

Coinverse[★]

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1. Executive Summary

Coinverse is a prediction market platform designed for continuous, high-frequency markets on major crypto assets, precious metals, and energy commodities. The platform enables users to trade standardized binary outcome contracts priced from \$0.00 to \$1.00 across rapid (1 hour) and longer timeframes (daily, weekly, monthly, annual).

Unlike episodic event-based prediction markets, Coinverse is purpose-built for price outcomes (e.g., “BTC above \$65,000 at 5:00 PM EST”) with repeatable market templates that concentrate liquidity and compound user learning over time.

The global prediction market industry has experienced explosive growth, expanding from under \$100 million in monthly volume in early 2024 to over \$64 billion in annual volume in 2025, and is on pace to exceed \$325 billion in 2026.

Prediction Market Volume Growth

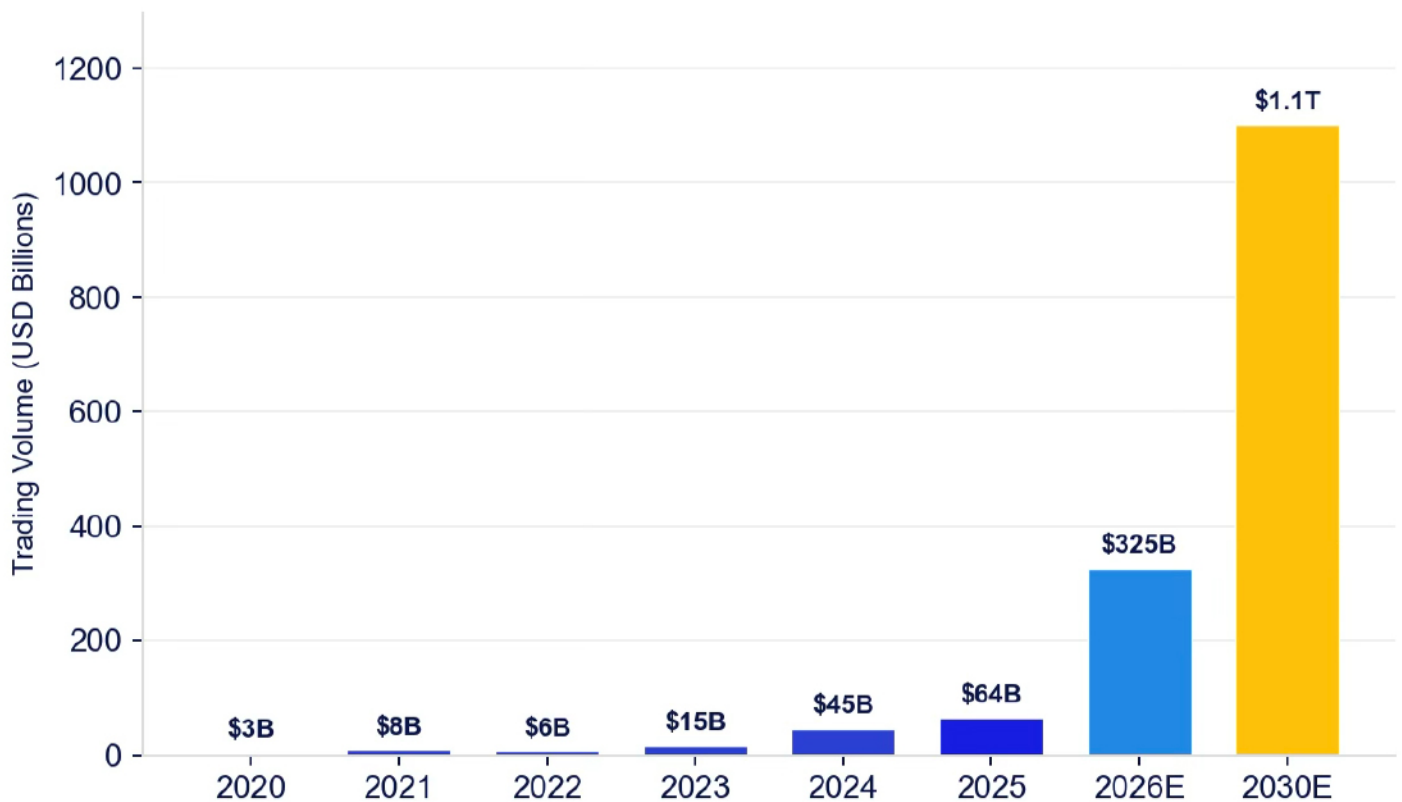


Figure 1 — Global Prediction Market Volume Growth (Sources: Artemis, FalconX)

2. Platform Architecture Overview

Coinverse operates as a centralized matching and settlement engine with the following core components:

- **Centralized Order Book (CLOB):** High-performance matching engine hosted on Coinverse infrastructure.
- **Managed Deposits & Withdrawals:** Integrated with VRS(Virtual Reward System) token for streamlined asset management and controlled redemption flows.
- **Deterministic Settlement:** Automated resolution using professional price data feeds with transparent rulebooks.
- **Tiered Access System:** Platform infrastructure supports compliance-ready features for redemptions, affiliate payouts, and high-volume trading.

