



INTRODUCING A NEW ERA OF **ADVANCED**
TRADING POSSIBILITIES

VARIANSE is London's boutique
FCA regulated brokerage house
offering truly bespoke multi-asset
electronic trading solutions.

We provide deep interbank liquidity,
razor sharp pricing and best-in-class
technology for strategy building, order
routing and low latency execution,
on the global FX, CFD & OTC markets.



CRYPTO CFD DERIVATIVES

We specialise in the provision, clearing and settlement of Institutional Cryptocurrency (Crypto) CFD liquidity.

With the average daily volume of cryptocurrency digital assets exceeding \$50 billion (December 2017) and surpassing the New York Stock Exchange, the demand for this emerging asset class has reached unprecedented levels and is set for exponential growth.

Although this presents a vast array of opportunities for FX, CFD and Derivative brokers, offering a Cryptocurrency CFD product to their underlying clients presents inherent risks.

Available OPTIONS?

The current options available are to:

- Obtain a price feed from a Crypto Exchange and internalise all client flow (B-Book model)
- Obtain a price feed from a Crypto Exchange, and STP all client orders to the Exchange (A-Book model)
- Obtain a price feed from a Crypto Exchange, partially internalise and partially hedge client orders with the Exchange (Hybrid model)
- Obtain an aggregated Crypto CFD price feed for both A and B Book execution
- **Obtain an aggregated Crypto CFD price feed for both A and B Book execution with a regulated custodian**

What are the RISKS?

- With the extreme volatility, long running trends and significant one-sided price moves, it leaves the broker exposed to open-ended losses. This has been the case thus far with many brokers discontinuing the product entirely or operating a close-only mode to mitigate further losses.
- Depending on a single Crypto Exchange for a price feed can have negative consequences if there are delays, technology failures or outages out of the control of the broker.
- With both A-Book and the Hybrid model, it **exposes the broker to extreme counterparty risk**. Crypto Exchanges are largely unregulated, decentralised and insecure. They are vulnerable to hacking, theft and malpractice, and it is very insecure for a broker to hold funds of any significant value with these entities. This is also the case if the broker wished to hold physical inventory of digital coins to offset risk, or relied solely upon an unregulated Crypto CFD provider.

Which leads onto our unique solution.



Institutional Crypto Liquidity

Through our executing partner and liquidity venue, we are able to provide a unique aggregated Crypto liquidity feed, sourced from multiple Tier-1 Crypto hedge funds and market makers who hold physical coin inventory and market make physical coins on the largest Crypto exchanges.

The blended price feed smooths out gaps in liquidity and will reflect an average price across GDAX, Bitfinex, Bitstamp and Coinbase to name a few.

Pricing is available on the major Crypto pairs and crosses, enabling brokers to safely speculate, trade and hedge their Crypto CFD flow and exposure.

Available Instruments

Bitcoin
Ethereum
Ripple
Litecoin
...more to follow

Available Pairs

- BTCUSD
- BTCEUR
- BTCGBP
- BTCJPY
- BTCPLN
- BTCAUD
- ETHUSD
- ETHGBP
- ETHEUR
- ETHJPY
- ETHAUD
- XRPUSD
- LTCUSD
- ...more to follow



Crypto CFD SPECIFICATIONS

Contract Terms

Margin: 10%

Swaps: Institutional

NOP: Negotiable, netted positions

Commission: None. All in spread

Market Depth: Full depth of market

Connectivity

Pricing is distributed from Equinix LD4 and NY4, with connectivity available via:

- FIX API
- Major FX bridge providers
- MT4 GUI

PRIME BROKERAGE Clearing & Custodian a complete solution.

