



# FLy whitepaper

Official website  
[fly.vrm.trade](https://fly.vrm.trade)

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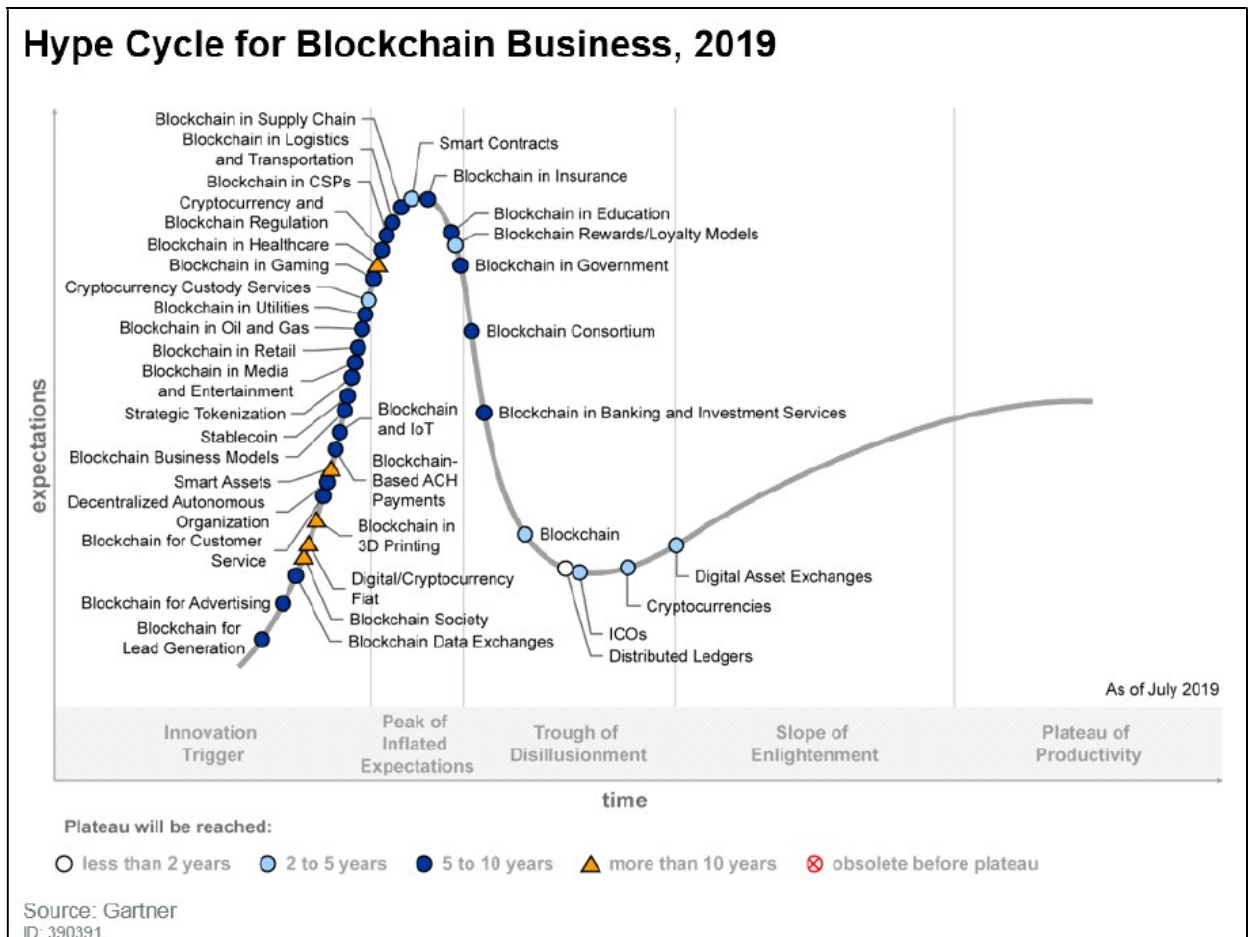
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# 1. Background and the Black Ocean project

