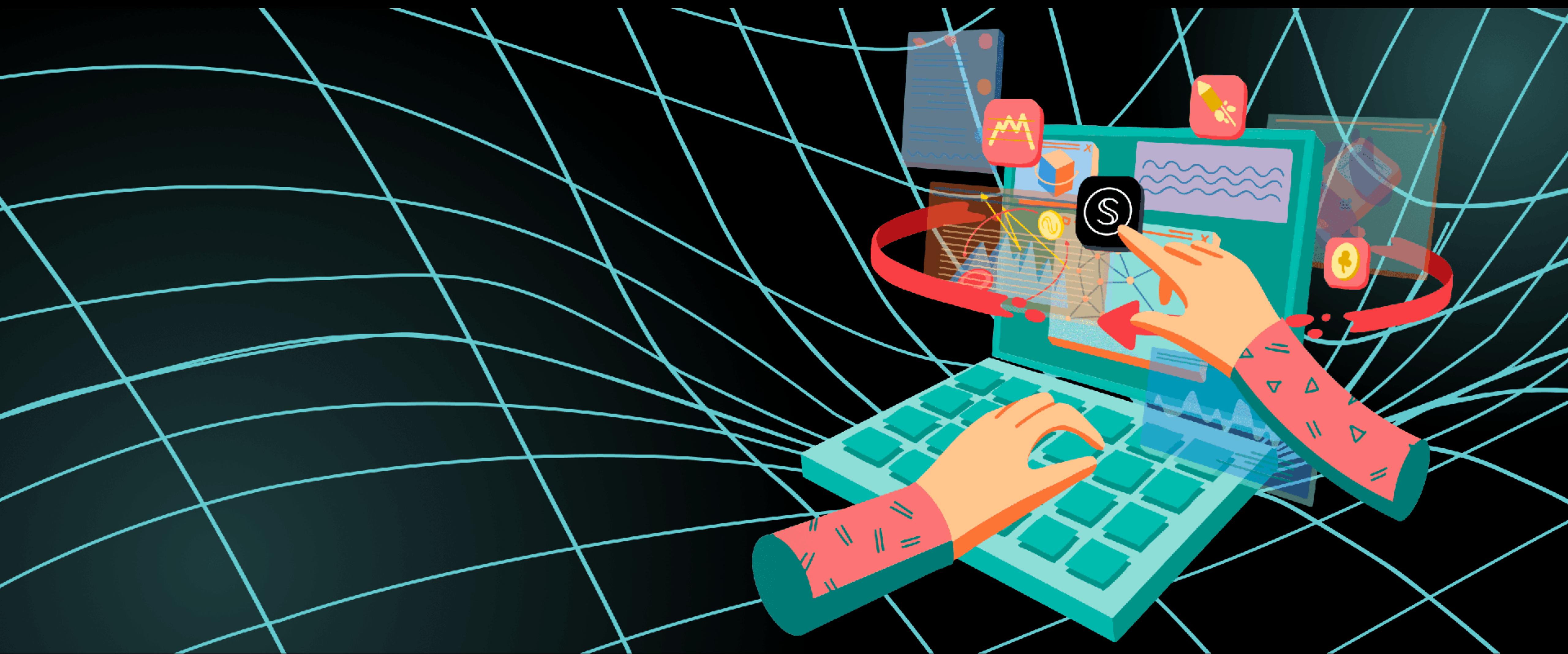


HackSecret2023

Defi and tokenomics talk



Waffle

- Background in Economics
- Commodities Inspections/Certifications in West Africa and SEA
- Bitcoin enthusiast
- DeFi Summer 2020 Farmer
- Defi 2.0 - Growth FortuneDAO
- Secret Network
- Head of Growth at Lodestar Finance

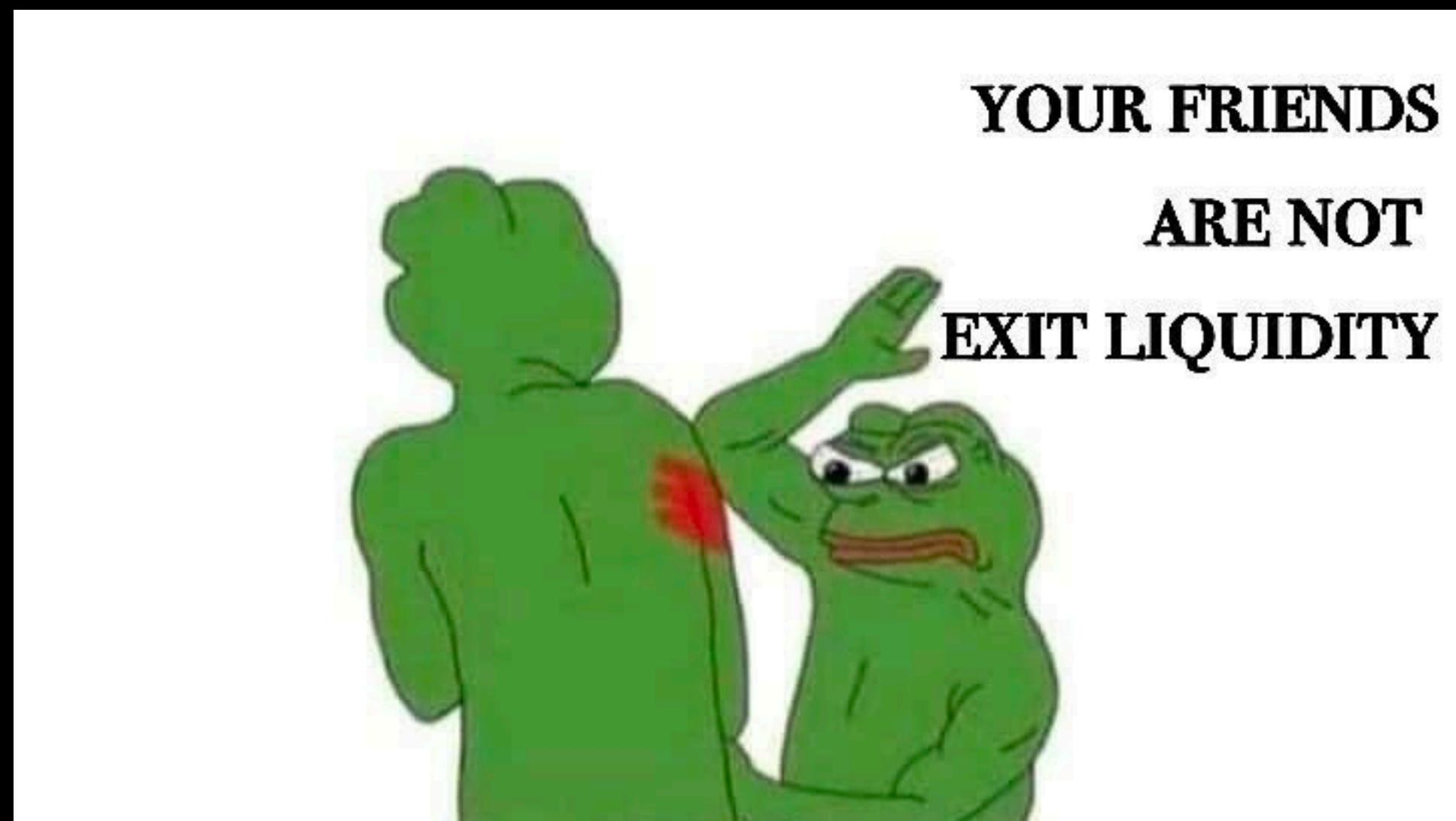


Today's Agenda

- What's DeFi ?
- From Uni to the Curve War
- Velodrome
- Olympus and POL
- Stablecoin depeg insurance and IFO
- GMX - GLP
- GLP Wars
- Tchit tchat



NFA



What's DeFi, according to ChatGPT

DeFi, short for Decentralized Finance, is a financial ecosystem built on blockchain technology.

