked funds to lending protocols on your behalf, rewarding the original collateral holder with APY just for the desire to execute an options contract at a certain price. This changes the paradigm of money management, as there are no alternative CEX or DEX platforms which would pay the user for an unexecuted order, which is the case with LIP in delta.theta.

Example:

*The user A is a BNB fanboy and relies on BNB as the base asset. At the same time, user A knows that if BNB would hit \$1,000 BUSD - they would be able to quit the job, buy a truck and start a digital nomading journey. Without delta.theta, user A would just place a CEX order to sell his BNB at \$1,000 BUSD and that's all - if the BNB price won't go up to \$1,000 BUSD, user A would just cancel the order and have the BNB back.*

*Using the delta.theta platform, user A would be able to place an order of Sell CALL options contracts for his BNBs for 3 months (or any time) and will choose to participate in LIP. Here is what user A would get after 3 months, if the BNB price will not hit \$1,000 - collateral unlocked (get BNBs back), LIP rewards from lending protocols. In other words, with delta.theta users can get interest in their desire to trade at certain prices, even if the actual trade did not occur.*

## 4.2 Go to Market Strategy

Even though options in crypto space are not presented at all (at least compared to the classic financial markets), delta.theta has still chosen the set of primary audiences to target and pain points for them to solve. The primary focus of delta.theta are crypto farmers and general crypto fans, who are not professional traders by nature. In fact, that is why we have developed a LITE version of our terminal, which looks like a marketplace of strategies, where farmers can protect current positions or buy cheaper/sell higher.

We solve the 2 major problems of farmers and crypto community in general:

1. **Buying protection** for the locked/staked/farmed assets to decrease the risk level and avoid the impermanent loss threats during the funds lockup period.
2. **Efficient capital management.** Today's farmers in search of APY growth use quite a wide range of products, from simple farming to flash loans solutions. Options allow them to participate with less capital leverage. We started out with a simple one - by allowing farmers to sell options.

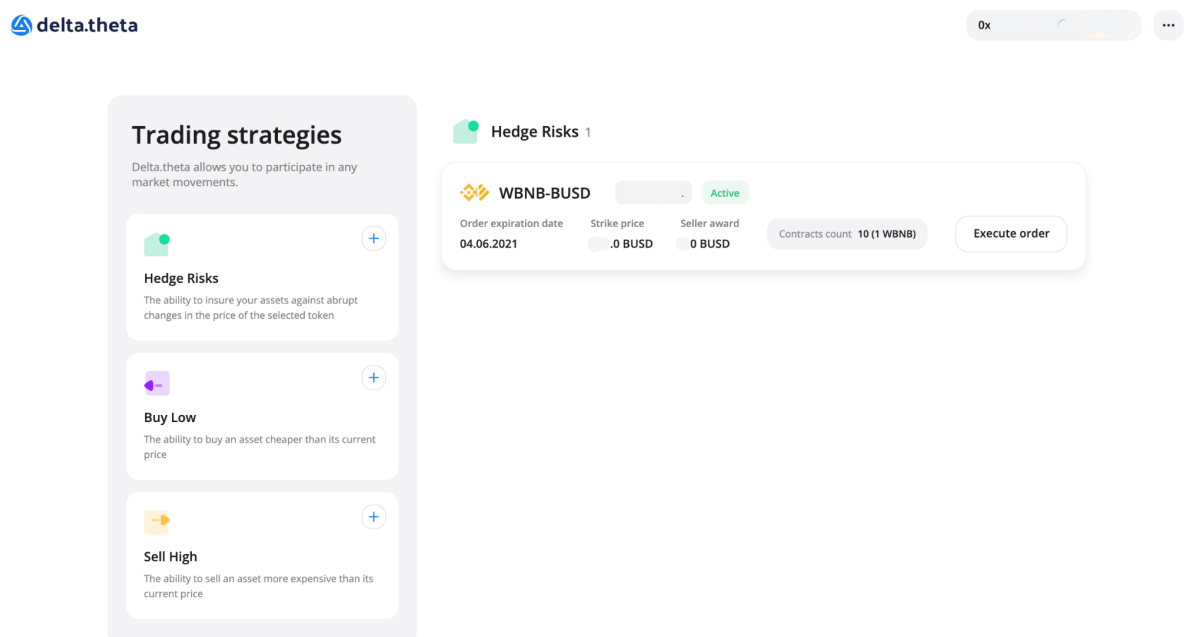


## 4.3 LITE Terminal

LITE terminal is what a mass adoption of options in crypto should look like. It is super easy to understand and is totally aimed at the non-trader. We have even integrated different namings of available order and option types, which would be more familiar to an average crypto user. For example, instead of the “SELL PUT option” it shows an easy to understand “Buy Low” option and a farmer or average crypto fan understands the idea behind it.

