

Investment Memo Trade[XYZ]

Company:

Trade[XYZ] is the company behind one of the leading real-world asset perpetual futures businesses on Hyperliquid. The investment opportunity being evaluated is an investment in the corporate entity and/or economic rights associated with Trade[XYZ], not an investment in Hyperliquid itself, HYPE, or the broader Hyperliquid protocol. Trade[XYZ] is named on the idea that any asset should be tradable, hence Trade XYZ. The investment opportunity being evaluated is an investment in the corporate entity and/or economic rights associated with Trade[XYZ], not an investment in Hyperliquid itself, HYPE, or the broader Hyperliquid protocol.

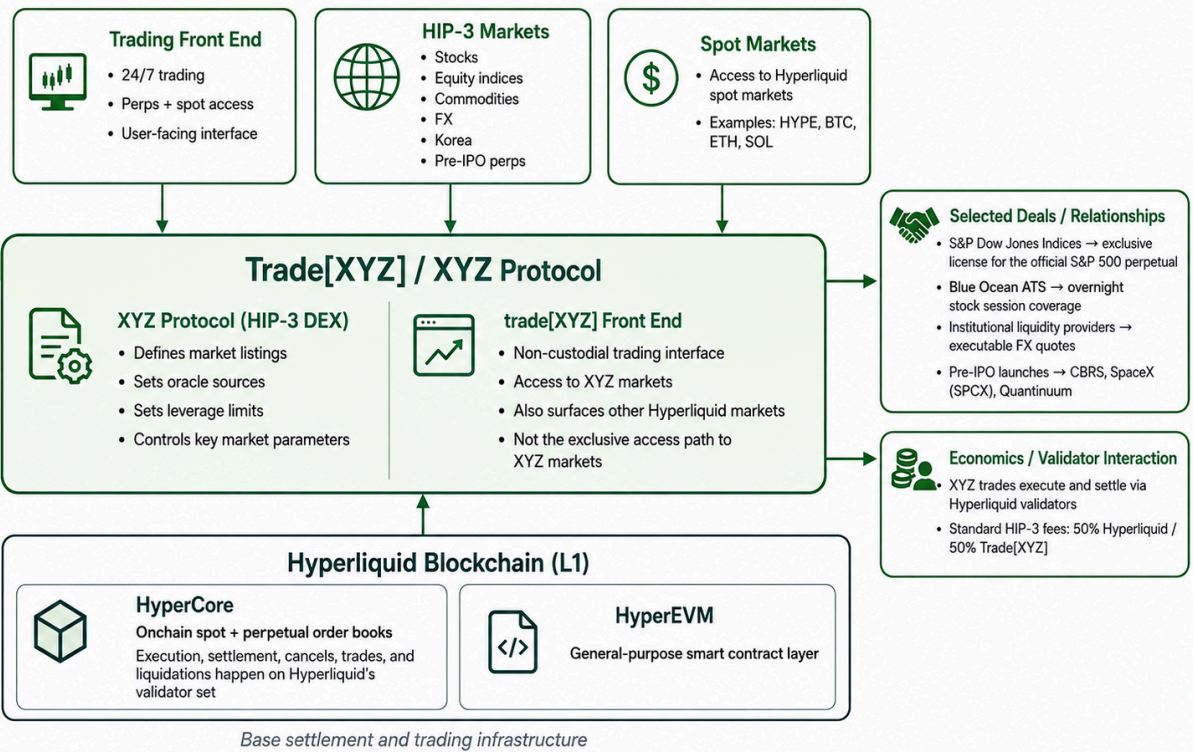
Products:

1. Front-end / builder-code revenue
Hyperliquid allows third-party front ends to route user trades and receive builder-code fees on volume executed through their interface. Trade[XYZ] operates its own trading front end, which may allow it to monetize user flow independently of whether it is the deployer of the underlying market.
2. HIP-3 perpetual futures markets
Trade[XYZ] is a major deployer of HIP-3 perpetual futures markets on Hyperliquid. These markets provide 24/7 leveraged exposure to real-world assets, including equities, equity indices, ETFs, FX, and commodities. The economic value of this product line comes from deployer fee share on trading volume. Trade[XYZ] controls the relevant deployer addresses and fee flows.
3. Spot / Unit-related markets
Trade[XYZ] is associated with Unit, which supports spot asset listings on Hyperliquid for assets such as BTC, ETH, SOL, and others. Similar to HIP-3, the economic value of this product line comes from deployer fee share on trading volume. Trade[XYZ] controls the relevant deployer addresses and fee flows.

