

# Strategic Alpha Generation in Perpetual DEX Airdrops: A Quantitative Framework for Valuing Points and Projecting Allocations

## Section 1: The 2025 Perpetual DEX Landscape: From Airdrops to Points

### 1.1 Deconstructing the "Points Meta": An Evolutionary Analysis

The methodology by which new decentralized finance (DeFi) protocols attract users and distribute ownership has undergone a fundamental transformation. The era of surprise, retroactive airdrops, while historically effective for landmark projects like Uniswap, has largely given way to a more structured and explicit system of "points" programs.<sup>1</sup> This shift represents a strategic evolution in response to the persistent challenges of Sybil attacks, mercenary capital, and an ambiguous regulatory landscape.<sup>1</sup> Understanding this "points meta" is critical for effectively navigating and capitalizing on the opportunities presented by the next generation of DeFi protocols.

Points programs function as the next evolution of "airdrop farming," the practice of interacting with protocols specifically to qualify for a future token distribution.<sup>1</sup> Unlike the speculative nature of early farming, where users operated on the mere assumption of a future reward, points programs make the incentive explicit. These systems act as off-chain accounting ledgers, centrally managed by the project team, to track and quantify user contributions over an extended period.<sup>1</sup> This model, analogous to traditional loyalty programs, allows protocols to gamify engagement and guide user behavior toward specific, value-accretive actions long before a token exists.<sup>1</sup> The trend was popularized by the NFT marketplace Blur in 2022 and

has since become a standard component of the pre-Token Generation Event (TGE) playbook for a majority of new protocols.<sup>1</sup>

The initial model of simple, snapshot-based airdrops proved highly vulnerable to exploitation. It incentivized Sybil attacks, where users would spread minimal activity across thousands of wallets to maximize their allocation, providing little to no long-term value to the protocol.<sup>1</sup> This practice diluted the rewards intended for genuine users and failed to cultivate a committed community. Protocols required a more robust method to measure and reward sustained commitment. Points, awarded continuously over weeks or months for specific, high-value actions, serve as a far superior proxy for user loyalty and contribution than a single snapshot of historical activity.<sup>1</sup> This mechanism is a form of behavioral engineering; protocols are no longer just rewarding past actions but are actively shaping future user behavior in real-time. This creates a feedback loop where the protocol can dynamically adjust incentives to meet specific needs, such as bootstrapping liquidity in a new market. This transforms the user from a passive recipient into an active, incentivized participant in the protocol's growth, effectively outsourcing key developmental tasks to the community.

The widespread adoption of points is driven by several key strategic advantages. First, they provide developers with a granular tool for targeted incentivization. Instead of rewarding all past usage equally, teams can assign different point values to specific actions, such as offering a multiplier for providing maker liquidity on an order book or using a new feature.<sup>1</sup> Second, this model offers a degree of regulatory arbitrage. The legal classification of airdropped tokens remains a significant gray area, particularly in jurisdictions like the United States. By first issuing points, which are explicitly defined as having no monetary value, projects create a buffer between a user's actions and a direct claim on a financial asset.<sup>1</sup> This allows for aggressive marketing and community-building activities while deferring the potential legal complexities associated with a token issuance, effectively creating a "regulatory sandbox" for growth.<sup>1</sup>

## 1.2 The Strategic Bifurcation: Volume vs. Merit

The current market for perpetual DEX incentive campaigns has clearly bifurcated into two dominant models, each reflecting a different strategic priority and targeting a distinct user archetype.<sup>1</sup>

The first is the **transparent, volume-centric model**, exemplified by protocols such as Variational and EdgeX.<sup>1</sup> These platforms provide clear, quantifiable criteria for reward accrual, primarily centered on cumulative trading volume. This approach is capital-intensive and designed to bootstrap trading activity, attract a broad user base, and quickly establish

impressive headline metrics like total volume and Total Value Locked (TVL). The strategy for participants is a game of capital efficiency: generating the highest possible notional trading volume for the lowest possible cost.<sup>4</sup>

