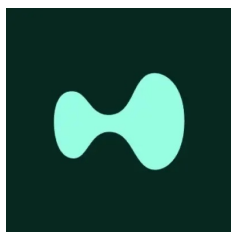


The Blockchain To House All Finance

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Hyperliquid: **The Emergent Infrastructure for Global Finance**

*A Comprehensive Analysis of Technical Architecture,
Market Dynamics, and the Path to Becoming
“The House of All Finance”*

Research Analysis Report

March 2026

Abstract: The digital asset landscape has long been characterized by a fundamental tension: the performance and user experience of Centralized Exchanges (CEXs) versus the sovereignty and transparency of Decentralized Finance (DeFi). *Hyperliquid*, a purpose-built Layer 1 blockchain, has emerged not merely as a competitor in this space, but as a paradigm shift that renders this distinction increasingly obsolete. This research paper provides a comprehensive, expert-level analysis of the *Hyperliquid* protocol, examining its proprietary technological stack (HyperBFT consensus, HyperCore execution engine, and HyperEVM programmability layer), the progressive governance framework codified through *Hyperliquid* Improvement Proposals (HIP-1 through HIP-4), and the strategic integrations with traditional finance infrastructure including Tether, Ethena, and institutional tokenization platforms. With over \$4 trillion in cumulative perpetual futures volume, annualized revenue exceeding \$1 billion, and a market architecture expanding from crypto derivatives into real-world asset perpetuals, prediction markets (HIP-4), and institutional settlement infrastructure, we present the thesis that *Hyperliquid* is uniquely positioned to become “the blockchain to house all finance”—the global settlement layer for 24/7 financial markets.

Keywords: *Hyperliquid*, HyperBFT, Decentralized Exchange, Perpetual Futures, Layer 1 Blockchain, Real-World Assets, DeFi Infrastructure, Financial Markets, Prediction Markets, Outcome Trading



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1 Introduction: The Convergence Thesis

The year 2025 marked a definitive inflection point in the evolution of decentralized financial infrastructure. For the first time in the history of digital assets, decentralized perpetual futures exchanges processed over \$12 trillion in cumulative trading volume, with 65% of that activity occurring in a single calendar year [1]. This extraordinary acceleration was not merely a function of market speculation; it represented the maturation of on-chain derivatives infrastructure to the point where it could credibly compete with—and in many dimensions surpass—the performance characteristics of centralized venues.

At the epicenter of this transformation stands Hyperliquid, a vertically integrated blockchain ecosystem that has achieved what was previously considered technically infeasible: the operation of a fully on-chain Central Limit Order Book (CLOB) with sub-second finality, institutional-grade throughput exceeding 200,000 orders per second, and the economic efficiency to attract over \$6.2 billion in Total Value Locked (TVL) without traditional venture capital funding.

1.1 The Problem Statement

The historical architecture of cryptocurrency trading has been bifurcated along a seemingly irreconcilable axis. On one end, centralized exchanges like Binance and Coinbase offer the familiar experience of traditional finance: high-speed execution, deep liquidity, and intuitive interfaces. However, these platforms require users to surrender custody of their assets, creating counterparty risk that has materialized catastrophically in cases such as FTX, Mt. Gox, and numerous regional exchange collapses. On the other end, decentralized alternatives have historically suffered from fundamental performance limitations: Ethereum's 12-second block times and gas volatility made high-frequency trading impractical; Automated Market Maker (AMM) designs suffered from impermanent loss and capital inefficiency; and Layer 2 solutions introduced bridging complexity and security assumptions.

1.2 The Hyperliquid Solution

Hyperliquid was conceived from first principles to solve this trilemma. Rather than adapting a general-purpose blockchain for financial applications, the founding team—veterans of Hudson River Trading and quantitative finance—built a sovereign Layer 1 specifically optimized for the operational requirements of institutional-grade trading. The result is a hybrid architecture that combines:

1. **HyperBFT Consensus:** A custom Byzantine Fault Tolerant protocol derived from HotStuff, enabling sub-200 millisecond finality with one-block settlement certainty.
2. **HyperCore Execution:** A Rust-based matching engine supporting fully on-chain order books with deterministic execution and gas-free trading operations.



3. **HyperEVM Programmability:** An Ethereum-compatible smart contract layer that inherits HyperCore’s liquidity as permissionless building blocks for DeFi applications.

1.3 The Vision: House of All Finance

The Hyper Foundation has articulated an ambitious vision: “Hyperliquid is the blockchain to house all finance” [2]. This is not mere marketing rhetoric. The strategic trajectory of the protocol—from perpetual futures dominance to spot token markets (HIP-1), automated liquidity provision (HIP-2), permissionless derivatives deployment (HIP-3), and institutional stablecoin integration—reveals a coherent roadmap toward becoming the global settlement infrastructure for all asset classes: cryptocurrencies, commodities, equities, fixed income, and exotic derivatives.

This paper provides a rigorous examination of the technical, economic, and strategic foundations supporting this thesis.



2 Technical Architecture: Engineering for Financial Primacy

The competitive advantage of Hyperliquid is fundamentally rooted in its technical architecture. Unlike general-purpose blockchains that must balance competing use cases, Hyperliquid’s stack is purpose-built for the specific requirements of high-performance financial markets.

2.1 System Overview

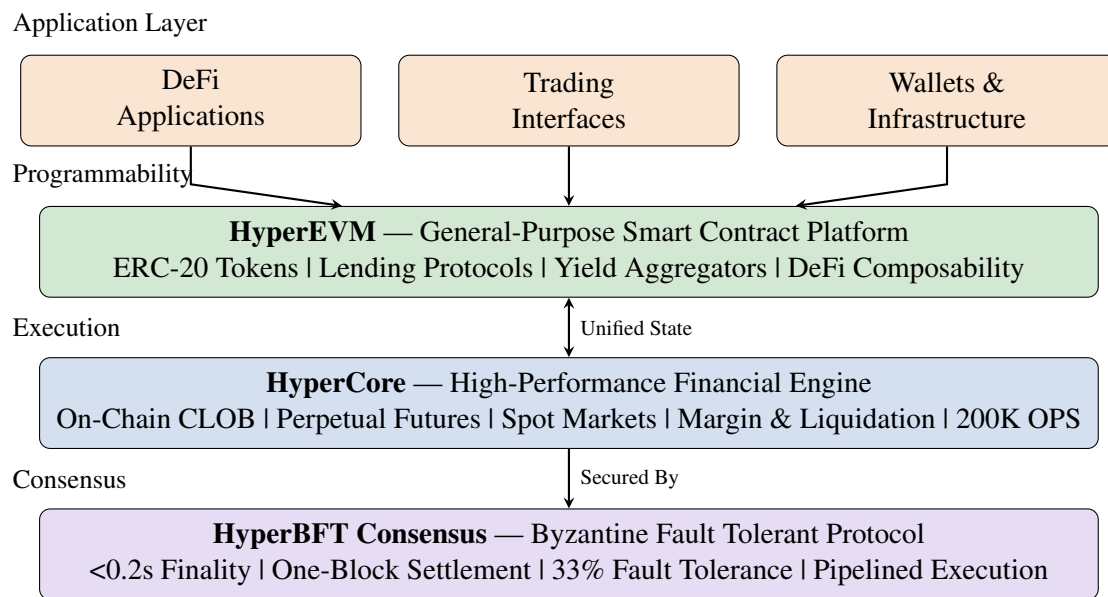


Figure 1: Hyperliquid Three-Layer Architecture: A unified system where HyperCore (trading) and HyperEVM (applications) share state under HyperBFT consensus, eliminating cross-chain bridging risks and state synchronization delays.

2.2 HyperBFT: Consensus at the Speed of Markets

At the foundation of the Hyperliquid stack is **HyperBFT**, a custom consensus algorithm derived from the HotStuff protocol originally developed for Meta’s Libra project [3]. The design objectives were explicit: achieve the latency characteristics necessary for high-frequency trading while maintaining the security guarantees expected of institutional-grade infrastructure.

2.2.1 Architectural Innovations

- **Pipelined Consensus:** Traditional BFT protocols process blocks sequentially, creating latency accumulation. HyperBFT implements a pipelined architecture where validators can work on multiple stages of consensus simultaneously. This parallelization reduces median end-to-end latency to approximately **0.1–0.2 seconds** [4].
- **One-Block Finality:** Transactions achieve deterministic finality in the same block they are included. There is no concept of “probabilistic finality” or reorganization.



risk that affects chains like Bitcoin or even Ethereum post-merge. Once a trade is confirmed, it is irreversible.

- **Optimistic Execution:** HyperBFT allows transactions to be executed before block finalization through optimistic assumptions, reducing perceived block time. Combined with optimistic responsiveness (consensus scaling with network conditions), blocks are produced as quickly as a quorum of validators can communicate.
- **Byzantine Fault Tolerance:** Despite its speed optimizations, HyperBFT maintains standard BFT security guarantees, tolerating up to 33% of the validator set acting maliciously while preserving consensus integrity.

Table 1: Consensus Mechanism Comparison

Metric	HyperBFT	Tendermint	Ethereum	Solana
Theoretical TPS	1M+	20K	15–30	65K
Median Latency	0.1–0.2s	1–6s	12–15s	0.4s
Finality Type	One-Block	One-Block	Probabilistic	Probabilistic
Fault Tolerance	33%	33%	33%	33%
Order Throughput	200K OPS	N/A	N/A	N/A

2.3 HyperCore: The Financial Execution Engine

HyperCore represents the nucleus of Hyperliquid’s competitive advantage—a high-performance execution environment written in Rust and optimized specifically for financial primitives rather than general-purpose computation.

2.3.1 On-Chain Central Limit Order Book

The defining feature of HyperCore is its implementation of a fully on-chain Central Limit Order Book (CLOB). In contrast to AMM models where price is a function of liquidity pool ratios ($p = \frac{x}{y}$), HyperCore implements traditional price discovery through the matching of discrete bid and ask orders—the identical mechanism employed by the New York Stock Exchange, NASDAQ, and Binance.

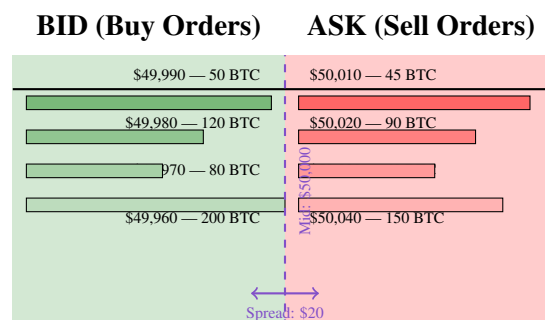


Figure 2: On-Chain CLOB Structure: Price-time priority matching with full transparency. Every order, fill, and cancellation is recorded on-chain with deterministic execution guarantees.



2.3.2 Performance Characteristics

- **Order Processing:** HyperCore currently supports approximately **200,000 orders per second**, with architectural capacity to scale beyond 1 million OPS [5]. This throughput enables sophisticated trading strategies including market making, statistical arbitrage, and delta-neutral hedging.
- **Deterministic Execution:** The matching engine operates deterministically on-chain. Every fill, liquidation, and funding rate payment is verifiable on the public ledger, eliminating the “black box” risk associated with centralized exchange internal matching engines.
- **Gas-Free Trading:** Trading operations (order placement, cancellation, modification) are gas-free for end users, removing the friction that typically handicaps on-chain trading systems. Gas costs are absorbed by the protocol’s economic model.
- **Margin System:** HyperCore implements a sophisticated cross-margining system that allows traders to use their entire portfolio as collateral, improving capital efficiency compared to isolated-margin alternatives.

2.4 HyperEVM: The Programmability Layer

While HyperCore handles the heavy lifting of order matching, the **HyperEVM** introduces general-purpose smart contract capability to the Hyperliquid ecosystem. Critically, HyperEVM is not a separate chain but rather an additional execution environment secured by the same HyperBFT consensus.

2.4.1 Unified State Architecture

The architectural brilliance of Hyperliquid lies in its unified state model. HyperEVM smart contracts can:

1. **Read HyperCore State:** Query real-time prices, order book depth, user balances, and position data directly through read precompiles—no external oracles required.
2. **Write to HyperCore:** Execute trades, place orders, and interact with the matching engine through CoreWriter system contracts, enabling programmatic trading strategies and automated liquidation systems.
3. **Maintain Atomicity:** Because both layers share the same state under the same consensus, cross-layer interactions are atomic—eliminating the race conditions and state synchronization issues that plague multi-chain architectures.



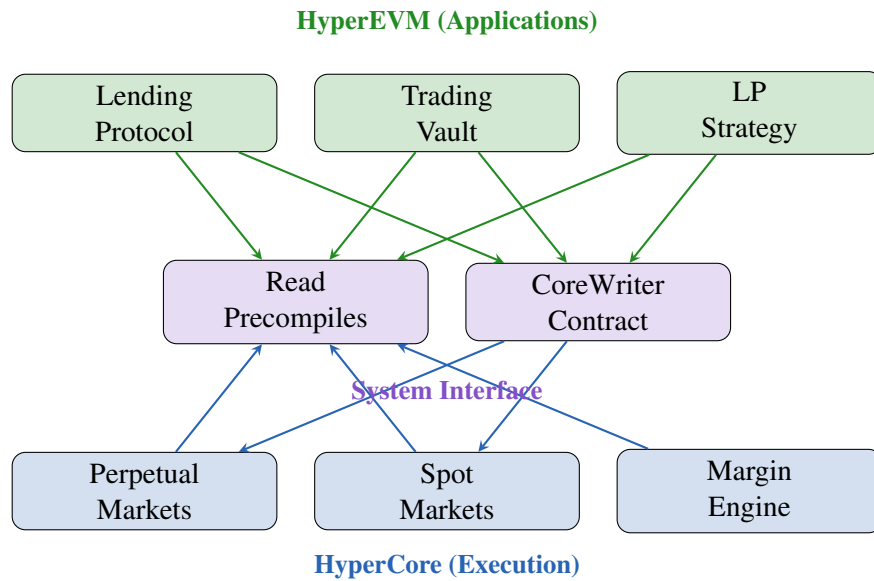


Figure 3: HyperCore-HyperEVM Integration: Smart contracts access HyperCore liquidity through read precompiles (prices, positions) and CoreWriter contracts (order execution), enabling fully composable DeFi applications with native order book liquidity.

2.4.2 Dual Block Architecture

HyperEVM implements a sophisticated dual-block system optimized for different use cases:

- **Small Blocks:** 2M gas limit, processed every ~ 2 seconds, optimized for fast trades and near-instant confirmations.
- **Big Blocks:** 30M gas limit, processed approximately once per minute, designed for complex contract deployments without network congestion.

2.5 Unit: The Asset Tokenization Layer

While HyperCore handles order matching and HyperEVM enables smart contract programmability, a third infrastructure layer is required to transform Hyperliquid from a USDC-denominated derivatives platform into a *multi-asset financial ecosystem*: the ability to bring non-native assets (Bitcoin, Ethereum, Solana) onto Hyperliquid for native spot trading. This is the role of **Unit** (hyperunit.xyz)—the decentralized asset tokenization protocol built exclusively for Hyperliquid.

2.5.1 Protocol Architecture: Guardian Network and Lock-and-Mint

Unit enables users to deposit major crypto assets from their native blockchains directly to Hyperliquid and withdraw them back—without synthetic exposure, custodial intermediaries, or wrapped token abstractions. The protocol operates through two core components:

1. **Guardian Network:** A distributed set of independent node operators running indexes on each supported blockchain (Bitcoin, Ethereum, Solana, Plasma, Monad).



Guardians participate in consensus and manage a **Multi-Party Computation Threshold Signature Scheme (MPC TSS)** requiring a 2-of-3 signature for all critical operations—deposit verification, mint authorization, and withdrawal release. This eliminates single points of failure inherent in centralized bridge designs.

2. **Agent System:** Implements the core protocol functionality, monitoring cross-chain deposits, confirming transaction finality on the source chain, and triggering the minting of equivalent spot assets on HyperCore. Each user receives a permanent deposit address per supported asset, tied to their Hyperliquid account.

The flow is architecturally clean: a user sends BTC from any wallet or exchange to their Unit-generated deposit address → Guardians verify finality on the Bitcoin network → equivalent BTC is minted on Hyperliquid’s spot order book → the user can now trade, transfer, or use BTC as collateral across HyperCore and HyperEVM. Withdrawals reverse the process: burn on Hyperliquid → Guardians release native BTC to any specified address.

2.5.2 Supported Assets and Growth Metrics

Unit launched with native BTC on February 14, 2025, generating \$18 million in first-day trading volume. By August 2025, daily BTC spot volume had grown to \$170 million, ETH spot to \$155 million, and total TVL was approaching \$1 billion with over \$15 billion in cumulative trading volume. As of late 2025, the protocol supports BTC, ETH, SOL, XPL (Plasma), MON (Monad), ENA (Ethena), FARTCOIN, PUMP, SPX, BONK, and 2Z—with each asset tradable on Hyperliquid’s native CLOB spot order book.

The cost advantage is substantial: buying 1 BTC spot on Hyperliquid via Unit costs approximately \$24.72 in fees, compared to \$82.42 on Binance/OKX/Bybit, \$329.68 on Coinbase/Kraken, and \$546.81 on Thorswap.

2.5.3 Strategic Significance: Unit as the Foundation Layer

Unit’s importance to the Hyperliquid ecosystem cannot be overstated. Without Unit, Hyperliquid would remain exclusively a USDC-denominated perpetual futures exchange. With Unit, the platform becomes a *complete trading venue*—spot and derivatives, unified in a single margin system. Three structural implications follow:

- **Spot-Futures Basis Trading:** Native spot BTC/ETH enables delta-neutral strategies (long spot, short perp) that generate yield from funding rate differentials—a \$50B+ market on centralized exchanges that was previously impossible on Hyperliquid.
- **DeFi Collateral Diversification:** HyperEVM protocols (Felix, HyperLend, Rysk) can now accept BTC and ETH as collateral for lending, borrowing, and options strategies, dramatically expanding the ecosystem’s capital base beyond USDC.
- **TradeXYZ Connection:** Unit is the parent entity behind **TradeXYZ**—the dominant HIP-3 deployer responsible for 84% of all permissionless perpetual volume.



TradeXYZ is described as “the permissionless perpetual arm of Unit, the Hyperliquid tokenization layer.” This makes Unit not merely a bridge but the vertically integrated infrastructure layer spanning both asset onboarding (spot) and market creation (HIP-3 perps).

The Unit team reportedly includes veterans from Hudson River Trading, Jump Trading, Fortress Investment Group, and IDF cyber units—and is self-funded, consistent with Hyperliquid’s zero-VC ethos. Unit has stated it has no plans for a native token, positioning it as pure infrastructure rather than a token-driven project.



3 Protocol Evolution: The HIP Framework

The governance and technical evolution of Hyperliquid is executed through **Hyperliquid Improvement Proposals (HIPs)**—binding code updates that have progressively expanded the protocol’s functionality and decentralization.

3.1 HIP-1: Native Token Standard

HIP-1 introduced the foundational token standard for the Hyperliquid ecosystem, transforming the platform from a perpetuals-only exchange into a generalized asset infrastructure.

TokenDeployment $\longrightarrow$ DutchAuction $\longrightarrow$ GenesisDistribution $\triangleright$ Order BookActivation

Name, Decimals, Supply

31-hour cycle, HYPE gas fee

Airdrop to Anchor Holders

Spot Trading Enabled

Figure 4: HIP-1 Token Deployment Process: Permissionless token creation through Dutch auction, enabling projects to launch without centralized listing negotiations.

3.1.1 Key Features

- **Permissionless Deployment:** Any entity can deploy a native HIP-1 token by winning a Dutch auction for a spot slot. The auction mechanism ensures fair price discovery and prevents spam.
- **ERC-20 Interoperability:** HIP-1 tokens can be linked to ERC-20 contracts on HyperEVM, enabling seamless transfers between the native trading environment and smart contract applications.
- **Bridging Infrastructure:** Integration with cross-chain protocols including LayerZero, Chainlink CCIP, and Wormhole enables HIP-1 tokens to flow across the multi-chain ecosystem.

3.2 HIP-2: Hyperliquidity

HIP-2 solved the critical “cold start” problem for new token markets by introducing protocol-native automated liquidity provision.

3.2.1 Mechanism Design

Hyperliquidity is a fully decentralized on-chain strategy embedded in Hyperliquid’s block transition logic—not an operator-controlled vault, but consensus-secured market making. The strategy guarantees a **0.3% spread** every 3 seconds, ensuring tradable liquidity from the moment a token is deployed.

$$\text{Spread}_{\text{guaranteed}} = 0.3\% \quad \text{Refresh Rate} = 3 \text{ seconds} \quad (1)$$



Unlike smart-contract-based AMM pools, Hyperliquidity participates in the general-purpose order book, allowing sophisticated market makers to join alongside automated liquidity as demand increases.

3.3 HIP-3: Builder-Deployed Perpetuals

3.3.1 A Primer: What Are Perpetual Futures?

Before examining HIP-3’s economic model, it is instructive to establish a precise understanding of perpetual futures contracts—the derivative instrument upon which Hyperliquid’s entire trading infrastructure is built.

A **perpetual future** (commonly called a “perp”) is a derivative financial contract that allows a trader to speculate on the future price of an asset *without owning the asset itself* and *without an expiration date*. Conceptually, a perpetual future is a bet on the direction of an asset’s price, settled continuously in a stablecoin (typically USDC or USDT), rather than through physical delivery of the underlying asset.

Core Mechanics. Consider a trader who believes Bitcoin will rise from its current price of \$100,000. Rather than purchasing 1 BTC outright for \$100,000, the trader opens a *long* perpetual futures position on Hyperliquid. With 10× leverage, the trader deposits only \$10,000 in margin (collateral) to control a position with \$100,000 in notional value. If Bitcoin rises 5% to \$105,000, the trader’s profit is \$5,000—a 50% return on the \$10,000 margin. Conversely, if Bitcoin falls 5%, the trader loses \$5,000. At 10% decline, the \$10,000 margin is exhausted and the position is *liquidated*—automatically closed by the exchange to prevent the trader from owing more than they deposited.

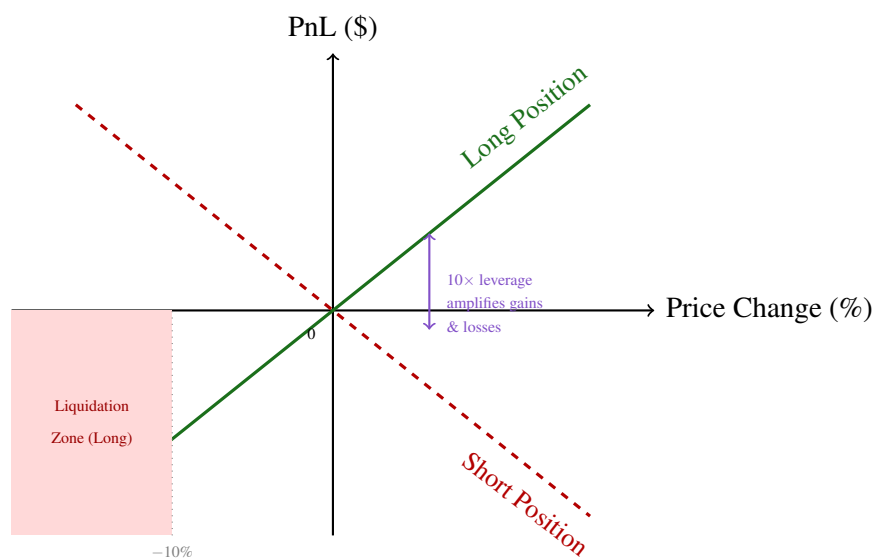


Figure 5: Perpetual Futures PnL Structure: Linear payoff amplified by leverage. A long position profits when the price rises; a short position profits when it falls. At the liquidation threshold, the exchange automatically closes the position to protect the system from bad debt.

The Funding Rate: Anchoring Perps to Spot Prices. Unlike traditional futures contracts that expire on a specific date (forcing convergence to the spot price at settlement), perpetual futures have *no expiry*. Instead, they use a mechanism called the **funding rate** to keep the perpetual price aligned with the underlying spot market. Every hour on Hyperliquid (every 8 hours on most centralized exchanges), the protocol calculates a small payment between long and short traders:

$$\text{Funding Payment} = \text{Position Size} \times \text{Funding Rate} \quad (2)$$

When the perpetual trades *above* the spot price (indicating excessive bullish demand), longs pay shorts—incentivizing arbitrageurs to short the perp and buy spot, pushing prices back into alignment. When the perp trades *below* spot, shorts pay longs. This creates a self-correcting economic mechanism that maintains price fidelity without the need for physical settlement or contract expiry.

Why Perpetuals Dominate Crypto Trading. Perpetual futures have become the dominant instrument in cryptocurrency markets for several structural reasons. First, leverage enables capital-efficient exposure—a trader can gain \$1 million in market exposure with only \$25,000 at 40× leverage. Second, short selling is as simple as opening a position—there is no need to borrow the underlying asset, making downside hedging and speculation frictionless. Third, the absence of expiration eliminates “roll risk” (the cost and complexity of migrating positions between successive futures contracts) that plagues traditional commodity and equity futures markets. Fourth, 24/7 settlement on blockchains like Hyperliquid means positions can be opened, modified, and closed at any moment—unlike traditional futures markets that operate on restricted schedules with overnight gaps. As of March 2026, perpetual futures account for approximately 90% of all cryptocurrency derivatives volume, with Hyperliquid alone processing over \$200 billion monthly.

3.3.2 HIP-3: From Curated Exchange to Permissionless Infrastructure

HIP-3, implemented in October 2025, represents the most significant decentralization milestone—transforming Hyperliquid from a curated exchange into a permissionless perpetual futures platform.



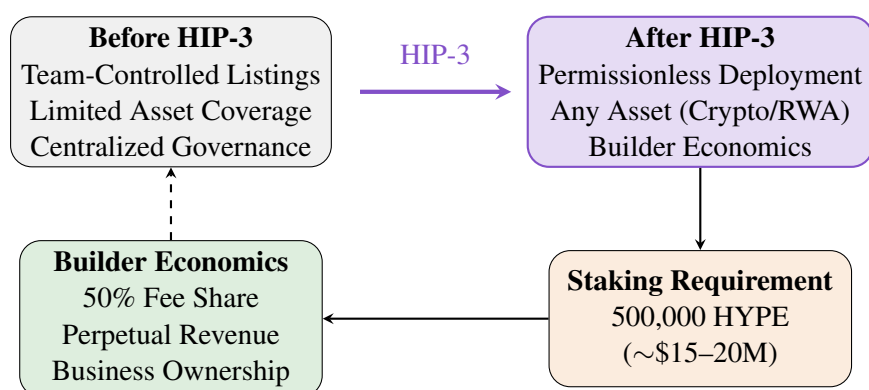


Figure 6: HIP-3 Transformation: From curated exchange to permissionless perpetual futures infrastructure, enabling any builder to deploy and monetize derivative markets.

3.3.3 Economic Model

- **Staking Requirement:** Deployers must stake 500,000 HYPE tokens (approximately \$15–20 million at current valuations) to launch a perpetual market. This high barrier ensures only serious actors participate.
- **Fee Sharing:** Market deployers earn **50% of trading fees** generated by their specific market, creating a perpetual revenue stream for successful market creators.
- **Slashing Mechanism:** Validators can vote to slash deployer stakes (20–100%) for technical failures, oracle manipulation, or actions threatening protocol solvency. Slashed HYPE is burned, not redistributed.

3.3.4 Market Impact

Within three months of HIP-3 activation:

- Over \$1 billion in Open Interest across HIP-3 markets
- \$25+ billion in total trading volume
- \$3+ million in cumulative fees
- Markets deployed for equities (S&P 500), commodities (Gold, Silver), and exotic assets

3.3.5 Growth Mode: Ultra-Low Fee Markets

In November 2025, Hyperliquid introduced **Growth Mode** for HIP-3 markets—a revolutionary feature that slashes taker fees by over 90% for newly deployed markets. This mechanism is designed to bootstrap liquidity and incentivize market makers in nascent perpetual contracts.



Key Features of Growth Mode:

- **Fee Reduction:** All-in taker fees reduced from 0.045% to as low as 0.0045–0.009%, with the deepest discounts dropping below 0.002%—competitive with the most efficient centralized exchanges.
- **Fee Scale Parameter:** Deployers set their fee scale between 0 and 1, determining the portion of user trading fees they retain before discounts.
- **Asset Exclusions:** Growth mode markets must avoid overlap with existing validator-operated perpetuals (crypto perpetuals, crypto indexes, ETFs, or assets tracking existing markets like PAXG-USDC gold perp).
- **Lock Period:** Once activated for an asset, growth mode settings lock for 30 days before changes can be made, ensuring market stability.
- **Permissionless Activation:** Deployers can activate growth mode on a per-asset basis without centralized approval.

Strategic Implications: Growth Mode positions HIP-3 as infrastructure for rapid market creation across asset classes that validators may not prioritize. The 5–10x cost reduction compared to legacy blockchain infrastructure enables:

- Deployment of real-world asset markets (commodities, treasuries, exotic derivatives)
- Competitive fee structures that rival centralized exchanges
- Incentivization of professional market makers to provide liquidity from day one

3.3.6 HIP-3 Market Deployers

Since HIP-3 activation, several deployers have established significant market presence:

3.3.7 TradeXYZ (by Unit/Hyperunit) — October 13, 2025

TradeXYZ (trade.xyz) is the perpetual futures arm of **Unit** (Section 2.5), Hyperliquid’s native asset tokenization layer built by the Hyperunit team. As the **first HIP-3 deployer in history**, TradeXYZ purchased the inaugural ticker “XYZ100” immediately after HIP-3 went live on mainnet on October 13, 2025, and has since grown into the **overwhelmingly dominant force** in the HIP-3 ecosystem—commanding approximately 84% of all HIP-3 volume.

Growth and Market Position. TradeXYZ has accumulated **\$78B+ in cumulative volume** with daily averages exceeding \$500M, making it the single largest HIP-3 deployer by every metric. Its flagship product, **XYZ100**, tracks an index of the 100 largest U.S. non-financial companies (widely understood to mirror the Nasdaq 100) and leads the entire HIP-3 ecosystem with **\$213M+ in open interest** alone. TradeXYZ entered the top 10 Hyperliquid assets by



daily volume within two weeks of launch, and the platform has had to repeatedly raise its open interest caps to accommodate demand—from an initial \$25M to over \$300M. Notable early adoption included Citrini Research, a traditional finance research firm, publicly trading XYZ100 over a weekend—a use case impossible on legacy equity exchanges.

Product Suite and Growth Mode. Beyond XYZ100, TradeXYZ has expanded to a comprehensive equity and commodity suite including NVDA, TSLA, AAPL, GOOGL, AMZN, MSFT, META, and commodity perpetuals for crude oil (CL-USDC), Brent crude, gold, and silver. On November 24, 2025, TradeXYZ launched **Growth Mode**, reducing trading fees for all XYZ assets by 90%—maximum fees fell below 0.009%, with taker fees of approximately 9 cents per \$1,000 traded. This aggressive fee reduction transformed HIP-3 from an experiment into a high-volume venue competitive with centralized exchanges on cost.

Team and Collateral. The team behind TradeXYZ operates largely anonymously—only the pseudonym “Shoku” is referenced in community circles. Rumors of a connection to the Hyperliquid core team remain unconfirmed. All TradeXYZ markets settle in **USDC**, the dominant stablecoin on Hyperliquid, which gives them maximal liquidity depth and the lowest friction for onboarding new traders. The combination of first-mover advantage, USDC settlement, and aggressive fee optimization has cemented TradeXYZ’s position as the de facto standard for tokenized equity perpetuals on Hyperliquid.

Market Design Innovations: Setting the Standard for 24/7 Derivatives. Beyond market share dominance, TradeXYZ’s most lasting contribution to Hyperliquid—and arguably to the broader derivatives industry—has been a series of **market microstructure innovations** that solved fundamental problems preventing tokenized perpetuals from achieving real institutional adoption. Several of these designs were subsequently adopted not only by other HIP-3 deployers on Hyperliquid but by centralized exchanges (Binance, Bybit) and competing DEXs (Lighter, Aster), establishing TradeXYZ as a de facto standard-setter for 24/7 derivatives market design.

1. **Internal Pricing Mechanism (Impact-Price Oracle EMA).** TradeXYZ developed a proprietary internal pricing mechanism—now adopted by every major HIP-3 deployer—where the oracle’s Exponential Moving Average (EMA) updates via the *impact price* rather than conventional reference points such as mid-price or mark price. The impact price reflects the actual cost of executing a meaningful-sized order against the order book, making the oracle inherently resistant to manipulation through thin-book spoofing or wash trading at the spread. This design drew inspiration from Hyperliquid’s own pre-launch futures (“Hyperps”) oracle methodology, which TradeXYZ refined and adapted for the unique liquidity dynamics of equity and commodity perpetuals. The result is a pricing mechanism that remains robust during low-liquidity hours (weekends, overnight sessions) when traditional reference markets are closed and the order book is thinner—precisely the conditions under which naive oracle designs are most vulnerable.



2. **Discovery Bounds V1: The Critical Unlock for 24/7 Trading.** Perhaps TradeXYZ's most structurally important innovation was the concept and implementation of **Discovery Bounds**—price bands restricting how far the mark price may deviate from the last externally derived fair price. While seemingly obvious in hindsight, this mechanism solved the fundamental problem that had prevented pre-launch futures and tokenized equity perpetuals from gaining real adoption: *without bounded price discovery, weekend and off-hours markets are vulnerable to cascading liquidations from manipulated price moves that bear no relation to the underlying asset's true value.* Discovery Bounds gave traders, market makers, and liquidity providers the confidence to participate in 24/7 markets, knowing that prices could not deviate beyond economically meaningful limits. This was the critical unlock that transformed HIP-3 from a novelty into a viable trading venue.
3. **Funding Rate Halving.** TradeXYZ implemented a **50% reduction in the funding rate** for its commodity and equity perpetuals relative to the standard HyperCore funding model. This adjustment addressed a structural mismatch: crypto perpetuals typically use aggressive funding rates to keep prices tethered to spot markets with 24/7 liquidity, but equity and commodity perpetuals reference assets that trade only during limited exchange hours. The standard crypto funding rate would systematically over-penalize positions held overnight or over weekends, creating a carry cost that discouraged longer-duration positioning. By halving the funding rate, TradeXYZ made it economically viable for traders to hold multi-day equity and commodity positions—a prerequisite for attracting the types of macro-driven traders who naturally hold positions for days or weeks, not hours.
4. **Zero Base Funding for FX Pairs.** For foreign exchange perpetuals, TradeXYZ set the **base funding rate to zero**—recognizing that FX markets already trade nearly 24/7 (with brief weekend gaps) and that the interest rate differential between currency pairs is the primary driver of carry, not the synthetic funding mechanism. This design choice demonstrates the granularity of TradeXYZ's market design philosophy: each asset class receives a funding model calibrated to its specific liquidity and trading hour characteristics, rather than applying a one-size-fits-all crypto funding formula.

The cumulative effect of these innovations is that TradeXYZ has effectively written the playbook for how tokenized real-world asset perpetuals should be structured—from oracle design through price bounding to funding economics. The adoption of these designs by Binance, Lighter, and other venues validates TradeXYZ's position not merely as the largest HIP-3 deployer by volume, but as the intellectual leader in 24/7 derivatives market microstructure.

Discovery Bounds V2 (March 13, 2026). On March 13, 2026, TradeXYZ introduced **Discovery Bounds V2**—a significant upgrade to the price band mechanism that governs how far mark prices may deviate from the last externally derived fair price during off-hours trading.



Discovery Bounds are the core infrastructure enabling 24/7 price discovery on tokenized commodity and equity perpetuals; they give traders, market makers, and the broader market a reliable framework for trading when traditional exchanges (CME, NYSE) are closed. V1 suffered from two fundamental limitations: first, bound width was mechanically coupled to maximum leverage—increasing available leverage narrowed the price band, and widening the band required reducing leverage, forcing two distinct risk parameters into a single value. Second, bounds were static: if a market reached its limit during a weekend gap event (such as the March 2026 Iran–Israel oil crisis), price discovery simply *stopped* until traditional markets reopened, regardless of whether the price move was legitimate. Discovery Bounds V2 addresses both constraints. Bound width is now **independent of maximum leverage**, allowing each parameter to be calibrated to the specific risk profile of the instrument. More critically, bounds are now **dynamic**: when a market sustains trading activity at its limit, the oracle gradually catches up and the bounds reset, enabling further price discovery without requiring traditional markets to reopen—while fully preserving the safety properties of bounded off-hours trading. The upgrade launched initially for **CL (WTI crude oil)** and **BRENT OIL** markets only, with future rollouts planned per-market with individually preconfigured discovery bound thresholds and maximum step parameters. The timing is significant: Discovery Bounds V2 is a direct response to the March 7–10 commodity crisis, where CL-USDC surged 30% over a weekend and static V1 bounds temporarily constrained price discovery at exactly the moment when Hyperliquid’s 24/7 availability was most valuable.