Together, these products position Trade[XYZ] as both a user-facing trading venue and a market deployer within the Hyperliquid ecosystem. However, the investment case depends on confirming which assets, fee streams, and protocol rights are owned by the investable entity.

Where Trade[XYZ] Sits in the Hyperliquid Stack

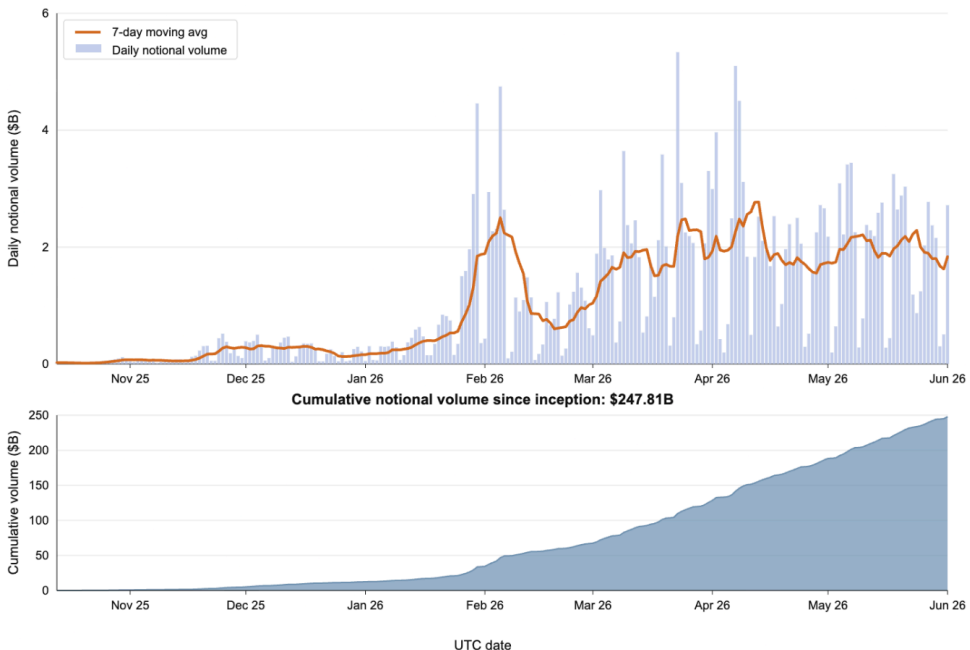
Company, product offering, and infrastructure position



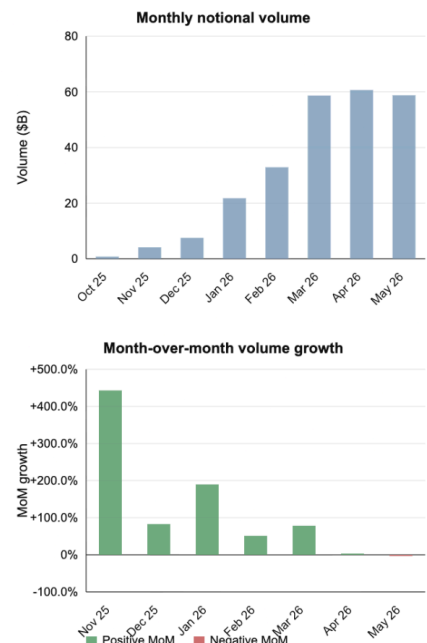
Traction:

The graph below shows trading volumes on HIP-3 Markets. We can see volume has consistently risen since inception due to RWAs growth, even with crypto headwinds. Since perpetuals were launched, daily weekday volumes have averaged \$2 Billion USD per day. And monthly volumes hover around \$60 Billion USD.