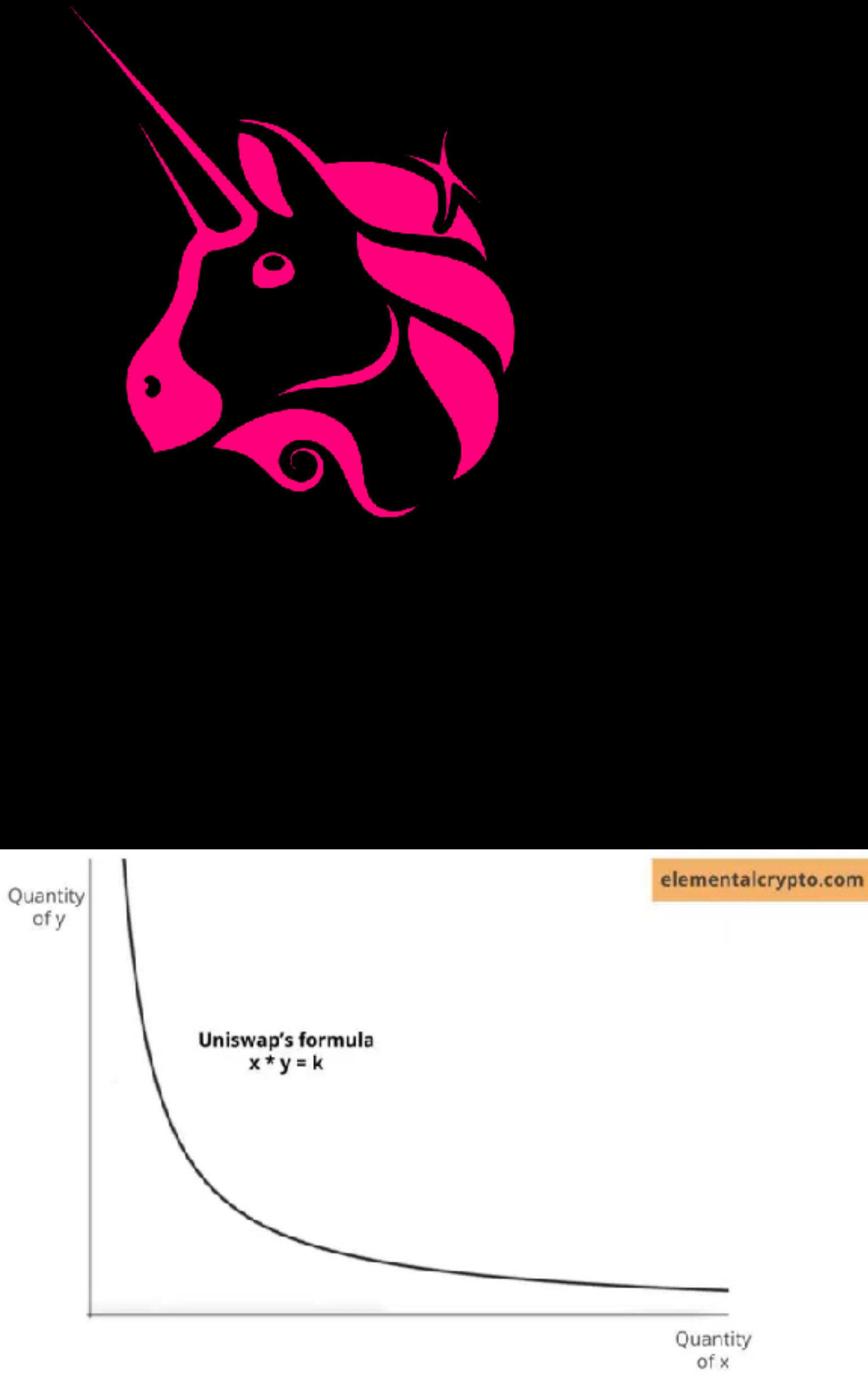
It aims to democratise access to financial services by removing the need for traditional intermediaries like banks or brokerages.

DeFi applications include lending, borrowing, asset trading, and yield farming, all of which operate through smart contracts and enable users to manage their finances in a transparent, permissionless, and secure manner.



Uniswap, first AMM

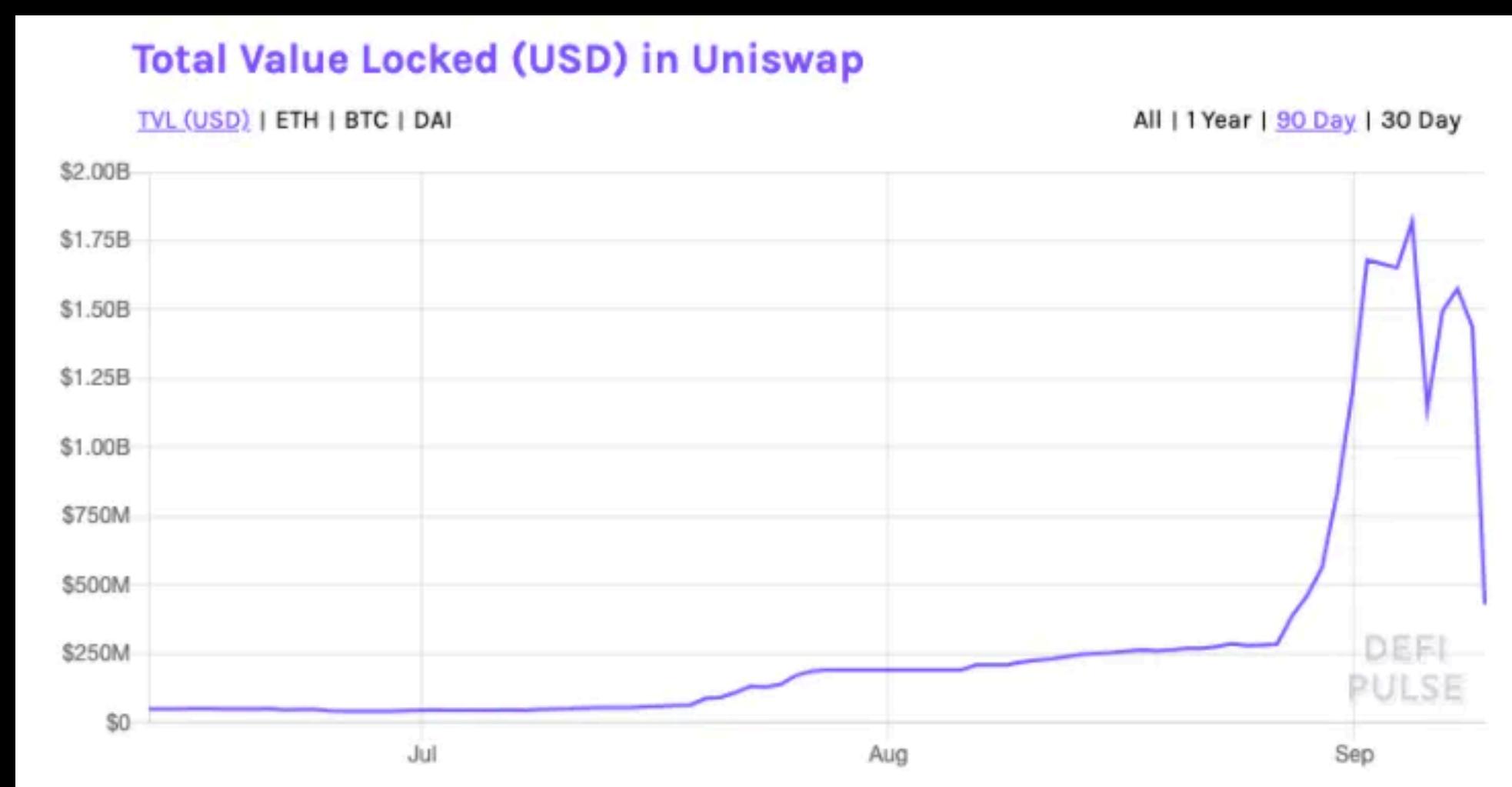
- Uniswap was the first decentralised AMM allowing users to swap asset X for asset Y, following the curve formula $x * y = k$
 - x is amount of token X
 - y is the amount of token Y
 - K is the constant that remains unchanged during trades but recalculated each time an LP provides or withdraws
 - Liquidity providers earn a fee at each trade while bearing the risk of Impermanent Loss in case of price/ratio change

