



LITEPAPER

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Please Review Disclaimer



Vela Exchange is a permissionless, self-custody driven perpetual exchange built with innovative blockchain architecture to ensure fast transactions, secure trading, and extensibility into additional synthetic options and derivatives. The rewards structure of Vela Exchange is carefully balanced to manage token & rewards supply while maintaining high incentives for liquidity provisioning and trading.

While perpetual trading is the first product of Vela Exchange, the long term vision of Vela Exchange is to provide traders with a home base complete with everything they need to trade crypto assets and leveraged products. This vision is always in motion at Vela Exchange and is an essential part of the Vela team's ethos as we continue building in the cryptocurrency ecosystem.

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Platform Overview

Perpetual Exchange

Fully on-chain order book perpetual exchange where users can create positions against performance of synthetic assets with leverage up to 250x.

Major activities within Vela Exchange include:

- Backing the perpetual vault and leveraged trading by minting or redeeming VLP
- Creating or closing leveraged positions on supported synthetic assets
- Managing pending or open positions with triggered orders
- Staking \$VELA, \$esVELA or \$VLP for various ecosystem rewards

Trading Features

Vela Exchange provides traders with a powerful platform for leveraged trading supported by robust hybrid on-chain and off-chain architecture. We believe that combining the best of blockchain technology and proven, server-hosted capabilities allows users to benefit from self-custody without sacrificing performance and reliability.

Leveraged Positions

Traders may create long or short positions with up to 250x leverage on certain assets with USD as the quote currency. Asset prices are synthetic and are derived from oracles and price data derived from several enterprise data sources through our custom vStream price feed.

Assets supported will include:

ASSET TYPE	EXAMPLES	MAX LEVERAGE
Cryptocurrency	ETH, BTC, DOGE, MATIC, SOL, AVAX	100X
Forex	GBP, EUR, JPY	250X
Stablecoin Pairs	USDT	250X
Metals	XAG, XAU	100X

Positions may be created or closed based on both spot or triggered orders, and managed via a variety of risk management strategies within the application.

Positions created may have a variety of linked orders associated with the position. These orders encompass a variety of historical or triggered actions specified by the trader. More details are included in the Advanced Position Management section.

Collateral Management

Vela Exchange has a vault that is entirely backed by the USDC stablecoin, and when trading on Vela you must deposit USDC into the platform. Upon depositing, you are credited USD on the exchange, which simply shows as dollars in your account.

The purpose of this method is to allow for flexible stable coin deposits as the trading platform expands, and possibly add additional stables beyond USDC in the future.

Advanced Position Management

Traders may utilize a variety of powerful strategies set by triggers or immediate execution. Risk management has never been easier on a decentralized exchange.

Capabilities:

- Create limit order
- Take profit (partial or full)
- Stop loss (partial or full)
- Trailing stop
- Add to Position
- Increase collateral
- Increase leverage

Vela Stream™ Price Feeds

Vela Stream (t) uses Pyth Network as the backbone for price feed aggregation and features the most robust and trustworthy sub-second price accuracy in DeFi. Rather than using the legacy model of off-chain price feeds (which push updates), Pyth features an on-demand price update model that excels in periods of volatility.

As the Vela Exchange platform matures, we expect to leverage the vStream service to continue to onboard additional data partners to promote stability of prices as well as new, in-demand assets for trading.

On-Chart Trading

On Chart Trading gives users the power to focus on the chart without the need for sidebar inputs. This new feature allows users to take new positions/orders with fewer steps while maintaining the same degree of accuracy and sophistication as traditional input methods.

1-Click Trading (1CT)

1CT uses an exchange wallet in order to simplify the trading process, eliminating the need to sign multiple transactions to complete on chain orders in an effort to provide a more CEX-like seamless trading experience. Traders have full control over this wallet and can import the private key at any time.

API Endpoints

Vela traders and partners may utilize Vela Exchange API endpoints to automate trading workflows. See more about our API endpoints in our Gitbook.

Alerts and Notifications[™]

Traders have the advantage of subscribing to SMS or email notifications triggered by Vela Exchange.

In-app notifications also give traders real-time awareness of triggers, liquidations, price updates, and other important data.

All notifications are managed by Vela Exchange's secured servers and may be enabled or disabled at any time.

