

Project Research Dossier: Variational (\$VAR)

Pre-TGE perpetuals protocol on Arbitrum | Sources accessed 28 Sep 2026 | Source tags [S#] map to the list at the end. **Constraint check:** no public sale, ICO or launchpad round; token not live; TGE announced for "Q4 2026" with no date. Funding to date is private VC only (seed + Series A), stated openly below.

1. What it builds and why it matters

Variational is a peer-to-peer derivatives protocol on Arbitrum. Its retail app, **Omni** (mainnet in private beta [S10]), does not use an order book: every trade is quoted and taken by one in-house vault, the **Omni Liquidity Provider (OLP)**, which hedges its net exposure on external venues [S4]. Because OLP is the only market maker, Omni charges **zero trading fees** and can list any asset with a reliable price feed and hedge (~500 crypto and TradFi markets) [S4]. User and OLP margin sit in segregated on-chain settlement pools; the docs state OLP never moves trader funds to CEXs, only its own hedging capital [S4]. **Why it matters:** it is a bet that RFQ + an integrated market maker can offer long-tail and TradFi perps more cheaply than order-book DEXs. **Revenue:** the protocol takes a share of spreads paid to OLP, currently **20%**, sent to the treasury wallet; the docs flag this rate as "still being tested" [S4].

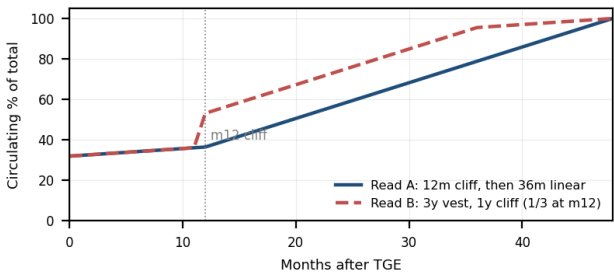
2. Tokenomics (as disclosed on the official \$VAR page [S1])

Bucket	Share	Unlock terms	Status
Genesis Distribution (airdrop to points holders)	32%	100% unlocked at TGE	Disclosed [S1]
Ecosystem Reserve (Variational Foundation)	18%	"Allocated at the Foundation's discretion"; no schedule	Schedule undisclosed
Team and Investors	50%	Locked 12 months after TGE, then "unlocking over a minimum of three years"; team also on individual vesting	Team/investor split undisclosed (promised "prior to TGE")
Total supply / FDV / TGE date	n/a	n/a	Undisclosed
Value accrual	n/a	"100% of revenue directed to the treasury" used to buy and burn \$VAR [S1]	Treasury share of spreads = 20%, variable [S4]

Emissions / points. The points program started 17 Dec 2025 with 3,000,000 retroactive points, then weekly drops; weekly distributions end no later than end of Q4 2026 [S2]. The 24 Sep announcement (as reported) sets 150,000 points/week until TGE and burns unclaimed genesis tokens [S3]. **My estimate:** ~10.5M base points at a late-Q4 TGE (3M + ~50 weeks x 150k), ~11-12M including referral bonuses. Implied value per point = 32% x FDV / ~11M: **\$15 at \$0.5B FDV, \$29 at \$1B, \$87 at \$3B.** FDV figures are my scenarios, not project data.

Documentation drift (a finding). An earlier version of the token page promised buy-and-burn from "a minimum of 30% of protocol revenue" and a ~50/50 community/affiliate split [S11]. The current wording is "100% of revenue *directed to the treasury*" [S1], and the treasury receives 20% of spreads [S4]. Net, the burn is funded by ~20% of spreads, and that rate can change.

3. Unlock and dilution model



The key ambiguity is what "locked 12 months, then unlocking over a minimum of three years" means [S1]. I model both readings. **Common assumption:** the 18% reserve releases linearly over 48 months (the Foundation could move faster or slower).

Read A (12m lock, then 36m linear): no lump; team+investor supply drips at 1.39% of total per month from m12.
Read B (3-year vest with 1-year cliff): **16.7% of total supply unlocks on day 365**, lifting circulating supply from 36.5% to 53.2%, a **+46% overnight float increase**.

The same text supports both. **This is the single most important question to put to the team before TGE.**

Circulating % of total	TGE	m6	m12	m13	m24	m36	m48
Read A (linear after lock)	32.0	34.2	36.5	38.3	57.7	78.8	100
Read B (1/3 cliff at m12)	32.0	34.2	53.2	54.9	74.3	95.5	100

Reading the model. (1) **Float at TGE is high (32%)** and all of it goes to points farmers, many of whom farmed for yield, not conviction. The risk is concentrated in the first days, not the first year. (2) Months 1-12 are quiet in both reads, since only the reserve moves, and only at the Foundation's discretion. (3) **Buyback stress test:** in Read A, new supply from m12 is ~1.76% of total per month (team 1.39% + reserve 0.375%). At \$1B FDV that is ~\$17.6M/month. Fully absorbing it by buyback would need ~\$17.6M/month of treasury revenue, i.e. **~\$88M/month of spreads** at the 20% take rate. This is an upper bound (not all unlocks are sold), but it shows buy-and-burn cannot offset dilution without very large volume.

