

Project Research Dossier: Variational (\$VAR)

On-chain derivatives protocol (Omni / Pro) on Arbitrum | Prepared by: saswath | Date: 26 September 2026 | Status at time of writing: pre-TGE, pre-public-raise

1. Problem / Question

Does the announced \$VAR token design (32% fully unlocked at TGE, 50% to team and investors behind a 12-month lock) create manageable dilution, and are the team and code verifiable enough to build conviction before TGE?

Eligibility check: No token exists yet; TGE is targeted for Q4 2026. Funding to date is private venture capital only (Series A of \$50M led by Dragonfly, May 2026). Token distribution is announced as a points-based airdrop, not a public sale. No ICO, public sale or launchpad commitment had been announced as of 26 Sep 2026.

2. Project goal

Variational is building a protocol for peer-to-peer trading, clearing and settlement of derivatives, with two apps: **Omni** (zero-fee retail perpetuals, invite-only, moving toward public access in select jurisdictions) and **Pro** (customizable OTC derivatives for institutions). Omni uses a request-for-quote (RFQ) model in which the **Omni Liquidity Provider (OLP) vault is the counterparty to every trade**, sourcing liquidity from CEX, DEX and traditional-finance venues rather than rebuilding an order book. Markets span crypto and real-world assets.

3. Data & evidence: primary sources

#	Source	Link
1	Official \$VAR tokenomics & TGE timing announcement (24 Sep 2026)	x.com/variational_io/status/2102929439063765192
2	Protocol documentation	docs.variational.io
3	Core contributors (founder backgrounds)	docs.variational.io/core-contributors
4	Security & audits page (Zellic, Spearbit)	docs.variational.io/technical-documentation/security-and-audits
5	GitHub organisation	github.com/variational-research
6	Immunefi bug bounty programme	immunefi.com/bug-bounty/variational/information
7	Team page	variational.io/about
8	Series A report (corroboration, secondary)	theblock.co/news/defi/2026-05-20-arbitrum-derivatives-variational-50-million-series-a-dragonfly-402066

Contract addresses: a canonical list of core settlement / OLP contract addresses was **not located** in the docs during this review. The \$VAR token contract does not exist yet (pre-TGE). This is logged as a verification gap (see Risks).

4. Tokenomics (announced 24 Sep 2026, Source 1)

Bucket	Share	Unlock terms (as announced)
Genesis distribution (airdrop to points holders)	32%	100% unlocked at TGE. Unclaimed tokens are burned. 150k points distributed weekly until TGE.
Ecosystem reserve (Variational Foundation)	18%	Allocated at the Foundation's discretion. No schedule published.
Team + investors	50%	Locked 12 months after TGE, then unlocking over a minimum of 3 years; team also on individual vesting. Team vs investor split to be disclosed before TGE.

Total supply, TGE price and FDV: not yet disclosed. FDV therefore cannot be calculated from primary sources. What can be measured is the **FDV-to-circulating ratio**: with 32% circulating at TGE (0% of the reserve released) the ratio is about **3.1x**; if the full 18% reserve were released it would be **2.0x**. **Emissions:** no ongoing inflation has been announced, and treasury revenue is intended to fund \$VAR buybacks and burns, which is deflationary pressure of unknown size.

5. Dilution / unlock model (cliff vs linear)

The wording "locked 12 months, unlocking over a minimum of three years" is ambiguous, so two cases are modelled. Figures are % of total supply circulating, **excluding** any discretionary ecosystem-reserve releases (up to +18%).

Month after TGE	0	6	12	13	18	24	36	48
Base case: 12-mo cliff, then 36-mo linear (1.39% of supply / month)	32%	32%	32%	33.4%	40.3%	48.7%	65.3%	82%
Faster case: 3 years total incl. cliff, i.e. 24-mo linear (2.08% / month)	32%	32%	32%	34.1%	44.5%	57%	82%	82%

- **Month 0 overhang:** 32% of supply is fully liquid on day one and is held largely by points farmers. This exceeds the 30-40% early-unlock threshold, so strong day-one selling pressure should be expected.
- **Month 13 inflection:** the first team/investor unlock adds roughly **+4.3%** (base case) to **+6.5%** (faster case) to circulating supply in a single month, and continues monthly after that. There is no single mega-cliff, provided the lock ends in a linear stream rather than a lump release (this still needs confirming).
- **Reserve wildcard:** the 18% ecosystem reserve can enter circulation at any time and in any amount.

6. Team verification (Sources 3, 7, 8)

- **Doxxed founders:** Lucas Schuermann (Co-Founder & CEO) and Edward Yu (Co-Founder). Both are named on the official site and docs, with public profiles.
- **Track record:** they met as engineering students at Columbia and founded the hedge fund Qu Capital in 2017, which was acquired by Digital Currency Group (Genesis) in 2019. They then served as VP of Engineering and VP of Quant Trading at Genesis Trading, and left in 2021 to found Variational as a proprietary trading firm. This is a relevant, verifiable background.

- **Backers:** the Series A (\$50M, May 2026) was led by Dragonfly, with Bain Capital Crypto and Coinbase Ventures participating, all private rounds. **Code:** there is a public GitHub organisation (Source 5), audits by Zellic and Spearbit are listed (Source 4), and there is an active ImmuneFi bounty (Source 6).

7. Key risks

- **Undisclosed supply data:** the total supply, the team/investor split and the reserve schedule are all unknown, so the valuation cannot be modelled. Per the Legion standard, missing FDV data is itself a risk signal.
- **Audit transparency:** audits are listed in the docs, but independent reviewers reported in March 2026 that the reports were not publicly indexed in the auditors' portfolios. Findings and remediation need to be verified directly before conviction.
- **Counterparty concentration:** the OLP is the sole counterparty to all Omni trades. The vault's solvency, pricing and risk controls are central failure points, and admin keys and upgradeability are unverified without published contract addresses.
- **Airdrop overhang and timeline:** 32% of supply is liquid at TGE, and the TGE was already delayed from Q3 to Q4 because of undisclosed "strategic partnerships". **Regulatory:** RWA and equity perps, a Cayman entity, and access limited to select jurisdictions.

8. Interpretation & conclusion

The structure is **better than a typical low-float launch**. Insiders are locked for 12 months, the FDV-to-circulating ratio is roughly 2-3x rather than 10x or more, the team is doxxed with a verifiable quant background, and there is a live product with tier-1 VC backing. The main open issues are **disclosure gaps** (supply, split, reserve schedule, contract addresses, public audit reports) and heavy day-one airdrop liquidity. **Conclusion: a high-quality watchlist candidate.** Conviction should wait until the pre-TGE disclosures confirm the total supply, a linear post-cliff schedule, and published audit reports.

Rating (optional): Team 4/5 | Product 4/5 | Tokenomics transparency 2/5 | Dilution structure 3.5/5 | Overall: **Watchlist, medium-high risk.**

9. Disclosures

Position: No position. I hold no \$VAR (the token has not been issued) and have no affiliation with or compensation from Variational. This dossier is educational research, not financial advice. All figures are as announced by the project as of 26 Sep 2026 and are subject to change before TGE.