This whitepaper is written for investors, engineers, and product stakeholders. It addresses deterministic settlement mechanics, data source reliability and price data fallback hierarchy, dispute handling, incentive design with anti-sybil and platform-integrity safeguards, and the broader operating framework relevant to derivatives and jurisdiction-specific requirements.

3. Compliance Posture

Binary contracts referencing asset prices can trigger derivatives frameworks and product intervention measures in multiple jurisdictions:

United States: The CFTC has pursued enforcement against unregistered binary options markets. In January 2022, the CFTC ordered Polymarket to pay a \$1.4 million civil monetary penalty for operating an illegal, unregistered facility for event-based binary options trading.

UK & EU: The FCA implemented a permanent ban on the sale of binary options to retail consumers, effective 2 April 2019. ESMA had previously imposed EU-wide temporary restrictions in July 2018, later made permanent by national regulators.,

EU (MiCA): The Markets in Crypto-Assets Regulation entered into full force on 30 December 2024. A transitional period extends until 1 July 2026, after which all Crypto-Asset Service Providers (CASPs) must hold MiCA authorisation to operate in the EU.

UAE (Dubai): VARA restricts offering virtual asset services without approval/no-objection certificates.

Coinverse addresses these frameworks through:

1. Jurisdictional access controls with IP-based geofencing and KYC verification
2. Tiered verification system aligning with FATF virtual asset guidance
3. Transparent data sources with published oracle rulebooks and vendor independence
4. Risk-based AML controls consistent with FinCEN convertible virtual currency guidance

Regulatory Landscape

Jurisdiction	Regulator	Key Risk	Implication
United States	CFTC	Binary options treated as derivatives; enforcement actions against unregistered markets	U.S. access may require registration, exemptions, or strict geofencing
United Kingdom	FCA	Permanent ban on binary options to retail (2 April 2019)	U.S. access may require registration, exemptions, or strict geofencing
European Union	ESMA / EBA	MiCA authorization regimes; CASP deadline 1 July 2026	usdW features may intersect with MiCA expectations
Global (AML)	FATF / FinCEN	AML obligations for VASPs; travel rule expectations	AML obligations on custody, redemptions, affiliate payouts
UAE / Dubai	VARA / CBUAE	VARA approval required for regulated virtual asset services	UAE access requires licensing, marketing approvals, AML controls

Table 1 — Regulatory Landscape Summary

4. Product Overview and Market Problem

4.1 The Opportunity: Continuous Price Markets

Traditional prediction markets are episodic and tied to discrete events (elections, sports outcomes, quarterly earnings). This creates fragmented liquidity and forces users to constantly learn new market contexts.

Coinverse instead offers continuous, standardized markets on high-visibility assets across three categories:

Supported assets at Launch



Figure 2 — Supported Assets and Available Timeframes

4.2 Target User Segments

1. **Retail learners:** Simple binary outcomes with risk-bounded position sizing (\$0–\$1 contract range).
2. **Active traders:** Tight spreads, limit-order execution, short-duration markets.
3. **Builders & integrators:** APIs/SDKs for wallets, brokers, and communities seeking predictable market primitives.

4.3 Design Principles

1. **Deterministic settlement:** Outcomes objectively computable from published settlement rulebook - no interpretation or discretion
2. **Execution quality:** Price-time priority matching, transparent fee structure, auditable trade history.
3. **Centralized performance:** Sub-50ms order matching with 10,000+ concurrent markets supported.
4. **Safety-by-design:** Risk controls prevent wash trading, self-dealing, and sybil farming of rewards.

5. Market Types and Settlement Specification

Each Coinverse market is a binary outcome contract that resolves to \$1.00 (condition met) or \$0.00 (condition not met), with trading prices between \$0.00 and \$1.00 during the active market period.