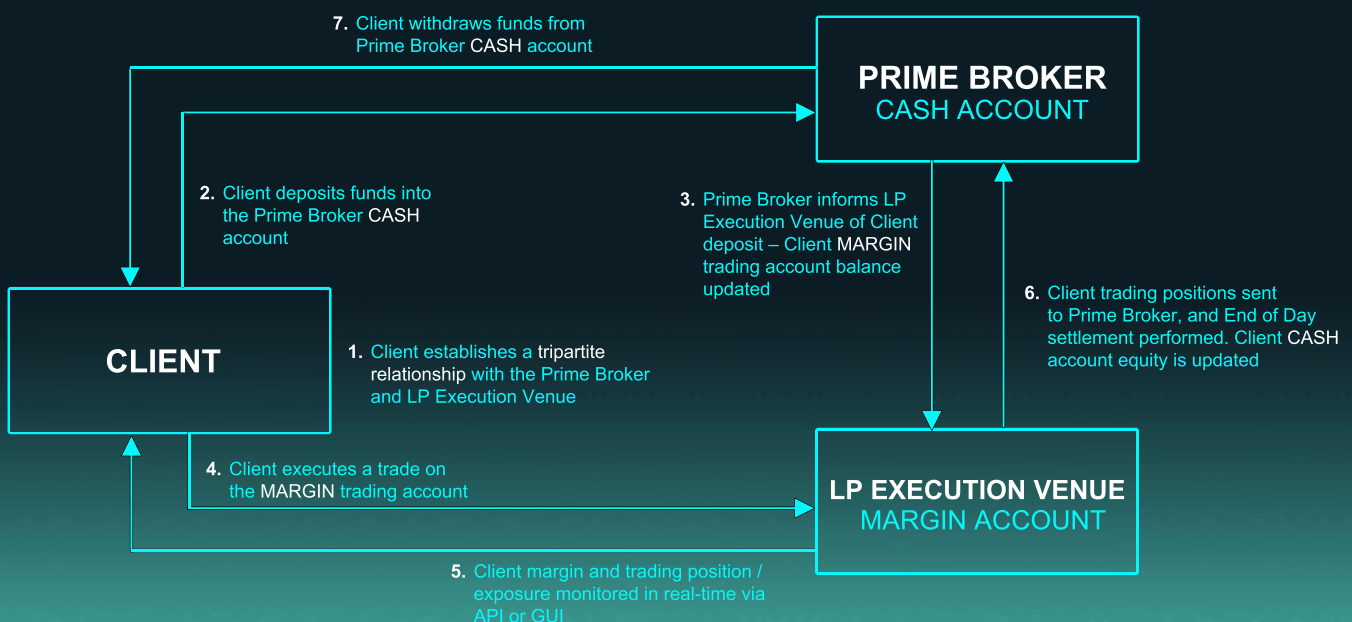
Through VARIANSE Prime Brokerage we will create a **tripartite relationship**, between ourselves, the Crypto LP Execution Venue, and the Client to provide a safe, stable and secure solution for Clients to trade on the Crypto CFD liquidity feed, with the comfort and security of their funds being held in custody with ourselves, an FCA regulated counterparty. This creates a unique relationship whereby the Client can enter into contracts with the Crypto LP Execution Venue, without the counterparty risks of sending the LP Execution venue funds.

The tripartite structure

1. The Client will hold **two** accounts:
 - a. A **CASH** account with the Prime Broker (VARIANSE) where the Client will deposit funds. These funds will remain in Barclays Bank in London at all times being held in the segregated clearing account.
 - b. A **MARGIN** trading account with the LP Execution Venue which will reflect the Cash balance available for trading.
2. VARIANSE will hold all client money.
3. Trading is performed between the Client and the LP Execution Venue.
4. Physical cash settlement and clearing of Client trades is performed by VARIANSE, which provides the Client with security of funds, as they are physically segregated in London with an FCA regulated entity and used for no other purpose than to

KEY advantages

- All Client funds held in segregated accounts with Barclays Bank, London.
- Custody of cash and settlement is performed by an FCA regulated entity.
- Provides safety of funds in an insecure marketplace.
- Superior Crypto CFD pricing and execution where the Client can trade whilst minimising counterparty risk.
- No risk of dealing with or holding funds with an unregulated Crypto Exchange.
- Crypto Wallet is not needed, all contracts settled in cash by VARIANSE.





A **TAILORED** SOLUTION

We focus on creating bespoke tailored solutions for our clients, from sourcing best in class liquidity in the OTC markets, to the creation, optimisation and provision of electronic trading solutions for astute clientele who require a professional and transparent trading service.

With key management holding over 20 years combined experience in the realms of Tier-1 Bank Institutional dealing environments, specifically related to derivative products, e-trading technology and statistical analysis, we build long standing relationships that last.

VARIANSE caters to Brokers, Corporate Institutions, Asset Managers, and both Retail and Professional traders.

We have an **Option for you to realise your trading goals**



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RISK WARNING: Forex and leveraged products involve a high level of risk. It is possible to lose all your capital. These products may not be suitable for everyone and you should ensure that you understand the risks involved. Seek independent advice if necessary.

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