

# Hodl Finance DAO

Making the Market

# DAO

---

The first Market Making and investment DAO creating community driven liquid markets and opportunities within the crypto space.

# Track Record

---

- ◆ Top 20 Market Maker on Binance
- ◆ Experience in crypto since 2012
- ◆ Unique algorithmic trading platform developed over 4 years

# Performance

---

- ◆ 1.5 million trades daily
- ◆ Monthly volume of 1 billion+
- ◆ 20%-30% extra generated tokens/coins annually

# The Problems

▼ INEFFICIENCY OF IDLE CAPITAL

▼ ILLIQUID MARKETS

▼ MERCENARY NATURE OF MARKET MAKING

IN EFFICIENT

IL LIQUID

IN ACCESSIBLE

## INEFFICIENCY OF IDLE CAPITAL

DeFi treasuries often face the risk of insufficient revenue generation, as the capital remains idle and primarily comprises stablecoins and/or native tokens.

In order to cover operational costs stablecoin reserves are being depleted or native tokens are sold on the open market, which can lead to a decline in price.

GENERAL  
STRUCTURE

ISSUE TOKEN

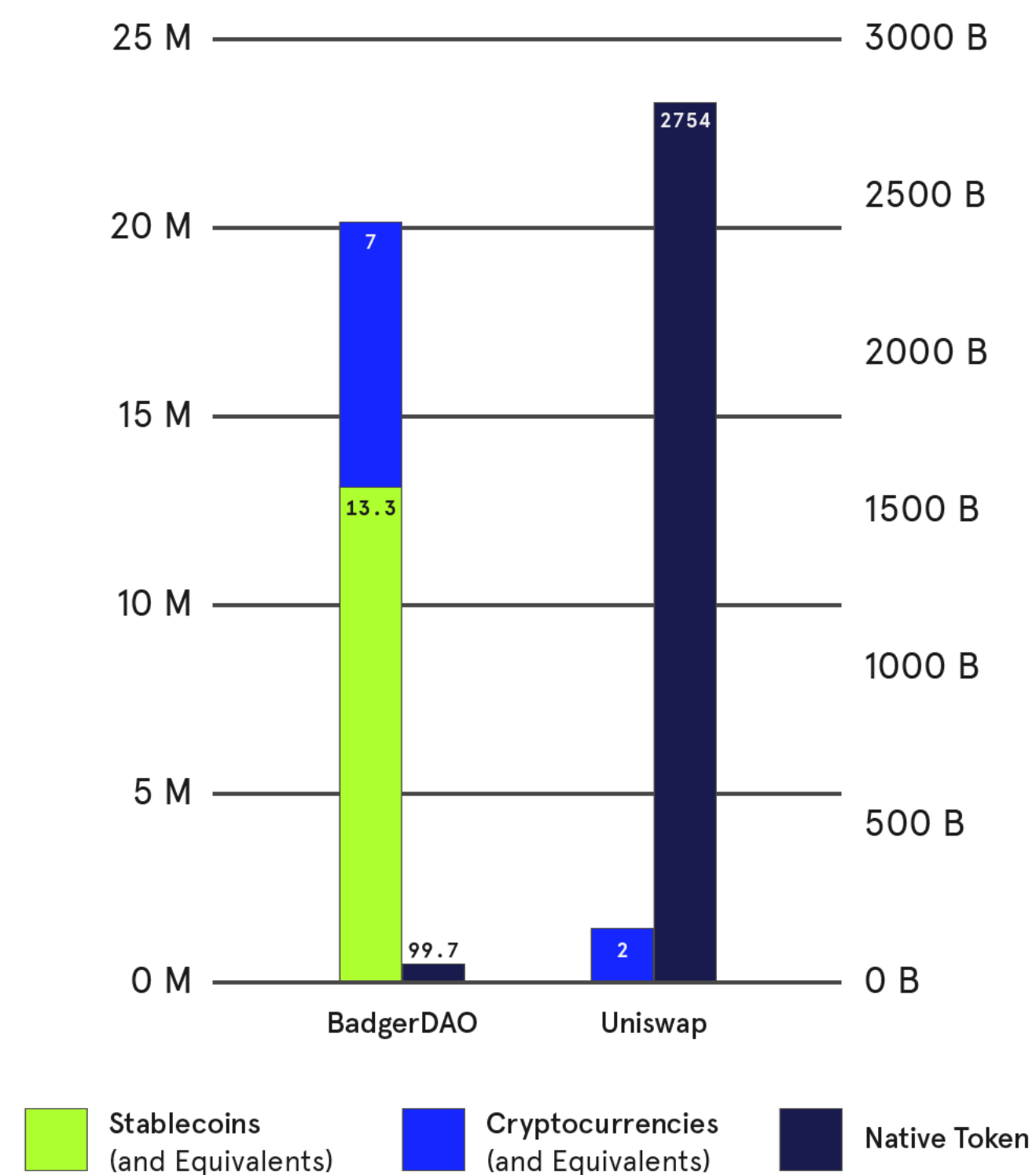
Raise funds

STABLECOINS AND  
NATIVE TOKENS

Operation  
costs

TREASURY  
DEPLETING

## Major DeFi DAO Treasuries

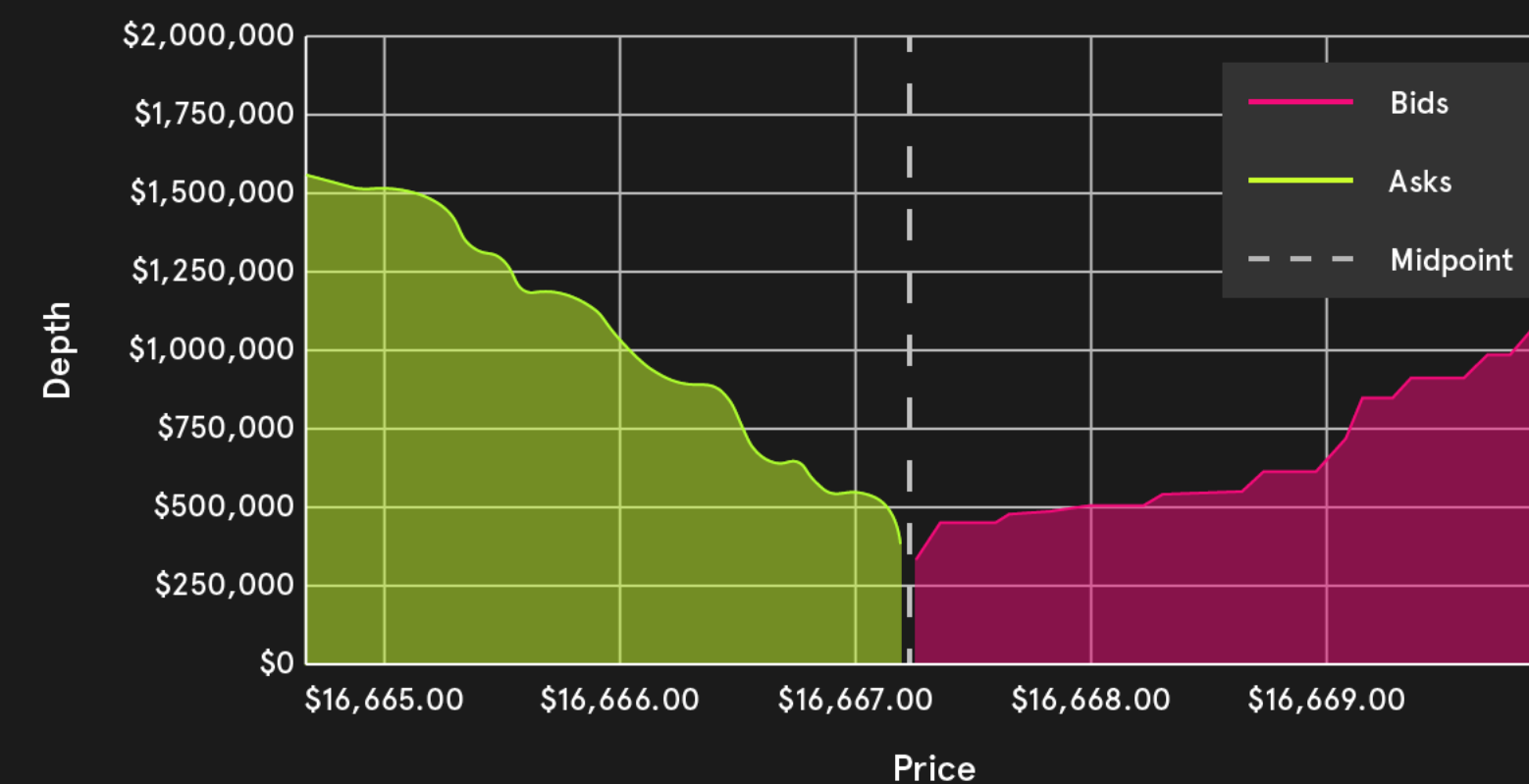


## ILLIQUID MARKETS

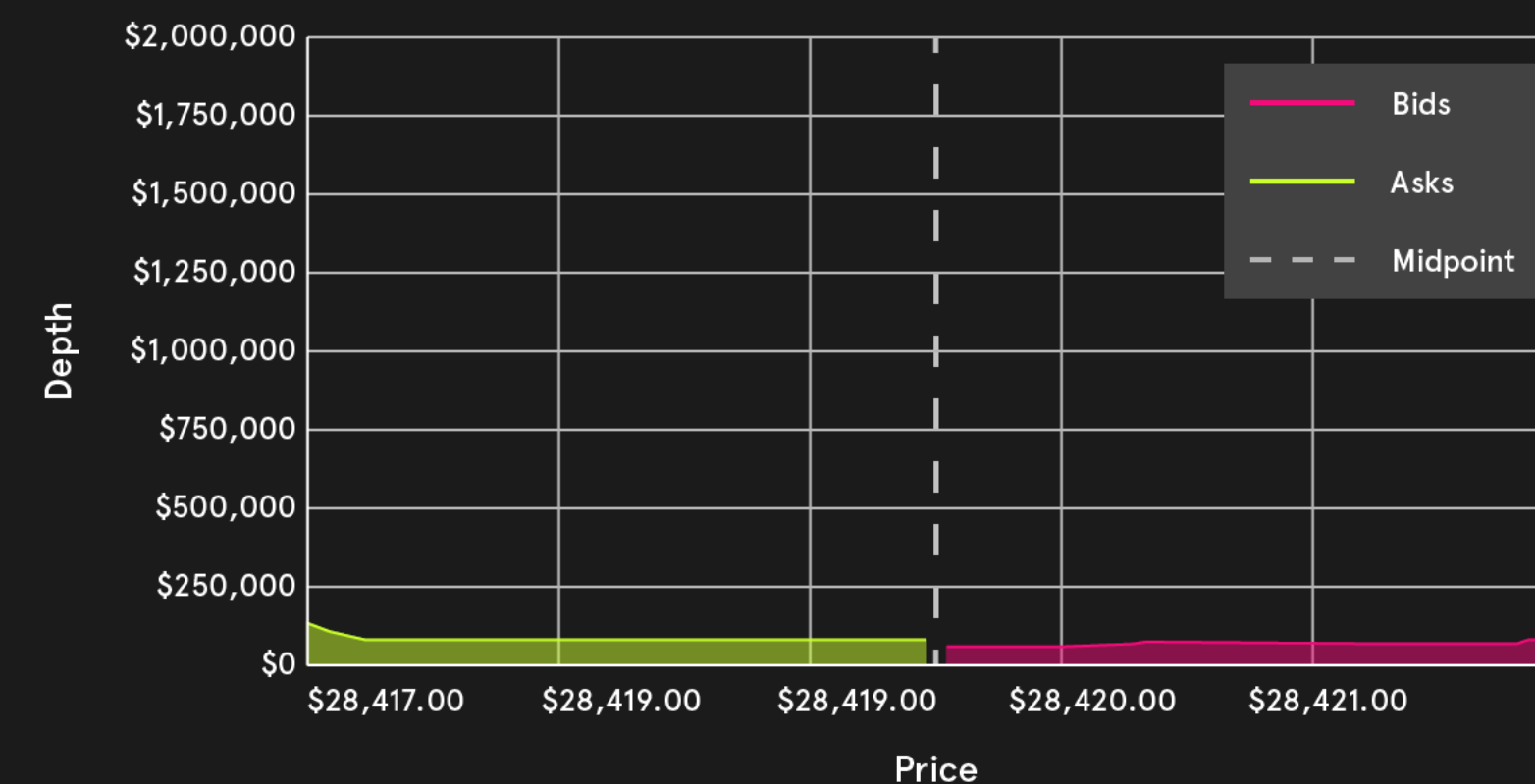
Conventional financial markets possess a well-developed infrastructure where liquidity is typically not an issue, thanks to an abundance of market makers.