The second, and increasingly prevalent, model is the **opaque, merit-based model**, championed by platforms like Lighter DEX and Pacifica.<sup>1</sup> These protocols deliberately obscure their points formulas to reward "quality" engagement over raw, brute-force volume. This represents a direct response to the challenge of indiscriminate, bot-driven wash trading that plagued earlier campaigns.<sup>4</sup> Instead of rewarding activity that can be easily gamed, these systems implement "quality-weighted" metrics to identify and reward skilled, organic trading. Points are allocated based on metrics that are difficult to fake, such as Profit and Loss (PnL), Sharpe Ratio (a measure of risk-adjusted return), and the provision of maker liquidity.<sup>1</sup>

This bifurcation is a direct reflection of a protocol's long-term strategy. Volume-centric models are optimized for rapid user acquisition and solving the "cold start" problem of liquidity. However, this volume is often "mercenary" and is likely to depart once incentives diminish.<sup>5</sup> In contrast, protocols like Lighter, backed by elite venture capital firms such as Andreessen Horowitz (a16z), are playing a longer game.<sup>1</sup> They seek to build a healthy, organic market with real price discovery. Profitable traders and skilled market makers are the source of this health. By rewarding PnL and Sharpe Ratio, Lighter is explicitly filtering for the type of user that will contribute to its long-term defensibility as a high-performance trading venue, rather than just temporarily boosting its statistics for a TGE. This distinction requires that a participant must accurately self-assess their own strengths—be it access to capital or trading skill—and align their efforts with the protocol that most values those specific contributions.

## Section 2: Protocol Deep Dive: A Comparative Analysis

A granular, evidence-based analysis of each target protocol is essential for constructing a viable farming strategy and serves as the foundational data for the valuation framework developed in Section 3. The perpetual DEX space is not a winner-take-all market but is fragmenting into specialized niches based on blockchain ecosystem, target user, and core value proposition.

### 2.1 The High-Conviction Plays (Confirmed/Strongly Implied Airdrops)

## Variational (Arbitrum): The Low-Risk Volume Farm

Variational is a perpetuals DEX built on the Arbitrum network, distinguished by its use of a Request-for-Quote (RFQ) system instead of a traditional order book.<sup>1</sup> Backed by prominent venture firms Bain Capital Crypto and Peak XV Partners, the protocol aggregates liquidity from numerous external sources to offer zero-fee trading to its users, generating revenue by capturing the bid-ask spread.<sup>1</sup>

The platform's airdrop is **confirmed**, with the project officially announcing the launch of a native token, VAR, and allocating a massive **50% of the total token supply** to a community airdrop.<sup>1</sup> Eligibility is tied directly to cumulative trading volume on the platform's Omni application, with the TGE slated for 2025.<sup>1</sup> Currently in a "pre-points" closed beta, Variational offers a unique and powerful immediate reward in the form of direct loss refunds, paying traders back 1-5% of the value of their losing trades.<sup>1</sup> This mechanism directly subsidizes the financial risk of trading on a new platform, dramatically lowering the barrier to entry and creating a highly capital-efficient environment for volume-based farming strategies.

## Lighter DEX (Starknet): The High-Skill Alpha Generator

Lighter is an order book-based perpetuals DEX on Starknet with elite institutional backing from Andreessen Horowitz (a16z) and Lightspeed Venture Partners.<sup>1</sup> An airdrop is **strongly implied**, with the active "Season 2" points program described as a "pre-TGE rewards engine" and market guidance suggesting a TGE around Q4 2025.<sup>1</sup> Lighter's CEO has confirmed a 50% community allocation, with 25-30% designated for the first two airdrop seasons.<sup>8</sup>

The platform's points formula is a prime example of the merit-based model, explicitly weighting PnL and Sharpe Ratio to reward proficient and risk-managed trading over raw volume.<sup>1</sup> Market conviction in a valuable Lighter airdrop is exceptionally high, evidenced by a liquid Over-The-Counter (OTC) market for its points, where prices have reached **\$75-\$80 per point**.<sup>1</sup> This robust price discovery mechanism functions as a de facto pre-market for the token and is the strongest possible signal of widespread belief in the protocol's future success.

