

Hyperliquid Q4 2025

The most profitable app in crypto — losing the one number that made it unstoppable.

\$1.53T

PERP VOLUME · QUARTER

\$295M

FEES · -45% OCT→DEC

71%→20%

DEX SHARE · MAY→NOV '25

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COVERAGE: Q4 2025 · DATA: DEFILLAMA, THE BLOCK, 21SHARES

00 Thesis & Contents

Hyperliquid enters Q4 2025 as the clearest business in crypto: an on-chain perp exchange with measurable volume, a stable take rate, and a fee engine that funnels almost everything into buying its own token. It exits the quarter with the same engine and a serious problem — it is winning less of a market that is growing faster than it is.

CENTRAL CLAIM

Absolute scale and market share moved in opposite directions. Hyperliquid still cleared ~\$1.53T in perps and \$295M in fees, but its share of decentralized perp volume fell from ~71% in May to ~20% by November as fee-rebate and token-incentive venues (Lighter, Aster, edgeX) took the marginal trade. A business can grow while losing the market — and that gap is the entire story of the quarter.

This review treats Hyperliquid as a business: volume becomes fees, fees become revenue, revenue funds a buyback, and the buyback is the token's value bridge. Every link is measurable, and every link is where the Q4 pressure showed up. A structural appendix covers the architecture, tokenomics, and security that sit underneath the numbers.

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01 Executive Summary

Hyperliquid printed enormous numbers and lost ground at the same time. Both are true, and the tension is the point.

\$1.53T PERP VOLUME Q4 Oct \$664B · Nov \$510B · Dec \$354B	\$295M FEES Q4 ▼ 45% Oct→Dec	\$226M PROTOCOL REVENUE below fees, as it should be
~1.9 bps EFFECTIVE TAKE RATE 1.88 / 1.99 / 1.94 by month	~20% PERP DEX SHARE (NOV) ▼ from ~71% in May	~92% FEES → HYPE BUYBACK Assistance Fund, spot buys

Hyperliquid cleared roughly **\$1.53T** in perpetual volume and **\$295M** in fees during Q4 2025. Both fell sharply through the quarter — fees dropped **~45%** from October to December as the whole perp-DEX market cooled off its October peak. That cooldown is cyclical and expected.

The structural signal is different and more important: Hyperliquid's **share** of decentralized perp volume fell from roughly **71% in May to ~20% by November**. The venue is still the largest and most profitable, but it is now capturing a shrinking slice of a rapidly expanding category as rivals buy volume with fee rebates and token incentives.

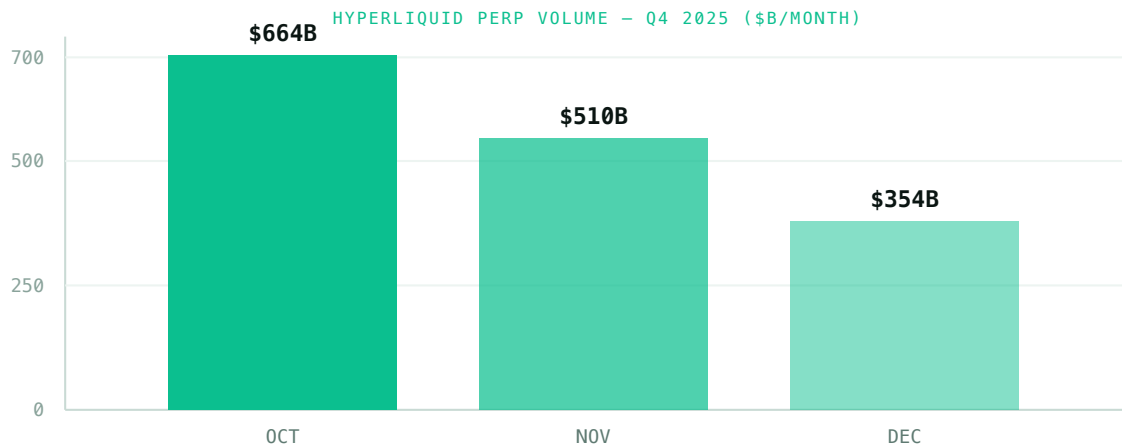
LAYER	Q4 SIGNAL	READ
Volume	\$1.53T	Massive, but cooling
Fees	\$295M	Down 45% intra-quarter
Take rate	~1.9 bps	Stable → volume is the driver
Market share	71%→20%	The structural threat
Buyback	~92% of fees	Token value tracks revenue

CORRECTIONS VS. PRIOR DRAFT

An earlier reconstruction reported Q4 fees of ~\$255.5M and revenue of ~\$278.7M — with revenue *above* fees, which is impossible. Verified against DefiLlama: fees **\$295M**, revenue **\$226M**. The volume and take-rate figures held up exactly.

