Hotstuff HLV TVL Incentive via Liquidity Land

Executive Summary

- **What it is:** deposit into the Hotstuff Liquidity Vault (HLV) on Hotstuff L1, a multi-venue market-making vault that routes USDC liquidity across Hotstuff's native order books, Hyperliquid, and CeFi venues (Binance, Deribit) via trustless ed25519 consensus ops.
- **Target return:** ~23.66% APR floating (trailing 7-day vault performance) + Hotstuff points with 1.2x multiplier boost for Liquidity Land users
- **Term / liquidity:** 4-day lock-in from deposit before withdrawals are permitted. No ongoing lock thereafter, withdrawals are rolling after the initial period
- **Underlying strategy:** HLV operates in hedge mode with per-account netting, quoting markets simultaneously across Hotstuff's native books and external venues. Yield is generated from bid-ask spread capture and maker rebates. Approximately 200% better capital efficiency than single-direction vaults
- **Risk framing:** Primary risks are market-making performance volatility, CEX custody exposure on routed legs, and early-stage protocol risk, mainnet beta launched February 2026
- **Crypto correlation:** Moderate base market-making yield is largely market-structure driven (not directional)

Key Terms

Term	Details
Network	Hotstuff L1 (native chain; Ethereum bridge live)
Deposit asset	USDC
Product	Hotstuff Liquidity Vault (HLV)
Underlying strategy	Multi-venue delta-neutral market making across Hotstuff native order books, Hyperliquid, and CeFi venues (Binance, Deribit) via trustless consensus ops
Base yield APR	~23.66% floating (trailing 7-day; subject to market conditions)
Total target APR	~23.66% + Hotstuff points with 1.2x multiplier boost for Liquidity Land users
Token terms	Ticker, FDV, and vesting TBC. Points programme concludes no later than Q3 2026 (indicative TGE target)
Lock-up period	4-day lock-in from deposit; rolling withdrawals thereafter

Early exit	Withdrawals not permitted during initial 4-day lock period; no penalty after lock expires
Capacity / TVL cap	Currently open up to a cap of $1m total TVL in the vault
Backers	Delphi Digital, Dialectic, Stake Capital, Tykhe Ventures; founders of 1inch, Safe (Gnosis), Biconomy, Socket
Audits	Sherlock (Jan 2026, 0 High / 0 Medium) - bridge contract
Comparable project	Hyperliquid HLP / Lighter LLP, similar LP vault earning from on-chain market making; HLV extends to multi-venue market-making

Overview

Liquidity Land is offering LPs access to the Hotstuff Liquidity Vault (HLV) — the flagship yield product on Hotstuff L1, a purpose-built DeFi chain designed for Confidential Integrated Finance. HLV accepts USDC deposits and deploys that capital as a multi-venue market maker, earning bid-ask spread and maker rebates across Hotstuff's native order books, Hyperliquid, and major CeFi venues including Binance and Deribit.

The core value proposition of HLV is that it sources liquidity wherever it is deepest. Unlike comparable vaults such as Hyperliquid's HLP, which is limited to a single venue's books, HLV routes trustlessly to external venues via ed25519 API keys embedded at the consensus layer — with no trusted intermediaries involved in execution. This multi-venue approach allows HLV to capture spreads and rebates from a wider opportunity set, improving both yield consistency and capital efficiency.

For Liquidity Land LPs, HLV represents a floating-yield, dollar-denominated opportunity with a short 4-day lock-in and upside from token distributions on top of the base market-making return. Hotstuff's points programme is confirmed to conclude no later than Q3 2026, providing a clear indicative window for token generation and distribution. The combination of a live mainnet product, a strong backer list, and clean audit results makes this one of the more operationally grounded early-stage vault opportunities in the current market.

About Hotstuff

Hotstuff Labs is the rebranded and evolved continuation of Syndr Protocol, operating under the same corporate entity (Syndr LLC, dba Hotstuff Labs). Syndr originally was working on an institutional-grade decentralized derivatives exchange — offering options, perpetuals, and futures with cross-margin and portfolio/SPAN margining on a high-performance Arbitrum Orbit L3. The project has since pivoted into a full DeFi-native Layer 1, preserving the same team, corporate lineage, and trading-first focus while significantly expanding its scope and infrastructure.

