



**Demand  
Derivatives**

*The Exchange of Ideas™*

# RealBOT™ and RealClear™

## The Exchange

RealDemand Board of Trade ("RealBOT") is planning to be a U.S.-regulated futures exchange listing four novel instruments on already established, traditional underlying assets.

## Benefits

The innovative instruments and cutting-edge technology will combine to dramatically reduce costs and enhance risk control techniques for market participants.

## Goal

To reduce systematic risks to participants and eliminate systemic risks in the industry.

## Our Story

Futures contracts have not changed in over 150 years. Futures exchanges develop new assets but then list the same inefficient futures contracts on those assets. Our exchange, in contrast, redefines and reimagines the essence of the instrument itself. Our instruments add precision, risk control, and large cost reductions that are not possible with present-day contract designs.

## Limited Risk

All positions will have a predefined maximum loss limit equal to posted margin. In industry parlance, all traded instruments are, therefore, said to be "fully collateralized."

## U.S. Exchange Regulations

RealBOT is in the process of applying to be a Designated Contract Market (DCM) with the Commodity Futures Trading Commission (CFTC). It also intends to secure a license from the Securities and Exchange Commission (SEC) to list futures on securities.

## The Clearing House

All instruments traded on RealBOT will be cleared at RealDemand Clearing House ("RealClear"). At the heart of RealClear will be pioneering blockchain technology.

## U.S. Clearing Regulations

RealClear is in the process of applying to be a Designated Clearing Organization (DCO) with the CFTC.

## Technology

RealBOT and RealClear have partnered with GMEX Technologies Limited to provide the technology needed for efficient and effective automation of the entire trading process.

## Collateral

U.S. Bancorp is expected to be the sole U.S. bank and fund advisor housing posted collateral.

## Blockchain and RealBit Tokens

An internal blockchain (not distributed) and RealBit tokens (stable coins transferable one-for-one with US\$) will reduce costs and allow for nearly instantaneous clearing.

"The best way to have a good idea is to have a lot of ideas."

— Dr. Linus Pauling

Brochure updated: 15 July 2020

# RealBOT (the exchange)

## Electronic Exchange

In many respects, RealBOT will function similarly to any other electronic futures exchange — with a central limit order book, matching engine, compliance, and surveillance oversight, etc. However, there will be three unique features.

## Unique Features

First, all positions on the exchange will have a maximum loss limit. Second, winning positions are guaranteed to be paid. Third, four novel instrument designs are at the heart of the RealBOT concept.

## Benefits

### Four Instrument Designs

#### RealVol®

A suite of realized volatility indices and instruments

#### RealDay™

Delayed-strike daily options

#### RealGlobe™

Listed country equity indices

#### RealLimit™

Limited risk futures contracts

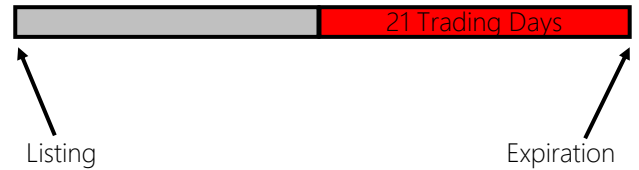
- **RealVol**  
Delivers cutting-edge advancements to control volatility
- **RealDay**  
Provides precision, convenience, and cost reductions when hedging daily event risks
- **RealGlobe**  
Transforms the global equity index marketplace with capital efficiencies and substantial cost reductions
- **RealLimit**  
Eliminates both open-ended risks for traders and systemic risks for the industry

## Details

The pictographs to the right display the unique features of each contract design. A comprehensive description of the suite of products may be found in separate brochures and videos on the website: [demandderivatives.com](http://demandderivatives.com).