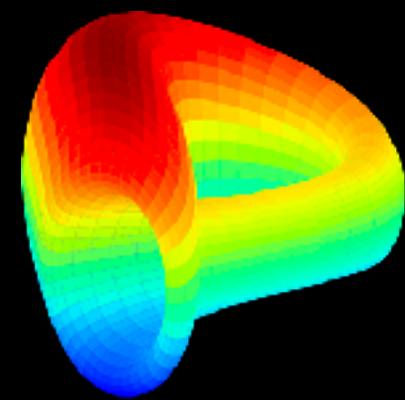


Sushiswap, and the first vampire attack



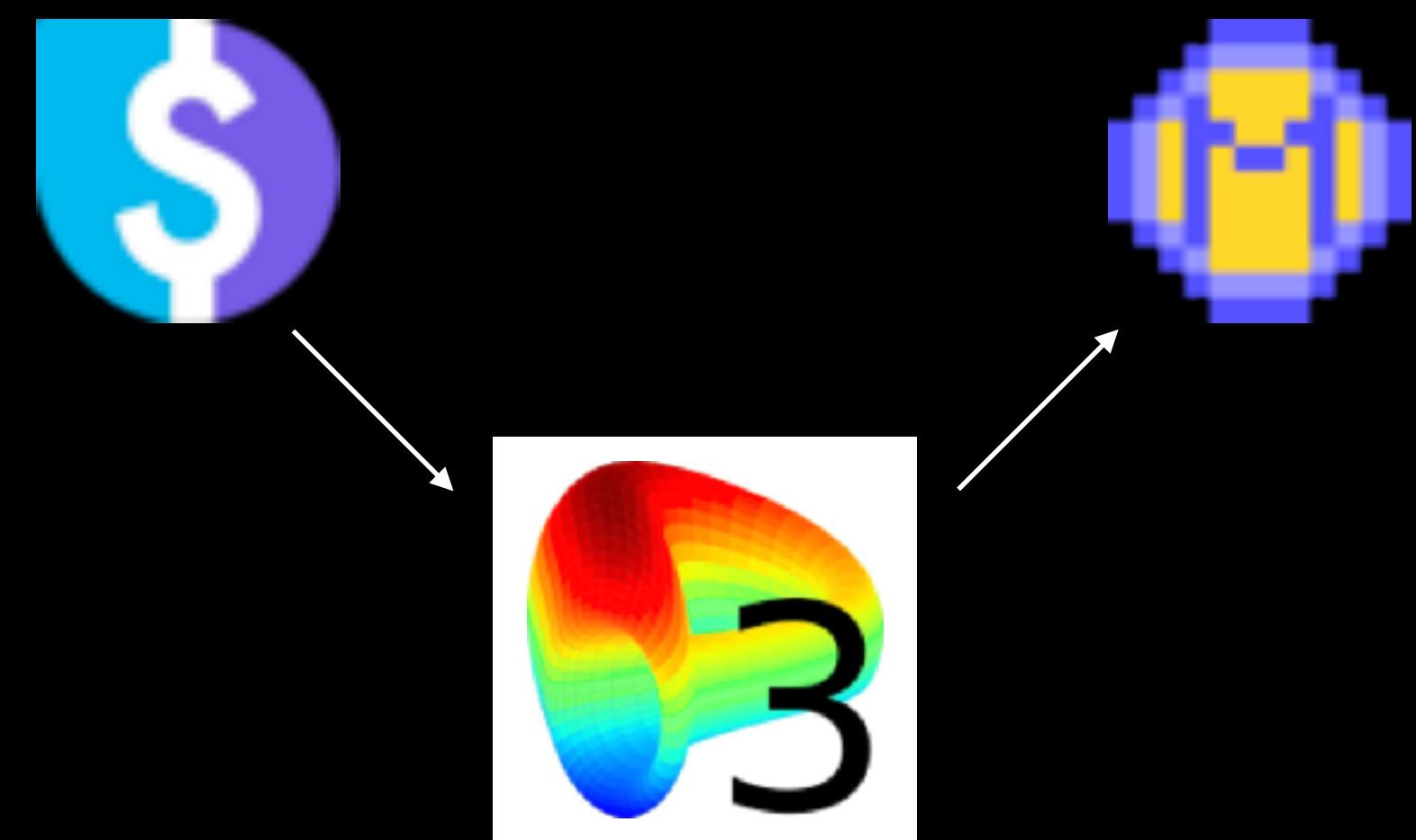
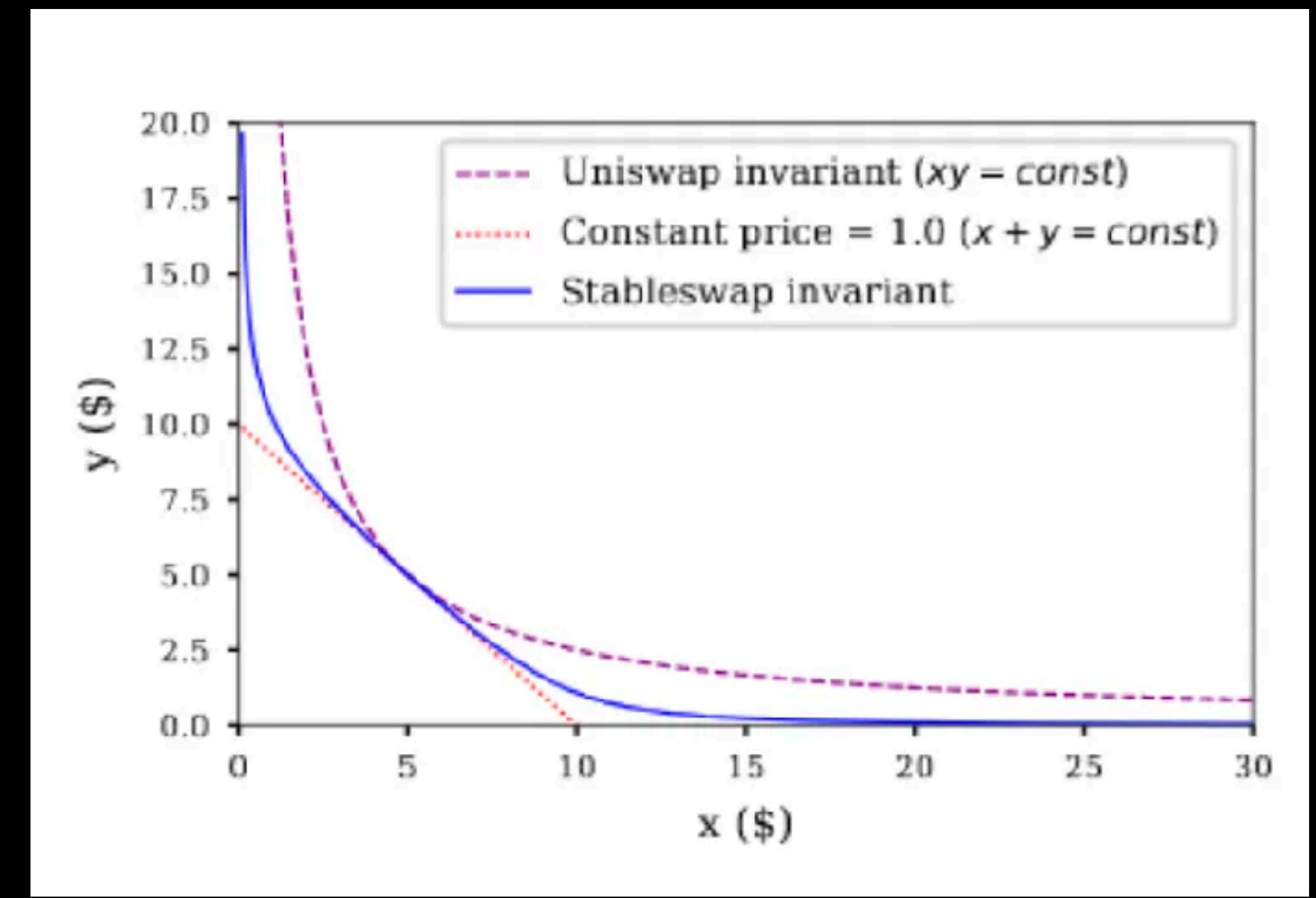
- Sept 2020 Chef Nomi forked Uniswap
- \$SUSHI incentives on top of the fees
- Automatic conversion of UNI LP to SUSH LP
 - Successful draining of 55% of Uniswap's liquidity
 - Incentive token that offsets IL





Curve

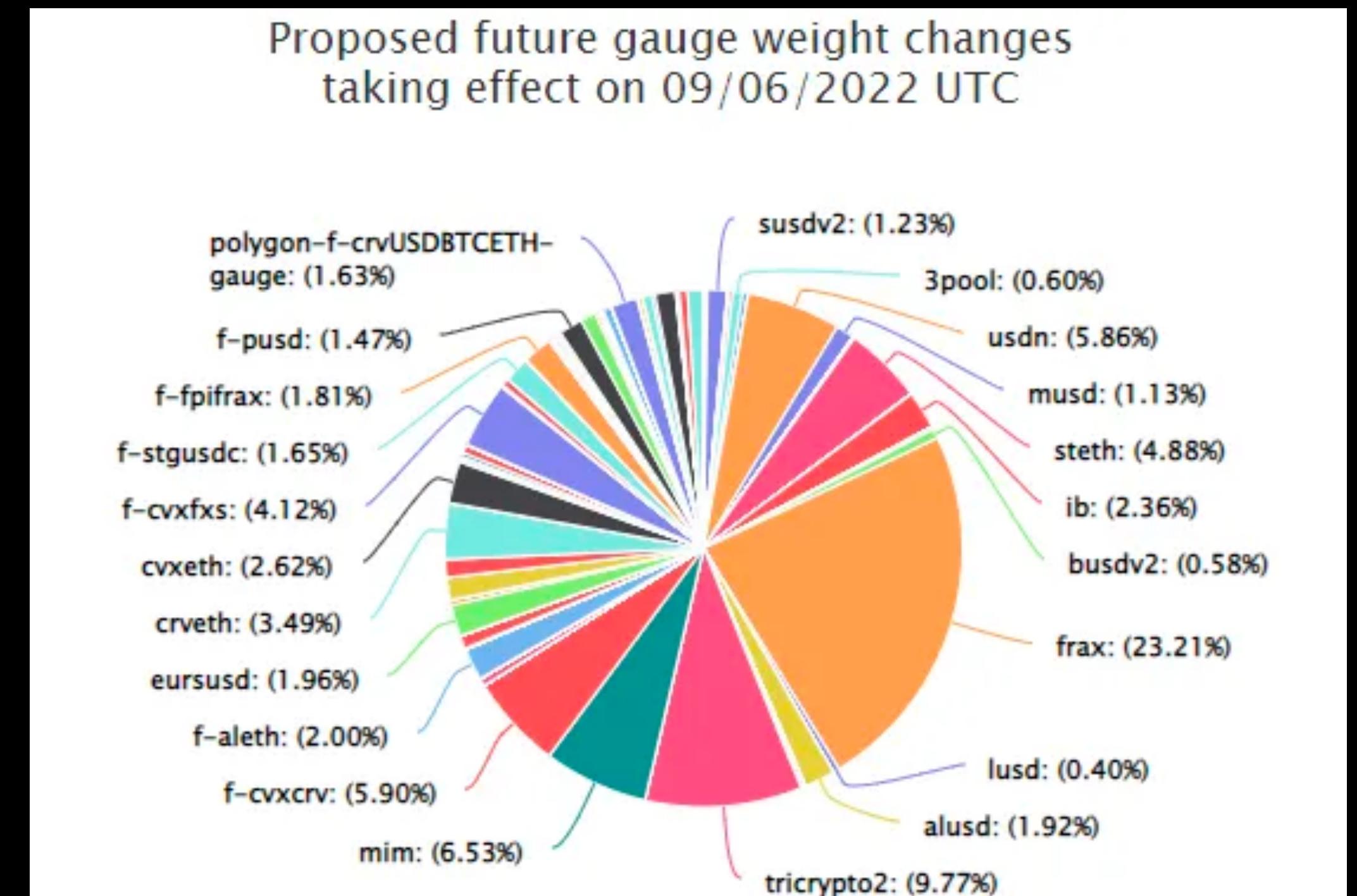
- V1 Stableswap
- Pegged assets
- Lower trading fee (0,04% compared to Uni's 0,3%)
- 3CRV as BasePool: DAI, USDT and USDC
- Other stables paired with 3CRV



