

current state

pnl:

- in the year so far, we've been averaging
 - 1.6m/day trading
 - 1.7m/day farming
 - 1.2m/day loan interest
- in the past month, it's been
 - 1.2m/day trading
 - 2.5m/day farming
 - 2m/day loan interest
- notable/idiosyncratic pnl stuff:
 - 10b from FTT
 - 5b from SOL
 - 4b from SRM
 - 4b from MAPS/OXY/FIDA
 - -850m from BTMX thing
 - +500m from various seed round investments (including still unvested)
 - +200m from market making payments
 - lost 80m from AVAX, hoping to avoid losing another 80m
 - +150m from big otc trades
 - -150m from the thing?
 - +100m from BIT/FTT token swap
 - -100m from mdex hack
 - biggest trading pnl days:
 - 12/4: 61m
 - 5/19: 56m
 - 9/7: 44m
 - 11/4: 28m (FIDA, etc)
 - 4/16: 22m
- right now:
 - 2% of overall crypto volume
 - 20-50 bps of binance/hb/ok/bybit/kucoin/bitflyer
 - 1-2% of upbit, gateio, gdax, deribit, bitstamp, cme
 - 3-5% of bitmex, bitfinex, kraken, binanceus, dydx
 - 10% of FTX
 - 50% of FTXUS and serum
 - very little on dexes besides serum
 - average cost of capital = 6.7%
 - average roc = 11.2%

Past couple months:

- continued to increase our loan base, but not done much to deploy it
 - also paying to borrow on FTX spot margin, etc
- farming continues to get better
 - David, Victor, Handi, Charlie doing most there
 - big examples:
 - maiar: right now dropping \$20m/day
 - 20% of the pool, seems good now
 - for first couple days were constrained by operational stuff
 - dydx rewards
 - \$3m/day?
 - \$2-4m per binance launchpad
- a lot of expensive trading bugs
 - flash crash caused by USD fair override: -20m
 - bc despos incident: -15m
 - getting liquidated on ETH_PERP_BFX: -6m
 - bad colobot fairs thing: -4m
 - liquid FTT thing: -2.5m
 - sending ENS to a smart contract: -1m
 - bug with PERP fast model coefficients: -1m
 - USDC FE being bad: -200k

- commonalities in trading bugs:
 - not enough trading coverage
 - newish people making mistakes with not enough review
- fixes:
 - alerts and pauses for high pct of volume and negative pnl
 - validation for fair overrides
 - having traders audit margin calculators
 - bounds for bc desposes
 - detecting bbo flickering
- also lots of good trading if we can do it!
 - arbs
 - FIDA
 - coins listing on upbit; a lot of upbit vs coinbase vs binance
- trading stuff I'm excited about:
 - preventing bad trades
 - rapid models for everything
 - improving validation and alerts
 - better behavior re: arbs
 - widening out if we buy a lot of coin on an exchange
 - model improvements when coins are trading differently on different exchanges
 - testing out lead-lag bot lol
 - tracking pnl and noting bad stuff
- dev stuff I'm excited about:
 - UI improvements
 - better alerts
 - command palette
 - otcportal overhaul
 - twitter bot
 - farming automation?
- market making
 - room for improvement in BD and relationship stuff
- hiring
 - hoping to get Lucian and Ross
 - GC
- Bahamas
 - great to be around FTX
 - not so great
 - logistics have been painful to deal with
 - food
 - housing
 - driving
 - buying stuff
 - office (no side rooms/phone booths)
 - seems to make people more chill/spend less time on work
 - high concentration of coverage during Bahamas hours
- personnel
 - Elwin being gone is painful
 - a lot more things just get dropped
 - Tony is p important
 - trading being carried by Ben, David, Charlie, Handi/Victor sorta
 - Aravind, Richard, Alice doing their things
 - Terence and Lena on ops
 - Emma: not doing much yet?
 - Nate obviously, other devs doing some
 - Karthik is Karthik
- serum stuff
- Chinese wall ...

action items:

- spread out coverage?
- do more stuff to fix bugs?

Since last year we've:

- 5xed our capital base in BTC terms
 - prob put the extra 50% into farming, 15% into bigger positions, 35% into keeping more free
- gone from doing our first couple mm deals, to being one of the top market makers and prob doing a decent fraction of the deals
- gone from buying our first shitcoins to buying a lot of shitcoins
- gotten decent trading coverage that doesn't rely on Trabby and me
 - unfortunately Elwin was a lot of this
 - but hopefully we are ok with Charlie/Ben/David
 - also Tony doing more coverage
- gotten other traders to mostly take over spreadsheet/new listing stuff
- expanded dev beyond "Nate putting out fires"
 - Christian is great, Oliver is decent, plus two more dev hires
 - most pointer posts get addressed
 - Nate seems fairly happy
- basically gotten the settlement team to take all settlement/ops from traders, and do a lot independently/without being asked
 - Charlie and Terence crush it during HK day
 - Anton seems promising as well
 - still weaker during US day: have less of a sense of how much falls through the cracks then
- fraction of volume across exchanges and on otc portal has decreased
- got on upbit which has been worth a ton
 - other exchanges have been ehh: lmax + a bunch of dexes
- accounting/pnl tracking just as much of a mess as ever

how much room do we have to scale?