3.3.8 Felix (Felix Protocol) — November 14, 2025

Felix is one of the earliest DeFi protocols built on HyperEVM, crossing **\$1 billion TVL** in September 2025 through its suite of borrowing and lending products—Felix CDP (a Liquity V2-style collateralized debt position system minting the feUSD stablecoin) and Felix Vanilla (variable-rate lending pools). In its second phase, Felix expanded into HIP-3 **RWA perpetuals** through **Felix Exchange**, making it the only HIP-3 deployer that also operates a full DeFi lending stack on the same chain.

HIP-3 Deployment and Hyperion Partnership. Felix’s HIP-3 deployment was funded through a **HYPE Asset Use Service (HAUS) agreement** with NASDAQ-listed Hyperion DeFi (HYPD), announced October 29, 2025. Under this arrangement, Hyperion provided the use of 500,000 HYPE to Felix for staking, enabling the protocol to meet the HIP-3 deployment requirement. Trading fees are distributed between Hyperliquid, Felix, and Hyperion DeFi—creating the first instance of a publicly traded company directly participating in HIP-3 fee revenue. Felix launched its first HIP-3 market, TSLA/USDH, on November 14, 2025, powered by **HyperStone**—RedStone’s specialized oracle built exclusively for HIP-3 with sub-3-second on-chain price delivery.

USDH-Native Settlement and Ondo Integration. Felix differentiates from TradeXYZ through exclusive **USDH settlement** (Native Markets’ stablecoin), offering 20% lower taker



fees, 50% higher rebates, and 20% increased volume contributions compared to USDC-settled markets. This strategy created the first authentic source of organic demand for USDH. In January 2026, Felix announced a collaboration with **Ondo Finance** to bring **spot equities** on-chain via Ondo Global Markets. The launch will debut first on **Ethereum**—not HyperEVM—with **202 U.S. equities** available from day one, paired with a custom USDC deposit flow that allows Hyperliquid natives to use their HyperCore spot and perps balances directly. Felix plans to expand to HyperEVM once Ondo enables mint/redeem functionality natively on that chain. The integration provides deep liquidity from launch without relying on AMM bootstrapping. Co-founder Charlie Ambrose has described Felix’s vision as “bringing Felix to the scale of traditional markets, building bridges for different forms of Hyperliquid adoption across markets.”

Current Markets. Felix’s HIP-3 deployment focuses on **RWAs at large**, not just equities. The protocol’s biggest markets by volume are **SILVER-USDH**, followed by **OIL-USDH** and **PLATINUM-USDH**—positioning Felix as the primary commodity-focused USDH-settled deployer. Additional markets include TSLA and other select equities. Felix holds ~4% of total HIP-3 volume share. The dual identity—DeFi lending protocol *plus* HIP-3 RWA deployer—positions Felix uniquely to offer integrated strategies where users can borrow feUSD against HYPE collateral and deploy it into commodity and equity perpetuals within a single ecosystem.

3.3.9 Ventuals — November 14, 2025

Ventuals (ventuals.com) is creating the first on-chain derivatives market for **private company valuations**—enabling anyone to trade perpetual futures on pre-IPO companies like SpaceX (\$800B valuation), OpenAI (\$500B+), Anthropic, Stripe, and Kraken. Backed by **Paradigm**, one of crypto’s most prominent venture funds, Ventuals represents a fundamentally new asset class on Hyperliquid: synthetic exposure to the \$13 trillion global private equity market, historically reserved for accredited investors and VCs.

Product Architecture: Valuation Perpetual Contracts. Ventuals’ core innovation is the **Valuation Perpetual Contract**—a perp that tracks private company valuations divided by 1 billion for readability (e.g., SpaceX at \$800B trades at “\$800”). Traders do not acquire economic ownership; they speculate on valuation changes. Pricing is powered by a **hybrid optimistic oracle system** that blends off-chain fundamental valuation data (funding rounds, secondary market transactions) with real-time on-chain mark prices from trader sentiment. Anyone can submit a valuation and stake collateral, with disputes resolved through a challenge-and-vote process that transforms off-chain consensus into on-chain pricing. All contracts are margined and settled in **USDH**, with up to 20x leverage.

Launch and Community Staking. On October 16, 2025, Ventuals launched its HYPE liquid staking vault to fund HIP-3 deployment. The 500,000 HYPE minimum threshold was **filled in just five minutes**, with the largest single depositor contributing 250,000 HYPE. Total inflows reached **1.29 million HYPE** (~\$38 million) within 30 minutes. Users receive **vHYPE**—a



liquid staking token that earns both Hyperliquid staking rewards and Ventuals points, creating dual yield. The vHYPE system applies multiplier boosts to trading points, functioning as pre-token rewards expected to convert into governance tokens at TGE.

Thematic Indices and Expansion. Beyond individual pre-IPO companies, Ventuals has expanded into **thematic indices of public companies**—including nuclear, semiconductors, robotics, and MAG7 (Magnificent 7 tech stocks)—creating a unified venue for both private and public equity exposure. Current markets include SpaceX, OpenAI, Anthropic, Cursor, and Kraken. Ventuals holds ~3% of total HIP-3 volume and is positioning for the anticipated 2026–2027 IPO wave, where platforms like Ventuals could serve as price discovery mechanisms for private valuations *before* traditional IPOs take place.

Net-New User Acquisition: A Differentiated User Base. Perhaps the most strategically significant—and underreported—dimension of Ventuals is its ability to bring *net-new users* to Hyperliquid who would not otherwise have engaged with the platform. Internal data reveals that **31% of Ventuals traders’ first-ever trade on Hyperliquid was on a Ventuals market**—meaning nearly one-third of its user base came to the entire Hyperliquid ecosystem *through* Ventuals, not before it. Furthermore, **25% of Ventuals traders trade exclusively on Ventuals among HIP-3 deployers**—they do not trade on any other HIP-3 market (TradeXYZ, Felix, Kinetiq, Dreamcash, etc.), though they may also trade HyperCore’s native crypto perpetuals. This exclusivity metric measures deployer loyalty within the HIP-3 ecosystem, not total platform exclusivity. For comparison, other deployers show varying first-trade acquisition rates: TradeXYZ at 44.2%, Dreamcash at 23.8%, Felix at 10.3%, and Kinetiq at 9.8%. HIP-3 deployer exclusivity rates follow a similar pattern: TradeXYZ 33%, Dreamcash 14.9%, Kinetiq 4.8%, and Felix 4.6%—in each case meaning these traders use only that single deployer’s HIP-3 markets while potentially also trading on HyperCore crypto perps. Ventuals’ combination of high first-trade acquisition *and* high deployer exclusivity underscores a distinctive insight: pre-IPO and private equity perpetuals attract a fundamentally different user demographic than crypto-native perpetuals. These are users drawn to SpaceX and OpenAI exposure, not BTC and ETH leverage—and Ventuals is the conduit that brings them on-chain.

3.3.10 HyENA (by Based, in Partnership with Ethena) — December 9, 2025

HyENA is an HIP-3 perpetual exchange on Hyperliquid built by **Based** (based.gg)—an independent trading platform and frontend in the Hyperliquid ecosystem—in **partnership with Ethena**, the protocol behind the yield-bearing synthetic dollar USDe. The name “HyENA” (Hyperliquid + Ethena) reflects this collaboration: Based provides the trading frontend, market operations, and HIP-3 deployment infrastructure, while Ethena contributes USDe as the exclusive settlement asset along with its delta-neutral yield mechanics. The result is a dedicated HIP-3 exchange that brings **USDe-collateralized crypto perpetuals** into the Hyperliquid ecosystem—combining Based’s execution expertise with Ethena’s yield-bearing collateral innovation.



Product Design: Yield-Bearing Collateral. HyENA’s structural differentiator is that traders earn **up to 12% APY on their collateral** while maintaining open perpetual positions. In traditional perps markets, collateral is idle capital; on HyENA, USDe generates Ethena’s delta-neutral basis yield continuously, meaning traders earn yield *even on margin deposits*. This creates a fundamentally different risk/return profile: a long BTC position on HyENA costs less in real terms than the equivalent position on TradeXYZ or native HyperCore, because the collateral is productive.

Infrastructure and Vaults. HyENA launched with BTC, ETH, SOL, and HYPE perpetual markets, collateralized exclusively in USDe. The **HLPe Vault** combines market-making profits, trading fees, and funding rate income into a single yield product for passive LPs. Security is provided through **Valantis stHYPE validators**, and the launch included a 7-day fee-free promotion for migrations from centralized exchanges and other DEXs—targeting active traders looking to switch venues with zero friction.

Strategic Significance. HyENA demonstrates both Based’s and Ethena’s confidence in Hyperliquid as the premier on-chain trading venue. Rather than simply integrating USDe as collateral on existing deployers, the two teams chose to build a dedicated HIP-3 exchange from the ground up—signaling a deep strategic commitment to the Hyperliquid ecosystem from one of DeFi’s largest stablecoin protocols. HyENA holds ~1.5% of HIP-3 volume and serves as the primary bridge between the Ethena yield ecosystem and Hyperliquid’s derivatives infrastructure.

3.3.11 Dreamcash — December 2025

Dreamcash is a **USDT0-collateralized RWA aggregation platform** that received a **strategic investment from Tether** on February 13, 2026, becoming the first USDT0-collateralized HIP-3 market and establishing a direct pipeline between Tether’s stablecoin empire and Hyperliquid’s trading infrastructure. The Tether–Dreamcash–Selini Capital partnership launched perpetual markets for the S&P 500, gold, silver, and major U.S. equities with a \$200,000/week trading incentive program.

Product Architecture: USDT0 and LayerZero. Dreamcash’s collateral architecture is built on **USDT0**—Tether’s omnichain stablecoin deployed through the LayerZero cross-chain messaging protocol. This means Dreamcash markets can settle across multiple chains while maintaining a single, unified liquidity pool on Hyperliquid. For Tether’s 350+ million user base, Dreamcash provides a native on-ramp to Hyperliquid’s HIP-3 ecosystem without requiring any USDC or USDH conversion—a significant reduction in friction for the largest stablecoin holder community in crypto.

Project Sherwood: The Aggregation Frontend. Dreamcash’s most ambitious initiative is **Project Sherwood**—a consumer-facing aggregation frontend that routes through *all* HIP-3 deployers (TradeXYZ, Ventuals, Markets.xyz) into a single “Everyday Mode” interface. Users



see assets as simple logos and prices with no mention of which underlying DEX or collateral type is involved; collateral abstraction swaps USDC, USDT0, and USDH automatically in the background. The thesis is a decentralized “Robinhood for everything”—offering 60+ assets (stocks, pre-IPO, commodities, crypto) globally, 24/7, self-custodial. Dreamcash competes with Robinhood’s 5,000+ stocks but offers access to OpenAI, SpaceX, and weekend commodity trading that no traditional broker provides.

Market Position. Dreamcash holds ~5.5% of total HIP-3 volume, making it the second-largest deployer behind TradeXYZ. The combination of Tether’s institutional backing, aggressive incentive programs, and the Project Sherwood consumer vision positions Dreamcash as the deployer most explicitly targeting mainstream, non-crypto-native retail adoption of Hyperliquid’s trading infrastructure.

3.3.12 Markets.xyz (by Kinetiq) — January 12, 2026

Markets.xyz (`markets.xyz`) is an HIP-3 perpetual DEX built by the Kinetiq team—the same entity behind Hyperliquid’s dominant liquid staking protocol (Section 8.1). While Kinetiq handles staking infrastructure (\$900M TVL, >75% market share), Markets.xyz extends that footprint into active trading with equity, commodity, bond/rate, and FX perpetuals. It is the **first tokenized HIP-3 DEX**, with direct value accrual to its protocol token, KNTQ.

Growth and Market Position. Despite being only two months into its launch by March 2026, Markets.xyz has emerged as the **second-fastest-growing HIP-3 deployer** by user count, volume, and open interest growth. The protocol has achieved approximately **\$2 billion in cumulative volume**, with current open interest of **~\$20 million** (all-time high of ~\$27M), and is adding hundreds of new traders daily. For context, this growth trajectory places Markets.xyz ahead of deployers that launched months earlier, validating the demand for a diversified, tokenized HIP-3 exchange.

Unique Governance Structure: Token-Gated Staker Formation. Markets.xyz occupies a structurally unique position among HIP-3 deployers: it is the **only HIP-3 DEX created by token-gated HYPE stakers**. The HYPE stake requirement for launching an HIP-3 exchange was pooled collectively by participants who were required to hold KNTQ tokens—creating a bottom-up, community-owned exchange where the stakers who capitalized the deployment are directly aligned through the protocol token. This model contrasts with every other HIP-3 deployer, which was either venture-backed (Dreamcash/Tether), built through ecosystem partnerships (HyENA by Based + Ethena), or team-funded (TradeXYZ, Felix). The KNTQ tokenization ensures that exchange revenue flows back to the community of stakers who made the launch possible.

Product Innovation: First-of-Kind Listings. Markets.xyz has pioneered several globally first-of-kind perpetual futures products on Hyperliquid:



- **USBOND:** The first tradeable bond/rate perpetual on-chain, referencing TLT—the iShares 20+ Year Treasury Bond ETF, a basket of long-duration U.S. Treasury bonds. This product provides 24/7 leveraged exposure to U.S. interest rate movements, a market that trades \$700B+ daily in traditional finance but has been entirely absent from DeFi until Markets.xyz’s listing.
- **Defense Stocks:** The first perpetual futures market for a defense sector equity, initially listing **RTX** (formerly Raytheon Technologies)—providing exposure to a sector that saw significant interest during the March 2026 Iran–Israel geopolitical escalation.
- **\$VIX Volatility Perpetuals:** Markets.xyz has acquired the \$VIX ticker on Hyperliquid, signaling the imminent launch of VIX volatility perpetuals—a structurally novel product. The VIX has no spot underlying, existing only as a derived index. Current mechanisms to access VIX exposure (futures, options, ETFs like \$UVXY) suffer from significant volatility decay and contango costs. A VIX perpetual would offer substantially simpler and more capital-efficient exposure, with the elimination of roll costs potentially making Hyperliquid the preferred venue for volatility hedging and speculation.

Infrastructure and Tokenomics. The exchange operates with Kaiko institutional-grade oracle pricing (24/7 availability), issues **kmHYPE**—the first decentralized exchange-specific Liquid Staking Token (exLST)—and distributes 10% of trading fees to kmHYPE stakers. CTO Justin Greenberg has described Markets.xyz as the “first Exchange-as-a-Service model on Hyperliquid, enabling any team to launch professional-grade perpetuals with institutional infrastructure.” Together, Kinetiq (staking) and Markets.xyz (trading) form a vertically integrated stack: liquid staking infrastructure → perpetual trading revenue generation, both powered by Hyperliquid.



3.3.13 HIP-3 Volume and Open Interest Comparison

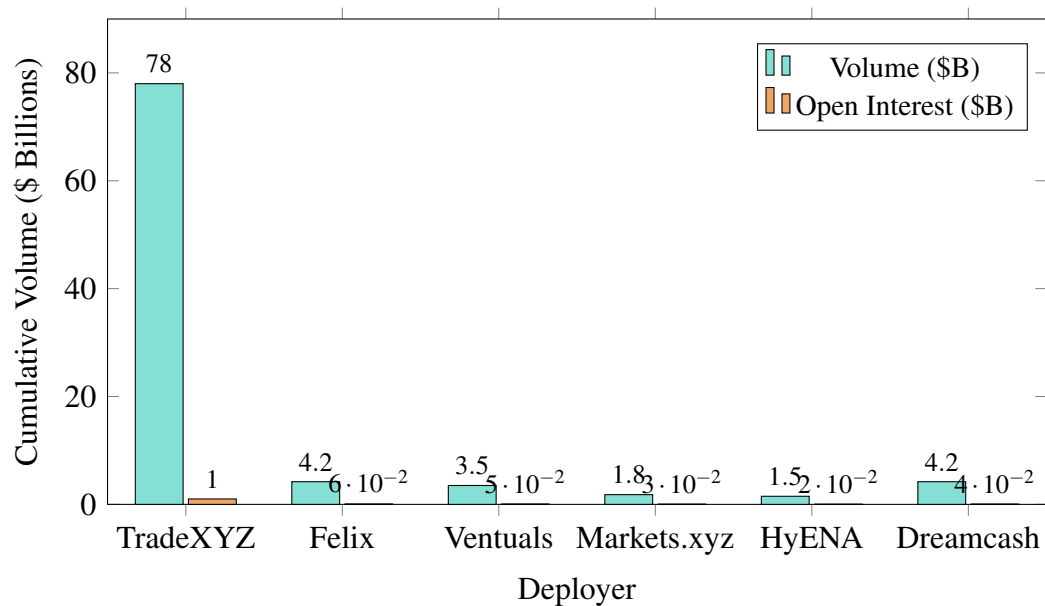


Figure 7: HIP-3 Deployer Cumulative Volume and Current Open Interest (March 2026): TradeXYZ dominates with approximately 84% of all HIP-3 volume (\$78B of \$93B+ total), driven primarily by commodity perpetuals (oil, gold, silver) and equity index perpetuals. Dreamcash’s rapid growth reflects Tether’s strategic investment and the Project Sherwood aggregation thesis.

Table 2: HIP-3 Deployer Comparison (March 2026)

Deployer	Specialization	Mkts	Notable Products	Collat.	Status
TradeXYZ	Equities/Commodities	15+	XYZ100, NVDA, TSLA, Silver, Gold	USDC	Dominant
Dreamcash	RWA/Equities	12+	S&P 500, Gold, TSLA, NVDA	USDT0	Growing
Felix	RWAs (USDH)	8+	Silver, Oil, Platinum, TSLA	USDH	Active
Ventuals	Pre-IPO/Private	5+	SpaceX, OpenAI, Anthropic	USDH	Active
Markets.xyz	Equities/Bonds/FX	10+	Oil, Gold, USBOND, RTX, Equities, FX	USDC	Active
HyENA	Crypto Majors	4+	BTC, ETH, SOL, HYPE	USDe	Active
Aura	U.S. Treasuries	2+	Treasury Rates, Bonds	USDH	Launching

3.3.14 Non-Crypto-First User Acquisition: HIP-3 as a Gateway Beyond Crypto

One of the most strategically significant—and underreported—effects of HIP-3 is its role in attracting *non-crypto-first users* to Hyperliquid. By enabling permissionless deployment of equity, commodity, and pre-IPO perpetuals, HIP-3 deployers are converting traditional finance participants into on-chain users. The metric “Non-Crypto-First Users” captures traders whose *first-ever trade* on Hyperliquid was on a non-crypto HIP-3 market—meaning these users came to the ecosystem through equities, commodities, or pre-IPO exposure rather than through crypto perpetuals. The data reveals that nearly 50,000 users have entered Hyperliquid through non-crypto assets alone.



Table 3: Non-Crypto-First Users by HIP-3 Deployer (March 2026)

DEX	Users	% of Non-Crypto-First Users
XYZ (TradeXYZ)	46,005	92.75%
Ventuals	1,851	3.73%
Cash (Dreamcash)	1,000	2.02%
Felix	508	1.02%
Kinetiq	238	0.48%
Total	49,602	100%

TradeXYZ dominates the non-crypto-first pipeline with 92.75% of all such users—a direct consequence of its breadth of commodity and equity markets and the flagship XYZ100 equity index. Ventuals ranks second at 3.73% despite offering significantly fewer total markets, validating that private company perpetuums attract a distinct user demographic. Dreamcash’s 2.02% share reflects its more recent launch (February 2026) and the early traction of the Project Sherwood aggregation frontend.

The per-market breakdown reveals which specific assets serve as on-ramps for non-crypto participants:

Table 4: Top 16 HIP-3 Markets by Non-Crypto-First Users (March 2026)

#	Market	Users	% of Non-Crypto-First
1	xyz:XYZ100	19,469	39.25%
2	xyz:SILVER	7,769	15.66%
3	xyz:GOLD	3,889	7.84%
4	xyz:NVDA	3,031	6.11%
5	xyz:TSLA	2,580	5.20%
6	xyz:GOOGL	1,481	2.99%
7	xyz:COPPER	1,181	2.38%
8	vntl:SPACEX	727	1.47%
9	xyz:MSTR	611	1.23%
10	xyz:AMZN	537	1.08%
11	xyz:PLTR	518	1.04%
12	vntl:OPENAI	458	0.92%
13	xyz:AAPL	449	0.91%
14	cash:USA500	408	0.82%
15	xyz:HOOD	397	0.80%
16	xyz:SNDK	396	0.80%

The XYZ100 equity index is the single largest gateway, accounting for 39.25% of all non-crypto-first users—nearly 20,000 traders whose first on-chain trade was an equity index perpetual. Commodities (silver, gold, copper) collectively form the second-largest entry vector with over 12,800 users. Two Ventuals markets stand out despite being significantly smaller by volume: **SpaceX** ranks 8th and **OpenAI** ranks 12th among all HIP-3 markets by non-crypto-first user count. This disproportionate user acquisition efficiency confirms that pre-IPO perpetu-



als address latent demand from a demographic that neither crypto exchanges nor traditional brokers currently serve: participants seeking venture-stage technology exposure on-chain.

The broader implication is structural: HIP-3 is not merely creating new trading venues—it is expanding Hyperliquid’s total addressable market beyond crypto into equities, commodities, and private markets, converting 49,600+ previously crypto-absent users into on-chain participants. This positions Hyperliquid not just as the dominant crypto perpetuals exchange, but as emerging infrastructure for global asset trading.

3.3.15 HIP-3 Deployer Ecosystem: The RWA Revolution

Aggregate Growth Metrics. HIP-3 permissionless perpetuals experienced explosive growth during this period:

Table 5: HIP-3 Market Metrics Evolution (October 2025–March 2026)

Metric	October 2025	March 2026
Cumulative Volume	\$1.3B	\$93.17B
Peak Daily Volume	\$250M	\$5.2B+
Open Interest (ATH)	\$200M	\$1.26B (Mar 10)
Total Traders	5,000	131,805
Total Fees Generated	\$100K	\$8.61M
Active Deployers	3	10+
Asset Classes	Crypto, Equities	+ Commodities, FX, Pre-IPO, Collectibles

New Deployers and Milestones. **Dreamcash** received a strategic investment from Tether on February 13, 2026, becoming the **first USDT0-collateralized HIP-3 market** [39]. The Tether–Dreamcash–Selini Capital partnership launched perpetual markets for the S&P 500, gold, silver, and major U.S. equities, with a \$200,000/week trading incentive program. More significantly, Dreamcash unveiled **Project Sherwood**—a consumer-facing aggregation frontend that routes through *all* HIP-3 deployers (TradeXYZ, Ventuals, Markets.xyz) into a single “Everyday Mode” interface where users see assets as simple logos and prices with no mention of which DEX or collateral type is involved. Collateral abstraction swaps USDC/USDT/USDH automatically in the background. The thesis: a decentralized “Robinhood for everything” offering 60+ assets (stocks, pre-IPO, commodities, crypto) globally, 24/7, self-custodial—competing with Robinhood’s 5,000+ stocks but with access to OpenAI, SpaceX, and weekend commodity trading that no traditional broker offers.

Additional deployers entering the ecosystem include **Aura** (U.S. Treasury perpetuals), **Markets.xyz** (Kinetiq’s tokenized HIP-3 DEX for equity, bond, FX, and commodity perpetuals—second-fastest-growing by user count, \$2B+ cumulative volume in two months), and **Perpetuals** (decentralized FX futures). As noted by investment firm Arca: “Just 7 of the top 30 markets on Hyperliquid are crypto pairs, while the vast majority are commodity and equity pairs on Trade.XYZ. This is a testament to Hyperliquid that we finally have a real platform where tokenized trading of RWAs is happening in meaningful size.”



The March 2026 Commodity Crisis: Real-World Stress Test. The March 2026 Iran–Israel military escalation provided an unprecedented real-world validation of HIP-3’s utility. When COMEX gold and oil futures closed for the weekend, Hyperliquid became one of the only venues globally for real-time leveraged commodity price discovery [40].

Table 6: Hyperliquid Commodity Perps During Iran–Israel Escalation (March 7–10, 2026)

Asset	24h Volume	Peak OI	Price Move	Liquidations
Crude Oil (CL-USDC)	\$1.77B	\$169.8M	+30% (to \$120/bbl)	\$37M+ shorts wiped
Silver	\$750M	\$85M	+8%	\$12M liquidated
Gold	\$420M	\$110M	+5% (\$5,100+)	\$8M liquidated
XYZ100 (Equities)	\$600M	\$213M	−4%	\$15M longs wiped

MakerDAO/Sky co-founder Rune Christensen placed a \$6 million leveraged long on crude oil on Hyperliquid during this period—a symbolic moment of TradFi-native participants using DeFi infrastructure for real-world risk management. The event demonstrated that Hyperliquid’s 24/7 commodity markets are not merely a novelty but an infrastructure necessity when traditional markets are closed during geopolitical crises.

The HIP-3 Builder Ecosystem: Who Routes Through Hyperliquid. The HIP-3 framework has catalyzed the emergence of a multi-layered ecosystem of independent deployers, each targeting distinct asset classes and user demographics, all routing through Hyperliquid’s HyperCore order book infrastructure. This subsection provides a comprehensive analysis of every active and announced HIP-3 deployer, including their market share, collateral models, and competitive positioning.

Market Share by Volume. TradeXYZ commands an overwhelming majority of HIP-3 activity. Of the \$93 billion+ in cumulative HIP-3 volume through March 2026, approximately 84% originates from TradeXYZ markets—driven primarily by commodity perpetuals (crude oil CL-USDC alone generated \$1.62B in 24h volume on March 9), precious metals (silver, gold), and the flagship XYZ100 equity index (\$12.7B cumulative volume, \$213M open interest).



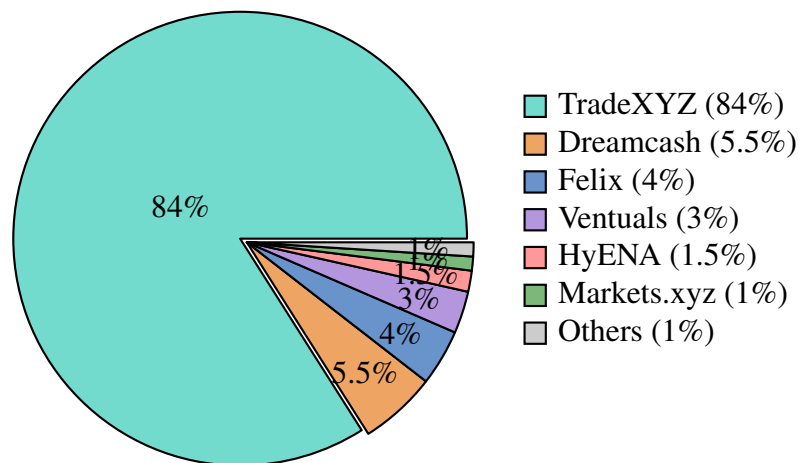


Figure 8: HIP-3 Volume Market Share by Deployer (March 2026): TradeXYZ’s dominance reflects the explosive demand for commodity perpetuals (oil, silver, gold) and 24/7 equity index trading. Dreamcash’s rapid rise follows Tether’s February 2026 strategic investment and the Project Sherwood aggregation thesis.

Open Interest Distribution. Open interest—a more meaningful measure of structural capital commitment—reveals a similar but more nuanced picture. HIP-3 OI reached a record \$1.26 billion on March 9–10, 2026, driven primarily by commodity and equity contracts during the Iran crisis. As reported by CoinDesk on March 10, XYZ100-USDC leads with \$213 million in OI, followed by CL-USDC (crude oil) at \$169.8 million, with Brent crude, the S&P 500, silver, and gold filling the remaining top positions. Notably, only 7 of the top 30 HIP-3 markets by OI are crypto pairs—the vast majority are commodity and equity contracts.

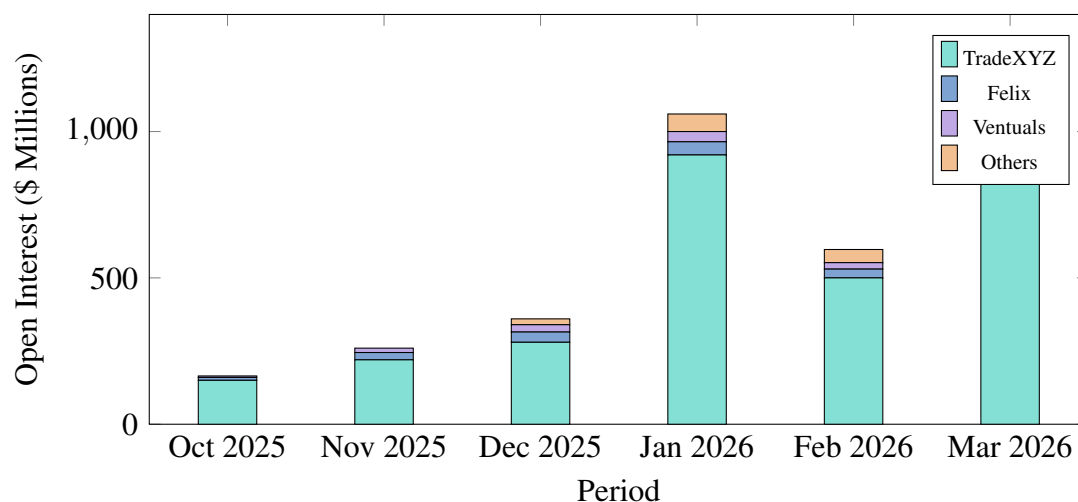


Figure 9: HIP-3 Open Interest Growth by Deployer (October 2025–March 2026): The January 2026 peak of \$1.06B was driven by the precious metals rally (gold surpassing \$5,000/oz, silver breaking \$100). Subsequent correction reflects broader commodity price normalization, not ecosystem contraction.

Table 7: Comprehensive HIP-3 Builder Ecosystem (March 2026)

Deployer	Focus	Key Markets	Collateral	Vol. Share	DAU	Differentiator
TradeXYZ	Equities, Indices, Commodities	XYZ100, CL (Oil), Silver, Gold, NVDA, TSLA	USDC	~84%	8,000+	Lowest fees; \$93B cum. vol.
Dreamcash	RWA Aggregator	S&P 500, Gold, TSLA, NVDA, META, Pre-IPO	USDT0	~5.5%	2,500+	Tether-backed; Project Sherwood
Felix	RWAs (USDH)	Silver, Oil, Platinum, TSLA	USDH	~4%	1,000+	Native stablecoin settlement
Ventuals	Pre-IPO	SpaceX, OpenAI, Anthropic, Cursor	USDH	~3%	800+	Private market valuations
HyENA	Crypto Majors	BTC, ETH, SOL, HYPE	USDe	~1.5%	500+	By Based + Ethena; yield-bearing collateral
Markets.xyz	Equities, Bonds, FX, Commodities	Oil, Gold, USBOND, RTX, Equities, FX	USDC	~1%	500+	2nd fastest-growing; \$2B+ vol.; first tokenized HIP-3 DEX
Aura	U.S. Treasuries	Treasury Bonds	Rates, USDH	Pre-launch	—	Fixed income exposure

Deployer Deep Profiles.

Collateral Fragmentation. A notable structural development is the emergence of distinct collateral ecosystems within HIP-3. TradeXYZ and Markets.xyz settle in USDC (Circle), Dreamcash exclusively uses USDT0 (Tether/LayerZero), Felix and Ventuals operate on USDH (Native Markets), and HyENA runs on USDe (Ethena). This fragmentation reflects the multi-stablecoin strategy that positions Hyperliquid as a settlement-agnostic infrastructure layer—each stablecoin issuer is incentivized to support HIP-3 deployers using their asset, creating competitive dynamics that benefit the protocol.

User Acquisition Impact. As detailed earlier in this section (Tables 3 and 4), the HIP-3 ecosystem has attracted 49,602 non-crypto-first users to Hyperliquid—traders whose first-ever trade was on a non-crypto HIP-3 market. TradeXYZ accounts for 92.75% of this pipeline, with Ventuals second at 3.73%. Notably, Ventuals’ SpaceX and OpenAI markets rank 8th and 12th respectively among all HIP-3 markets by non-crypto-first user count despite being significantly smaller by volume, confirming that pre-IPO perpetuals attract a fundamentally different user demographic than crypto-native products.

The Aggregation Thesis. Dreamcash’s February 2026 “Project Sherwood” proposal articulated the aggregation endgame: rather than building proprietary synthetic infrastructure, Dreamcash routes through all HIP-3 deployers—prioritizing its own “cash markets” where available, while aggregating TradeXYZ, Ventuals, and Markets.xyz for other assets. The user sees a unified interface covering stocks, pre-IPO companies, commodities, forex, and crypto—never encountering the underlying deployer fragmentation. This model positions Dreamcash as a consumer-facing frontend that abstracts away the infrastructure complexity of the HIP-3 ecosystem, analogous to how Robinhood abstracts order routing to market makers in traditional equities.



3.4 HIP-4: Outcome Trading—The Fourth Primitive

On February 2, 2026, the Hyperliquid team officially announced HIP-4, introducing **Outcome Trading**—a new on-chain contract primitive called “Outcome Contracts” for event-based derivatives [30]. This represents the most significant expansion of HyperCore’s capabilities since HIP-3, extending the protocol beyond perpetual futures into prediction markets and bounded options-like instruments.

3.4.1 Technical Specification

Outcome Contracts differ from perpetual futures across five fundamental dimensions:

Table 8: HIP-4 Outcome Contracts vs. Perpetual Futures

Dimension	Perpetual Futures	Outcome Contracts (HIP-4)
Collateralization	Partial (leveraged)	Full (max cost upfront)
Liquidation Risk	Yes	None
Expiration	No expiry	Dated expiration
Payoff Structure	Linear	Non-linear
Oracle Dependency	Continuous oracle feed	Oracle-free (market-implied)
Leverage	Up to 40x	None (1x only)
Settlement	Mark-to-market	Binary or range-bound
Settlement Asset	USDC	USDH

Contracts settle within a predetermined range (0.001 to 0.999 for binary markets, resolving to either 0 or 1 at expiry). Price discovery is driven entirely by market-implied probability on the order book after an initial **15-minute opening auction** that evaluates all candidate prices to maximize matched volume, with tie-breaking favoring minimal imbalance and prices closest to 50%.

3.4.2 Design Philosophy: Oracle Elimination

The most architecturally significant aspect of HIP-4 is its elimination of continuous oracle dependency. Traditional prediction markets (Polymarket, Kalshi) rely on external resolution oracles—creating single points of failure and trust assumptions. HIP-4 instead uses the opening auction mechanism for initial price establishment, followed by pure order-book-driven price discovery. Resolution oracles post final values only during specified challenge windows for dispute resolution.



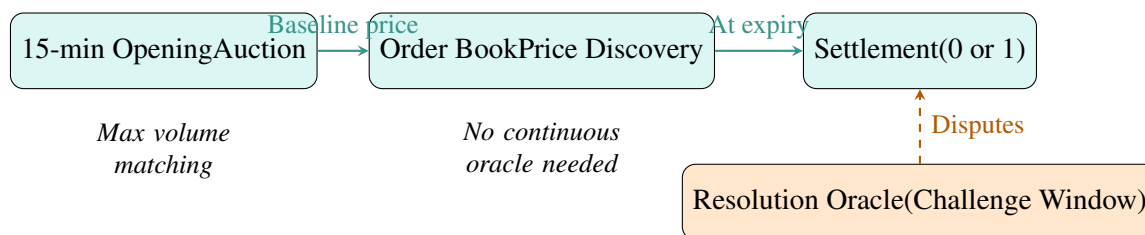


Figure 10: HIP-4 Outcome Contract Lifecycle: Oracle-free price discovery through opening auction and order-book-implied probability, with oracle intervention only for disputed settlements.

3.4.3 Implementation Status and Market Reaction

HIP-4 is **live on testnet** as of March 2026. The first set of outcomes deployed are **recurring binary options on HyperCore mark prices**, accessible via the “Predict” tab in the asset selector at `app.hyperliquid-testnet.xyz`. As a reminder, outcomes are fully collateralized contracts that settle within a fixed range—they introduce non-linearity and dated contracts to HyperCore, and do not involve leverage or liquidations. The outcome trading API closely mirrors the spot API, with key differences in asset ID handling documented at Hyperliquid’s developer portal.

Mainnet Release Plan. The initial mainnet release will consist of **1-day binary markets on BTC and HYPE**—deliberately constrained to validate the technical implementation while avoiding complexities around outcome creation and settlement. Multi-outcome markets are supported by the protocol but are *not* part of the initial release plan. The rollout follows a phased approach: Phase 1 (current) involves testnet deployment with binary options; Phase 2 targets mainnet with curated “canonical markets” based on objective, verifiable settlement sources; Phase 3 envisions permissionless deployment.

HYPE surged approximately 10% immediately following the announcement, with a 22% gain in subsequent days [31]. In the week preceding the announcement, the protocol executed \$18.65 million in HYPE buybacks at an average price of \$28.50. The expansion positions Hyperliquid to compete directly with Polymarket (\$12.4B monthly prediction market volume) and CFTC-regulated Kalshi—with the key differentiator being native integration with Hyperliquid’s unified margin system and full-stack DeFi ecosystem.