## EdgeX (Ethereum L2): The Marathon Farm

EdgeX is a perpetuals DEX built on Ethereum that uses StarkEx's ZK-rollup technology for off-chain matching and on-chain settlement, backed by the institutional digital asset firm Amber Group.<sup>1</sup> The airdrop is **confirmed**, with the campaign's official documentation explicitly instructing users to "Wait for the airdrop announcement" and "Get your tokens on TGE".<sup>1</sup> Points are earned through a straightforward combination of trading and depositing into liquidity vaults.<sup>1</sup>

A key strategic consideration for EdgeX is its long and fixed campaign timeline, running from May 28 to December 31, 2025.<sup>1</sup> This seven-month duration introduces a significant risk of reward dilution. As awareness of the confirmed airdrop grows, the fixed weekly point pool of 300,000 points is divided among an ever-increasing number of participants, meaning the reward-to-effort ratio diminishes over the course of the campaign.<sup>1</sup>

## Extended (Starknet): The EVM On-Ramp

Extended is a hybrid Central Limit Order Book (CLOB) DEX on Starknet, founded by a team with experience from Revolut and backed by investors including StarkWare and a co-founder of Lido.<sup>1</sup> An airdrop is **strongly implied**, with reports indicating a planned **30% airdrop allocation** and a TGE scheduled for Q1 2026.<sup>9</sup>

Extended's standout feature is its relentless focus on an EVM-friendly user experience. An integrated bridge allows users to deposit USDC directly from chains like Ethereum and Arbitrum using their familiar MetaMask wallet, abstracting away the complexities of the Starknet ecosystem.<sup>1</sup> This dramatically lowers the barrier to entry for the vast majority of DeFi users, providing the path of least resistance for EVM-native capital to enter the Starknet ecosystem.

## 2.2 The Speculative & Nuanced Plays

### Pacifica (Solana): The Contrarian Gambit

Pacifica is a high-growth hybrid perpetuals DEX on the Solana blockchain, founded by former FTX and Alameda Research executives, including former FTX COO Constance Wang.<sup>1</sup> The project is entirely self-funded, a strategic choice to signal alignment with users and distance the project from the venture-backed pressures of its founders' past.<sup>1</sup> The platform runs an opaque, merit-based points program that distributes 500,000 points weekly and explicitly encourages maker flow by using post-only limit orders.<sup>1</sup>

The most critical aspect of the Pacifica campaign is that the airdrop is **officially denied**. The team's documentation unequivocally states: "There is no airdrop".<sup>1</sup> This statement is in direct contradiction to the existence of a points program and some third-party reports discussing a future token.<sup>1</sup> This denial acts as a powerful strategic filter, designed to deter low-conviction farmers and attract a user base willing to speculate on the team's long-term intentions. Should the team later conduct a "surprise" airdrop, the rewards would be distributed among a smaller, more dedicated pool of early users, potentially resulting in a highly valuable allocation per participant.

### **Paradex (Starknet): The Gamified Loyalty Program**

Paradex is a high-performance perpetuals DEX on Starknet incubated by Paradigm (the institutional liquidity network, distinct from the venture capital firm) in collaboration with StarkWare.<sup>1</sup> An airdrop is **speculated**, with official communications carefully worded to refer to "bonuses" and "special reward events" rather than explicitly confirming a token.<sup>1</sup> However, details for a potential "\$DIME" token have emerged, indicating a **57.6% community allocation**, with 20% reserved for a "Genesis Airdrop" for early participants.<sup>11</sup>

The "XP Warzone" campaign is a broad-based loyalty program that awards "Xperience Points" (XP) for a diverse range of actions, including maintaining open interest, providing TVL, generating trading fees, and community engagement.<sup>1</sup> A particularly novel mechanic is "Liquidation XP," which grants points even when a user's position is liquidated, acting as a psychological buffer that may subtly encourage higher-risk trading behavior that benefits the protocol's revenue.<sup>1</sup>

### **BasedApp (Multi-Chain): The Synergistic Double-Dip**

BasedApp is not a standalone DEX but rather functions as an interface for the underlying Hyperliquid exchange, a leading perpetuals DEX with its own highly sought-after points

program.<sup>1</sup> The airdrop is **unconfirmed**, with the platform's "Based XP" described officially as a "non-financial loyalty signal" with "no monetary value".<sup>1</sup>

The core strategy for BasedApp is not to farm it in isolation but to use it as a tool for **Synergistic Farming**. By routing trades to Hyperliquid through the BasedApp interface, a user can "double-dip" on rewards, earning Based XP while their trading volume simultaneously contributes to their standing in the Hyperliquid points campaign.<sup>1</sup> This makes BasedApp a low-risk addition to a Hyperliquid farming strategy, with the Based XP acting as a potential bonus on top of the primary target. The platform's success is, however, inextricably linked to the continued dominance of Hyperliquid.<sup>1</sup>

## 2.3 Tier 2 Opportunities & The Broader Landscape

Beyond the primary targets, the broader market is bustling with competitors that represent the next wave of airdrop opportunities. A robust farming strategy should involve monitoring and potentially allocating to these emerging platforms to gain exposure to different ecosystems and technologies.

