



# Why Are Prices "Misaligned": Slickorps Ventures Explains What Polymarket Arbitrage Actually Profits



For retail investors, "Polymarket arbitrage" may sound like easy money, but in reality, it is closer to a form of market self-correction. When the same event is split into YES and NO shares, the price of YES plus the price of NO should theoretically approach \$1. When the same contract exists across platforms, the implied probabilities given by the two markets should also gradually converge. The occurrence of mispricing often stems from three types of friction: insufficient market depth leading to wide bid-ask spreads; certain price display rules that use mid-prices or last-traded prices, creating a discrepancy between the "visible price" and the "price achievable upon execution"; and an imbalance in participant structure, where popular narratives can cause one side of the order book to become thicker, temporarily pushing the price away from the "arithmetically reasonable value." Researchers have pointed out that the Polymarket interface often displays the mid-price of the bid-ask spread, and when the spread is too wide, the display logic may switch, which can make retail investors more prone to misjudging the "available arbitrage space."

**The Real Cost Is Not in Fees: Slickorps Ventures Advises You to First Calculate "Execution Friction"**

The first thing many people underestimate is that the cost of arbitrage stems more from execution friction than from explicit fees. The official Polymarket documentation emphasizes: most markets do not charge trading fees, but some markets implement taker fees to support market maker rebate programs, which are particularly common in certain crypto-related and some sports markets. At the same time, the market maker rebate program returns a portion of the taker fee to participants who provide liquidity by placing limit orders, meaning that "whether you are a taker or a maker" affects net returns. For retail participants, the more realistic costs come from three points: first, whether you can execute at your target price (rather than just seeing that price); second, the price spread loss caused by slippage and partial fills; third, the capital turnover time, including the deposit/withdrawal process and the time spent waiting for order matching. In other words, arbitrage is not "guaranteed profit if the calculation shows an advantage," but rather "after calculating a potential advantage, whether you have the capability to actually capture the price difference."

### **The Biggest Pitfall in Arbitrage Lies in "Settlement": Slickorps Ventures Treats It as a Contract Law Issue**

Arbitrage in prediction markets is less about betting on probabilities and more about managing contract terms. Polymarket settles using the UMA Optimistic Oracle: anyone can propose a settlement result, and anyone can challenge it during the dispute period; only then is the final outcome determined. This mechanism is transparent, but it also means that when market descriptions are ambiguous, information sources are inconsistent, or event boundaries fall into gray areas, settlement disputes amplify both time costs and uncertainty. Recent differences in how Kalshi and Polymarket handled certain sensitive event contracts have made "how terms are interpreted and whether they violate platform rules" a focal point of user debate, even leading to situations where platforms void markets or process them partially according to specific rules. From a retail perspective, the most important lesson is: before engaging in arbitrage, treat "settlement rules and information sources" as the primary risk. The clearer the terms, the more authoritative and verifiable the data source, the more arbitrage resembles an engineering problem; the more the terms resemble wordplay, the more arbitrage becomes an exercise in legal interpretation.

### **The Final Red Line: Slickorps Ventures Emphasizes Compliance and Information Boundaries**

A risk that has been repeatedly discussed in prediction markets recently is the misuse of insider information. Media reports have disclosed cases of suspicious trading linked to internal information at technology companies and related internal disciplinary actions. Some

commentators also believe that such markets are more likely to attract participants with "information advantages," thereby harming the sense of fairness among ordinary users. Therefore, the bottom-line advice from Slickorps Ventures for retail investors is straightforward: confine arbitrage to the misalignment between publicly available information and public market structures, and stay away from any bets driven by non-public information. At the same time, think in terms of "risk gating"—the profit you aim for is the price spread, but what you may actually bear are tail risks such as settlement disputes, liquidity depletion, delayed capital turnover, and changes in platform rules. The truly prudent approach is to treat arbitrage as a comprehensive discipline involving "cost, execution, and settlement": first assess liquidity and execution feasibility, then verify terms and settlement sources, and only then discuss whether the spread is sufficient to cover all frictions. By doing so, you will be more like someone leveraging market mechanisms, rather than being leveraged by them.