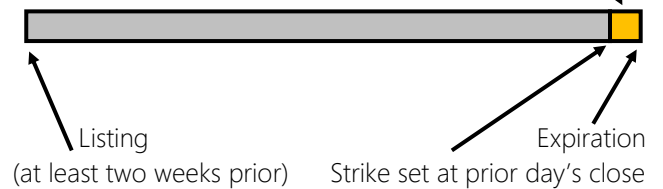
### RealVol

Anticipatory Period      Calculation Period



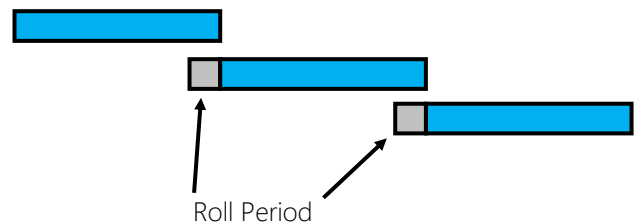
### RealDay

Anticipatory Period (strike price not yet set)      Turns into standard one-day option



### RealGlobe

Yearly Contracts



### RealLimit

First Listing Day      Standard Expiration Day



RealLimit futures contracts are expected to have the same listing day and same expiration day as the reference contract. Limits are at the individual trader level and do not affect the potential price action of the futures contract itself.

## RealClear (the clearing house)

### Fully Collateralized Clearing

All instruments cleared on RealClear are fully collateralized. This means that it is not possible for any participant to lose more than posted margin.

### Blockchain Clearing

The accounting ledger for all trades will be recorded on a private blockchain. A private blockchain has some key advantages: First, it is much more secure than a public blockchain. Second, processing can happen almost immediately, allowing for nearly instantaneous clearing. Third, upgrades are much simpler to implement. Fourth, in the future, if there is a compelling reason to do so, the blockchain can be easily made public without reengineering the entire clearing process.

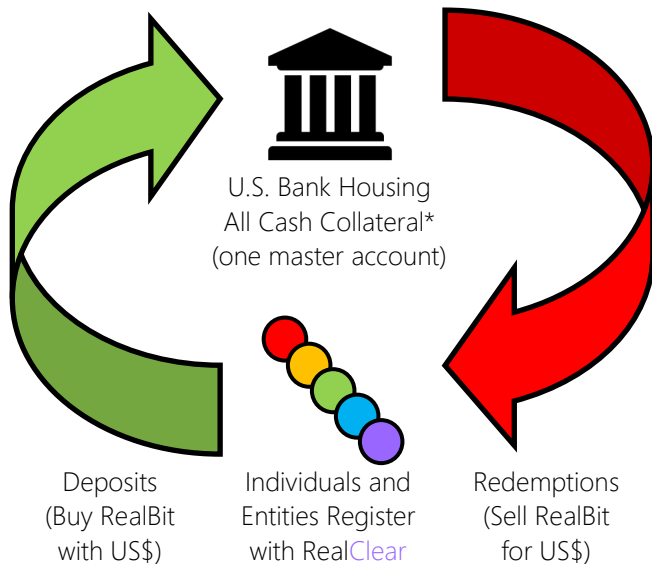
### RealBit Tokens

RealBit tokens will be utilized to keep track of deposits, redemptions, and selected margin at a constant one-for-one rate (i.e., USD\$1 = 1 RealBit).

### Deposits and Redemptions

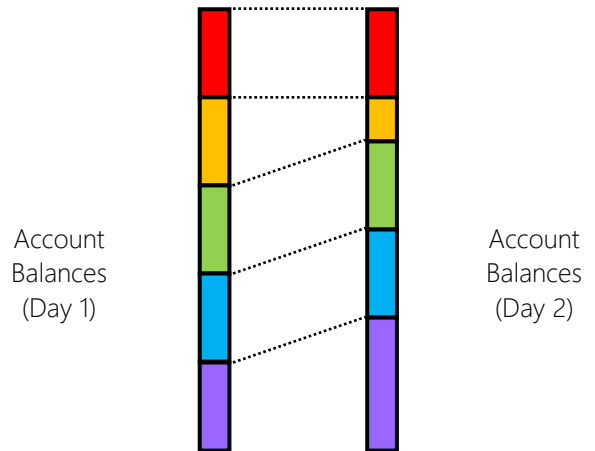
The below pictograph shows that U.S. Bank will house all collateral from account holders. The cash will be on deposit in one master account.