Key Tier 2 protocols include:

- **Hibachi:** A privacy-focused perpetuals DEX operating on Arbitrum and Base, backed by Dragonfly and Electric Capital. It has a potential 20% token allocation for a community airdrop and rewards trading activity and referrals.<sup>12</sup>
- **Perennial:** A decentralized derivatives protocol built as a dedicated rollup on Ethereum. It has secured \$12 million from major investors like Polychain Capital and Coinbase Ventures and is noted for having a smaller user base, which could translate to less competition and larger allocations for early adopters.<sup>12</sup>
- **Drift Protocol:** A major perpetuals DEX on Solana that has already conducted one airdrop and has a "Season 2" scheduled for May 2025. This new season uses a "FUEL" points system earned through activities like trading and staking.<sup>16</sup>
- **KiloEx:** A perpetuals DEX on BNB Chain, opBNB, and Manta, backed by Binance Labs. It is running a multi-season airdrop campaign with points earned through trading, staking USDT, and referrals.<sup>18</sup>

This fragmentation of the market creates a "portfolio of platforms" opportunity. A participant is not just betting on a single DEX to win; they are gaining exposure to the growth of specific ecosystems (e.g., farming Pacifica and Drift is a bet on Solana's DeFi growth) and specific technologies (e.g., farming Lighter is a bet on the maturation of ZK-rollups). The most robust farming strategy therefore involves diversifying not just across risk profiles, but also across

these ecosystem and technology bets.

**Table 2.1: The Airdrop Farming Decision Matrix**

The following matrix provides a comprehensive, at-a-glance comparison of the seven primary protocols across the most critical vectors for an airdrop farmer. It is designed to distill the preceding analysis into its most essential, decision-relevant components.

Protocol	Blockchain	Airdrop Confirmation	Primary Earning Metric	Optimal Strategy	Cost Profile	Risk Profile	Market Conviction
Variational	Arbitrum	Confirmed (50% Supply)	Cumulative Trading Volume	Volume-Centric	Very Low (Zero fees + loss refunds)	Low	High
Lighter DEX	Starknet	Strongly Implied	PnL & Sharpe Ratio	Quality-Weighted	Low (Zero taker fees)	Medium	Very High (\$75+ OTC point value)
EdgeX	Ethereum (L2)	Confirmed	Trading & Vault Deposits	Volume-Centric	Medium	Medium	Medium
Extended	Starknet	Strongly Implied	Trading & Liquidity	Volume / Maker-Focused	Low (Zero maker fees)	Medium	High



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<b>Parade x</b>	Starknet	Speculated	Trading, Liquidity, Community	Diversified Engagement	Medium	High	Medium
<b>Based App</b>	Multi-Chain	Unconfirmed	DEX Trading (via Hyperliquid)	Synergistic ("Double-Dip")	(Hyperliquid Fees)	High (Platform) / Low (Strategy)	Low (for BasedApp)
<b>Pacific a</b>	Solana	Officially Denied	Maker Liquidity (Opaque)	Maker-Focused / Contrarian	Medium	Very High (Narrative Risk)	High (Volume Signal)

## Section 3: A Quantitative Framework for Valuing Airdrop Points

This section delivers a systematic, quantitative framework for valuing the non-fungible "points" issued by pre-TGE protocols. By moving from theoretical concepts to concrete formulas, this framework provides an actionable tool for estimating the potential financial outcome of farming activities and making data-driven allocation decisions.