Referral Management

Vela Exchange traders may choose to share unique referral links to their networks to obtain benefits. Currently, Vela Exchange referrals will provide a share (up to 10%) of all generated fees back to the referrer.

Additional benefits are planned to layer on additional value for network referrals.

Fiat On/Off-Ramps

Traders may utilize Vela Exchange's 3rd party fiat on/off-ramp partners to manage their cryptocurrency and fiat exchanges.

All KYC and AML requirements through the on/off-ramps are managed solely through our partners.

Tokens & Rewards

Platform Rewards Summary

Up to 75% of the revenue generated by the platform will be used to fund the Vela Exchange treasury for different purposes, including research and development, security auditing, code and platform maintenance, as well as to launch on occasion staking reward programs to compensate users for contributing to the liquidity and stability of the protocol staking VELA, esVELA and VLP tokens as well as for direct liquidity providers through the minting of VLP tokens.

All discretionary incentive rewards will be distributed in both USDC and esVELA tokens.

In general, esVELA incentive reward initiatives will not be supplied by the issuance/minting of new tokens, but on occasional targeted market buybacks of VELA tokens.

Perpetual Fees Split

The fees generated from the perpetual exchange are initially going to be split as follows:

1. 50% to the VLP Vault
2. 20% in esVELA rewards
 - a. 10% for staking VELA/esVELA
 - b. 10% for staking VLP
3. 5% in USDC rewards for stakers of VELA/esVELA
4. 25% to Treasury

Note: esVELA rewards percentage should be perceived as the target. Due to strategic buyback programs the number achieved can be higher or lower from time to time depending on the market circumstances.

These parameters are subject to change, that later on might derive from specific communities.

VELA

VELA is the native utility token for the Vela Exchange platform and ecosystem. VELA is awarded to active users by providing liquidity on supported DEXs, or through obtaining and vesting esVELA, by purchasing it directly via supported exchanges, or through specific platform rewards.

Holders of VELA may lock in specific smart contracts or “stake”, VELA and be rewarded for this action, that contributes to maintain the token’s liquidity and value more stable, with certain staking rewards.

esVELA (escrowed VELA)

esVELA is a vesting token for VELA and can be used in two ways.

1. Stake and earn rewards just like staking VELA with the same reward structure.
2. Stake into the vesting contract and claim the same amount of VELA which is unlocked continuously throughout a 6 month linear vesting period. esVELA that is staked for vesting does not earn rewards.

VLP

Traders may mint VLP tokens to back leveraged trades within the platform. By minting VLP, stablecoins are deposited into the perpetual trading vault for traders to borrow from for their leveraged positions. The value of the vault is represented through the cumulative total of all minted VLP tokens that have not been redeemed. By holding VLP, users share 50% of the total fees generated by the perpetual exchange in USDC.

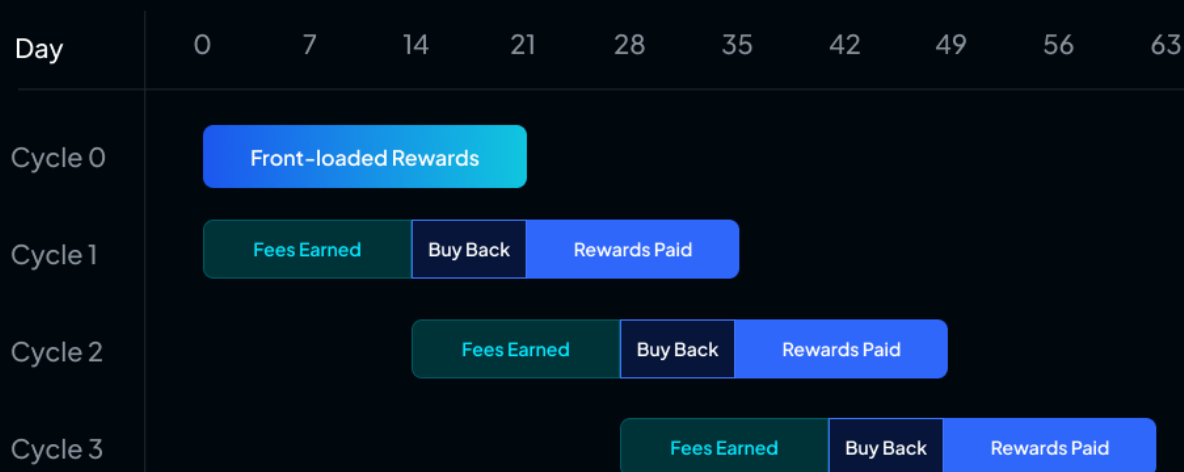


Staking Rewards

VELA, esVELA, or VLP can all be staked to obtain specific rewards for this action. Staked tokens may reward the user with the following benefits:

