

Variational — on-chain derivatives with a vertically integrated market maker

Ticker: \$VAR (not yet issued) · Chain: Arbitrum · Status: **pre-TGE, no public raise, no active ICO** · Research date: **6 Oct 2026** · Method: official docs + published audit PDFs + direct Arbitrum JSON-RPC reads. No news article was used as a basis for any claim marked "verified".

Bottom line. Variational is a real, operating product with an unusually credible trading-desk pedigree and a token design that is *structurally* hostile to a small account: only 32% of supply floats at TGE, all of it free to recipients, while 68% sits with the foundation, team and investors on terms that are partly undated. The protocol's on-chain footprint is verifiable and growing (~182k settlement pools, ~327/day). The two things I cannot verify are the two that decide the outcome: **total supply is unpublished**, so FDV and per-point value are uncomputable; and **the entire on-chain operational core runs through a single externally-owned account** that the docs describe as a smart-contract vault. I would treat \$VAR as a "read the follow-up" project, not a "farm harder" project.

1 · WHAT IT ACTUALLY BUILDS

Variational is an RFQ-based derivatives protocol: instead of bootstrapping an order book per market, it aggregates prices from CEXs, DEXs and TradFi dealers and quotes users directly. Two apps sit on it — **Omni** (zero-fee, cross-margin perps over ~500 crypto and TradFi markets) and **Pro** (institutional OTC booking/clearing/settlement on-chain). The design bet is that the liquidity cold-start subsidy model is the industry's core inefficiency, so the protocol *vertically integrates* its own market maker — the **Omni Liquidity Provider (OLP)** — which is the sole counterparty to every Omni trade and hedges directional risk off-platform.

Why it matters (non-hype framing): it removes the external-market-maker rent (the protocol's stated rationale) and it is one of very few venues quoting TradFi and pre-IPO underlyings on-chain. Both claims are testable: revenue capture is visible on the treasury address, and TradFi listings are visible in the market list.

Revenue: no trading fees. Omni earns on the spread; "Currently, 20% of spreads paid is transferred to Variational's protocol treasury wallet" — and the docs add that this percentage *"is still being tested and is subject to change."* [docs: /omni/the-omni-liquidity-provider-olp]

2 · TOKENOMICS — WHAT IS PUBLISHED, AND WHAT IS NOT

BUCKET	SHARE	VESTING / CLIFF	CONSEQUENCE I CAN MODEL
Genesis Distribution (airdrop)	32%	100% unlocked at TGE	Entire float at launch is zero-cost basis to recipients → highest-velocity cohort. FDV/MC at TGE = 3.12x .
Ecosystem Reserve	18%	Undated; "Foundation's discretion"	Permanent unpriced overhang. No schedule to model = cannot bound dilution.
Team & Investors	50%	12-month cliff, then linear over ≥3 years ; team on separate vesting; split between team and investors "shared prior to TGE"	≈ 1.39% of supply/month from month 13 = 4.3% of TGE float per month, for 36 months.

Value accrual: "We intend to use 100% of revenue directed to the treasury to buy and burn the \$VAR token." [docs: /token/usdvar · identical text in the official X article "\$VAR Tokenomics and TGE Timing", 24 Sep 2026] Note the verb — *intend*. No binding mechanism, contract or governance document has been published.

Emissions & the points denominator (the number that decides my airdrop)

INPUT (ALL OFFICIAL)	VALUE
Program launched / retroactive distribution	17 Dec 2025 · 3,000,000 pts retro (activity to 11 Dec)
Weekly issuance until TGE	150,000 pts/week
Distributions to date (17 Dec 2025 → 6 Oct 2026)	41 → 6,150,000 pts
Base total if TGE lands ~20 Dec 2026	52 wks × 150k + 3M retro = 10,800,000 pts
Multiplier layers: referral 1 pt per 10 earned (+10%), pre-launch trading boost (+10%), reward-tier boost (+0–5%)	→ realistic band 11.0M–12.4M pts

Total \$VAR supply **NOT PUBLISHED.** Only percentages exist.

The one arithmetic that matters and cannot be finished. Per-point value = $0.32 \times \text{Supply} \div \sim 11.5\text{M points}$. With *Supply* unknown, no honest number can be put on a point, on an allocation, or on FDV. Anyone publishing "\$X per point" for \$VAR is extrapolating, not reporting. **Open question #1 to the team: absolute supply, and will it be fixed or adjusted to a target TGE valuation?**

3 · UNLOCK & DILUTION LADDER

DATE (TGE = Q4 2026)	% OF SUPPLY LIQUID	EVENT
TGE	32%	Genesis airdrop fully live. Team/investors 0%. Circulating-to-FDV ratio 0.32.
TGE → TGE+12mo	32% (+≤18%)	Only discretionary ecosystem releases can add float. Cleanest window for price discovery, and the window in which the buy-and-burn has to prove it is real.
Month 13	33.4%	First team/investor tranche. Cliff begins: 1.39%/month for ≥36 months.
Month 24	50.1%	Half of total supply liquid — the "investor exit zone".
Month 48	82%	Team/investors fully unlocked; residual 18% ecosystem still discretionary.