### 3.1 The Valuation Funnel: A Step-by-Step Methodology

The process of estimating the value of a potential airdrop can be conceptualized as a multi-stage funnel. Each stage involves an estimation that builds upon the previous one,

progressively narrowing the range of potential outcomes from a broad market valuation to a specific user's wallet. The five core steps are:

1. **Project Future Value:** Estimate the protocol's Fully Diluted Valuation (FDV) at its Token Generation Event (TGE). This represents the total theoretical market capitalization of the project if all of its tokens were in circulation.
2. **Determine Airdrop Size:** Identify the percentage of the total token supply that the protocol has allocated to the specific airdrop campaign.
3. **Calculate Total Airdrop Value:** Multiply the projected FDV by the airdrop allocation percentage to determine the total dollar value of the reward pool.
4. **Estimate User's Share:** Model the user's proportional share of the total qualifying activity (e.g., total points earned, total volume generated) across all participants in the campaign.
5. **Calculate Final Airdrop Value:** Multiply the Total Airdrop Value by the user's estimated share to arrive at a final projected value for their specific airdrop allocation.

### 3.2 Step 1: Projecting TGE Valuations (FDV)

Projecting the future valuation of a pre-launch protocol is inherently speculative, but a reasonable range can be established using established financial metrics and market comparables.

First, it is essential to define **Fully Diluted Valuation (FDV)**. FDV is calculated by multiplying a token's current price by its total supply (including all tokens that have not yet been released into circulation).<sup>21</sup> This metric provides a more complete picture of a project's potential long-term valuation than market capitalization alone, which only considers the circulating supply.<sup>23</sup> A high FDV relative to market cap can signal significant future token unlocks and potential inflationary pressure.<sup>23</sup>

To project the FDV of the target protocols, a market comparables analysis is the most robust method. By analyzing the current valuations of established, publicly traded perpetual DEXs, we can create valuation benchmarks. As of late 2025, two key comparables are:

- **dYdX (DYDX):** A leading perpetuals DEX with a market capitalization of approximately \$256-272 million and an FDV of roughly \$331 million.<sup>24</sup>
- **Jupiter (JUP):** A major DEX aggregator on Solana with a market capitalization of approximately \$1.4 billion and an FDV of around \$2.95 billion.<sup>27</sup>

These figures provide a wide valuation spectrum. A new protocol with strong backing and innovative technology, like Lighter, could reasonably be expected to target an FDV in the range of \$1-3 billion, while a smaller or less-hyped project might fall into the \$500 million to

\$1.5 billion range. The ratio of market cap to FDV for these comparables is also instructive. dYdX has a high MC/FDV ratio of ~82%, indicating most of its supply is already in circulation, while Jupiter's is lower at ~45%, suggesting significant future unlocks.<sup>24</sup> This nuance is critical for deciding whether to sell an airdrop immediately at TGE or hold it, as a low initial float can lead to high initial prices followed by long-term sell pressure.

### 3.3 Step 2 & 3: Modeling Points-to-Token Conversion

With a projected FDV range, the next step is to model how a user's specific on-chain actions translate into a share of the airdrop pool. The appropriate model depends entirely on the design of the protocol's incentive campaign.

### Model A (Volume-Share Model)

This model is applicable to protocols with transparent, volume-centric campaigns, with **Variational** being the prime example. The logic is straightforward: a user's share of the airdrop is directly proportional to their share of the total trading volume generated on the platform during the campaign period.

The formula is:

$$\text{Estimated Airdrop Value} = \left( \frac{\text{User's Trading Volume}}{\text{Total Protocol Trading Volume}} \right) \times (\text{Airdrop Allocation \%}) \times (\text{Projected FDV})$$

To use this model, a participant inputs their own cumulative trading volume. The total protocol trading volume can be estimated from on-chain data dashboards like DeFiLlama. For Variational, the Airdrop Allocation % is confirmed at 50%.<sup>1</sup>

### Model B (Market-Implied Value Model)

This model is uniquely suited for protocols where a robust OTC market for points has developed, with **Lighter DEX** being the ideal case. This approach uses the active OTC market as a direct price discovery mechanism, effectively outsourcing the complex task of projecting FDV and token conversion to the collective wisdom of the market. The OTC price implicitly bakes in all market expectations about the protocol's future success, airdrop size, and

conversion mechanics.