1. Receive discounted trading fees as per the fee discount table
2. Obtain esVELA rewards, under certain conditions;
3. Obtain USDC rewards;
4. Obtain other ecosystem rewards (depending on chain and subject to change)

All rewards are continuously claimable via the Vela Exchange dashboard, with new rewards loaded every 14 days, as per the rewards cycle chart below.



VELA Buybacks

Another mechanism to stabilize supply of VELA is a unique VELA buyback model.

Up to 20% of the generated perps fees (including fees for opening/closing a position, minting/redeeming VLP, and net funding/borrowing fees) may be used strategically, from time to time, to buyback VELA on the open market.

The tokens purchased in this way by the Vela Exchange team may contribute to fund staking incentive programs without any need to mint or issue additional VELA.

Platform Rewards Flow Process



Rates and Fee Structures

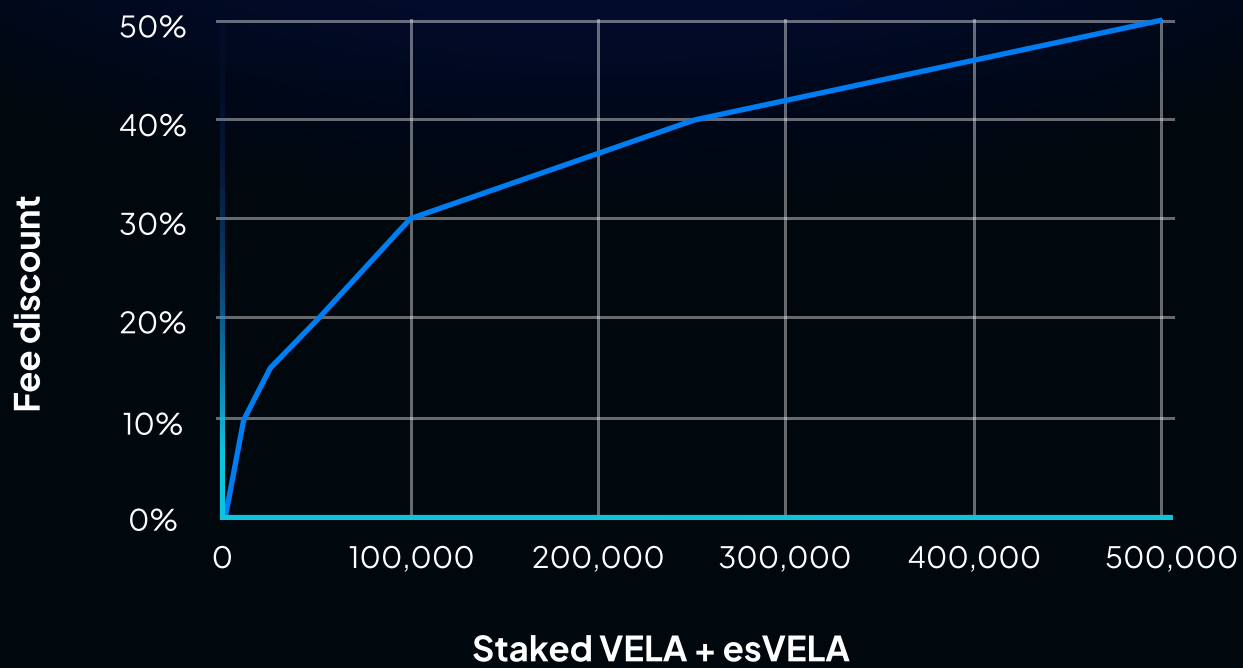
Trading Fees

Trading fees for the perpetual exchange will consist of fees for opening and closing a position (initially set at a flat 0.08% for crypto/metals, 0.01% for stablecoins and 0.015% for forex), funding fees, as well as borrowing fees.