02 Trading Scale

The business engine is unusually measurable — and it cooled hard after October.



MONTHLY VOLUME IMPLIED BY DEFI LAMA FEES AT THE REALIZED TAKE RATE; CROSS-CHECKED VS. REPORTED FIGURES

Quarterly perp volume was approximately **\$1.53T** — roughly **\$664B** in October, **\$510B** in November, and **\$354B** in December. October was a record month for the entire perp-DEX category (over \$1.2T market-wide), and Hyperliquid rode it. Then volume fell for the rest of the quarter, an **~47% Oct→Dec decline**.

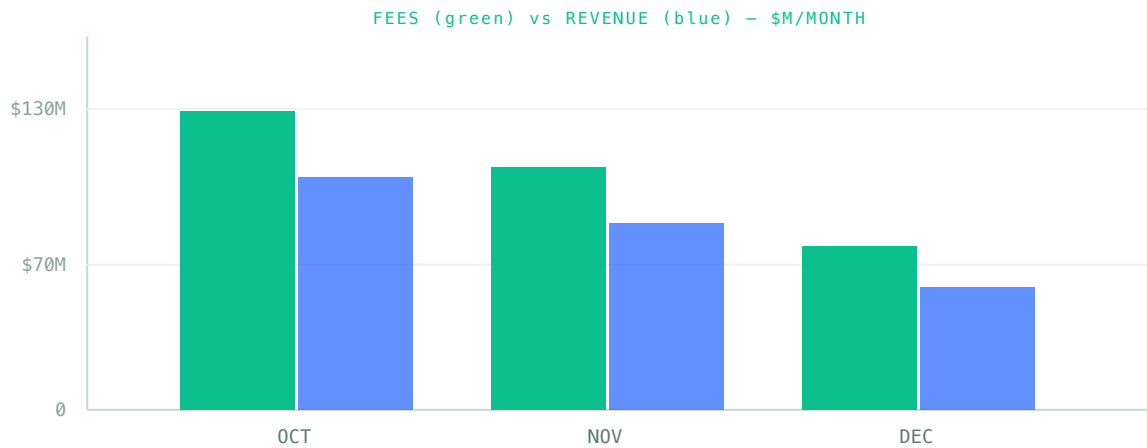
WHY A MODEL NEEDS REGIME CONTROLS

A 47% intra-quarter swing means any model of Hyperliquid volume must control for market regime — realized volatility, directional returns, liquidation intensity, and competitive pressure — before attributing anything to venue-specific demand.

The cleanest framing: October was a volatility-and-attention spike shared by the whole category, not a Hyperliquid-specific event. Separating the market tide from the venue's own pull is the first job of the analysis, and §14 builds the regression that does it.

03 The Revenue Engine

Volume becomes fees, fees become revenue — and both are directly measurable on-chain.



SOURCE: DEFI Llama — HYPERLIQUID DAILY FEES & REVENUE, AGGREGATED TO MONTHS

MONTH	FEES	REVENUE	REV / FEES
October	\$124.8M	\$97.2M	78%
November	\$101.4M	\$77.7M	77%
December	\$68.7M	\$51.2M	75%
Q4 total	\$295.0M	\$226.1M	77%

Q4 fees totaled **\$295M** and protocol revenue **\$226M** — revenue running at ~77% of fees, the remainder accruing to liquidity providers and market-making. Both fell in near-lockstep with volume, which is the expected behavior when the take rate is stable (\$04).

THE BRIDGE TO TOKEN VALUE

Fees are not free cash flow to token holders. The chain from gross fees to token value runs: gross fees → retained revenue → costs and distributions → buyback → net supply effect. Each stage is a separate variable, and \$10 walks it end to end.

04 Effective Take Rate

The take rate barely moved — which tells you volume, not pricing, drives short-run fees.

MONTH	VOLUME	FEEs	EFFECTIVE TAKE
October	~\$664B	\$124.8M	1.88 bps
November	~\$510B	\$101.4M	1.99 bps
December	~\$354B	\$68.7M	1.94 bps

The effective take rate — realized fees divided by realized volume — held between **1.88 and 1.99 basis points** across the quarter. That stability is the analytical key: it collapses the fee identity to a single moving part.

fees = volume × effective take rate → if take ≈ const, $\Delta \text{fees} \approx \Delta \text{volume}$

When the take rate is effectively constant, quarter-to-quarter fee movements are a volume story, not a pricing story. That is why §03's fee decline mirrors §02's volume decline almost exactly, and why a forecast of Hyperliquid's revenue reduces, in the short run, to a forecast of its volume.