3.5 Emerging Governance: HIP-5 and HIP-6

3.5.1 HIP-5: Assistance Fund 2 (AF2)

HIP-5 is a community proposal (authored by Ericonomic, approximately February 2026) proposing a **second Assistance Fund (AF2)** to support ecosystem tokens beyond HYPE [32]. Currently, 99% of protocol revenue purchases HYPE via AF1. HIP-5 proposes allocating 1% (gradually increasing to 5%) of total protocol fees to AF2, which would buy back tokens on

Hyperliquid’s “Strict List” (PURR, HFUN, and ecosystem protocol tokens). HYPE stakers would direct allocations via real-time gauge voting.

At approximately \$91 million monthly transaction fees, even a 5% allocation would generate ~\$55 million annually—significant for ecosystem projects with market capitalizations in the tens of millions. Community reception is **deeply divided**: supporters argue it incentivizes builders and adds governance utility; critics warn of bribery dynamics, exit liquidity creation, and dilution of HYPE’s core buyback thesis [33]. HIP-5 remains under discussion with no formal implementation.

3.5.2 HIP-6: Token Issuance Auction (Hy-CO)

HIP-6, introduced approximately February 25, 2026 by James Evans of Reciprocal Ventures [34], proposes **Hy-CO (Hyperliquid Continuous Offering)**—a permissionless token issuance auction adapting Uniswap’s Continuous Clearing Auction model to Hyperliquid’s native CLOB.

The mechanism decomposes a large token sale into N progressively sequential smaller auctions. Each block, the protocol releases a batch of tokens and computes a uniform clearing price. Price discovery occurs gradually over approximately one week (maximum 3,024,000 blocks at 0.2 seconds per block). Key parameters include:

- **hip2Seed**: 20–100% of net proceeds automatically seeded into HIP-2 liquidity at VWAP over the final 5% of auction duration
- **Protocol fee**: 500 basis points (5%) to Safety Fund upon settlement
- **Anti-front-running**: Bids become effective for clearing in block $h + 1$
- **Registration**: 10 HYPE deployment fee

HIP-6 fills a critical gap: no native mechanism currently exists for projects to raise funds and seed liquidity on Hyperliquid in a single workflow. It remains a community proposal.

4 Market Position and Competitive Dynamics

The perpetual DEX market in 2025 underwent explosive growth, with total volume reaching \$7.9 trillion—65% of all-time cumulative volume generated in a single year. Hyperliquid’s position within this landscape requires nuanced analysis across multiple dimensions.

4.1 Pre-Launch Markets: The Hyperp Innovation

Beyond HIP-3 deployer markets, Hyperliquid pioneered pre-launch trading through “Hyperps”—perpetual contracts that don’t require underlying spot or index oracle prices.



Notable Pre-Launch Markets:

- **MON (Monad):** Listed October 2025 at \$15B implied FDV, \$28M+ 24h volume, 3x leverage
- **MEGA (MegaETH):** Listed October 2025 at \$5.2B implied FDV ahead of TGE
- **WLFI (World Liberty Financial):** 3x leveraged contract launched August 2025, contributing to record \$29B daily platform volume

Pre-launch markets enable:

- Price discovery before token generation events
- Hedging for project stakeholders (teams, investors, farmers)
- Speculation on high-profile launches without holding tokens
- Arbitrage opportunities between pre-market and spot listings



4.2 Volume and Market Share Evolution

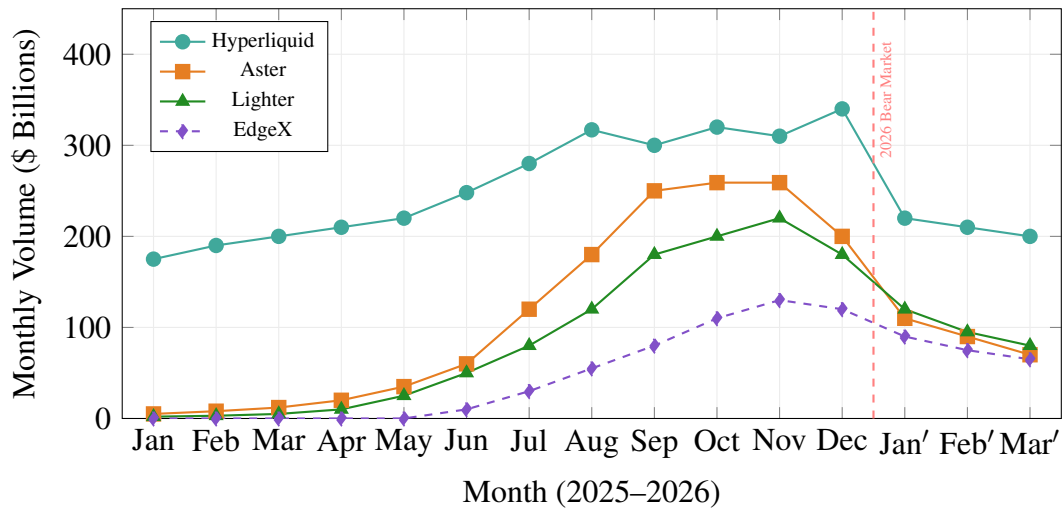


Figure 11: Perpetual DEX Monthly Volume Evolution (January 2025–March 2026): Hyperliquid maintained volume leadership throughout despite Q1 2026 bear market compression. Aster and Lighter volumes declined sharply post-TGE as incentive programs wound down.

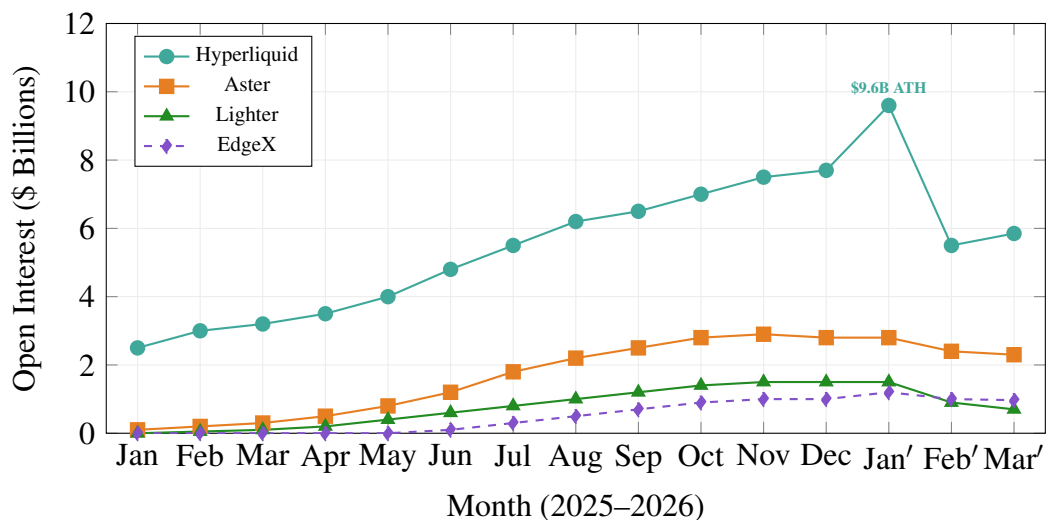


Figure 12: Perpetual DEX Open Interest Evolution (January 2025–March 2026): Open interest—a measure of committed capital rather than transient volume—reveals Hyperliquid's structural dominance. At the January 2026 peak of \$9.6B, Hyperliquid held more OI than all other perp DEXs combined. The subsequent correction reflected broader crypto market deleveraging, not competitive displacement.

4.3 Competitive Analysis Matrix

Table 9: Perpetual DEX Competitive Comparison (March 2026)

Feature	Hyperliquid	Aster	Lighter	dYdX	GMX
Architecture	Custom L1	Multi-chain	Custom L1	Cosmos Chain	Arbitrum L2
Trading Engine	On-chain CLOB	Hybrid	ZK-CLOB	Off-chain CLOB	Oracle AMM
Throughput	200K OPS	Variable	100K+ OPS	100K TPS	L2 Limited
Latency	<0.2s	0.5–2s	<0.3s	<1s	2–10s
Max Leverage	50x	1001x	100x	100x	100x
Trading Fees	~2–3 bps	Zero	Zero	2.5 bps	0.1%
Gas Fees	Zero	Variable	Zero	Low	Variable
VC Funding	None	Yes	Yes	Yes	Yes
Token FDV	~\$30B	~\$2B	~\$800M	~\$1.5B	~\$600M
Revenue (Ann.)	~\$944M	N/A	\$36M	\$50M	\$100M



4.4 Sustainable Competitive Advantages

4.4.1 Network Effects and Liquidity Depth

Hyperliquid's dominance in Open Interest (48% market share as of March 2026—more than all other perp DEXs combined) represents a more durable moat than raw trading volume. Open Interest measures committed capital—traders with active positions who require liquidity to manage risk. This structural liquidity creates a flywheel:

Deep Liquidity → Lower Slippage → More Traders → More Liquidity (3)

4.4.2 Revenue Quality and Sustainability

Unlike competitors subsidizing growth through incentive programs and zero-fee trading, Hyperliquid generates **annualized revenue exceeding \$1 billion** from organic trading activity [6]. This cash flow funds token buybacks (99% of fees allocated to Assistance Fund burns) rather than dilutive emissions, creating sustainable tokenomics.

4.4.3 Infrastructure Lock-In

The HyperEVM ecosystem now hosts over 100 deployed protocols with \$2+ billion TVL. This application layer creates switching costs: traders using Hyperliquid-native lending protocols, yield strategies, and wallet integrations face friction in migrating to alternative platforms.

4.5 Centralized Exchange Comparison: The CEX Displacement Metrics

While the previous analysis focused on decentralized competitors, the ultimate benchmark for Hyperliquid is the performance of major Centralized Exchanges (CEXs). This section provides a detailed comparison across critical trading infrastructure metrics.

4.5.1 Market Coverage: Trading Pairs

Table 10: Trading Pair Coverage Comparison (March 2026)

Metric	Hyperliquid	Binance	Bybit	Coinbase	Kraken
Perpetual Pairs	200+	300+	400+	80+	100+
Spot Pairs	120+	1,500+	600+	250+	200+
RWA Perpetuals	30+	0	0	0	0
Permissionless Listing	Yes (HIP-3)	No	No	No	No
24/7 Availability	Yes	Yes	Yes	Yes	Yes



4.5.2 Open Interest and Liquidity Depth

Open Interest represents committed capital and serves as a proxy for genuine liquidity depth. Hyperliquid’s ability to compete with established CEXs on this metric demonstrates its institutional adoption.

Table 11: Open Interest Comparison—Major Trading Pairs (March 2026)

Asset	Hyperliquid	Binance	Bybit	Coinbase	Kraken
BTC-PERP OI	\$1.7B	\$7.2B	\$3.5B	\$1.0B	\$650M
ETH-PERP OI	\$850M	\$3.5B	\$1.7B	\$450M	\$300M
SOL-PERP OI	\$350M	\$1.5B	\$750M	\$150M	\$120M
Total Perp OI	\$5.85B	\$15B	\$7.5B	\$2.0B	\$1.4B
<i>HL vs CEX Ratio</i>	—	39%	78%	293%	418%

4.5.3 Order Book Depth and Slippage Analysis

Liquidity depth—measured as the capital required to move price by a given percentage—is critical for institutional execution quality. In early 2026, Hyperliquid founder Jeff Yan demonstrated that Hyperliquid has achieved **superior liquidity depth** compared to Binance for BTC perpetuals:

- **BTC Spread:** Hyperliquid ~\$1 vs. Binance ~\$5.50
- **Order Book Depth:** Hyperliquid ~140 BTC cumulative ask liquidity vs. Binance ~80 BTC

This represents a historic milestone—the first time a decentralized exchange has demonstrably outperformed the world’s largest centralized exchange on core liquidity metrics.

Table 12: BTC Perpetual Order Book Depth and Spread Metrics (March 2026)

Metric	Hyperliquid	Binance	Bybit	Coinbase	Kraken
BTC Spread	~\$1	~\$5.50	~\$3	~\$8	~\$12
Ask Depth (BTC)	~140 BTC	~80 BTC	~65 BTC	~25 BTC	~18 BTC
2% Depth	\$85M+	\$65M	\$50M	\$25M	\$18M
0.1% Depth	\$15M	\$12M	\$10M	\$4M	\$3M
<i>Slippage for \$1M Market Order:</i>					
BTC-PERP	0.008%	0.02%	0.015%	0.04%	0.06%
ETH-PERP	0.01%	0.025%	0.02%	0.05%	0.08%
SOL-PERP	0.02%	0.03%	0.03%	0.08%	0.12%
<i>Slippage for \$10M Market Order:</i>					
BTC-PERP	0.05%	0.08%	0.10%	0.25%	0.35%
ETH-PERP	0.08%	0.12%	0.14%	0.35%	0.50%



The superior liquidity metrics are attributed to Hyperliquid's order cancellation optimization, which protects market makers from toxic flow and enables them to quote tighter spreads with larger size. All liquidity is fully on-chain and verifiable, eliminating the counterparty risk inherent in centralized venues.

4.5.4 Fee Structure Comparison

The fee structure represents a critical competitive dimension. Hyperliquid's gas-free model and competitive maker/taker fees position it favorably against CEX incumbents:

Table 13: Trading Fee Structure Comparison

Fee Type	Hyperliquid	Binance	Bybit	Coinbase	Kraken
<i>Perpetual Futures (Base Tier):</i>					
Maker Fee	0.010%	0.020%	0.020%	0.040%	0.020%
Taker Fee	0.035%	0.050%	0.055%	0.060%	0.050%
<i>Spot Trading (Base Tier):</i>					
Maker Fee	0.010%	0.100%	0.100%	0.400%	0.160%
Taker Fee	0.035%	0.100%	0.100%	0.600%	0.260%
Gas/Network Fee	Zero	N/A	N/A	N/A	N/A
Withdrawal Fee	Variable	Variable	Variable	Variable	Variable
Funding Interval	1 hour	8 hours	8 hours	1 hour	4 hours



Funding Rate Mechanics and Comparison Hyperliquid’s funding mechanism differs significantly from centralized exchanges, offering more frequent settlement and a lower base interest rate:

Table 14: Funding Rate Parameter Comparison

Parameter	Hyperliquid	Binance	Bybit	OKX	dYdX
Funding Interval	1 hour	8 hours	8 hours	8 hours	8 hours
Base Interest Rate	0.01%/8h	0.03%/day	0.03%/day	0.03%/day	0.125%/8h
(Equivalent/hour)	0.00125%/h	0.00125%/h	0.00125%/h	0.00125%/h	0.0156%/h
Funding Cap	4%/hour	Variable	Variable	0.75%	4.17%
Premium Calculation	TWAP	TWAP	TWAP	TWAP	Oracle
Settlement	On-chain	Off-chain	Off-chain	Off-chain	On-chain

Key advantages of Hyperliquid’s funding mechanism:

- **Hourly Settlement:** More frequent funding intervals (1 hour vs. 8 hours) provide finer-grained price convergence and reduce the risk of large funding payments accumulating.
- **Higher Funding Cap:** The 4% per hour cap allows Hyperliquid perpetuals to accommodate larger spreads during volatility, making them more susceptible to higher funding payments but also more responsive to market conditions.
- **Full Transparency:** All funding calculations occur on-chain with verifiable oracle prices, eliminating the opacity concerns that have plagued CEX funding mechanisms.

HIP-3 Market Funding Differences Builder-deployed HIP-3 perpetuals operate with modified funding parameters:

- **Funding Multiplier:** Deployers can set a custom funding multiplier per asset (default 1.0x), allowing markets to use amplified or dampened funding rates.
- **Premium Calculation:** HIP-3 markets using Hyperps (pre-launch markets) calculate the premium index at 1% of the usual clamped interest rate and premium formula.
- **Deployer Control:** Market operators maintain control over oracle specifications and funding parameters within protocol-defined bounds.



4.5.5 Competitive Position Assessment

The comparative analysis reveals Hyperliquid's position relative to CEX incumbents:

- **Open Interest:** Hyperliquid's \$5.85B total OI represents 39% of Binance and 78% of Bybit—remarkable penetration for a decentralized platform operating for just over two years. At its January 2026 peak, OI reached \$9.6B.
- **Liquidity Depth:** As of early 2026, Hyperliquid has achieved **superior liquidity depth** compared to Binance for BTC perpetuals, with tighter spreads (\$1 vs. \$5.50) and deeper order books (140 BTC vs. 80 BTC cumulative ask liquidity). This represents a historic milestone for decentralized exchanges.
- **Slippage:** For institutional orders (\$1M–\$10M), Hyperliquid now achieves **lower slippage than Binance**—a dramatic reversal from early DEX implementations that suffered 10–100x worse execution.
- **Fee Advantage:** Hyperliquid's fee structure is **40–80% lower** than major CEXs on perpetual trading and offers the unique advantage of zero gas fees, eliminating a friction point that handicaps other on-chain venues.
- **Funding Efficiency:** Hyperliquid's 1-hour funding interval provides more granular price convergence than the 8-hour intervals used by Binance and Bybit.
- **Unique Capabilities:** Permissionless listing via HIP-3, Growth Mode for ultra-low fee markets, and RWA perpetuals represent capabilities that no CEX currently offers, creating blue ocean opportunities in underserved market segments.

The data supports the thesis that Hyperliquid has *surpassed competitive parity* with centralized exchanges and now demonstrates superior execution quality on key metrics while maintaining the sovereignty and transparency advantages inherent to decentralized infrastructure.



5 Traditional Finance Integration

The Convergence Strategy

While displacing centralized crypto exchanges represents the current battleground, Hyperliquid's long-term strategic vision encompasses the significantly larger opportunity of Traditional Finance (TradFi) integration.

5.1 The RWA Opportunity

The tokenization of Real-World Assets represents a \$130+ trillion addressable market encompassing fixed income, equities, commodities, real estate, and private credit. Hyperliquid's infrastructure is uniquely positioned to capture this opportunity through:

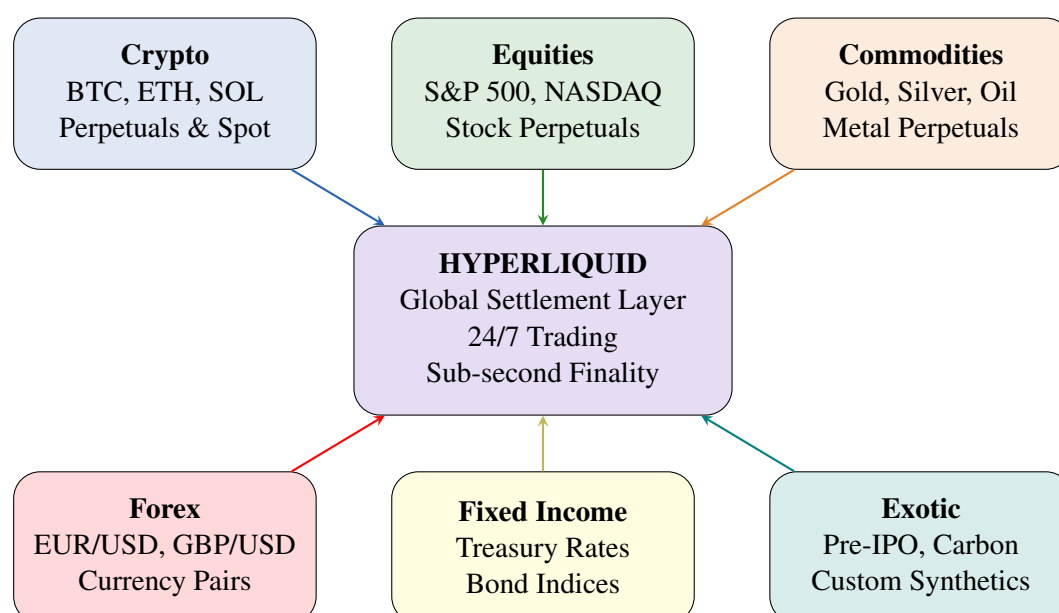


Figure 13: Hyperliquid as Universal Asset Settlement Layer: HIP-3 enables permissionless deployment of perpetual markets across all asset classes, positioning the platform as infrastructure for global 24/7 trading.

5.2 Strategic Developments

5.2.1 Circle Native USDC Integration

In September 2025, Circle announced native USDC deployment on Hyperliquid—a landmark partnership that brings the world's largest regulated stablecoin (\$73B+ market cap) directly to the platform. Key integration elements include:

- **Native Deployment:** USDC deployed natively on HyperEVM with CCTP V2 (Cross-Chain Transfer Protocol), enabling seamless cross-chain transfers across 14+ supported blockchains.



- **Direct Stakeholder:** Circle became a direct HYPE token holder, signaling long-term commitment to the ecosystem.
- **Validator Consideration:** Circle is evaluating becoming a Hyperliquid validator, which would further integrate institutional infrastructure.
- **Developer Programs:** Comprehensive incentive programs for HIP-3 and HyperEVM builders to encourage USDC usage and integration.
- **Institutional On-Ramps:** Circle Mint integration enables institutional-grade USDC on/off-ramps directly to Hyperliquid.

The partnership is strategically significant as approximately 7% of all USDC supply already resides on Hyperliquid, and the platform has captured 70% of USDC's liquidity share on Arbitrum.

5.2.2 Tether and USDT0 Integration

In January 2026, Tether deployed **USDT0**—its omnichain stablecoin standard—natively on Hyperliquid. Unlike bridged assets carrying wrap risk, USDT0 is native to the L1, enabling:

- Direct settlement in the world's largest stablecoin (\$140B+ market cap)
- Access to Tether's global payment rails
- Institutional-grade liquidity for RWA trading pairs

5.2.3 Ethena and USDe/HyENA

Ethena Labs, issuer of the synthetic dollar USDe (\$12.5B market cap), has deeply integrated with Hyperliquid through:

- **USDe as Collateral:** Native support for USDe spot trading and margin collateral
- **HyENA Trade:** A dedicated HIP-3 perpetual exchange built by the Based team in partnership with Ethena, accepting only USDe collateral, launched December 2025
- **Hedging Venue:** Ethena's delta-neutral strategy requires shorting perpetuals to hedge spot holdings; Hyperliquid serves as primary hedge execution venue
- **USDH Proposal:** Ethena submitted a proposal to issue Hyperliquid's native stablecoin (USDH) backed by USDtb (BlackRock BUIDL-backed)



5.2.4 Dreamcash: USDT-Collateralized RWA Markets

In January 2026, **Dreamcash** launched a groundbreaking partnership with Tether and Selini Capital to deploy USDT-collateralized RWA HIP-3 perpetual markets on Hyperliquid. This initiative represents a critical bridge between TradFi liquidity and on-chain derivatives:

- **USDT0 Collateral:** First HIP-3 markets operating on the USDT0 network—Tether’s cross-chain stablecoin built on LayerZero’s OFT standard. Since launch, USDT0 has processed over \$50 billion in transfers across 15 networks.
- **Mobile-First Interface:** Dreamcash provides a fintech-style application targeting retail USDT holders globally, eliminating traditional KYC friction for initial access.
- **Selini Capital Market Making:** Professional liquidity provision from Selini Capital ensures institutional-grade execution, tight spreads, and reliable pricing from launch.
- **Global Access:** Enables traders in emerging markets—where USDT often serves as the primary unit of account—to access RWA perpetuals (equities, commodities, forex) without geographic restrictions.

The Dreamcash partnership specifically targets the massive pool of USDT holders on centralized exchanges and in emerging markets, representing potentially hundreds of billions in deployable capital for on-chain derivatives trading.

5.3 The 24/7 Market Thesis

Traditional markets operate on fragmented schedules: US equities trade 9:30 AM–4:00 PM ET; European markets follow different hours; Asian markets overlap partially. This creates:

- Gap risk during non-trading hours
- Inability to react to global events in real-time
- Artificial liquidity fragmentation

Hyperliquid’s infrastructure enables **continuous 24/7 trading** of RWA perpetuals, allowing global participants to price assets and manage risk at any moment. This represents not merely convenience but a fundamental improvement in market efficiency.



6 Economic Model: Deflationary Value Accrual

The HYPE token represents a sophisticated economic design that directly links protocol usage to token scarcity through an aggressive buyback-and-burn mechanism.

6.1 Token Distribution

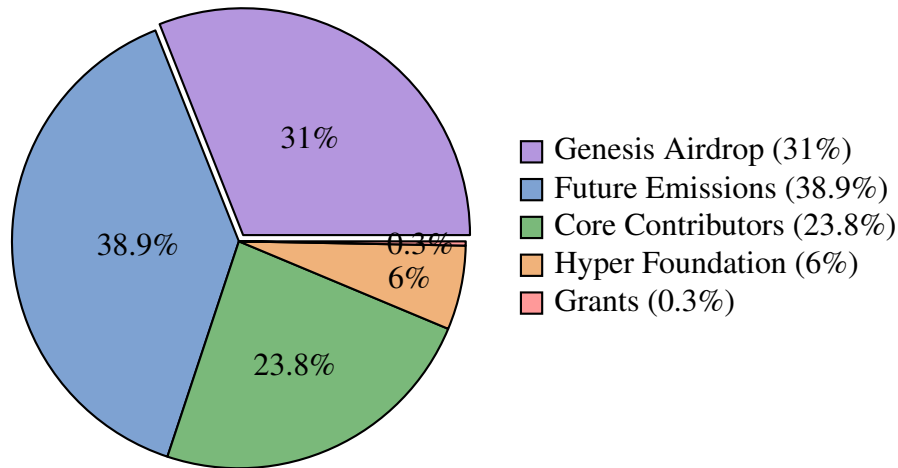


Figure 14: HYPE Token Distribution: The “community-first” allocation dedicates nearly 70% to community distribution, contrasting sharply with industry-standard 15–20% community allocations.

6.2 The Assistance Fund Mechanism

The **Assistance Fund (AF)** was originally designed as an insurance backstop for the protocol. However, a pivotal governance vote in late 2025 transformed it into a deflationary engine:

1. **Fee Accumulation:** Up to 99% of net protocol fees flow into the Assistance Fund
2. **HYPE Acquisition:** The AF continuously purchases HYPE tokens from the open market
3. **Permanent Burn:** Acquired tokens are permanently burned, removing them from circulation

$$\frac{d(\text{Circulating Supply})}{dt} = \text{Emissions} - \text{AF Burn Rate} \quad (4)$$

At current revenue levels (~\$944M annualized), the burn rate significantly exceeds new emissions, creating net deflationary pressure.



6.3 Valuation Framework

Table 15: HYPE Fundamental Valuation Metrics (Updated March 2026)

Metric	Value	Context
Annualized Revenue	~\$944M	Top 5 crypto protocol by revenue
Market Cap (Circulating)	~\$7.2B	As of March 2026
P/E Ratio (Burn-Adjusted)	7–9x	Tech stocks: 30–50x; Ethereum: >100x
Revenue Market Share	~40%	Of all crypto perp revenue
Market Cap Share	~0.6%	Of total crypto market cap
Fee-to-Burn Ratio	99%	Direct value accrual to holders

The fundamental case for HYPE undervaluation rests on the discrepancy between revenue dominance (~40% of perp revenue) and market cap allocation (~0.6% of crypto). If valuations converge toward revenue contribution, significant upside exists.

6.4 Community Airdrops: The Distribution Events That Defined an Ecosystem

Hyperliquid’s approach to token distribution stands as one of the most studied case studies in DeFi history. By rejecting venture capital funding entirely and allocating over 70% of the token supply to the community, the project executed two landmark distribution events—the PURR airdrop and the HYPE Genesis Drop—that not only rewarded early users but fundamentally shaped the cultural and economic identity of the ecosystem.

6.4.1 Phase 1: The \$PURR Airdrop (April 2024)

The first community distribution was the launch of **PURR**—the inaugural HIP-1 token on Hyperliquid and the ecosystem’s native community cat token. In April 2024, PURR was distributed entirely via free airdrop with **no ICO, no presale, and no team or VC allocation**. The initial supply was split equally: 50% was airdropped directly to active Hyperliquid users, and 50% was locked as seed liquidity for the PURR/USDC order book via HIP-2.

Following the initial distribution, approximately 400 million PURR tokens were permanently burned, reducing the circulating supply to roughly 600 million. PURR’s economic design introduces continuous deflation: trading fees paid in PURR are sent to a burn address, steadily reducing supply with every transaction. This mechanism creates a token whose scarcity increases proportionally with ecosystem activity.

PURR’s most distinctive feature is its role as an **ecosystem index token**: every new HIP-1 token launched on Hyperliquid distributes a portion of its supply to PURR holders via automatic airdrop snapshots. This means holding PURR functions as passive exposure to the entire pipeline of new token launches on the platform—a structural incentive that drives long-term holding rather than speculative trading. By March 2026, PURR remains one of the “strict list” tokens on Hyperliquid (alongside HYPE, HFUN, and CATBAL), and holding these tokens in



spot wallets has become a qualifying criterion for multiple ecosystem airdrops from third-party projects.

6.4.2 Phase 2: The \$HYPE Genesis Drop (November 29, 2024)

The **HYPE Genesis Event** on November 29, 2024, was the largest community-driven airdrop in DeFi history by value generated. A total of **310 million HYPE tokens**—31% of the 1 billion total supply—were distributed to over **94,000 eligible users** who had accumulated points through Hyperliquid’s Season 1 rewards program. With no venture capital investors and no private sale allocations, the Genesis Drop represented a categorical departure from industry norms, where typical airdrops distribute 5–15% of supply and reserve 15–50% for private investors.

The distribution was deliberately designed to reward genuine usage over speculative farming. Approximately 56.6% of recipients received 100 tokens or fewer, and 83.9% received fewer than 1,000 tokens, with a median allocation of 64.53 HYPE. The average was pulled upward by large recipients: the single largest claim was 970,000 HYPE, worth approximately \$9.56 million at peak prices—the highest-value single-address airdrop claim of 2024, surpassing Starknet (\$360K) and Jupiter (\$130K) by an order of magnitude.

HYPE’s post-airdrop price action was historically unprecedented. Opening at \$2 on November 29, the token surged to \$9.80 within three days—a 5x increase—before continuing its rally to an all-time high of \$59.30 during the USDH stablecoin competition in September 2025. This price trajectory broke the established pattern where airdropped tokens decline post-distribution as recipients sell. Analysts attributed this to several factors: the absence of VC selling pressure (no private investors to dump tokens), the community-first allocation creating a base of ideologically committed holders, and the immediate utility of HYPE for staking, governance, and fee participation.

The Genesis Event also triggered rapid ecosystem growth. Hyperliquid gained 10,993 new users within two days of the airdrop, daily transactions spiked 10x, and ecosystem tokens (PURR, JEFF, HFUN) surged alongside HYPE—JEFF, a community meme coin based on founder Jeff Yan, rose approximately 10x in three days. The token was designed with staking utility in mind: on December 30, 2024, Hyperliquid launched native HYPE staking, where validators propose blocks proportional to their staked HYPE, and stakers earn both HYPE rewards and USDC from trading fees.

6.4.3 Phase 3: Hypurr NFTs—The Commemorative Genesis Collection (September 28, 2025)

During the November 2024 Genesis Event, participants were given the option to opt into receiving a future commemorative **Hypurr NFT**. This choice was presented without details about what the NFT would be or when it would arrive, and some users at the time opted out due to (ultimately unfounded) speculation that opting in would dilute their HYPE token allocation. The Hypurr NFTs were not revealed or distributed until nearly a year later—on **September 28, 2025**—when the Hyper Foundation deployed the collection on HyperEVM mainnet.

The **Hypurr collection** consists of **4,600 unique NFTs**—cat-themed digital avatars, each



with distinct traits, accessories, and personality characteristics that mirror the quirks of the Hyperliquid community. The allocation was structured as follows: **4,313 NFTs** (93.8%) went directly to Genesis Event participants who had opted in, **144 NFTs** were reserved for the Hyper Foundation, and **143 NFTs** went to core contributors including Hyperliquid Labs and the NFT artists. Distribution was fully automatic: NFTs were airdropped directly to eligible wallets with no manual claiming required. The Hyper Foundation applied address clustering and behavioral analysis as anti-Sybil measures, resulting in approximately 87% unique wallet holders.

The market response was extraordinary. Within the first 24 hours, the floor price rocketed to approximately \$50,000–75,000, pushing total trading volume past **\$45 million in a single day**. The most expensive sale was **Hypurr #21**, featuring ultra-rare “Ghost Knight Armor” and “Ghost Helm” traits (0.1% occurrence), which sold for **9,999 HYPE** (~\$467,000)—one of the highest NFT sales of 2025. Within a week, the floor price peaked at approximately \$81,000, and the collection achieved a market capitalization exceeding **\$300 million**, ranking it as the fifth-largest NFT collection globally behind CryptoPunks, Pudgy Penguins, Bored Ape Yacht Club, and Infinex Patrons.

Critically, Hyperliquid did not monetize the NFT launch. No mint fees were charged, no revenue was extracted—the Hypurr collection was framed purely as a thank-you to early believers. This non-extractive approach contrasted sharply with most NFT launches in the industry and reinforced the ecosystem’s community-first ethos. Even before the official launch, Hypurr NFTs had traded on OTC markets throughout 2025 (claim rights changing hands for \$30,000–\$100,000), indicating the strength of speculative demand for Genesis-era credentials.

The long-term significance of Hypurr NFTs extends beyond collectibility. The collection is widely believed to function as a **high-signal loyalty credential** for future ecosystem rewards—a provable on-chain record of early participation that can be gated into future airdrop programs, fee discounts, or governance privileges. Multiple HyperEVM protocols (UltraSolid, Harmonix, KittenSwap) already reward Hypurr holders with additional benefits, reinforcing the NFTs’ role as a cross-project credential. With 38.888% of the HYPE supply reserved for future emissions and community rewards (Season 2), Hypurr NFT holders are widely expected to receive preferential treatment in subsequent distributions.

6.4.4 Structural Lessons: Why Hyperliquid’s Airdrops Worked

The success of Hyperliquid’s distribution strategy offers several structural lessons. First, rejecting VC funding eliminated the single largest source of post-airdrop selling pressure—private investors with near-zero cost bases who systematically dump at TGE. Second, building the product first and distributing tokens over a year later ensured recipients were genuine users, not speculative farmers. Third, the generous allocation (31% at Genesis, 38.9% reserved for future distributions) created a community with meaningful economic ownership—contrasting with projects that distribute 5–10% and retain the vast majority for insiders.



6.5 Market Data Update: Revenue Machine Exceeding \$1 Billion

6.5.1 HYPE Token Performance

Table 16: HYPE Token Metrics Dashboard (March 2026)

Metric	Value
Price	~\$31–34
Market Cap (Circulating)	~\$7.4–8.2B
Fully Diluted Valuation	~\$30–33B
CoinMarketCap Rank	#13–16
Circulating Supply	~240–258M
Total Supply (Post-Burn)	~957–962M
Staking Ratio	~45%
YTD Performance	+35% (top performer among \$1B+ tokens)
All-Time High	\$59.30 (September 18, 2025)
Net Deposits	\$4.61B (DefiLlama)
Total Users	~1.4 million

6.5.2 Volume and Revenue

Monthly perpetual futures volume exceeded **\$200 billion** for both January and February 2026, with cumulative all-time volume surpassing \$4 trillion. The daily revenue record of **\$6.84 million** was achieved on February 5, 2026, with annualized revenue running at approximately \$748M–\$944M depending on measurement period [41]. Cumulative all-time revenue has surpassed \$1 billion, with the Assistance Fund having spent just over \$1 billion on HYPE buybacks (currently valued at approximately \$1.3 billion due to subsequent price appreciation). The protocol’s P/F ratio stands at approximately 8.8x per DefiLlama.

Open interest peaked at approximately **\$9.6 billion** on January 19, 2026, with Hyperliquid holding approximately 48% of all perpetual DEX open interest—more than all major competitors combined [42]. On the broader DEX market structure level, decentralized perpetual futures exchanges now account for **10.2% of total perp volume** (up from 2% in January 2024), with Hyperliquid as the sole DEX among the global top 10 perpetual exchanges by volume—recording \$1.59 trillion in six-month volume. Oil perpetuals accounted for 18% of Hyperliquid’s total 24-hour volume during peak Iran crisis trading, with CL-USDC (WTI crude) hitting \$1.77 billion in single-day volume on March 9–10, 2026.

BitMEX founder Arthur Hayes has publicly predicted HYPE could reach **\$150 by August 2026**, citing projected revenue growth to \$1.4 billion and the pending HIP-4 prediction markets launch. While speculative, the directional thesis—that Hyperliquid is systematically closing the feature gap between decentralized and centralized derivatives exchanges—is supported by the product trajectory from portfolio margin to RWA perps to institutional execution layers.