Fee Discounts

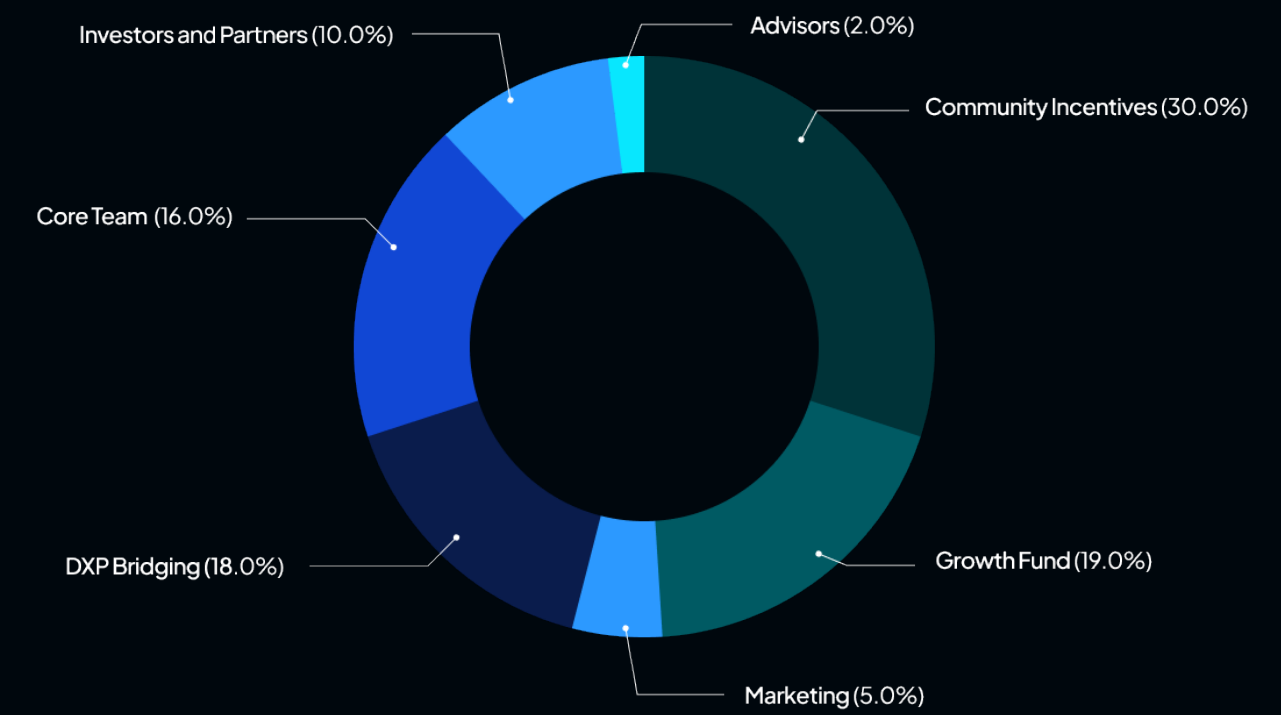
Your staked VELA + esVELA has the utility of earning discounts on fees. The table below shows the number of staked tokens required at any given time to achieve the corresponding discount % on the fees of perpetual platforms.

STAKED VELA + eVELA	DISCOUNT ON FEES
500	2%
2,500	3%
5,000	5%
10,000	10%
25,000	15%
50,000	20%
100,000	30%
250,000	40%
500,000	50%