Of course, as it was stated above, LITE terminal is still the fully functional terminal which is using the same orderbook liquidity for each pair, just like the PRO terminal version. The only difference is the interface design, which is created in a way to ease the options trading onboarding experience.


Below is the overall view of the LITE terminal UI, actual for the platform beta version as of June 2021.



The left part of the interface contains 3 strategies to choose from (Hedge Risks, Buy Low, Sell High). The main part of the screen is occupied with the active and pending execution orders. Looks pretty understandable, right?

When you choose the suitable strategy, you will see a number of fields to fill.


1. Asset selection
2. Stablecoin selection
3. Expiration date
4. Amount of contracts



### Hedge Risks

A hedge is an investment that is made with the intention of reducing the risk of adverse price movements in an asset. Normally, a hedge consists of taking an offsetting or opposite position in a related security.

Price History (31d)



WBNB-BUSD  
1 WBNB = 660.71 BUSD

● Strike price ● Break even

#### Step 1. Basic information

- Select asset  
WBNB
- Select stablecoin  
BUSD
- Expiration  
07.05.2021
- Contracts count  
3

Total amount  
0.3 WBNB

1 contract = 0.1 WBNB


Next

These fields would be similar in any chosen strategy. In case if you are a seller of any option, there would be more fields, including the checkbox to access participation in Liquidity Incentivization Program.


## 4.4 PRO Terminal


delta.theta PRO terminal is a classic option trading terminal. It has all the features of a conventional options terminal, combined with the benefits of the decentralization, similar to being the owner of your assets even when you have them locked in an active order.


Below is the overview of the PRO terminal UI, actual for the beta version of the platform as of June 2021.

 **WBNS-BUSD**

[+ Limit order](#)

 1 WBNS ~ 272.05 BUSD (277.49 \$)

 1 BUSD ~ 0.004 WBNS (1.02 \$)

 Pair pricing

JUL

**02**

JUL

09

JUL

16

JUL

23

JUL

30

AUG

06

AUG

13

AUG


20






AUG


27






SEP

03

**Calls** 

Bid (size)	Ask (size)	OI	IV	TV	Delta	Strike	
0 (0)	10 (4)	4	N/A	0.00	0.00	900	
0 (0)	3.5 (7)	0	N/A	0.00	0.00	489	
0 (0)	30 (1)	0	N/A	0.01	0.01	480	
0 (0)	3 (5)	25	N/A	0.02	0.01	450	
5 (1)	0 (0)	0	N/A	0.07	0.05	405	

**Puts** 

Bid (size)	Ask (size)	OI	IV	TV	Delta	Strike	
0.1 (10)	0 (0)	0	N/A	9.99...	-1.00	1e+29	
16 (12)	0 (0)	8	N/A	39.75	-1.00	670	
5 (6)	0 (0)	0	N/A	39.25	-1.00	665	
16 (15)	0 (0)	5	N/A	37.75	-1.00	650	
0 (0)	50 (1)	1	N/A	32.75	-1.00	600	

The top of the page shows the relation between the two assets and a calendar of strikes to browse. There are available options to the chosen date on the main part of the screen, along with the characteristics of these orders, like TV, IV, delta, and other option market parameters.

## 4.5 Types of orders on delta.theta

### 4.5.1 Sell CALL = SELL HIGH

Sell High is a strategy in LITE terminal, which is more commonly known as a **Sell CALL option**. The ability to sell an asset more expensive than its current price

Sellers of fully covered CALL options (which is a case for delta.theta) earn profit in 2 ways with this strategy. Firstly, they can get a premium if the option was bought by someone. Secondly, being a liquidity provider on delta.theta allows the users to take part in Liquidity Incentivization Program, and depone your assets to the most trusted lending protocols of the network of choice.