However, liquidity remains a challenge in the cryptocurrency market. The current market conditions, compounded by the bear market and regulatory intervention, have resulted in a substantial reduction in liquidity. This lack of liquidity, as shown by the order book graphs, poses a significant barrier for major financial institutions looking to engage in the market.

Binance BTC/USDT Orderbook  
2023-01-04



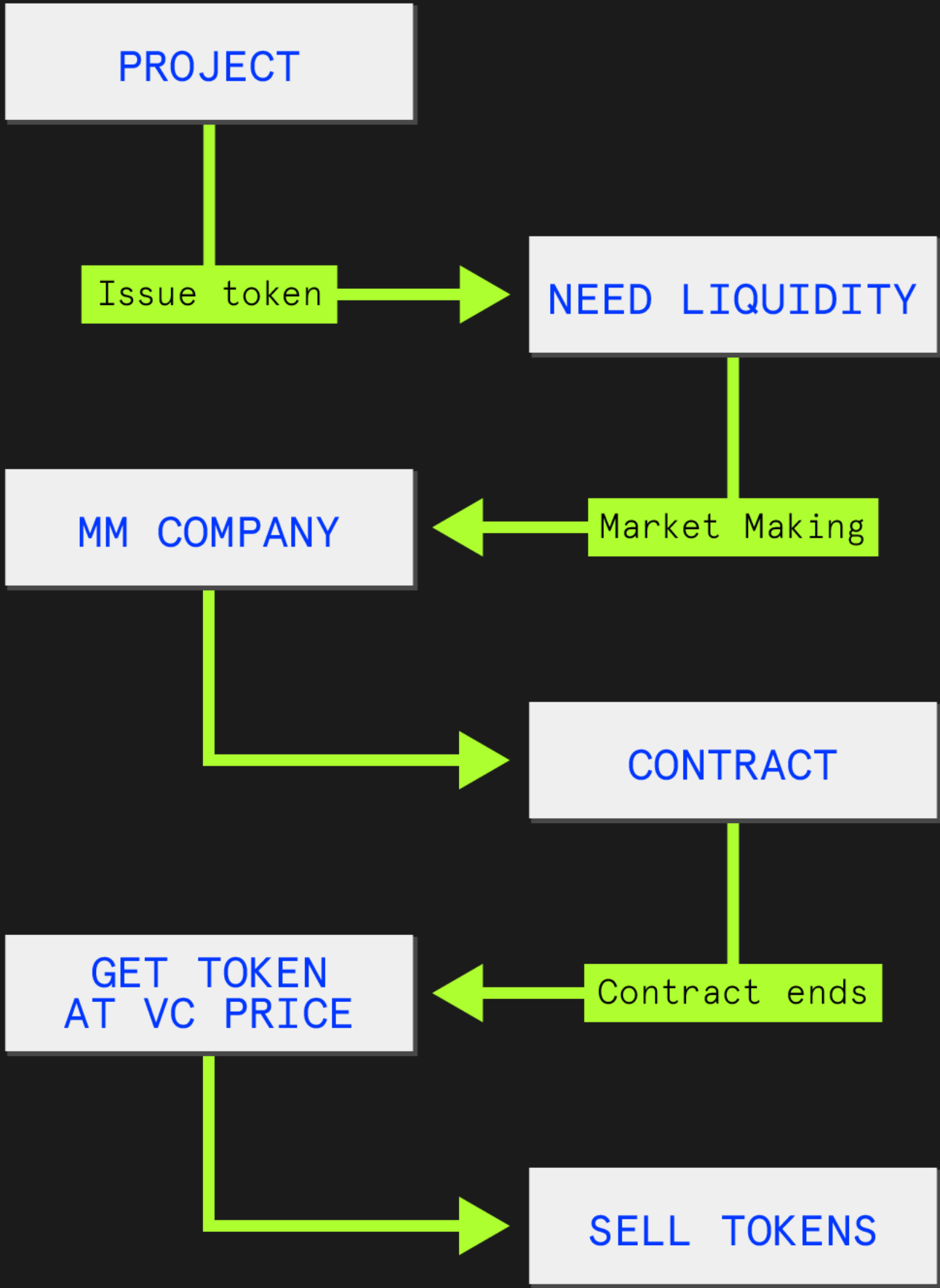
Binance BTC/USDT Orderbook  
2023-05-08



# MERCENARY NATURE OF MARKET MAKING

Market Making is an inherently mercenary industry. To maintain efficient and liquid markets for their tokens, projects issue option contracts, allowing purchases at pre-sale prices and extending token loans to Market Makers.