Tokenomics

Initial Distribution of VELA

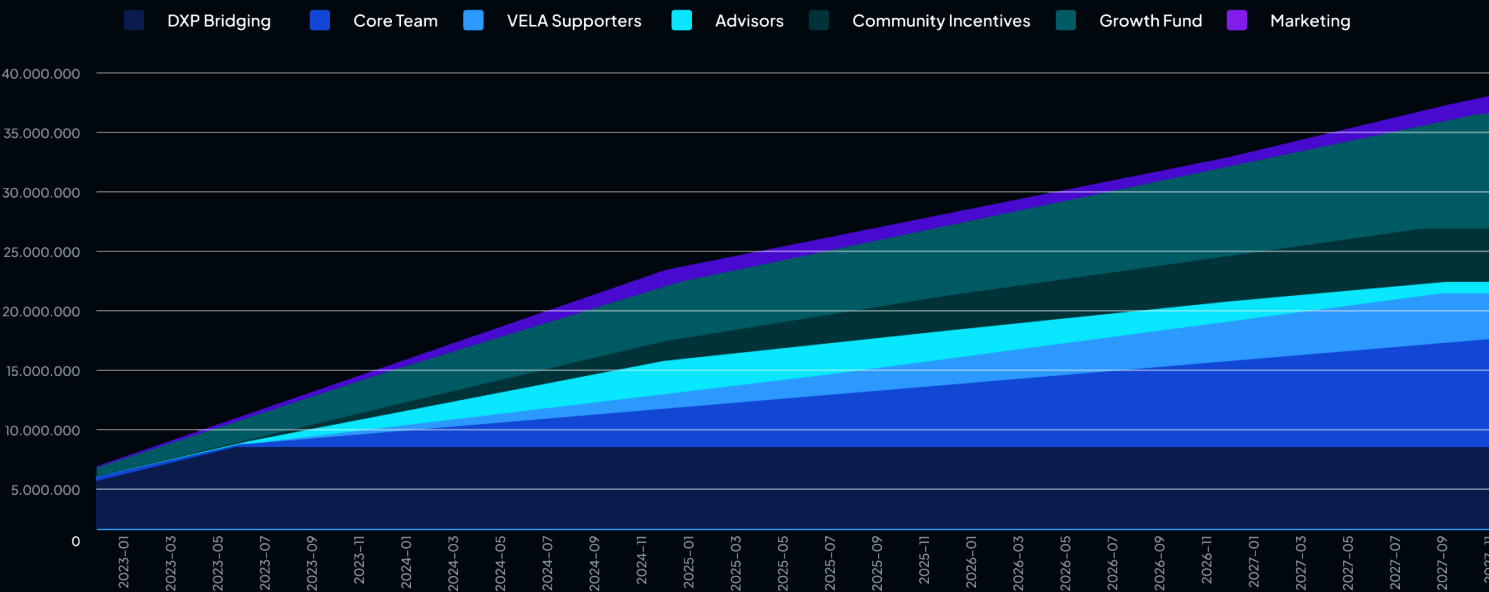


	ALLOCATION	VESTING AND OTHER DETAILS
Community Incentives	30.0%	Limited to 20% maximum usage per fiscal year. Reserved for LP reward emissions, trading contest rewards, beta test rewards, partnership emissions, and other incentives.
Growth Fund	19.0%	Limited to 33% maximum usage per fiscal year. Reserved for any future grants, ecosystem expansion, team growth, DEX / CEX liquidity.
Marketing	5.0%	Limited to 20% maximum usage per fiscal year. Reserved for marketing rewards including airdrops, distributions via KOL partnerships, and co-marketing efforts with partners.

	ALLOCATION	VESTING AND OTHER DETAILS
Core Team	16.0%	6 month cliff with linear vesting for 48 months for all core team members.
DXP Bridging	18.0%	<p>Includes all DXP that has been assigned to the following, all of which will be claimable 1:1 for VELA.</p> <p>Private Sale - 4,238,000 DXP</p> <ul style="list-style-type: none"> • 10% unlocked at launch (April 8, 2022), 3 month cliff, linear vesting for 12 months <p>IDO - 1,000,000 DXP</p> <ul style="list-style-type: none"> • 25% unlocked at launch (April 8, 2022), linear vesting for 6 months <p>Copper launch LBP - 1,688,000 DXP</p> <ul style="list-style-type: none"> • 100% unlocked <p>Vested Team and Contributor Tokens - 1,000,000 DXP</p> <p>Incentives, Partnerships, and Marketing - 1,000,000 DXP</p> <ul style="list-style-type: none"> • Utilized for liquidity pool, staking incentives, various marketing partnerships
Supporters	10.0%	<p>Reserved for follow-on liquidity support rounds. Subject to 6 month - 2 year vesting periods. Community will be notified in advance of any liquidity raising initiatives.</p> <p>0% signed and allocated as of June 2023.</p>
Advisors	2.0%	<p>6 month cliff with linear vesting for 18 months. Less than 50% signed and allocated as of Jan 2023.</p>

Emissions Schedule

PROJECTED VELA EMISSIONS



*Emissions schedule is an estimation. There may be a delta between actual emissions and projected emissions.