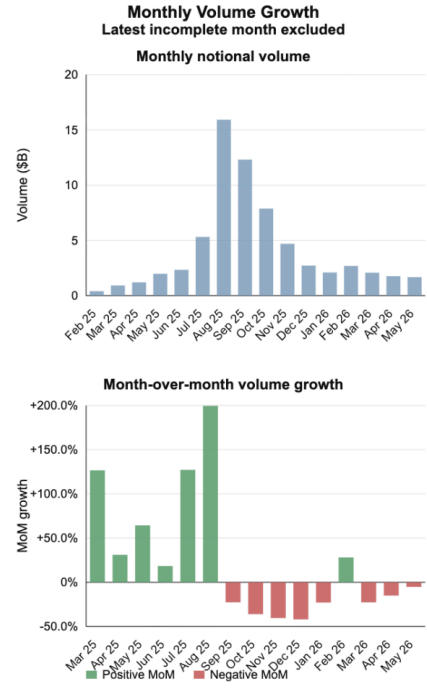
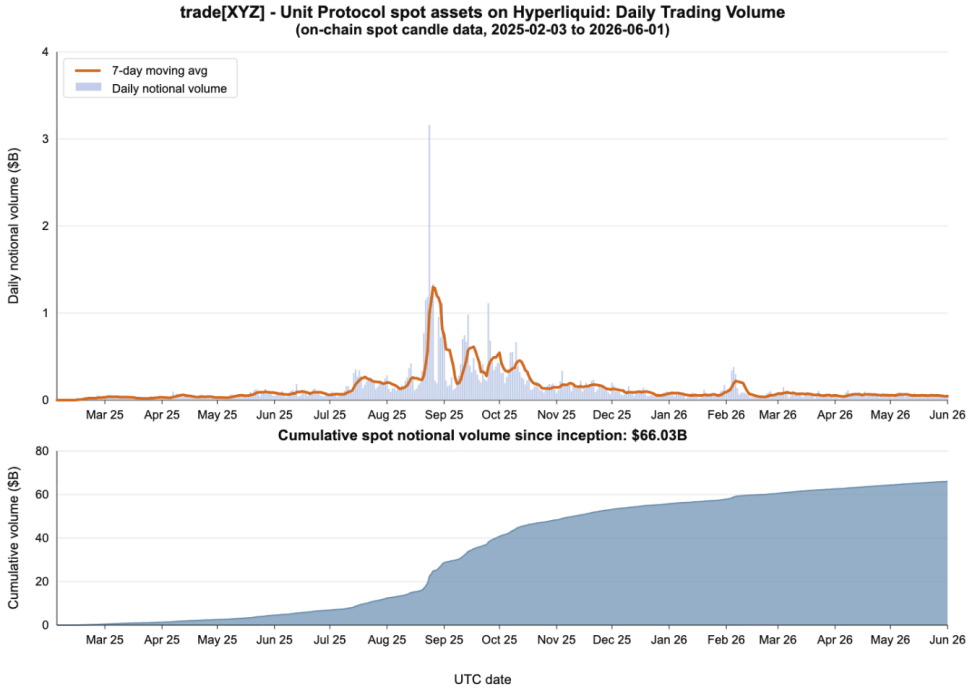
trade[XYZ] - HIP-3 markets on Hyperliquid: Daily Trading Volume (on-chain candle data, 2025-10-13 to 2026-06-01)



Monthly Volume Growth Latest incomplete month excluded



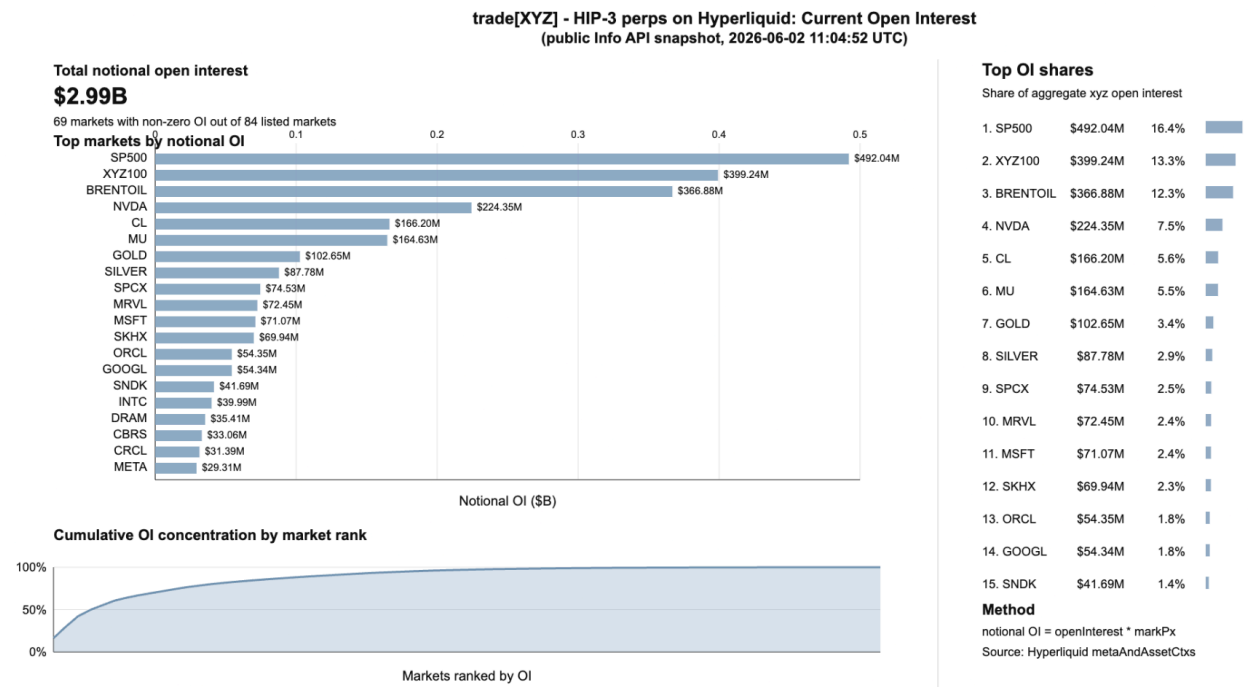
The graph below shows trading volumes on Spot Markets. We can see volume declined after crypto entered the bear market. Spot volumes started increasing from early 2025, and peaked in the September-October period, right before 10/10 which was the day there was a liquidation cascade that saw bitcoin drop from \$126k to \$104k in a single day. This makes sense since spot markets are crypto only. US regulations do not allow for spot equities. Spot also has higher fees than tables.