*For example, someone, user B, stakes ETH to earn rewards in a favorite risky token. The goal is to farm for speculative purposes. At the same time, user B doesn't need ETH for any reason apart from farming, but feels that the market is uncertain and can dump within the course of coming weeks. In this case, user B can utilize the Sell High strategy and Sell ETH at a higher rate than it would probably be traded after the farming opportunity would come to an end. Even more, being a Seller of covered options, so a liquidity provider, user B would also*

*get a Premium if the option would be executed, and would be able to take part in the LIP program for maximum efficiency.*

#### 4.5.2 Sell PUT = BUY LOW

Buy Low is a strategy in LITE terminal, which is more commonly known as a **Sell PUT option**. The ability to buy an asset cheaper than its current price

Sellers of fully covered PUT options (which is a case for delta.theta) earn profit in 2 ways with BUY LOW strategy. Firstly, they can get a premium if the option was bought by someone. Secondly, being a liquidity provider on delta.theta allows the users to take part in Liquidity Incentivization Program, and depone your assets to the most trusted lending protocols of the network of choice.

*For example, someone, user A, stakes BNB to earn rewards in a favorite risky token. The goal is to farm tokens for a certain2wawain period of time and get the necessary amount of farmed tokens. In this case, user A would be exposed to price fluctuations of BNB, while farming the stake of a desired asset. Though, with the Buy Low strategy, user A would be able to purchase an obligation to buy BNB at a lower price. Even more, being a Seller of covered options, so a liquidity provider, user B would also get a Premium if the option would be executed, and would be able to take part in the LIP program for maximum efficiency.*

#### 4.5.3 Buy PUT = Hedge Risks

**Hedge Risks** is a strategy in LITE terminal, which is more commonly known as a **Buy PUT option**. The ability to protect your assets against abrupt changes in the price of the selected token

Buyers of fully covered PUT options (which is a case for delta.theta) can be protected if price will decline for appropriate assets/pairs

#### 4.5.4 Buy CALL

Buy CALL is a strategy, where the user is able to Buy the right to Buy an Asset at a certain price from other market participants.

Buyers of fully covered CALL options (which is a case for delta.theta) earn profit if the price of the asset hits their strike price faster than the expiration date occurs, as the

users would be able to participate in the expected growth (which is the reason to enter a Buy CALL trade on an asset).

## 5. \$DLTA Token

\$DLTA token is the ERC 20 utility token in ETH and BSC networks, the only native token of the delta.theta DEX options trading platform. Keeping in mind the utility nature of our token, it is still really deeply integrated into the platform functioning. The team doesn't take any obligations or commits on correlation between the success of the delta.theta platform and \$DLTA token. Even though, we imply that there may be a strong direct correlation between the platform and \$DLTA token.

### 5.1 \$DLTA usecases and utility

\$DLTA token is designed to be the only native token of the delta.theta platform to date. This means that developments of the platform would be released with respect to the \$DLTA role in the platform and options trading process.

Right now, with the release of the platform and shortly afterwards, there are 3 main usecases of \$DLTA token:

#### 1. Fees discount

With the release of delta.theta platform mainnet, every holder of \$DLTA token would have a discount on trading fees (both Taker and Maker), while the discount would grow together with the \$DLTA stake.

