

Project Name:

Thales

Author Name:

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Defillama TVL (at snapshot):

\$256,168

Transactions/day (at snapshot):

152

Tier:

3

Optimism native:

Yes

Revisions to metrics used:

N/A

Number of OP tokens to claim:

900,000

L2 Recipient Address:

0x489863b61C625a15C74FB4C21486baCb4A3937AB

Proposal for token distribution (under 1000 words):

As one of the first projects on Optimism and as an Optimism-first project, Thales has a direct interest in the overall success of Optimism. By receiving an allocation from the \$OP governance fund, Thales will seek to increase not only its own user base, but the adoption of the entire Optimism ecosystem as well.

How will the tokens be distributed?

Thales' \$OP distribution will be forward looking. The goal is to reward the usage of Thales products, liquidity providers for the THALES token and builders that are building on top of the Thales protocol.

Thales Protocol products usage

Amount:

495,000 \$OP (55% of allocation)

Dynamics:

40% (360,000 \$OP) towards Thales products users and 15% (135,000 \$OP tokens) as bonus rewards for protocol users that are also THALES stakers at the same time.

Motivation:

Thales has already brought a plethora of products to the Optimism network while even more still being in development:

- Positional markets AMM - The flagship product of Thales. A novel and unique AMM-based trading framework allowing for on-demand Positional Markets trading around various Chainlink and TWAP oracle based assets.
- Thales Royale - On-chain battle royale experience using Thales Market resolution mechanisms with evolving utility NFTs on Optimism as player profiles.
- Exotic Parimutuel Markets - Optimistically created and resolvable Exotic Parimutuel Markets, allowing anyone to create a parimutuel market around any fathomable event.

- Sport markets AMM - Upcoming decentralized and permissionless on-chain markets around Sport events. Sports data provided by Chainlink exclusively for Thales on Optimism network.
- Ranged markets AMM - Upcoming AMM-based trading framework allowing for on-demand Ranged Markets, where anyone can position themselves on any specific price range of various Chainlink and TWAP oracle based assets.

It's vital for the Thales protocol to improve the adoption and usage of these products. Thales has seen organic growth in its user count without paying any incentives, in parallel with the overall growth of the Optimism network adoption.

Thales Protocol plans to use the majority of OP token allocation as a powerful incentive for people to try out and participate in the aforementioned novel products. The goal is to increase the protocols exposure and interest towards these products by devising a system of incentives and show the world what the Thales Protocol is capable of in the best way possible. The overall plan is to distribute the Protocol Usage part through direct trading or participating incentives and as prize pools for Trading Competitions that will be organized during the distribution period.

Additionally, Thales' inherently low risk of wash trading makes Protocol Usage part of distribution safe against any attempt of gaming the system. The way the Thales AMM works is that there is a Skew Impact mechanism that is put in place to incentivize keeping the AMM as market neutral as possible by adjusting the price premium of UP/DOWN tokens based on the amount of risk that the AMM is exposed to. The additional side effect of this is that it is not economically feasible for a trader on Thales to be market neutral against the Thales AMM while driving volume at the same time. Thales Protocol has the luxury of keeping this spread between BUY and SELL prices active across markets as our product offers really novel and exotic exposure towards supported assets based on probability calculations and traders are willing to accept it as they deem their risk/reward ratio favorable either way.

Thales Protocol already has a Gamified Staking system in place that awards THALES stakers with additional bonus rewards of up to +30% of THALES token rewards if the staker is also using Thales products up to a certain threshold. With this in mind, there will also be an opportunity to earn a higher allocation of \$OP tokens as Thales protocol user, if you are also a staker of the THALES token. The bonus rewards will be directly correlated to the amount of THALES tokens staked and certain thresholds of personal Thales protocol usage. This way, the users who are more inline with the Thales protocol and are staking, will be awarded with more OP tokens compared to if they were using the protocol without having any staked THALES tokens.

THALES/ETH Liquidity Providers

Amount:

315,000 OP tokens (35% of allocation)

Dynamics:

Emit 15,750 OP tokens weekly for 20 weeks towards μ THALES/ETH LP token stakers

Motivation:

The majority of THALES token liquidity and utility has been migrated from L1 Mainnet to Optimism network during Q1 2022. Even with LP incentives from the Thales Treasury, THALES token liquidity depth on Optimism never managed to reach satisfactory levels. To further incentivize deep THALES token liquidity on Optimism, Thales plans to use a portion of the OP token allocation as rewards for THALES/ETH Liquidity Providers.

This would run in parallel with the currently running LP incentives program of 45,000 THALES tokens weekly.

Builders on Thales

Amount:

90,000 OP tokens (10% of the allocation)

Dynamics:

Ad Hoc

Motivation:

Allocation of 90,000 \$OP tokens, or 10% of entire Thales protocol Phase 0 allocation, are to be used for incentivising campaigns that invite new users to Optimism via the Thales protocol and grants to builders building products or utilities leveraging Thales contracts.

How will this distribution incentivize usage and liquidity

on Optimism?

More Active Optimism Users

With Thales providing incentives both in OP and THALES tokens for trying out and using novel and fun products that are exclusively available on the Optimism network, we are confident that this will benefit the adoption of Optimism in a significant way. With five separate Thales products living on Optimism, each catering to a different category of users, there is a significant likelihood of high user retention.

Incentivized Liquidity Transition

By having incentives in place for staking THALES tokens and providing THALES/ETH liquidity, we are drawing in more liquidity from other networks onto the Optimism network.

Why will the incentivized users and liquidity remain after incentives dry up?

The biggest challenge for introducing new users to the Optimism network is to actually get them to bridge over their first funds and try out the protocol. After stepping into the fast, affordable and stable environment of Optimism and after trying out the quality, fun and novel products of the Thales Protocol, we are confident that new users will decide to stick around and continue to organically use the Thales products for their own benefit, even after the incentives run out.

The OP token incentives are just a slight nudge to gain the attention of new users, getting them to bridge over funds for the first time and to get them accustomed to using Thales and Optimism.

From having no direct incentives and with limited beta-phase liquidity, Thales Positional Markets managed to garner a significant showcase of organic demand. The number of unique users, total volume and daily trades are on an uptrend. This can be correlated with the global increase of Optimism users and projections point towards further growth with the introduction of the OP token incentives.

Minuscule amounts of gas needed for trading on Thales, when compared to L1 gas fees, will also make new traders feel more “like home” and increase the likelihood of them becoming a permanent resident of the Thales Protocol and the Optimism network.

With present incentives for providing liquidity and staking the THALES token on top, combined with all additional incentives that will be in place from other Optimism ecosystem projects, Thales will be contributing to not just long term user retention but also large scale liquidity retention.

Over what period of time will the tokens be distributed?

The target for distributing staking and liquidity provider incentives is around 5 months, while the distribution of protocol usage incentives will be depending on the timeline of releases of upcoming Thales products and on the type of mechanism for the distribution. As we approach the launch of the OP token, these intricacies will manifest more clearly as the Thales Core Contributors work together with the Thales Council to devise the best and safest possible system for protocol usage incentives, spread across various Thales products.

How much will your project match in co-incentives?

In regards to THALES token staking and LP incentives, Thales will continue with its in-house incentive programs to run in parallel with the new OP token incentives. The current program equates to 30,000 THALES distributed weekly to THALES stakers that are also using the protocol and driving volume, and 45,000 THALES distributed weekly to THALES/ETH liquidity providers. In time, these programs are subject to change at the discretion of the Thales Council.

Additionally, it is expected that Thales Treasury continues to take part in protocol usage incentive programs in parallel with the OP token incentives.