The formula is:

$$\text{Estimated Airdrop Value} = (\text{User's Earned Points}) \times (\text{Current OTC Price per Point})$$

The user simply inputs their total accumulated points. The Current OTC Price per Point is sourced from market reports, which currently place Lighter points in the \$75–\$80 range.<sup>1</sup>

### Model C (Weighted-Activity Score Model)

This model is necessary for protocols with opaque, merit-based formulas, such as **Pacifica**, **Paradex**, and **Extended**. Since the exact formula is unknown, a reasonable proxy must be constructed based on the protocol's stated priorities and rewarded activities. A user's total "score" is calculated as a weighted sum of their various on-chain actions.

A generalized formula is:

$$\text{Estimated Points} = (w_{\text{vol}} \times \text{Trading Volume}) + (w_{\text{maker}} \times \text{Maker Volume}) + (w_{\text{pnl}} \times \text{PnL Score}) + (w_{\text{oi}} \times \text{Open Interest Score})$$

The weights ( $w$ ) must be assigned based on evidence. For **Pacifica**, which emphasizes that "maker flow is the backbone of healthy books," the weight for maker volume ( $w_{\text{maker}}$ ) should be significantly higher than other factors.<sup>1</sup> For **Paradex**, with its diverse XP categories, the weights would be more evenly distributed across trading, TVL, and open interest.<sup>1</sup> Once an estimated points total is calculated, the final airdrop value can be projected using a share-of-total-points model similar to Model A.

### Table 3.1: The Airdrop Estimation Framework

The following table operationalizes the valuation models into a practical, interactive tool. It allows a user to input their specific on-chain data and receive a concrete, data-backed estimate of their potential financial outcome, thereby enabling strategic, alpha-generating decisions.

Protocol	Projected FDV Range (Base)	Airdrop Allocation (%)	Valuation Model Type	Key User Inputs	Formula
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<b>Variational</b>	\$1.5B	50%	Volume-Sh are	User Trading Volume	(User Vol / Total Vol) * 0.50 * FDV
<b>Lighter DEX</b>	N/A	25-30% (S1+S2)	Market-Imp lied Value	User Points Earned	User Points * \$75
<b>Pacifica</b>	\$1.0B	15% (Est.)	Weighted-A ctivity	Maker Volume, Taker Volume, PnL	(User Score / Total Score) * 0.15 * FDV
<b>Extended</b>	\$1.2B	30%	Weighted-A ctivity	Trading Volume, Maker Volume, TVL	(User Score / Total Score) * 0.30 * FDV
<b>Paradex</b>	\$800M	20% (Genesis)	Weighted-A ctivity	Trading Volume, TVL, Open Interest	(User Score / Total Score) * 0.20 * FDV
<b>EdgeX</b>	\$500M	20% (Est.)	Volume-Sh are	User Trading Volume	(User Vol / Total Vol) * 0.20 * FDV

*Note: Projected FDV, Airdrop Allocation (Est.), and Total Protocol Volume/Score are estimates based on market comparables and available data. OTC price for Lighter is subject to market fluctuation.*

## Section 4: Strategic Portfolio Construction and Risk Management

With a quantitative framework for valuation established, the analysis can be translated into

actionable strategic recommendations. The optimal deployment of resources depends on a participant's specific risk tolerance, capital availability, and trading proficiency. A robust approach involves both matching strategies to user profiles and constructing a diversified portfolio to mitigate inherent risks.

## 4.1 Mapping Protocols to Trader Archetypes

Different protocols are designed to attract and reward different types of market participants. By identifying one's own profile, a farmer can allocate their efforts more effectively to platforms where their contributions are most valued.