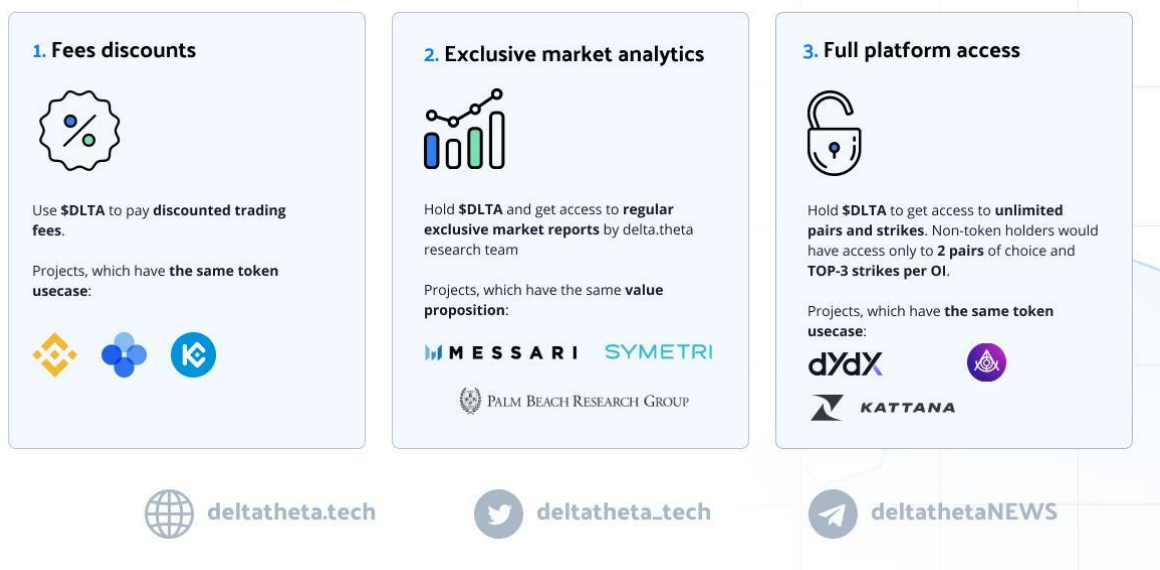
#### 2. Exclusive market reports

Shortly after the platform release, all \$DLTA holders would have an opportunity to access the exclusive market reports, featuring the general market reviews and the most attractive options and pairs.

#### 3. Full platform access

When delta.theta platform goes live, we'd be giving a grace period with full platform access to everyone. After the grace period, users without \$DLTA would have access only to **2 pairs of choice**, and **Top-3 strikes per Open Interest (OI)**. People who have a corresponding amount of \$DLTA would have unlimited access to pairs and strikes.

You can review a brief \$DLTA token usecases cheat sheet below:



## 5.2 Tokenomics and metrics

Ticker: **\$DLTA**

Blockchain Networks: **BSC, Ethereum**

Token Supply: **100,000,000**

Project Valuation: **\$9,000,000**

Initial Token Circulation: **7,700,000**

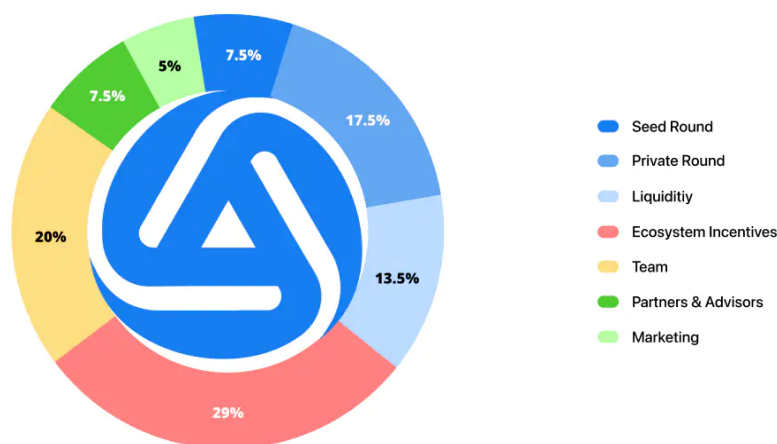
Initial Market Capitalization: **\$693,000**