6.6 The \$1 Billion Token Burn

On December 16–17, 2025, the Hyper Foundation proposed a validator vote to formally recognize all HYPE tokens in the Assistance Fund as permanently burned. The vote concluded on **December 24, 2025** with 85% of stake voting in favor [43]. Approximately **37.5 million HYPE tokens**—worth between \$912 million and \$1 billion—were permanently destroyed.

$$\frac{d(\text{Effective Supply})}{dt} = \underbrace{\text{Team Distribution}}_{\text{fraction of projected unlock}} - \underbrace{\text{AF Burn Rate}}_{\sim \$479\text{M/year}} - \underbrace{\text{One-Time Burn}}_{37.5\text{M HYPE}} \quad (5)$$

A critical nuance frequently misrepresented by third-party analytics: **monthly token unlocks are not equivalent to monthly distributions**. The unlock schedule determines the *maximum* number of tokens that become eligible for distribution in a given month, but the Hyperliquid team has *consistently* distributed only a small fraction of the projected amount. Data from Tokenomist reveals the scale of this divergence:

Table 17: HYPE Team Token Distribution: Projected vs. Actual (Tokenomist.ai)

Month	Projected Unlock	Actual Distributed	% of Projected
November 2025	9.92M HYPE	1.75M HYPE	17.6%
January 2026	12.46M HYPE	1.20M HYPE	9.6%
February 2026	9.92M HYPE	140K HYPE	1.4%
March 2026	9.92M HYPE	173K HYPE	1.7%

The trend is striking: from distributing 17.6% of the projected unlock in November 2025, the team reduced actual distributions to just **1.4–1.7%** of the scheduled amount by early 2026. In absolute terms, the March 2026 distribution of 173,000 HYPE (~\$5.5M at current prices) represents a 98.3% reduction relative to the projected 9.92 million token unlock. The team retains unlocked-but-undistributed tokens rather than releasing them to circulating supply, rendering the effective dilution *orders of magnitude* lower than what external trackers project based on raw unlock schedules.

Combined with the annualized AF burn rate of ~\$479 million from autonomous buyback-and-burn operations, HYPE is **deeply net deflationary** in practice—the burn rate exceeds actual team distributions by a factor exceeding 10x at current distribution rates [44].



7 Trading Infrastructure and Risk Management

Hyperliquid's trading infrastructure combines institutional-grade execution capabilities with sophisticated risk management systems designed to handle extreme market conditions.

7.1 Advanced Order Types

Hyperliquid supports a comprehensive suite of order types designed for both retail traders and professional market makers:

Table 18: Hyperliquid Order Type Specifications

Order Type	Description
Market	Immediate execution at best available price
Limit	Executes at specified price or better; rests on book if unmatched
Stop Market	Triggers market order when stop price is reached
Stop Limit	Places limit order when stop price is triggered
Scale	Distributes multiple limit orders across a defined price range
TWAP	Time-Weighted Average Price—splits large orders into 30-second suborders with 3% max slippage

Order Modifiers and Flags:

- **Good-Til-Cancel (GTC):** Order remains active until filled or manually canceled
- **Immediate-Or-Cancel (IOC):** Unfilled portions are immediately canceled
- **Post-Only (ALO):** Ensures order adds liquidity; rejected if would take
- **Reduce-Only:** Only decreases existing position; prevents accidental reversals
- **Take-Profit/Stop-Loss:** Automated exit triggers at specified prices

7.2 Margin Modes

Hyperliquid offers two distinct margin modes to accommodate different trading strategies and risk preferences:

7.2.1 Cross Margin

In cross margin mode, the trader's entire account balance serves as collateral for all open positions. This provides:

- Maximum capital efficiency through shared collateral



- Automatic loss absorption across profitable positions
- Higher effective leverage capability
- Risk of total account liquidation in extreme scenarios

7.2.2 Isolated Margin

Isolated margin restricts collateral to individual positions:

- Defined maximum loss per position
- Protection of remaining capital from single-position failures
- Simplified risk management for multi-strategy portfolios
- Lower capital efficiency but enhanced risk isolation

7.3 Auto-Deleveraging (ADL) Mechanism

The **Auto-Deleveraging (ADL)** system represents Hyperliquid's ultimate backstop against cascading liquidations and protocol insolvency.

7.3.1 ADL Mechanics

When a position cannot be liquidated at a price that covers the maintenance margin, ADL activates:

1. **Counterparty Ranking:** Profitable traders on the opposite side are ranked by unrealized PnL and leverage
2. **Forced Position Reduction:** Top-ranked counterparties have portions of their positions automatically closed
3. **Price Determination:** ADL executes at the bankruptcy price of the liquidated position
4. **Profit Preservation:** Counterparties retain realized profits up to the ADL execution point

The triggering condition is mathematically defined as:

$$\text{Insurance Fund Balance} + \text{Position Margin} + \text{Unrealized PnL} \leq 0 \quad (6)$$



7.3.2 ADL Priority Ranking

When ADL activates, the protocol ranks profitable traders for position reduction using a composite score:

$$\text{ADL Rank} = \frac{\text{Mark Price}}{\text{Entry Price}} \times \frac{\text{Notional Position}}{\text{Account Value}} \quad (7)$$

This formula prioritizes traders with:

- Higher unrealized profit percentage (mark/entry ratio)
- Higher effective leverage (position/account ratio)
- Larger absolute position sizes

7.3.3 The October 10, 2025 Cascade

On October 10, 2025, a major market crash stress-tested the ADL system. Between 21:16 and 21:21 UTC, Hyperliquid processed:

- 40+ ADL events in a 10-minute window
- \$2.1 billion in positions closed through ADL
- 35,000 individual ADL transactions in a 5-minute peak period
- Market depth collapsed by 98% (from \$1.2M to \$27K)

The HLP vault absorbed approximately \$40 million in liquidation flow during the most volatile hour.

7.3.4 Lessons from the October Event

Analysis of the October 10 cascade revealed several key findings:

- **Net Positive Outcome:** ADL events coincided with price bottoms, resulting in hundreds of millions in realized gains for closed short positions
- **Portfolio Blindness:** ADL does not recognize hedging strategies—individual positions are ranked independently
- **Systemic Stability:** The platform maintained solvency throughout, with normal trading resuming within hours
- **Transparent Execution:** All ADL events were recorded on-chain, unlike CEX liquidations

Jeff Yan addressed the event directly: *“On 10/10, Hyperliquid ADLs net made users hundreds of millions of dollars by closing profitable short positions at favorable prices. If more positions had been backstop liquidated, HLP could have made more money—but that would have been worse for users.”*



7.4 Market Manipulation Incidents: Stress-Testing Resilience

Beyond the October cascade, Hyperliquid weathered several targeted manipulation attempts in 2025, each revealing both vulnerabilities and the protocol's adaptive resilience.

7.4.1 The ETH Whale Attack (March 12, 2025)

A sophisticated trader using wallet 0xf3f4 executed what analysts termed “liquidation arbitrage”—deliberately triggering liquidation to extract value from HLP.

Attack Mechanics:

- **Initial Position:** Deposited \$15.23M USDC, opened 175,000 ETH long (~\$340M notional) at 50x leverage
- **Entry Price:** \$1,884.4/ETH with liquidation threshold at \$1,839
- **Profit Extraction:** Withdrew \$17.09M USDC (unrealized profits), raising liquidation price
- **Forced Liquidation:** Remaining 160,000 ETH position liquidated at \$1,915/ETH
- **Outcome:** Trader profited \$1.86M; HLP absorbed \$4M loss

Protocol Response: Hyperliquid immediately reduced maximum leverage:

- Bitcoin: Reduced to 40x (from 50x)
- Ethereum: Reduced to 25x (from 50x)
- Implemented 20% coefficient on margin transfers effective March 15

Bybit CEO Ben Zhou commented: *“This ultimately leads to the discussion on leverage, DEX vs CEX capabilities... DEXs should consider implementing market surveillance tools similar to those used by CEXs.”*

7.4.2 The JELLYJELLY Incident (March 26, 2025)

The most controversial incident involved coordinated manipulation of the Solana memecoin JELLYJELLY, allegedly orchestrated by parties connected to competing exchanges.

Attack Sequence:

1. Wallet 0xde9 opened \$4.1M short position on JELLYJELLY (then \$10M market cap)
2. Wallets 0x20e and 0x67f opened offsetting long positions (\$2.15M + \$1.9M)
3. Attackers withdrew margin, self-liquidating the short to HLP



4. Attackers pumped JELLYJELLY 400%+ via spot purchases, inflating HLP's short loss
5. HLP unrealized losses reached \$12–13.5M

Exchange Coordination Allegations: On-chain investigator ZachXBT discovered that attacker wallets were freshly funded from Binance and OKX. Within hours of the attack:

- Binance listed JELLYJELLY perpetuals (Yi He responded “Ok, received/got it” to listing requests)
- OKX simultaneously listed JELLYJELLY perpetuals
- Market cap pumped to \$50M+, threatening HLP solvency

Crypto trader Byzantine General observed: *“It’s very, very hard to interpret this as anything else than 2 of the biggest CEXs trying to bury a DEX competitor.”*

Protocol Resolution: Hyperliquid validators voted unanimously to:

- Delist JELLYJELLY perpetuals immediately
- Settle all positions at previous oracle price of \$0.0095 (not the manipulated \$0.50)
- Convert \$10.63M loss to \$703K gain for HLP
- Reimburse affected users (except flagged attackers) via Hyper Foundation

The attackers deposited \$7.17M total, withdrew \$6.26M before freeze, leaving \$900K frozen on platform.

Controversy and Criticism: The intervention sparked intense debate about decentralization:

“The way Hyperliquid handled the \$JELLY incident was immature, unethical, and unprofessional, triggering user losses and casting serious doubts over its integrity. The decision to close the \$JELLY market and force settlement of positions at a favorable price sets a dangerous precedent. Hyperliquid may be on track to become FTX 2.0.” — Gracy Chen, CEO of Bitget

Arthur Hayes countered: *“Let’s stop pretending Hyperliquid is decentralized. And then stop pretending traders actually give a fuck.”*



7.4.3 The POPCAT Attack (November 2025)

A coordinated attack using 19 separate wallets employed buy wall spoofing:

Table 19: POPCAT Attack Analysis

Parameter	Value
Wallets Used	19 coordinated accounts
Strategy	Buy wall spoofing to manipulate price
HLP Bad Debt	\$4.9 million
Attacker Capital Loss	~\$3 million
Attack Goal	Structural damage, not profit extraction

Lessons Learned: The POPCAT incident highlighted the applicability of TradFi spoofing detection techniques to DeFi. Multi-wallet coordination patterns and order book manipulation signatures now inform Hyperliquid’s surveillance systems.

7.4.4 Lessons and Infrastructure Improvements

These incidents prompted significant risk management enhancements:

Table 20: Post-Attack Infrastructure Changes

Measure	Implementation
Leverage Reduction	BTC 40x, ETH 25x maximum
Margin Transfer Rules	20% coefficient on withdrawals
Open Interest Caps	Notional and size limits per asset
Validator Response Time	2-minute consensus achieved
Listing Requirements	Stricter liquidity thresholds
ADL Improvements	Portfolio-aware hedging detection (roadmap)

Despite the controversies, HLP recovered quickly—its all-time profit remained \$60M+ even after losses. The HYPE token, while briefly dropping 23% during JELLYJELLY, recovered within days as the community recognized the protocol’s survival demonstrated resilience rather than weakness.



7.5 Technical Architecture Maturation

7.5.1 Portfolio Margin and BLP Earn Vaults

Announced December 12, 2025 and launched December 24, 2025 in pre-alpha, **Portfolio Margin** unifies spot and perpetuals accounts into a single margin calculation [35]. The pre-alpha was gated to accounts with over \$5 million all-time volume, with initial parameters including a \$1 million global USDC borrow cap, HYPE as the only collateral (LTV 0.5), and borrow interest following:

$$r_{\text{borrow}} = 0.05 + 4.75 \times \max(0, u - 0.8) \quad \text{APY} \quad (8)$$

where u is utilization rate. BLP Earn Vaults launched simultaneously, enabling stablecoin yield and carry trade strategies within the platform.

Alpha Transition (March 14, 2026). On March 14, 2026, Portfolio Margin officially transitioned from pre-alpha to **alpha phase**, with significantly expanded margin caps. USDH was confirmed as one of only two borrowable assets alongside USDC, with the following parameters:

- **Access:** Master account with >\$5M in weighted volume required before enabling portfolio margin
- **USDH:** 500M global supply cap, 5M user supply cap—*borrowable asset, yield-bearing for suppliers*
- **USDC:** 500M global supply cap, 5M user supply cap—*borrowable asset*
- **HYPE:** 1M HYPE global supply cap, 50K HYPE user supply cap
- **BTC:** 400 BTC global supply cap, 20 BTC user supply cap

The alpha launch represents a critical milestone for USDH adoption: traders can now **borrow USDH against HYPE and BTC collateral** to open perps positions, while USDH suppliers earn passive yield by lending into Portfolio Margin—all with rules and resolution embedded directly in Hyperliquid network consensus. This transforms USDH from a settlement-only stablecoin into a *yield-bearing core infrastructure asset*, creating organic demand from Hyperliquid’s highest-volume traders. The \$5M weighted volume threshold ensures portfolio margin remains available to serious traders while protecting against novice misuse of cross-margining.

7.5.2 Validator Set Expansion

The active validator set expanded to **21 permissionless nodes** (from 4 at launch and 16 in mid-2025), requiring a 10,000 HYPE self-stake locked for one year [36]. On-chain validator voting for asset delisting was introduced post-JELLY incident, replacing prior off-chain coordination. The Foundation operates 5 validators and reportedly controls approximately 81% of staked



HYPE—a centralization concern that persists despite the expansion. Node code remains **closed source** as of early 2026.

7.5.3 HyperEVM Ecosystem Growth

HyperEVM reached approximately **940,700 total addresses**, **97.83 million total transactions**, and over **1,200 deployed smart contracts** with 115 dApps by early 2026 [37]. Write precompiles (CoreWriter) at address `0x333...333` enable HyperEVM contracts to interact bidirectionally with HyperCore, with approximately 67% of deployed contracts utilizing these precompiles. **QuickNode** launched its HyperCore Public Beta on January 20, 2026, providing production-grade data access via Streams and gRPC [38].



8 Liquid Staking Ecosystem

The emergence of liquid staking derivatives on Hyperliquid represents a critical infrastructure layer enabling capital efficiency while securing the network through staking.

8.1 Kinetiq: The Native Liquid Staking Protocol

Kinetiq launched in July 2025 as Hyperliquid’s first truly native liquid staking solution, issuing kHYPE tokens to represent staked HYPE positions. It has since grown into the **largest liquid staking protocol on Hyperliquid**, retaining **>75% market share** of all liquid-staked HYPE and operating the singular largest staking account on Hyperliquid by several multiples. Backed by a **\$1.75 million seed round** from Maven 11, Pier Two, Chorus One Ventures, IMC Crypto, Infinite Field, Flowdesk, and Susquehanna, Kinetiq has grown from \$458 million TVL at launch to over **\$1.6 billion in peak TVL** (September 2025), settling at approximately **\$833 million** by March 2026 (DefiLlama). Beyond staking, the Kinetiq team operates **Markets.xyz**—their tokenized HIP-3 perpetual DEX for equity, bond, FX, and commodity perpetuals (see Section 3.3.12), the second-fastest-growing HIP-3 deployer with \$2B+ cumulative volume in just two months. Together, Kinetiq and Markets.xyz form a vertically integrated stack: liquid staking (infrastructure) → perpetual trading (revenue generation), both powered by Hyperliquid.

8.1.1 Protocol Mechanics

When users stake HYPE through Kinetiq:

1. HYPE is delegated to high-performing validators via the StakeHub system
2. Users receive kHYPE tokens at the current exchange rate
3. Staking rewards accrue to the protocol, increasing the kHYPE/HYPE ratio over time
4. kHYPE remains fully liquid and composable across DeFi

8.1.2 StakeHub: Autonomous Validator Management

Kinetiq’s proprietary StakeHub system algorithmically optimizes validator selection based on:

- **Operational Performance:** Block proposals per second normalized by stake weight
- **Compliance:** Slashing history, jail events, and penalty records
- **Decentralization:** Enforces stake distribution floors to prevent concentration

The system continuously monitors and rebalances delegations, adapting to validator performance changes in real-time.



8.1.3 kHYPE Token Economics

Table 21: Kinetiq Protocol Metrics (March 2026)

Metric	Value
Total Value Locked (TVL)	\$833M (peak \$1.6B+, Sep 2025)
kHYPE Staking APY	2.37%
Liquid Staking Market Share	>75% of all liquid-staked HYPE
Unstaking Period	8 days (1-day delegation + 7-day queue)
Unstaking Fee	0.1%
Cumulative Fees Generated	\$17.1M annualized
Active Holders (24h)	2,800+ (avg. \$164K per active holder)
Seed Funding	\$1.75M (Maven 11, Pier Two, Chorus One, IMC)
Governance Token	KNTQ (1B max supply, launched Nov 2025)

8.1.4 DeFi Composability

kHYPE serves as a foundational building block across the Hyperliquid DeFi ecosystem:

- **Collateral:** Use kHYPE as borrowing collateral on money markets
- **Liquidity Provision:** LP kHYPE/USDC pairs on DEXs (Project X, UltraSolid V3)
- **Yield Stacking:** Combine staking yield with DeFi returns

8.2 kmHYPE: Exchange-Specific LST

Kinetiq introduced **kmHYPE**, the first **exchange-specific Liquid Staking Token (exLST)**:

- **Mechanism:** kmHYPE represents staked HYPE that earns both validator rewards and a share of HIP-3 deployer fees
- **Fee Share:** 10% of deployer trading fees distributed to kmHYPE stakers
- **Liquidity:** Full composability with HyperEVM DeFi protocols
- **Backing:** Secured by Kinetiq’s \$750M+ TVL validator infrastructure

8.3 Kinetiq Launch: Exchange-as-a-Service

In July 2025, Kinetiq announced “Launch,” an Exchange-as-a-Service (EaaS) platform addressing a significant capital barrier in the Hyperliquid ecosystem.

HIP-3 requires 500,000 HYPE (approximately \$20M at current prices) to deploy a perpetual exchange. Launch enables:

- **Crowdfunded Staking:** Teams crowdsource the required stake from community contributors



- **Exchange-Specific LSTs:** Contributors receive unique tokens (exLST) representing their share
- **Fee Distribution:** Trading fees flow to exLST holders proportionally
- **Governance Rights:** Token holders participate in exchange-specific decisions

8.4 Competitive Landscape

While Kinetiq dominates with \$833M TVL and >75% liquid staking market share, the liquid staking market includes:

- **stHYPE (Valantis):** Early entrant, acquired by Valantis to enhance liquidity; ~\$180M TVL
- **iHYPE:** Kinetiq's institutional-grade staking product providing compliant, custody-integrated staking rails for regulated entities

8.5 KNTQ Governance Token and Genesis Airdrop

On November 21, 2025, Kinetiq unveiled **KNTQ**—the protocol's governance token—alongside a comprehensive tokenomics framework and a **25% Genesis Airdrop** distributed directly to Hyperliquid user accounts. The launch formalized decentralized governance for the liquid staking protocol and represented one of the largest community distributions in the Hyperliquid ecosystem after HYPE itself.

8.5.1 Token Distribution

KNTQ has a maximum supply of **1 billion tokens**, allocated as follows:

Table 22: KNTQ Token Distribution

Allocation	Share	Details
Protocol Growth & Rewards	30%	Future distributions to active users of Markets.xyz, sKNTQ stakers, and kPoints holders
Genesis Airdrop	25%	24% to kPoints holders, 1% to Hyppurr NFT holders; distributed directly to Hyperliquid accounts
Core Contributors	23.5%	Subject to vesting schedules
Kinetiq Foundation	10%	Protocol development and ecosystem grants
Investors	7.5%	Maven 11, Pier Two, Chorus One, IMC Crypto, Susquehanna
Liquidity	4%	DEX liquidity bootstrapping



8.5.2 Airdrop Mechanics and Eligibility

The Genesis Airdrop was structured to reward genuine ecosystem participants rather than passive speculators. Eligibility required users to have accumulated **kPoints**—Kinetiq’s points-based loyalty system that ran across two seasons (Season 1 from launch through October 2025, Season 2 from November 13, 2025). Users earned kPoints by staking HYPE through Kinetiq (receiving kHYPE), swapping into vkHYPE, and trading perpetuals on Markets.xyz. A total of **800,000 kPoints were distributed weekly** every Thursday, with snapshots taken every Tuesday. Users were required to review and accept the Kinetiq Foundation Terms of Use before the November 21, 2025 deadline to qualify.

The distribution mechanism was notable: KNTQ tokens were airdropped **directly to users’ Hyperliquid accounts**—not to external wallets or through a claim portal—mirroring the frictionless distribution model that made HYPE’s own Genesis Drop so successful. The 1% allocation to Hypurr NFT holders reinforced the cross-ecosystem loyalty credential thesis: holding a Hypurr NFT (the Genesis Event commemorative collection) qualified holders for rewards across multiple protocols.

8.5.3 Governance and Staking

KNTQ holders can participate in protocol governance through voting on proposals covering platform updates, parameter changes (fee structures, validator delegation rules, StakeHub algorithms), and strategic direction. **sKNTQ**—the staked version of the governance token—provides additional benefits including increased referral revenue shares, trading fee discounts on Markets.xyz, and **kmHYPE minting rights**. The governance model positions KNTQ as the coordination layer between Kinetiq’s staking infrastructure and its Markets.xyz trading platform, ensuring that the protocol’s evolution remains aligned with the interests of its most active participants. KNTQ traded at a fully diluted valuation of approximately **\$220 million** shortly after its introduction, reflecting significant market confidence in the combined Kinetiq staking + Markets.xyz trading thesis.



9 USDH: The Native Stablecoin Competition

The selection process for Hyperliquid’s native stablecoin, USDH, represents one of the most significant on-chain governance events in DeFi history, attracting bids from major stablecoin issuers and institutional players.

9.1 The Competitive Landscape

Between September 10–14, 2025, Hyperliquid validators evaluated proposals from six major contenders:

Table 23: USDH Bidder Comparison

Bidder	Revenue Share	Key Offering	Outcome
Native Markets	50% (AF + Growth)	Hyperliquid-native, Bridge/Stripe	Winner (70%+)
Paxos	95–100%	PayPal/Venmo integration, \$20M incentives	7.6% support
Ethena	95% + \$75–150M	USDe/USDtb backing, BUIDL fund	Withdrew
Frax	100%	Regulated bank alliance, Treasury backing	Not selected
Sky (MakerDAO)	Variable	DAI ecosystem integration	Not selected
Agora	100%	Pure yield pass-through	Not selected

9.2 The Winning Proposal: Native Markets

Native Markets secured the USDH ticker with a two-thirds supermajority of staked HYPE, despite offering less generous revenue sharing than competitors.

9.2.1 Team Composition

- **Max Fiege:** Early Hyperliquid ecosystem investor and advisor
- **Anish Agnihotri:** Experienced blockchain researcher (Paradigm background)
- **MC Lader:** Former President/COO of Uniswap; ex-Goldman Sachs, founded Black-Rock Digital Assets

9.2.2 Reserve Architecture

USDH employs a hybrid reserve model:

- **Off-Chain Reserves:** Cash and U.S. Treasury Bills managed by BlackRock and custodied by JPMorgan Chase
- **On-Chain Reserves:** Tokenized assets via Superstate through Stripe’s Bridge platform
- **Yield Distribution:** 50% to Assistance Fund (HYPE buybacks), 50% to ecosystem growth



9.3 Why Native Markets Won

Despite Paxos offering PayPal/Venmo integration and 95–100% revenue share, and Ethena pledging \$150M in incentives, validators chose Native Markets because:

1. **Hyperliquid-First Design:** Team built specifically for the ecosystem, not adapting external infrastructure
2. **Alignment Over Incentives:** Ecosystem commitment valued over short-term financial offers
3. **Speed of Execution:** Promised deployment “within days” versus months for established issuers
4. **Validator Endorsements:** Early support from CMI Trading and other major validators

Chandler De Kock (Silhouette co-founder) noted: *“Other, more established players had stronger track records, but for them, USDH would have been just another project. For Native Markets, it’s their core focus, and that alignment mattered to validators.”*

9.4 Aligned Quote Assets: The Stablecoin Alignment Primitive

The validator vote that selected Native Markets was not merely a one-time governance decision—it was the catalyst for a broader **protocol-level primitive** that codifies stablecoin alignment into Hyperliquid’s core economic infrastructure. On the same timeline as the USDH launch, Hyperliquid Labs introduced the **Aligned Quote Asset (AQA)** framework: a permissionless opt-in system that allows stablecoin issuers to bootstrap network effects by sharing upside proportionally with the protocol, in exchange for concrete trading fee advantages that make their stablecoin structurally preferred by traders and market makers.

The AQA framework represents a paradigm distinct from how other blockchains approach stablecoin integration. Rather than paying issuers to deploy (as Ethereum L2s do with bridge incentives) or remaining passive (as most L1s do with USDC/USDT), Hyperliquid creates a *bilateral alignment mechanism*: issuers commit capital and revenue to the protocol, and the protocol reciprocates with embedded fee advantages that drive organic adoption. This is analogous to the builder-protocol synergy of HIP-3 and builder codes—infrastructure designed to move all of finance on-chain through aligned incentives.

9.4.1 Trading Benefits for Aligned Stablecoins

Traders using an aligned stablecoin as the quote asset for spot pairs or as collateral for HIP-3 perpetuals receive three concrete advantages embedded directly in Hyperliquid’s fee logic:

1. **20% lower taker fees:** Reduces execution cost for active traders, creating a structural incentive to denominate positions in the aligned stablecoin rather than USDC



2. **50% higher maker rebates:** Increases compensation for liquidity providers quoting in the aligned stablecoin, deepening order book depth on aligned pairs
3. **20% greater volume contribution toward fee tiers:** Traders accumulate fee tier progress 20% faster when trading aligned-quote markets, accelerating access to VIP fee discounts

These benefits apply to both spot trading and HIP-3 perpetual markets. Felix Protocol and Ventuals, which exclusively settle in USDH, already pass these advantages to their users—creating measurably lower trading costs compared to USDC-settled equivalents on TradeXYZ or Markets.xyz.

9.4.2 On-Chain Requirements

The AQA framework imposes three on-chain requirements, all verifiable and enforceable without off-chain coordination:

1. **Permissionless quote token deployment:** The stablecoin must be enabled as a permissionless quote token on HyperCore
2. **1,000,000 staked HYPE:** The deployer must stake a total of 1M HYPE (800K additional beyond the 200K required for quote token deployment), providing builders and users with assurance of long-term commitment. At current prices, this represents approximately \$35–40 million in locked capital—a meaningful economic bond
3. **50% revenue share:** Half of the deployer’s off-chain reserve income must flow to the Hyperliquid protocol. Validators may update the calculation methodology as regulatory standards evolve. A CoreWriter action allows the deployer to reflect the exact minted balance from HyperEVM directly to HyperCore, enabling a fully automated fee share mechanism as part of L1 execution

9.4.3 Off-Chain Requirements (Validator-Enforced)

Because stablecoin reserves are inherently off-chain, the AQA framework introduces off-chain requirements enforced through on-chain quorum of validator votes—acknowledging that pure on-chain enforcement cannot capture the full complexity of fiat-backed stablecoin compliance:

1. **Full 1:1 backing:** Cash, short-term U.S. Treasuries, and tokenized Treasury or money market funds to the extent permitted under applicable regulatory frameworks. Par redemption must be available at all times with publicly disclosed, timely redemption. The guiding requirement is that a large percentage of the world’s circulating dollars could compliantly be converted to the aligned stablecoin in the context of existing businesses and use cases
2. **HyperEVM-native minting:** The full supply must be natively minted on HyperEVM as the source chain. Any supply on other chains or off-chain must first originate on HyperEVM



3. **Dedicated deployer:** The deployer can only deploy assets that directly support the aligned stablecoin (e.g., underlying tokenized Treasuries). The deployer and its affiliates may not receive economic benefits tied to conversion of the aligned stablecoin into another asset—including revenue share, order-flow payments, or rate-linked compensation
4. **Independent, Hyperliquid-dedicated team:** The team building an aligned stablecoin must be independent and dedicated to building on Hyperliquid—precluding established issuers from qualifying an existing multi-chain stablecoin as “aligned” without genuine ecosystem commitment

9.4.4 Design Philosophy and Coexistence

The AQA framework is explicitly designed to coexist with non-aligned stablecoins rather than exclude them. USDC (\$5.5B on Hyperliquid), USDT0 (Tether/LayerZero), USDe (Ethena), and CDP stablecoins like feUSD and USDXL all continue to operate without restriction. Alternative stablecoins often have different yield characteristics—USDe’s delta-neutral basis yield, USDXL’s CDP leverage mechanics—that offset the absence of AQA trading benefits. The framework’s purpose is to create an opt-in path for stablecoin teams willing to commit capital, revenue, and organizational focus to Hyperliquid in exchange for protocol-embedded distribution advantages.

As Hyperliquid Labs articulated: the projected market for regulated, fiat-backed stablecoins is orders of magnitude larger than that for alternative stablecoins, and much of Hyperliquid’s success has come from building infrastructure with real-world, practical context. The AQA framework positions Hyperliquid to capture a meaningful share of the regulated stablecoin market—where the combination of 1:1 Treasury backing, HyperEVM-native issuance, and automated protocol revenue sharing creates a template that no other blockchain currently offers.

9.4.5 USDH as the First Aligned Stablecoin

Native Markets qualified USDH as the first—and as of March 2026, the only—Aligned Quote Asset by meeting all on-chain and off-chain requirements: staking 1,000,000 HYPE, committing 50% of reserve yield to the Assistance Fund, minting exclusively on HyperEVM, maintaining 1:1 backing via BlackRock-managed reserves custodied by JPMorgan Chase, and operating as an independent Hyperliquid-dedicated team. This alignment is what gives USDH its structural trading advantages—the 20% lower taker fees, 50% higher maker rebates, and 20% volume contribution bonus that Felix, Ventuals, and Aura pass directly to their users. The AQA framework thus transforms the validator vote from a subjective governance decision into a *quantifiable economic commitment*: Native Markets has locked \$35M+ in HYPE and pledged half of all future revenue to the protocol, and in return USDH receives protocol-level fee advantages that no amount of marketing or incentive spend could replicate.



9.5 USDH Launch and Adoption

USDH launched on September 23, 2025 with:

- \$2.2M first-day trading volume
- \$15M+ pre-minted supply
- Stable \$1.00 peg (peak deviation: \$1.001)
- Phased rollout with \$800/user caps during testing

The launch poses a direct challenge to Circle's USDC, which currently holds \$5.5 billion on Hyperliquid (~8% of total USDC supply) and generates an estimated \$220M annually in treasury yield for Circle.

9.6 Native Markets: The Company Behind USDH

While the preceding subsections describe the competitive process and technical parameters of USDH, **Native Markets** itself—the company that won the ticker and now operates as the sole issuer—deserves dedicated examination. Native Markets is not an established stablecoin provider that pivoted to Hyperliquid; it is a company *founded specifically for this ecosystem*, and that distinction has shaped every architectural and strategic decision.

9.6.1 Founding Team and Philosophy

Native Markets was co-founded by three individuals whose combined backgrounds span the Hyperliquid ecosystem, DeFi protocol design, and institutional exchange operations:

- **Max Fiege:** An early Hyperliquid ecosystem investor and advisor who has backed projects now totaling nearly \$2.5 billion in HyperEVM TVL and \$15 billion in HyperCore trading volume. Fiege's deep embeddedness in the ecosystem was a decisive factor in the validator vote—he is not an outsider deploying a product *onto* Hyperliquid, but a participant building *from within* it.
- **Anish Agnihotri:** A blockchain researcher and developer with a background at Paradigm, bringing institutional-grade technical architecture and cryptographic infrastructure expertise.
- **MC Lader:** Prior to co-founding Native Markets, MC served as President and COO of Uniswap, where she built the world's largest on-chain exchange. After starting her career at Goldman Sachs and identifying Bitcoin's potential in 2011, she founded BlackRock's digital assets branch team in 2015 and led BlackRock Digital Wealth as Global COO. She later served on the board of the CFTC Global Markets Advisory Committee. Academically, MC holds a JD and MBA from Harvard. At each inflection point in digital finance—from Goldman Sachs to BlackRock Digital to Uniswap to Native Markets—Lader has positioned herself at the ground floor, building the foundation for the next key differentiator in financial technology.



The team's founding thesis, articulated in their expanded proposal, is explicit: "Every major stablecoin has been launched by an exchange. USDT and Bitfinex, USDC and Coinbase, and now USDH is Hyperliquid's opportunity." This framing positions USDH not as a generic dollar token but as Hyperliquid's institutional stablecoin—the native on-ramp, settlement asset, and yield vehicle for the ecosystem.

9.6.2 Technical Architecture: Dual-Reserve Infrastructure

Native Markets designed USDH's reserve architecture as a **dual-layer system** bridging traditional finance custody and on-chain transparency:

Off-Chain Reserves. Cash and U.S. Treasury equivalents are managed by **BlackRock**—the world's largest asset manager with \$10+ trillion in AUM. This provides institutional-grade custody, deep Treasury market access, and the operational reliability required for a stablecoin backing billions in assets. The choice of BlackRock signals a deliberate strategy to meet institutional standards from day one, rather than scaling into compliance retroactively.

On-Chain Reserves. Tokenized reserve assets are managed through **Superstate** via **Stripe's Bridge platform**. Bridge—acquired by Stripe for \$1.1 billion in October 2024—provides the issuance and redemption infrastructure that connects fiat banking rails to on-chain token minting. Superstate handles the tokenization of Treasury securities, enabling on-chain auditability of reserve composition. This architecture means that USDH's reserves are simultaneously verifiable on-chain (via Superstate's tokenized positions) and custodied with institutional-grade security (via BlackRock).

GENIUS Act Readiness. A critical design consideration was compliance positioning. Native Markets explicitly chose Bridge as its issuance partner because Bridge's compliance posture positions USDH to be "GENIUS-ready"—aligned with the proposed GENIUS Act (Guide and Establish National Innovation for U.S. Stablecoins) framework that is expected to define the U.S. regulatory landscape for stablecoins. By architecting for compliance from inception rather than retrofitting later, Native Markets avoids the regulatory risk that has historically constrained stablecoin adoption among institutional participants.

Issuer Agnosticism. A subtle but important design principle: Native Markets remains **issuer-agnostic by design**. While Bridge serves as the current issuance partner, the architecture does not create permanent lock-in to any single service provider. This modular approach allows Native Markets to migrate issuance infrastructure if regulatory or operational requirements evolve—a structural advantage over competitors whose stablecoin architecture is tightly coupled to a specific banking partner or custodian.

9.6.3 Revenue Model and Ecosystem Alignment

The revenue model is the single most important structural differentiator between USDH and every other stablecoin in crypto. Traditional stablecoins operate as *extractive* instruments: Circle retains 100% of Treasury yield generated by USDC reserves, sharing a portion only with its distribution partner Coinbase. USDH inverts this model.



Native Markets commits to splitting **all reserve yield** equally between two purposes: 50% flows **immutably** to the Hyperliquid **Assistance Fund** (which conducts automated HYPE buybacks), and 50% is reinvested into **USDH ecosystem growth**—partnerships with builder-code interfaces, HIP-3 market deployers, and HyperEVM application contributors. The Assistance Fund contribution is designed to be autonomous and immutable, removing discretionary control over the most ecosystem-aligned revenue stream.

Critically, Native Markets committed to directing *all* USDH revenue to Hyperliquid ecosystem growth until USDH reaches \$1 billion in TVL—meaning the team takes zero revenue during the growth phase. This commitment was a decisive factor in the validator vote: validators recognized that a team willing to forgo all revenue until achieving scale demonstrated structural alignment that purely financial incentive packages (like Paxos’s \$20M or Ethena’s \$150M) could not replicate.

The broader economic impact is substantial. Hyperliquid currently holds approximately \$5.5 billion in USDC, generating an estimated \$150–220 million annually in Treasury yield for Circle and Coinbase. If a significant fraction of this migrates to USDH, that yield—previously extracted from the ecosystem—would be recaptured and recycled into HYPE buybacks and ecosystem development. This creates a powerful flywheel: USDH adoption → reserve yield → HYPE buybacks + ecosystem growth → higher HYPE value → more attractive ecosystem → more USDH adoption.

9.6.4 Adoption and Ecosystem Integration

Since its September 2025 launch, USDH has been adopted as the native settlement asset across multiple layers of the Hyperliquid ecosystem:

- **HIP-3 Settlement:** Felix Protocol and Ventuals exclusively settle in USDH, with Aura (U.S. Treasuries) also USDH-native. Felix offers 20% lower taker fees, 50% higher rebates, and 20% increased volume contributions for USDH-settled markets compared to USDC equivalents.
- **HyperEVM Collateral:** USDH serves as collateral across multiple HyperEVM protocols—Rysk Finance for cash-secured puts, Felix Protocol for lending, and Hyperbeat for Liquid Banking savings products.
- **Spot Order Book:** The USDH/USDC pair trades on HyperCore’s native spot order book, providing deep on-chain liquidity for conversion between the two stablecoins.
- **Institutional Participation:** NASDAQ-listed Hyperion DeFi (HYPD) uses USDH as collateral in Rysk Premium volatility income strategies, marking the first publicly-traded company to use USDH in production.
- **Portfolio Margin (March 14, 2026):** USDH became one of only two borrowable assets in Hyperliquid’s Portfolio Margin Alpha launch, with a 500M USDH global supply cap and 5M per-user supply cap. Traders can now borrow USDH against



HYPE and BTC collateral to open perps positions, while USDH suppliers earn passive yield—with all lending rules embedded in network consensus.