Hotstuff L1 is powered by DracoBFT, a custom consensus protocol achieving 200,000+ TPS, 75ms block time, and 150ms deterministic finality. Unlike general-purpose chains, Hotstuff is purpose-built around an integrated product stack: perpetual futures (up to 50x leverage), fully on-chain spot order books, options markets, lending with native liquidation routing, and a programmable fiat-connectivity layer where validators act as financial access points for on/off-ramps, remittances, and payment rails.

The protocol is backed by a well-regarded investor list: **Delphi Digital**, **Dialectic**, **Stake Capital**, and **Tykhe Ventures**, with angel participation from the founders of **1inch, Safe (Gnosis), Biconomy, and Socket**. The public testnet launched in December 2025, HLV went live on January 25, 2026 (attracting $500k in committed TVL from 1,000+ depositors within 12 hours on mainnet), and trading mainnet beta launched on February 1, 2026, with perp and spot markets live as of February 6, 2026.

Comparable project: Hyperliquid — both are high-performance on-chain trading venues with LP vaults earning from market making. Hotstuff's differentiation lies in its multi-venue routing capability, integrated fiat rail layer, and planned confidentiality layer via Intel TDX trusted execution environments.

Hotstuff x Liquidity Land Offer

Liquidity Land is offering LPs the opportunity to participate in HLV with the following terms:

- **Deposit asset:** USDC on Hotstuff L1 (Ethereum bridge available for on-ramp)
- **Lock-in period:** 4 days from deposit. Withdrawals are not available during this window. After the lock-in expires, withdrawals are rolling with no further restrictions.
- **Early exit:** No penalty applies after the 4-day lock-in period. Withdrawals are blocked during the lock window only.
- **TVL cap:** [Confirm if TVL cap applies — currently open with no stated hard cap]

Underlying Strategy / Yield Mechanics

HLV is a multi-venue, delta-neutral market-making vault. Depositors effectively become passive liquidity providers across a network of order books, earning a share of the spread and maker rebates generated by HLV's automated quoting strategies.

How the yield is generated

HLV simultaneously quotes bid and ask prices across Hotstuff's native perpetual and spot order books, Hyperliquid's books (accessed trustlessly via Hyperliquid's multisig order placement), and CeFi venues including Binance and Deribit (accessed via ed25519 API keys embedded in Hotstuff's consensus layer — no trusted intermediary required). The vault routes to wherever the spread is widest and maker rebates are most attractive at any given moment.

Hedge mode and capital efficiency

HLV operates in hedge mode, enabling per-account netting across long and short positions simultaneously. This eliminates the directional bias present in single-sided vaults and delivers approximately 50% better capital efficiency. In practice, the same USDC deposit generates more market-making activity — and more fee income — than a comparable non-hedged structure.

Why the return is achievable

Bid-ask spread capture and maker rebates are among the most persistent yield sources in crypto markets. They do not depend on directional price movement — rather, they depend on trading volume and two-sided order flow, both structurally robust on active venues. HLV's multi-venue routing capability allows it to shift capital toward whichever venue offers the best spread economics at any time, making the yield profile more stable than single-venue market-making vaults. The trailing 7-day base APR of ~23.66% reflects live vault performance since the January 25 launch.

Note: Because HLV yield is market-making driven, it is floating and will vary with trading volumes and spread conditions. LPs should treat the trailing 7-day figure as indicative, not guaranteed.

Team

Vyom Sharma — Co-Founder & CEO. Principal architect of Hotstuff's integrated finance thesis and author of the public vision pieces on confidential integrated DeFi. Leads protocol strategy, investor relations, and ecosystem development.

mks — Co-Founder & Core Developer. Previously at Messari; CS graduate from the University of Waterloo. With a strong developer background across protocol design and trading infrastructure, mks bridges technical innovation with practical DeFi trading experiences and leads on product engineering.

0xVexor — Head of Operations & BD, founding team member. Has been with the project since its Syndr Protocol days, playing a central role in business development and operational build-out through the pivot to a full DeFi L1. Leads institutional partnerships, BD pipeline, and day-to-day operations at Hotstuff Labs.

