KAIRON
LABS

Uniswap - How Kairon Labs adds value

Specific strategies when your token is listed on both Uniswap and centralized exchanges:

1. Preventing arbitrage: maintaining a tight spread on your largest centralized exchanges to prevent arbitrage opportunities between Uniswap and these centralized exchanges if we as the market maker are maintaining the majority of the order books.

2. Capitalizing on arbitrage: when clients have substantial organic volume and liquidity on their centralized exchanges due to proper market making (which will attract more traders), we can start executing on arbitrage opportunities ourselves to generate profit.

3. Limit orders: our trading system can monitor your Uniswap markets at all times and fully automatically execute orders when a certain target price (or volume, liquidity) is reached.

4. Further Uniswap automation: automating certain actions your team would otherwise have to monitor and execute on manually such as adding and withdrawing liquidity.

5. Market intelligence: close monitoring of your Uniswap liquidity pool and its transactions with our own personalized *Kairon Labs Uniswap tool* for your token to detect opportunities and threats that we can choose to capitalize on or neutralize.

6. Optional (at no extra cost): hedging via derivative products. At the wish of our clients we can also hedge the base trading pair inventory used for market making such as ETH, BTC,... on both DEX and CEX to protect the capital from losses due to asset prices declining in $US value.

   We can even use a proxy-hedge to protect the $US value of our clients token inventory from macro market downturns by leveraging the DEFI, ALTCOIN and SH*TCOIN perpetual swaps on FTX that are potentially correlated with the token's price performance.

These risk management efforts are being managed by our senior trader Grant Belford who boasts 20+ years of experience in risk management with traditional derivatives products.

Please find more information here:
https://blog.kaironlabs.com/risk-management-base-pairs-altcoin-hedging-program/

Standard centralized exchange market making strategies

1. Liquidity, volume and velocity algorithm:
    - Directionally agnostic, makes two-way prices to tighten the spread between bid and ask;
    - Engages in high-frequency trading and provides order-book depth to allow market participants to buy and sell large quantities of the token without moving the price;
    - Spots anomalies in the marketplace and corrects the off-market prices for orderly markets.
2. Price support and stability algorithm:
    - Posts stabilizing bids to protect token price from selling pressure, and engage in price influencing trading to manage volatility and reduce sudden and violent price swings;
    - Dynamic price floor mechanism deploys iceberging and tactical lifting for cost-effective price stabilisation.

Technical Market Making Clarifications

1. Liquidity, volume & velocity algorithms:
    a. Two way tightening the spread happens based on orders placement both on the sell as on the buy side. The percentage between bid and ask orders can be agreed between both parties.
    b. Orderbook depth is created based on % for example: 5% from the best bid and ask price we would fill x USD, 10% from the best bid

and ask price we would fill x USD, ...

2. Price support and stability algorithms
    a. Depending on market sentiment and possible marketing campaigns orderbook depth might be increased or decreased. These adaptations always happen in coordination with the team
        i. For example we track blockchain transactions in order to for example increase the buying support

-> Above strategies will always dynamically place & cancel orders in the orderbook. And of course not all liquidity will immediately be placed in the orderbook. Within these strategies we are always makers and never takers. https://www.investopedia.com/articles/active-trading/042414/what-makertaker-fees-mean-you.asp)