9.6.5 pmUSDH: Tokenized Portfolio Margin USDH (March 14, 2026)

On March 14, 2026—the same day Portfolio Margin transitioned to Alpha—Native Markets announced **pmUSDH** (Portfolio Margin USDH): a tokenized representation of USDH supplied to Portfolio Margin that transforms a passive lending position into a composable DeFi primitive. The announcement exemplifies Native Markets’ strategy of building rapidly upon new Hyperliquid primitives to maximize USDH’s utility.

The Problem pmUSDH Solves. When users supply USDH to Portfolio Margin on HyperCore, they earn yield from borrower interest—but their capital is locked. It cannot be transferred, used as collateral elsewhere, or deployed in HyperEVM DeFi protocols. pmUSDH solves this by putting Portfolio Margin deposits back in the hands of the user: USDH lending positions become transferable, collateralizable, and composable within HyperEVM DeFi in their tokenized form.

Architecture. pmUSDH leverages Hyperliquid’s **CoreWriter** and **read precompile** primitives to bridge between HyperEVM and HyperCore, transforming a Portfolio Margin lending position into a standard **ERC-20** token. The vault conforms to both the **ERC-4626** (tokenized vault) and **ERC-7540** (asynchronous redemption) standards, ensuring instant compatibility with existing DeFi protocols.

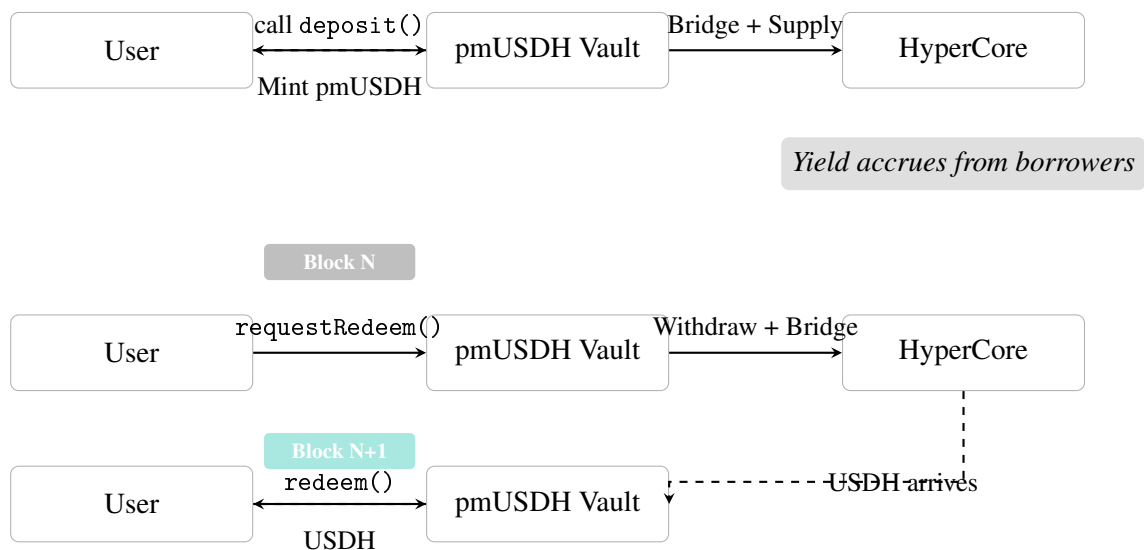


Figure 15: pmUSDH Deposit and Redemption Flow: *Top*: User calls `deposit()`, the pmUSDH vault bridges USDH to HyperCore and supplies it to Portfolio Margin; user receives pmUSDH tokens that passively earn interest. *Bottom*: Asynchronous two-block redemption—user calls `requestRedeem()` in Block N (vault initiates HyperCore withdrawal), then calls `redeem()` in Block N+1 to receive USDH. The one-block delay reflects the asynchronous bridge between HyperCore actions and HyperEVM.

DeFi Composability. Because pmUSDH conforms to ERC-4626, it is instantly usable across the HyperEVM DeFi stack:

- **Felix:** Use pmUSDH as collateral in Vanilla Markets lending pools—earning Portfolio Margin yield *and* Felix lending yield simultaneously
- **HyperLend:** Supply pmUSDH to credit markets for recursive yield stacking
- **Pendle:** Tokenize pmUSDH yield into Principal Tokens (PT) and Yield Tokens (YT), enabling fixed-rate USDH yield and yield speculation
- **Rysk Finance:** Use pmUSDH as collateral for options strategies, earning base yield while running covered call overlays

Strategic Significance. pmUSDH represents the first instance of a **HyperCore lending position being tokenized and made composable on HyperEVM**—a design pattern enabled by Hyperliquid’s unique dual-layer architecture (CoreWriter precompiles bridging HyperCore state to HyperEVM contracts). This pattern could extend beyond USDH: any HyperCore position (perps margin, spot balances, staked HYPE) could theoretically be tokenized into ERC-20 form and deployed in HyperEVM DeFi. For Native Markets, pmUSDH solves the fundamental tension between yield generation (Portfolio Margin lending) and capital efficiency (DeFi composability)—users no longer need to choose between the two. As Portfolio Margin exits Alpha, pmUSDH is expected to become one of the highest-utility yield-bearing assets on HyperEVM.

9.6.6 Strategic Significance

Native Markets’ position within the Hyperliquid ecosystem is structurally unique. Unlike Circle (which serves thousands of chains and applications with no particular alignment to any single ecosystem) or Tether (which operates as a fully independent financial entity), Native Markets exists *solely* to serve Hyperliquid. The company was founded for this purpose, its revenue model is designed to recycle value back into the ecosystem, and its success is definitionally tied to USDH adoption on Hyperliquid.

This alignment model—where the stablecoin issuer’s incentives are structurally identical to the ecosystem’s incentives—represents a potential paradigm shift in how blockchains approach stablecoin infrastructure. Rather than relying on external issuers who extract value, Hyperliquid has created a competitive market that selected an issuer whose business model is designed to compound ecosystem value. If USDH achieves meaningful migration from USDC, it would demonstrate that the “stablecoin-as-a-service” model can be outcompeted by “stablecoin-as-aligned-infrastructure”—a lesson with implications for every major blockchain ecosystem.



9.7 Stablecoin Infrastructure Deepening

The Hyperliquid stablecoin ecosystem now operates across six competing rails—spanning fiat-backed, overcollateralized CDP, and synthetic dollar models—creating a multi-stablecoin settlement layer unmatched by any other L1:

Table 24: Hyperliquid Stablecoin Ecosystem (March 2026)

Stablecoin	Issuer	Type	Key Development
USDC	Circle	Fiat-backed	~\$5.5B on-platform (~7% of total supply); primary HyperCore settlement
USDH	Native Markets	Fiat-backed (T-bills)	Live Sep 2025; Felix/Ventuals/Aura collateral; GENIUS Act compliant; 50/50 yield split
USDT0	Tether/LayerZero	Fiat-backed (OFT)	Largest stablecoin on HyperEVM; Tether runs validator; Dreamcash settlement
USDe	Ethena	Synthetic (delta-neutral)	HyENA HIP-3 markets; yield-bearing collateral; Based/Ethena partnership
feUSD	Felix Protocol	CDP (overcollateralized)	~50M supply; minted against HYPE/kHYPE collateral via Liquity V2 model; 40% min. LTV
USDXL	HypurrFi	CDP (overcollateralized)	~4–5M supply; minted against HYPE/stHYPE; hybrid model with T-bill revenue backing

feUSD: Felix Protocol’s CDP Stablecoin. feUSD is the overcollateralized stablecoin minted by **Felix Protocol** (felixprotocol.com), one of the largest money markets on HyperEVM (\$440M+ TVL). Users deposit HYPE, kHYPE, or stHYPE as collateral and borrow feUSD at borrower-chosen interest rates through Felix’s **Liquity V2-inspired CDP engine**, with a minimum loan-to-value ratio of 40%. With approximately **50 million feUSD in circulation**, it is the largest HyperEVM-native stablecoin by supply—exceeding USDT0 (21.5M), USDe (12.5M), and USDXL (4–5M) on HyperEVM. feUSD plays a dual role: it serves as the primary stablecoin within Felix’s **Vanilla Markets** lending pools (where depositors earn 8–20% APY from organic borrowing demand) and as settlement collateral for Felix’s HIP-3 RWA perpetual markets alongside USDH. Founded by **Charlie Ambrose**, Felix’s feUSD model captures a critical dynamic: Hyperliquid traders need leverage against HYPE exposure, and feUSD provides this without requiring liquidation of the underlying position.

USDXL: HypurrFi’s Hybrid CDP Stablecoin. USDXL is the overcollateralized stablecoin issued by **HypurrFi** (hypurr.fi), a leveraged lending protocol on HyperEVM (\$44M TVL). Users collateralize HYPE or stHYPE to borrow USDXL, which is always redeemable at \$1 of debt on HypurrFi—creating an arbitrage mechanism that maintains peg stability. Unlike traditional CDP stablecoins, USDXL is designed as a **hybrid model**: the protocol invests its revenue into **tokenized U.S. Treasuries**, building a reserve backing that supplements the overcollateralization from user deposits. This creates a self-sustaining flywheel where Treasury yield funds further reserve purchases, progressively strengthening the backing ratio over time. With approximately **4–5 million USDXL in circulation**, it is smaller than feUSD but serves a distinct niche: leveraged HYPE exposure through recursive borrowing (deposit HYPE → borrow USDXL → buy more HYPE → re-deposit). HypurrFi’s borrow rate is dynamically adjusted—rising when USDXL trades below \$0.995 and falling when it trades above—creating an automatic monetary policy mechanism that incentivizes peg restoration through arbitrage.



The protocol was founded by @androolloyd, who has described USDXL’s vision as enabling “persistent, system-wide capital circulation” rather than yield chasing.

Stablecoin Supply Dynamics. The emergence of feUSD and USDXL alongside USDH, USDT0, and USDe creates a structurally diverse stablecoin ecosystem on Hyperliquid. Total HyperEVM stablecoin supply remains modest relative to HyperCore’s \$5.5B USDC base—approximately \$90 million across all five HyperEVM stablecoins—but this imbalance is precisely what drives the exceptionally high lending yields (8–20% APY) observed on Felix, HypurrFi, and HyperLend. As the Oregon Blockchain Group noted, “this supply remains insufficient to meet the demand from Hyperliquid traders,” creating organic yield opportunities that distinguish HyperEVM from Ethereum L1 lending markets (where stablecoin APYs typically settle at 3–5%).

USDH’s long-term strategic objective is replacing bridged USDC as the primary settlement asset, which would recapture approximately \$150–220 million in annual yield currently flowing to Circle [50].



10 Hyperliquid Protocol Ecosystem

The Hyperliquid blockchain’s dual-layer architecture—HyperCore (the high-performance trading engine) and HyperEVM (the Ethereum-compatible smart contract layer)—has given rise to a rich protocol ecosystem spanning both layers. Some protocols operate natively on HyperCore through builder codes and direct orderbook integration, others deploy smart contracts on HyperEVM, and several span both layers simultaneously. Launched in February 2025, the combined ecosystem has grown to \$2+ billion TVL within five months, securing 9th place among Layer 1 blockchains—ahead of Avalanche.

10.1 Top Protocols by TVL

Table 25: Hyperliquid Protocol Rankings by TVL (March 2026, DefiLlama)

Rank	Protocol	TVL	Description
1	Kinetiq	\$900M	kHYPE issuance, StakeHub, Markets.xyz
2	Morpho v1	\$510M	Permissionless lending markets
3	HyperLend	\$540M	Credit layer, flash loans, institutional pools
4	Valantis (stHYPE)	\$180M	HOT AMM, stHYPE liquid staking
5	Felix	\$151M	feUSD minting, vanilla lending
6	Pendle	\$86M	PT/YT tokenization
7	Hyperbeat	\$71M	Liquid Banking (save, spend, trade, on/off-ramp)
8	Rysk Finance	\$55M	Volatility income layer
9	HypurrFi	\$44M	USDXL stablecoin minting
10	Project X	\$44M	Risk-segmented pools
11	HyperSwap	\$13M	Native AMM + CLOB hybrid
12	Derive	\$12M	Options/perps exchange (HYPE collateral)
13	LiquidLabs	N/A	DEX aggregator, fair launch, native AMM
14	Dexari	N/A	Mobile trading app (builder code)
15	Pear Protocol	N/A	On-chain OEMS for pair/basket trading
16	Silhouette	N/A	Shield exchange / shielded execution (TEE)

10.2 HyperCore Protocols

The following protocols operate natively on HyperCore—Hyperliquid’s high-performance trading engine—through builder codes, direct orderbook integration, or off-chain matching with on-chain settlement. These protocols do not deploy smart contracts on HyperEVM; instead, they interact directly with HyperCore’s CLOB infrastructure, benefiting from sub-200ms execution, zero gas fees, and access to Hyperliquid’s full orderbook liquidity.

10.2.1 Quote: Institutional Execution Infrastructure for Hyperliquid

While Rysk addresses the options and structured product gap, **Quote** (quotemarkets.xyz) targets an equally fundamental deficiency in the Hyperliquid ecosystem: *execution quality*. Public



HyperCore data has revealed significant value leakage due to suboptimal order execution—a problem that institutional trading desks solve internally but that remains inaccessible to the broader Hyperliquid user base. Quote’s **Quote Execution Engine (QEE)** brings institutional-grade algorithmic execution to any trader on Hyperliquid.

The Execution Problem. On any order-book exchange, the gap between a trader’s *intent* (“buy \$500K of BTC”) and the actual *fill* (average price, market impact, information leakage) determines the true cost of trading. Sophisticated market makers and HFT firms exploit this gap systematically—front-running large orders, extracting adverse selection costs, and profiting from predictable execution patterns. On centralized exchanges, institutional desks mitigate this through proprietary execution algorithms. On Hyperliquid, where every order is transparently visible on-chain, the problem is structurally amplified: trading intent is fully exposed to the market before execution completes.

Architecture: Two-Layer Engine Design. The QEE separates execution into two tightly integrated components:

1. **The Algo Suite** (Execution Brain): Manages the full lifecycle of an order—from receipt of parent orders through Quote’s interface to child order submission via Builder Codes. The suite houses the algorithmic core logic, applying embedded intelligence to execution parameters, recovery state, and market microstructure conditions to ensure best-fill outcomes. From launch, three battle-tested strategies are available:
 - *Impact Minimization*: Models real-time volume and order book depth to size and time child orders, minimizing the footprint on the order book
 - *Passive TWAP*: Time-weighted average price execution prioritizing passivity in the order books to earn the spread and access lower fee tiers
 - *Limit Chase*: Adaptive limit order placement that tracks price movement while maintaining execution probability
2. **The Data Engine** (Sensory Layer): Runs a proprietary, non-validating HyperCore node that continuously processes on-chain data with zero latency overhead. This data pipeline generates two critical outputs: (a) real-time volume predictions that inform child order placement timing and sizing, and (b) post-trade execution benchmarks that provide traders with transparent quality metrics.

Intent Protection Architecture. Quote’s most architecturally significant design principle is the **hard separation between trading intent and execution**. The stateless backend fetches and routes orders through an intent-based execution layer, ensuring that the strategic intent—*what* a trader wants to do—is never exposed to the market. Only the execution mechanics—*how* child orders are placed—are visible on-chain. This addresses the fundamental transparency paradox



of on-chain trading: full order book visibility benefits price discovery but penalizes large or strategic traders through adverse selection.

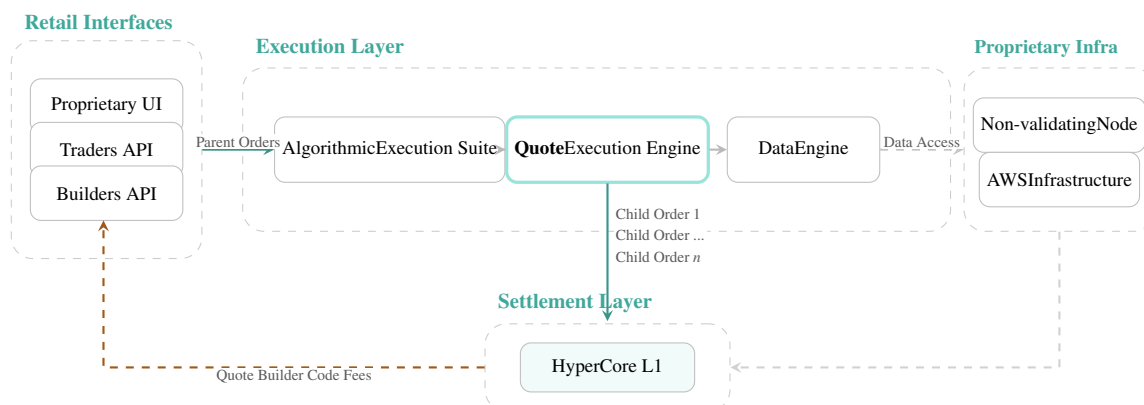


Figure 16: Quote Execution Engine Architecture (adapted from Quote official documentation): Retail interfaces (Proprietary UI, Traders API, Builders API) submit parent orders to the Execution Layer, where the Algorithmic Execution Suite decomposes them into optimally placed child orders. The Data Engine runs a proprietary non-validating HyperCore node on dedicated AWS infrastructure, generating real-time volume predictions that inform execution. Only child orders reach the Settlement Layer (HyperCore L1)—the original trading intent is never exposed. Builder Code Fees flow back to Quote, creating sustainable protocol economics.

Builder API: The Open Execution Layer. Beyond serving individual traders, Quote exposes its execution engine through the **Quote Builder API**—enabling any product in the Hyperliquid ecosystem (mobile apps, frontends, leverage tokens, structured products) to plug directly into optimized execution. This positions Quote not merely as a trading tool but as an *infrastructure primitive*: a composable execution layer analogous to how HyperLend serves as the credit layer and Kinetiq serves as the staking layer. For HIP-3 deployers routing billions in commodity and equity perpetual volume, integrating Quote’s execution algorithms could meaningfully reduce the execution costs that currently leak value from the ecosystem.

Strategic Context. Quote fills a gap that is conspicuously absent from the current Hyperliquid stack. While HyperCore provides the matching engine and HIP-3 provides the market creation framework, neither addresses the execution quality layer that sits between trader and order book. In traditional finance, this layer—occupied by firms like TradeWeb and Cantor Fitzgerald’s execution desks—captures hundreds of billions in annual revenue by intermediating institutional order flow. Quote’s thesis is that this value should accrue to the traders themselves through algorithmic execution, rather than being extracted by sophisticated counterparties. The protocol’s launch will represent the first purpose-built execution engine native to any decentralized exchange.

10.2.2 Byreal Perps: Bybit’s On-Chain Extension Powered by Hyperliquid

On March 10, 2026, **Byreal** (byreal.io)—the on-chain DEX incubated by **Bybit**, the world’s second-largest centralized exchange by trading volume (70M+ users)—launched **Byreal Perps**:



24/7 RWA and crypto perpetuals with deep liquidity powered by Hyperliquid. The launch marks the first time a top-3 centralized exchange has routed perpetual futures execution through Hyperliquid's on-chain infrastructure.

Product Specification. Byreal Perps offers leveraged trading (up to 40x) on gold, silver, oil, equities, and crypto perpetuals—all settled through Hyperliquid's HyperCore CLOB. This positions Byreal as a *distribution frontend* for Hyperliquid's liquidity, bringing Bybit's 70 million-user distribution network into direct contact with Hyperliquid's on-chain order books. Traders access the product at byreal.io/en/perps, with execution, settlement, and price discovery occurring entirely on Hyperliquid.

Strategic Significance. The Byreal–Hyperliquid integration represents a structural inflection point for multiple reasons:

- **CEX → DEX Liquidity Bridge:** For the first time, a major centralized exchange is using a decentralized protocol as its execution backbone for perpetuals—reversing the traditional flow where DEXs compete *against* CEXs. Bybit is effectively acknowledging that Hyperliquid's on-chain CLOB delivers superior execution for RWA perpetuals.
- **Distribution Asymmetry:** Hyperliquid has approximately 350,000 monthly active traders. Bybit has 70 million registered users. Even a 1% conversion from Byreal's user base would more than double Hyperliquid's active trader count, with corresponding volume and fee implications.
- **Competitive Validation:** Bybit initially launched Byreal on Solana (June 2025, \$335M cumulative volume by September 2025). The decision to route perpetuals through Hyperliquid rather than building proprietary perp infrastructure on Solana validates Hyperliquid's thesis that its purpose-built CLOB is the optimal settlement layer for leveraged derivatives.
- **AI-Native Architecture:** Byreal has open-sourced **byreal-cli**, the first DeFi tool in the AI Agent Skills ecosystem supporting strategy replication—enabling AI agents to autonomously execute trades, manage positions, and replicate top LP strategies. Byreal's thesis is that within two years, DeFi trading volume will increasingly flow through AI agents rather than human-operated frontends. Routing this agent-driven volume through Hyperliquid creates a new demand vector for HyperCore throughput.

The Byreal launch transforms Hyperliquid from a destination for crypto-native traders into a *back-end settlement layer* that centralized exchanges build upon—the precise “house of all finance” infrastructure vision articulated in Section 15. If Bybit's integration proves successful, it establishes a template for other CEXs to route on-chain perpetuals through Hyperliquid rather than maintaining proprietary derivatives infrastructure.



10.2.3 Dexari: The Mobile-First Hyperliquid Trading App

Dexari (dexari.com), developed by Denari Labs Inc., represents the most comprehensive mobile-native trading application built on Hyperliquid—positioning itself as the bridge between centralized exchange usability and decentralized self-custody. Available on both iOS and Android, Dexari delivers the full Hyperliquid trading experience in a mobile-optimized interface that abstracts away the technical complexity of on-chain trading while preserving self-custodial control.

Product Architecture. Dexari provides access to **300+ perpetual and spot markets** on Hyperliquid with up to 40x leverage, featuring TradingView charts with 75+ technical indicators, real-time order book visualization, and advanced order types including stop-loss, take-profit, TWAP (time-weighted average price), and scaled orders. The platform achieves sub-100ms execution by routing directly through Hyperliquid’s HyperCore CLOB. Critically, Dexari operates as a **self-custodial wallet** secured by Turnkey’s enclave technology—users retain full control of their private keys while enjoying CEX-grade UX with email/social login, biometric authentication, and two-factor security.

Onboarding and Cross-Chain Infrastructure. Dexari solves a fundamental adoption bottleneck: fiat-to-Hyperliquid onboarding. Users can deposit via credit card, Google Pay, Apple Pay, or bank transfer through MoonPay integration, with funds automatically bridged to Hyperliquid. Cross-chain transfers across Ethereum, Arbitrum, Optimism, Base, and HyperEVM are supported with gasless Layer 2 transactions. This frictionless onboarding—from fiat to live perpetual trading in under five minutes—positions Dexari as the primary retail gateway to Hyperliquid for users who would never interact with a browser-based DEX.

Gamification and Retention. Dexari has implemented a multi-layered engagement system: **Gladiator Arena** ROI-based trading competitions (a \$1M prize pool competition in October 2025 scaled dynamically—\$50K USDC added per \$1B in platform volume), NFT avatar collectibles with fee discounts, Dexari Points for activity rewards, and yield vaults powered by on-chain DeFi protocols. The “Trade → Earn → Compete → Evolve” loop creates sustained engagement beyond raw trading, addressing the retention challenge that plagues most DeFi platforms.

Builder Economics. Dexari monetizes through Hyperliquid’s Builder Code system, earning fees on every trade executed through its interface. With fees as low as 0.01% (1 basis point) and zero gas costs, Dexari competes directly with Phantom and MetaMask on the mobile trading frontend—while offering a significantly more feature-rich trading experience with dedicated charting, order management, and portfolio analytics that general-purpose wallets lack.



10.2.4 Pear Protocol: The On-Chain OEMS for Long/Short Trading

Pear Protocol (pear.garden) is an on-chain **Order Execution Management System (OEMS)** built on top of Hyperliquid’s Builder Code system. While most Hyperliquid ecosystem protocols focus on directional trading, yield, or derivatives, Pear occupies a structurally distinct niche: *pair and basket trading*—the systematic strategy of simultaneously going long one asset and short another (or a basket of others) to isolate relative value while hedging market-wide risk. This strategy class, which accounts for a significant share of institutional equity and macro hedge fund volume in traditional finance, has been entirely absent from on-chain infrastructure until Pear.

Core Product: Pair and Basket Trading on HyperCore. Pear enables traders to construct, execute, and manage multi-leg long/short positions through a unified interface that routes directly to Hyperliquid’s HyperCore CLOB via Builder Codes. The key advantages include:

- **Pair-Level Risk Management:** Stop-loss, take-profit, and trailing stops applied at the *pair or basket level*—not on individual legs—ensuring that the spread relationship, not the absolute price, governs exit logic.
- **Real-Time Statistical Data:** Live z-scores, rolling correlation, cointegration metrics, and suggested beta weightings for any pair on HyperCore, enabling statistically-informed entry and exit decisions.
- **Weighted Ratio Charts:** Visual representation of multi-asset positions (e.g., 50% long HYPE, 25% short LIT, 25% short ASTER) as a single composite chart, transforming complex basket trades into readable spread dynamics.
- **Custom LLM for Trade Insights:** A specialized language model trained on pair and basket trading data that generates actionable suggestions (e.g., “I want to long ZRO, suggest me 3 shorts against it”), bridging the gap between discretionary intuition and systematic analysis.
- **Trigger-Based Orders:** Conditional pair entries tied to external variables (e.g., “long ETH/BTC if BTC.d drops below 57%”), enabling event-driven spread trading strategies.
- **Single-Line Reporting:** Consolidated PnL and risk metrics for the entire spread position, with one-click open, adjust, and close functionality.

Agent Pear: AI-Powered Autonomous Trading. Beyond the manual trading interface, Pear has developed **Agent Pear**—an in-house AI agent that autonomously executes statistical arbitrage strategies on Hyperliquid. Agent Pear represents one of the first production-grade autonomous trading agents operating on an on-chain CLOB, running a well-established stat-arb strategy for over six months. The agent’s architecture follows a three-layer design: an automated data pipeline that ingests price and asset data, an analytical layer that computes statistical



signals (z-scores, correlation breaks, regime shifts), and an execution layer that generates and manages trades through the Pear OEMS.

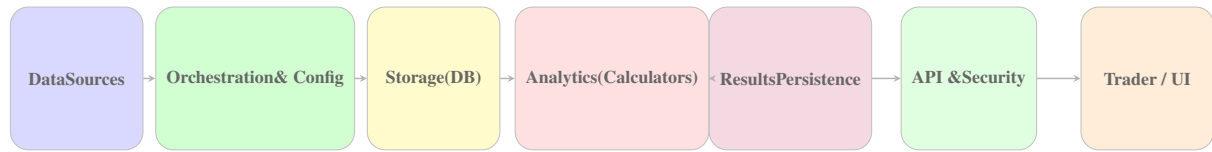


Figure 17: Agent Pear Architecture: From Data to Signals. The pipeline flows from external data sources through orchestration and configuration services, into persistent storage (database), through the analytical layer (statistical calculators and signal generators), into results persistence, and finally through the secured API layer to traders and UI consumers. Each stage is modular and independently scalable.

System Architecture. The Agent Pear backend is decomposed into three distinct service groups that operate in concert:

Core Services provide centralized configuration management and orchestration. The **Configuration Service** stores all system parameters (trading universes, calculation parameters, API keys), while the **Orchestration Service** (cron-based) triggers periodic data ingestion and analytical recalculation runs. Both services provide configuration context to the other two layers.

The Automated Data Pipeline handles all data ingestion and computation. The **Ingestion Layer** fetches live price and asset data from HyperCore and external sources, writing raw data to a **Unified Data Access Service** (database gateway) that serves as the single source of truth. The **Analytical Layer**—containing statistical calculators and the signal generator—reads raw data, computes z-scores, correlations, cointegration metrics, and beta weightings, then writes computed results back to the data access layer.

The API & Interaction Layer exposes computed data and signals to consumers. A **Secure API Layer** (HTTP) protected by API Key Guards serves external consumers (trading UIs, Telegram bots, mobile apps), **AI Agents and MCP Servers**, and the internal **Signal History, Gate, and Generation Service** which manages signal lifecycle and deduplication.

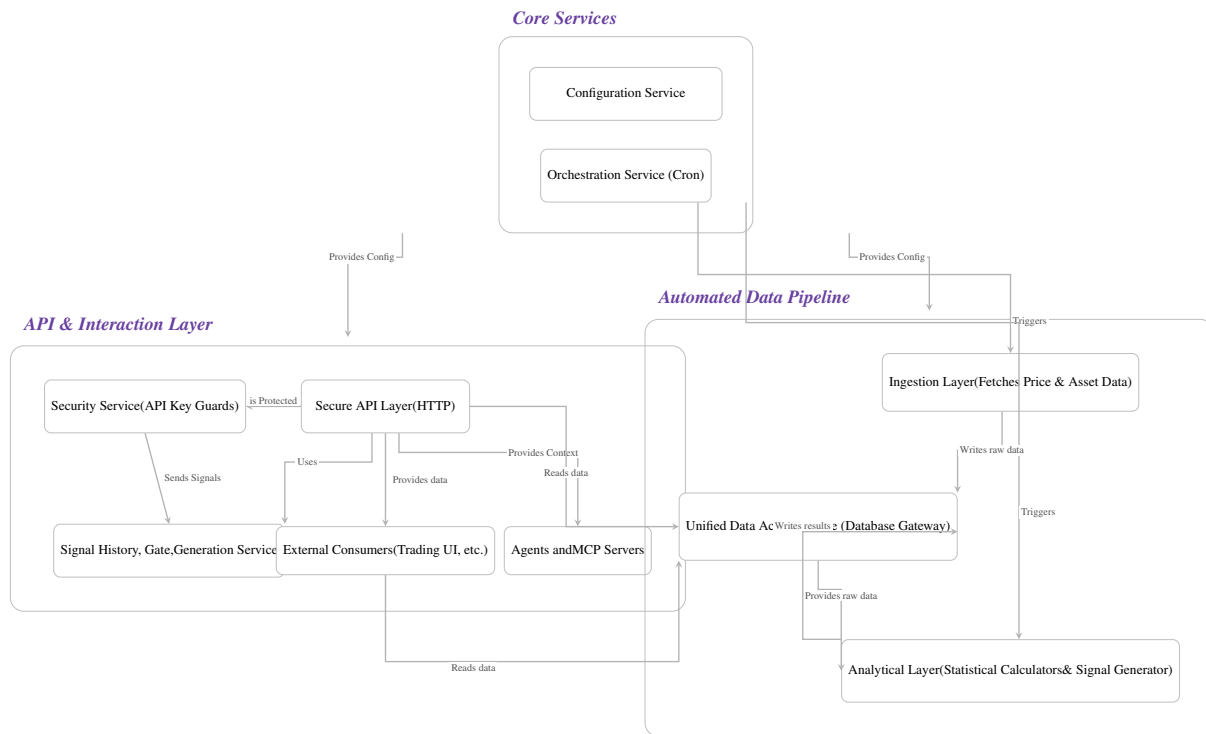


Figure 18: Agent Pear System Architecture. Three service groups operate in concert: *Core Services* (configuration and orchestration) provide config to both the *API & Interaction Layer* (secure HTTP endpoints serving traders, agents, and MCP servers) and the *Automated Data Pipeline* (ingestion, storage, and statistical computation). The Orchestration Service triggers periodic data fetches and analytical recalculation. Computed signals flow through the Secure API Layer to external consumers, while the Unified Data Access Service serves as the single source of truth for all raw and computed data.

Signal Generation: Two-Phase Architecture. The signal generation engine operates in two distinct phases to balance thoroughness with responsiveness:

Phase 1: Batch Generation. All statistically profiled pairs pass through quality and deduplication gates, then enter the **Enrichment & Ranking Engine** which performs backtesting, lead/lag analysis, and statistical scoring. Most opportunities flow to a **Pool of Viable Opportunities** (the Watch List), while high-conviction reversion signals are immediately written to the **Authoritative Trade Ledger**—the single source of truth for all active and closed trades.

Phase 2: Continuous Monitoring. A dedicated **Monitoring Engine** constantly re-evaluates the Watch List for changing conditions (regime shifts, new z-scores), promoting opportunities to active trades when conditions are met and managing active trade lifecycle (exit conditions, position adjustments). State changes (entries and exits) trigger a **Notification Service** that distributes AI-generated narratives on pair signals to Telegram, X (Twitter), and Discord channels.

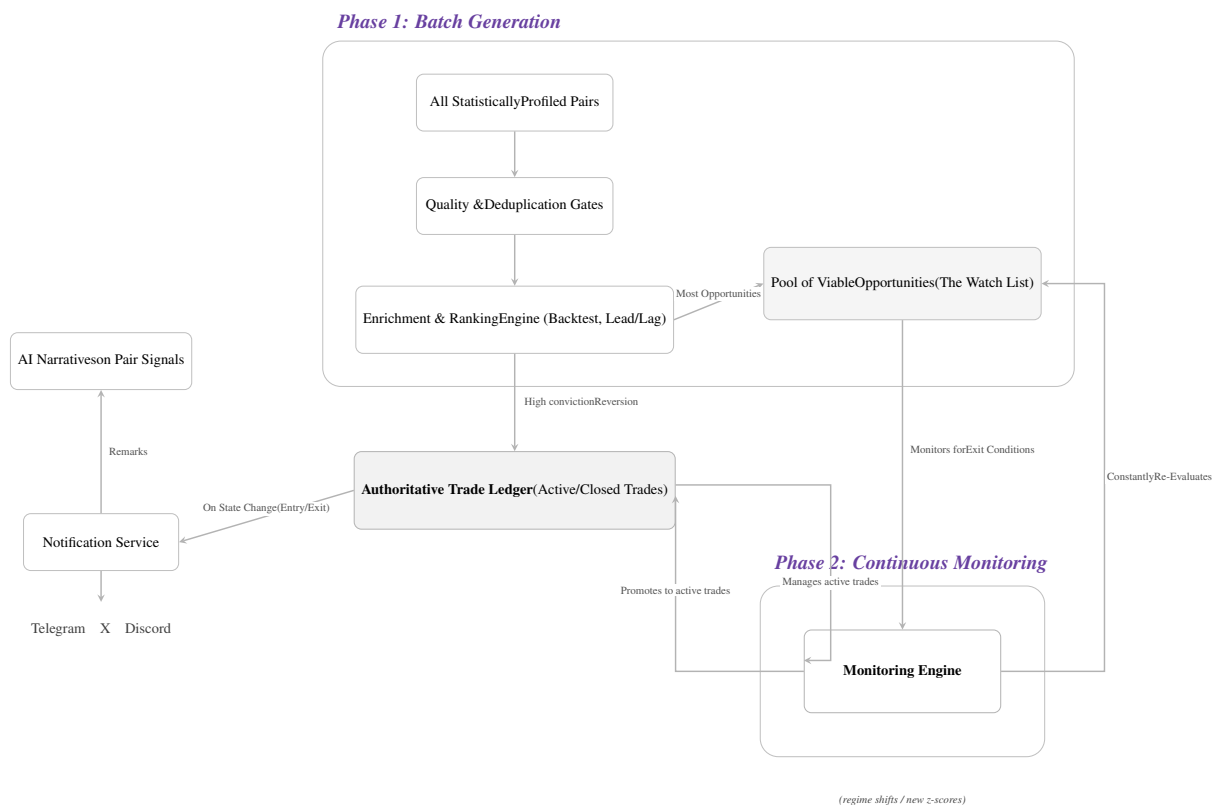


Figure 19: Pear Signal Generation: Two-Phase Architecture. Phase 1 (Batch Generation) processes all statistically profiled pairs through quality gates and an enrichment engine that performs backtesting and lead/lag analysis. High-conviction reversion signals go directly to the Authoritative Trade Ledger; other opportunities populate the Watch List. Phase 2 (Continuous Monitoring) constantly re-evaluates the Watch List for regime shifts and new z-score conditions, promoting opportunities to active trades and managing exits. State changes trigger AI-generated narratives distributed via Telegram, X, and Discord.

HyperEVM Vaults: Systematized Long/Short Strategies. Pear is launching its own vault infrastructure on HyperEVM, with the first vault deploying the Agent Pear stat-arb strategy that has been running in production for six months. Subsequent vaults will enable curated Vault Managers to run their own long/short strategies with significantly more flexible parameters than currently available on HyperCore—including configurable withdrawal policies, custom performance fee structures, and strategy-specific risk limits. This positions Pear as both a trading tool and an infrastructure provider for systematic strategies.