5.1 Market Definition Parameters

Parameter	Description
Underlying Asset	BTC, ETH, SOL, XAU, XAG, WTI (expandable)
Market Type	Above/Below, Hit Price, Price Range, Up/Down
Settlement Time	Exact UTC timestamp with IANA timezone display
Strike Price(s)	Target price(s) for resolution condition
Settlement Index ID	Reference to price data feed hierarchy
Dispute Window	Duration and bond schedule for challenges

Table 2 — Market Definition Parameters

5.2 Settlement Index Price (SIP)

Coinverse uses a canonical Settlement Index Price (SIP) per asset and timestamp. The SIP is a Volume-Weighted Average Price (VWAP) computed over a specified window ending at settlement time T:

$$SIP_a(T) = VWAP(\text{IndexObservedPrice}_a(t), t \in [T - W, T])$$

Default VWAP Windows:

- Hourly markets: [T - 2min, T]
- Daily markets: [T - 5min, T]
- Weekly markets: [T - 10min, T]
- Monthly markets: [T - 30min, T]
- Annual markets: [T - 60min, T]

VWAP windowing reduces single-tick disputes, wick artifacts, and timestamp edge gaming especially critical for Hit Price and short-duration resolutions.

5.3 Market Type Definitions

Type	Resolution Condition	Use Case
Above/Below	$SIP(T) \geq \text{Strike (Above)}$ or $SIP(T) < \text{Strike (Below)}$	Directional views at fixed time
Hit Price	$\text{IndexObservedPrice}(t) = \text{Strike}$ for any t in $[\text{Start}, \text{Expiry}]$	Breakout / barrier strategies
Price Range	$\text{Lower} \leq SIP(T) \leq \text{Upper}$	Range-bound / mean-reversion
Up/Down	$SIP(T_{\text{close}}) > SIP(T_{\text{open}})$ (Up) or $<$ (Down)	Session-based direction

Table 3 — Market Type Definitions

5.4 Timeframes and Naming

Timeframe	Duration	SIP Window	Dispute Window	Notes
Hourly	1 hour	2 minutes	4 hours	Active trader focus
Daily	1 day	5 minutes	24 hours	Retail-friendly pacing
Weekly	7 days	10 minutes	48–72 hours	Macro positioning
Monthly	30 days	30 minutes	7 Days	Long-Term Trends
Annual	365 days	1 Hour	30 Days	Strategic outlook

Table 4 — Timeframes and Specifications

6. Price Data, Settlement & Resolution Controls

This section outlines Coinverse's approach to price sourcing, settlement controls, and issue handling. The framework is designed to support consistent market resolution through a defined source hierarchy, clear freshness thresholds, and rulebook-based internal review procedures.

6.1 Price Data Design Principles

Coinverse may display CoinGecko prices for interface and reference purposes only. Public aggregator data is non-authoritative and is not used as the final basis for settlement.

For settlement, Coinverse relies on a rulebook-based institutional data stack with designated vendor feeds, documented fallback logic, and defined freshness thresholds.