- **The High-Volume, Cost-Sensitive Trader:** This archetype's primary goal is to generate the maximum possible trading volume for the lowest net cost. Their strength lies in capital deployment, not necessarily in generating trading alpha. For this profile, **Variational** is the unparalleled choice. Its unique combination of a zero-fee trading model, direct loss refunds on losing trades, and a confirmed airdrop based purely on cumulative volume creates an environment where the cost of farming is actively subsidized by the protocol itself.<sup>1</sup>
- **The Profitable Quant/Skilled Trader:** This participant is confident in their ability to consistently generate positive PnL and maintain a high Sharpe Ratio. Their edge is skill, not just capital. The ideal venue for this profile is **Lighter DEX**. Its points formula is explicitly designed to reward trading proficiency, allowing a skilled trader to earn a disproportionate amount of rewards relative to their capital size. The high OTC value of Lighter points further validates this as the premier destination for traders who can outperform the market.<sup>1</sup>
- **The Contrarian, High-Risk Speculator:** This profile seeks opportunities with asymmetric upside and is comfortable taking on significant narrative and platform risk. They are motivated by the potential for outsized returns that come from making a correct, non-consensus bet. **Pacifica** is the definitive play for this archetype. The strategy involves betting directly against the team's public denial of an airdrop, a high-risk proposition. The potential reward is a highly concentrated and valuable airdrop distributed to a small, filtered group of high-conviction users who were willing to farm despite the official statements.<sup>1</sup>
- **The EVM-Native Explorer:** This user is proficient within the Ethereum and EVM-compatible ecosystem but wishes to gain exposure to the performance benefits of non-EVM chains like Starknet without the friction of learning a new wallet infrastructure. **Extended** is the optimal choice for this profile. Its integrated bridge and support for MetaMask for deposits and withdrawals remove the primary usability hurdle of interacting with Starknet, providing the path of least resistance for EVM-native capital to enter the

ecosystem.<sup>1</sup>

## 4.2 Building a Diversified Farming Portfolio

Given the inherent uncertainties of any pre-TGE campaign, concentrating all capital and effort on a single protocol is a high-risk strategy. A more prudent approach is to construct a diversified portfolio of farming activities. This methodology mitigates platform-specific risks—such as a protocol failing to launch a token, an airdrop proving to be valueless, or a user's activity being retroactively disqualified—while maximizing exposure to multiple potentially successful outcomes.<sup>4</sup>

A well-balanced portfolio can be constructed based on risk tiers. For example, a moderately risk-averse participant might consider the following allocation:

- **50% Allocation (Low Risk Core):** Devote the largest portion of capital and trading activity to **Variational**. The confirmed 50% airdrop and subsidized trading costs provide a strong, low-risk foundation for the portfolio.
- **30% Allocation (Medium Risk / High Conviction):** Allocate a significant portion to **Lighter DEX**. This is a bet on one's own trading skill and the strong market signals surrounding the protocol. The high OTC value of points provides a potential off-ramp to de-risk and cover costs.
- **20% Allocation (High Risk / Diversification):** Split the remaining allocation between a high-risk play like **Pacifica** to gain exposure to the Solana ecosystem and a platform like **Extended** to gain exposure to Starknet with a user-friendly experience.

This portfolio structure provides a core holding in a confirmed airdrop, a significant position in a high-conviction, skill-based play, and speculative exposure to different ecosystems and risk profiles.

## 4.3 A Comprehensive Risk Assessment

Participation in pre-TGE incentive campaigns is an inherently high-risk endeavor that extends far beyond simple market volatility. A comprehensive risk assessment must account for technical vulnerabilities, market dynamics, campaign-specific uncertainties, and the overarching regulatory environment.

- **Technical & Platform Risk:** The protocols analyzed are new, and many are operating in a beta phase. This exposes users to the risk of software bugs, economic exploits, or critical

vulnerabilities within their smart contracts that could be exploited by malicious actors, potentially leading to a partial or total loss of deposited funds.<sup>1</sup> Furthermore, there is a significant risk of outright protocol failure if a project is unable to achieve product-market fit, attract a sustainable user base, or generate sufficient revenue to continue operations.<sup>4</sup>