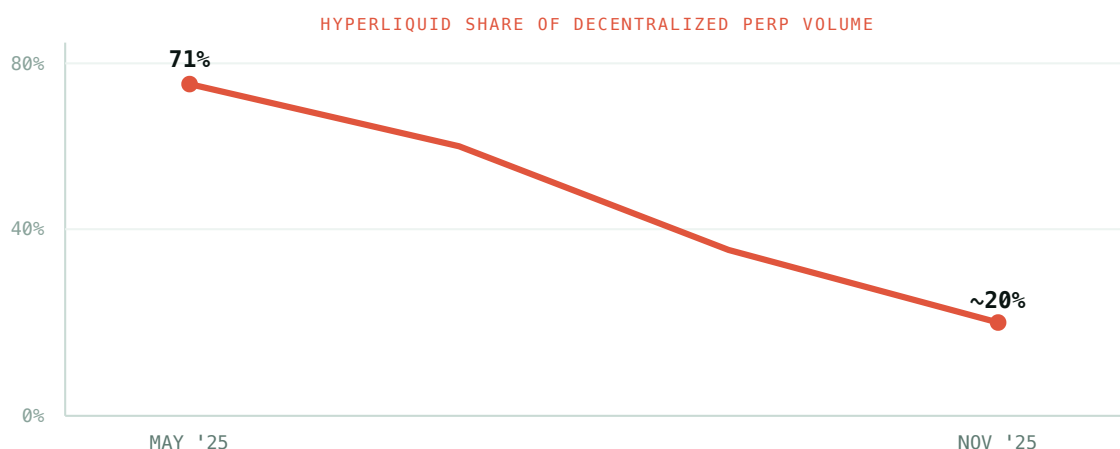
CONSISTENCY CHECK THAT VALIDATED THE DATA

The realized take rates back-solved from independent volume and fee series match to two decimals (1.88 / 1.99 / 1.94). Two data sources agreeing to that precision is strong evidence both are clean — and it is exactly the cross-check that caught the prior draft's inflated fee total.

The caution: a low, stable take rate is a competitive variable, not a constant of nature. Rivals undercutting on fees (§06) can compress it, and a compressed take rate turns even flat volume into falling revenue.

05 Market-Share Erosion

The single most important chart of the quarter — and it is not about Hyperliquid's own numbers.



SOURCE: 21SHARES, "THE PERPETUAL DEX WARS"; DL NEWS

Between May and November 2025, Hyperliquid's share of decentralized perpetual volume fell from roughly **71%** to about **20%** — a loss of ~50 percentage points in six months. This happened *while* Hyperliquid's own absolute volume stayed enormous, which is exactly why absolute numbers can hide the real trend.

THE KEY DISTINCTION

Absolute volume answers "is the business big?" Market share answers "is the business winning?" In Q4 2025 the honest answers were **yes** and **less and less**. A report that only cites the \$1.53T misses the entire competitive story.

The mechanism is not mysterious. Competing venues deployed aggressive fee rebates and token-incentive programs to buy the marginal trade. When a rival will pay you to route flow through them, share migrates even if the incumbent product is better — until the incentives run out. Whether Hyperliquid's share loss is temporary (incentive-driven) or structural (product-driven) is the quarter's defining open question.

06 The Competition

Three challengers, three different ways to buy volume — and each pressures a different variable.

VENUE	WEDGE	PRESSURES
Aster	Binance-linked; token launched Sept '25 with aggressive rewards	Share & attention
Lighter	Ex-Citadel team; zero-fee model	Take rate
edgeX	Fee rebates + incentives	Take rate & share

The challenger set is instructive because each one attacks a different term in Hyperliquid's revenue identity. **Aster**, backed by Binance connectivity and a freshly incentivized token, briefly posted volume rivaling Hyperliquid's — an attention and share attack. **Lighter**, built by former Citadel engineers on a *zero-fee* model, attacks the take rate directly: if trading is free, Hyperliquid's ~1.9 bps looks expensive. **edgeX** and others pile on with rebates.

WHY THIS IS DANGEROUS EVEN WHEN VOLUME LOOKS FINE

Fee-based revenue has two inputs — volume and take rate. Competitors are attacking both at once: share erosion shrinks Hyperliquid's volume base, while zero-fee rivals threaten to compress its take rate. A model that only watches volume will miss a take-rate collapse until it hits revenue.

The decomposition to run

$$\Delta(\text{HL volume}) = \Delta(\text{category volume}) + \Delta(\text{HL share}) + \text{interaction}$$

Hyperliquid can grow in absolute terms purely because the category is exploding, even as its share bleeds. Separating "the market grew" from "we won" is the only honest way to read the quarter, and it is the crux of §07.