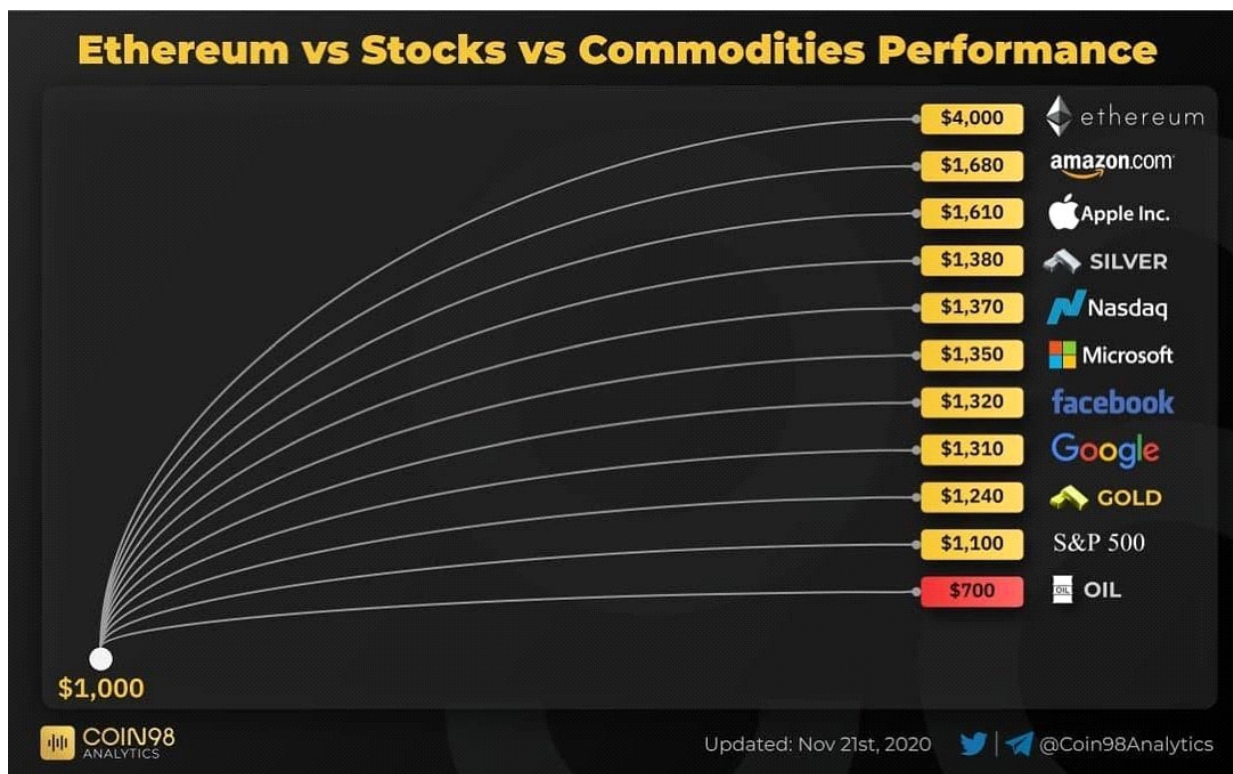
## Overview of the current status of crypto industry

Crypto industry is getting matured fast but not evenly. While digital asset exchanges as long as major chunk of crypto currencies have entered to the Gartner's "plateau of productivity" (pic.1) there are still areas challenging for new developments.



(pic. 1)

Thus, 2020 was the key year for the whole crypto industry as robust interest from institutional players and big business became obvious. The new and regular members of crypto business now are: banks, IT companies, investment funds and even governments. Since January 2020, the market capitalization has grown up more than 3 times, an average daily trading volume (including spot and derivatives) has jumped from 61b\$ to 170b\$. Investing in digital assets became attractive especially while traditional investments suffered losses and instability (pic.2).



(pic. 2)

Invasion of whales, institutional players and professionals to the crypto market creates new demands with proper regulation, new services and scaled liquidity.