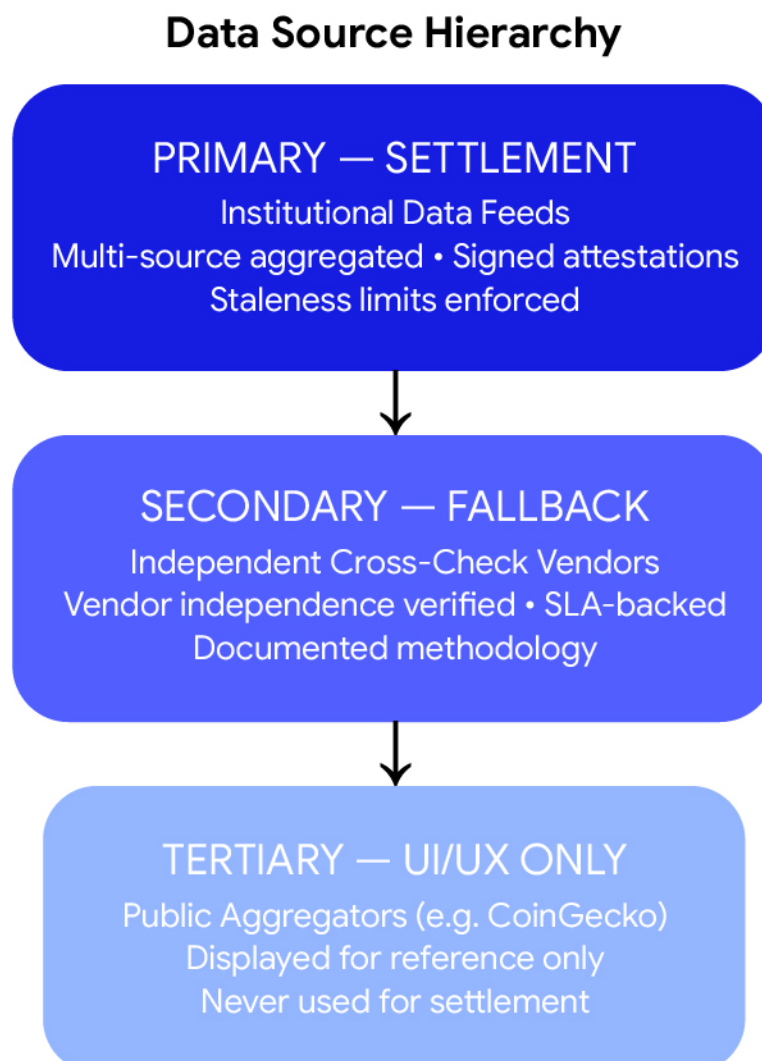


Figure 3 — Data Source Hierarchy (Settlement vs. UI)

6.2 Data Source Hierarchy

Priority	Purpose	Source Type	Requirements
Primary	Settlement	Institutional vendor aggregated feed	Multi-source, SLA-backed, signed attestations
Secondary	Settlement fallback	Independent institutional vendor	Vendor independence, documented methodology
Tertiary	UI / reference only	Public aggregators (CoinGecko)	Never used for settlement; disclaimers displayed

Table 5 — Data Source Hierarchy

Loophole Closure: Coinverse treats public aggregators as non-authoritative for settlement and applies a documented vendor hierarchy, methodology, and fallback sequence under its Settlement Rulebook.

6.3 Staleness Limits

The platform applies maximum data freshness thresholds based on market duration. Shorter-duration markets require tighter freshness controls, while longer-duration markets may operate with wider acceptable data windows where appropriate.

Timeframe	MaxStaleness	Default SIP Window	Rationale
Hourly	2 minutes	2 minutes	Balances freshness with feed availability
Daily	10 minutes	5 minutes	Wider window for longer duration
Weekly	10 minutes	10 minutes	Macro views tolerate minor delays
Monthly	30 minutes	30 minutes	Long-duration markets accept wider data lag
Annual	1 hour	1 hour	Strategic markets tolerate broadest staleness window

Table 6 — Default Max Staleness Thresholds

6.4 Settlement State Machine

A market progresses through five defined states from OPEN to PAYOUTS & POSITION

CLOSURE:



Figure 4 — Settlement State Machine

6.5 Settlement Clarifications & Internal Review

Settlement outcomes are published in accordance with Coinverse's settlement controls and become final following internal review procedures, except in limited cases requiring administrative correction.

- **Settlement Clarifications:** If a user believes a settlement outcome may be incorrect, they may contact Coinverse support with the relevant details, including Market ID, settlement timestamp, claimed correct outcome, and supporting evidence. The support team will review the submission and escalate internally where warranted.
- **Evidence Standards:** A clarification request should include the Market ID, settlement timestamp, the claimed correct outcome, and any supporting material relevant to the request, including vendor data, timestamps, or divergence evidence where available.
- **Internal Escalation:** Where further review is required, the matter may be escalated under Coinverse's internal settlement control procedures for assessment, verification, and final determination.
- **Settlement Records:** For each market resolution, Coinverse may retain a settlement record containing the Market ID, expiry timestamp, settlement window parameters, relevant vendor inputs, settlement result, and final recorded outcome.

7. Economics, Incentives & Treasury Solvency

Coinverse uses a dual-asset incentive system integrated with the VRS Network:

usdW: A non-transferable activity/reward unit earned through participation, used for platform utilities and redeemable subject to solvency rules.

VRS (Coinverse governance token): Transferable governance/utility token for platform governance, fee discounts, and dispute escalation.

7.1 Protocol Revenue and Distribution

Coinverse charges a 2% platform fee on trades and 1% on profits. Net trading fees are distributed as follows: 50% to affiliate members, 25% to the platform, and 25% split equally between usdW and VRS liquidity/treasury.