07 Absolute vs. Share

Four scenarios, one that matters most for Q4 2025.

SCENARIO	CATEGORY VOLUME	VENUE SHARE	READING
A	▲	▲	Winning outright
B	▲	▼	Growing but losing the market ← Q4 2025
C	▼	▲	Consolidating a shrinking pie
D	▼	▼	Losing on both axes

Hyperliquid in Q4 2025 is a textbook **Scenario B**: the perpetual-DEX category almost tripled over 2025, so Hyperliquid's absolute volume can look healthy even as its share collapses from 71% to 20%. Scenario B is the trap for lazy analysis — the absolute chart flatters, the share chart warns, and only the decomposition reconciles them.

WHY SCENARIO B IS THE HARDEST TO PRICE

In Scenario B, the incumbent's revenue can hold up in the short run on category tailwinds while its competitive position quietly deteriorates. By the time the absolute numbers turn down, the share loss is already structural. The market share chart is the leading indicator; the revenue chart is the lagging one.

The variables that resolve it

- Category volume growth (the tide) vs. venue volume growth (the boat)
- Share trajectory net of incentive spend — is the loss bought or earned?
- Retention of flow when a competitor's token incentives lapse
- Take-rate spread vs. zero-fee venues at equal liquidity

08 HIP-3 & Builder Markets

In October the platform opened its order books to outside builders — a strategic answer to the share problem.

Hyperliquid deployed **HIP-3** in October 2025, letting builders permissionlessly deploy their own markets on Hyperliquid's infrastructure — builder-deployed perps, and later tokenized-stock and prediction-style markets under the same framework. Instead of competing only on its own listings, Hyperliquid turned itself into a platform others build on.

WHY THIS MATTERS STRATEGICALLY

Share erosion (\$05) is a distribution problem: rivals are capturing the marginal trade. HIP-3 attacks that by widening what can be traded on Hyperliquid at all — long-tail and novel markets that competitors don't list. It converts a single-venue race into an ecosystem play.

The early signal is real: open interest across builder-deployed HIP-3 markets surpassed **\$1B** in the months after launch. That is genuine incremental exposure, not just relabeled volume — though the quality test is whether builder markets bring *new* flow or cannibalize Hyperliquid's core books.

METRIC	QUESTION IT ANSWERS
HIP-3 OI vs. core OI	Is builder flow additive?
Fees from HIP-3 markets	Does it monetize like core?
Unique markets deployed	Is the long tail real?
Builder retention	Does the ecosystem compound?

HIP-3 is the most important product variable of the quarter because it is the mechanism by which Hyperliquid tries to convert a share fight it is losing into a platform race it can win.

09 RWA Perps & the Mix Shift

A new product line grew fast — and started quietly changing the economics behind the token.

Real-world-asset perps reached roughly **1.8% of platform volume in Q4 2025**, the start of a genuine composition shift. RWA and builder markets broaden the franchise, but they do not all monetize identically to Hyperliquid's core crypto perps — and that mix change flows straight through to the buyback that backs HYPE.

THE SUBTLE RISK

If a growing share of volume sits in markets with lower effective take or different fee routing, then blended revenue can fall even when total volume holds. RWA growth is a franchise positive and a near-term buyback headwind at the same time. Both are true; the report's job is to hold them together.

This is why headline volume is a poor single proxy for token value on Hyperliquid specifically: the token's value bridge runs through *revenue*, and revenue depends on the fee *mix*, not just the volume total. As the product surface widens (§08) and the mix shifts (here), the mapping from "big volume" to "HYPE demand" gets looser, not tighter.

$$\text{buyback flow} = \sum(\text{volume}_i \times \text{take}_i) \times \text{retained share} \times \text{buyback ratio}$$

The right way to model it is per-market: sum volume times take rate across product lines, apply the retained-revenue share, then the buyback ratio. A single blended number hides exactly the mix shift that matters.

10 The Buyback Bridge

HYPE's value case is unusually explicit — which makes it unusually measurable.

~92%

OF FEES → BUYBACK

Assistance Fund, spot HYPE

\$715M+

CUMULATIVE HYPE BOUGHT

to date, per public trackers

\$226M

Q4 REVENUE FEEDING IT

the quarter's fuel

Roughly **92% of Hyperliquid's generated fees** are used to buy HYPE on the spot market via the Assistance Fund, with more than **\$715M** of HYPE repurchased cumulatively. This is one of the most direct fee-to-token bridges in crypto: revenue in, token demand out. It also means HYPE's fundamental bid is only as strong as the revenue behind it.