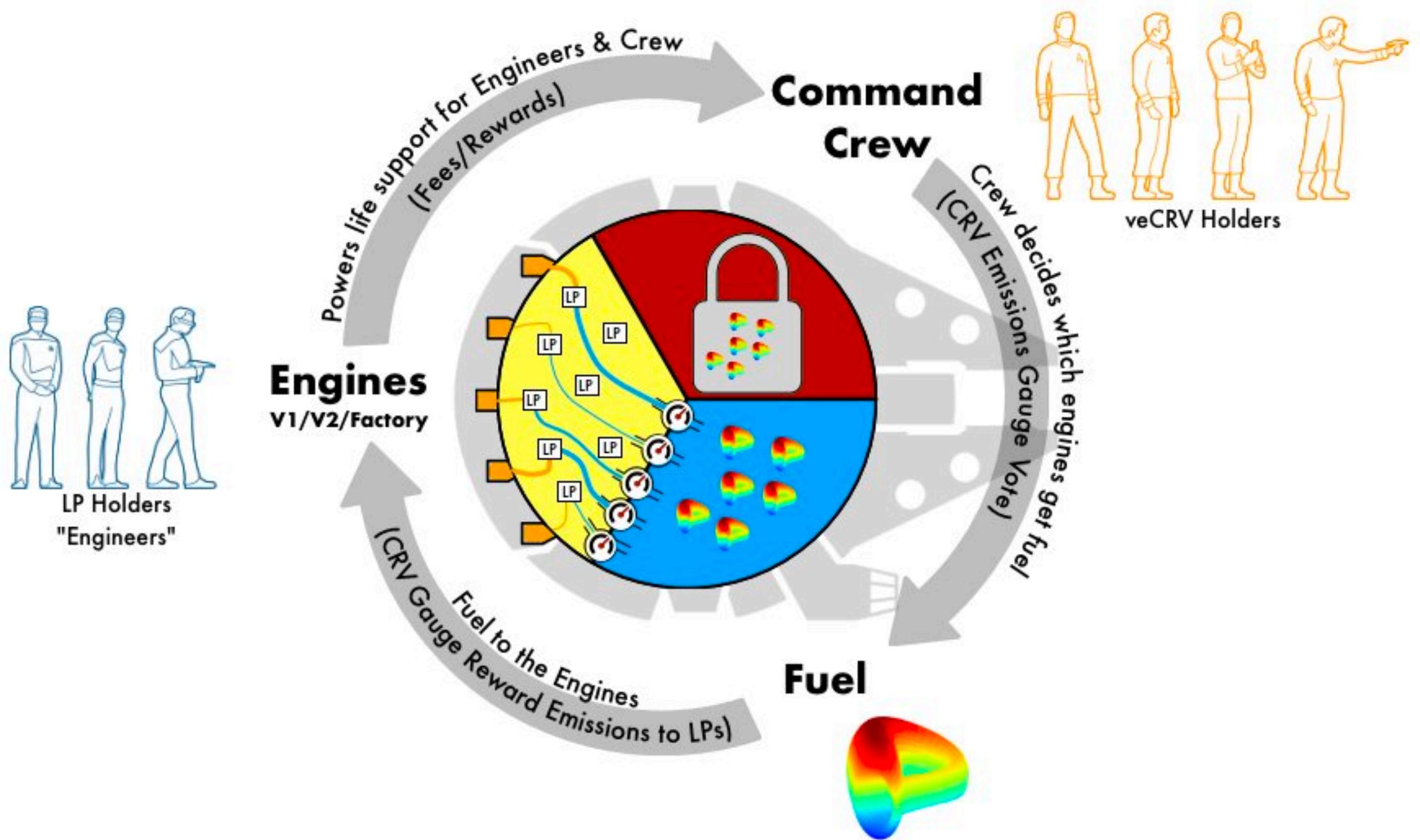
veCRV, locked governance

- 4 years lock
- Non-liquid
- Boosted pool rewards
- Half the trading fees
- Controls CRV emissions

1 🌈 CRV locked for 4 years = 1veCRV
1 🌈 CRV locked for 3 years = 0.75veCRV
1 🌈 CRV locked for 2 years = 0.50veCRV
1 🌈 CRV locked for 1 year = 0.25veCRV



Curve Finance: The Original Flywheel



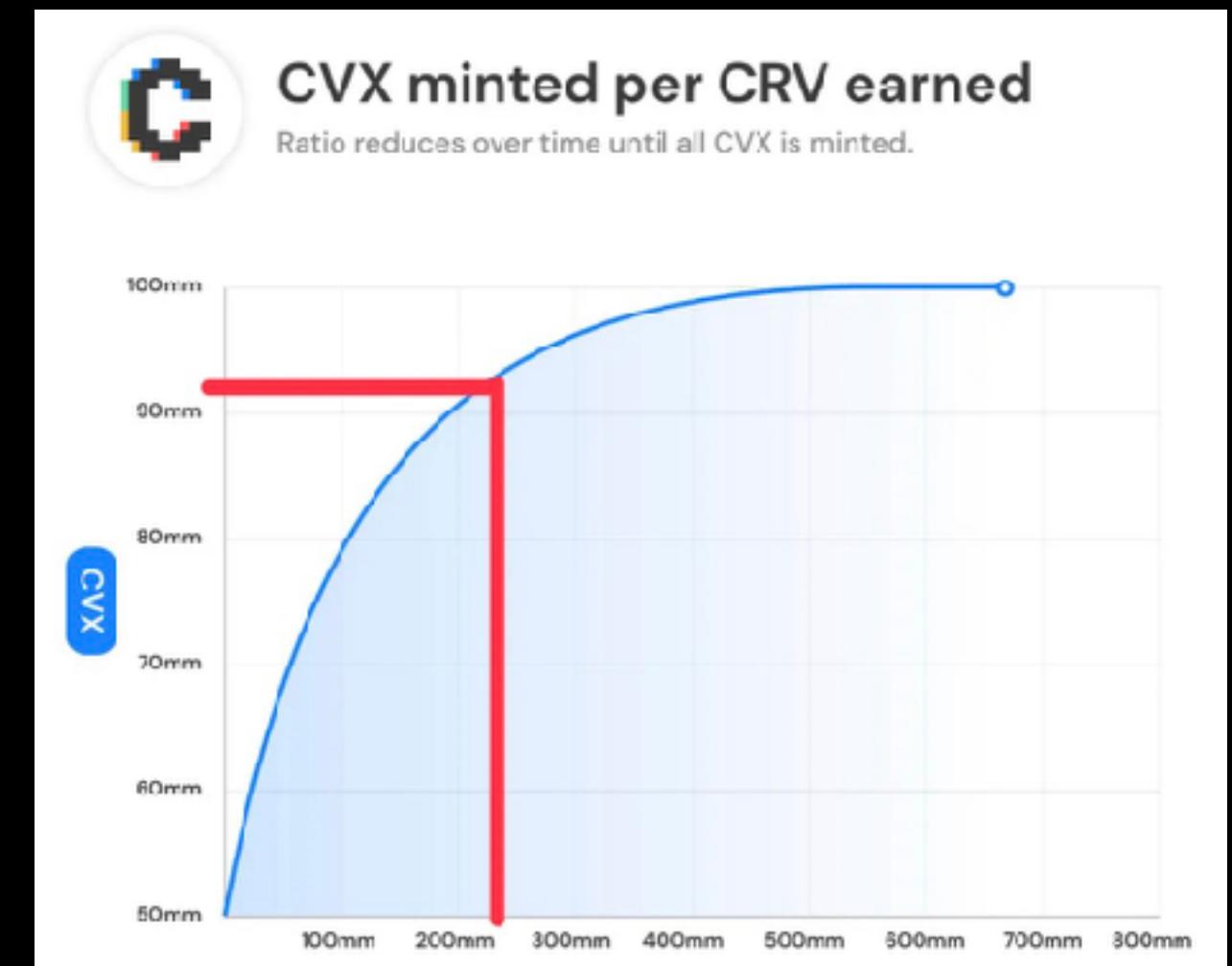
But...

