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- 
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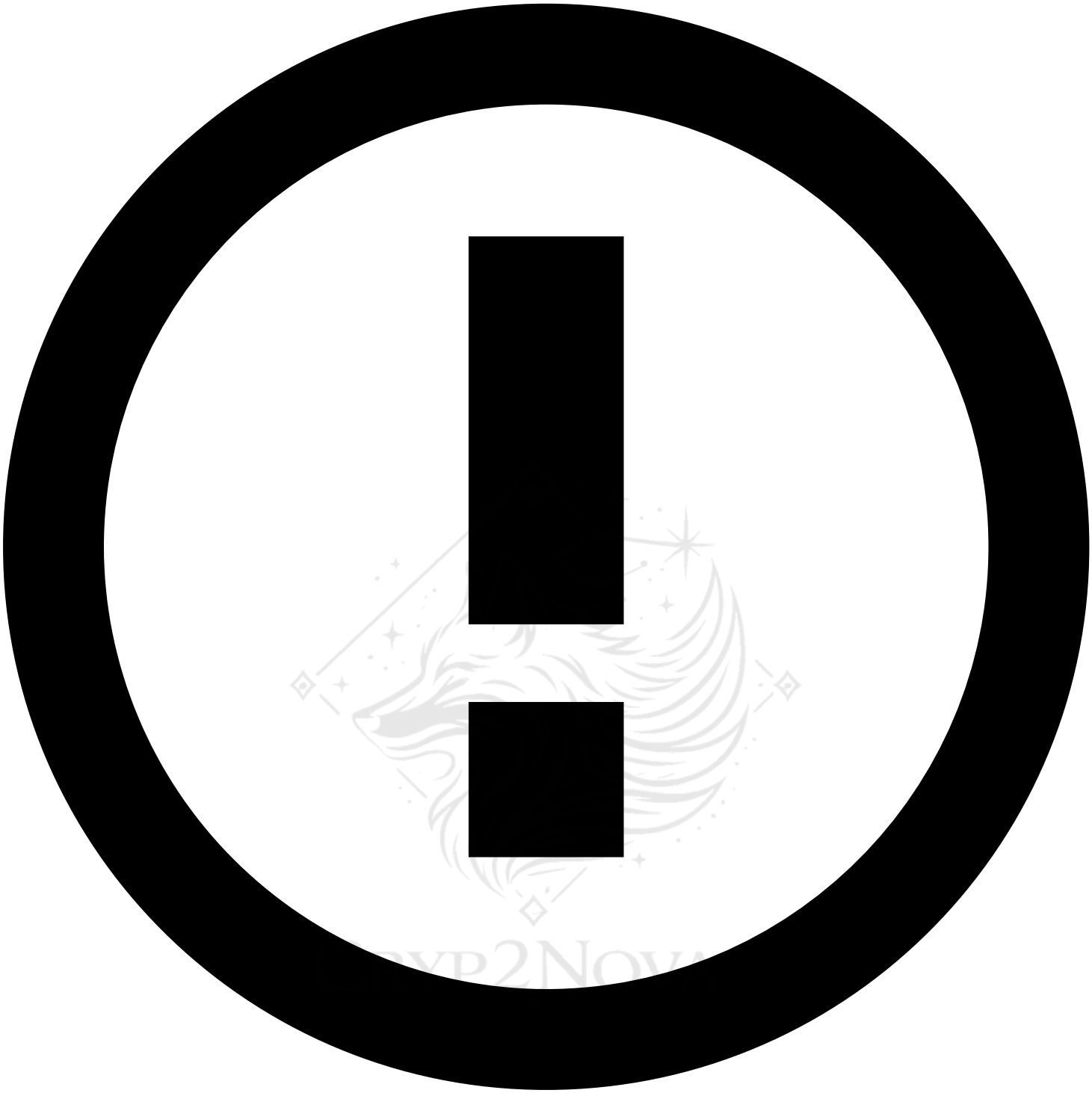
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# Introduction to Overlay

## What is Overlay?

Overlay is a decentralized perpetuals exchange built for long-tail crypto assets — tokens that trade on-chain but lack the liquidity depth to be listed on major derivatives venues. Any project can launch a perps market on Overlay without needing market makers or liquidity providers.

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info

For a deep dive into Overlay Protocol, please refer to our white paper here.

## Who is Overlay for?

- **Traders** — access leveraged exposure to tokens you couldn't trade as perps anywhere else. Long or short, stablecoin-settled, no expiry.
- **Projects** — launch your own perps market in days. No market maker required. Your community trades, you earn a share of the fees — permanently.
- **Communities** — pool capital to fund a perps market for your favorite token. Earn 30% of trading fees proportional to your contribution, permanently.

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## How does Overlay offer markets without counterparties?

Users build positions against the protocol itself — effectively against every OVL holder simultaneously. This eliminates the need for liquidity providers or market makers, which is what makes thin-liquidity token markets possible in the first place.

## How Trading Works

Traders open positions using stablecoins as collateral. All PnL is settled in stablecoins — no exposure to OVL required to trade.

Behind the scenes, OVL handles the protocol's internal accounting and balance mechanics. When traders profit, the protocol mints OVL accordingly; when traders lose, OVL is burned. This keeps the trading experience clean and stable for users while OVL token economics operate at the protocol level.

## Pricing

Prices on Overlay are derived from oracle feeds rather than an order book. The protocol fetches values from non-manipulable, non-predictable data sources and applies built-in adjustment mechanisms on top. For more detail, see Pricing and Price Impact.

## OVL

OVL is the native token of Overlay Protocol — a BEP-20 used for protocol-level accounting and DAO governance. It acts as the liquidity backbone of the system, enabling markets to exist without traditional counterparties. For more on OVL, see our OVL section.

## Nature of Contracts

Positions on Overlay are perpetual — no expiry, no settlement date, continuously rolling. They share structural similarities with conventional perps but differ in key ways given the absence of a traditional counterparty. For a full breakdown, see How Overlay is Different.

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Communication channels

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