API and Ecosystem Integration. The Pear API enables individual traders to chart, enter, and risk-manage their pair and basket trades in a systematic way. The same API can be used by any team or frontend to integrate pair and basket trading into their own offering—all powered by Pear’s specialized backend. Live integrations already include mobile apps and Telegram bots built on top of the Pear API, demonstrating composability with the broader Hyperliquid ecosystem.



Community and Strategic Context. Pear’s founder also leads the **Hyperliquid UK Community** and hosted the first-ever Hyperliquid UK Community Hackathon, underscoring the project’s deep roots in the Hyperliquid ecosystem. Strategically, Pear fills a gap that is entirely absent from other DEX ecosystems: pair and basket trading infrastructure is a prerequisite for institutional-grade market-neutral strategies, and its presence on Hyperliquid signals the platform’s maturity as a venue for sophisticated, risk-adjusted trading beyond simple directional bets.

10.2.5 Silhouette: The Shield Exchange on Hyperliquid

Silhouette (silhouette.exchange), headquartered in Zug, Switzerland, is the first **shield exchange** built on Hyperliquid—an on-chain trading execution environment that gives traders the ability to execute on Hyperliquid’s order books *without exposing their strategies, positions, or intent to the public ledger*. This can be loosely compared to dark pools in traditional equity markets, where such venues capture 30–50% of institutional order flow precisely because they protect large orders from predatory front-running. Silhouette brings this same concept to DeFi, addressing what Binance CEO CZ publicly identified as a critical market gap after high-profile trader James Wynn lost nine figures on Hyperliquid when adversaries allegedly “hunted” his publicly visible positions.

Architecture: TEE-Based Shielded Order Flow. Silhouette’s core innovation is the use of **Trusted Execution Environments (TEEs)**—hardware-isolated secure enclaves that process orders in an encrypted environment where even the platform operators cannot observe individual trade details. The execution pipeline operates in three stages:

1. **Shielded Order Flow:** Orders enter Silhouette’s off-chain matching engine running inside decentralized TEEs. All data remains encrypted; only the matching logic inside the enclave sees plaintext size and price.
2. **Batching and Crossing:** The engine batches orders, nets exposure, and matches trades without leaking intent to external observers. If an order—or a slice of it—cannot be crossed privately, the unmatched remainder routes directly to Hyperliquid’s public order book.
3. **On-Chain Settlement:** The TEE uses Hyperliquid’s HyperCore L1 as the authoritative settlement layer, preserving full verifiability and decentralization guarantees.

This design elegantly sidesteps the **cold-start liquidity problem** that doomed earlier privacy-focused DEXs such as Renegade and Penumbra. By riding on Hyperliquid’s deep native liquidity—the largest on-chain derivatives venue by open interest—Silhouette offers privacy as an opt-in feature rather than a trade-off against execution quality. Critically, Silhouette does not rely on centralized servers; the team builds exclusively with decentralized TEE host providers, maintaining the permissionless and decentralized foundations of on-chain markets.



Product Status and API. Silhouette launched its **Open Beta** on February 4, 2026, initially supporting shielded HYPE/USDC spot trading via `app.silhouette.exchange`. Alongside the web application, Silhouette released a **programmatic API** enabling builders to integrate shielded execution into their own products. **SillySwap**—a mobile shielded swap interface built by a non-technical community member using AI and Silhouette’s API—demonstrated the platform’s composability within days of the API launch. The roadmap includes additional shielded trading pairs, TWAP/VWAP order types, RFQ infrastructure for institutional block trades, a net settlement layer for reduced price impact, and policy engines enabling compliance frameworks for regulated entities.

Shielded Perps: Unlocking New Strategy Design Space. Silhouette’s combination of shielded spot *and* naked perps on the same chain opens strategy design that was previously impossible without routing through centralized exchanges: delta-neutral positioning entirely on-chain without counterparty risk, programmatic accumulation that does not telegraph size or timing, DCA services invisible to front-runners, and fund tooling where portfolio rebalancing adjustments remain confidential. For institutional desks subject to best-execution mandates tightening across Europe and Asia, Silhouette provides verifiable settlement combined with information privacy—solving a compliance challenge that increasingly prevents sophisticated capital from trading on transparent DEXs.

Funding and Team. Silhouette raised **\$3 million in a pre-seed round** (June 2025) led by **RockawayX**, with participation from **Hivemind** (Matt Zhang’s crypto fund), **Amber Group**, **NGC Ventures**, **No Limit Holdings**, **Protagonist**, and angel investors from the **HyperActive** whale syndicate. Co-founder **Chandler De Kock** previously scaled Luno’s exchange business across emerging markets and held business-development roles at UMA and Across Protocol. Co-founder **Stenton Mayne** brings a rare combination of backend engineering experience at Amazon Web Services and top-ranked smart-contract security expertise from Sherlock and Code4rena competitions. The pair previously collaborated on a zero-knowledge proof-of-reserves prototype for Coinbase.

Market Opportunity. RockawayX’s investment thesis projects that if 30% of future DEX flow routes through privacy pools and Silhouette captures even a quarter of Hyperliquid’s slice, the platform would handle billions in weekly notional volume. The cross-chain roadmap envisions extending Silhouette’s shielded architecture to other low-latency L2s, transforming it into a cross-chain privacy mesh for size traders—a shielded network spanning multiple high-performance venues.



10.2.6 Builder Code Frontend Ecosystem: Wallets, Terminals, and Super Apps

Beyond protocols that build novel trading primitives on HyperCore (Quote, Pear, Silhouette), a rapidly expanding category of **builder code frontends** has emerged: applications that embed Hyperliquid perpetual trading directly into their existing user interfaces via the Builder Code system—attaching a fee parameter (up to 10 basis points on perps) to every order routed through their platform. This category transforms wallets, trading terminals, and super apps from passive infrastructure into *active monetization engines*, earning revenue on every trade without building proprietary order book logic, liquidity incentives, or settlement infrastructure. As of March 2026, approximately **40% of Hyperliquid’s daily active users** trade through third-party builder code frontends rather than the native UI—a share that briefly exceeded 50% in late October 2025.

Phantom Wallet. **Phantom** (phantom.app), the leading self-custody crypto wallet with millions of users across mobile and desktop, integrated Hyperliquid perps trading in **July 2025**. Users trade perpetuals directly within the Phantom interface: depositing by sending SOL, which Phantom automatically swaps to USDC and bridges into the HyperCore perps account. Withdrawals reverse the flow seamlessly. With a builder fee of 5 basis points (0.05%), Phantom has accumulated **\$17.44 million in cumulative builder code fees** across **\$34.80 billion in perpetual trading volume** and **56,900 total users** (ASXN, March 2026)—making it the **highest-earning builder code frontend by cumulative fees**. The integration exemplifies the “wallet-to-neobank” transition: what began as a Solana wallet now offers staking, perps (via Hyperliquid), tokenized equities, a stablecoin (Phantom Cash via Bridge), Visa debit rails, and fiat on/off-ramps.

BasedApp (Based). **Based** (based.gg) is a purpose-built trading platform and frontend for the Hyperliquid ecosystem, ranking as the **largest builder code frontend by cumulative volume** with **\$44.36 billion** routed through Hyperliquid’s CLOB and **\$14.06 million in cumulative fees** across **28,900 users** (ASXN, March 2026). In December 2025, **Ethena Labs** announced a strategic investment and partnership with Based, positioning it as a key distribution partner for Ethena products including USDe, USDtb, and future releases within the Hyperliquid ecosystem. Based also operates **HyENA**—an HIP-3 perpetual exchange settling in USDe (see Section 3.3.10)—further deepening its integration across both HyperCore layers.

MetaMask. **MetaMask** (Consensys), the most widely used Ethereum wallet with over 30 million monthly active users, **launched mobile perps trading via Hyperliquid on October 8, 2025**. The integration embeds the Hyperliquid trading engine directly into MetaMask’s wallet interface, optimized for mobile, with one-click funding from any EVM chain and zero swap fees on perps. MetaMask has accumulated **\$4.84 million in cumulative builder code fees** across **\$6.41 billion in volume** and **8,050 users** (ASXN, March 2026)—notable for its high fee-to-volume ratio (7.5 bps effective rate), reflecting MetaMask’s retail-heavy user base. The launch coincided with MetaMask Rewards Season 1, a \$30 million LINEA token distribution



with fee discounts on perps. MetaMask’s broader strategy positions Hyperliquid perps as a core pillar of its transition from passive wallet to “all-in-one, self-custodial trading platform.”

Infinex. **Infinex** (infinex.xyz), the non-custodial DeFi frontend founded by Synthetix creator **Kain Warwick**, launched Hyperliquid perps integration in **October 2025** alongside MetaMask. Users trade perpetual futures directly within their Infinex account using passkey authentication—no wallet connection required. During the four-week pre-launch phase, Infinex facilitated over **\$100 million in trading volume** on Hyperliquid. Warwick publicly stated that Synthetix, dYdX, and GMX all “failed to push perps into wider adoption,” and that Hyperliquid was the first protocol to “get it right and scale successfully.” Infinex represents a distinct builder category: a full DeFi super app that abstracts wallet complexity entirely, routing through Hyperliquid’s CLOB as its derivatives settlement layer.

Rabby Wallet. **Rabby Wallet** (rabby.io), the DeFi-native browser extension and mobile wallet popular among power users for its human-readable transaction signing and multi-chain ergonomics, launched **Rabby Perps** in **September 2025**. The feature enables perpetual trading with up to 40x leverage across 100+ markets directly within the wallet, powered entirely by Hyperliquid’s HyperCore CLOB. Rabby applies a **2 basis point (0.02%) builder fee** on perpetuals—among the lowest in the builder code ecosystem—positioning it as the cost-efficient alternative for high-frequency DeFi traders who prioritize fee minimization.

Insilico Terminal. **Insilico Terminal** (insilicoterminal.com) is a professional-grade crypto trading terminal supporting multi-exchange order, position, and execution management across Binance, Bybit, OKX, Coinbase, and **Hyperliquid** (perps and spot since **August 2024**—making it one of the earliest builder code integrations). Insilico charges a **1 basis point (0.01%) builder fee** and has processed over **\$800 billion+ in total volume since 2021** across all supported exchanges. The terminal transitioned from Hyperliquid’s deprecated broker fee program to the builder code system in July 2025, offering \$5,000 migration rebates for addresses depositing from Binance and exceeding \$50 million in volume. Insilico’s user base consists primarily of professional and semi-institutional traders who require advanced charting, TWAP/DCA execution, multi-account management, and cross-exchange portfolio analytics.

Velo. **Velo** (velo.xyz), a crypto data and charting platform, announced on **March 13, 2026** that **live trading via Hyperliquid builder codes** is now available directly within the Velo interface. This integration transforms Velo from a data analytics tool into an executable trading frontend: users can analyze charts, identify opportunities, and execute perpetual trades on Hyperliquid’s CLOB without leaving the platform. Velo joins a growing category of “chart-to-trade” platforms—alongside TradingView-style tools—that monetize through builder codes by collapsing the gap between analysis and execution into a single interface.

Axiom. **Axiom** (axiom.trade), a cross-chain trading platform originally known as one of the dominant Solana memecoin trading terminals, expanded to Hyperliquid perpetuals via



builder codes. As of March 2026, Axiom has facilitated **\$21.42 billion in cumulative volume** and **\$2.15 million in fees** across **27,430 users** (ASXN)—ranking 4th by volume among all builders. Axiom’s integration demonstrates the cross-chain builder thesis: a platform that dominated Solana’s spot trading terminal market now routes its users’ derivatives flow through Hyperliquid’s CLOB, monetizing through builder codes without building proprietary perp infrastructure. For Hyperliquid, Axiom represents a pipeline from the Solana ecosystem’s massive retail trader base into on-chain perpetuals.

Dreamcash. **Dreamcash** (dreamcash.xyz), backed by a strategic investment from **Tether** (February 2026), operates both as an **HIP-3 market deployer** (USDT0-collateralized perpetuals for S&P 500, gold, equities) and as a **builder code frontend** through its consumer-facing **Project Sherwood** aggregation interface. Sherwood routes through *all* HIP-3 deployers—TradeXYZ, Ventuals, Markets.xyz, and Dreamcash’s own markets—into a unified “Everyday Mode” where users see assets as simple logos and prices with no mention of underlying deployers or collateral types. USDC/USDT/USDH collateral is abstracted automatically in the background. Dreamcash’s dual role as both HIP-3 deployer and builder code aggregator positions it uniquely: it simultaneously creates new markets *and* aggregates existing ones, earning both deployer fees and builder code revenue. The thesis is a decentralized “Robinhood for everything”—60+ assets (stocks, pre-IPO, commodities, crypto) globally, 24/7, self-custodial.

WunderTrading. **WunderTrading** (wundertrading.com) is a multi-exchange automation and bot trading platform that integrated Hyperliquid for both spot and perpetual futures trading via builder codes. WunderTrading enables users to deploy **DCA bots**, **Grid bots**, **Signal bots**, and **TradingView-automated strategies** on Hyperliquid without writing code—connecting via WalletConnect with no API key management required. The platform’s core value proposition is converting TradingView Pine Script strategies into automated Hyperliquid execution: users develop indicators in TradingView, configure alert webhooks, and WunderTrading translates signals into HyperCore orders in real time. For Hyperliquid, WunderTrading represents the “strategy automation” builder category: traders who want sophisticated algorithmic execution (TWAP, trailing stops, multi-leg strategies) without building custom infrastructure, all monetized through builder code fees on every automated fill.



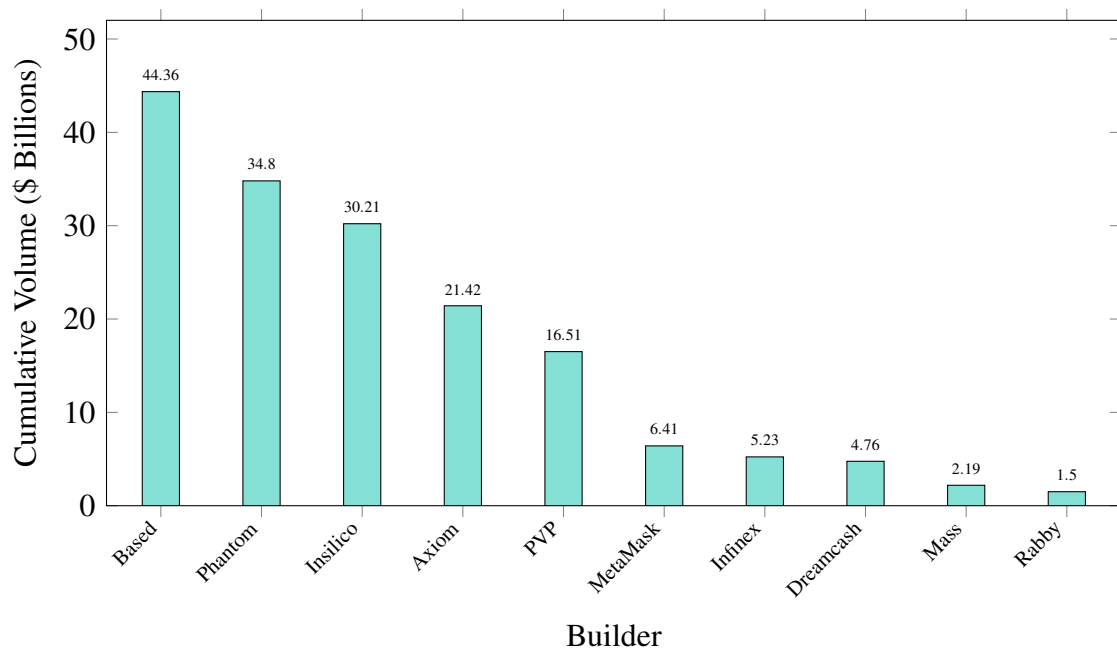


Figure 20: Builder Code Cumulative Volume by Frontend (ASXN, March 13, 2026): Based leads by total volume (\$44.36B) due to its dedicated Hyperliquid trading interface and Ethena partnership. Insilico Terminal ranks third (\$30.21B) despite only 1,580 users—reflecting its professional/institutional user base executing extremely large orders. Phantom leads by *fees* (\$17.44M) despite lower volume, due to its higher 5 bps builder fee rate.

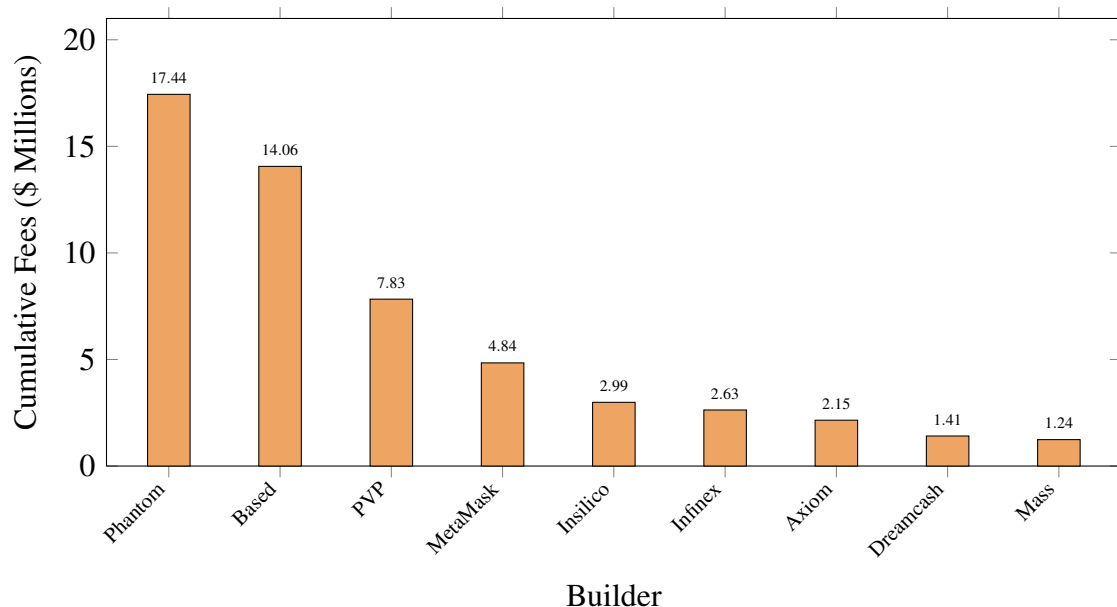


Figure 21: Builder Code Cumulative Fees by Frontend (ASXN, March 13, 2026): Phantom dominates fee capture (\$17.44M) despite ranking second by volume, illustrating the structural advantage of higher builder fee rates on high-value retail flow. The fee-to-volume ratio varies dramatically: Phantom captures 5.0 bps/trade, MetaMask 7.5 bps, while Insilico captures only 1.0 bps—reflecting distinct pricing strategies targeting different trader demographics.

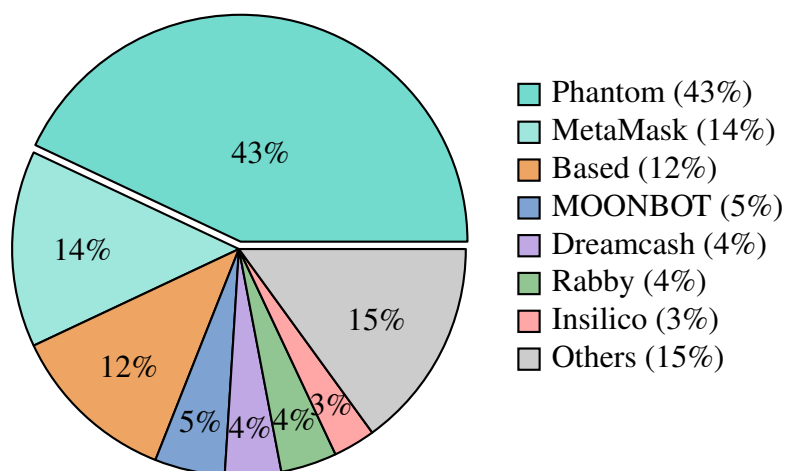


Figure 22: Builder Code Weekly Fee Market Share (ASXN, week of March 13, 2026): Phantom captures 43% of all weekly builder fees—three times more than MetaMask (14%) and nearly four times Based (12%). This weekly snapshot differs from cumulative rankings because Phantom’s fee rate is higher and its user base skews toward active retail traders with frequent position turnover. The “Others” category includes Axiom, Infindex, WunderTrading, Pear Protocol, and 170+ smaller builders.

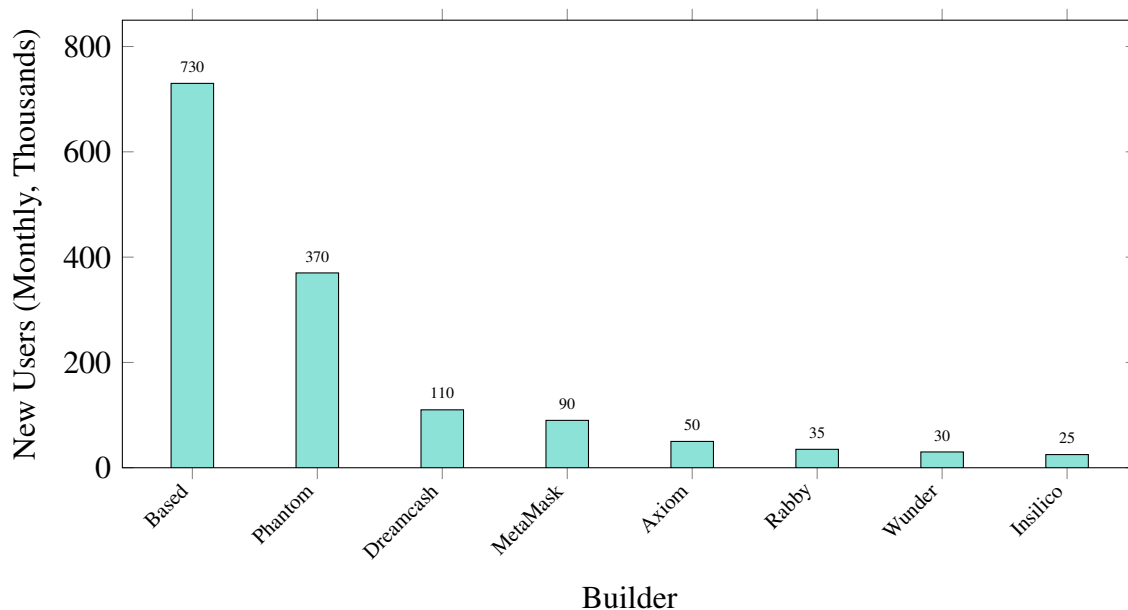


Figure 23: New Users by Builder (Monthly, ASXN, March 2026): Based dominates new user acquisition with approximately 730,000 new users per month—nearly double Phantom’s 370,000. Dreamcash ranks third (110,000), reflecting the Project Sherwood aggregation front-end’s appeal to non-crypto-native users entering through equity and commodity perpetuals. The cumulative user growth chart shows the ecosystem approaching 1.6 million cumulative builder users in the most recent month tracked.

Builder Code Ecosystem Visualization.

10.3 HyperEVM Protocols

The following protocols deploy smart contracts on HyperEVM—Hyperliquid’s Ethereum-compatible execution layer. HyperEVM enables arbitrary DeFi logic (lending, vaults, options, AMMs) while accessing HyperCore’s liquidity and oracle data through native precompiles. Several protocols span both layers: Felix operates a CDP/lending system on HyperEVM *and* deploys HIP-3 RWA perpetuals on HyperCore; Rysk’s RFQ contracts run on HyperEVM while counterparties hedge via HyperCore’s orderbook.

10.3.1 Felix Protocol: The DeFi Banking Layer

Felix Protocol (felixprotocol.com) is an on-chain financial services provider and one of the largest money markets on HyperEVM, reaching \$1 billion TVL in September 2025 and maintaining approximately \$440M+ TVL by March 2026. Felix is not a single product—it is a full financial suite built natively on Hyperliquid that spans stablecoin minting, lending, borrowing, and liquidity provisioning, all on HyperEVM. Founded by **Charlie Ambrose**, the protocol’s contributors have spent years building and managing DeFi protocols, and Felix was designed from inception specifically for the Hyperliquid stack.

CDP Market: feUSD Stablecoin. The flagship HyperEVM product is **feUSD**—an overcollateralized stablecoin minted through a **Collateralized Debt Position (CDP)** system built on Liquity V2 architecture. Users deposit collateral (HYPE, kHYPE, wstHYPE, or UBTC) and mint feUSD at a borrower-chosen interest rate—a distinctive mechanism where borrowers, not the protocol, set their own borrowing cost. The system enforces a conservative **40% LTV ratio** (lower than most DeFi lending platforms) to limit systemic risk. When feUSD depegs below \$1, arbitrageurs redeem stablecoins from the lowest-APR positions to stabilize the price, creating a dynamic rate equilibrium. Felix also introduces **mint caps** and admin-controlled pauses as additional risk controls beyond the base Liquity V2 design. feUSD holders can deposit into **Stability Pools** that absorb liquidated positions, distributing collateral and interest to depositors—earning approximately 15% APY from borrower interest and liquidation gains.

Vanilla Markets: Morpho-Powered Lending. Felix’s second HyperEVM primitive is its **Vanilla Markets**—variable-rate lending pools built on **Morpho**’s lending stack. Unlike the CDP system (which creates new stablecoins), Vanilla Markets enable direct peer-to-pool lending and borrowing: lenders deposit stablecoins (USDhl, USDH, USDe, USDT0, USDC) and earn interest, while borrowers post collateral (HYPE, kHYPE, UBTC) to borrow. All positions are over-collateralized, interest rates adjust algorithmically with pool utilization, and liquidations execute automatically when a borrower’s health factor drops below 1. Outstanding loans exceed \$100M across both systems—\$61M in CDP and \$43M in Vanilla Markets—with a roughly 60:40 usage split between the two primitives.

USDhl: Fiat-Backed Stablecoin via M⁰. Beyond the crypto-collateralized feUSD, Felix expanded its stablecoin suite by launching **USDhl**—a fiat-backed, fully collateralized stablecoin



powered by M^0 (T-bill-backed wholesale dollars) with on-chain reserve attestations. Convertibility is enforced through maintained Uniswap V3 pools for $M \leftrightarrow \text{USD}$ and $M \leftrightarrow \text{USDC}$ at 1:1, with peg integrity maintained via low-friction arbitrage flows across Hyperlane. The 4%+ yield from underlying Treasury reserves is distributed back to users as Hyperliquid incentives, split across HyperCore spot and HyperEVM liquidity venues, reweighted every two weeks.

Ecosystem Role and Integration. Felix serves as the Morpho curator for Hyperliquid, overseeing the frontend and risk management for Morpho’s HyperEVM deployment. The protocol’s integration with HyperCore via read precompiles enables oracle-free pricing from the native order book. Co-founder Charlie Ambrose has noted that “substantial unlocks on the market side” are expected when write precompiles go live, enabling HyperEVM protocols to integrate much more closely with HyperCore—a development that would allow Felix to offer cross-margin capabilities and direct carry trade execution between its lending markets and HyperCore perpetuals.

10.3.2 HyperLend: The Credit Layer of Hyperliquid

HyperLend (hyperlend.finance), co-founded by **Benjamin Sever** (CEO), is the largest lending protocol on HyperEVM and functions as the **credit layer** of the Hyperliquid ecosystem. With approximately **\$540M in market size**, **\$17 billion in cumulative volume** processed, and pool utilization near 48%, HyperLend services both HyperCore and HyperEVM with the liquidity infrastructure necessary to continually increase capital velocity. Backed by Aave, Dewhales Capital, Pyth Network, RedStone, and Resolv, HyperLend has been designed from inception to be both *permissionless and flexible enough to support gated, private environments*—a dual-track architecture that distinguishes it from pure retail lending protocols.

Core Lending and Borrowing. HyperLend operates as a permissionless money market where lenders supply supported assets (USDC, HYPE, UBTC, and other HyperEVM tokens) into liquidity pools and earn variable-rate interest, while borrowers post over-collateralized deposits and borrow the assets they need directly—no intermediary stablecoin required. Interest rates are determined algorithmically based on supply and borrowing demand: when pool utilization rises, rates increase to attract more lenders; when utilization falls, rates decline to attract more borrowers. This algorithmic pricing creates a direct relationship between HyperEVM DeFi activity and lending yield.

Flash Loans. HyperLend supports **flash loans**—uncollateralized loans that must be repaid within the same transaction, with the entire operation reverting atomically if repayment fails. Flash loan fees are set at **0.04%**, below Aave’s 0.09% on Ethereum, attracting arbitrage activity and liquidation bots that contribute to overall market efficiency. Flash loans are essential infrastructure for DeFi composability: they enable atomic arbitrage between DEXs, self-liquidation strategies, collateral swaps, and—critically—serve as the underlying mechanism powering HyperLoop.



HyperLoop: One-Click Leverage Engine. HyperLend’s most architecturally significant retail feature is **HyperLoop**—an automated leverage tool that compresses multi-step looping strategies into a single atomic transaction. Traditional leverage looping requires manually depositing collateral, borrowing, swapping, redepositing, and repeating—a tedious multi-step process prone to slippage and timing risk. HyperLoop automates the entire sequence using flash loans under the hood, enabling users to build leveraged positions on their collateral in one click. This positions HyperLend as an ecosystem-level leverage engine rather than just a standard lending market.

Liquid Staking Composability. HyperLend maintains deep integration with the liquid staking ecosystem. The protocol accepts yield-bearing liquid staking tokens (kHYPE, stHYPE, lHYPE) as collateral, enabling users to earn staking yield *while simultaneously borrowing against their staked position*. This creates a powerful yield stacking system: a user can stake HYPE via Kinetiq, receive kHYPE earning ~8% staking APY, deposit that kHYPE into HyperLend as collateral, borrow USDC against it, and redeploy the borrowed USDC into additional yield strategies—all without giving up the base staking yield.

Institutional and Compliant Pools: KYC/KYB-Gated Private Credit. Perhaps the most strategically significant recent development is HyperLend’s expansion into **institutional and compliance-gated lending**. In March 2026, HyperLend launched its inaugural institutional product: **compliance-gated private pools** and **dedicated credit facilities** that enable large-scale entities to access on-chain credit within a regulated framework. These pools are gated through **KYC (Know Your Customer)** and **KYB (Know Your Business)** verification protocols, ensuring that only verified participants—institutional investors, publicly-traded companies, and qualified entities—can access the pool’s lending and borrowing functionality.

The first deployment of this institutional infrastructure is the **Hyperion DeFi Private Lending Pool**, announced on March 9, 2026. In this arrangement, NASDAQ-listed Hyperion DeFi (HYPD) uses its **HiHYPE** liquid staking token as collateral to access on-chain credit at 4.0% APR—replacing traditional third-party debt at 8.0%—while borrowing USDH stablecoins. Participants are gated through HiHYPE ownership (minted only via the Kinetiq × Hyperion validator), creating a controlled, institutional-only access model. The pool supports both **private credit** (bilateral lending between verified counterparties) and **fixed-rate credit** facilities, offering the predictable borrowing costs that institutional treasury managers require but that standard variable-rate DeFi pools cannot provide.

As CEO Benjamin Sever stated: “*HyperLend was designed to be both permissionless and flexible enough to support gated, private environments. Partnering with Hyperion DeFi to launch this institutional pool ensures that compliant participants have a secure, scalable environment to execute their on-chain credit strategies.*” The long-term objective is to attract institutional-grade capital to HyperEVM and support asset-backed finance and Real-World Asset (RWA) lending opportunities—positioning HyperLend not merely as a retail money market but as the on-chain institutional credit infrastructure for the Hyperliquid ecosystem.



Risk Infrastructure and Pool Architecture. HyperLend operates four pool types: **Core Pools** for multi-token lending with standard risk parameters, **Efficiency Mode** for correlated asset pairs (e.g., HYPE/kHYPE) with higher LTV ratios, **Isolated Pools** for exotic or volatile collateral with ring-fenced risk, and the newly introduced **Institutional Pools** with compliance gating and configurable credit terms. Oracle infrastructure integrates Hyperliquid’s built-in oracle (prices from HyperCore L1 nodes), supplemented by Pyth and RedStone as secondary providers. Risk management is supported by **Block Analitica** (comprehensive risk assessments, dynamic parameter management, and continuous market monitoring) and **Hypernative** (real-time threat detection and automated on-chain incident response). The protocol’s smart contracts have been audited across all major components: LendingCore, Risk Manager, and Vault logic.

10.3.3 Hyperbeat: Liquid Banking—The Missing Layer for On-Chain Finance

Hyperliquid brought a performant, fully on-chain CLOB for spot and perpetuals, closing the gap with centralized exchanges on depth, latency, and user adoption. What it did not natively offer was a way to *spend* trading proceeds, hold yield-bearing balances, or on/off-ramp directly from the trading environment. **Liquid Banking** by Hyperbeat is the missing layer: a full-stack account that lets Hyperliquid users save, spend, trade, and on/off-ramp from one place—without trusted intermediaries. It turns on-chain markets into an everyday money system that houses all of finance.

Core Capabilities. Liquid Banking unifies four functions that traditionally require separate intermediaries:

- **Spend:** Use on-chain balances for real-world payments via card and wallet rails, without forcing asset sales.
- **Save:** Park funds in verifiable, on-chain yield instruments; balances accrue programmatically via treasury yield.
- **Trade:** Route orders directly to HyperCore spot and perps—without leaving the Liquid Bank account.
- **On/Off-Ramp:** Move between fiat and native crypto assets with transparent settlement via ACH, FedWire, or SEPA (powered by Noah), avoiding multi-hop CEX detours.

Problems Solved. *1. Going Bankless (For Real).* Historically, users relied on CEXs for non-native swaps (e.g., BTC↔ETH) and fiat ramps, introducing custody and freeze risk. Liquid Banking sits on top of Hyperliquid’s fully on-chain spot and perp trading to provide yield, payments, and ramps—so users never need to exit to a CEX for everyday finance.

2. Spending On-Chain. Traders previously off-ramped from Hyperliquid to pay bills, book travel, or cash out via a CEX and bank. Liquid Banking provides two spending modes:



Debit Mode spends the user’s on-chain beatUSD balance directly, while **Credit Mode** borrows against collateral in real time, enabling spending without selling. Native deposits of BTC, ETH, SOL, and other supported assets serve as collateral or can be traded on HyperCore. Native on-ramp and off-ramp rails (ACH, FedWire, SEPA via Noah) complete the loop.

3. *Trading On-Chain Without Compromises.* On-chain trading used to mean AMMs only, or perps without spot—resulting in high slippage, latency trade-offs, and fragmented UX. Hyperliquid’s CLOB delivers both spot and perpetuals with deep books and familiar order types. Users trade spot, perpetual, equity perps, and index perps from a unified account, place trades directly from their Liquid Bank, use balances as collateral, and settle or off-ramp to fiat via integrated rails—no centralized custodians required.

4. *Saving On-Chain at Scale.* On-chain “savings” often lacked transparent return sources or could not scale with demand. HyperCore’s large open interest enables delta-neutral, programmatic funding-rate capture and other on-chain strategies to back dollar-denominated, verifiable savings products. Users get an auditable, on-chain yield path instead of opaque off-chain spreads.

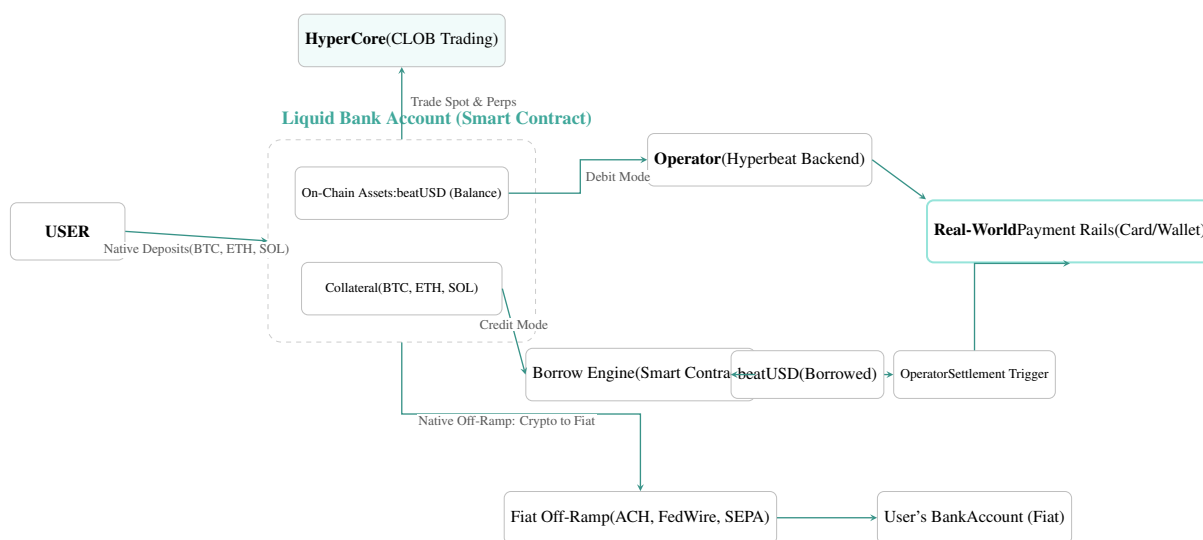


Figure 24: Liquid Banking: Spending On-Chain Flow. Users deposit native crypto assets into their Liquid Bank Account (a smart contract on HyperEVM). From there, assets can be traded on HyperCore, spent via Debit Mode (direct beatUSD spend) or Credit Mode (borrow against collateral via the Borrow Engine), or off-ramped to fiat through ACH, FedWire, or SEPA rails. All settlement is on-chain; no centralized custodian holds user funds.