Upon the completion of the service contract, the call option is executed, and the acquired tokens are sold in substantial volumes. This process has significant implications for DAOs, VCs, and retail investors.



30,000,000	Tokens
<hr/>	
Tenor:	6-months
Tokens:	10,000,000
Repayment Strike:	\$0.12
Tenor:	12-months
Tokens:	10,000,000
Repayment Strike:	\$0.16
Tenor:	18-months
Tokens:	10,000,000
Repayment Strike:	\$0.18

# The Solutions

ACTIVELY TRADED TREASURY ▲

COMMUNITY DRIVEN MARKET MAKING ▲

EQUITABLE MARKET MAKING ▲





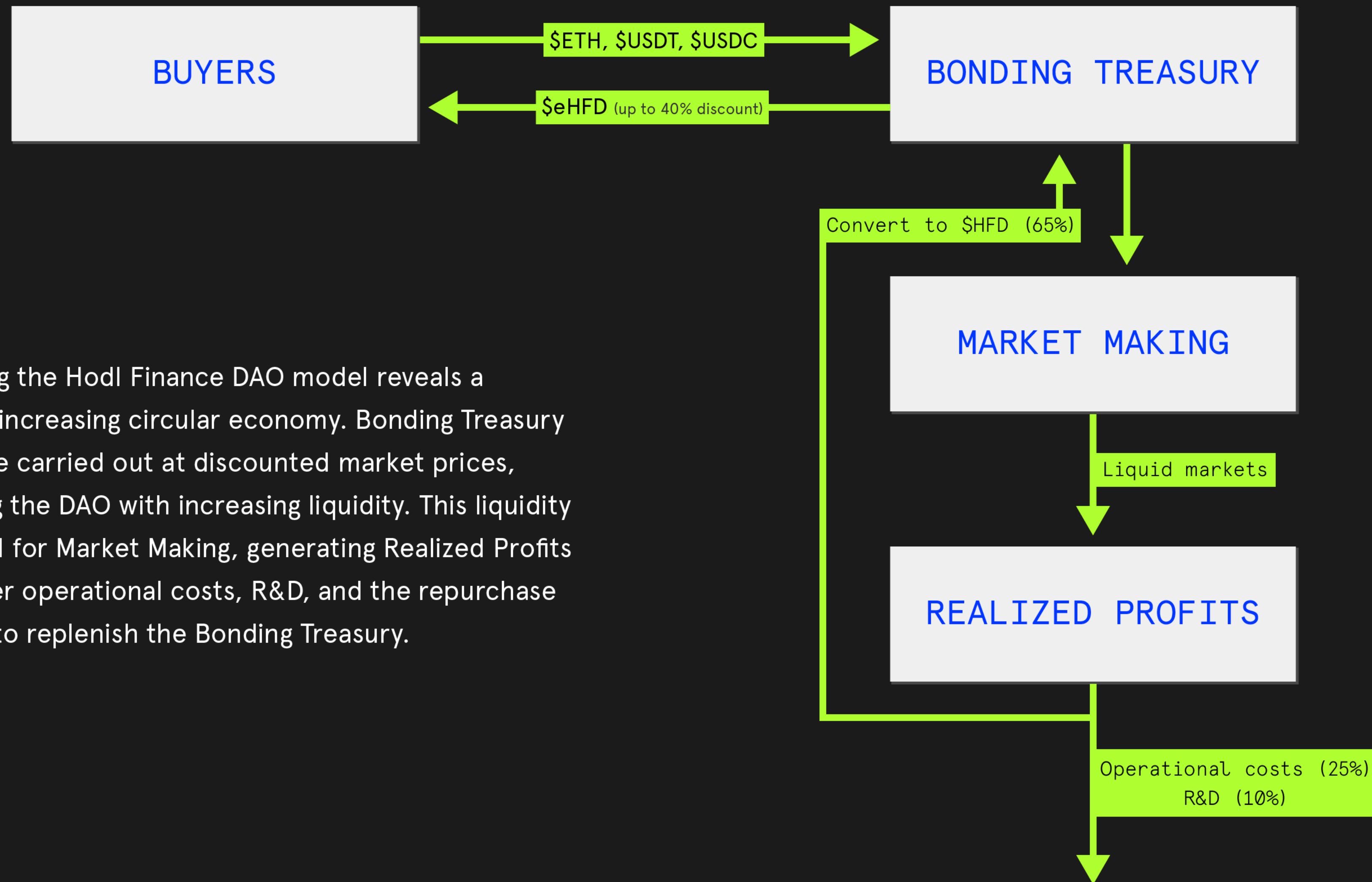
# ACTIVELY TRADED TREASURY

Spreading a treasury among fundamentally robust cryptocurrencies with active trading enhances the potential for revenue generation and boosts resilience against unpredictable occurrences.

Consequently, Market Making algorithms are ideal for producing steady returns while maintaining a **well-diversified portfolio**.



## COMMUNITY DRIVEN MARKET MAKING



Examining the Hodl Finance DAO model reveals a liquidity-increasing circular economy. Bonding Treasury swaps are carried out at discounted market prices, supplying the DAO with increasing liquidity. This liquidity is utilized for Market Making, generating Realized Profits that cover operational costs, R&D, and the repurchase of \$HFD to replenish the Bonding Treasury.