Governance Model

As a decentralized protocol, Vela Exchange aims to eventually pass platform and protocol parameters governance to the broader community as the platform matures. The details in this section are directional goals subject to change as our community and platform evolves.

Features and parameters voting

Voting related functionality will be reviewed in 2023:

- Voting model
- Quorum requirements
- Proposal review process

Treasury Management

VELA Exchange will utilize a Gnosis Safe multi-sig wallet to manage treasury funds, with signers that include trusted community members, team members, and ecosystem leaders.

Roadmap

Perpetual trading is just the beginning.

The roadmap provided below are aspirations and milestones planned as of 2022. All items in the shared roadmap may change based on market analysis and sentiment, team discussions, and other variables and should not be taken as a firm projected roadmap.

2023

- OTC platform integration
- Interoperability Solutions
- Spot market launch
- Expanded asset support
- Trading management enhancements
- API enhancements for bot integrators

2024

- Multi-chain support
- Trading analysis toolkit
- Tax and finance dashboard

Glossary

Base currency - The currency that is being quoted. In BTC/USD, BTC price is being quoted.

Leverage - The proportion of your trade that will be paid for with borrowed funds. If you are using 2× leverage, you will be funding half of the trade. If you are using 25× leverage you will be funding 1/25 of the trade.

Limit Order - A type of order that only executes at the price specified. The limit price must be better than the current market price. Therefore, for a buying order the price must be lower and for a selling order it must be higher than market price.

Liquidation - The forced closure of a trade due to the available collateral being exhausted, forcing the exchange to close the trade to stop losses and mitigate risk.

Long - A buying position that enables the trader to profit if the price of an asset increases.

Collateral - Collateral is the portion of your own funds that you put into a trade.

Unrealized P&L - The current profit or loss for an open trade.

Realized P&L - The profit or loss from a completed trade.

Position - An open collateral trade

Quote currency - The part of the trading pair that the price is shown in. For example, with BTC/USD, USD is the quote currency and the price of BTC is quoted in USD.

Short - A selling position that enables a trader to profit if the price of an asset decreases.

Stop - An order that executes once a specific price is reached that is worse than the current market price.

Glossary

Stop loss – A price level you can set on a position which will, once reached, close the position and prevent any further loss.

Take profit – A price target you can set on a position which will, once reached, close the position and lock in profits from the trade.

Trailing stop – A trailing stop order is a stop order with a limit that "trails" after market price. You can set a limit, such as \$50, and once the price moves \$50 against the trend the order will be executed.

DISCLAIMER AND NOTES

For the avoidance of any doubt, Vela including but not limited to the overall project, the website, all its exchange or related software including any smart contracts and user interfaces (“Vela Platform”) as presented in this conceptual paper is a pure software platform for decentralized, permissionless, self-custody driven digital tokens perpetuals exchange and it is not (not it is required to be) an active licensed or regulated or exempted financial, or payment or digital asset service of any kind. Any terminology used in this document, on the website or within the apps or in general in the Vela Platform is intended only as a basic reference, without any effective or legal meaning of the same terms in a financial environment, and/or any other regulated framework. The VELA, esVELA and VLP tokens are strictly utility tokens in any jurisdiction and are not and can not be considered securities or otherwise regulated tokens of any kind, are not in any way e-money and/or fiat or asset backed stablecoins, whether global or limited in scope. This document taken by itself is not, nor it can be construed as a contract, an investment contract or a contractual agreement of any kind, it is not an invitation or offer to invest in the Vela Platform or acquire or use any of its tokens in any way with any expectation of future profit, whether through users own or others’ efforts. Any user of the Vela Platform declares to have received appropriate technical, administrative and legal advice before and after reading this document, the website and using any part of the Vela Platform (including any tokens therein) and accepts that there is an inherent high risk in acquiring or using any kind of blockchain and/or crypto token, platform, software, interface and acknowledges with full disclaimer for any of the persons or entities mentioned within this document or in any way directly or indirectly connected to the Vela Platform, including any ancillary incorporated service and maintenance entities, that there can be any kind of damage suffered, including total loss.