Structural Advantages. In traditional finance, every function is owned by a different centralized intermediary: banks custody deposits, card networks settle payments, brokers route trades, lending desks underwrite credit, and on/off-ramps handle fiat connections. Liquid Banking replaces these with a unified on-chain architecture: a **smart-account primitive** as the user’s bank account, **modular DeFi services** for yield, lending, and swaps, **Hyperliquid’s on-chain CLOB** for all trading, and **programmable settlement** for spending and fiat ramps. Deterministic controls—timelocks, whitelists, dual approvals—provide safety without custodial trust. Everything stays on-chain, everything is verifiable, and nothing can be “frozen” by a custo-

dian.

1. Native Crypto Deposits & Withdrawals (via Unit Protocol). Users deposit and withdraw BTC, ETH, SOL, and stablecoins natively—no CEX hop, no wrapped custodial IOUs. Incoming assets land in the Liquid Bank via Unit Protocol’s CoreWriter bridge and are immediately available for spend, trade, or collateral. Settlement is deterministic with traceable on-chain finality.

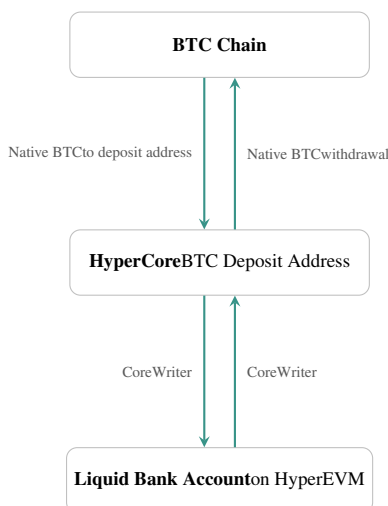
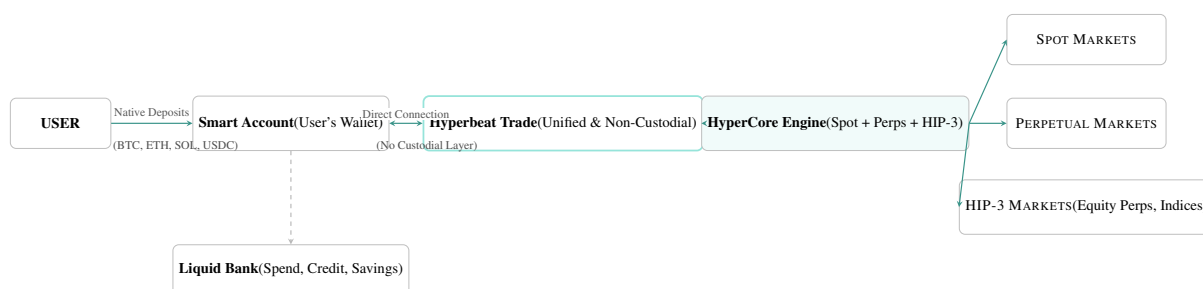


Figure 25: Native Deposit via Unit Protocol. BTC (or other supported assets) is sent to a native deposit address on HyperCore, which bridges the asset to the user’s Liquid Bank Account on HyperEVM via the CoreWriter system contract (0x333 . . . 333). Withdrawals reverse the flow: CoreWriter writes back to HyperCore, which settles the native withdrawal on the source chain. No wrapped tokens or custodial intermediaries are involved.

2. Spot & Perp Trading With No Trusted Intermediaries. Orders route directly to Hyperliquid’s spot and perps (crypto, equity, indices) from the same account context. There are no brokers, no custodial layers extracting value, and atomic workflows enable trade→spend/off-ramp without touching a centralized exchange.



Full Non-Custodial Trading: PnL and assets remain in user’s Smart Account.

Figure 26: Non-Custodial Hyperbeat Trade Terminal. Users deposit native BTC, ETH, SOL, or USDC into their Smart Account (self-custodial wallet on HyperEVM). The Hyperbeat Trade terminal connects directly to HyperCore without any custodial layer, routing orders to spot, perpetual, and HIP-3 markets (equity perps, indices). PnL and assets remain in the user’s Smart Account at all times. The Liquid Bank module (spend, credit, savings) connects via the same Smart Account.



3. Self-Custodial by Default. Assets sit in user-controlled smart wallets; spending and credit are contract-governed, not balance-sheet promises. Balances, yields, fees, and liquidations are verifiable on-chain—auditable by users and third parties. Payments, savings, trading, and ramps are composable modules, not siloed services.

The Revenue Architecture. Hyperbeat’s Liquid Banking generates revenue through four mutually reinforcing channels:

1. beatUSD. The Liquid Bank’s base balance is **beatUSD**—a yield-bearing stable balance backed by treasury yield. Users hold spendable dollars that accrue programmatic yield. The protocol captures a configurable share of the treasury yield spread, while idle balances fund rewards (cashback, Hearts, incentives). As users treat beatUSD as their checking and savings account, aggregate balances rise, compounding yield revenue. This yield is non-promotional: more users → larger beatUSD float → larger gross yield → larger rewards budget → better acquisition loop.

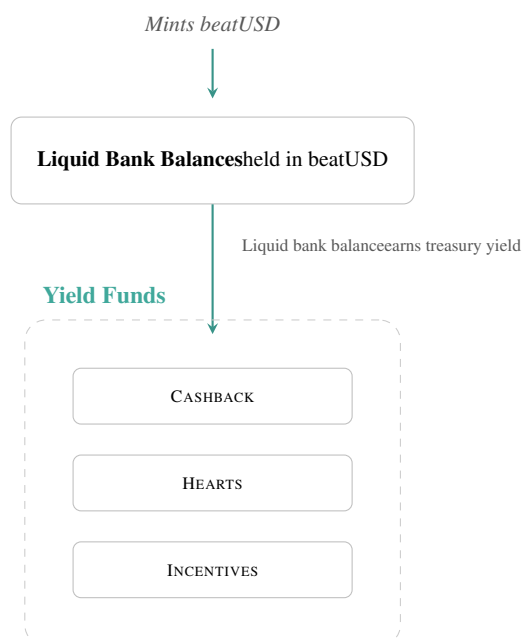


Figure 27: Liquid Bank Deposits. User deposits mint beatUSD—a yield-bearing stable balance. Balances held in the Liquid Bank earn treasury yield programmatically. The yield funds three reward channels: Cashback (direct spend rewards), Hearts (loyalty/engagement points), and Incentives (protocol growth programs). This creates a self-reinforcing loop where larger aggregate balances generate larger yield revenue, funding better rewards and driving further adoption.

2. Credit Yield. Credit Mode borrows against user collateral at a variable APR. A permissionless lending market matches savers (supply) with borrowers (card spenders and traders). Demand for credit pushes the savings yield for beatUSD savers higher: excess beatUSD yield supplements saver APY to keep supply deep while preserving lower borrower APRs. This creates a closed loop: credit spend demand → borrow → saver yield → more deposits → more beatUSD minted → deeper liquidity → stable/low borrow APR.

3. *Hyperbeat Trade*. A unified terminal where users deposit native BTC/ETH/SOL/USDC and trade spot + perps on Hyperliquid (plus HIP-3 markets: equity perps, indices) from the same account that powers payments and credit. Revenue derives from trading fees and rebates (including HIP-3 venues), delta-neutral funding capture strategies tokenized as on-chain savings rails, and in-ecosystem PnL retention that fuels spend, credit collateral, and beatUSD balances.

4. *Pay*. Card and wallet payments generate interchange revenue, funding rewards and expanding the credit loop. Every swipe acquires and retains users through cashback in HYPE/Hearts and BeatPot tickets that recycle into engagement. Interchange revenue combined with beatUSD yield co-funds the rewards budget, reducing reliance on token emissions.

10.3.4 HyperSwap: Native DEX Infrastructure

HyperSwap (`hyperswap.exchange`) is the first native decentralized exchange built on HyperEVM, providing the foundational swap and liquidity infrastructure for the ecosystem's long-tail token economy. While HyperCore's spot order book handles high-volume pairs with deep liquidity and price-time priority, HyperSwap serves a structurally distinct role: it enables permissionless trading and liquidity provisioning for HyperEVM-native tokens—including those launched through LiquidLaunch and other token creation platforms—that have not yet graduated to the HyperCore native spot market. With approximately \$13M in TVL (combined V2 and V3), \$4.1M in annualized fees, and integration across the LiquidLabs ecosystem, HyperSwap is the AMM layer that complements HyperCore's CLOB.

Dual AMM Architecture: V2 and V3. HyperSwap has forked both Uniswap V2 and V3, offering both models under separate categories. **V2 pools** use the constant-product formula ($x \cdot y = k$) with a fixed 0.30% swap fee (0.25% to LPs, 0.05% to protocol), providing continuous liquidity across the full price curve—ideal for long-tail and newly launched tokens where price discovery is still emerging. **V3 pools** support concentrated liquidity with multiple fee tiers (0.01%, 0.05%, 0.30%), allowing LPs to allocate capital within specific price ranges for higher capital efficiency. TVL is heavily concentrated in V3 pools, reflecting a strong preference for concentrated liquidity among HyperEVM participants. Pairs like HYPE/stHYPE that utilize the 0.01% fee tier dominate in trading volume, suggesting a structural trend toward low-fee concentrated pools as HyperSwap's core model. The swap interface automatically routes between V2 and V3 pools to find the optimal execution path.

DLMM: Dynamic Liquidity Market Maker. HyperSwap is developing a **Dynamic Liquidity Market Maker (DLMM)** model, architecturally similar to Meteora on Solana. Like V3, DLMM allows liquidity concentration within price ranges, but deposits liquidity in discrete “bins” that resemble an order book. Within active bins, price formation occurs *without slippage*, and fees vary dynamically when moving between adjacent bins. This model benefits LPs in volatile markets (higher fees from bin transitions) while offering slippage-free trades in stable markets—a hybrid that bridges the gap between AMM and CLOB execution.



Ecosystem Integrations. HyperSwap has established strategic integrations across the HyperEVM ecosystem. Through **LiquidLaunch** (LiquidLabs' token launch platform), HyperSwap supports automated listing and liquidity provision once tokens reach market cap thresholds—creating a seamless pipeline from token creation to exchange listing. Integration with **Looped_HYPE** enables automated looping strategies using staked HYPE, while **Mizu-Labs** bridges Ethereum assets into HyperEVM liquidity. HyperSwap is also a primary routing target for the ecosystem's DEX aggregators (LiquidSwap, Hypertrade), ensuring its pools are accessible to the broadest possible user base. The **\$SWAP** governance token (with an accompanying \$xSWAP liquidity mining token) is planned for a future TGE, with an active points program rewarding early liquidity providers and traders.

Competitive Context. HyperSwap competes primarily with KittenSwap, Ramses, Hybra, and the emerging Hypertrade DEX on HyperEVM. The structural challenge for all HyperEVM AMMs is that Hyperliquid's core strength lies in its fully on-chain CLOB on HyperCore, which offers lower slippage and more efficient capital utilization for major pairs. AMM DEXs on HyperEVM serve a complementary function: providing liquidity for the long-tail of ERC-20 tokens, facilitating token launches, and enabling DeFi composability (LP positions as collateral, automated strategies) that CLOB infrastructure cannot natively support. Projects like Laminar are exploring hybrid AMM/CLOB architectures that bridge HyperEVM liquidity pools to HyperCore's order book, potentially creating a unified liquidity layer across both execution environments. HyperSwap's smart contracts have been audited by PeckShield, with public reports available for verification.

10.3.5 Rysk Finance: The Volatility Income Layer of Hyperliquid

Rysk represents a fundamentally different category of protocol in the Hyperliquid ecosystem—a new on-chain **primitive** that makes covered calls and cash-secured puts accessible to anyone, without requiring options trading experience. Founded by **Jib** (Founder & CTO; X: @Jib0xD) and **Dan Ugolini** (Founder; X: @DanDeFiEd), Rysk positions itself as the **Volatility Income Layer** of DeFi: infrastructure that turns market volatility into recurring income for asset holders. Where Hyperliquid's core infrastructure excels at perpetual futures and spot trading, Rysk fills a critical gap by enabling structured volatility-income products natively on HyperEVM.

Rysk V12: The Core Primitive. The main product, **Rysk V12**, is not a vault or an automated strategy—it is a composable on-chain primitive that enables any user to write covered calls or cash-secured puts on their held assets. The protocol operates through a **Request for Quote (RFQ)** model: when a user specifies their desired strike price and expiry, an on-chain auction sources live bids from multiple counterparties. The best quote is displayed; upon confirmation, the trade executes immediately on-chain and the premium is paid *upfront* directly to the user's wallet in stablecoins. All positions are **physically settled, fully collateralized, and isolated**—there is no liquidation risk, no counterparty exposure, and no pooled capital at risk. Users effectively build their own structured products with their own risk profiles, choosing at what



price they are willing to sell (covered calls) or buy (cash-secured puts).

By March 2026, Rysk V12 has achieved **\$55M+ TVL**, processed **\$400M+ in notional volume**, and generated over **\$7.5M in option premiums** paid to users. Cash-secured puts have emerged as a particularly popular strategy, enabling users to define a price at which they are willing to accumulate assets while earning income on the committed capital.

Maximum Composability: Any Asset as Collateral. A defining differentiator of Rysk is its radical collateral flexibility. Because positions are isolated and fully collateralized at the individual level, users can deposit *any* supported HyperEVM asset and earn volatility income on top of it. Supported collateral includes:

- **Liquid Staking Tokens:** kHYPE, stHYPE, lHYPE—earning staking yield *and* option premiums simultaneously
- **Stablecoins:** USDH, USDT0, USDC—for cash-secured put strategies
- **Native Assets:** HYPE, ETH, BTC, SOL, PUMP—any asset with a perp market on HyperCore

This composability is a structural advantage: a kHYPE holder earning ~8% staking APY can layer covered call premiums on top for combined yields exceeding 20%+. Crucially, Hyperliquid’s infrastructure enables Rysk to offer options on *any asset with a perp market on HyperCore*: counterparties who buy options through the RFQ system can delta-hedge their exposure directly on HyperCore’s order book using native precompiles, benefiting from sub-200ms execution and deep liquidity. It is not Rysk itself that hedges—rather, Hyperliquid’s high-performance infrastructure makes it efficient for counterparties to manage their risk, which in turn enables tighter pricing and broader market coverage across Rysk’s entire asset universe.

Rysk Premium: Institutional Extension. Built *on top of* Rysk V12, **Rysk Premium** is a curated product layer designed for institutions seeking maximum flexibility without managing individual option positions, strikes, expiries, or rolls. On February 4, 2026, NASDAQ-listed Hyperion DeFi (HYPD) became the first institutional participant to deploy volatility income strategies through Rysk Premium [46]—a vault that uses kHYPE, HiHYPE, and USDH as collateral. Access is gated through **HiHYPE** (Hyperion Institutional HYPE), mintable only via the ‘Kinetiq × Hyperion’ validator. Rysk Premium replaces traditional OTC workflows with transparent, fully collateralized on-chain execution—but it is a use case *built on top of* the V12 primitive, not the core product itself. Most of Rysk’s TVL and usage flows through V12 directly.

Strategic Significance. Rysk completes Hyperliquid’s derivatives product stack:



Table 26: Hyperliquid Derivatives Product Stack (March 2026)

Product	Provider	Leverage	Status
Perpetual Futures	HyperCore (native)	Up to 50x	Live
Permissionless Perps	HIP-3 Deployers	Up to 40x	Live
Outcome/Prediction Markets	HIP-4	1x (fully collateralized)	Testnet
Volatility Income Primitive	Rysk Finance (V12)	1x (covered strategies)	Live
Full Options Exchange	Derive	Standard (portfolio margin)	Live
Algorithmic Execution	Quote (QEE)	N/A (execution layer)	Pre-launch

The combination of HyperCore’s sub-200ms latency for counterparty delta-hedging, HyperEVM’s composability for the RFQ primitive, and the deep on-chain order book liquidity for options pricing creates what Rysk describes as an ideal environment for on-chain volatility products—one that no other L1 currently offers. As institutional and retail capital increasingly seeks options-based yield strategies, Rysk positions Hyperliquid to capture a segment of the \$1.5 trillion traditional options market that has been entirely absent from DeFi.

10.3.6 Derive: DeFi’s Largest On-Chain Options Exchange Meets Hyperliquid

Derive (derive.xyz), formerly known as Lyra Finance, is the largest on-chain options exchange in DeFi by open interest (\$850M+) and cumulative trading volume (\$20B+). Originally launched in August 2021 as the first L2-native options protocol on Optimism, the protocol rebranded to Derive in September 2024 and migrated its governance token from LYRA to DRV (1:1 ratio, January 2025). On November 20, 2025, Derive deployed natively on HyperEVM—bringing institutional-grade options and perpetuals infrastructure directly to the Hyperliquid ecosystem.

Architecture. Derive operates a vertically integrated derivatives stack consisting of three layers: the **Derive Chain** (an Ethereum rollup on the OP Stack optimized for high-throughput derivatives settlement), the **Derive Protocol** (a generalized risk engine supporting portfolio margining across options, perpetuals, and spot), and the **Derive Exchange** (a self-custodial, orderbook-based trading interface with RFQ support for institutional block trades). The team includes veterans from Susquehanna International Group, Meta, and Deribit—bridging quantitative TradFi expertise with DeFi-native engineering.

HyperEVM Integration: HYPE as Yield-Bearing Collateral. The Hyperliquid integration is architecturally significant because it enables **HYPE to function as options collateral without leaving Hyperliquid**. The implementation uses a Bridge Vault contract deployed on HyperEVM that holds wrapped HYPE (wHYPE) in escrow while exposing the balance to Derive’s margin engine. Three products are now live for HYPE:

- **HYPE Perpetuals:** Standard perpetual futures on HYPE with portfolio margin



- **HYPE Options (Orderbook):** European-style options with standard strikes and expiries
- **HYPE Options (RFQ):** Request-for-quote system for institutional block trades and custom structures

The critical design constraint is that **HYPE never leaves Hyperliquid**—tokens transfer from HyperCore to HyperEVM but remain within the Hyperliquid security perimeter. No synthetic exposure is created; Derive does not mint derivatives of HYPE or create shadow assets.

Covered Call Yield Strategy. For long-only HYPE holders, the integration enables a natural yield strategy: holding HYPE while selling out-of-the-money call options generates annualized premiums of approximately 7–15% (depending on implied volatility), without unstaking from Hyperliquid or selling HYPE outright. This is equivalent to the covered call strategies that institutional treasury managers execute on equity positions—now available natively on-chain for HYPE. A 1-month, 0.15–0.30 delta call option on HYPE typically generates 60–125 basis points per month in premium income, compounding to significant yield over time.

Competitive Positioning. Derive occupies a unique position in the Hyperliquid options landscape:

Table 27: Options and Derivatives Protocols on Hyperliquid (March 2026)

Protocol	Product	Expiry	Margin	HYPE Options	Status
Derive	Full options + perps	Standard (weekly/monthly)	Portfolio	Yes (orderbook + RFQ)	Live
Rysk	Covered calls / cash-secured puts	Strategy-defined	Fully collateralized	Via RFQ primitive (V12)	Live
HIP-4	Outcome/prediction contracts	Dated	Full collateral	TBD	Testnet

Where Rysk provides the *primitive* for accessible volatility income through covered calls and cash-secured puts via its RFQ model, Derive provides the *active* trading infrastructure—full orderbook, strike selection, Greeks management, and RFQ for institutional size. The two protocols are complementary rather than competitive: institutional participants can use Rysk Premium for curated volatility strategies while accessing Derive’s full options exchange for active trading. Together with Quote’s execution algorithms, the Hyperliquid ecosystem is assembling a derivatives stack that mirrors the full institutional trading workflow: execution (Quote) → options trading (Derive) → yield strategies (Rysk) → all settled on HyperCore.

10.3.7 LiquidLabs: DEX Aggregation, Fair Launches, and Native AMM Infrastructure

LiquidLabs (liqd.ag) is a multi-product DeFi infrastructure suite that has established itself as the primary liquidity routing and token launch layer on HyperEVM. The protocol operates three interconnected products under the \$LIQD token, with 100% of platform revenue distributed to LIQD stakers—creating a direct value accrual mechanism between ecosystem activity and token economics.



LiquidSwap: The HyperEVM DEX Aggregator. LiquidSwap functions as the dominant DEX aggregator on HyperEVM, routing trades across 20+ decentralized exchanges to find optimal rates with minimal slippage. Integrated protocols include KittenSwap, HyperSwap, Laminar, Valantis, Hybra Finance, Gliquid, Ramses, HyperCat, Project X, Curve, and numerous emerging HyperEVM DEXs. By February 2026, LiquidSwap had surpassed **\$2.5 billion in cumulative trading volume**—making it one of the highest-volume aggregators in the Hyperliquid ecosystem. The aggregator routes trades across both HyperEVM and HyperCore markets, bridging the two execution environments into a unified liquidity layer.

LiquidLaunch: The First Native HyperEVM Fair Launch Platform. LiquidLaunch is the first permissionless token launch platform on HyperEVM, enabling anyone to create and deploy ERC-20 tokens with automated bonding curve mechanics—no presales, no private allocations, no reliance on Web2 infrastructure. Launched tokens follow a transparent lifecycle: they are initially traded on the bonding curve, and upon reaching a liquidity threshold, they can be bonded to a decentralized exchange (e.g., HyperSwap) or moved to a Hyperliquid spot auction for HIP-1 native listing. All tokens launched through LiquidLaunch are immediately tradeable through LiquidSwap, creating a seamless pipeline from token creation to ecosystem-wide liquidity.

LiquidCore: Native AMM with Hyperliquid Oracle Integration. LiquidCore is LiquidLabs' proprietary AMM protocol that uses Hyperliquid's native oracle system for pricing data—one of the most modern AMM architectures on any EVM. The protocol provides a single-address router with automatic pool discovery, a REST API for integration, and pool statistics. This oracle-native design means that LiquidCore pools reflect HyperCore's real-time pricing, reducing the arbitrage gaps that plague traditional AMMs with external oracle dependencies.

Underlayer and AI Integration. LiquidLabs is developing the **Underlayer**—a Layer 2 sidechain designed to complement Hyperliquid's Layer 1, providing additional execution capacity for DeFi applications that require higher throughput or specialized computation. Additionally, the platform integrates AI capabilities through a custom-built, fully composable natural language model designed to interface with various data sources via APIs, targeting automated trading analysis and token evaluation. The LIQD token (~\$1M market cap, 1.2B circulating supply) is listed on MEXC and tradeable on HyperSwap V3.



10.4 Ecosystem Growth Metrics

Table 28: HyperEVM Network Statistics (March 2026)

Metric	Value
Total Value Locked	\$1.6B (DeFiLlama)
Daily Transactions	200,000–400,000
Daily Active Users	15,000–20,000
Deployed Protocols	115+
Smart Contracts	1,200+
Chain Ranking (by TVL)	#10
Block Time	~2 seconds (fast blocks)
Gas Fees	Near-zero (EIP-1559 burns)

Galaxy Digital Research noted: “Although activity remains modest compared to HyperCore, HyperEVM has demonstrated steady growth in transaction volume, total value locked, and application development since its launch.”

10.5 Airdrop Farming Ecosystem

The anticipation of Season 2 airdrops has created sophisticated yield farming strategies:

1. **Kinetiq Entry:** Stake HYPE for kHYPE (base yield + Kinetiq points)
2. **Diversification:** Deploy kHYPE across Hyperbeat, HyperLend, Felix
3. **Points Stacking:** Earn points from each protocol simultaneously
4. **Volume Farming:** Trade on HyperCore for volume-based rewards

With 42% of HYPE supply still reserved for future rewards and \$1.5B+ capital flowing into ecosystem protocols since launch, HyperEVM has become the primary venue for Hyperliquid-native DeFi participation.



11 Upcoming Ecosystem Launches

Beyond the protocols already live on Hyperliquid, a pipeline of announced but not-yet-launched projects signals the continued expansion of the ecosystem into fundamentally new verticals. This section profiles the most significant upcoming launches that represent genuinely novel use cases—not forks or clones of existing DeFi primitives, but infrastructure that leverages Hyperliquid’s unique on-chain CLOB architecture to create products that were previously impossible in decentralized environments.

11.1 On-Chain Proprietary Trading: The Final DeFi Frontier

The proprietary trading (“prop firm”) industry generates over \$20 billion in annual revenue in traditional finance, enabling skilled traders to access institutional capital without risking personal funds. Historically, this model has operated exclusively through centralized intermediaries on regulated markets (forex, futures, CFDs). In March 2026, multiple projects announced plans to bring prop trading natively on-chain to Hyperliquid—a structural first for DeFi.

11.1.1 Hypernova: The First Trustless Prop Firm

Hypernova (`hypernova.trade`) is an on-chain prop trading protocol—the first **trustless prop firm**, offering programmatic payouts via smart contracts and fully transparent, verifiable execution logic. Built in-house end to end, the platform delivers best-in-class execution, market coverage, and trading tools on Hyperliquid. By bringing funded trading on-chain, Hypernova targets a billion-dollar market defined by opaque rules, denied payouts, and rented tech stacks—incumbents locked into legacy constraints that systematically underserve their users.

Rebuilding the Model From the Ground Up. Traditional prop firms operate in opaque environments: rules are ambiguous, risk management is a black box, profit calculations rely on trust, and payout denials are endemic. Hypernova rebuilds this model fundamentally. Rules are **explicit, coded, and transparent**—evaluation criteria, drawdown limits, and position constraints are defined in smart contract logic, not discretionary back-office decisions. **PnL is settled into smart contracts:** if a trader passes the evaluation and generates profit within the rules, payouts are programmatic. There is no human gatekeeper between performance and payment.

Hybrid Hedging and Trader Rating. Rather than operating a pure B-book model—where the firm profits directly from trader losses—Hypernova implements a **hybrid hedging model** based on a proprietary **trader rating system**. This architecture is designed to identify trading talent and allocate real capital behind it, scaling exposure up or down based on each trader’s performance history and risk profile. This approach is closer to how hedge funds manage risk than to how traditional prop firms operate: rather than adversarially betting against traders, Hypernova is structurally incentivized to find and back winners.



Purpose-Built Stack. All of this sits on a **purpose-built technology stack**: a custom trading interface and backend that ties the application and trading terminal into one cohesive, fast, modern experience—no rented MetaTrader 4/5 infrastructure. Every component is built in-house, from order routing through Hyperliquid’s HyperCore CLOB to the evaluation engine and payout settlement layer. This vertical integration enables Hypernova to offer:

- **Verifiable Execution:** Every order, fill, and liquidation is recorded on-chain with deterministic execution—traders can independently verify that their fills match the public order book state.
- **24/7 Global Market Access:** Unlike traditional prop firms restricted to forex/futures market hours, Hypernova operates continuously across 200+ perpetual markets including crypto, equities, commodities, and pre-IPO assets via HIP-3.
- **Programmatic Payouts:** Profit splits and distributions are automated through smart contracts on HyperEVM, eliminating the 24–72 hour withdrawal delays and discretionary payout denials that plague centralized prop firms.
- **Transparent Risk Parameters:** All evaluation rules—maximum drawdown, daily loss limits, profit targets, position sizing—are encoded on-chain and auditable by any participant.

Market Context. Hypernova enters a market with significant latent demand. The traditional crypto prop trading sector has grown rapidly (firms like HyroTrader, Crypto Fund Trader, and FTMO’s crypto division collectively serve hundreds of thousands of traders), but all operate through centralized platforms (Bybit, MetaTrader) with the associated counterparty risk and opacity. The structural advantages of on-chain prop trading—verifiable execution, programmatic payouts, transparent rules—represent a categorical improvement over the legacy model, not an incremental one.

The emergence of on-chain prop trading on Hyperliquid creates a powerful flywheel: funded traders generate volume → volume generates protocol fees → fees fund HYPE buy-backs → HYPE price appreciation benefits the ecosystem. If even a fraction of the \$20 billion traditional prop trading market migrates on-chain, the volume impact on Hyperliquid would be substantial—potentially adding billions in monthly perpetual volume from a user segment that is structurally incentivized to trade actively and consistently.

11.2 Perps.fun: The HIP-3 Launchpad by Aura

Perps.fun (perps.fun), built by Aura.money, introduces a fundamentally new primitive to the Hyperliquid ecosystem: a **HIP-3 launchpad** that enables anyone to launch perpetual futures markets on Hyperliquid for \$0—eliminating the \$20 million+ HYPE staking requirement that currently gates HIP-3 deployment.



The Problem. Deploying a HIP-3 perpetual market requires staking 500,000 HYPE (~\$15–20M at current prices). This creates a structural barrier: only well-capitalized teams can participate in permissionless market creation, contradicting the democratic ethos of the HIP-3 framework. Perps.fun solves this by pooling infrastructure and capital requirements under Aura’s existing HIP-3 deployment.

How It Works. The process follows three steps: (1) **Apply**—submit a market proposal, subject to curation; (2) **Curation**—collaborate with Aura’s quant team and infrastructure partners (Kinetiq for HIP-3 launch infrastructure, Native Markets for USDH stablecoin collateral, SEDA for custom oracle computation) to configure risk parameters, oracle feeds, and leverage limits; (3) **Launch**—the perpetual market goes live on Hyperliquid’s HyperCore CLOB, with the deployer earning **50% of all trading fees generated by their market, in perpetuity**. The entire process takes as little as 2–3 weeks.

Strategic Implications. Perps.fun has the potential to dramatically expand the HIP-3 ecosystem by lowering the barrier from “who can afford \$20M in HYPE” to “who has a good market idea.” This creates a long tail of niche perpetual markets—cultural assets, emerging tokens, exotic indices, micro-cap equities—that would never justify the capital cost of a standalone HIP-3 deployment but could collectively generate significant volume. The pooled incentive model (traders on Perps.fun markets earn exposure to Aura and other deployer rewards) creates cross-pollination between markets, while Aura’s quant team handles risk management, oracle maintenance, and liquidity partnerships. Backed by Jsquare, blocmates, and TankDAO, Perps.fun represents the “pump.fun for perps” thesis—democratizing market creation on the most liquid on-chain derivatives venue.

12 Digital Asset Treasuries (DATs)

The emergence of **Digital Asset Treasury** (DAT) companies represents a novel bridge between traditional equity markets and the Hyperliquid ecosystem, enabling public market investors to gain regulated exposure to HYPE.

12.1 Hyperion DeFi (NASDAQ: HYPD)

Hyperion DeFi (formerly Eyenovia, Inc.) became the **first U.S. publicly-listed company** to build a strategic HYPE treasury following a \$50 million PIPE financing in June 2025.



12.1.1 Treasury Strategy

Table 29: Hyperion DeFi HYPE Holdings (Updated March 2026)

Metric	Value
Total HYPE Holdings	~1,427,178 HYPE
Market Value	~\$46.1M
Acquisition Rounds	4+ allocations
Custody Partner	Anchorage Digital
Q3 2025 Net Income	\$6.6M (record)
Net Asset Value	\$74.5M
HYPD Stock Price	~\$3.29 (March 2026)

12.1.2 Strategic Value Proposition

Hyperion DeFi has evolved far beyond a passive buy-and-hold treasury strategy, building differentiated business lines on top of its HYPE holdings:

- **Kinetiq × Hyperion Validator:** A co-branded validator on HyperCore with over 13.21 million staked HYPE tokens (as of October 2025), generating staking yield and ecosystem participation rewards. The validator enables the minting of **HiHYPE** (Hyperion Institutional HYPE), a liquid staking token gated to institutional participants.
- **HAUS (HYPE Asset Use Service):** Revenue-sharing agreements where Hyperion provides the use of HYPE to ecosystem partners. Existing HAUS agreements include Felix Protocol (enabling HIP-3 deployment, shared trading fee revenue) and Credo, creating recurring revenue streams from HYPE deployment.
- **Rysk Premium Volatility Vault:** In February 2026, Hyperion became the first institutional participant to deploy volatility income strategies through Rysk Premium, using kHYPE, HiHYPE, and USDH as collateral for covered call and cash-secured put strategies.
- **HyperLend Private Lending Pool:** In March 2026, Hyperion engaged with HyperLend to create a **permissioned lending pool** on HyperEVM. The pool uses HiHYPE as collateral to access credit at 4.0% APR—replacing traditional debt at 8.0%—with proceeds used to pay down existing obligations. The pool will selectively open to other qualified lenders and borrowers over time.

CEO Hyunsu Jung has stated: “As decentralized finance increasingly converges with institutional capital markets, Hyperion DeFi offers public-market investors direct, regulated exposure to Hyperliquid’s continued global adoption.”



12.2 Hyperliquid Strategies (NASDAQ: PURR)

Hyperliquid Strategies Inc. emerged through the merger of Sonnet BioTherapeutics and Rorschach (a SPAC connected to Paradigm) in November 2025, completing its NASDAQ listing in December 2025.

12.2.1 Corporate Structure

- **Chairman:** Bob Diamond (former Barclays CEO)
- **CEO:** David Schamis
- **Strategic Backers:** D1 Capital, Galaxy Digital, Pantera Capital, Republic Digital, 683 Capital
- **Equity Line of Credit:** \$1 billion maintained for continued HYPE acquisition
- **Stock Buyback:** \$30 million repurchase program authorized (December 2025)

12.2.2 Treasury Holdings and Financials (Updated February 2026)

As of its Q4 2025 earnings release (February 11, 2026), Hyperliquid Strategies has aggressively expanded its treasury:

Table 30: Hyperliquid Strategies Financial Summary (Q4 2025)

Metric	Value
Total HYPE Holdings	~17.6 million tokens
Total Deployed for HYPE	\$129.5M (avg. \$25.9/token)
Total Assets	\$616.7M
Cash and Equivalents	\$281.9M
Stockholders' Equity	\$589.8M
Debt	\$0
Deployable Capital Remaining	~\$125M
Market Capitalization	~\$690M (March 2026)
PURR Stock Price	~\$5.47 (March 12, 2026)

The company established an initial treasury of 12.5 million HYPE tokens and \$300 million in cash at listing, subsequently deploying \$129.5 million to acquire approximately 5 million additional HYPE at an average price of \$25.9. On March 4, 2026, Chairman Bob Diamond and CEO David Schamis **rang the NASDAQ Opening Bell** at MarketSite in Times Square. Analyst coverage includes Cantor Fitzgerald (overweight, \$6 target), Chardan Capital (buy, \$8.45 target), and Weiss Ratings (sell), with a consensus average price target of \$7.23.



12.3 Lion Group Holding (NASDAQ: LGHL)

Lion Group Holding Ltd., a Singapore-based financial services and trading platform, secured a **\$600 million facility from ATW Partners** in June 2025 to establish the world's largest HYPE treasury—the first Asia-listed HYPE treasury vehicle. The strategy extends beyond HYPE to include Solana (SOL) and Sui (SUI), with all assets custodied via **BitGo**. The initial tranche of \$10.6 million closed within 48 hours. As of September 2025, Lion Group held approximately **79,775 HYPE** valued at \$4.5 million—modest relative to the facility, suggesting significant undeployed capital. The company is evaluating secondary listings on the **Tokyo Stock Exchange (TSE)** and **Singapore Exchange (SGX)** to create the first HYPE treasury listed in Asia.

12.4 The MicroStrategy Model for HYPE

The DAT phenomenon mirrors MicroStrategy's Bitcoin treasury strategy, creating new demand vectors. With three NASDAQ-listed vehicles now holding HYPE (Hyperion DeFi, Hyperliquid Strategies, and Lion Group), the combined institutional footprint exceeds \$700 million in market capitalization:

- **Institutional Access:** Pension funds, IRAs, and 401(k)s can access HYPE through regulated equity—a demographic that cannot hold crypto directly
- **Index Inclusion:** DATs may qualify for small-cap indices, driving passive flows from ETFs and index funds
- **Leverage Effect:** Premium-to-NAV trading amplifies HYPE demand beyond the underlying token market
- **Validator Economics:** Large holdings enable direct protocol participation (staking, governance, HAUS agreements)
- **Geographic Diversification:** LGHL's planned TSE and SGX listings would create the first HYPE treasury vehicles accessible to Asian institutional investors



13 Analytics and Transparency Infrastructure

Hyperliquid's commitment to on-chain transparency is supported by a robust ecosystem of analytics platforms, enabling unprecedented visibility into protocol operations and trading activity.

