

Project Research Dossier: Variational (\$VAR)

Author: jjoon04 (The Republic) / @ffishermann0 | Date: 27 Sep 2026 | Status checked: pre-TGE (TGE guided for Q4 2026), no public sale or ICO announced; funding to date is private rounds only. Primary sources are cited as [n] and listed at the end. On-chain reads were taken from Arbitrum One on 27 Sep 2026.

1. What it actually builds

Variational is a peer-to-peer derivatives protocol on Arbitrum that automates booking, clearing and settlement of trades (custom pricing oracle, margin/liquidation engine, settlement and funding engine) [1]. Its flagship app **Omni** offers perpetuals with **zero trading fees**; revenue comes from the bid-ask spread instead [2]. Every Omni trade is quoted by the **Omni Liquidity Provider (OLP)**, a market maker **operated by the Variational team** that is the sole counterparty and hedges its exposure on external venues [3]. Trader USDC sits in isolated on-chain **settlement pools** and, per the docs, is never moved to the external venues OLP hedges on [3][4]. The May 2026 Series A release claims \$200B+ cumulative volume, 50k+ accounts and \$750M+ open interest, and a push into commodity/RWA perps [7].

Why it matters: it is a bet that a professional market maker plus on-chain collateral can beat order-book DEXs on price and market breadth (exotic, pre-market and RWA assets) without charging fees. The flip side is that the product's economics depend on one team-run counterparty.

2. Tokenomics (as published) [5]

Bucket	% supply	Unlock terms (per docs)
Genesis airdrop (points)	32%	100% unlocked at TGE; pro-rata to Omni points
Team & investors	50%	12-month lock after TGE, then unlocking over a minimum of 3 years
Ecosystem reserve	18%	Held by Variational Foundation, released at its discretion (no schedule)
Total supply / FDV	not disclosed	No supply figure, price or public sale in any primary source

Value accrual: the docs say 100% of revenue directed to the treasury buys and burns \$VAR [5]. Today the treasury receives 20% of the spread OLP earns; the team keeps 80%, and the 20% split is labelled experimental [3]. So buybacks are sized by a small, discretionary slice of OLP spread, not by all platform revenue.

Points: launched 17 Dec 2025 with 3M retroactive points, weekly distributions through Q4 2026; the team can modify points "at its sole discretion" [6]. A secondary estimate (Odaily, via Polymarket/Dune) puts final points at 9.3-11M and median FDV at ~\$1.53B; this is *not* a primary source and is used only for scale below [10].

3. Unlock and dilution model

Model assumes TGE = month 0, team/investor tokens unlock linearly over exactly 36 months after the 12-month lock (docs say "minimum", so real unlocks may be slower), and ecosystem reserve is shown as a range because its release is discretionary. Figures are % of total supply.

Month after TGE	Airdrop	Team & inv.	Ecosystem (0-18%)	Circulating (range)	Implied float at \$1.53B FDV*
0 (TGE)	32%	0%	0-18%	32-50%	\$490M-\$765M
12 (lock ends)	32%	0%	0-18%	32-50%	-
18	32%	8.3%	0-18%	40.3-58.3%	-
24	32%	16.7%	0-18%	48.7-66.7%	-
48	32%	50%	0-18%	82-100%	-

*Illustration only, using the secondary FDV estimate [10]; no price exists yet.

What hits when: (a) **Day 0 is the heavy day.** 32% of supply arrives fully liquid in the hands of points farmers, many of whom earned it by trading with zero fees and have no cost basis. That is an unusually large unlocked float for a launch and the main source of early sell pressure. (b) **Months 0-12 are quiet** for insiders, so price discovery is driven by airdrop holders and whatever the Foundation releases from the 18% reserve. (c) **From month 12**, about 1.39% of supply per month (50% / 36) unlocks to team and investors, a steady overhang that buybacks would need to absorb. (d) The **18% reserve has no schedule**, so real circulating supply at any date can be up to 18 points higher than the airdrop-plus-vesting line.