- **Market & Execution Risk:** The use of leverage, a core feature of perpetuals DEXs, magnifies both gains and losses. In the volatile crypto markets, even a delta-neutral strategy is not immune to risk. A sudden, sharp price movement can trigger a liquidation on one leg of a hedged position, leading to a cascade of losses.<sup>4</sup> For participants choosing to farm via liquidity provision in vaults, the risk of impermanent loss during periods of high volatility is a major concern.<sup>1</sup>
- **Campaign & Incentive Risk:** Points programs are centrally managed, off-chain ledgers controlled by the protocol's team. This introduces several risks:
  - **Dynamic Rule Changes:** Most protocols, including EdgeX and Extended, explicitly reserve the right to alter the points formula at any time.<sup>1</sup> A farming strategy that is optimal one week may be rendered ineffective the next.
  - **Retroactive Slashing:** A significant subjective risk is the potential for retroactive slashing. Protocols like Pacifica have openly stated their intention to nullify points from wallets they deem to be engaging in "inorganic" or "Sybil-like" activity.<sup>1</sup> This gives the team discretionary power to invalidate a user's accumulated rewards, introducing a level of uncertainty that cannot be modeled quantitatively. This "team risk" is a critical factor, as a single subjective decision could nullify months of effort.
  - **Valueless Airdrops:** The most significant campaign risk is that the capital, time, and fees expended to farm points result in an airdropped token with little to no market value. This can occur if the project fails to generate sufficient market interest, if the tokenomics are poorly designed, or if the overall market enters a bearish phase at the time of the TGE.<sup>1</sup>
- **Macro-Regulatory Risk:** The entire "points meta" operates within a significant legal gray area. Regulators have yet to provide clear guidance on whether points programs, which create a strong expectation of a future, valuable token, could be construed as an implicit offering of unregistered securities.<sup>1</sup> A high-profile enforcement action against a single protocol could have a chilling effect on the entire ecosystem, potentially causing projects to delay or cancel their TGE plans and fundamentally altering the viability of all such farming campaigns.<sup>4</sup>

## Section 5: Conclusion and Prioritized Recommendations



## 5.1 Synthesis of Key Findings

The strategic pursuit of airdrops from perpetuals DEXs in 2025 has evolved into a complex discipline requiring nuanced analysis, strategic diversification, and rigorous risk management. The market has clearly moved beyond simple volume-based rewards, bifurcating into transparent, capital-intensive campaigns and opaque, skill-intensive ones. Success is no longer guaranteed by capital depth alone; it now demands a tailored approach that matches a participant's specific profile—be it as a high-volume trader, a profitable quant, or a high-risk speculator—to the corresponding protocol's incentive design.

The quantitative framework presented in this report provides a systematic methodology for transforming speculative farming into a data-driven process. By projecting protocol valuations, modeling user activity, and leveraging market signals like OTC prices, participants can generate reasonable estimates of their potential airdrop value, enabling more sophisticated capital allocation and effort prioritization. However, this quantitative approach must be tempered by a qualitative understanding of the multifaceted risks involved, from smart contract vulnerabilities to the subjective nature of team-led point adjustments and the overarching threat of regulatory intervention.

## 5.2 Prioritized Action Plan

Based on this comprehensive analysis, the following prioritized action plan is recommended for participants seeking to maximize their risk-adjusted returns from perpetual DEX airdrop campaigns:

1. **Prioritize Capital on Variational:** Allocate the largest portion of capital to Variational to capitalize on its confirmed 50% airdrop, zero-fee model, and direct loss refunds. This forms a low-risk, high-conviction foundation for any farming portfolio, where the costs of participation are actively subsidized by the protocol itself.
2. **Allocate to Lighter DEX Based on Skill:** For participants confident in their trading ability to generate consistent, positive PnL, a significant allocation to Lighter DEX is warranted. The potential rewards, as signaled by the high OTC value of its points, are substantial for those who can meet its skill-based criteria.
3. **Consider a Speculative Allocation to Pacifica:** As a high-risk, high-reward play and for dedicated exposure to the Solana ecosystem, a smaller, speculative allocation to Pacifica is a logical portfolio component. This is a contrarian bet on a "surprise" airdrop from a high-performance team, with the potential for a highly concentrated reward.

4. **Utilize Extended for Starknet Access:** For EVM-native users seeking to diversify into the Starknet ecosystem, Extended offers the most frictionless on-ramp. It represents a solid medium-risk opportunity with a strongly implied, significant airdrop allocation.
5. **Maintain Dynamic Monitoring and Adaptation:** The rules of these campaigns are fluid. It is imperative to continuously monitor official protocol communications for any changes to points formulas, reward schedules, or campaign rules, and be prepared to adapt strategies accordingly. A successful strategy is not static but evolves in response to the changing incentive landscape.

Ultimately, the "points meta" presents a significant opportunity for alpha generation in the current DeFi landscape. Capturing this value requires a dynamic, analytical, and disciplined approach that recognizes the multifaceted nature of both the opportunities and the risks involved.

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