Shape of the risk: this is a *linear-after-cliff* profile, not a hard cliff — better than a 12-month single-date unlock, because month-13 supply is 1.39% not 50%. The real hazards are (a) 100% of the day-one float being free-to-recipients airdrop tokens, and (b) the 18% undated reserve, which can be released into the market at any point with no schedule to front-run or model.

4 · VERIFICATION SIGNALS — WHAT I CHECKED MYSELF (6 OCT 2026)

Every row below was produced by me against an official source or a public Arbitrum RPC endpoint, not by re-quoting an article.

CHECK	RESULT	HOW / WHERE
Contracts published and real	SettlementPoolFactory 0x0F82...074C verified (Solidity 0.8.28), impl 0x8db6...5836 ; Oracle 0x84BE...6172 has 37.8 KB bytecode	docs /mainnet-contracts → eth_getCode, blockscout API
Cumulative on-chain usage	≥181,951 PoolCreated events since factory deployment on 30 Jan 2025 (5 of 106 log chunks failed → true figure is higher)	eth_getLogs, full-range scan, unique indexed poolUuid
Current activity	6,215 pools created between 17 Sep and 6 Oct 2026 ≈ 327/day; last event 6 Oct 2026 (live)	eth_getLogs + block timestamps
User collateral (sampled)	220 random recent pools: mean \$727 USDC, only 34% hold >\$1 → long tail of dust/dead accounts; do not extrapolate to lifetime pool count	USDC balanceOf per pool
Deployer centralization	Every PoolCreated in both windows sampled (Jan 2025 and Sep–Oct 2026) has the same indexed creatorAddress : 0x74bb...f2cd — the address docs publish as the "Core OLP Vault"	eth_getLogs topic[1]
"Vault" is not a contract	eth_getCode(0x74bb...f2cd) returns 0 bytes → EOA, holding \$15.83M USDC. The "Protocol Treasury" 0x5e91...d645 is also an EOA, holding \$10.01M USDC. Docs state the opposite: "The vault is a smart contract where the capital that powers OLP (USDC) is secured."	eth_getCode, balanceOf vs docs OLP page
Audit quality, not audit logos	Zellic, 16 Dec 2024: a Web Application assessment (TS/Rust/Svelte front+backend), 6.2 person-weeks, 8 findings — 1 critical, 3 high, 3 medium, 1 low; "detailed findings ... redacted as the assessed code is not publicly available". Cantina-managed (Spearbit), 10 Feb 2026: clear-backend/frontend/contracts; no critical; 2 High-Risk, both marked "Acknowledged", neither marked Resolved	both PDFs downloaded from docs /audits and parsed
Docs metadata error	Audits page labels the Spearbit report "completed March 2025"; the linked public PDF is dated 10 February 2026	docs /audits vs report cover page
Open source?	GitHub org variational : 0 public repos. Both audited repos listed as [PRIVATE REPO] with pinned commits	GitHub API, Zellic \$2.3
Team, verifiable part	Lucas Schuermann & Edward Yu — Columbia engineering; founded Qu Capital (2017); sold to DCG (2019) and became VP Engineering / VP Quant Trading at Genesis; left 2021 to run a prop desk. Personal domains and named X accounts published in docs	docs /core-contributors, /official-links
Team, marketing part	"industry veterans ... Google, Meta, Virtu, IMC, Jane Street", "core technical team each have more than a decade" — no named roster, no headcount. Funding: docs say "\$10M"; press reports a \$50M Series A led by Dragonfly (20 May 2026), seed \$10.3M — the Series A is not reflected anywhere in the docs. Cayman Islands domicile	docs vs Fortune-sourced press (secondary — flagged, not relied on)

5 · KEY RISKS, RANKED BY WHAT WOULD CHANGE MY MIND

CRITICAL Custody & single deployer key

One EOA both deploys every user's settlement pool and warehouses the \$15.8M market-making capital. Docs disclose Fireblocks for "contract deployments and ... signing for oracles", which is MPC hygiene — but it is still trusted, key-based custody on the path that touches user collateral, and the docs' "the vault is a smart contract" line misdescribes it. If the community vault is opened to deposits as promised, this is the first thing to resolve.