When I try to think about this object level, for many of these things I have the sense that we're "doing pretty well," "already doing most of what we could be," etc. I feel like a lot of this is prob complacency/status quo bias so I'm actually missing a lot of room for improvement. But just putting down anyway.

- exchange trading
 - being 5% of binance/hb/ok/bybit making 1 bp -> 900k/day
 - potential avenues for this
 - Karthik stuff
 - iterating on current models/tech stack
- futures positions
 - I think we have lately tended to be around 20% of futures OI
 - making on average 400k/day maybe?
 - ranges from 0-1m depending on interest rate environment
 - not usually limited by capital, more likely our impact or laziness/bad models
 - I'd say potential improvements -> 150k/day
 - we are working on futures model overhaul that might get a lot of this
- farming
 - currently have ~5b/day of farming TVL
 - out of ~90b total, but most of that on stuff with returns < our cost of capital
 - on good farms, we generally aim to get marginal bps close to cost of capital
 - rarely capital limited I think
 - biggest limiting factors prob:
 - finding out about farms
 - actually doing them
 - ongoing maintenance/reallocation
 - (if we had cheaper borrows could also do more on big farms)
 - improvements here: 300k/day?
 - David/Charlie/Victor/Handi/Aravind seem to handle this pretty well
 - surprisingly little supervision from Trabby/me, I've largely stopped paying that much attention to this since it seems to do pretty well without me
- OTC trading
 - there's prob a lot of room in getting portal whitelabeled for a ton of stuff?
 - also a lot in getting really big trades/whales/etc
- deltas
 - feel like there's maybe a ton of room here, though idk how to quantify

- eg just FTT deltas: really important pnl wise, kinda haphazardly executed, often don't even do a good job being aware of what they are and how they change
- right now deltas = kinda just Trabby, which doesn't really scale
- maybe stuff here:
 - better tracking/awareness
 - automating some stuff
 - more news-based/fundamentals-based trading
- seed round stuff
 - we seem to do around 10 a month
 - Brian seems to do most of these, with some other BD people involved too
 - I honestly don't feel like I have a great idea of how much more we could be getting
- market making
 - we started doing our first mm agreements about a year ago
 - now I think we're known as one of top 3 market makers
 - maybe we get like 40% of projects or something?
 - room to grow: 300k/day?
 - Aravind and John have been handling this
 - they seem to do okay on the business side without a ton of supervision, need to step in sometimes mostly to make sure they're not playing too hardball/fucking up relationships
 - okay on the logistics side (getting models/making sure we have capital/etc), still need someone double checking them but getting better
- NFTs
 - did like a bit of trying to buy some, seems like it didn't go great
- new areas to expand into
 - what in crypto am I missing?
 - tradfi?

limiting factors in scaling:

- management/vision
 - Honestly, I think this might be the biggest limiting factor in our scaling.
 - I feel like neither Trabucco nor I has been doing a great job of pushing on stuff: we're more in the mode of maintaining status quo and trying to fix problems/make sure we execute well than pushing on areas for growth.
 - As a result things do get done but kind of slowly/casually.
- location
 - Thinking more, I feel like the costs from being in different locations are pretty high.
 - Ben is really good. But he's prob only 50% or less as effective as he would be if he were in the same office as others.
 - Similarly Victor and Handi have prob been < 50% as effective while traveling
 - I think the new traders would all benefit a lot from being physically around Trabby more
- trading team
 - feels like I have to spend a lot of time vetting/supervising/arguing with newer traders, though it's getting better over time
 - could use more of like, traders having good ideas and executing on them

maybe limiting:

- devs
 - this feels kind of in between

not limiting factors:

- capital
 - at least it's not limiting our day-to-day operations currently
 - once we spend 3b on ventures might be more limiting
 - current default plan for if we get more loans is to leave on an exchange for once-a-year crazy event
 - Trabby thinks this is still worth 20% on the margin so higher than cost of capital
 - Richard is doing a great job on getting more loans
- settlement/ops team/manual labor
 - I think we have okay capacity here these days

action items:

- try to just push more on stuff generally I guess
 - and be more active in encouraging/praising stuff that seems valuable
 - idk feels like I've been spending a lot of time in a kind of reactive mode, where all my brainspace is taken up by random messages/pings/stuff that gets put on my plate, so don't do enough things actively
- go to Bahamas soon

- people going back and forth from the US without quarantine would be great
- maybe I should move up my trip
- try and get Ben to visit for a few weeks
- push more on other people going as well
- kinda want to create more of an Alameda leadership team that includes Ben and Richard
 - Ben
 - want him to feel more included/special
 - think he'd have good thoughts about a lot of high-level stuff
 - maybe he can do more of the day-to-day pushing on like "hey this trading thing seems really important, let's drop everything and crush this"
 - Richard
 - wanna make sure he has all the context and gets looped into stuff
 - I think he's a good person to own a lot of basically Alameda BD/corp dev stuff
 - also pretty good at pushing on/for things though only okay at making those the right things
- it feels like there might be a lot of room on the BD side of things--OTC, seed round stuff, finding more projects to mm for--but that's something I feel like I have less understanding of/more uncertain about
 - maybe FTX side has this covered?
 - otherwise could try to get Richard on more of it
- try to hire more JS people/other really good traders?