Valdrin Prax — Core team. Leads marketing and growth, including mainnet beta launch coordination and HLV go-to-market.

The broader Hotstuff Labs team spans over 13 team members over engineering, finance, consensus research, trading systems, cryptoeconomics, and protocol design.

Risks & Considerations

Risk	Mitigation / Context
Smart contract risk	Bridge contract audited by Sherlock (Jan 2026, 0 High / 0 Medium findings). Sherlock Shield covers contract exploits up to $500k insurance.
CEX custody risk	HLV routes a portion of capital to Binance and Deribit via ed25519 API keys. Funds on CEX legs are subject to exchange counterparty risk. This is disclosed in Hotstuff documentation and is a known trade-off of the multi-venue model.
Market-making performance risk	HLV yield is floating and depends on trading volumes and spread conditions. In low-volume or tight-spread environments, base yield will compress. Multi-venue routing mitigates this by shifting to better-spread venues.
Early-stage protocol risk	Mainnet beta launched February 2026 — the protocol is live but young. Users should size positions accordingly. Delphi Digital and Dialectic backing provides reputational accountability.
Auto-deleveraging (ADL) risk	HLV depositors are exposed to ADL risk inherent in the perp market structure. Extreme market dislocations could affect vault PnL.
Liquidity / lock-in risk	Funds are locked for 4 days from deposit. This is a short window but relevant for LPs requiring intraday liquidity. Post lock-in, withdrawals are rolling.
Crypto correlation	Moderate — base yield is market-structure driven (not directional), but token reward value correlates with broader crypto market conditions.

Audits & Security

- **Sherlock (January 14–18, 2026):** Security review of the Hotstuff bridge contract (src/Bridge.sol, commit c00ab4f). Zero High severity findings. Zero Medium severity findings.
- Vault is governed by Hotstuff L1 node validators. There are currently three validators, with a threshold of 2/3 required for actions.

Bridge contract governance

- Hotstuff bridge is non-ugradeable by choice.
- All Bridging operations require a full validator quorum to be reached (⅔ for the three validators).
- Withdrawals from Bridge require a 2-step process which requires a validator quorum and is further protected by a non-updatable dispute period.
- Bridge contract has an owner role that is responsible for non-critical operations like managing an approved list of collaterals as well as managing the relayer and disputer roles. The owner role does not factor in the deposit/withdrawal flows.
- DOS attacks by relayers and disputers are acceptable issues which are resolved by their removal via a valid quorum.

Key Links

- **Website:** https://www.hotstuff.trade
- **App / Deposit:** https://www.hotstuff.trade
- **Documentation:** https://docs.hotstuff.trade
- **Sherlock Audit:** https://github.com/hotstuff-labs/bridge/blob/main/audits/2026.02.04-Sherlock-Hotstuff-Audit-Report.pdf
- **DracoBFT Whitepaper:** https://hotstuff.trade/DracoBFT.pdf
- **DeFiLlama TVL:** https://defillama.com/protocol/perps/hotstuff
- **GitHub:** https://github.com/hotstuff-labs
- **X / Twitter:** https://x.com/tradehotstuff
- **Liquidity Land activation page:** https://app.liquidity.land/project/Hotstuff
- **Trading referral link**: https://app.hotstuff.trade/join/liquidityland

How to Participate

1. Activate your position on Liquidity Land and confirm allocation with the contacts below.
2. Connect your wallet at hotstuff.trade and navigate to the HLV vault. Deposit USDC. Note the 4-day lock-in from the time of deposit.
3. Return to Liquidity Land and submit the transaction
4. Token distributions will be communicated once token terms are finalised. Participants in this campaign will be eligible for the enhanced reward rate. The points programme is confirmed to conclude no later than Q3 2026.
5. Direct any questions on to the Liquidity Land contacts below.

Contact

Lewis, Institutional Lead, Liquidity Land: t.me/Lewis2204 (Sydney)

Russell, CEO of Liquidity.land: t.me/rtgecompany (Lisbon)

This memo is for informational purposes only and does not constitute financial or investment advice. DeFi protocols involve significant risks including smart contract vulnerabilities, market volatility, and the potential loss of principal. Yield figures are illustrative and not guaranteed. Participants should conduct their own research and consult a qualified adviser before making any investment decision.