

DEFI OPERATOR

This playbook covers everything you need to go from understanding what DeFi is, to having a real, working yield position generating income. Follow every step in order. Don't skip the security section.

- | | |
|---------------|---|
| STEP 1 | What Is DeFi & Why It Changes Everything |
| STEP 2 | What Is a Crypto Wallet? |
| STEP 3 | Security — Your Non-Negotiable Foundation |
| STEP 4 | CEX vs DEX — Understanding Both Sides |
| STEP 5 | Onramping & Offramping |
| STEP 6 | Swapping & Bridging |
| STEP 7 | Your First Live Position — Lending on AAVE |

STEP 1

What Is DeFi & Why It Changes Everything

1.1 — The Problem With Traditional Finance

Every bank operates like a private ledger. They track who owns what, who owes what, and who's allowed to do what. You trust them to get it right. You ask their permission to move your own money. Here's what that actually costs you:

WHAT HAPPENS	THE COST TO YOU
Your savings account rate	~0.5% APY
Bank lends your money out at	~7% interest
Who pockets the difference	The bank — every single day

Want a rabbit hole that will genuinely make you angry? Look up fractional reserve banking.

1.2 — What a Blockchain Actually Is

A blockchain is a **public ledger** — not controlled by any single institution. Instead of one company keeping records behind closed doors, thousands of computers around the world hold the same record simultaneously. No one controls it. No one can alter it. It just runs. That is the foundation everything in DeFi is built on.

1.3 — What DeFi Actually Means

DeFi = Decentralized Finance. Strip away the jargon and it means this: financial services that run without a bank, a broker, or any middleman in between. No Chase. No Fidelity. No Vanguard. Just you, your wallet, and code that executes automatically.

When you remove the middleman, the yield that used to go to the bank flows to the people providing the capital. **You stop being the customer. You become the bank.**

1.4 — The Three Core DeFi Activities

ACTIVITY	WHAT YOU DO	HOW YOU EARN
Lending	Deposit assets into a protocol	Borrowers pay you interest
Liquidity Providing	Deposit asset pairs into a trading pool	Earn a cut of every trade through the pool
Staking	Lock assets to support a network or protocol	Protocol rewards you for participation

1.5 — What You'll Be Able to Do By the End

- Evaluate DeFi opportunities with a clear framework
- Build a yield strategy that fits your actual goals

- Deploy capital confidently into live positions
- Manage and monitor positions over time

You won't just understand DeFi. You'll be generating yield from it.

STEP 2

What Is a Crypto Wallet?

Before you do anything in DeFi you need to understand how wallets work. Not just how to set one up — what they actually are, how they work, and how to structure them properly. Get this wrong and everything else we build on top is at risk. Do not skip this part.

2.1 — Your Wallet Doesn't Hold Your Crypto

Your crypto lives on the blockchain. Your wallet holds the **private key** — the proof of ownership that gives you the right to move those funds.

■ Think of it like a vault. Your money sits in a safe deposit box that anyone can see. Your wallet holds the only key that opens it. If someone gets your key, they get your funds. No customer service line. No dispute process. No recovery.

2.2 — Hot Wallets vs Cold Wallets

	HOT WALLET	COLD WALLET
What it is	Software / browser extension	Physical hardware device
Internet connection	Always connected	Only when plugged in to sign
Examples	MetaMask, Rabby, Phantom	Ledger, Trezor
Best for	Active DeFi — swapping, protocols	Securing keys, treasury storage
Risk level	Higher — phishing/hack exposure	Much lower — keys stay offline

2.3 — Your Three-Wallet Structure

Run all three. This is the setup recommended for everyone in this program.

Wallet 1 Hot Wallet — Active DeFi

Your working wallet. Connect this to protocols, provide liquidity, manage positions, and execute day-to-day DeFi. Designed to be used.

Wallet 2 Cold Wallet — Hardware-Backed DeFi

A hardware wallet connected to your hot wallet. Every transaction requires physical confirmation on the device before it executes. Even if your computer is compromised, nobody moves your funds without the physical device in hand.