- 4 year lock to have 1veCRV
- veCRV declines over time
- Non-liquid

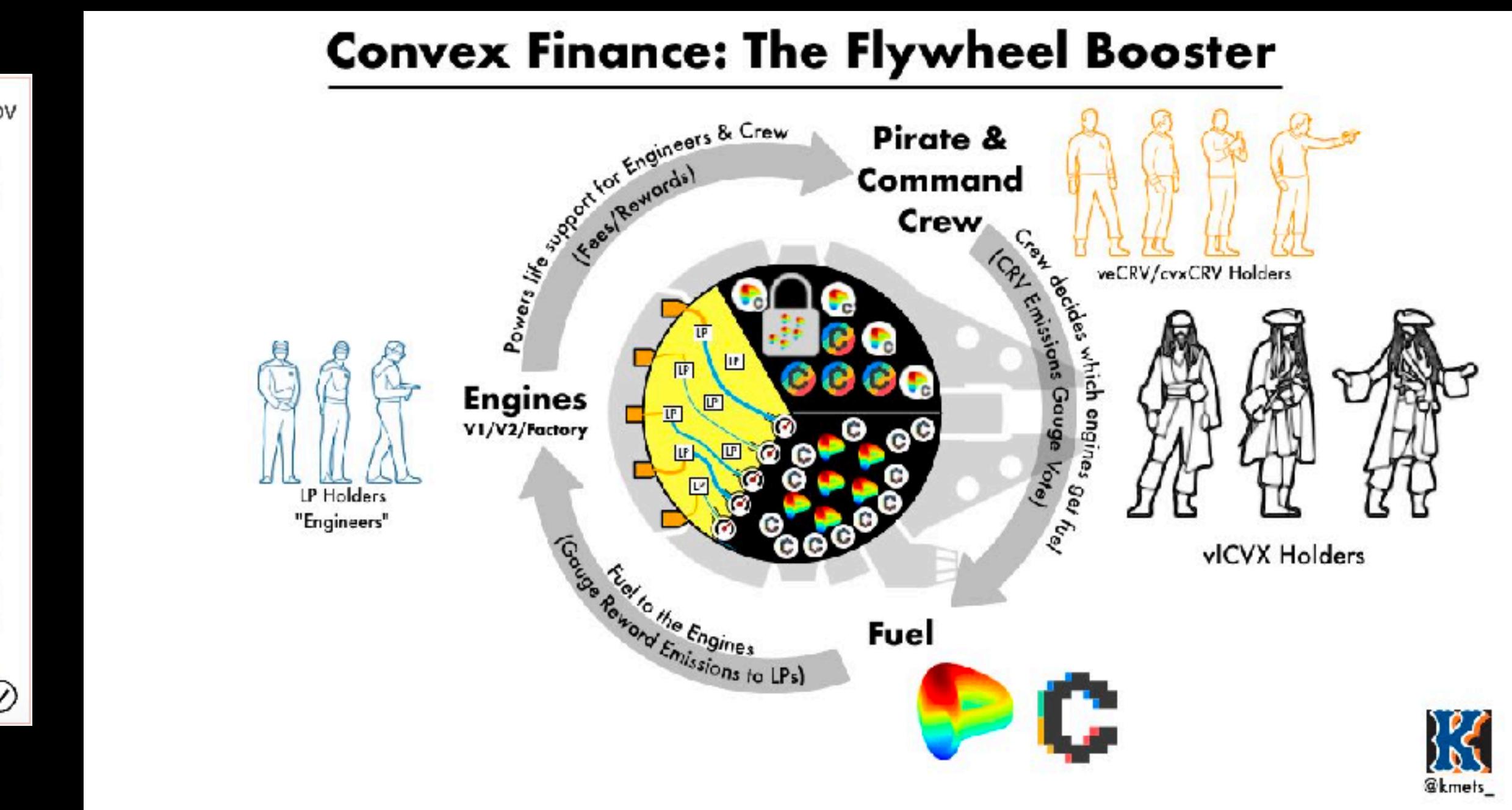
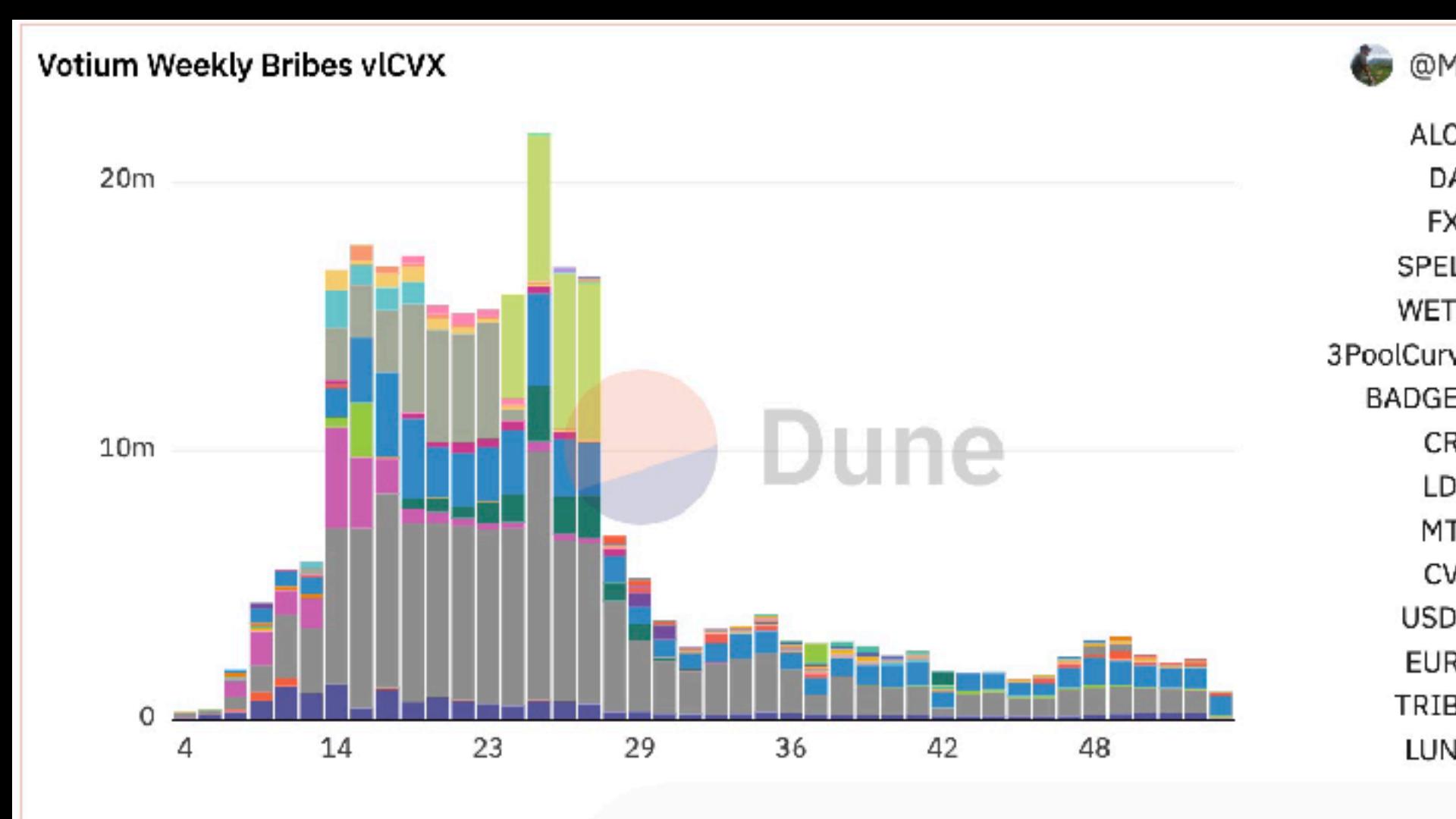


convex

- cvxCRV liquid, max locked forever, can be staked
- veCRV voting power delegated to vICVX
- Provide liquidity on Convex to earn boosted emissions
- In 1.5 year:
 - 90% of Curve's liquidity in 1.5 year
 - Over 45% of Curve's governance
- vICVX controls emissions of CRV to pools



Votium



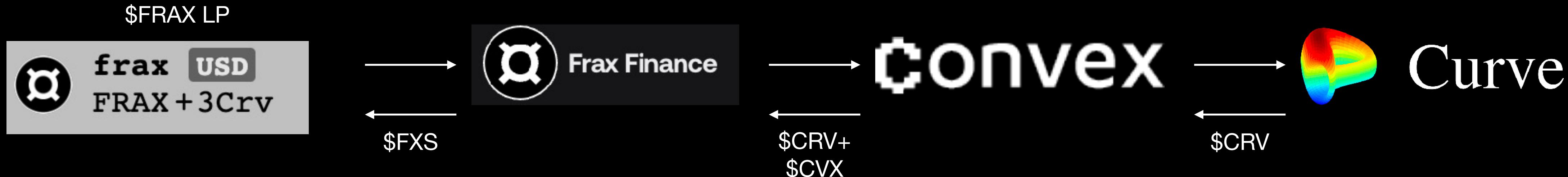
Frax Finance



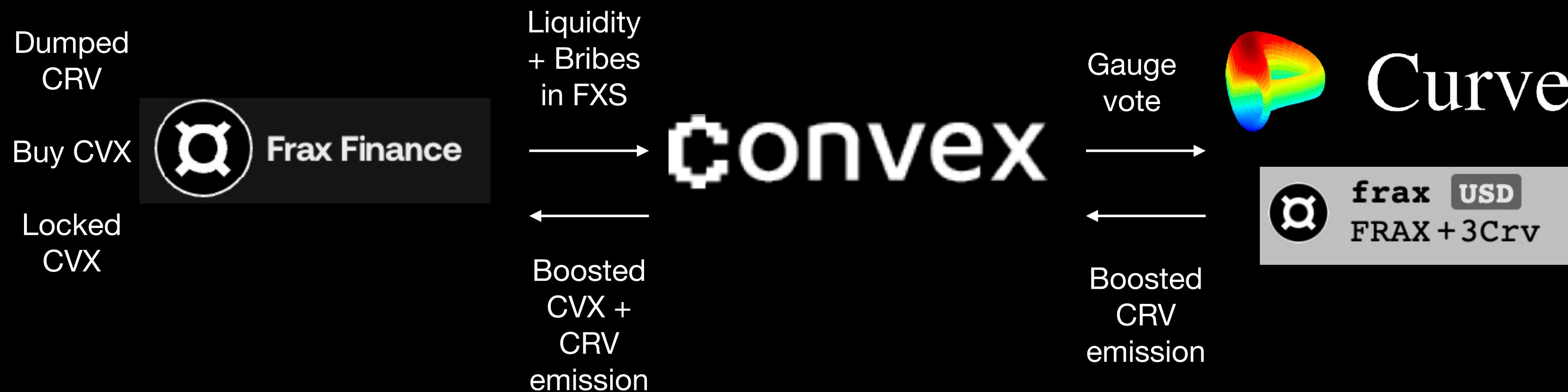
- December 2020 : FRAX, frxETH...
- FRAX paired with 3CRV on Curve
- FRAX LP deposit on FraxFinance and earn FXS incentives
- veFXS governance
- 3rd layer on top of Convex