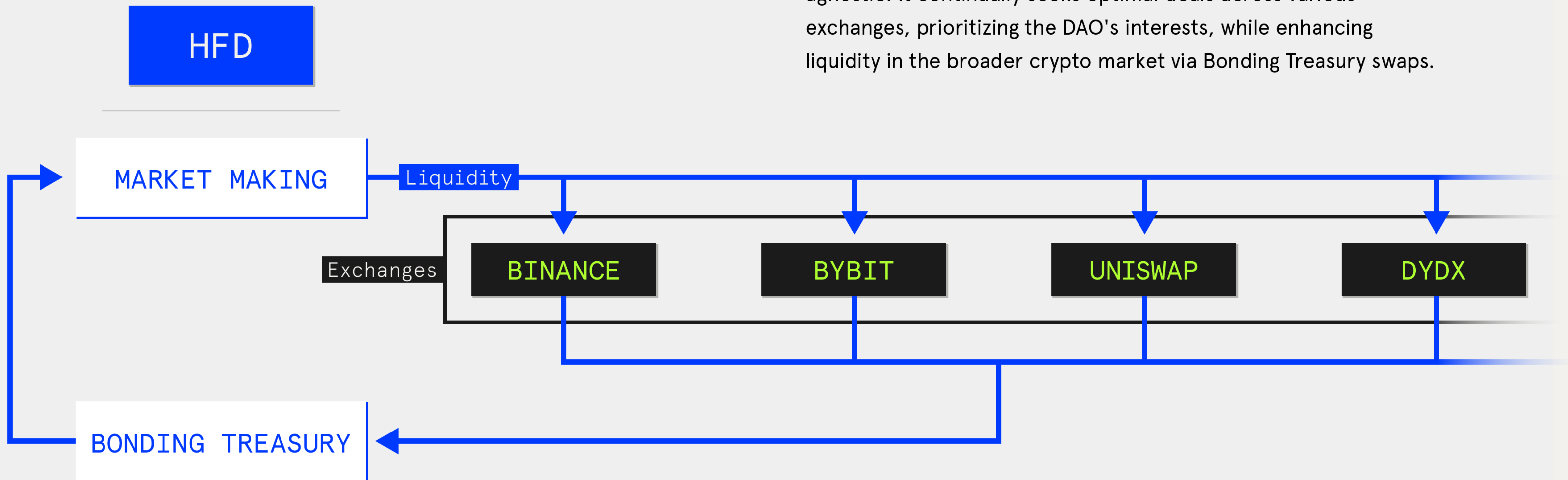
## EQUITABLE MARKET MAKING



Every project requires a Market Maker. Similar to traditional centralized Market Makers, Hodl Finance DAO will participate in deals with various projects, handling Market Making for their tokens. The primary difference is that the tokens earned from exercised call contracts are added to the DAO's treasury, enhancing its resilience and diversification. Additionally, the tokens are actively traded, generating Realized Profits for the DAO and contributing to a more stable market. We call this a win-win-win.

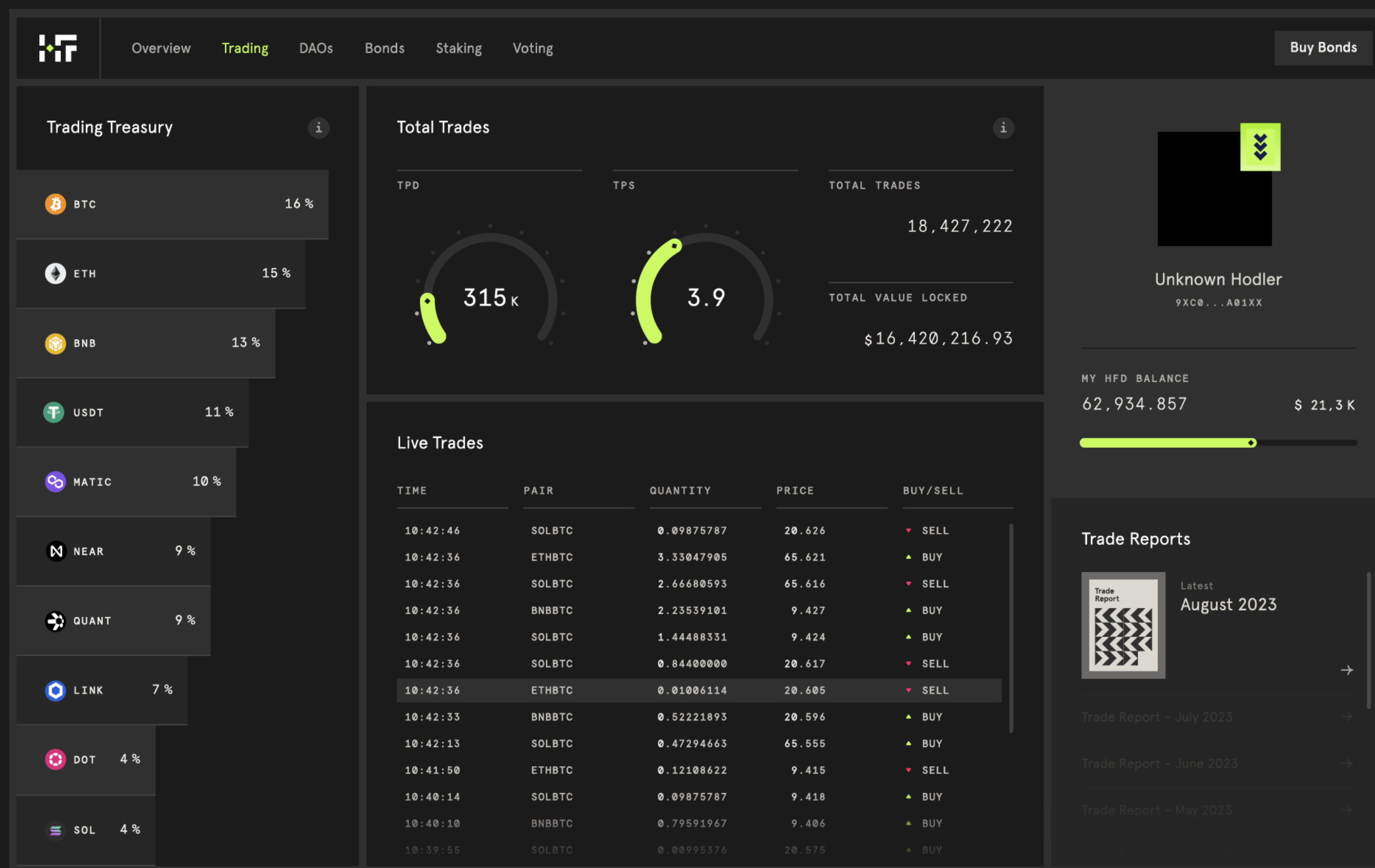
# Exchange Agnostic

As a decentralized Market Maker, Hodl Finance DAO is exchange agnostic. It continually seeks optimal deals across various exchanges, prioritizing the DAO's interests, while enhancing liquidity in the broader crypto market via Bonding Treasury swaps.