Trading Fee Distribution

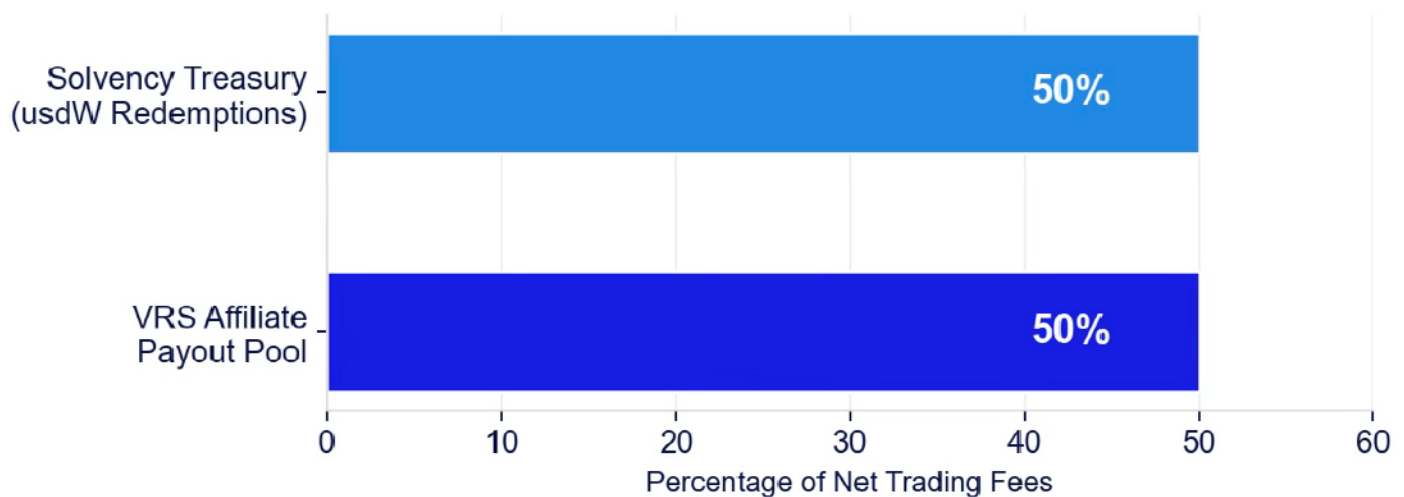


Figure 5 — Trading Fee Distribution

7.2 usdW Mechanics

Earn Paths

- Welcome bonus: 100 usdW (25 immediate + 75 thawing with trading activity)
- Referrals: Five-tier usdW bonuses via VRS network
- Loss rebates (Lossless): 10% of realized losses returned as usdW, capped at 100 usdW lifetime per user

Anti-Sybil and Access Tiers

Tier	Access Level	Earning Caps	Rationale	Affiliate Payouts
Tier 0	Basic	Limited usdW	Cannot redeem	Not eligible
Tier 1	Standard	Higher caps	After cliff period	Eligible
Tier 2	Enhanced	Highest caps	Priority access	Enhanced monitoring

Table 7 - Access Tiers and Earning Levels

7.3 Redemption & Solvency Model

$$\text{Redemption Value} = \text{Treasury Balance (Epoch)} / \text{Total usdW Opted (Epoch)}$$

Redemption is batch-based (weekly or daily for high volume), pro-rata within a batch, with per-user caps and FIFO queueing within tier classes. Circuit breakers pause redemption only under narrowly-defined conditions (data-feed failure, active exploit).

7.4 Solvency Stress-Test Scenarios

Priority	Purpose	Source Type	Requirements
Volume drawdown	Trading volume falls 70% for 3 months	Institutional vendor aggregated feed	Multi-source, SLA-backed, signed attestations
Redemption surge	40% of eligible usdW redeemed in one epoch	Independent institutional vendor	Vendor independence, documented methodology
Feed disruption	Price feed outage near expiries	Markets enter review; settlement delay	Staleness-triggered pending review; vendor fallback
Incentive farming	Price feed outage near expiries	Treasury drains; AML triggers	VRS identity gating; surveillance; punitive fees

Table 8 - Solvency Stress-Test Scenarios

7.5 Referral & Affiliate Engine (Anti-MLM Safeguards)

Coinverse's referral program operates through the VRS Network with multi-tier rewards and revenue share. Enforceable guardrails include:

- No payout for signups alone: bonuses unlock only after referred users complete verified trading milestones
- Verified affiliates only: revenue share requires VRS identity verification and AML screening
- Capped recruiter take-rate: maximum percentage of referred user's net fees distributable upstream
- Public disclosures: affiliate earning distribution metrics published (median, percentiles)

8. VRS Governance Tokenomics

8.1 VRS Token Utility

The VRS governance token enables:

