MoveX: On-Chain Volatility Trading on HyperEVM

Executive Summary

MoveX introduces a revolutionary volatility trading platform in the decentralized finance (DeFi) ecosystem. Built on HyperEVM's high-performance blockchain, our platform enables traders to gain direct exposure to market volatility without needing to predict price direction.

Problem: Cryptocurrency traders seeking volatility exposure currently face two suboptimal options: complex traditional options requiring sophisticated knowledge, or inefficient perpetual futures strategies demanding active management and ongoing funding costs.

Solution: MoveX simplifies volatility trading through contracts that settle based on absolute price movement, regardless of direction. A trader can simply bet that the market will move significantly, without needing to predict whether it will go up or down.

Key Innovations: * Settlement based on absolute price movement * True on-chain order book with maker incentives * Pre-launch liquidity building mechanism * Position-based architecture without derivative tokens * Configurable leverage with robust risk management

Economic Model: The xMOVE token powers the entire ecosystem, with 59% allocated to community incentives, distributing 90% of fees to stakers, and creating a sustainable system that rewards both users and liquidity providers.

MoveX positions itself as the premier platform for simplified volatility exposure in DeFi, filling the substantial gap between complex options trading and directional perpetual futures.

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1. Introduction: Rethinking Volatility Trading

1.1 The Market Gap

Volatility trading (the magnitude of price movement regardless of direction) represents one of the most underutilized opportunities in cryptocurrency markets. Traditional finance has embraced volatility as an asset class through products like VIX futures, but in crypto, current options present significant barriers:

Traditional options: * Require understanding complex Greeks, implied volatility surfaces, and sophisticated pricing models * Exclude most traders who simply want exposure to market volatility without predicting direction

Perpetual futures: * Require maintaining balanced long and short positions * Involve continuously paying funding rates * Need active position management,

resulting in capital inefficiency

This gap between sophisticated options and directional perpetual futures leaves a substantial portion of the market underserved: traders who have strong convictions about volatility but not direction.

1.2 The MoveX Solution

MoveX introduces volatility derivatives that pay based on the absolute price movement of an underlying asset from contract creation to expiration.

Example: A Bitcoin volatility contract expiring on March 28th (BTC-0328) settles based on how much Bitcoin's price changes by expiration, regardless of whether that change is positive or negative.

If Bitcoin is at $90,000 when creating the contract: * If the price rises to $95,000 → The contract settles at $5,000 * If the price falls to $85,000 → The contract also settles at $5,000

This approach offers key advantages: 1. **Conceptual simplicity:** "Will the market move significantly?" instead of "Will the market go up or down?" 2. **Simplified position management:** No need to balance multiple positions 3. **Full transparency:** All trading activity occurs on-chain 4. **Superior performance:** Built on HyperEVM's high-performance infrastructure

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2. Product Mechanics: Trading Pure Volatility

2.1 Volatility Contract Fundamentals

MoveX contracts represent a straightforward financial agreement with a defined creation date, expiration date, and reference asset.

How does a volatility contract work? 1. **Creation:** A reference price is established when creating the contract (e.g., Bitcoin at $90,000) 2. **Expiration:** On the expiration date, the final price is determined (e.g., Bitcoin at $95,000) 3. **Settlement:** The value is calculated as the absolute difference between the final and reference price ($5,000)

Traders can take either long or short positions: * **Long position:** Profits when the asset experiences significant price movement in either direction * **Short position:** Profits when the asset remains relatively stable

2.2 Position-Based Architecture

Unlike token-based derivatives, MoveX implements a position-based system directly within its smart contracts: * Users deposit collateral (either USDC or HYPE) directly to the protocol * Positions are recorded as accounting entries rather than separate tokens * The protocol maintains separate accounting for

USD-margined and HYPE-margined positions * Settlement occurs through direct balance adjustments

This approach enables advanced features like efficient leverage implementation.

2.3 Leverage and Risk Management

MoveX incorporates configurable leverage with thoughtful risk controls to maintain system solvency: * Initial markets offer 3x leverage * Customized parameters based on the asset's historical volatility and liquidity * Liquidation system that continuously monitors position health * Tiered liquidation process to protect the system

2.4 Settlement Process

Settlement occurs automatically at contract expiration: 1. At the exact expiration timestamp, the protocol obtains the final price of the asset 2. The settlement calculation compares this final price against the reference price 3. All open positions are settled based on this percentage change 4. Users' balances are updated automatically

This process requires no manual intervention, eliminating the exercise decisions required in traditional options.