# Transparency is the norm

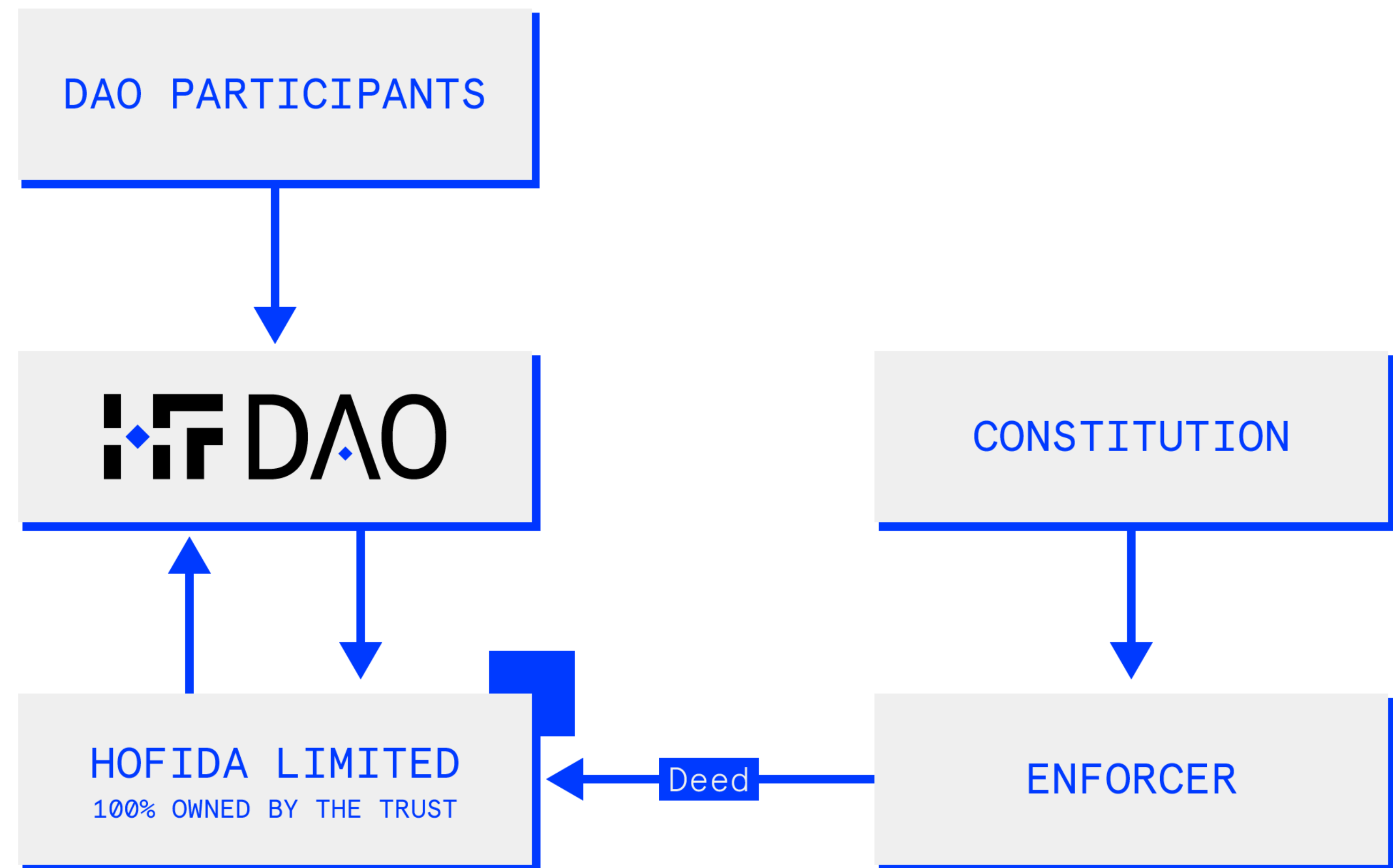


- ◆ All trades will be viewable in the dashboard.
- ◆ Monthly trading reports
- ◆ Read-only API's to centralized exchanges
- ◆ Treasury wallets disclosed

# Legal Structure of the DAO

The structure of Hodl Finance DAO ensures its legal compliance. DAO members have devised a constitution to steer the DAO's activities.

HoFiDa Limited, the legal entity acting on behalf of the DAO, is monitored by a trustee who verifies alignment with the DAO's resolutions and can dismiss directors if needed. As a final safeguard, an enforcer ensures the trustee's accountability and can replace them if necessary.