- Platform governance: parameter changes (fees, dispute windows, data-source hierarchy, caps)
- Dispute escalation voting: final arbitration under constrained rules
- Fee discounts: optional fee reduction when paying fees with VRS
- Buyback & burn: systematic purchases funded by governance-approved revenue share (≤10% of total supply burned)

8.2 Token Allocation

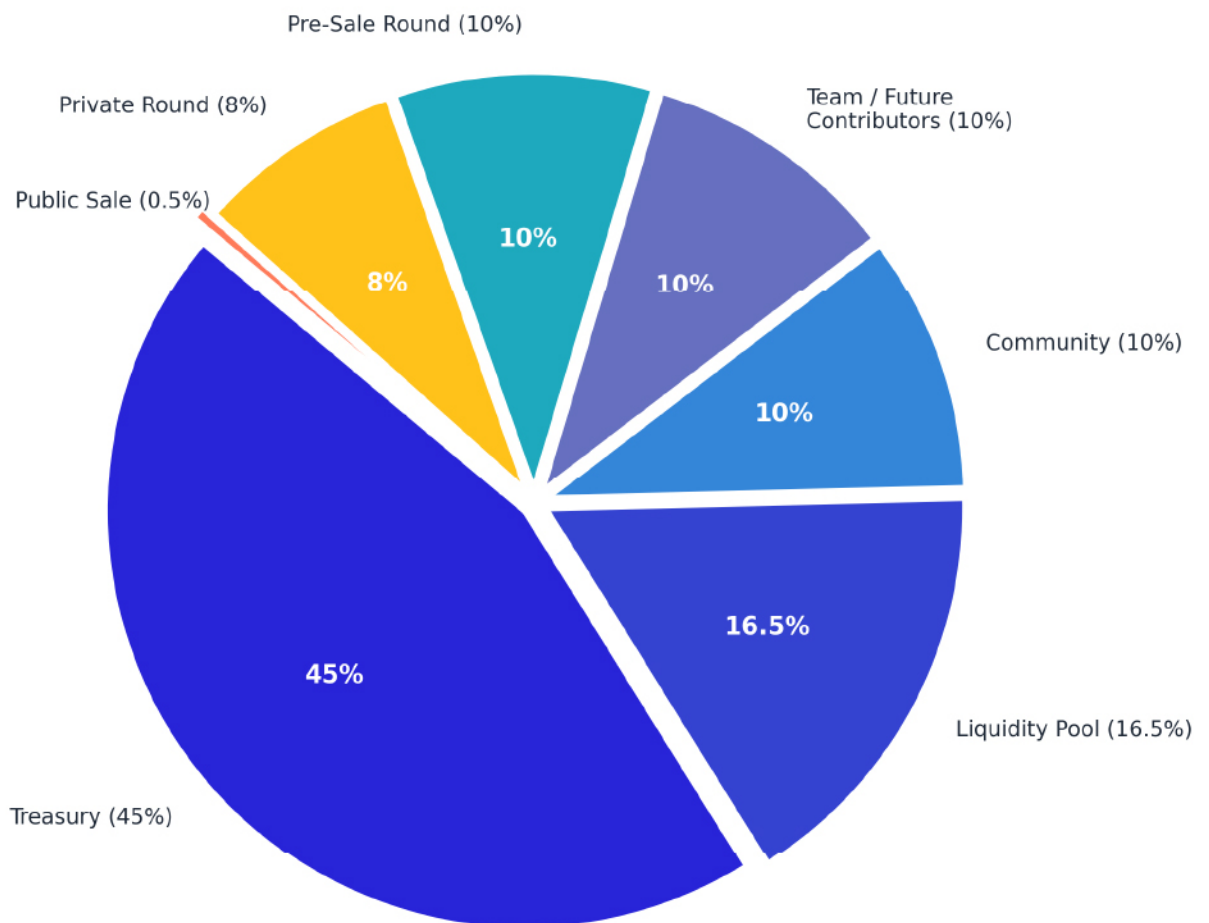


Figure 6 — VRS Token Allocation

8.3 Vesting Schedule

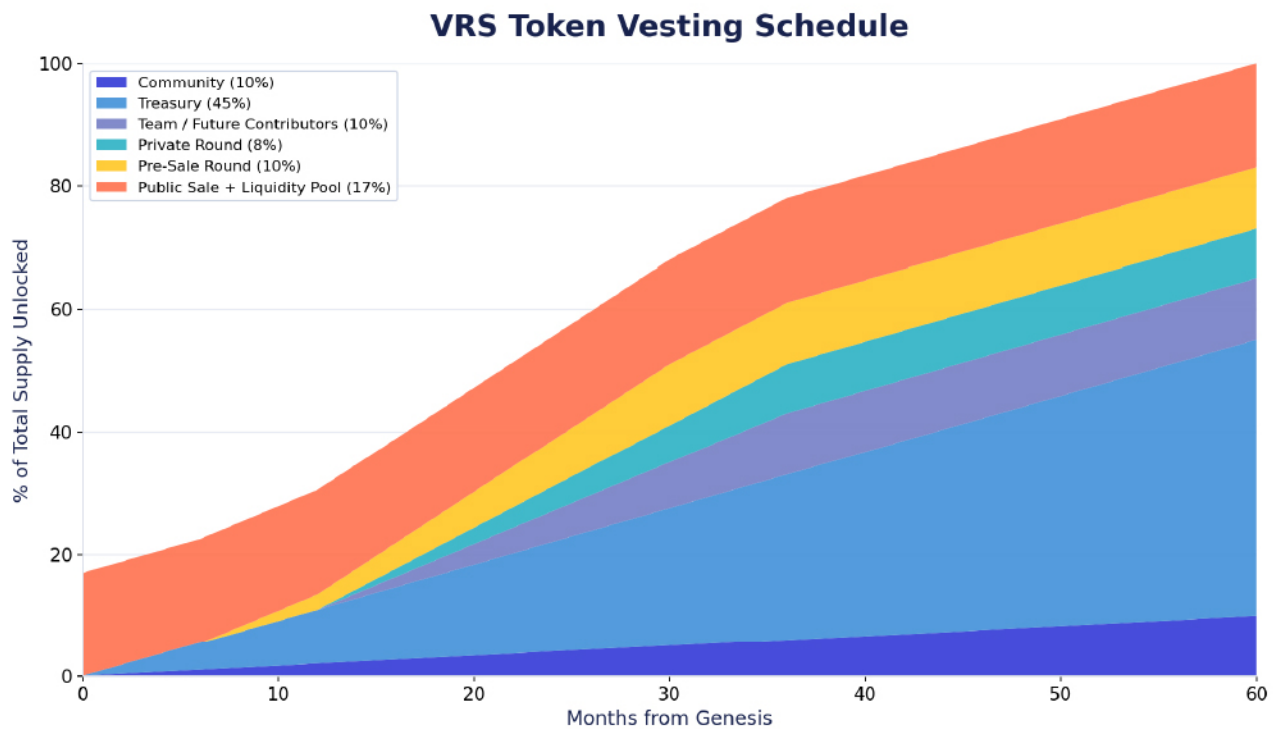


Figure 7 - VRS Token Vesting Schedule Over 48 Months

Vesting Table

Corrected Coinverse vesting schedule table kept separate from the chart.

Allocation Bucket	Allocation	Vesting	Release Notes
Pre-Sale Round	10%	30-day cliff, then linear vesting	Early-access allocation subject to a 30-day cliff followed by progressive linear release.
Private Round	8%	30-day cliff, then linear vesting	Strategic allocation subject to a 30-day cliff followed by linear vesting to support aligned participation.
Public Sale	0.5%	30-day cliff, then linear vesting	Community allocation subject to a 30-day cliff followed by linear vesting after the initial lock period.
Team / Future Contributors	10%	12-month cliff, 24-month linear	Balances contributor alignment with controlled long-term unlocks.
Community	10%	60-month linear (no cliff)	Sustained emissions to support ecosystem participation and incentives.
Liquidity Pool	16.5%	100% unlocked at TGE	Immediately available to support launch liquidity and market depth.
Treasury	45%	60-month linear	Long-duration release profile for ecosystem development and treasury discipline.

Table 9- VRS Token Vesting Schedule Over 60 Months

Clarity Note: Pre-Sale, Private Round, and Public Sale allocations are each subject to a 30-day cliff, followed by linear vesting. Team allocations unlock progressively over time, while Community and Treasury allocations follow longer linear schedules to support sustained ecosystem growth and operational discipline.