4. Team verification: verifiable vs. marketing

Verifiable (primary / checkable)	Marketing or unverified
Named co-founders Lucas Schuermann and Edward Yu, with personal sites and X accounts linked from official docs [S7][S10]. Stated history: Qu Capital (acquired by DCG, 2019), then VP roles at Genesis Trading, checkable via DCG/press records.	"Industry veterans" from Google, Meta, Jane Street, IMC, Virtu: no names given [S7].
Two audits linked in docs: Zellic (Dec 2024), Spearbit (Mar 2025) [S6]. Four mainnet contract addresses published [S5].	Audits predate the May 2026 TradFi/RWA expansion and the Omni mainnet push. Scope vs. current code is unconfirmed.
Seed round (\$10.3M, Bain Capital Crypto) linked from the docs themselves [S7][S8].	Series A (\$50M, Dragonfly, May 2026) is reported by press [S12]. I did not locate a company-published primary post.
Public GitHub (variational-research) exists but contains only a Python SDK (16 commits) and is not linked from official docs [S9][S10].	Core protocol and OLP strategy are closed-source ("proprietary in-house algorithms") [S4]. Only on-chain bytecode and audits are inspectable.

5. Key risks

Technical / counterparty: OLP is the counterparty to every trade and is currently funded by team seed capital. The docs state that if OLP is insolvent, user PnL becomes bad debt [S4]. Hedging capital sits on external venues (CEX counterparty risk). **Governance:** the 18% reserve is fully discretionary; the team/investor split, total supply and TGE date are undisclosed; points can be changed "at its sole

discretion" [S2]. **Open item:** I could not confirm whether the treasury (0x5e91...d645) is a multisig or which contracts are upgradeable. Readers should check signer set and threshold on Arbiscan [S5]. **Incentives:** zero-fee venue + points invites wash/hedged volume; open interest may leave once weekly points stop. The burn depends on a take rate the team can change [S4]. **Execution:** timeline already slipped once (points were to end Q3 2026; TGE moved to Q4 citing a strategic partnership) [S3]; Omni is still private beta [S10]. **Legal/regulatory:** US, Canada, Taiwan and sanctioned regions are restricted [S13]; TradFi and pre-IPO perps on equities raise additional securities/derivatives exposure.

6. Disclosure

The author holds no \$VAR (not yet issued), has no paid relationship with Variational or its investors, and received no compensation for this dossier. Points holdings: none. This is research, not investment advice.

Primary sources

[S1] \$VAR token page: <https://docs.variational.io/token/usdvar>

[S2] Points: <https://docs.variational.io/omni/rewards/points>

[S3] Tokenomics/TGE announcement (X article linked from S2): https://x.com/variational_io/status/2102929439063765192 (150k/week and Q3-to-Q4 delay as reported by ChainCatcher, 24 Sep 2026: <https://www.chaincatcher.com/en/article/2291920>)

[S4] OLP: <https://docs.variational.io/omni/the-omni-liquidity-provider-olp>

[S5] Mainnet contracts (Arbitrum): Treasury 0x5e91b40467fb8902c46a7b6cb90482363188d645; OLP Vault 0x74bbbb0e7f0bad6938509dd4b556a39a4db1f2cd; Settlement Pool Factory 0x0F820B9afC270d658a9fD7D16B1Bdc45b70f074C; Oracle 0x84BE56470d45b7f6629A66A219a38681F6BA6172 (<https://docs.variational.io/technical-documentation/mainnet-contracts>)

[S6] Audits (Zellic, Spearbit): <https://docs.variational.io/technical-documentation/audits>

[S7] Core contributors: <https://docs.variational.io/getting-started/core-contributors>

[S8] Seed round (linked from S7): <https://www.theblock.co/post/322653/arbitrum-crypto-protocol-variational-funding>

[S9] GitHub: <https://github.com/variational-research>

[S10] Official links: <https://docs.variational.io/getting-started/official-links>

[S11] Earlier token page (historical wording): <https://docs.variational.io/variational-protocol/usdvar-token>

[S12] Series A press coverage, 20 May 2026 (secondary; no primary located)

[S13] Restricted persons: <https://docs.variational.io/legal/restricted-persons>