Here is a table showing the fee schedule showing the difference between spot and perps volume.

Market	Taker fee	Maker fee
Perps	0.045%	0.015%
Spot	0.070%	0.040%

Open interest demonstrates the health of volume because it answers the question of the health of those volumes. Open interest is very healthy as it continues to grow for these markets. In these markets' early liquidity tends to aggregate on flagship ones. In this case, OI is noticeably gathered around indices. The S&P 500 market oracle is powered by an official partnership with the S&P 500 and is the only exchange to have this oracle provisioning thus far. Oracle prices are a very important part of these perpetual markets, as they act as the source of truth for them and determine funding rates. Second is XYZ100: an index created by Trade[XYZ] that tracks Nasdaq-100. It is natural for OI to initially form around these HIP-3 listings as indices are generally regarded as safer investments over single individual stocks.



Business Model:

Trade[XYZ] monetizes the demand for 24/7 leveraged exposure to real-world assets by deploying and operating perpetual futures markets on Hyperliquid's HIP-3 infrastructure. The company is not simply a trading front end. It sits higher up the stack as a market deployer, defining and operating markets that users can trade through Trade[XYZ] and potentially through other interfaces in the Hyperliquid ecosystem. The core revenue model is volume-based. Trade[XYZ] earns a share of trading fees generated by the markets it deploys.

Competition

On Hyperliquid, there are other HIP-3 listers such as Felix, Ventuals, HyENA, Kinetiq, Dream Cash, and Paragon. Each of these has their own set of pros and cons. HyENA has their own USDe-denominated markets, which have relatively low volume and liquidity even though they act as market makers on the platform. Felix used to have a lot of USDH-denominated perps. However, with Circle's purchase of the rights to USDH and its eventual sunset, Felix will lose all of their perp deployments in the near future and suffer because the blue-chip real-world asset perps are already controlled by Trade.xyz. The same issue happens with Ventuals, which had their own USDH-denominated markets, including pre-IPO markets for Anthropic, OpenAI, and SpaceX. With Circle's purchase of USDH, all of these will be sunset. Finally, Dream Cash is the only deployer with an interesting proposition because their perpetual futures are USDT-denominated.

It is key to understand what happened with the USDH debacle, but the long story short is that a lot of these USDH-denominated deployers got severely harmed by Circle's involvement with the purchase of the rights to USDH. This is because now it will be sunset and USDC will become the Hyperliquid-aligned stablecoin, which will only strengthen the liquidity, depth, and strength of USDH/USDC-denominated markets.

Outside of the platform, the main competitors are Binance, OKX, and other perpetual exchanges that have begun offering similar alternatives to trade real-world assets. Their order books do not look as liquid and as deep as hyperliquid. Furthermore, there's a lot of user preference towards clean order books where you can see which address is holding which positions at different price levels and different liquidation levels. Finally, the other competitor is Kalshi has announced that it will be launching perpetual futures on crypto assets in the near future. They have released a waitlist, and we are pending their release to understand:

- the level of their scale
- market maker deals
- the type of offerings they have
- how much liquidity they can offer at launch

Remember, liquidity begets liquidity.

Thesis:

Perpetual futures have proven strong product-market fit in crypto and are now rapidly expanding into real world assets (RWA). Trade[XYZ] is the largest deployer of perpetual futures on the Hyperliquid blockchain, which has shown growth even in a slowing down crypto market. Regulatory clarity coupled with massive demand for leverage and RWAs set the stage for winners in the space.