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3. Technical Architecture

MoveX is designed as a series of interconnected smart contracts that create an efficient, secure trading system for volatility derivatives.

3.1 Core Contract Structure

The protocol consists of five specialized contract types: 1. **Factory Contract:** Protocol registry and deployment mechanism 2. **Hub Contract:** Financial core of the protocol, managing deposits and collateral 3. **Market Contracts:** Represent individual volatility derivatives 4. **Liquidator Contract:** Monitors position health and manages liquidations 5. **Oracle Interface:** Standardized access to price data from HyperEVM

3.2 On-Chain Order Book Implementation

MoveX implements a true on-chain order book that balances efficiency with transparency: * Maintains separate bid and ask sides, with orders sorted by price-time priority * Allows for limit orders, market orders, and cancellations * Optimized for gas efficiency * Superior to AMMs for volatility products

3.3 Security Considerations

Security is foundational to MoveX's design: * Modular architecture that isolates critical functions * Tiered permission access controls * Circuit breakers to pause functions during extreme conditions * Rate limiting to prevent excessive transactions * Formal verification of critical components * Multiple independent security audits

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4. Market Creation and Lifecycle

4.1 Controlled Market Creation Approach

The creation of new volatility markets follows a strategic approach managed by the protocol team, offering two distinct market types: * **USD-Margined Markets:** Use USDC as collateral * **HYPE-Margined Markets:** Use HYPE as collateral, with additional benefits

4.2 Pre-Launch Liquidity Building

A key innovation is the pre-launch liquidity building phase: 1. Announcement of a new market approximately 4 hours before it becomes actively tradeable 2. During this window, traders can submit "post-only" limit orders to the order book 3. This allows natural price discovery and order book depth to develop 4. When the market officially activates, trading begins with substantial liquidity already in place

4.3 Market Lifecycle

Each MoveX market progresses through four distinct phases: 1. **Announcement Phase:** Market specifications 2. **Pre-Launch Phase:** Initial liquidity building 3. **Active Trading Phase:** Full functionality until expiration 4. **Settlement Phase:** Calculation and distribution of outcomes

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5. Economic Model and Token Ecosystem

5.1 Fee Structure and Market Making Incentives

MoveX implements a maker-taker fee model designed to incentivize liquidity provision: * **Takers:** Pay a fee of 0.35% on each trade * **Makers:** Receive a negative fee (payment) of 0.1% on executed trades

5.2 Revenue Distribution and Tokenomics

Total Supply Distribution (100,000,000 xMOVE) * **Team (13%):** Core development team and future hires * **Investors (20%):** Seed (7%) and Private

(13%) rounds * **Community (59%):** Trading rewards, liquidity provision, and incentives * **Liquidity (8%):** Initial liquidity bootstrapping

Protocol Revenue Distribution * **90% distributed to token stakers:** Holders who stake the protocol's native token receive the vast majority of fee revenue, creating powerful economic incentives to lock tokens * **10% allocated to the insurance fund:** Builds protocol resilience over time, ensuring system solvency under extreme conditions

5.3 Protocol Token Utility and Governance

The protocol's native token (xMOVE) serves multiple key functions: * **Staking:** Participation in the fee revenue sharing program, reducing circulating supply and creating sustainable yield for long-term holders * **Governance:** Voting rights on protocol parameters and priorities, with voting power proportional to staked amount * **Enhanced Trading Benefits:** Preferential trading conditions and reduced fees in both USD and HYPE-margined markets * **Market Creation Rights:** Required for proposing and voting on new volatility markets

5.4 Market Making Incentives and Staking Benefits

Beyond the base negative fee structure, the protocol implements additional incentives: * **Tiered Maker Rewards:** Enhanced rates for market makers exceeding thresholds * **Early Liquidity Bonuses:** Enhanced rewards during first 3-6 months * **Consistency Rewards:** For market makers maintaining consistent presence