Total Raise (All Rounds): **\$1,912,500**

DAO Pad Raise: **\$300,000+\$5,000**

\$DLTA Private round price: **\$0,09**

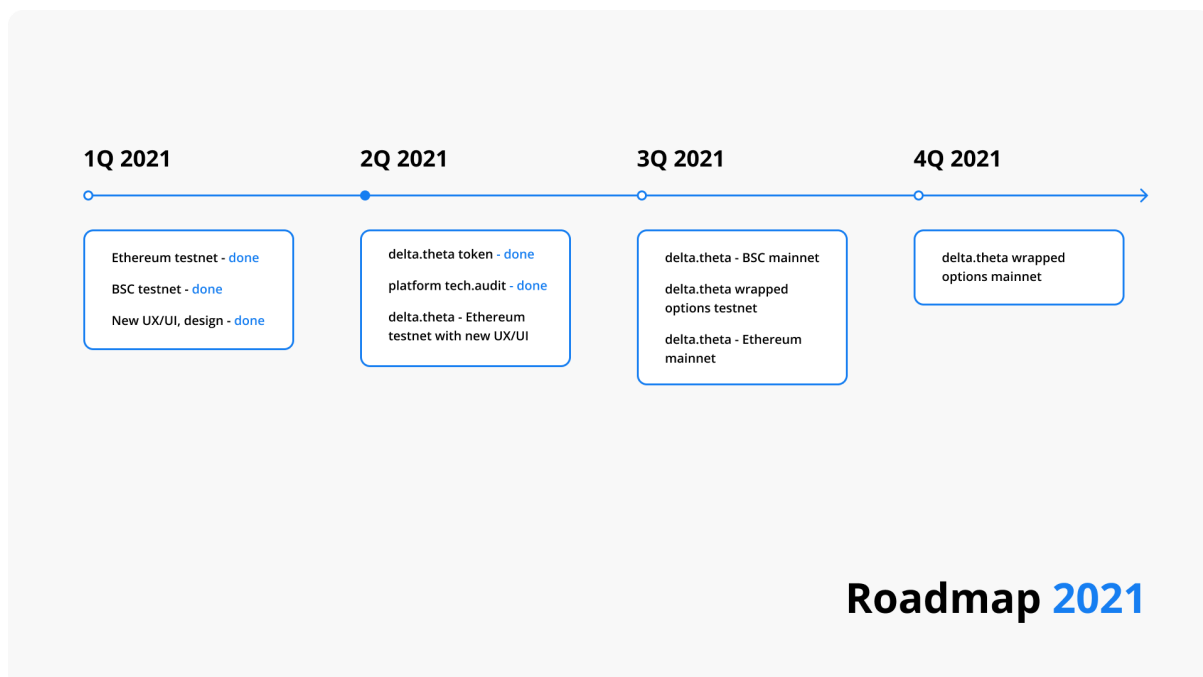
You can find the token distribution breakdown for \$DLTA token below:



## 6. delta.theta Roadmap

delta.theta is a product based company - we believe that the true P2P DEX options platform can be built only on the edge of a strong product and a native token integrated into it. That is why we're not putting too many hype events and conferences into our roadmap. We do believe that Roadmap should be focused on product and token and the correlation of development and prosperity of both of them.

You can find our most actual Roadmap version below:





## 7. Team

delta.theta's team isn't super big right now. Though, we're professionals, who cooperated together to bring our best experience and knowledge into the product. Our team has experienced traders, fintech experts, and crypto enthusiasts.

Danil Zatologin CEO of delta.theta

Professional trader with more than 15 years of experience on the stock and derivatives market in various brokerage companies.

Ilya Chesnokov, CTO of delta.theta

Full-stack developer and resident blockchain expert.

Experience in developing and supporting high-load applications.

Winner (multiple) of the Worldskills National Inter-university competition.

For the last 5 years, he's been focusing on the development of fintech applications.

Gleb Chuvpilo, COO of delta.theta:

Serial Entrepreneur & Investor.

AI @ MIT & MBA @ Wharton.

Alum of Y Combinator (CEO @ Authy, Winter 2012 Batch)

Portfolio Manager @ Clarium Capital (Peter Thiel's global macro hedge fund).

Software Engineer @ Palantir Technologies (built Artificial Intelligence algorithms for Palantir Metropolis).

Maks Nedobor , CMO of delta.theta:

Fintech and blockchain product marketing lead with 4+ years of experience.

Strong product marketer, who knows the real power of blockchain and community.

Worked in a number of the famous crypto enterprises on their product/platform marketing and market entries.

## 8. Investors & Partners

delta.theta's approach to fundraising was very modest. We were looking for partners, who would bring added value to our product and platform. Our SEED round, closed [just a month ago](#), didn't have any Venture Capital funds who would create a sell pressure on the token price in future. Our leading partners and investors are: **DAO Maker, 3Commas, Incrypted, Alex cp0x.**