THE CHAIN, STATED EXPLICITLY

Trading volume → gross fees → retained revenue (~77% of fees) → buyback allocation (~92%) → spot HYPE demand → net supply effect. Every arrow is a measurable ratio, and every arrow is where Q4's pressures land: volume cooled (\$02), share fell (\$05), and mix began to shift (\$09) — all upstream of the buyback.

The clean read: HYPE is, to a first approximation, a claim on Hyperliquid's forward revenue via a mechanical buyback. That is a strength (transparent, fundamentals-linked) and a vulnerability (a revenue decline transmits directly to the token bid). Use both circulating and fully-diluted views so unlock-driven supply is never hidden behind the buyback.

11 HLP Vault Economics

Liquidity provision is a separate risk-return business bolted onto the exchange.

The **HLP** (Hyperliquidity Provider) vault lets users supply capital that market-makes and backstops liquidations, historically earning around **6–8% APY** with peak liquidity above **\$500M**. HLP is not the exchange's fee business; it is a distinct portfolio problem — market-making PnL, funding capture, inventory risk, and liquidation absorption.

WHY IT DESERVES ITS OWN MODEL

HLP returns and exchange revenue are different objects. Fees scale with volume; HLP PnL scales with volatility, inventory, and adverse selection. Conflating the two — treating HLP yield as "protocol revenue" — double-counts and misreads the risk.

Hypothesis to test

HLP returns should improve with turnover (more flow to make markets against) but deteriorate under extreme directional volatility, when adverse selection rises and the vault ends up on the wrong side of forced moves. Q4's volatility spike-then-fade is a natural setting to test it.

HLP VARIABLE	READ
Capital & utilization	Size of the risk book
Funding capture	Carry component of return
Liquidation absorption	Backstop exposure
Adverse selection	Downside in fast markets

The point for token holders: a healthy HLP deepens liquidity, which defends the take rate against zero-fee rivals (§06). HLP is not a sideshow — it is part of the moat.

12 Open Interest & Leverage

Turnover and exposure are different questions — and should never be conflated.

Volume measures turnover: how much changed hands. Open interest measures exposure: how much is outstanding. High volume with flat OI means fast turnover — traders flipping in and out. High OI with low volume can mean crowded, static positioning. The two ratios carry more information than either raw series alone.

RATIO	QUESTION IT ANSWERS
Volume / OI	How fast does exposure turn over?
OI / TVL	How leveraged is on-platform capital?
Liquidations / Volume	How much activity is forced?
Fees / OI	Monetization per unit of exposure

READING Q4 THROUGH THE RATIOS

A cooling quarter (§02) invites a specific test: did volume fall because *positioning* shrank (OI down) or because *turnover* slowed (OI steady, volume down)? The first is de-risking; the second is just quieter markets. They have different implications for the fee outlook.

For a leveraged venue, the OI/TVL ratio is also a systemic gauge: rising leverage into a volatility spike is the setup for the liquidation cascades examined next. Store OI with an exact timestamp — it is a stock, not a flow, and undated snapshots are not comparable.

13 Liquidations as Natural Experiments

Forced flow is noise in the revenue line and signal in the risk model.

A liquidation event simultaneously raises volume, fees, open-interest turnover, and attention. That makes liquidation-heavy days look like demand when they are partly forced deleveraging. Separating organic trading from forced flow is essential to reading the quarter's fee spikes correctly.

measure: $\text{liq notional} / \text{volume} \cdot \text{liq notional} / \text{OI} \cdot \text{post-event volume decay} \cdot \text{fee acceleration}$

Because liquidations are sharp, dated, and exogenous to any single trader, they function as natural experiments. The useful measurements are the liquidation notional relative to volume and OI, and — most revealing — how quickly volume decays in the days after a cascade. Fast decay means the spike was forced flow, not durable demand.

APPLICATION TO Q4

October's record volume coincided with the whole market's volatility peak. The test is what fraction of that spike was liquidation-driven versus organic — because the forced fraction does not recur, and a revenue model that extrapolates from a liquidation month will overstate the run-rate.

This is also where HLP (§11) and the fee engine (§03) intersect: liquidations feed fees but stress the vault. The same event is revenue upstairs and risk downstairs.

14 Volatility & Market Regime

Perp volume is strongly regime-dependent — so the model has to control for the regime.

Trading activity rises with realized volatility, absolute returns, leverage demand, and liquidation intensity. Any model of Hyperliquid volume that ignores the market regime will credit the venue for what was really a market-wide volatility spike — precisely the October trap.

$$\log(\text{Volume}) = \alpha + \beta_1 \cdot \text{RealizedVol} + \beta_2 \cdot |\text{Return}| + \beta_3 \cdot \text{OI} + \beta_4 \cdot \text{Liquidations} + \epsilon$$

Estimate the baseline, then examine the **residual volume** — the activity left unexplained by broad market conditions. That residual is a cleaner measure of venue-specific demand than raw volume, and it is where a share loss (\$05) should show up even when absolute volume is buoyed by a volatile tape.