### Introducing BLACK OCEAN

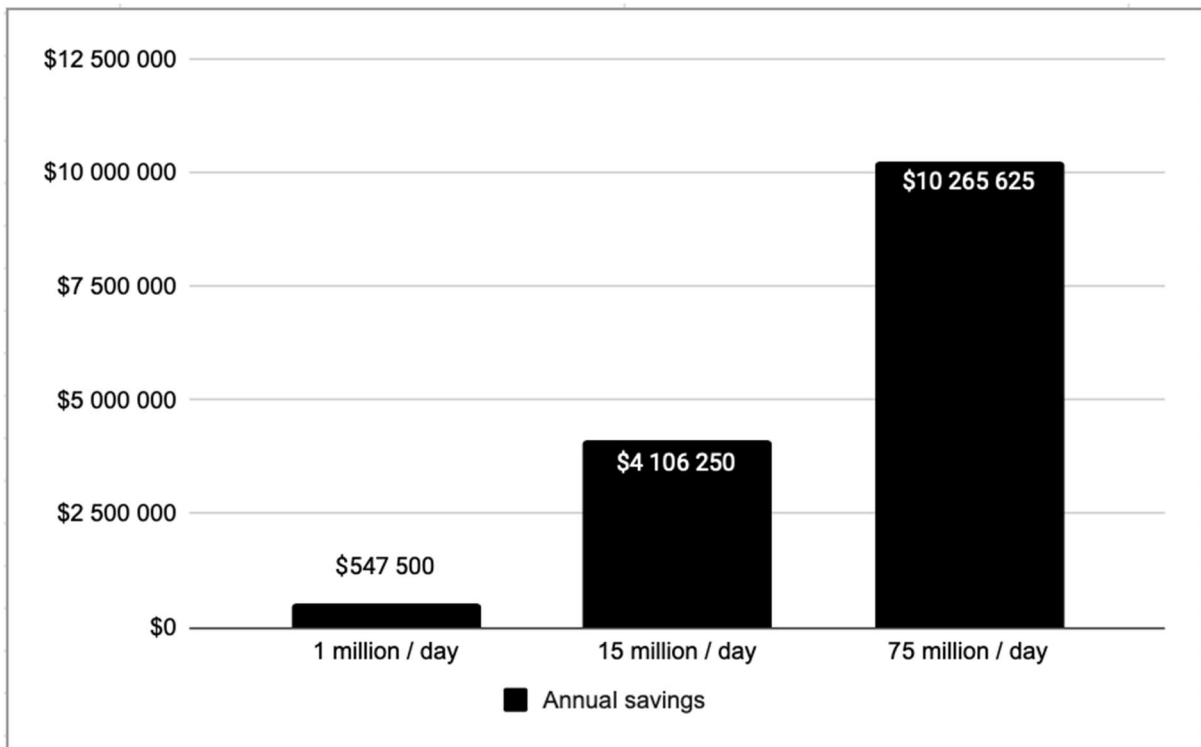
Black Ocean was inspired by traditional markets to fulfil the new opportunities on crypto market. The main idea of BLACK OCEAN is to provide a proper solutions for liquidity provision and orders execution with the best market price while the market depth is sufficient for large orders. The solution is developed in a tight accordance with technical requirements for trading environment including hardware infrastructure and hi-end matching engine (enabling microsecond latency and unlimited API rate limits). In addition, customers are provided with top-notch and fully licensed custody for safety storage and settlements.

### BLACK OCEAN has two different venues:

- **Dark pool.** This venue provides whales with a proper execution and huge liquidity without any market impact. Neither data goes to the public, nor does order book and data feed. For customers willing to buy or sell a large amount of digital assets and avoid any risk to influence a market price this service is vital. A minimum size of an order is 5 BTC / 150K USD/USDT. A dark pool provides much more flexibility and better prices rather than existing block trading/OTC.