13.1 ASXN Hyperscreener

ASXN Labs operates the most comprehensive analytics dashboard for Hyperliquid at `hyperscreener.asxn.xyz`, providing:

- **Protocol Revenue:** Real-time fee tracking across perps, spot, and HLP
- **Builder Analytics:** Revenue, volume, and user metrics for HIP-3 deployers
- **Auction Data:** 31-hour Dutch auction pricing and ticker allocation history
- **Token Holder Trends:** Distribution analysis and whale tracking
- **Staking Metrics:** Validator performance, delegation flows, and APY calculations
- **Portfolio Tracking:** Individual wallet analytics, PnL, and trade history

According to ASXN data, Hyperliquid achieved in 2025:

- 609,700 new users
- \$2.95 trillion cumulative volume
- \$844 million total revenue
- \$3.87 billion net inflows
- 198.9 billion transactions processed

By March 2026, cumulative all-time volume surpassed \$4 trillion, with cumulative revenue exceeding \$1 billion. Monthly perp volume consistently exceeded \$200 billion through January and February 2026.

13.2 HypurrScan: The Native L1 Explorer

HypurrScan (`hypurrscan.io`) serves as the community-built explorer for Hyperliquid L1, developed by Syavel. Key features include:

- **24-Hour Revenue:** Rolling protocol revenue metrics
- **TWAP Monitoring:** Time-weighted average price execution tracking
- **Transaction History:** Complete on-chain activity for any address
- **Liquidation Tracking:** Real-time ADL and liquidation event monitoring



- **Validator Analytics:** Staking flows and validator performance

HypurrScan operates as a Hyperliquid validator, contributing to network security while providing infrastructure services.

13.3 Hyperscan: The Official HyperEVM Explorer

Hyperscan (hyperscan.com) is the official blockchain explorer for HyperEVM, powered by Blockscout—the same infrastructure behind Etherscan.

13.3.1 Unique Partnership Model

Notably, Hyperliquid secured Blockscout integration without the standard fee arrangements that other L1/L2 chains pay. This partnership reflects:

- Blockscout’s recognition of Hyperliquid’s strategic importance
- The protocol’s leverage from organic adoption rather than paid integrations
- Alignment with Hyperliquid’s zero-fee philosophy for infrastructure

13.4 Builder Ecosystem Analytics

The Hyperscreener data reveals the composition of Hyperliquid’s builder ecosystem:

Table 31: Top Hyperliquid Builders (2025)

Builder	Volume	Users	Category
BasedApp	\$44.36B	28,900	Trading Interface
Phantom	\$34.80B	56,900	Wallet
PVP.Trade	\$16.51B	28,040	Social Trading
Insilico	\$30.21B	1,580	Professional Terminal

The ecosystem achieved:

- 8.58 million cumulative builder users
- \$66.06 million builder code fees
- 176+ active builders

13.5 HyperTracker: Real-Time Wallet Intelligence

HyperTracker (hypertracker.io), built by the CoinMarketMan (CMM) team, is a live analytics platform that exploits Hyperliquid’s fully on-chain transparency to deliver institutional-grade wallet intelligence—something fundamentally impossible on centralized exchanges. The platform runs a dedicated read-only node directly on Hyperliquid, ingesting the entire public



chain state in real time to produce global insights across every perpetual trader with an open position. Key capabilities include:

- **Wallet Cohort Analysis:** Traders grouped by size (\$1K–\$10M+) and by PnL (top performers, break-even, underwater), with real-time wallet counts, position biases, profit splits, and liquidation risk metrics per cohort
- **Global Heatmap:** Real-time sentiment visualization across the entire chain—long/short bias, exposure concentration, and liquidation clusters
- **Builder Analytics:** Live revenue leaderboard tracking all Hyperliquid builders (Phantom: \$1.6M+ revenue in under two months; BasedApp, PVP.Trade) with 24h/7d/30d comparisons
- **Public API:** Full REST API for developers to build analytics dashboards, portfolio trackers, and institutional intelligence tools on top of HyperTracker’s indexed data

HyperTracker is also available as a mobile app (iOS and Android) with push notifications for fills, liquidations, and whale position changes—used by 700+ active traders. The platform exemplifies a category of product that can *only* exist on Hyperliquid: because every order, position, and liquidation is recorded on-chain, HyperTracker can deliver insights that would require proprietary exchange data feeds on any centralized platform.



14 Institutional Adoption

Hyperliquid's institutional adoption trajectory demonstrates the protocol's transition from retail-dominated DeFi venue to institutional-grade infrastructure.

14.1 ARK Invest Recognition

In September 2025, ARK Invest CEO Cathie Wood publicly compared Hyperliquid to early-stage Solana, calling it “the new kid on the block” during an interview on the Master Investor podcast.

Wood stated: *“It’s exciting. It reminds me of Solana in the earlier days, and Solana has proven its worth and is, you know, there with the big boys.”*

While ARK's public funds remain concentrated on Bitcoin, Ethereum, and Solana, Wood confirmed that the firm is actively tracking Hyperliquid's development and consulting with economist Art Laffer, who has advisory ties to the project.

14.2 Venture Capital Positioning

According to on-chain analyst MLM (@mlmabc), who operates the leading Hyperliquid intelligence channel, several major institutional players have accumulated significant HYPE positions:

14.2.1 Paradigm Holdings

As of November 2025, Paradigm holds approximately:

- 19,141,655 HYPE across 19 addresses
- Value: ~\$763 million at time of analysis
- Represents 1.91% of total supply, 5.73% of circulating supply
- Largest institutional holder of HYPE

14.2.2 a16z Acquisition

In September 2025, Andreessen Horowitz (a16z) acquired:

- 1,428,000 HYPE from Anchorage Digital
- Value: \$66.6 million at acquisition
- Transaction confirmed via on-chain analysis by @mlmabc



14.3 MLM: The On-Chain Detective

MLM (@mlmabc on X, Telegram: @mlmonchain) has established himself as the preeminent on-chain analyst for Hyperliquid, providing institutional-grade intelligence including:

- **Whale Tracking:** Real-time monitoring of large position movements
- **Cluster Analysis:** Identifying related wallet groups among top holders
- **Institutional Flow:** Tracking fund accumulation and distribution patterns
- **Liquidation Alerts:** Early warning on leveraged position risks

Notable discoveries include the identification of a “weird cluster” holding 4,363,073 HYPE (\$158.2M), placing it among the top 10 holders—demonstrating the value of on-chain transparency for market intelligence.

14.4 Bitwise ETF Filing

In September 2025, Bitwise Asset Management filed for a spot Hyperliquid ETF, signaling institutional confidence in HYPE’s long-term viability. The filing came amid intensifying competition in the perp DEX space, positioning HYPE alongside Bitcoin, Ethereum, and Solana as an ETF-eligible digital asset.



14.5 Institutional Validation at Scale

14.5.1 NASDAQ-Listed Treasury Vehicles

Hyperliquid Strategies Inc. (NASDAQ: PURR) reported Q4 2025 results showing total assets of \$616.7 million (\$281.9 million cash, \$327.6 million in ~17.6 million HYPE tokens) with stockholders' equity of \$589.8 million and no debt [45]. A \$1 billion shelf registration was filed for ongoing HYPE acquisition. The company is chaired by Bob Diamond (former Barclays CEO), with Cantor Fitzgerald initiating coverage with a Buy rating.

Hyperion DeFi (NASDAQ: HYPD) holds approximately 1.72 million HYPE tokens and launched the “HiHYPE” institutional vault product through a partnership with Rysk Protocol on February 4, 2026 [46].

Lion Group Holding (NASDAQ: LGHL) secured a \$600 million facility from ATW Partners to build a dedicated HYPE treasury [47].

14.5.2 ETF Filing Proliferation

Table 32: HYPE ETF Filings and Products (as of March 2026)

Issuer	Product	Filed	Fee	Status
Bitwise	Spot HYPE ETF (BHYP)	Sep 2025	0.67%	SEC review (deadline ~May 2026)
21Shares	Spot HYPE ETF	Oct 2025	TBD	S-1 filed
21Shares	2x Leveraged HYPE ETF	Jan 2026	TBD	S-1 filed
VanEck	Spot Staking HYPE ETF	Nov 2025	TBD	S-1 filed
CoinShares	HYPE Staking ETP (LIQD)	Feb 2026	0%	Live on Xetra

CoinShares' LIQD became the **first physically-backed HYPE investment product** in Europe, launched February 24, 2026 with a 0% management fee and 0.5% annual staking yield [48].

14.5.3 Ripple Prime Integration

On February 4, 2026, Ripple integrated Hyperliquid into **Ripple Prime**—its institutional prime brokerage servicing 300+ institutional clients and clearing approximately \$3 trillion annually [49]. Hyperliquid became the **first DeFi venue** integrated into Ripple Prime, enabling cross-margining between on-chain derivatives and traditional assets.

14.5.4 Cantor Fitzgerald Coverage

Cantor Fitzgerald released a 62-page research report in December 2025 projecting a **\$200 billion long-term market cap** for HYPE, modeling \$5 billion in annual fee revenue at 15% annual volume growth. The firm initiated Overweight coverage on both PURR (target \$5) and HYPD (target \$4), framing Hyperliquid as the “exchange of all exchanges.”



14.6 The Hyperliquid Policy Center

On February 18, 2026, Hyperliquid launched the **Hyperliquid Policy Center (HPC)**—a 501(c)(4) nonprofit research and advocacy organization based in Washington, D.C., funded with 1 million HYPE tokens (~\$28–29 million) from the Hyper Foundation [51]. The HPC is led by **Jake Chervinsky**, former Chief Policy Officer at the Blockchain Association and CLO at Variant, with a team including former Sullivan & Cromwell attorneys and policy specialists.

The HPC's focus on advancing regulatory frameworks for perpetual derivatives and blockchain-based financial infrastructure represents a significant maturation—the first dedicated D.C. policy operation for a DeFi protocol of this scale. Hyperliquid Labs has proactively submitted comments to the CFTC on DeFi regulation for perpetual swaps, while the protocol maintains no KYC requirement for regular users despite the U.S. being the top traffic source at 17.32% of 3.6 million monthly visits.

14.7 Mainstream Financial Media Recognition

A significant marker of Hyperliquid's institutional legitimacy is the breadth and depth of coverage from tier-one financial media outlets—publications that have historically ignored or marginalized DeFi protocols. By early 2026, Hyperliquid has been featured in virtually every major financial news organization, signaling that the protocol has transcended the crypto-native information bubble and entered mainstream financial consciousness.



Table 33: Hyperliquid Coverage in Mainstream Financial Media (2025–2026)

Publication	Date	Coverage Focus
Wall Street Journal	Mar 14, 2026	“Oil Futures, Perpetual Contracts”—dedicated WSJ coverage of Hyperliquid’s commodity perpetuals as an emerging venue for oil price discovery alongside CME and ICE, marking the first time the WSJ has profiled a DeFi protocol’s derivatives product in its commodities/futures section
Bloomberg	Mar 9, 2026	“Oil Trades Are Booming on 24/7 Crypto Exchange Hyperliquid”—WTI perpetual contract flipped ETH to become second-most traded market; \$1.2B 24h volume; described as “the crypto exchange fast emerging as a round-the-clock venue for leveraged commodity bets”
Bloomberg	Mar 7, 2026	“Crypto Markets Track War Risk as Iran Conflict Endures”—Hyperliquid’s oil, gold, and silver perpetuals described as “the only open window into how traders are pricing the continuing conflict in the Middle East”
Bloomberg	Oct 2025	“Crypto’s \$19 Billion Wipeout Shows Centralization Risks”—Hyperliquid cited as processing \$10B+ of \$19B in liquidated leveraged bets
CoinDesk	Mar 10, 2026	“Hyperliquid’s Tokenized Futures Hit \$1.2B”—record HIP-3 OI; only 7 of top 30 markets are crypto pairs; Arca quote on RWA trading “in meaningful size”
CoinDesk	Mar 9, 2026	“Oil Rally Crushes \$37 Million in Crypto Shorts”—\$36.9M short liquidations on CL-USDC; largest single-asset liquidation event outside BTC/ETH
CoinDesk	Feb 28, 2026	“Oil-Linked Futures on Hyperliquid Surge 5% After U.S.-Israel Strike on Iran”—first weekend commodity coverage; Strait of Hormuz risk
Benzinga	Mar 10, 2026	“Hyperliquid Token Jumps 35% To Top Billion-Dollar Crypto Charts in 2026”—HYPE as top-performing \$1B+ token YTD; oil at 18% of total volume; \$4.61B net deposits
Fortune	Feb 2026	“Hyperliquid launches DeFi-focused policy shop”—Hyperliquid Policy Center and Jake Chervinsky
Fortune	Jan 2026	“DeFi has earned a seat at the grown-ups table”—Jeff Yan profile; “biggest new player in crypto—11 people, no VC funding”; \$600M+ annual revenue
Wall Street Journal	2025	Referenced in corporate crypto treasury coverage; \$85B+ raised in 2025 with Hyperliquid Strategies as prominent example
Yahoo Finance	Jul 2025	“What Wall Street and Analysts Are Saying”—Paradigm, Galaxy Digital, D1 Capital institutional demand
Blockworks	Dec 2025	“Hyperliquid: The Frontend Wars”—in-depth analysis of builder code economics and the “AWS of liquidity” thesis
Stocktwits	Mar 5, 2026	“HYPE Rallies While Traders Flood Oil, Gold And Bitcoin Perps Amid Iran Tensions”—commodity perps as hedging instruments
Bankless	Dec 2025	“Hyperliquid & The Year Perps Caught Fire”—annual review; 4th-ranked by revenue across all of crypto; \$650M+ generated
Cantor Fitzgerald	Dec 2025	62-page equity research report; Overweight on PURR and HYPD; \$200B long-term HYPE market cap projection

The significance of this media footprint extends beyond brand recognition. The **Wall Street Journal**’s March 14, 2026 coverage of Hyperliquid’s oil perpetual contracts in its commodities/futures section—alongside coverage of CME and ICE—represents a watershed moment: a tier-one financial broadsheet treating a DeFi protocol’s derivatives product as a legitimate commodity venue, not a crypto curiosity. **Bloomberg**’s three separate articles in March 2026 alone—describing Hyperliquid variously as “the only open window” for pricing Middle East conflict risk, a “round-the-clock venue for leveraged commodity bets,” and a platform where oil has become “the momentum trade of choice”—establish a narrative arc in which Hyperliquid is increasingly covered by the same journalists who cover COMEX, ICE, and the CME. **CoinDesk**’s real-time coverage of the \$36.9 million short liquidation event and \$1.2 billion OI record treated Hyperliquid’s commodity markets with the same analytical rigor typically



reserved for centralized derivatives exchanges. And **Benzinga**’s characterization of HYPE as the top-performing billion-dollar token of 2026—in the same article discussing \$1.77 billion in daily oil volume—illustrates the feedback loop between protocol activity and token performance that mainstream financial media now actively tracks.

For a protocol with 14 employees and zero venture capital funding, this level of mainstream financial media penetration is historically unprecedented in DeFi. It serves as a leading indicator of the broader institutional capital flows—from ETF filings to NASDAQ-listed treasury vehicles—that are reshaping Hyperliquid from a crypto-native phenomenon into a recognized participant in global financial infrastructure.

14.8 Builder Code Revenue: The Distribution Layer Economics

Hyperliquid’s Builder Code system—which allows any frontend, wallet, or application to attach a fee code to orders routed through Hyperliquid—has generated a transformative revenue layer. Over **\$66 million in cumulative builder code fees** have flowed to third-party developers across **\$209.6 billion in total builder volume**, onboarding **8.58 million builder users** (ASXN, March 13, 2026). Approximately **20–35% of Hyperliquid’s daily volume** now routes through third-party builder code frontends rather than the native UI. The top three builders alone—Phantom (\$17.44M), BasedApp (\$14.06M), and PVP.Trade (\$7.83M)—have collectively captured over \$39 million in cumulative fees, with the ecosystem expanding from crypto-native trading bots to mainstream wallets (Phantom, MetaMask, Rabby), DeFi super apps (Infinex), professional terminals (Insilico), CEX extensions (Byreal), cross-chain platforms (Axiom), HIP-3 aggregators (Dreamcash), bot automation (WunderTrading), and data platforms (Velo).

Table 34: Top Hyperliquid Builders by Volume and Fees (ASXN, March 13, 2026)

Rank	Builder	Type	Cum. Volume	Cum. Fees	Total Users
1	Based	Trading Interface	\$44.36B	\$14.06M	28,900
2	Phantom	Wallet (Mobile/Desktop)	\$34.80B	\$17.44M	56,900
3	Insilico	Professional Terminal	\$30.21B	\$2.99M	1,580
4	Axiom	Cross-Chain Terminal	\$21.42B	\$2.15M	27,430
5	PVP.Trade	Social/Copy Trading	\$16.51B	\$7.83M	28,040
6	MetaMask	Wallet (Mobile Perps)	\$6.41B	\$4.84M	8,050
7	Infinex	DeFi Super App	\$5.23B	\$2.63M	3,280
8	Dreamcash	HIP-3 Deployer + Aggregator	\$4.76B	\$1.41M	506
9	Mass	Trading Platform	\$2.19B	\$1.24M	895
10	Rabby	DeFi Wallet (2 bps fee)	Est. \$1.5B+	Est. \$0.9M+	35,000+
11	WunderTrading	Bot Automation (DCA/Grid)	Active	Active	30,000+
12	Pear Protocol	Pair/Basket OEMS	Active	Active	Active
13	Byreal	CEX-Incubated DEX (Bybit)	Launch Week	TBD	New
14	Velo	Chart-to-Trade Platform	Launch Day	TBD	New
Total (All 176+ Builders)			\$209.60B	\$66.06M	8.58M

Note: Table ranked by cumulative volume. Phantom leads by fees (\$17.44M) despite lower volume than Based (\$44.36B) due to a higher builder fee rate (5 bps vs. Based’s lower rate). Insilico’s exceptionally high volume (\$30.21B) relative to its fee capture (\$2.99M) reflects its 1 bps fee—the lowest in the ecosystem—targeting professional traders who prioritize cost minimization. An unnamed builder (0x999a4b) ranks 8th by volume (\$7.25B, \$1.44M fees) but is excluded from this named table.



Structural Significance. The builder economics create a powerful flywheel that distinguishes Hyperliquid from every other DEX. Phantom—a wallet with zero trading infrastructure of its own—has captured \$17.44 million in cumulative fees simply by routing its users’ perpetual trades through Hyperliquid’s CLOB. Insilico Terminal, with only 1,580 users, has routed \$30.21 billion in volume—demonstrating the institutional-grade trader demographic that professional terminals attract. Infinex, founded by Synthetix creator Kain Warwick, achieved \$5.23 billion in volume and \$2.63 million in fees. Rabby differentiates through the lowest builder fee in the ecosystem at 2 basis points, targeting cost-sensitive DeFi power users. And with Velo’s March 13, 2026 launch, even data platforms now monetize through builder codes—collapsing the gap between chart analysis and trade execution. This revenue model, where wallets and frontends monetize through builder codes rather than token issuance, represents a structural shift: applications no longer need to launch tokens to generate sustainable revenue.

As Blockworks noted, this architecture pushes Hyperliquid “away from the fully-integrated crypto exchange model and closer to the layered intermediation of traditional equities”—where execution venues (HyperCore) and distribution frontends (builders) operate as distinct economic layers. The risk, as Blockworks also highlighted, is that if competing venues like Lighter offer builder rebates atop a zero-fee model, builders could route flow away from Hyperliquid entirely, commoditizing the settlement layer. For now, Hyperliquid’s liquidity moat and HIP-3 market diversity make this unlikely.



15 Leadership and Vision: The Jeff Yan Story

Behind Hyperliquid's technical excellence and market dominance stands **Jeff Yan** (@chameleon_jeff), a founder who has redefined what is possible in decentralized finance through relentless focus on product and deliberate avoidance of the typical Silicon Valley playbook.

15.1 Background and Philosophy

Jeff Yan's path to building Hyperliquid reflects an unconventional journey:

- **Physics Olympiad:** Gold medal at 2013 International Physics Olympiad representing the United States
- **Education:** Mathematics and Computer Science at Harvard University
- **High-Frequency Trading:** Early career at Hudson River Trading, mastering low-latency systems
- **Market Making:** Founded Chameleon Trading in 2020, becoming one of crypto's largest market makers
- **FTX Catalyst:** Witnessed the exchange collapse firsthand, motivating the decentralized alternative

15.2 The Bootstrap Philosophy

Jeff's decision to reject venture capital funding stands as a foundational principle:

"We didn't need to raise, so the decision was easy. Having venture capitalists own a large stake in a decentralized network would be a scar on the network and compromise its long-term development."

This philosophy enabled:

- **31% Community Airdrop:** Largest user-focused distribution in crypto history
- **Zero VC Allocation:** No insider token sales or preferential allocations
- **Product Focus:** No investor pressure for short-term metrics or premature announcements
- **Team Lean:** Just 10–11 core contributors building \$2T+ volume platform



15.3 Roadmap Execution

Jeff's execution track record demonstrates methodical delivery:

Table 35: Hyperliquid Development Milestones

Date	Milestone
December 2023	Mainnet launch (Alpha phase)
Q1 2024	\$1B daily volume achieved within 100 days
November 2024	HYPE token genesis; 31% airdrop to users
February 2025	HyperEVM mainnet launch
July 2025	HIP-3: Permissionless perpetual deployment
September 2025	USDH stablecoin governance vote
October 2025	First ADL activation—system resilience proven
January 2026	Liquidity depth exceeds Binance for BTC
February 2026	HIP-4 Outcome Trading announced (testnet)
February 2026	Ripple Prime institutional integration
February 2026	Hyperliquid Policy Center launched (D.C.)
March 2026	Commodity perps serve as global crisis venue

15.4 The Vision

Jeff's articulation of Hyperliquid's mission is characteristically direct:

“Our core philosophy is: cryptocurrency will change the way finance works. Traditional finance will eventually migrate to cryptocurrency. Hyperliquid will become the basic platform for these financial activities.”

The strategy is iterative improvement over milestone-driven hype cycles. As he noted: *“If something can be built by someone else, it should be built by someone else.”* This humility belies the ambition—building the infrastructure layer for all of global finance.

15.5 Recognition

In December 2025, CoinDesk named Jeff Yan to its “Most Influential” list, recognizing him alongside the industry's most impactful figures. The recognition noted his “quiet focus” in a market that is “often loud and erratic,” highlighting how Hyperliquid achieved dominance “without hype, investor backing, or a large team—just 11 core contributors, a vision rooted in technical precision, and a relentless focus on product.”

15.6 The Community Contributors

While Jeff leads the technical vision, Hyperliquid's success depends on community contributors who extend the ecosystem's reach:

MLM (@mlmabc) has become the protocol's most recognized on-chain analyst, providing the transparency and intelligence that institutional adopters require. His Telegram channel



(@mlmonchain) serves as the de facto source for whale movements, institutional flows, and market intelligence—embodying the transparent, community-driven ethos that Jeff established.

The Hyperliquid Foundation has recognized community contributions, including a 10,000 HYPE donation (~\$254,000) to blockchain investigator ZachXBT, demonstrating the protocol’s commitment to supporting the broader ecosystem.

16 The Vision: Becoming the House of All Finance

The convergence of Hyperliquid’s technical capabilities, market position, and strategic trajectory supports the thesis that the protocol is positioned to become the dominant infrastructure layer for global finance.

16.1 The Infrastructure Thesis

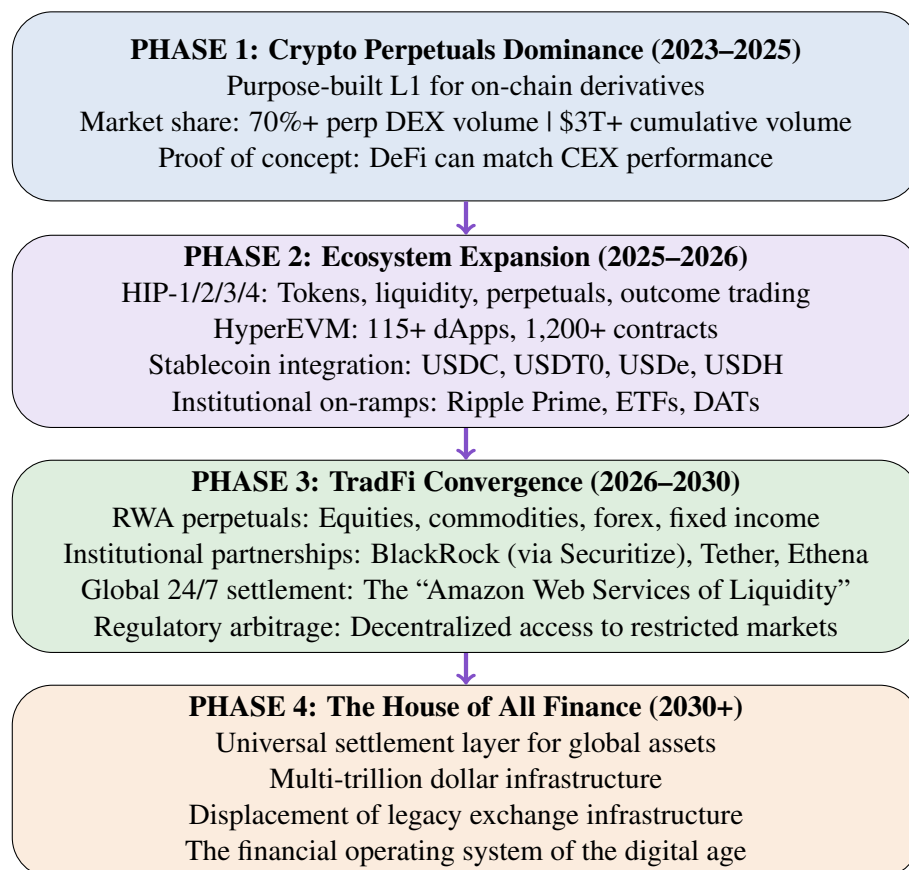


Figure 28: Hyperliquid Strategic Trajectory: From crypto perpetuals dominance through ecosystem expansion and TradFi convergence toward becoming the universal financial settlement infrastructure.

16.2 Supporting Evidence

16.2.1 Technical Superiority

No competing infrastructure matches Hyperliquid's combination of:

- Sub-200ms finality with deterministic settlement
- 200,000+ OPS throughput scaling to 1M+
- Fully on-chain order book with transparent execution
- Native EVM compatibility for DeFi composability
- Gas-free trading eliminating friction

16.2.2 Economic Moat

The self-reinforcing economics create durable advantages:

- Organic revenue (~\$944M annualized) funds token buybacks, not mercenary incentives
- No VC overhang pressuring short-term metrics
- Community ownership (70% distribution) aligns stakeholders
- Builder economics (HIP-3 fee share) decentralizes growth

16.2.3 Strategic Positioning

The convergence with TradFi is accelerating:

- Tether integration provides the largest stablecoin ecosystem
- Ethena/BlackRock partnership brings institutional credibility
- HIP-3 RWA markets (gold, silver, S&P 500) demonstrate demand
- 24/7 trading addresses fundamental TradFi inefficiencies

16.3 Updated Risk Assessment (Q1 2026)

The risk profile has both sharpened and evolved:

1. **Validator Centralization:** Despite expanding to 21 nodes, the Foundation controls ~81% of staked HYPE. Closed-source node software exacerbates this concern.
2. **Commodity Perp Liquidity Risk:** The Iran crisis demonstrated both the utility and fragility of commodity markets—\$37M in oil short liquidations occurred in a single session, with thin liquidity amplifying price dislocations.



3. **ADL Mechanism Over-Correction:** Academic analysis (Chitra et al., arXiv: 2512.01112) found the October 2025 ADL overshoot minimum necessary adjustments by approximately $28\times$, destroying \$45–51.7M in excess profits.
4. **Regulatory Arbitrage Fragility:** A January 2026 Massachusetts court injunction against Kalshi's sports betting contracts creates precedent risk for HIP-4 outcome markets. The U.S. remains the largest user base despite explicit geographic restrictions.
5. **HIP-3 Manipulation Surface:** The POPCAT attack (November 2025)—19 coordinated wallets, \$4.9M HLP bad debt—demonstrated that thin-liquidity HIP-3 assets remain vulnerable to sophisticated manipulation.
6. **Competitive Volume Erosion:** Volume market share declined from $\sim 75\%$ to $\sim 28\%$ as competitors (Aster, Lighter, EdgeX) launched aggressive incentive programs, though open interest share remains dominant at $\sim 48\%$.

16.4 Risk Factors

The thesis faces legitimate challenges:

1. **Competitive Pressure:** Aster, Lighter, and future entrants continue to challenge market share through aggressive incentives and zero-fee models.
2. **Regulatory Uncertainty:** The permissionless nature of HIP-3 perpetuals may attract regulatory scrutiny, particularly for RWA derivatives.
3. **Centralization Concerns:** Despite decentralization progress, validator concentration and closed-source core code remain points of criticism.
4. **Technical Risk:** As a novel, purpose-built L1, unforeseen vulnerabilities could emerge under stress conditions.
5. **Token Supply Dynamics:** 38.9% of supply remains in future emissions reserves, representing potential dilution.



17 Conclusion

Hyperliquid represents the maturation of the decentralized exchange thesis from theoretical promise to operational reality. Through rigorous optimization of its technical stack for the specific requirements of financial markets, the protocol has achieved what was previously considered impossible: institutional-grade trading performance with full on-chain transparency and self-custody.

The strategic evolution from crypto perpetuals (Phase 1) through ecosystem expansion via HIPs (Phase 2) to TradFi integration (Phase 3) reveals a coherent roadmap toward becoming “the blockchain to house all finance.” The technical foundation supports this ambition; the economic model creates sustainable value accrual; and the strategic partnerships with Tether, Ethena, and institutional tokenization platforms provide the rails for traditional asset migration.

The Q1 2026 developments presented in Section 16 materially strengthen this thesis. HIP-4’s introduction of outcome trading extends HyperCore’s contract primitive set from a single instrument type to three (perpetuals, spot, and outcome contracts), expanding the addressable market into the multi-billion-dollar prediction market and options arena. The commodity perpetuals crisis moment during the March 2026 Iran–Israel escalation—where Hyperliquid served as one of the only global venues for real-time leveraged oil and gold price discovery while traditional markets were closed—demonstrated organic, non-crypto-native product-market fit that transcends the protocol’s origins as a crypto derivatives exchange.

The institutional scaffolding has now reached critical mass: three NASDAQ-listed treasury vehicles holding hundreds of millions in HYPE, four major ETF filings with CoinShares already live in Europe, Cantor Fitzgerald projecting a \$200 billion long-term market cap, Ripple Prime integration connecting 300+ institutional clients, and a Washington D.C. policy center led by the former Blockchain Association Chief Policy Officer. Combined with net-deflationary tokenomics (a \$1 billion token burn plus ongoing AF burn rate that consistently exceeds actual team token distributions) and cumulative revenue exceeding \$1 billion from a team of just 14 people, Hyperliquid has constructed what may be the most capital-efficient financial infrastructure operation in crypto history.

Whether Hyperliquid achieves its full potential as the global settlement layer for 24/7 financial markets depends on execution against competitive threats, regulatory navigation, and continued technical innovation. However, the foundation has been laid for what could become the most significant infrastructure development in financial market history: the creation of a unified, permissionless, globally accessible system for the trading and settlement of all assets.

The house of all finance is being built. Hyperliquid is its foundation.

“Hyperliquid is the blockchain to house all finance. For the first time, build projects, create value, and exchange assets on the same hyper-performant chain.”

— Hyper Foundation (2025)



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A Technical Specifications Summary

Table 36: Hyperliquid Technical Specifications

Component	Specification
Consensus	
Algorithm	HyperBFT (HotStuff derivative)
Block Finality	One-block (deterministic)
Median Latency	0.1–0.2 seconds
Fault Tolerance	33% Byzantine
Validator Set	21 active validators (DPoS)
HyperCore	
Language	Rust
Order Throughput	200,000 OPS (scalable to 1M+)
Trading Model	Central Limit Order Book (CLOB)
Gas for Trading	Zero (protocol-subsidized)
Margin Mode	Cross and Isolated
Max Leverage	50x (perps), Variable (HIP-3)
HyperEVM	
Compatibility	Ethereum Virtual Machine
Small Block Gas	2M (every ~2 seconds)
Big Block Gas	30M (every ~60 seconds)
Tooling	Hardhat, Foundry, Standard EVM
Token (HYPE)	
Max Supply	1,000,000,000
Community Allocation	~70%
Burn Mechanism	Assistance Fund (99% of fees)
Staking Minimum	10,000 HYPE (validators)
HIP-3 Stake	500,000 HYPE (deployers)



B Glossary of Terms

ADL	Auto-Deleveraging—last-resort mechanism that closes profitable positions to maintain platform solvency when liquidations exceed insurance capacity.
BFT	Byzantine Fault Tolerance—consensus property allowing correct operation despite malicious participants.
CCTP	Cross-Chain Transfer Protocol—Circle’s infrastructure for secure USDC transfers across blockchains.
CDP	Collateralized Debt Position—mechanism for minting stablecoins against deposited collateral, used by Felix Protocol for feUSD.
CLOB	Central Limit Order Book—trading mechanism matching discrete buy/sell orders by price-time priority.
DAT	Digital Asset Treasury—publicly-traded company holding cryptocurrency as primary treasury reserve (e.g., HYPD, PURR).
DPoS	Delegated Proof of Stake—consensus mechanism where token holders delegate voting power to validators.
EaaS	Exchange-as-a-Service—Kinetiq’s model enabling builders to deploy HIP-3 exchanges without capital requirements through crowd-funded staking.
exLST	Exchange-specific Liquid Staking Token—risk-isolated LST tied to a specific HIP-3 exchange deployment (e.g., kmHYPE for Markets.xyz).
Growth Mode	HIP-3 feature reducing taker fees by 90%+ for new markets to bootstrap liquidity.
HIP	Hyperliquid Improvement Proposal—formal mechanism for protocol upgrades.
HLP	Hyperliquid Protocol Vault—shared liquidity and backstop pool providing market making and liquidation absorption.
Hyperp	Hyperliquid-only perpetual contract that does not require underlying spot or index oracle price, used for pre-launch markets.
HyperBFT	Hyperliquid’s custom consensus algorithm derived from HotStuff.
HyperCore	Hyperliquid’s native execution layer for high-performance trading primitives.
HyperEVM	Ethereum-compatible smart contract environment on Hyperliquid.



kHYPE	Kinetiq Staked HYPE—liquid staking token representing staked HYPE with automatic yield accrual.
LST	Liquid Staking Token—tokenized representation of staked assets that remains transferable and DeFi-composable.
OPS	Orders Per Second—measure of trading engine throughput capacity.
RWA	Real-World Assets—traditional financial instruments (stocks, bonds, commodities) tokenized on blockchain.

StakeHub

Kinetiq’s autonomous validator management system using algorithmic selection and rebalancing.

TVL	Total Value Locked—aggregate value of assets deposited in a protocol.
TWAP	Time-Weighted Average Price—order type splitting large trades into 30-second suborders with 3% max slippage.
USDH	Hyperliquid’s native stablecoin issued by Native Markets with Black-Rock/Superstate reserve backing.
USDT0	Tether’s omnichain stablecoin standard built on LayerZero.
HIP-4	Outcome Trading—HyperCore primitive enabling fully collateralized, dated contracts for prediction markets and bounded options-like instruments.

Outcome Contract

Fully collateralized contract settling within a fixed range (0–1 for binary markets), with no leverage, no liquidation risk, and oracle-free price discovery.

Hy-CO	Hyperliquid Continuous Offering—proposed HIP-6 mechanism for permissionless token issuance auctions using sequential clearing on the native CLOB.
AF2	Assistance Fund 2—proposed HIP-5 mechanism to allocate 1–5% of protocol fees to buy back ecosystem tokens beyond HYPE, directed by staker gauge voting.

Portfolio Margin

Unified margin mode combining spot and perpetual accounts into a single collateral calculation for improved capital efficiency.

BLP	Builder Liquidity Provider—vault system enabling stablecoin yield and carry trade strategies integrated with HyperCore trading infrastructure.
HPC	Hyperliquid Policy Center—501(c)(4) nonprofit research and advocacy organization in Washington D.C. focused on DeFi regulatory frameworks.



CoreWriter

System contract at 0x333...333 enabling HyperEVM smart contracts to send transactions to HyperCore for order placement, cancellation, and transfers.

Liquid Banking

Hyperbeat's full-stack on-chain account layer enabling users to save, spend, trade, and on/off-ramp from a single self-custodial smart account on HyperEVM.

beatUSD Yield-bearing stable balance used as the base unit of account in Hyperbeat's Liquid Bank, backed by treasury yield with programmatic accrual.

OEMS Order Execution Management System—infrastructure for routing, executing, and managing multi-leg orders; Pear Protocol's specialization for pair and basket trading on Hyperliquid.