CRITICAL Two High-Risk findings, "Acknowledged"

The Feb 2026 report states SettlementPoolDeployer.deploy "has no access control meaning that anyone can frontrun the transaction to set arbitrary values for the factory and otherAddresses" (the CREATE2 salt is creatorAddress + poolUuid) — and that the factory cannot be rotated without DoSing existing pools' oracle lookups. Both are acknowledged, not resolved. The first is directly adjacent to the single-deployer pattern above.

HIGH Unverifiable code

No public repos, redacted critical finding, pinned-commit private audits. Airdrop-eligible users cannot inspect the contract their collateral sits in.

HIGH Token-value mechanics are intentions, not rules

Undisclosed supply; buy-and-burn stated as intent; 18% reserve with no schedule; team/investor split "to be shared prior to TGE". Every one of these is a live lever in the foundation's hands.

HIGH OLP is the whole business

Zero fees is only sustainable while OLP earns. Docs state plainly: "there is a risk that OLP loses money", and if OLP were insolvent, accrued user PnL becomes "bad debt". Buyback, revenue and the token's cash flow all reduce to one proprietary strategy that is unaudited and unpublished. Also: OLP's hedges sit on CEXs — an external venue failure hits OLP depositors (docs are explicit that traders' segregated funds would still withdraw).

MED Regulatory & addressable market

Terms exclude US and Canadian persons plus sanctioned/territory list (updated 20 Apr 2026) — the two deepest retail crypto derivatives markets are opt-out by design. A Cayman entity quoting pre-IPO and TradFi perpetuals is a live regulatory question, not a solved one. [docs /legal/restricted-persons, /omni/trading/pre-ipo-perpetuals]

MED Timeline

Roadmap still lists "Omni public mainnet launch" and "Launch of the \$VAR token" under Undated Roadmap Items, while the TGE is announced for Q4 2026 and the points program was already extended once "due to major strategic partnerships" that remain unnamed. Product is in private beta. Points are explicitly revocable: Variational "reserves all rights to modify the points program or point totals at its sole discretion".

Questions I would put to the team (and where I'd look for the answer)

- Absolute \$VAR supply, and is it fixed or set to a target valuation? (blocks any per-point math)
- Will the community vault be a contract with on-chain enforced custody, given the current "Core OLP Vault" address has no bytecode?
- What is the resolution status of the two High-Risk Cantina findings, and is a re-audit of the deploy path planned before public mainnet?
- What is the release schedule, if any, for the 18% Ecosystem Reserve, and the governance wrapper for the buy-and-burn?
- Can OLP's realised PnL and hedge-venue exposure be published monthly, since the token's only cash flow depends on them?

Constraint compliance & disclosure

Constraint: no public raise and no active ICO/TGE. \$VAR has never been sold — the genesis allocation is a zero-cost airdrop against points, and all capital raised to date is private VC. TGE is announced for Q4 2026 but no sale is open and no token exists. **Nothing in this dossier is a solicitation and no allocation is guaranteed to anyone.**
Disclosure: **POSITION** [fill one: "I hold no \$VAR (none exists) and have never traded on Omni" · or "I hold no \$VAR but have traded on Omni and hold Variational points, so I benefit from a higher valuation — discount accordingly"]. **CAMPAIGN** This is a Legion Eastern Campaigns submission; approval earns Valor Points. **Not financial advice.**

Primary sources used. docs.variational.io — / (What Is Variational) · /getting-started/core-contributors · /getting-started/roadmap · /getting-started/official-links · /omni/the-omni-liquidity-provider-olp · /omni/rewards/points · /omni/trading/fees · /token/usdvar · /technical-documentation/mainnet-contracts · /technical-documentation/audits · /technical-documentation/partners · /technical-documentation/bug-bounties · /legal/restricted-persons. Audit PDFs: Zellic — Variational Omni Web Application Security Assessment, 16 Dec 2024; Cantina Managed (Spearbit) — Variational Security Review, 10 Feb 2026, both linked from the audits page. Official tokenomics statement: @variational_io X article "\$VAR Tokenomics and TGE Timing", 24 Sep 2026 (x.com/variational_io/status/2102929439063765192). On-chain: Arbitrum RPC arb1.arbitrum.io/rpc at block 512,088,219 (6 Oct 2026) — eth_getLogs on SettlementPoolFactory, eth_getCode and USDC balanceOf on the four published addresses; blockscout arbitrum.blockscout.com for verification/ABI; api.github.com/orgs/variational. Secondary, flagged not relied on: press reports of the \$50M Series A (Fortune, 20 May 2026). ImmuneFi bounty: critical = 10% of funds at risk, max \$100,000, min \$10,000.