WHY RESIDUALS BEAT RAW SERIES HERE

In a Scenario-B quarter (\$07), raw volume is contaminated by category tailwinds. The regression strips the tide out; the residual is the boat. If the residual is trending down while raw volume holds, the venue is losing ground under cover of a strong market — which is the quantitative fingerprint of the 71%→20% share slide.

Estimate separately in calm and high-volatility regimes: the elasticity of volume to volatility is not constant, and a single-regime fit will misprice both the October spike and the December lull.

15 Fee Design & Realized Take

The posted fee schedule is not the realized take rate — the difference is a market-structure variable.

DRIVER	EFFECT ON REALIZED TAKE
Maker / taker mix	Shifts realized rate vs. posted
Volume tiers	Large traders pay less
Rebates / incentives	Gross fees overstate retained
Product mix (RWA, HIP-3)	Markets monetize differently
Competitive pressure	Zero-fee rivals compress the rate

Hyperliquid's realized **~1.9 bps** (§04) is an emergent property of maker/taker mix, volume-tier discounts, incentives, and product composition — not a headline number from a fee page. Modeling revenue off a posted schedule will miss all of these; the only honest input is **realized fees ÷ realized notional**.

THE COMPETITIVE SQUEEZE, QUANTIFIED

With Lighter running a zero-fee model (§06), Hyperliquid's realized take is now benchmarked against zero. It can defend the spread with superior liquidity and execution (the HLP moat, §11), but the take rate is no longer a free variable — it is set in a competitive market, and that market just added several well-funded price-cutters.

Use realized, not posted, fees for every revenue estimate, and track the maker/taker split over time: a drift toward maker-heavy flow silently lowers the realized take even before any rival forces the issue.

16 Signal Matrix & Model

The quarter as a set of opposing signals — and a falsifiable model to reconcile them.

DIMENSION	SIGNAL	READ
Perp volume	\$1.53T	Massive
Volume trend	▼ 47% Oct→Dec	Cyclical cooldown
Fees	\$295M	Down with volume
Take rate	~1.9 bps	Stable (for now)
Market share	71%→20%	Structural threat
HIP-3 OI	\$1B+	Platform pivot working
Buyback	~92% of fees	Token = revenue claim

Revenue elasticity — the test

Whether Hyperliquid's economics scale proportionally is a testable question, not a narrative:

$$\log(\text{Fees}) = \alpha + \beta \cdot \log(\text{Volume}) + \gamma \cdot \text{Volatility} + \delta \cdot \text{Competition} + \epsilon$$

$\beta \approx 1$ implies proportional monetization; $\beta < 1$ implies monetization decays at scale (the competitive-compression case); $\beta > 1$ implies operating leverage. Estimate separately in calm and volatile regimes, add a competition proxy (share, or rivals' incentive spend), and judge on **out-of-sample** fit — the in-sample story is not the test.

– Data Stack & Reproducibility

The difference between a chart and research is whether someone else can rebuild it.

TABLE	FIELDS
venue_daily	Volume, fees, revenue, take rate
market_daily	OI, funding, liquidations, HLP PnL
category_daily	Total perp-DEX volume, venue shares
token_daily	Buyback flow, circulating & FDV
events	HIP-3 launch, competitor incentives

RULES OF THE DESK

Never store a number without its definition — "volume" must specify product, venue, and aggregation. Separate raw, cleaned, and model-ready data. Store retrieval timestamps. Only use information available at prediction time (no look-ahead). If another analyst cannot rebuild the result from the sources, the result is not finished.

Known limitations of this revision

- Monthly volume is implied from DefiLlama fees at the realized take rate and cross-checked against reported figures; exact per-venue monthly volume sits behind DefiLlama's paid tier.
- Market-share figures are period-boundary snapshots (May, Nov) from secondary coverage, not a continuous daily series.
- HLP and OI sections are framework-level; live vault and OI series should be pulled before any valuation use.

17 What Not to Conclude

Rejecting the wrong conclusions is half the work.

- \$1.53T in volume does **not** mean Hyperliquid is winning — share fell from 71% to 20%.
- A 45% intra-quarter fee drop does **not** prove structural decline — the whole category cooled off an October peak.
- A stable take rate is **not** a constant — zero-fee rivals can compress it.
- Gross fees are **not** free cash flow to HYPE holders — revenue, mix, and the buyback ratio sit in between.
- RWA and HIP-3 growth are **not** automatically token-accretive if they shift the fee mix downward.
- One quarter cannot separate incentive-driven share loss from a durable one.