Wallet 3 Treasury Cold Storage — Never Touches DeFi

A completely separate cold wallet that never connects to any protocol or dApp. Long-term holdings only — BTC, ETH. If something goes wrong in DeFi, your treasury is completely untouched.

■ Keeping your treasury wallet separate from your DeFi wallet is one of the most important risk management decisions you will make.

2.4 — Understanding Gas Fees

Every transaction on a blockchain costs a fee called **gas**, paid in the native coin of that chain. Think of it like a highway toll — you can be driving any car, but you still need the pass to get through. No native coin = no transaction.

CHAIN	GAS PAID IN	TYPICAL COST
Ethereum	ETH	Variable — can be high in busy periods
Solana	SOL	Fractions of a cent
Base / Arbitrum	ETH	Very low — pennies
Avalanche	AVAX	Low

■ Action item: When you fund a wallet on any new chain, always send a small amount of that chain's native coin first so you can execute transactions.

2.5 — Your Seed Phrase: The Most Important Thing in This Playbook

Your seed phrase is a series of 12 or 24 random words that acts as the master backup for your entire wallet. Lose it and your funds are gone. No recovery option exists.

DO THIS	NEVER DO THIS
Write it down by hand on paper	Screenshot it
Store in a fireproof safe or lockbox	Save in a notes app or email
Make a second physical copy in a separate location	Store in iCloud or Google Drive
Never tell anyone what it is	Enter it on any website for any reason

■ If a website asks you to enter your seed phrase, close the tab immediately. That is a scam, full stop. No legitimate protocol, support agent, or person in this community will ever ask for it.

2.6 — Wallet Setup: Step-by-Step

Part 1 — Set Up Your Hot Wallet

STEP 1 — CHOOSE & DOWNLOAD YOUR WALLET

Download a reputable software wallet directly from the official website. Verify the URL before downloading anything. Use Rabby or MetaMask for EVM chains (Ethereum, Base, Arbitrum), Phantom for Solana, Suiet for Sui.

STEP 2 — CREATE YOUR WALLET

Select 'Create a new wallet.' The wallet will generate your seed phrase.

STEP 3 — SECURE YOUR SEED PHRASE

Write your seed phrase down by hand. Do not screenshot it or store it digitally. Store it somewhere physically secure.

STEP 4 — CONFIRM & SET PASSWORD

Confirm your seed phrase when prompted, then set a password for the extension. Note: the password only locks the app on your device. Your seed phrase controls the wallet itself.

Part 2 — Set Up Your Cold Storage Wallet

STEP 5 — PURCHASE A HARDWARE WALLET

Buy directly from the manufacturer's official website — Ledger or Trezor. Never buy from a third-party seller. There's no way to verify it hasn't been tampered with.

STEP 6 — INITIALIZE THE DEVICE

Download the official companion app from the manufacturer's website and follow setup instructions.

STEP 7 — SECURE YOUR HARDWARE SEED PHRASE

Your hardware device generates its own seed phrase on the device screen. Write it down by hand and store it completely separately from your hot wallet seed phrase. Two different keys — keep both, keep them apart.

STEP 8 — SET PIN & INSTALL CHAIN APP

Set a PIN on the device. Inside the companion app, install the blockchain app for the network you plan to use.

Part 3 — Connect Your Cold Wallet to Your Hot Wallet

STEP 9 — PLUG IN & OPEN CHAIN APP

Plug your hardware device into your computer and open the blockchain app on the device.

STEP 10 — OPEN HOT WALLET SETTINGS

Open your hot wallet browser extension. Navigate to Settings and look for 'Connect Hardware Wallet' or 'Add Hardware Account.'

STEP 11 — SELECT YOUR HARDWARE WALLET BRAND

Click Continue. Your device must be plugged in with the correct blockchain app open.

STEP 12 — ADD THE HARDWARE-BACKED ACCOUNT

Your hot wallet displays a list of addresses from your hardware device. Select the first address and add it as a new account. Any transaction from this account now requires physical confirmation on the device before it executes.

Part 4 — Your Treasury Cold Wallet

Set up a second, completely separate cold wallet. Never connect it to your hot wallet or any protocol. Fund it, secure the seed phrase, and leave it alone. This wallet's only job is to hold.