Black Ocean aims to provide a very competitive way to charge smaller fees and do not make money out of spread. It helps customers get the best price on the market.

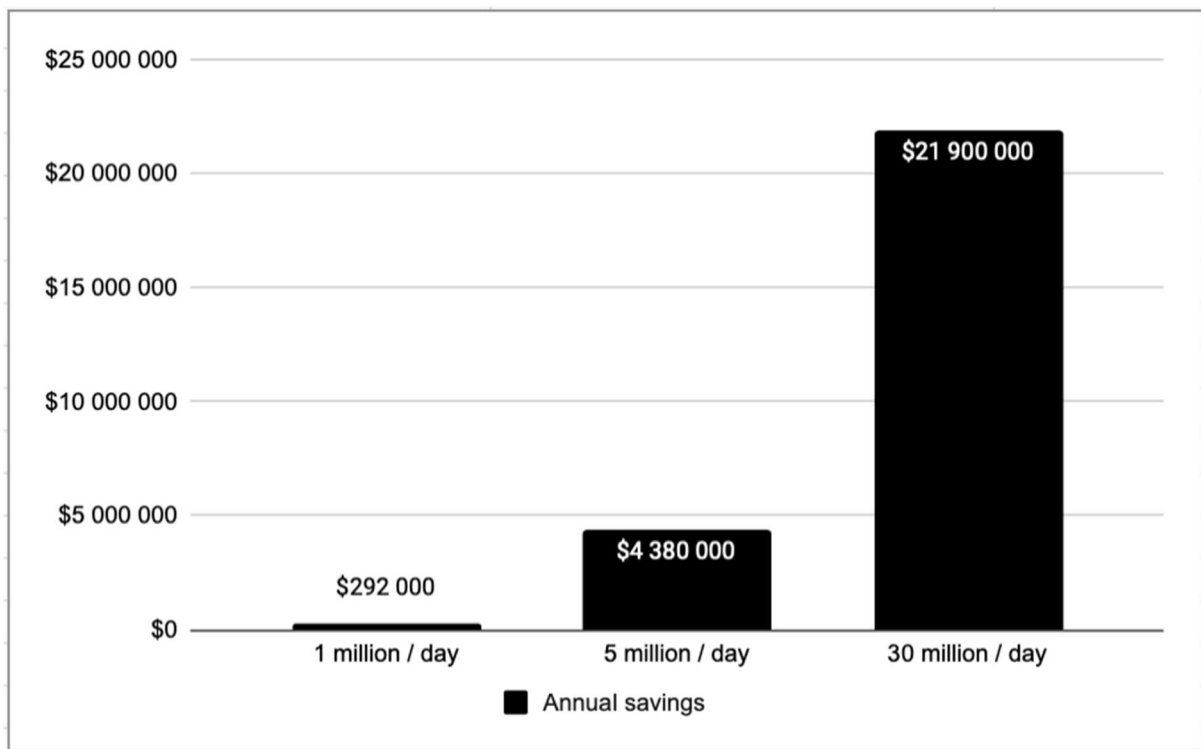
Customers can save a lot of money by fees, avoid slippage and market influence. This diagram shows, how much money customers can save with the Dark pool:



*Numbers calculated by comparing the Dark Pool and most famous exchanges (Bitmex, Huobi) with volume based fees*

- **Liquidity pool.** This venue provides retail-oriented business - orders execution without any limitation of a minimum order size. This solution supports retail aggregators to provide their customers an access to the trading venue and where the customers can trade crypto assets without slippage and with instant execution. The Liquidity pool gives extraordinary flexibility compared to existing cloud solutions by crypto exchanges as whatever customer needs is - exchange, application or OTC merchant in Telegram, Black Ocean provides a solution. Moreover, Black Ocean pays any customer for its order flow giving a rebate for every order executed through the platform.