The staking mechanism is a cornerstone of MoveX's economic model: * **Supply Reduction:** By incentivizing users to stake their tokens, a significant portion of the total supply is removed from circulation, potentially increasing scarcity * **Tiered Staking Periods:** Options for 1-month, 3-month, 6-month, and 12-month lockups with increasing rewards multipliers * **Compound Yield:** Stakers can automatically compound their fee revenue, further increasing their stake and voting power * **Governance Influence:** Longer-term stakers gain enhanced voting weight in protocol governance, aligning decision-making power with long-term holders

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6. Development Roadmap

Phase 1: MVP (Q1 2026) * Single market implementation (BTC-MOVE with both USD and HYPE margin options) * Basic order book functionality * Testnet deployment

Phase 2: Market Expansion (Q2 2026) * Multiple markets support across both margin types * Advanced order types * Mainnet launch

Phase 3: Advanced Features (Q3/Q4 2026) * Cross-margin functionality between markets of the same collateral type * Portfolio margin across all positions * API and advanced trading tools * Enhanced incentives for HYPE-margined markets

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7. Competitive Landscape

7.1 Market Context & Precedents

Volatility-based derivative products have a successful history in both traditional and crypto markets: * **VIX Futures/Options:** Consistent CBOE Volatility Index products * **Volatility ETPs:** Products like VXX, UVXY, and SVXY with significant AUM * **Deribit's DVOL:** A Bitcoin volatility index that has gained traction * **Early Volatility Products:** Previous implementations demonstrated product-market fit

7.2 MOVE Contracts vs. Options

Feature	MoveX	Traditional Options
Complexity	Low	High
Directional Risk	None	Yes (unless hedged)
Pricing Model	Simple	Complex (Black-Scholes)
Greeks Management	None required	Required (Delta, Gamma, etc)
Leverage	Configurable	Implicit in option pricing
Settlement	Straightforward	Complex (exercise decisions)

7.3 MOVE Contracts vs. Perpetuals

Feature	MoveX	Perpetual Futures
Funding Rates	None	Yes (ongoing cost)
Expiration	Yes	No
Position Management	Simple	Requires active management
Volatility Exposure	Direct	Requires complex strategies
Leverage	Configurable per market	Usually fixed by platform
Direction Neutrality	Yes	No (directional exposure)

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8. Risk Management and Security

8.1 Comprehensive Risk Management Framework

MoveX implements a multi-layered risk management framework: * **Position level:** Real-time monitoring of all leveraged positions * **Market level:** Cali-

brated leverage limits and position size caps * **System level:** Insurance fund accumulating 10% of all trading fees * **Circuit breakers:** Protection against manipulation and extreme volatility

8.2 Smart Contract Security Measures

- Formal verification of critical components
- Multiple independent security audits
- Staged deployment strategy
- Time Locked governance and emergency pause function
- Comprehensive bug bounty program

8.3 Oracle Security and Reliability

- Integration with HyperEVM's native price feed precompiles
- Time-weighted average price (TWAP) calculation for settlement prices
- Sanity checks and circuit breakers
- Fallback mechanisms

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9. Governance

Governance Implementation Governance will be implemented in phases: * **Phase 1 (Launch to 6 months):** Core team maintains control of critical parameters * **Phase 2 (6-12 months):** Transition to limited governance with community voting * **Phase 3 (12+ months):** Full DAO governance with complete protocol control transferred to token holders

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10. Conclusion

MoveX represents a significant advancement in decentralized finance by bringing intuitive volatility trading to the blockchain. By solving the fundamental challenge of providing clean volatility exposure without the complexity of traditional derivatives, MoveX opens this market to a far broader audience of traders and investors.

The platform's core innovations—absolute price movement contracts, position-based architecture, pre-launch liquidity building, and sustainable incentive structure—create a complete ecosystem designed for long-term growth and user satisfaction. By building on HyperEVM's high-performance infrastructure, MoveX achieves the speed and reliability previously only available on centralized exchanges while maintaining the transparency and self-custody benefits of decentralized finance.

As cryptocurrency markets continue to mature, volatility trading represents one of the most significant untapped opportunities in the ecosystem. MoveX

isn't just another derivatives protocol—it's a fundamental rethinking of how volatility can be traded in decentralized markets, bringing sophisticated trading capabilities to a global audience in a format anyone can understand.

The future of finance is decentralized, and with MoveX, the future of volatility trading is here.