### Account Deposits and Withdrawals



### Private Blockchain Ledger

(RealBit tokens will keep track of variation margin)



Deposited collateral will allow traders to take positions in the markets. As trades occur, value will be added to or removed from the trader's account using RealBit tokens. This process means that no cash needs to move each day (saving costs), and clearing can happen almost instantly (saving time). The above pictograph displays an example of this process.

### Example

Assume five accounts, each with an initial deposit of \$10k. Account #1 (represented by the purple bar in the first column) allocates all \$10k for a long RealLimit gold position. Coincidentally, Account #4 allocates all \$10k to a short RealLimit gold position (represented by the yellow bar in the first column). Unfortunately for #4, gold stages a rally such that Account #1 gains \$5k and Account #4 losses \$5k.

The second column shows the \$5k gain to Account #1 and a \$5k loss to Account #4 (all other accounts remain the same, as none had any positions in the markets). Note that the total \$50k amount on deposit with U.S. Bank has not changed from day to day (shown as the total height of the two columns).

\*Assets are expected to be invested in First American U.S. Treasury Money Market Fund (symbol FOYXX). According to the prospectus, "This fund invests exclusively in direct obligations of the U.S. Treasury and other money market funds that invest exclusively in such obligations." "The advisor is U.S. Bancorp Asset Management, Inc., a registered investment advisor and subsidiary of U.S. Bank National Association. "U.S. Bank National Association is a separate entity and wholly owned subsidiary of U.S. Bancorp. "U.S. Bank is not responsible for and does not guarantee the products, services, or performance of U.S. Bancorp Asset Management, Inc."

NOT FDIC INSURED NO BANK GUARANTEE MAY LOSE VALUE

## Underlying Assets & Symbols

### RealVol, RealDay, and RealLimit

Asset Class	Asset	RealVol Symbol	RealDay Symbol	RealLimit Symbol	Underlying (used for final settlement only)
Commodities	Corn	VOLC	DAYC	LMTC	Corn Futures – CBT
Currencies	EUR-USD	VOLEC	DAYEC	LMTEC	Euro FX Futures – CME
Energy	Crude	VOLCL	DAYCL	LMTCL	Crude Oil Futures – NYMEX
Equity Indices	US500	VOLES	DAYES	LMTES	E-mini <sup>®</sup> S&P 500 <sup>®</sup> Futures – CME
Interest Rates	10yr	VOLTY	DAYTY	LMTTY	10 yr T-Note Futures – CBT
Metals	Gold	VOLGC	DAYGC	LMTGC	Gold Futures – CEC

### RealGlobe\*

Underlying Index	Underlying Index (continued)	Underlying Index (continued)
<b>RealGlobe Australia</b>	RealGlobe Ireland	RealGlobe Saudi Arabia
RealGlobe Austria	RealGlobe Israel	RealGlobe Singapore
RealGlobe Belgium	RealGlobe Italy	RealGlobe South Africa
<b>RealGlobe Brazil</b>	<b>RealGlobe Japan</b>	<b>RealGlobe South Korea</b>
<b>RealGlobe Canada</b>	RealGlobe Malaysia	<b>RealGlobe Spain</b>
RealGlobe Chile	<b>RealGlobe Mexico</b>	RealGlobe Sweden
<b>RealGlobe China</b>	RealGlobe Netherlands	<b>RealGlobe Switzerland</b>
RealGlobe Denmark	RealGlobe New Zealand	<b>RealGlobe Taiwan</b>
RealGlobe Finland	RealGlobe Norway	RealGlobe Thailand
RealGlobe France	RealGlobe Peru	RealGlobe Turkey
<b>RealGlobe Germany</b>	RealGlobe Philippines	RealGlobe United Arab Emirates
<b>RealGlobe Hong Kong</b>	RealGlobe Poland	<b>RealGlobe United Kingdom</b>
<b>RealGlobe India</b>	RealGlobe Qatar	<b>RealGlobe United States</b>
RealGlobe Indonesia	RealGlobe Russia	

\*Note: Bolded country indices are expected to be launched first.

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