– Bottom Line

Q4 2025 was a scale-and-competition quarter. Hyperliquid generated enormous throughput and monetization while the perp-DEX market expanded faster than it did and well-funded rivals bought the marginal trade.

INTERPRETATION

Absolute growth and market-share growth are separate dimensions, and in Q4 they diverged. The business is still the largest and most profitable of its kind; the open question is whether the 71%→20% share slide is an incentive-driven dip that reverses when rivals' subsidies lapse, or the start of a structural commoditization of on-chain perps. HIP-3 is the bet that Hyperliquid can change the game rather than win the price war. The most valuable question, as always, is the simplest: what changed first — the market, or the moat?

A1 Protocol Architecture

The reason the business is so measurable is that the exchange is the chain.

Hyperliquid is a purpose-built Layer 1, not a contract deployed on someone else's chain. That design choice is why every order, fill, and liquidation is on-chain and queryable — the data quality this report relies on is a direct product of the architecture.

HyperBFT

CONSENSUS

HotStuff-derived, custom networking

~0.2s

FINALITY (AVG)

<0.9s at p99, one-block

200k/s

ORDER THROUGHPUT

HyperCore, improving

Two execution layers, one consensus

State execution splits into **HyperCore** and the **HyperEVM**. HyperCore runs fully on-chain perpetual and spot central-limit order books natively at the protocol level — not an AMM, an actual matching engine on-chain. The **HyperEVM** is not a separate chain; it is secured by the same HyperBFT consensus and can interact directly with HyperCore's order books, so EVM contracts can compose with native perps and spot markets.

PROPERTY	HYPERLIQUID	WHY IT MATTERS
Consensus	HyperBFT (BFT)	One-block finality
Finality	~0.2s avg	Exchange-grade UX
Order book	On-chain CLOB	Transparent, queryable flow
Programmability	HyperEVM	Composability with core
Throughput	200k orders/s	Matches centralized venues

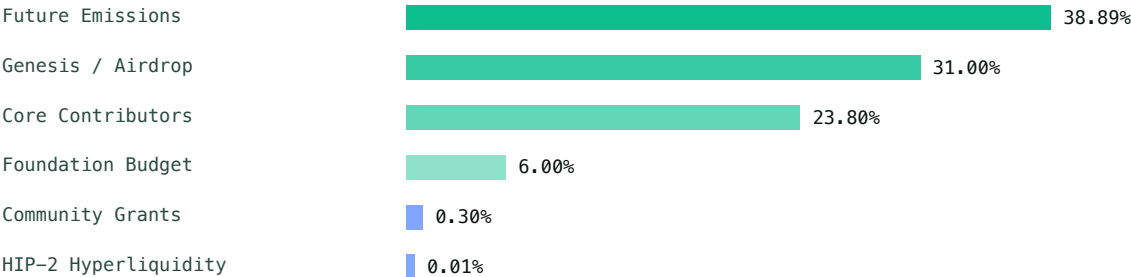
ANALYTICAL CONSEQUENCE

Because matching is on-chain, "volume," "open interest," and "liquidations" are not estimated from a black box — they are ledger facts. That is why the take-rate cross-check in §04 could be trusted to two decimals. The architecture is the data pipeline.

A2 Tokenomics

A fixed supply, no venture allocation, and value capture wired directly to revenue.

HYPE has a **fixed 1 billion supply**. The genesis event on 29 Nov 2024 airdropped **31%** to early users with no investor allocation, no centralized-exchange listing campaign, and no post-snapshot points season — an unusually community-weighted launch that removed the VC-overhang that discounts most tokens.



SOURCE: HYPERLIQUID GENESIS DISTRIBUTION · TOKENOMIST

Core contributor tokens are locked for one year, then unlock monthly over two years (fully released ~2027–2028) — the main forward supply event to model. The largest single bucket, **38.89%** "Future Emissions & Community Rewards," is unallocated with no announced schedule, which is both optionality and an overhang to flag in any fully-diluted view.

VALUE CAPTURE

HYPE captures value through the fee→buyback bridge of §10: ~92% of protocol fees are used to buy HYPE on the spot market. Unlike a governance-only token, HYPE has a mechanical, revenue-linked bid — which is exactly why the Q4 revenue decline is a token-level event, not just a business-level one.

A3 Security, Decentralization & MEV

Security is an economic variable — price the attack, don't just assert the safety.