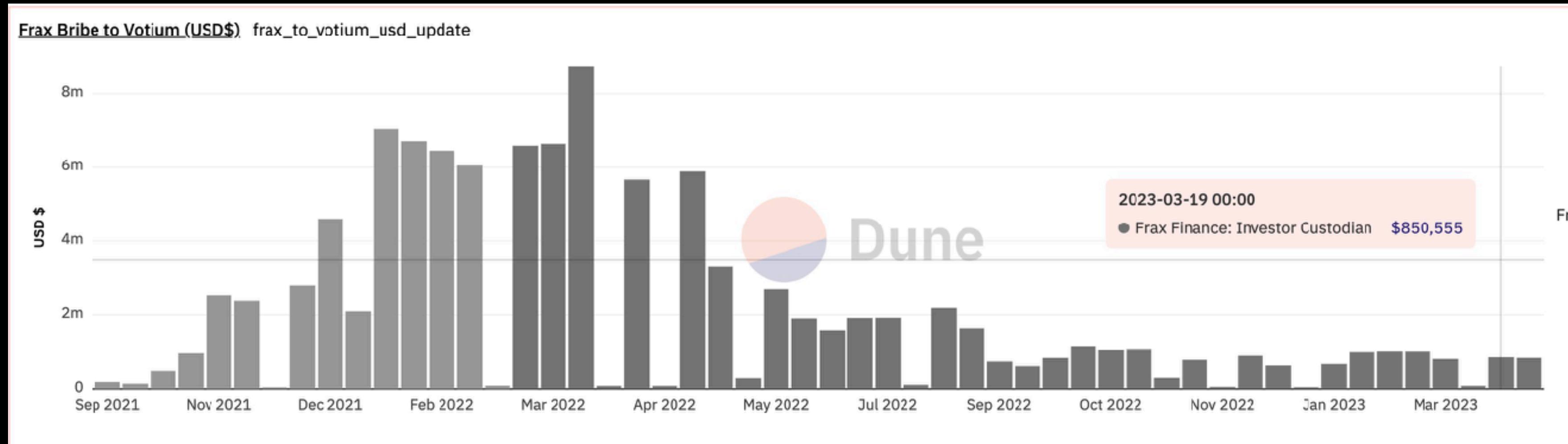


From the LP perspectives:



From the protocol's perspectives with bribes week 2:





- Cheaper and cheaper to bribe
- Frax earn back bribes through vICVX accumulation...
- Frax started taking control over Convex...
- But the smart people at Convex counter-attacked...

- By creating cvxFXS, max-locked FXS



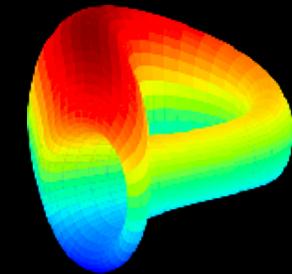


- A FRAZXP BasePool was created on Curve
- Extra FXS incentives for stables paired with FRAZXP
- FRAZXP flipped 3CRV to become the reference pair on Curve



Pool	Base vAPY	Rewards tAPR (CRV+ Incentives)	↓ Volume	TVL
 3pool USD DAI USDC USDT	0.26%	0.68% → 1.72% CRV	\$49.89m	\$441.41m
 fraxusdc USD FRAX USDC	0.0087%	1.30% → 3.27% CRV	\$745,464	\$496.72m

Many other layers, horizontals and models...



Curve



Convex



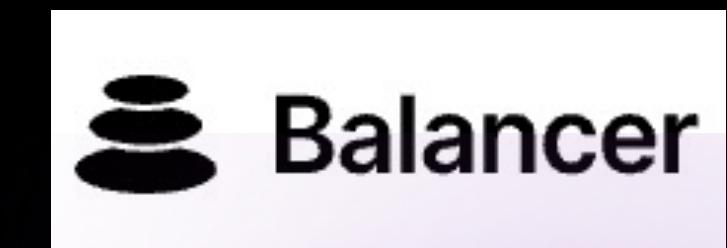
CONCAVE



YAK

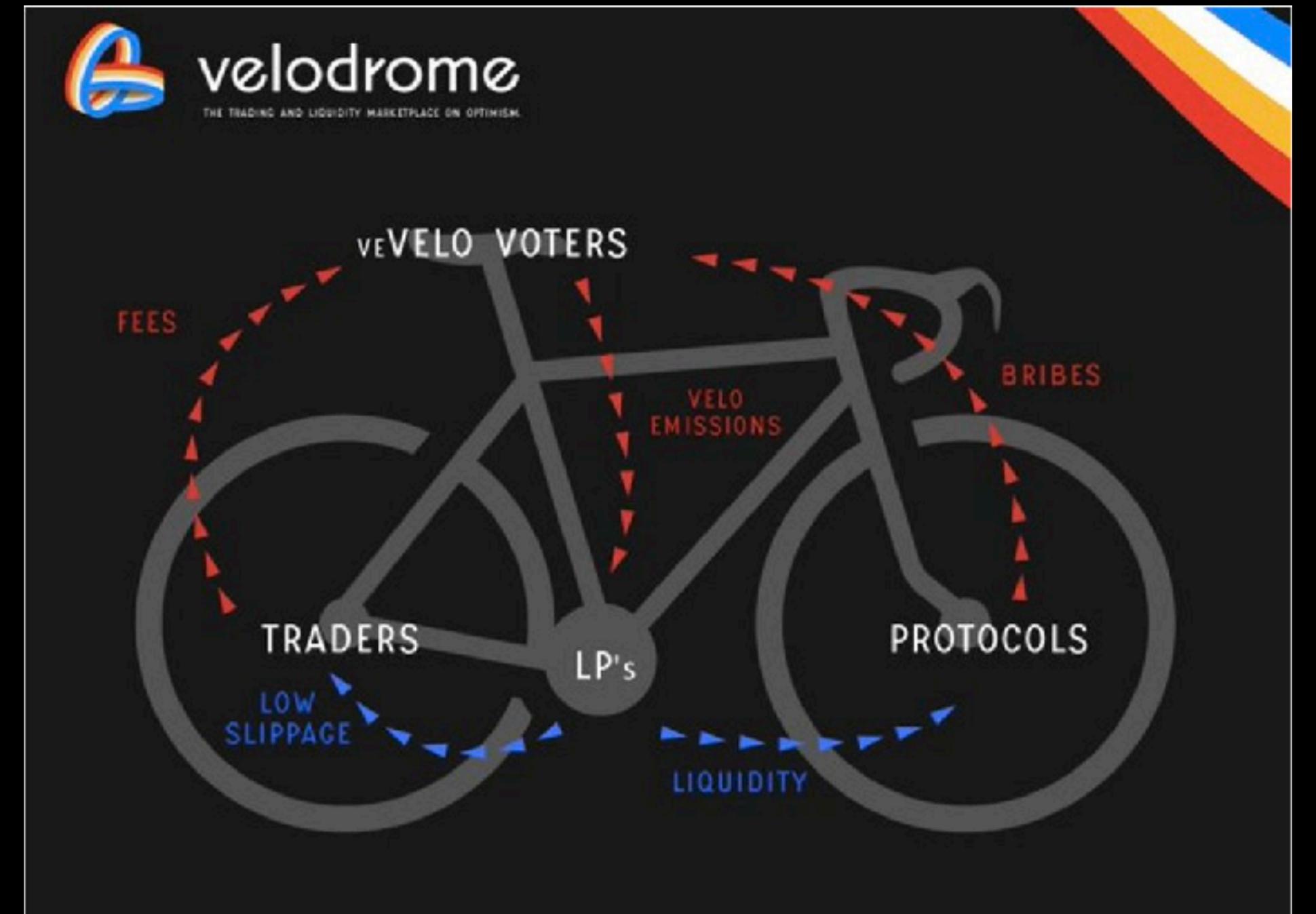
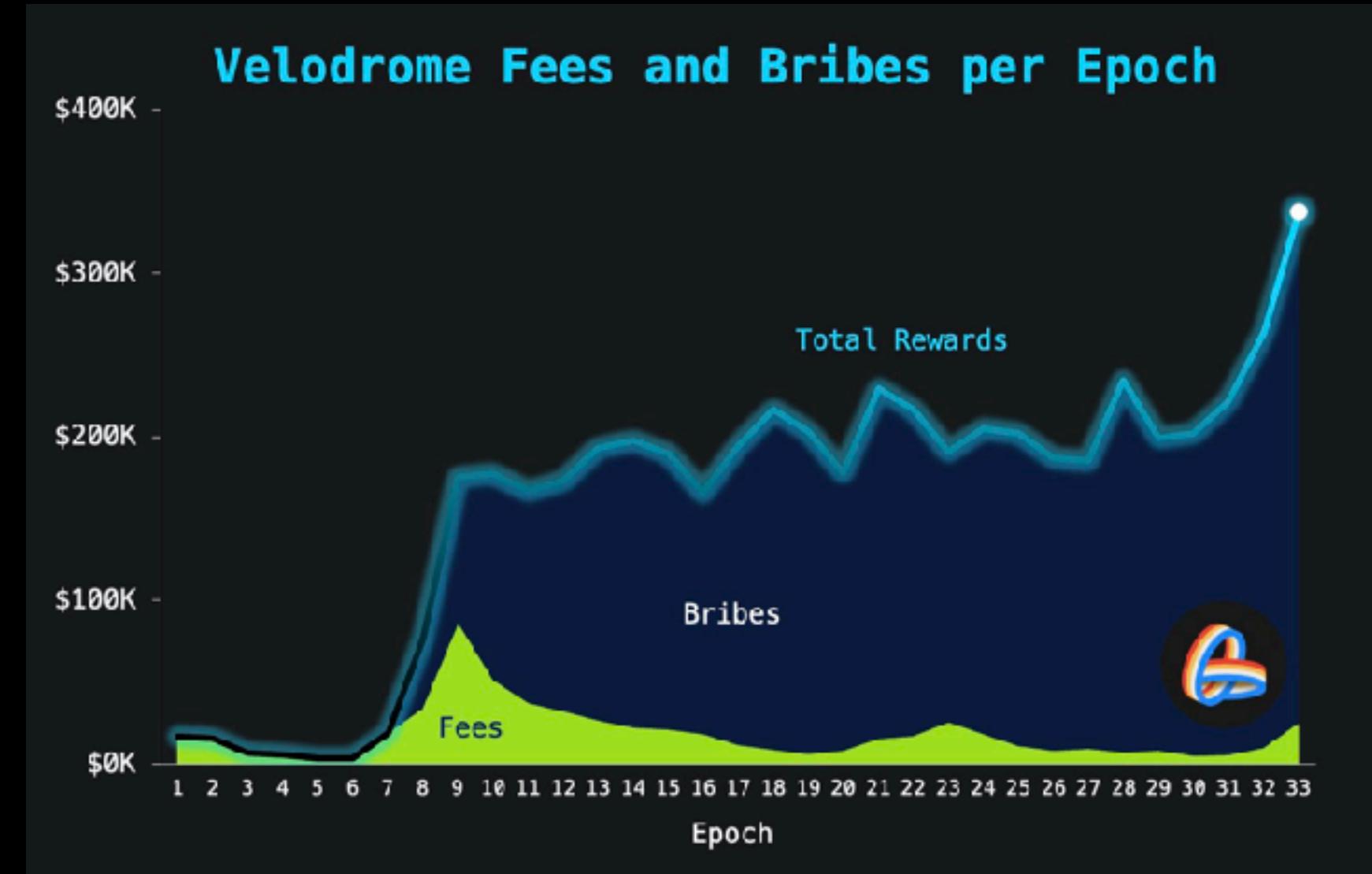