Existing cloud solutions on the market, which provide businesses with exchanges templates, access to their liquid and environment charge from 30 to 50% from charged by a retailers oriented business fees. It means that a company, which works with retailers and uses cloud solutions pays from 30% to 50% from income as a royalty. On the other hand, Black Ocean doesn't charge any fees, even pay for an order from 0,25 to 0,5bps. This is diagramm, how much money can save a retail oriented company (exchange, OTC merchant, etc), if they work with the Black Ocean liquidity pool:



*Numbers calculated by comparing the Liquidity Pool rebates and existing cloud solutions royalties on the market*

**BLACK OCEAN is a new project of VRM business.**

## 2. Introduction of VRM

### Key facts and figures

VRM is a proprietary High Frequency Trading (HFT) company, so VRM doesn't have any external investors. The company trades AI - based quantitative high frequency strategies on crypto market. An average daily trading volume in 2020 was 2,71b\$, with a maximum daily spike of 10,86b \$ in December 2020.

In addition, in 2020 VRM extended its business on the following areas:

- **VRM Research** - VC for talented quants and trading teams
- **Black Ocean** - a dark pool for whales and liquidity pool for retail oriented businesses
- **VRM Capital management** - a fund for third party investors
- **VRM Mining** - proper mining infrastructure for miners
- **FLy** - a token, which should support relationships between VRM's ecosystem and its customers and partners.

## **VRM Quant**

The main VRM's business is trading on crypto markets. The company has a hi-end trading infrastructure, including a proper cluster for neural networks, ML, computing power, testing and emulation. The team is quite small and professional, most of key traders possess PhD degree in math and physics. The rest of the team are developers and BD managers which makes the company flexible, fast and efficient. VRM working culture is casual, but hard working is a company way to get unbelievable results. The numbers are (YBY trading volume):

- 2018 - 9m \$/day
- 2019 - 440m \$/day
- 2020 - 2 751m \$/day

The main business service of VRM are High Frequency (HF) hitting strategies and providing exchanges with a proper market making solutions. The company operates on all major trading venues, such as BitMEX, Bitflyer, OKEx, Huobi, Binance, Deribit, Bit.com. Bithumb, Liquid, BTSE. The market share vary from 6,2% to 49% on the volume of different exchanges. In the near future the company is going to enter onto traditional markets with its HFT strategies.

## **VRM Research**

VRM is looking for new valued team members permanently in two ways: the best minds are offered to join the team, another way is to help trading companies to improve their results. A business process is very simple:

- Attracting a relevant trading team (they should use smart trading algorithms and provide past trading results for fast performance evaluation)
- VRM provides selected teams with an account with some funds on it to make a trial real-life trading (basically for three months)
- A trading team trades their strategies under ongoing performance evaluation of VRM traders
- VRM evaluates performance and business strategies
- VRM heavily increases an amount of provided funds for successful teams
- A trading team trades their strategies with bigger funds to prove its scalability
- VRM evaluates performance once again
- VRM makes an offer to the successful team to create a JV or to buy up to 80% of shares

This approach allows VRM to improve a knowledge base and onboard talented people and teams.

## **VRM Capital management**

VRM is very famous on crypto market so a lot of market opportunities are regularly introduced to us asking for some involvement and support. Focusing on trading as the major area of VRM expertise we still do not want to miss some other market opportunities. Thus, VRM will launch VRM Capital Management to invest into crypto-related projects and companies in 2021.

## VRM Mining

Bullish phase of the market creates an opportunity to get a share of mining business especially for those who have got an access for relatively cheap electricity.

VRM has got evaluated this direction as an opportunity for the company and has a plan to build few mining hotels with capacity 100mWh per mining hotel within two years.

## FLy token

Considering the whole range of VRM's projects, it is logical that VRM issues its own token. FLY is ERC20 token, which is going to be used to maintain and support VRM eco-system of partners and customers. Customers who hold FLY and pay in Fly get special benefits and discounts from VRM and all VRM eco-system.