STEP 3

Security — Your Non-Negotiable Foundation

The number one reason people lose money in DeFi isn't a bad trade. It's a security failure. And almost every time it happens, the person either knew something felt wrong and moved anyway — or they were moving too fast. Build these habits before you have significant capital on the line.

3.1 — The Four Threats You Need to Know

Phishing Attacks

Fake protocol websites with URLs off by one character, branding that looks pixel-perfect. You connect your wallet, sign a transaction, funds gone.

Defence: Never click links to protocols from anywhere except your own saved bookmarks.

Fake Support Scams

Someone in Discord or Telegram offers to help. At some point they ask for your seed phrase to 'diagnose the issue.'

Defence: Nobody legitimate will ever ask for your seed phrase. The moment someone asks — end the conversation.

Malicious Smart Contract Approvals

When you interact with a DeFi protocol, you approve its smart contract to access your wallet. A malicious site can trick you into granting a bad actor unlimited access to a token in your wallet.

Defence: Audit and revoke approvals regularly at [Revoke.cash](https://revoke.cash). If you don't recognise an approval, revoke it.

Moving Too Fast

Scammers manufacture urgency. 'This pool closes in 10 minutes.' 'Claim your airdrop before it expires.' Legitimate opportunities don't disappear in 10 minutes.

Defence: If you feel rushed or pressured, stop. 90% of mistakes happen because someone was moving too fast.

■ IF YOU FEEL RUSHED OR PRESSURED TO MOVE FAST, STOP. 90% of mistakes happen because you were moving too fast.

3.2 — Pre-Transaction Security Checklist

Run through this before interacting with any protocol:

- Verify the URL manually — official site, not a clone
- Read what you're signing before you sign it — does it match what you're trying to do?
- Use your hardware-backed account for anything involving significant capital
- Send a test transaction first on any new protocol or new route
- After you're done with a position, revoke the approval at [Revoke.cash](https://revoke.cash)

■ Always send a test amount first. Every single time. No exceptions. People have lost \$40,000 in a single wrong transaction by skipping this step.

STEP 4

CEX vs DEX — Understanding Both Sides

You'll work with two types of exchanges. They serve completely different purposes. Understanding the distinction changes how you think about your capital.

	CEX (Centralized Exchange)	DEX (Decentralized Exchange)
Examples	Coinbase, Kraken, Binance	Uniswap, Jupiter, deBridge
Account needed	Yes — KYC required	No — connect wallet and trade
Who holds assets	The exchange	You
Supports fiat	Yes	No — crypto only
Your role	On-ramp / off-ramp	Where you operate in DeFi

■ **Not your keys, not your coins. CEXs have been hacked, frozen withdrawals, and gone bankrupt (FTX being the most painful example). Use them to get in and out of the ecosystem — not to store capital.**

4.1 — How a DEX Works Under the Hood

Instead of matching buyers and sellers, most DEXs use an **Automated Market Maker (AMM)**. You trade against a liquidity pool — a reserve of two paired assets. Price adjusts automatically based on the ratio in the pool. We go deep on this in Module 2.

4.2 — The Full Loop

- 1 Buy crypto on your CEX with fiat
- 2 Withdraw to your self-custody wallet
- 3 Use DEXs and DeFi protocols to put capital to work
- 4 When ready to exit, send funds back to CEX
- 5 Sell for fiat and withdraw to bank

STEP 5

Onramping & Offramping

Moving money in and out of the crypto ecosystem sounds simple. But there are fees to be aware of, common mistakes that cost people money, and things on the tax side you need to know from day one.

5.1 — Funding Method Matters

METHOD	COST	RECOMMENDATION
Bank transfer (ACH)	Minimal / often free	Best option — use this whenever possible
Debit card	2.5–4% per transaction	Only if you need funds immediately
Credit card	3–4%+ (treated as cash advance)	Avoid — expensive and adds debt interest

On a \$1,000 purchase, a 3% card fee is \$30 gone before you've done anything. Some platforms charge no fees when onramping directly into a stablecoin like USDC — worth checking before you fund.