SOLIDLY



Velodrome, aka easy mode

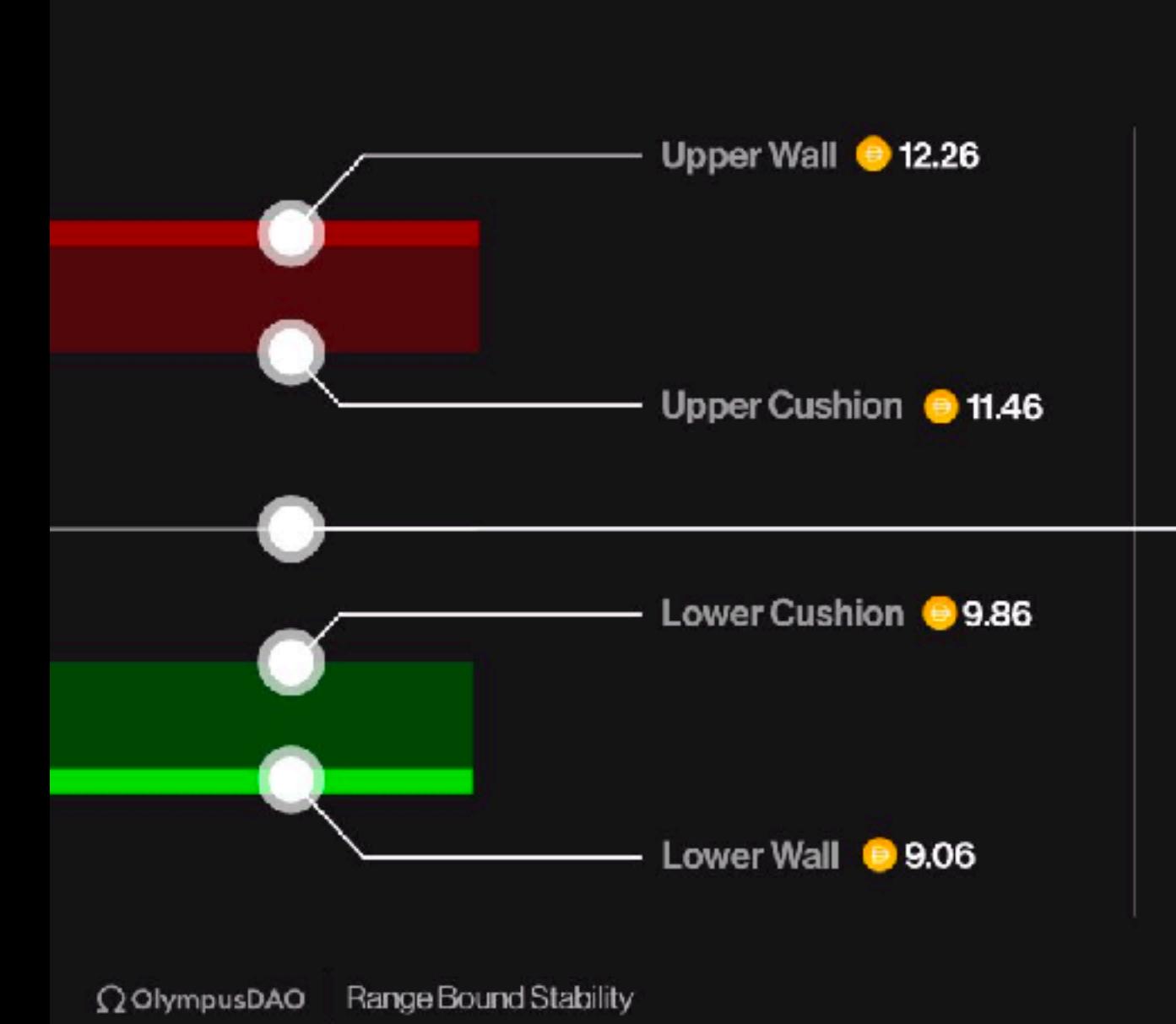
- All trading fees are directed to veVELO
- veVELO stakers will naturally incentivise high volume pairs
- Protocols can bribe to receive extra incentives on their pool
- Positive bribe/incentive ratio



OlympusDAO



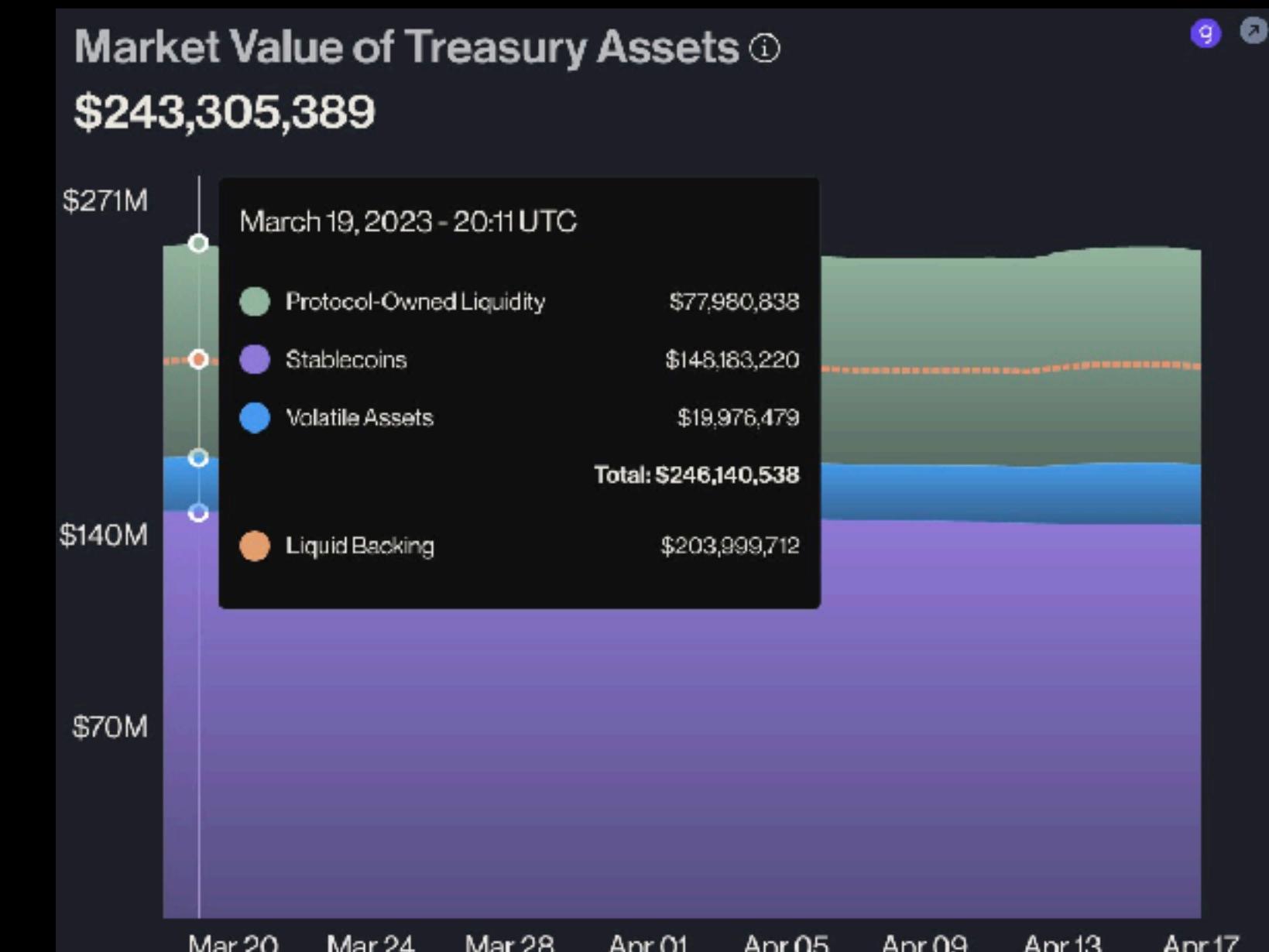
- OHM: Decentralised non-dollar pegged stablecoin, governance, liquid staked as gOHM
- Backed by Olympus treasury
- Peg maintained via treasury buy-back, mint and burn (RBS model), with an algorithmic price target
- To bootstrap, Olympus sold OHM against OHM-DAI LP at a discount (Bonds)
- Olympus owns and deploys 99% of OHM liquidity, accumulating governance power (CVX, FRAX, BAL)
- Owned liquidity is cheaper than rented liquidity
- Treasury diversification is key



Target Price Adjustment:

Old Target Price (LiquidBacking) Ⓜ 10.44

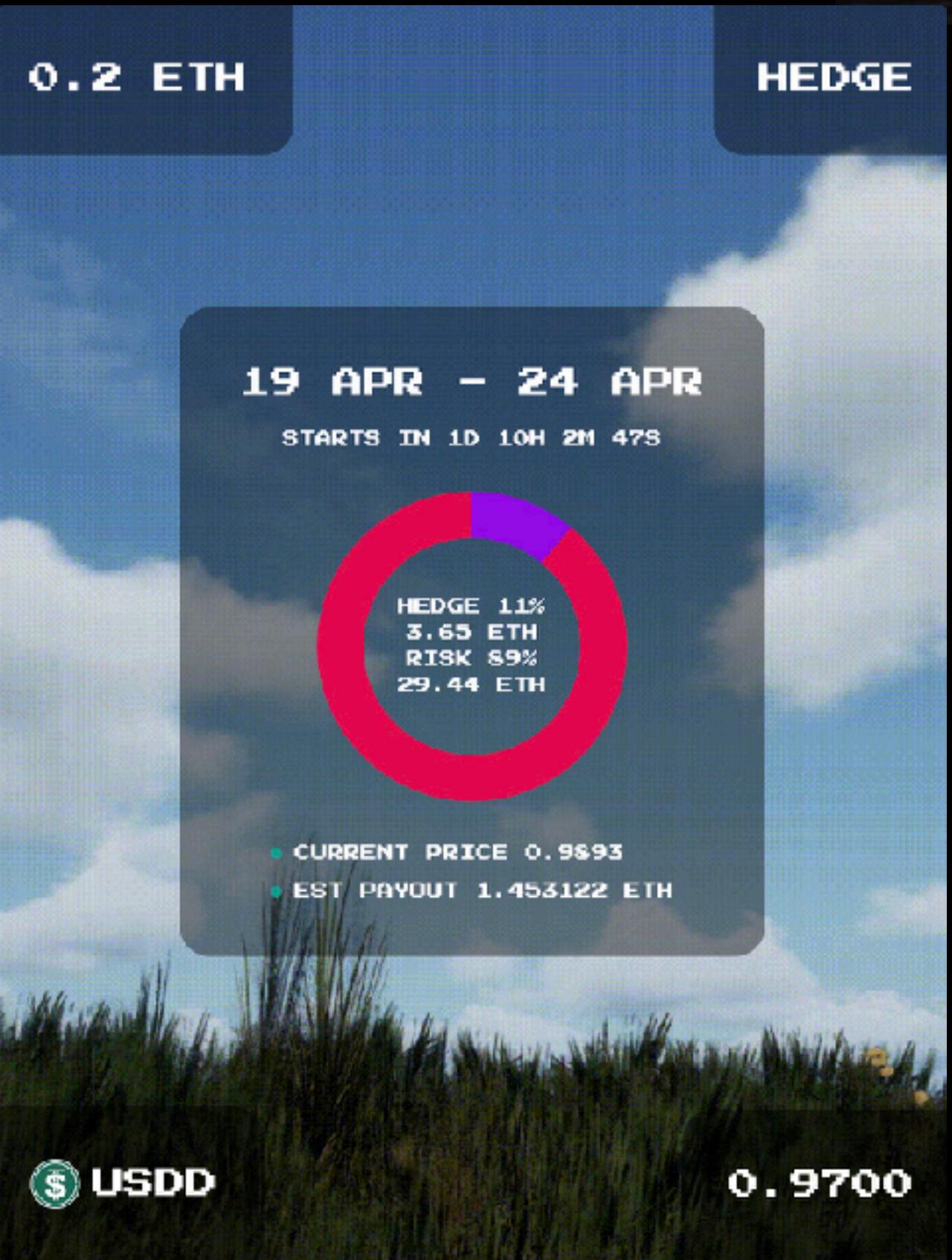
New Target Price (LiquidBacking) Ⓜ 10.66



Betting on depegs ? Y2k and CAT



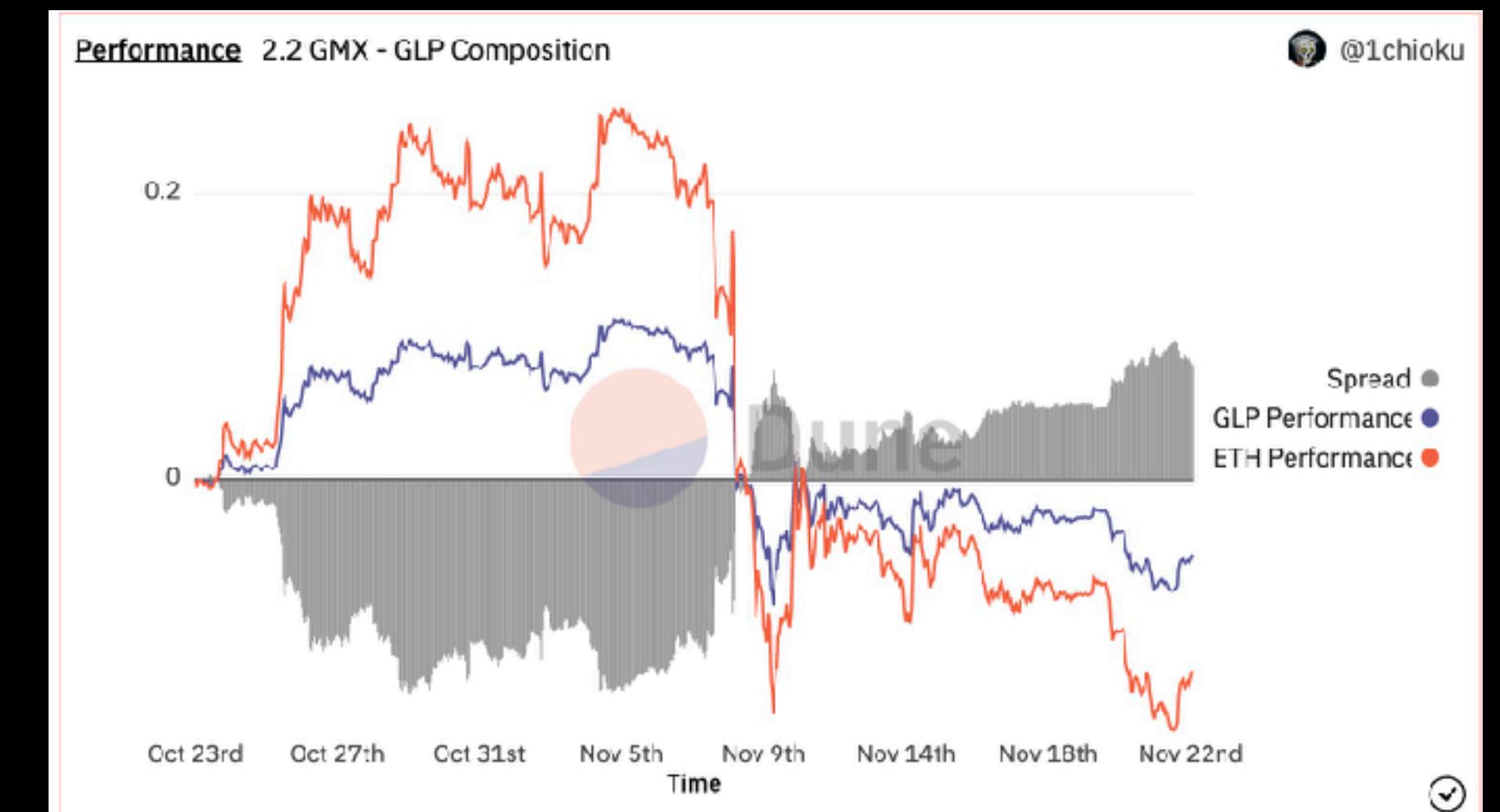
- Epoch based, 2 pools per epoch: Risk or Hedge
 - Risk:
 - If no depeg: earn back deposit + Hedge deposit share - fees
 - If depeg, loss of deposit
 - Hedge:
 - If depeg: earn back deposit + Risk deposit share - fees
 - If no depeg: loss of deposit
- IFO to bootstrap the protocol -> \$Y2k emissions
- Protocol generates revenue from fees and depeg premiums
- Y2k staking with the ETH-Y2k LP token
 - Lock ETH-Y2K LP token to earn governance power and revenue sharing
 - Locking creates sticky liquidity for Y2k



GMX, GLP



- Perpetual Decentralised exchange:
 - GMX: 30% of protocol's revenues
 - Multiplier points
 - esGMX
 - GLP is an ERC4626 tokenised vault
 - 70% of protocol's fees (in ETH)
 - LP mint GLP by depositing supported assets in the vault, no slippage
 - BTC -> GLP -> ETH cheaper than BTC -> ETH swap
 - Underlying assets algorithmically maintained at a ratio, through variable mint/burn fee
 - GLP price varies following the underlying assets, but also is impacted by the traders
 - 15-40% APR in ETH



Perfect asset to leverage...the GLP Wars



- PlutusDAO plvGLP
- Arbitrum Governors
- Wrapper, similar to LSD solutions
- Liquid
- Fee on GLP yield and withdrawal



- JonesDAO
- Double vault model: jUSDC - jGLP
- jGLP borrows from jUSDC to leverage GLP
- jGLP pays interest to jUSDC
- liquid asset, tradeable
- Fee on jUSDC withdrawals and GLP yield



- GMD
- gmdBTC, gmdETH, gmdUSDC
- Split the GLD yield among the vaults
- User can always withdraw the underlying
- Liquid
- Fee and protocol reserve

ERC4626 index vaults

- 0xAcid Protocol has created an index of ETH LSD, with a share of the yield being distributed to ACID stakers
- FactorDAO has created automated DeFi strategies vault:
 - User deposit USDC -> ERC2646 vault will mint GLP -> wrap in plvGLP -> leverage on Lodestar
 - Plutus Liquid Staked asset vault -> Index of pls assets with yield distributed to index holders
- Etc etc...



Tchit tchat