## Profit sources

<b>Business direction</b>	<b>Expenses</b>	<b>Income</b>	<b>Status</b>
<b>VRM Quant</b>	Salary Infrastructure RnD	Trading profits Payments for MM	Existing
<b>VRM Research</b>	Working capital under a risk	Trading profits	Existing
<b>Black Ocean</b>	Salary Infrastructure Payments for an order flow	Dark pool fees LP fees	Launching Q1 2021
<b>VRM Capital management</b>	Salary Infrastructure Legal	Success fees Management fees	Planned
<b>VRM Mining</b>	Salary Infrastructure	Rental fees	Planned
<b>FLy</b>	Working capital for MM	No direct income	Launching Q1 2021

## Company developments milestones

The story of the VRM company has started from 2018. During these years the company went through a lot of challenges, difficulties and achievements, which made our team grow stronger, wiser and gained more experience.



<b>Year</b>	<b>Month</b>	<b>Fact</b>
2018	April	Born of the business idea
2018	August	Core team has created
2018	December	Start on the first spot trading venue, average daily trading volume (ADV) is 9m\$
2019	March	Increasing number of trading strategies
2019	Juny	Start on the first derivatives trading venue
2019	September	Start of a market making business
2019	December	New record has been achieved - ADV in 2019 is 440m\$
2020	February	Opened SPV for trading on the Korean market
2020	April	Opened SPV for trading on the Japanese market
2020	May	Start trading on the Japanese exchanges
2020	July	Start trading on the Korean exchanges
2020	August	Black Ocean development has been started
2020	September	Trading infrastructure has been upgraded
2020	September	VRM Research has been launched
2020	September	First team joined VRM Research
2020	October	FLy token development has been started
2020	November	VRM is a designated market maker on 7 top rated crypto exchanges
2020	December	New record has been achieved - ADV in 2019 is 2,751b\$
2020	December	Black Ocean software environment has been prepared
2020	December	VRM Research has decided two teams for buy, the whole amount of provide funds 2,37m\$

# 3. FLY Economic Model

## Introduction

The FLY token was designed to provide customers with an opportunity of getting discounts and additional benefits from VRM and eco-system of VRM. The token should support a company development via involving people into long term relationships and building a strong society of institutional and retail partners around the company. FLY is a ERC20 token, but the company will leave the potential to move a part of token supply to different blockchain networks in the future.

## Usage of FLY

The token is used for covering fees, which are charged for using VRM's services and projects. Considering a market situation and coming demand for proper services, we plan to catch up on these opportunities to launch our projects, increase our customer base and scale up FLY token usage. This is particular description, how and where FLY token can be used:

Project	Service	Customer	Requirement	Benefit
Quant	Market making	Exchange Project	Hold 3 million of FLY tokens + Pay in tokens	25% discount
Black Ocean	Dark Pool services	Whale	Hold 1 million of FLY tokens + Pay fees in tokens	25% discount
Black Ocean	Liquidity pool services	Retail oriented businesses	Hold 1 million of FLY tokens	Get an access to the liquidity pool
Black Ocean	Liquidity pool services	Retail oriented businesses	Hold additional 1 million of FLY tokens	Increase in twice a payment for an order flow
Black Ocean	Trading venues	Liquidity provider	Hold 1 million of FLY tokens + Pay fees in tokens	25% discount
Mining	Mining hotel	Miner	Hold 150 Fly tokens per 1 kWh	5% discount

## FLy destruction mechanisms

Considering best practices of the market and a goal to create a proper asset, VRM has decided to implement a destruction mechanism into the token strategy for supporting market demand and an asset price. The company will spend a part of profit from each business direction every month for buying FLY tokens on public trading venues. The whole amount of bought FLY tokens will be sent into a special public wallet for burning. This is particular description, which part of profit will be spend for:

<b>Business direction</b>	<b>% of monthly profit</b>
Market Making	10%
Research	3%
Black Ocean	10%
Capital management	1%
Mining	5%

## 4. FLY Issuance


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### Total amount

Token total supply: 1 700 000 000 FLY (1 170 600 have been burnt to enhance token value).