HyperBFT is a Byzantine-fault-tolerant consensus: liveness and safety hold as long as less than one-third of staking weight is adversarial. The economic security therefore scales with the value of staked HYPE and the distribution of that stake across validators — the same factor-model logic used for any proof-of-stake network.

attack cost $\approx$ stake needed for $\frac{1}{3}$ (halt) or $\frac{2}{3}$ (compromise) $\times$ HYPE price $\times$ acquisition slippage

VECTOR	CONSIDERATION
Liveness (halt)	Acquire $>\frac{1}{3}$ staking weight
Safety (compromise)	Acquire $>\frac{2}{3}$ staking weight
Governance capture	Mitigated: no VC/investor bloc at genesis
Validator concentration	Track Nakamoto coefficient over time

MEV on an on-chain order book

Hyperliquid's native CLOB changes the MEV surface versus an AMM chain. There is no AMM slippage to sandwich in the classic sense; the extractable value shifts toward **ordering and latency** at the sequencing layer. The right things to monitor are validator ordering fairness, latency advantages, and any liquidation front-running — quantified as extracted value per unit of volume, not assumed to be zero.

WHAT STILL NEEDS SOURCING

Live validator count, stake distribution, current Nakamoto coefficient, and the smart-contract audit history for HyperEVM should be pulled before any security scoring. This chapter frames the method; the live decentralization series is a data task flagged in the appendix.

A4 Valuation Framework

Turn the revenue engine into a framework — not a price target, a way to think.

Because HYPE's bid is mechanically linked to revenue (\$10), it can be framed like a cash-flowing asset. The inputs are all measured in this report; the only missing variable for a full multiple is market capitalization, which should be pulled at valuation time rather than assumed.

INPUT	Q4 2025 BASIS	ANNUALIZED VIEW
Fees	\$295M / qtr	~\$1.18B run-rate*
Protocol revenue	\$226M / qtr	~\$904M run-rate*
Dec exit revenue	\$51.2M / mo	~\$614M run-rate*
Buyback allocation	~92%	of fees → HYPE

*Naive annualizations of a declining quarter. The Q4-average and December-exit run-rates differ by ~30%, which is the entire point: *which* run-rate you annualize is a judgment call the market is actively repricing.

buyback yield = (annual fees × 0.92) ÷ market cap · P/F = market cap ÷ annual fees

HOW TO USE IT

The framework forces the two live debates into the open: (1) which revenue run-rate is real, given the intra-quarter decline and the share loss; and (2) whether the buyback yield compensates for the forward-supply overhang from the 38.89% unallocated bucket and the contributor unlocks. A single P/F multiple hides both; this decomposition surfaces them.

The honest conclusion is a conditional one: HYPE is cheap or expensive *depending on* whether Q4's decline was cyclical (annualize the average) or structural (annualize the December exit). That is a testable question, and \$16's elasticity model is how you'd start to answer it.

★ Sources & Method

Inspired by the public work of fellow researchers; the analysis and framing are the author's own.

Primary data

- DefiLlama — Hyperliquid daily fees & revenue (Q4 2025 monthly aggregation: fees \$295M, revenue \$226M). defillama.com/protocol/hyperliquid-perps
- The Block — Hyperliquid volume & cumulative revenue context. theblock.co
- 21Shares — "The Perpetual DEX Wars: Hyperliquid, Aster, and Lighter." 21shares.com
- DL News — perp-DEX volume records and share shift. dlnews.com
- CoinDesk — RWA perps and the HYPE buyback. coindesk.com
- CoinGecko — HIP-3 / HIP-4 builder and tokenized markets. coingecko.com
- Artemis — Hyperliquid volume, OI, fees dashboard (cross-check). artemis.ai

On method & attribution

Quantitative facts are drawn from the sources above and cited as data. The **framework, the share-vs-scale thesis, the buyback-bridge decomposition, and every model specification are original**. Where figures were reconstructed rather than freshly re-pulled — notably per-market mix and HLP series — it is flagged in §19. Nothing here is presented as a recovered original; it is a verified, cited build.

CORRECTION LOG

Fees revised \$255.5M → **\$295M**; revenue revised \$278.7M → **\$226M** (and re-ordered below fees). Volume, monthly split, and take rates verified against source and retained. Market-share collapse (71%→20%) and the competitive set added from primary coverage.

Structural appendix data

- Hyperliquid Docs / Zealynx / Dwellir — HyperBFT, HyperCore, HyperEVM, ~0.2s finality, 200k orders/s.
- Tokenomist / Hyperliquid genesis — 1B supply, distribution splits, contributor unlock schedule.

Authored by kidxbt · Independent Quantitative Research · 19 December 2025 · Coverage: Q4 2025. Not investment advice.