

Entropy (entropy.io): the oracle question

Pre-TGE, no native token, ICO or public sale reported | The Republic - Eastern Campaigns: Value Architects | Research date: 28 Sep 2026 | Author: karabas2679

Built from secondary sources and official Hyperliquid docs. Anything not confirmed from a primary source is labelled as unverified.

Summary

Entropy offers perpetual futures on private-company equity (flagship market **io:ANTH**, Anthropic) on Hyperliquid via HIP-3. The product idea is simple; the hard part is pricing an asset that has no public price. That single component, the oracle, decides whether marks, liquidations and funding are fair, and it also determines how much risk lands on the deployer's own collateral. This note looks only at that question.

1. Why the oracle carries the whole project

A perp needs a reference price to mark positions, trigger liquidations and settle funding. Anthropic is private: there is no continuous public price, no major-exchange order book and no closing auction. Any reference must be built from indirect signals. Three things therefore depend on one component:

- **Fair pricing** - traders' PnL is measured against the reference.
- **Liquidation fairness** - a wrong reference can liquidate users at a bad price.
- **Deployer collateral** - a badly handled oracle event can be penalised on the deployer's staked HYPE.

2. How pricing reportedly works (unconfirmed)

Secondary sources describe Entropy's method as weighting external price signals by executable depth on Hyperliquid's own order book. No primary specification was found, so this is **reported, not verified**.

If accurate, there is a circularity to ask about: part of the reference comes from the same market the oracle is supposed to keep honest. On a thin book a relatively small order can move the number. Hyperliquid's own documentation warns that most price indices are poor perp oracle sources and that deployers must think through manipulation edge cases.

3. Guardrails that exist (per Hyperliquid docs)

Guardrail	What the docs say	Note
Deployer stake	500,000 HYPE must be staked by a HIP-3 deployer	Check current value in docs
Review trigger	Oracle price moving more than 50% vs start-of-day lets validators review and possibly slash the deployer	Exact triggers should be checked against current HIP-3 docs
Unstaking queue	Stake stays slashable during the 7-day unstaking queue	Prevents a quick exit
Update rules	Oracle updates are subject to rules and price clamps (deployer-actions docs)	Clamp parameters per market are not confirmed

This is real skin in the game, but it also means an oracle failure lands on the deployer's own balance sheet - a source of risk for the venue as well as an incentive for care.

4. Failure modes that should be answered

Failure mode	Question	Status in sources reviewed
Stale inputs	What happens if a reference source stops updating during a volatile move?	Not answered
Thin books	What is the minimum depth before depth-weighting stops being meaningful?	Not answered
Extreme moves	How does the system behave near the 50% review threshold, and who decides?	Not answered
Fallbacks	Is there a documented fallback price, and is it audited?	Not answered
Manipulation	Can a single actor move the reference cheaply on a low-OI market?	No stress-test data found

5. Track-record signal: delisted markets

io:OAI and **io:IONQ** were delisted. This is a signal to investigate, not proof of failure. Missing: reasons, timing, notice given, settlement mechanics, and whether users exited at orderly prices. If either delisting was oracle-related, it is the most direct evidence available on how the pricing method behaves in practice.

6. What would change my view

- A published oracle specification (inputs, weights, fallbacks) and stress-test results.
- Depth, spread, volume and open-interest data per market over a meaningful period.
- Reasons and settlement details for the io:OAI and io:IONQ delistings.
- Named founders with public profiles. The team is described as alumni of Citadel, Optiver, Polymarket and Millennium, but names are not confirmed, so this stays unverified.
- Onchain verification of the builder address and the reported HYPE stake.

7. Context and limits

- No token exists, so FDV, unlocks and vesting do not apply. VP rewards from The Republic campaign are not shown to be Entropy tokens and no airdrop is established.
- \$14M seed, reportedly led by Ribbit Capital (CryptoRank / DropsTab); no primary financing documents found.
- About \$40M in HYPE reportedly secured. This is not operating cash; quantity, custody and hedging are unconfirmed.
- Do not confuse this project with an earlier, reportedly closed 'Entropy' (2022).

Conclusion

Entropy is an interesting experiment with an unproven core mechanism. The oracle should be judged on its behaviour in a real volatility event, and on a published specification, before the platform is trusted with meaningful size.

Disclosure

I hold no HYPE and no Entropy-related assets, have no financial position in the project, and receive no compensation from Entropy. My only incentive I am aware of is participation in The Republic's rewarded community campaign (VP rewards), a relevant incentive that does not by itself establish independence. This is research based on public secondary sources, not an audit, legal opinion or investment advice.

Sources

- Entropy: entropy.io
- Hyperliquid Docs, HIP-3 builder-deployed perpetuals: hyperliquid.gitbook.io/hyperliquid-docs/hyperliquid-improvement-proposals-hips/hip-3-builder-deployed-perpetuals
- Hyperliquid Docs, HIP-3 deployer actions: hyperliquid.gitbook.io/hyperliquid-docs/for-developers/api/hip-3-deployer-actions
- Funding profiles: CryptoRank (cryptorank.io) and DropsTab (dropstab.com), search 'Entropy'
- Builder address from community tooling (verify onchain): 0xD254d2A328f7f67C7c6FEf930A4757516F7b601