8.4 Governance Model: Phased Transition



Figure 8 — Governance Phased Transition

Key governance parameters (proposed defaults):

- Quorum: 5–10% of circulating supply (adjustable)
- Supermajority for dispute overrides: $\geq 66.7\%$ of votes cast
- Timelock delay for sensitive actions: 24–72 hours
- COI rule: holders with positions in a disputed market may not vote on that dispute

9. Security, Compliance & Roadmap

9.1 Platform Security Model

Coinverse operates with institutional-grade centralized security:

- **Custodial Wallets:** Multi-signature cold storage for majority of user funds; hot wallets sized for operational liquidity only
- **Infrastructure:** Enterprise-grade cloud hosting with DDoS protection, WAF, and geographic redundancy
- **Data Security:** End-to-end encryption; database-level encryption at rest
- **Access Controls:** Role-based access with MFA for all administrative operations
- **Trade Surveillance:** Real-time monitoring for wash trading, self-trading, referral abuse, and sybil clusters
- **Audit Trail:** Comprehensive logging of all matching, settlement, and administrative actions (tamper-evident)
- **Penetration Testing:** Regular third-party security audits

9.2 Centralized Compliance Advantages

- **AML Monitoring:** Transaction surveillance and compliance controls at the platform level
- **Transaction Monitoring:** Real-time surveillance of all trading activity
- **Regulatory Engagement:** Clear legal entity for licensing and regulatory correspondence
- **Geofencing:** Server-side enforcement of jurisdictional access controls (not reliant on client-side)

9.3 Product Roadmap

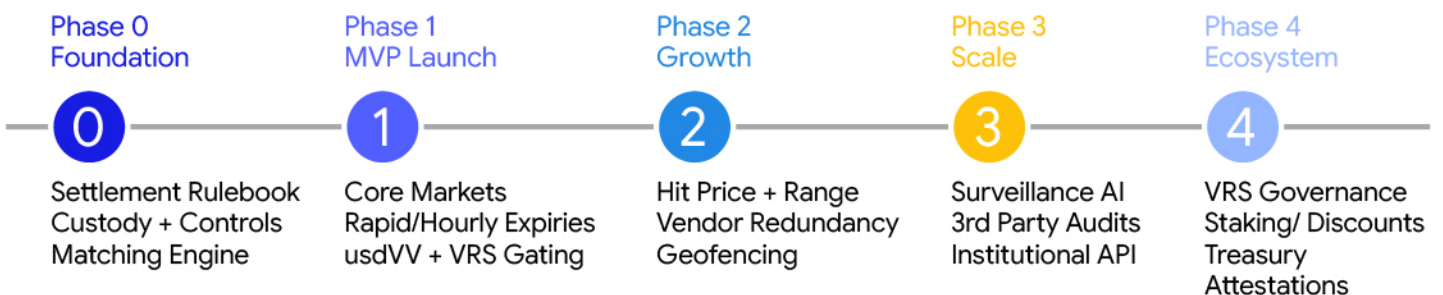


Figure 9 — Product Roadmap

Priority	Purpose	Key Deliverables
Phase 0	Foundation	Publish Settlement Rulebook; implement custody + withdrawal controls; deploy matching engine; launch audit logs + settlement receipts
Phase 1	MVP Launch	Core markets (Above/Below + Up/Down); hourly expiries; usdW welcome bonus + basic VRS referral gating
Phase 2	Growth	Add Hit Price + Price Range + Crude Oil markets; expand vendor redundancy; access controls; jurisdictional geofencing; begin UAE licensing
Phase 3	Scale	Advanced surveillance automation; third-party audits (security + financial); institutional API; expanded assets and throughput
Phase 4	Ecosystem	VRS governance integrations (staking/tiers/discounts); additional usdW utilities; external attestation program for treasury/ redemptions

Table 10 — Phased Roadmap with Compliance Milestones

Compliance milestones as explicit acceptance criteria:

1. Redemption access may be subject to platform eligibility controls in line with operational policy at launch.
2. Affiliate revenue share is available only to approved partner accounts under the platform’s onboarding standards.
3. Settlement will rely only on authoritative platform-defined pricing and settlement rules.
4. Jurisdictional access controls may be applied at the platform level before broader public expansion.

Closing Note

Coinverse's differentiation will ultimately be judged less by market templates alone and more by whether it can credibly deliver:

- (a) **Deterministic settlement** - outcomes governed by a clearly defined settlement framework and published market rules
- (b) **Execution integrity** - fair execution, auditable market activity, and transparent operational controls
- (c) **Sybil-resistant incentives** - usdW and VRS referral systems designed to reward genuine activity rather than artificial gaming
- (d) **A jurisdiction aware operating model** - built for speed, user protection, transparent settlement logic, treasury discipline, and sustainable platform growth

The specifications and controls outlined throughout this whitepaper are intended to make those outcomes measurable, operationally defensible, and credible to traders, partners, and future stakeholders.

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