### Distribution plan

<b>Participants</b>	<b>% of tokens</b>	<b>Vesting rules</b>
<b>Institutional Investors</b>	18,2%	Up to 24 months
<b>Customers</b>	17%	-
<b>Liquidity management</b>	30%	-



<b>Incentive programs</b>	18,80%	-
<b>Advisors</b>	2%	Up to 18 months
<b>Team</b>	14,00%	Up to 48 months

### Use of funds

Funds, which will be collected by private sales to strategic partners and institutional investors, will be spent on finishing the development and scaling up Black Ocean project. It included a technical environment, hardware and software infrastructure, RnD and launching planned products.

<b>Expenses</b>	<b>Budget, k \$</b>
<b>Implementation proper hardware infrastructure</b>	873
<b>Finishing and scaling a trading system</b>	907
<b>Implementation different API types</b>	276
<b>Launching a trading desktop app</b>	84
<b>Colocation service</b>	280
<b>Launching liquidity pool</b>	1 084
<b>Implementation additional assets into the dark pool and liquidity pool</b>	386
<b>Global marketing</b>	441
<b>Total</b>	4 331

Funds, which will be collected by sales to customers, will be spent on RnD, further development of projects, launching new products, promotion and liquidity management.

## 5. Introduction of the core team

Name	Role	Country	Project	Experience
Andrei Grachev	VRM Co-founder	Switzerland	VRM and related projects	11+ years in BD 6+ years in trading business 4+ years in crypto
Vladimir Demin	VRM Co-founder	Russia	VRM and related projects	Exclusive Huobi Consultant for the Russian market 25+ years in management 20+ years in innovations and financial 4+ years in crypto
Shawn Chong	BD director of SEA markets	China	VRM and related projects	Huobi Consultant for Global markets 4+ years in crypto
Yoichi Akase	Co - founder, BD	Japan	Black Ocean	20+ years in management 10+ years in investment markets / FX trading 4+ years in crypto
Raymond Campbell	Co - founder, Head of IT	USA	Black Ocean	25+ years in programming 15+ years in Wall St /NYSE, as a head of development trading systems and matching engines 8+ years in crypto
Gytis Kandrotas	Co - founder, Head of UI/UX	Estonia	Black Ocean	4+ years in crypto exchanges, ex. BitMEX 6+ years in crypto

## 6. Risks and Disclaimers

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### **Disclaimer**

Participants who have read this white paper and use and/ or hold the FLY directly or indirectly should be deemed to have accepted the disclaimer described herein.

This document is for informational purposes only and does not constitute an opinion of the purchase or sale of FLY. The above information or analysis does not constitute investment decisions or specific recommendations. This document does not constitute any investment advice, investment solicitation of any in security or financial form. This document does not constitute and should not be understood as an offer of any purchase or sale, or any invitation to buy or sell any form of security, nor is it a contract or commitment of any kind.

Once the users participate in the transaction, they understand and accept the risk of the project and are willing to personally bear all the corresponding results or consequences.

VRM and related projects and companies made it clear that it will not bear any direct or indirect losses caused by participating in the project, including:

- Economic loss due to user's trading operation;
- Any errors, omissions or inaccuracy arising from personal understanding;
- Loss caused by various blockchain assets of the individual transaction and any resulting behavior.

FLY is the token and is not an investment. We cannot guarantee that FLY will increase in value, and in some cases, there may be a possibility of a decline in its value. Those who do not use their FLY properly may lose the right to use FLY and may even lose their FLY. FLY is not a kind of ownership or control. Controlling FLY does not represent the ownership of VRM and related projects and companies.

The content of this white paper may be revised or updated as the FLY project progresses or industry-related policy changes. It will be published as an update on the public website announcement or new white paper.

### **Risk warning**

Many digital asset exchanges cease to operate due to safety concerns. We attach great importance to safety, but there is no absolute 100% safety in the world, such as: various losses due to force majeure. We are committed to doing everything possible to ensure the safety of your transactions, including the use of industry best practices to implement secure processes for handling transactions and data, and a robust audit procedure.