# Core Contributors

◆ Ichimoku  
Strategy

◆ Scorpio  
Operations

◆ Lumberjack  
Technology

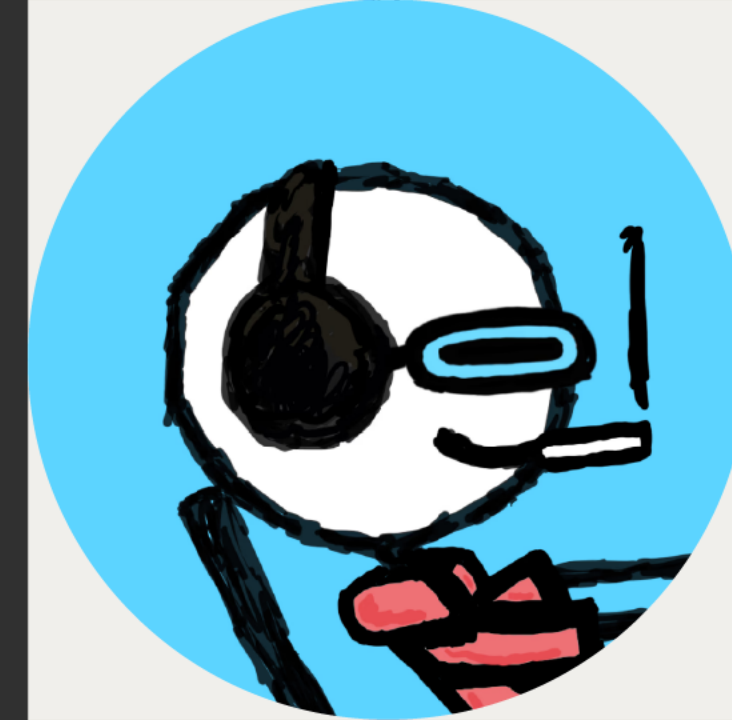
◆ Pareto  
Ventures

◆ Osiris  
Marketing

◆ Aslan  
Projects

◆ Butterfly  
DAO Development

◆ Aliveo  
Creative



# Competitors

Examining the placement of various Market Makers in both traditional and crypto markets reveals that they predominantly function as centralized organizations. This observation highlights an opportunity in both markets for decentralized entities driven by communities rather than large corporations.