5.2 — Withdrawing to Your Wallet

The most common and costly mistake beginners make: sending to the wrong network. If you send crypto to an address on the wrong network, in most cases those funds are gone permanently.

Before every withdrawal:

- Confirm the network on the exchange matches your wallet's network
- Double-check the full wallet address
- Send a \$1–2 test transaction first. Every single time.

■ People have lost \$40,000 in a single wrong transaction by skipping the test step. Slow down. This step costs you \$2 to verify. It costs you everything to get wrong.

5.3 — Offramping (Converting Back to Fiat)

The process in reverse: send crypto from your wallet back to your CEX → sell for dollars → withdraw to bank via ACH. ACH withdrawals are typically free and hit your account in 1–3 business days. Wire transfers are faster but carry fees. Most of the time the standard bank transfer is fine.

5.4 — Practical Tips

- Always keep a small amount of each chain's native coin in your wallet to cover gas
- Check your exchange's withdrawal limits before moving large amounts — daily and weekly caps exist
- Research the tax implications — see the Crypto Taxes module later in this course

STEP 6

Swapping & Bridging

Two actions you'll do constantly. They sound similar. They're completely different.

SWAPPING	BRIDGING
Exchanging one token for another on the SAME blockchain	Moving assets from one blockchain to ANOTHER
Example: SOL → USDC on Solana	Example: ETH on Ethereum → ETH on Arbitrum
Takes ~30 seconds, minimal fees	Takes seconds to minutes depending on bridge
Use: Uniswap (EVM), Jupiter (Solana)	Use: ChangeNow, deBridge

Why bridging matters: the best DeFi opportunities are spread across multiple chains. If your capital is on one chain and the opportunity is on another, you need to bridge.

6.1 — Your First Swap

STEP 1 — GO TO DEX & CONNECT WALLET

Use Uniswap for EVM chains, Jupiter for Solana.

STEP 2 — SELECT TOKENS

Choose the token you're swapping from and the token you want to receive.

STEP 3 — ENTER AMOUNT

Type in how much you want to swap.

STEP 4 — CHECK PRICE IMPACT

If above 2–3%, split your trade into smaller amounts or find a deeper pool.

STEP 5 — CHECK SLIPPAGE TOLERANCE

0.5–1% is standard. Too low = transaction may fail. Too high = worse fill on volatile tokens.

STEP 6 — CONFIRM & APPROVE

Confirm in the DEX and approve in your wallet.

6.2 — Your First Bridge

STEP 1 — GO TO BRIDGE & CONNECT WALLET

Use ChangeNow or deBridge. Check both support your source and destination chain.

STEP 2 — SELECT ASSET & AMOUNT

Choose what you're moving and how much.

STEP 3 — SELECT DESTINATION CHAIN & REVIEW FEES

Bridges charge a small fee on top of gas — confirm the math still makes sense.

STEP 4 — SEND A TEST AMOUNT FIRST

Same rule as always. Never move significant capital without testing the route first.

STEP 5 — CONFIRM ON SOURCE CHAIN

Approve the transaction in your wallet.

STEP 6 — WAIT FOR COMPLETION

Can be seconds to several minutes. Don't panic — just wait.

STEP 7 — VERIFY ARRIVAL

Confirm the asset landed in your wallet on the destination chain.

■ **Before you bridge: make sure you already have a small amount of the destination chain's native coin waiting there. Arrive with assets and no gas = stuck with no way to move them.**

Most Common Mistakes

- Setting slippage too high and getting a bad fill
- Sending to the wrong network during a bridge
- Arriving on the destination chain with no native coin for gas

All completely avoidable if you slow down before confirming anything.

STEP 7

Your First Live Position — Lending on AAVE

Before moving into advanced strategy, everyone completes this step first — regardless of experience level. You'll confirm your setup works, see your first DeFi earnings within 24 hours, and everything that follows will make more sense with hands-on context.