4. Team verification signals

- **Verifiable:** founders named in funding releases: Lucas Schuermann (CEO) and Edward Yu [8][7]. Seed of \$10.3M (Oct 2024) led by Bain Capital Crypto and Peak XV, with Coinbase Ventures, Dragonfly, North Island, HackVC [8]; ~\$50M Series A (May 2026) led by Dragonfly [7]. Audits by Zelic (Dec 2024) and Spearbit (Mar 2025) are linked from the docs [9].
- **Marketing, not verified here:** team backgrounds ("Google, Meta, Virtu, IMC, Jane Street", a sold quant fund) and the volume/OI figures come from press releases, not from on-chain data or filings [7][8].
- **Verified on-chain by me:** the four contracts listed in the docs exist on Arbitrum [11]. The Settlement Pool Factory is verified source (SettlementPoolFactory, Solidity 0.8.28) and deploys pools as ERC-1167 clones of a fixed implementation. Its owner() returns 0x8e4d...eaeabf, the deployer, which has no contract code, i.e. a single-key EOA, not a multisig. The owner can call setOracleAddress, and pools can only be created by the owner or the oracle. The address labelled "Protocol Treasury" (0x5e91...d645) also has no code (EOA), has sent 900k+ transactions (automated "Collect Fees"/"Process Treasury" calls to the oracle contract) and held ~\$9.15M in tokens on 27 Sep 2026 [11].

5. Key risks

- **Counterparty / execution:** OLP is the only counterparty and is run by the team. The docs say plainly that OLP can lose money [3]. A bad hedging event hits the business, and indirectly the buyback budget; user collateral is segregated, but settlement depends on OLP and the oracle functioning.
- **Technical / admin keys:** prices come from an in-house oracle run by Variational [12], and the factory owner (an EOA) can repoint the oracle. The treasury that is supposed to fund buy-and-burn is a hot EOA signing hundreds of thousands of transactions. Neither is a timelocked multisig, so key compromise or operator error is a single point of failure. Audits are 18+ months old relative to the RWA/commodity expansion.
- **Incentives:** zero-fee trading plus points rewards volume, so part of the reported volume may be farming that fades after TGE. The 32% liquid airdrop concentrates sell pressure on day 0; points can be changed at the team's discretion [6].

- **Governance / disclosure gaps:** no total supply, no reserve schedule, team vesting described only as "minimum 3 years", and the 80/20 spread split is "experimental" [3][5]. Holders have no documented governance rights.
- **Legal / regulatory:** leveraged perps on commodities and RWAs to retail, with the team as market maker, is squarely in derivatives-regulation territory; jurisdiction and eligibility terms should be checked before relying on the airdrop.

Conclusion: real product traction and credible backers, but \$VAR's value accrual rests on a small, discretionary slice of a team-run market maker's spread, custody of that value sits in an EOA, and the launch float is large. I would treat it as a high-uncertainty airdrop, not an investment case, until supply, reserve schedule and multisig/timelock controls are published.

Disclosure: I hold no \$VAR (not yet issued) and was not paid for this report. Not financial advice.

Primary sources

[1] docs.variationai.io/variational-protocol/overview [2] docs.variationai.io/omni/trading/fees [3] docs.variationai.io/omni/the-omni-liquidity-provider-olp [4] docs.variationai.io/variational-protocol/key-concepts/settlement-pools [5] docs.variationai.io/token/usdvar (also @variationai_io, x.com/variationai_io/status/2102929439063765192) [6] docs.variationai.io/omni/rewards/points [7] Business Wire, 20 May 2026, "Variational Secures \$50M..." [8] Chainwire, 23 Oct 2024, "Variational Secures \$10.3 Million in Seed Funding" [9] docs.variationai.io/technical-documentation/audits [10] (secondary) KuCoin News/Odaily, 24 Sep 2026, Polymarket-implied VAR FDV [11] docs.variationai.io/technical-documentation/mainnet-contracts; Arbiscan and Arbitrum RPC reads of 0x0F820B9afC270d658a9fD7D16B1Bdc45b70f074C (factory), 0x5e91b40467fb8902c46a7b6cb90482363188d645 (treasury), 0x84BE56470d45b7f6629A66A219a38681F6BA6172 (oracle) [12] docs.variationai.io/variational-protocol/key-concepts/variational-oracle