The core revenue model is volume-based. Trade[XYZ] earns a share of trading fees generated by the markets it deploys. As trading volume, open interest, and the number of listed markets increase, Trade[XYZ] should be able to grow revenue without needing to rebuild the underlying exchange infrastructure itself. This is what makes the model attractive: Hyperliquid provides the scalable base layer, order book infrastructure, and composability, while Trade[XYZ] focuses on market selection, liquidity, oracle design, and distribution.

The business is especially compelling because its opportunity is not limited to crypto-native assets. Trade[XYZ] is extending the perpetual futures model to real-world assets, including equities, indices, commodities, FX, and pre-IPO markets. This expands the addressable market from crypto traders to any global user who wants constant, leveraged exposure to assets that are usually constrained by market hours, geography, brokerage access, or fragmented liquidity. The S&P 500 perpetual is an important proof point because it shows that Trade[XYZ] can pair crypto-native infrastructure with institutional-grade real-world asset data.

The company's operating leverage could be significant. Once a market is live and liquid, incremental trading volume should produce high-margin fee revenue. The largest costs are likely liquidity incentives, market-making relationships, oracle infrastructure, index and data licensing, compliance, engineering, and any fee share paid to Hyperliquid. The key question is whether these costs decline as a percentage of revenue as markets mature and liquidity becomes self-reinforcing.

The strongest version of the business is one where Trade[XYZ] becomes the default venue for 24/7 real-world asset perpetuals. In that scenario, the company's moat compounds through liquidity. More volume attracts better market makers, better market makers tighten spreads, tighter spreads attract more traders, and more traders generate more volume. This liquidity flywheel is particularly important in derivatives markets, where users naturally concentrate around the venues with the best execution.

The main diligence question is whether an investment in Trade[XYZ] gives economic exposure to all of the company's surfaces: the trading front end, the HIP-3 deployed markets, and any spot-market or validator-related economics. This distinction matters because the frontend may be easier to compete with than the underlying market-deployer economics. If the investment provides exposure primarily to HIP-3 market revenue, then the underwriting should focus on market quality, fee generation, liquidity depth, and the durability of Trade[XYZ]'s listings. If the investment also includes exposure to frontend, spot, or validator economics, then the opportunity may be broader.

Ultimately, Trade[XYZ] should be understood as a volume-driven, infrastructure-enabled financial marketplace. Its upside comes from becoming the trusted market operator for hard-to-access assets on-chain. Its defensibility will depend on liquidity depth, exclusive or credible data relationships, market-maker relationships, oracle reliability, brand trust, and its ability to keep launching markets that attract durable volume.

1. Why Now

The demand for perpetuals is at an all-time high. This is demonstrated by all-time high open interest and volume in perpetual futures. This desire for leverage on assets is only backed further by increased volume in options and leverage in traditional markets as well.

Trade[XYZ] is the company best positioned for exponential growth from here on out due to Hyperliquid's scalable infrastructure, composability, and scalability. Due to its first-mover advantage, Trade[XYZ] has already developed a very durable moat of liquidity, which will only continue to compound over time.

The best time is now because crypto is in a weak position. This is an investment in a company that gains from the growth of volume on-chain. It is not speculation or crypto. It is trading real-world assets on-chain.

2. Risks

Regulatory: Right now, Trade[XYZ] markets are technically not available for trading in the U.S. However, retail users are able to access them via VPN. The risk here is that a stricter policy could be implemented for accessing these markets, given that the U.S. is one of the biggest providers of liquidity and one of the largest potential bases for the growth of the platform.

The counterargument is that, if the markets are already geofenced, then the big players are already sitting on the sidelines. Thus, it may be a non-issue for now, given that players with size cannot yet enter the market. On the contrary, if things were to change and Trade[XYZ] became available to U.S. users, it is reasonable to expect accelerated growth of the platform.

DeFi and crypto hacks: Over the past year, the amount stolen due to smart contract hacks and wallet drains has been among the highest in crypto history, as seen in recent high-profile incidents involving Aave and Bybit. Hyperliquid is a new platform that has introduced novel concepts such as HyperCore, which binds HyperEVM, its Ethereum Virtual Machine, to its on-chain order books.

Given the complexity of Hyperliquid's infrastructure, as well as whatever additional infrastructure Trade[XYZ] has built underneath its markets, smart contract exploits, DeFi hacks, and protocol vulnerabilities remain the tail-end risk that could potentially harm Trade[XYZ] the most.