CRYPTO  
MARKET MAKING

TRADITIONAL  
MARKET MAKING

CENTRALIZED

DECENTRALIZED

GSR

KAIRON  
LABS

empirica  
building markets



WINTERMUTE

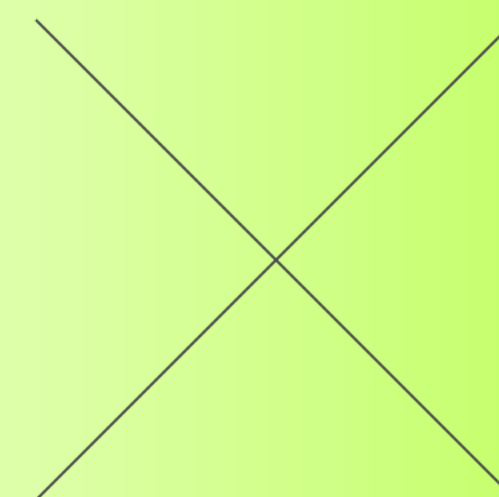


FLOW TRADERS

imc

CITADEL

DRIV



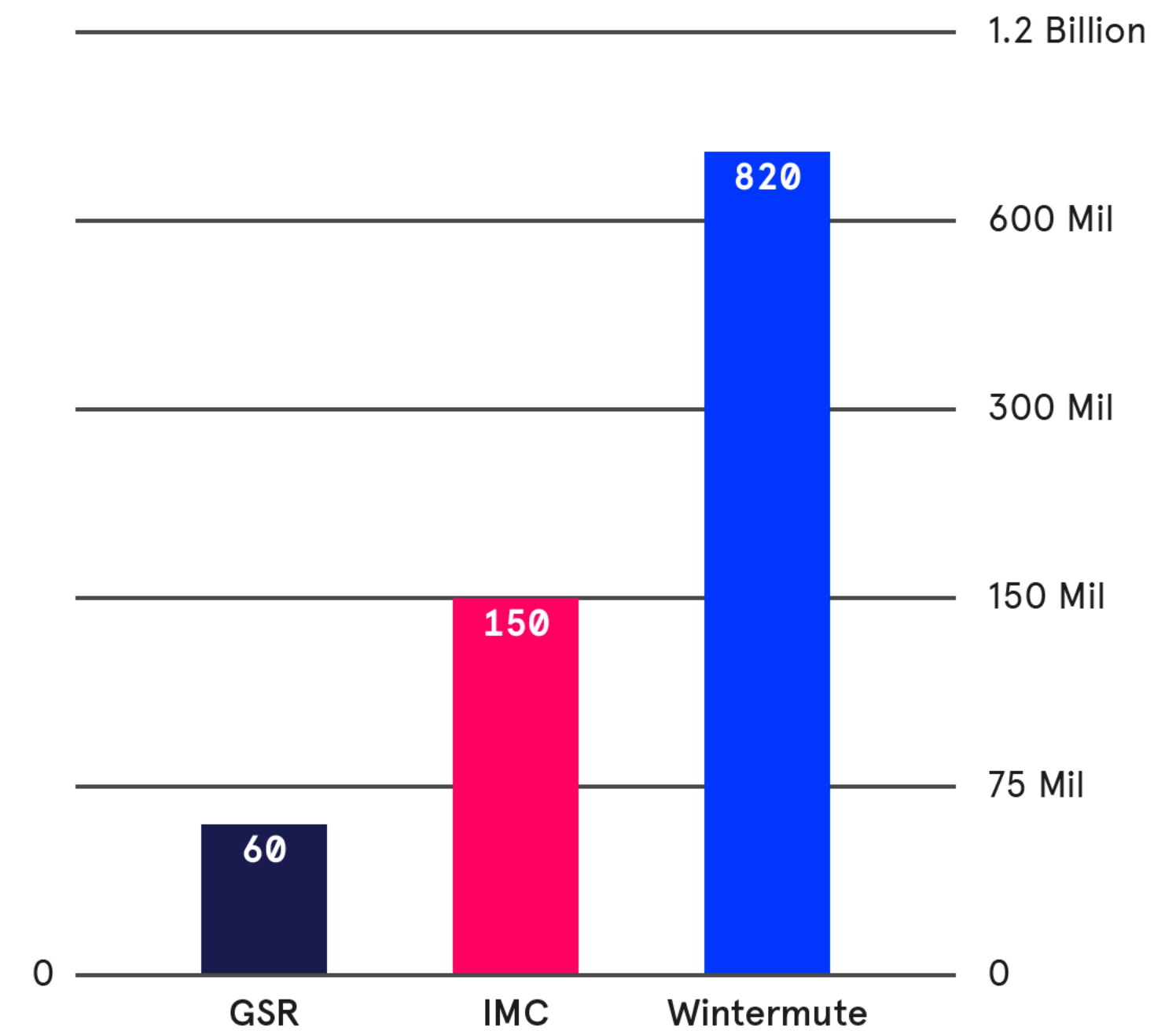


# Validation

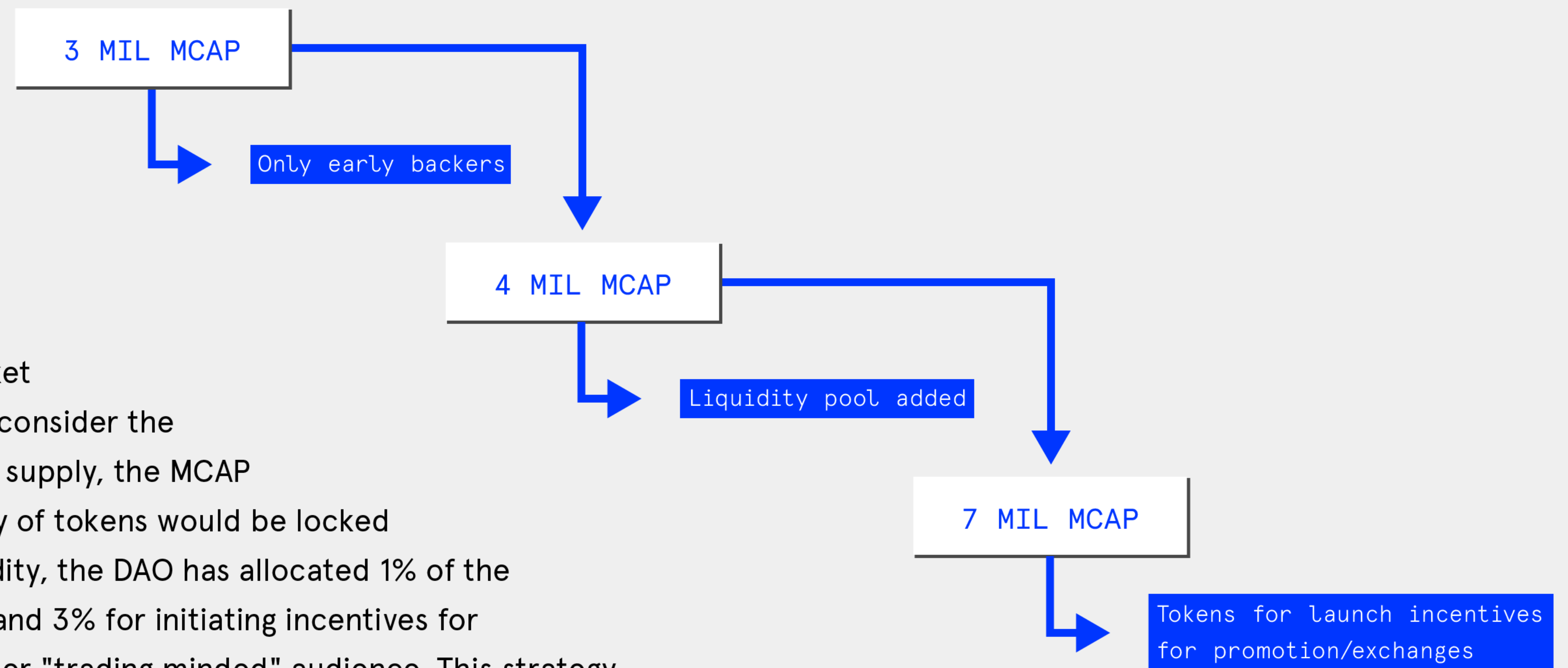
A handful of major centralized entities control the cryptocurrency Market Making sector, together reaching monthly transaction volumes of more than \$200 billion and yearly revenues ranging from \$60 million to \$820 million.

This positions Market Making as one of the most significant sources to generate revenue within the crypto market.

## Market Making Revenue



# Circ. Marketcap on Launch



The DAO framework presents a unique structure, resulting in various approaches to assessing the token's market capitalization (MCAP). If the DAO were to consider the minimum number of tokens as circulating supply, the MCAP would amount to 3 million, as the majority of tokens would be locked in the Bonding Treasury. To enhance liquidity, the DAO has allocated 1% of the tokens for providing liquidity on Uniswap and 3% for initiating incentives for exchange listings and exposure to a broader "trading minded" audience. This strategy could potentially generate additional profits for the DAO through market making activities.

# Staking

When executing a Bonding Treasury swap, the tokens are automatically secured within the Staking Treasury generating extra tokens as reward for long term dedication. The staking rewards are based on 0.05% daily depletion of the Staking Treasury, and become exponentially lower over the years. The longer the staking lock up the higher the rewards, this is called the weight.

	Weight 1 and 25% Staked in Flexible	Weight 1.5 and 20% Staked for 1 year	Weight 2 and 20% Staked for 2 years	Weight 2 and 15% Staked for 3 years	Weight 3.5 and 10% Staked for 4 years	Weight 5 and 10% Staked for 5 years
APR with 20% tokens staked of total supply	11%	17%	23%	28%	40%	57%
APR with 40% tokens staked of total supply	6%	9%	11%	14%	20%	28%
APR with 60% tokens staked of total supply	4%	6%	8%	9%	13%	19%
APR with 80% tokens staked of total supply	3%	4%	6%	7%	10%	14%
APR with 100% tokens staked of total supply	2%	3%	5%	6%	8%	11%

# Hodl Finance DAO

Ready to Make the Market?