7.1 — What You'll Need

REQUIREMENT	DETAIL
CEX Account	Coinbase, Kraken, or Binance
Web3 Wallet	Rabby or MetaMask — set to Base Network
Available Funds	\$110 minimum — \$100 USDC + ~\$10 for gas
Time Required	~15 minutes if starting from scratch

- Use your debit card to fund Coinbase so funds are available immediately. ACH transfers have a 7-day hold that will delay you getting started.

7.2 — Step-by-Step

Keep three browser tabs open: Coinbase, your wallet extension, and app.aave.com

STEP 1 — FUND YOUR COINBASE ACCOUNT

Deposit \$110 using the 'deposit cash' feature with your debit card for instant availability.

STEP 2 — BUY ETH

Search for ETH-USD in Coinbase. Select Market order. Buy \$5 worth of ETH. This covers gas on the Base Network.

STEP 3 — CONVERT USD TO USDC

Click 'Manage Funds' → 'Convert Cash.' Convert remaining funds (~\$105) to USDC. USDC is always worth \$1 — this is what you'll lend on AAVE.

STEP 4 — PREPARE YOUR WALLET

Open your Rabby or MetaMask wallet. Switch to the Base Network. Base is an Ethereum Layer 2 with much lower fees — pennies instead of dollars.

STEP 5 — COPY YOUR WALLET ADDRESS

Copy your full public wallet address on the Base Network. It looks like: 0x1234...5678

STEP 6 — SEND ETH FROM COINBASE TO YOUR WALLET

In Coinbase Portfolio → find ETH → Send/Withdraw. Paste your wallet address. Select Base Network in the dropdown. Compare the first 6 and last 6 characters of the address before confirming.

STEP 7 — VERIFY ETH ARRIVED

Check your wallet — you should see ~\$5 of ETH on Base. If not visible after 5 minutes, confirm you're viewing the Base Network.

STEP 8 — SEND USDC FROM COINBASE TO YOUR WALLET

Same process as Step 6. Portfolio → USDC → Withdraw. Select Base Network. Verify address again before confirming. Wrong address = permanent loss.

STEP 9 — VERIFY USDC ARRIVED

Check your wallet for ~\$100 USDC. If not visible, you may need to manually add the USDC token to your wallet view.

STEP 10 — NAVIGATE TO AAVE

Go to app.aave.com. At the top left, select Base Chain from the network dropdown.

STEP 11 — CONNECT YOUR WALLET

Click 'Connect Wallet.' Select Rabby or MetaMask. Approve the connection. AAVE will never ask for your seed phrase.

STEP 12 — SUPPLY USDC

Find USDC in the asset list → click 'Supply USDC' → enter your amount → confirm in your wallet. Wait 30–60 seconds for the transaction to process.

STEP 13 — VERIFY YOUR POSITION

You should see your USDC deposit, the current APY, and your balance in the 'Supplied' section. Your earnings compound automatically from this point.

7.3 — Understanding Your Earnings

APY RATE	DAILY	MONTHLY (on \$100)
2.97% APY (current typical)	\$0.008	\$0.25
6% APY (high demand periods)	\$0.017	\$0.50

The dollar amounts are small at this capital size — intentionally. The goal here is process, not yield. You're verifying your setup works, learning how to read a protocol dashboard, and watching your first DeFi earnings compound in real time. Check back in 24 hours.

■ Milestone: Take a screenshot of your AAVE dashboard showing your supplied position. You've just become the bank. Now we build from here.

REFERENCE

Trusted Links & Resources

Only use official links. Always verify URLs before connecting your wallet.

Exchanges & On-Ramps

Coinbase	coinbase.com
Kraken	kraken.com
Binance	binance.com

Wallets

Rabby Wallet (EVM)	rabby.io
MetaMask (EVM)	metamask.io
Phantom (Solana)	phantom.app
Suiet (Sui)	suiet.app

Hardware Wallets

Ledger	ledger.com
Trezor	trezor.io

DeFi Protocols

AAVE (Lending)	app.aave.com
Uniswap (EVM DEX)	uniswap.org
Jupiter (Solana DEX)	jup.ag

Bridges

ChangeNow	changenow.io
deBridge	debridge.finance

Security Tools

Revoke.cash (Approval Auditing)	revoke.cash
---------------------------------	-------------