

PROPOSAL CATEGORY:

Ecosystem Fund Allocation

PROPOSAL NAME: Advancing ApeCoin:

Building the APE Options Market

PROPOSAL AUTHORS:

AllCityBAYC, Dimitrios Kavvathas, Marcos Siqueira

TEAM DESCRIPTION

Dimitrios Kavvathas: Founder, Ithaca Protocol

Dimitrios brings over 20 years of extensive experience in global financial markets backed by a PhD in Economics from the University of Chicago. He served as a partner at Goldman Sachs, where he co-headed the Asia Pacific Securities Division Distribution and was a board member of Goldman Sachs, Asia LLC. He's also held senior roles at VTB Capital, Noble Group, Amber Group, and Harmony Advisors Ltd., including positions as Chief Strategy Officer at Amber Group and Chief Investment Officer at Harmony Advisors Ltd.

Marcos "DappPunk" Siqueira: Chief Strategy Officer, Ithaca Protocol

DappPunk holds a Master's Degree in Development Economics from Harvard University and brings nearly 20 years of experience as a finance executive at leading institutions, including Goldman Sachs, Morgan Stanley, and Nomura, where he was Managing Director and global head of portfolio risk management. He has also launched and developed crypto startups and is an active NFT collector, particularly within the Yuga Labs ecosystem.

AllCityBAYC: Lead Governance Working Group Steward, ApeCoin DAO

AC is currently serving his second elected term as an ApeCoin DAO Steward with a Web2 background in licensing and compliance. As a GWG Steward he is responsible for the development, management, and oversight of various initiatives within the ApeCoin ecosystem.

Ithaca Protocol is an innovative non-custodial options platform supported by major crypto market makers Cumberland and Wintermute. It offers a comprehensive range of executable options, including vanilla, digital, and structured products, and features a unique capability for diverse option strategies. The protocol's auction-based matching engine enhances liquidity and order efficiency, making it ideal for launching new options markets. Its architecture combines off-chain matching, Arbitrum on-chain settlement, and Axelar cross-chain bridging, providing a robust and user-friendly foundation for advanced financial tools.

To date, Ithaca Protocol has raised more than \$2,800,000 USD, with Cumberland, and Wintermute Ventures leading the pre-seed round. Additional notable participants include Room40, Andrew Keys, Ghaf Capital, Enjinstarter, Merit Circle, Tradedog, Axelar co-founder Georgios Vlachos, TenSquared managing partner Stan Miroshnik, Woodstock general partner Pranav Sharma, BFF managing partners Mansoor and Aly Madhavji, Existential VC managing partner Yoei Krom, and angel investors Psycho, traderMayne, rookieXBT, and Dentoshi.

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PROPOSAL DESCRIPTION

Translation:

[French](#)

Translation:

[Japanese](#)

Translation:

[Simplified Chinese](#)

As ApeCoin enters an aggressive growth phase with the launch of ApeChain and related protocols, the absence of an options market presents a significant barrier to adoption by professional investors who seek enhanced liquidity, stability, and advanced risk management tools.

This proposal aims to establish a deep and liquid options market for ApeCoin, positioning it as a leading cryptocurrency, attracting institutional investors, and fostering integration into Arbitrum-based DeFi ecosystems.

The initiative will leverage Ithaca Protocol, a pioneering platform funded by Cumberland and Wintermute, two of the top global crypto market makers, known for its diverse range of executable options, including vanilla, digital, and structured products. Its auction-based matching engine optimizes liquidity and order efficiency.

Please note that this is NOT a predictions market; it is a highly developed options market that will provide experienced traders access to institutional-grade APE options products, enhancing the market depth and appeal of the ApeCoin ecosystem to larger capital markets.

At the time of writing, Ithaca is a rapidly growing pre-TGE protocol, averaging \$1.5 million USD in daily options volume, consistently ranking as the top DeFi options platform. To incentivize growth within the existing APE holding community, Ithaca will offer double rewards to APE options traders in their upcoming airdrop, accompanied by educational resources to empower new users.

[→ Click here for the Ithaca Protocol airdrop roadmap.](#)

The proposal will allocate resources to the following three areas:

Development of the ApeCoin Options Protocol:

This will involve deploying new smart contracts specifically designed for the ApeCoin options market. To facilitate seamless integration, support for ApeCoin bridging will be provided. Additionally, the front-end will be updated to enhance user experience and accessibility. The market-making infrastructure will be optimized with improved pricing models, and an additional instance of the Ithaca matching engine will be added to boost performance.

Rewards, Education & Marketing Campaigns:

The marketing strategy will include implementing double Ithaca airdrop points for APE options trading to incentivize participation. An educational campaign will also be launched to enhance the ApeCoin community's understanding of options markets and traditional financial instruments, helping to expand knowledge and engagement.

Market-Making Activities:

To support the ApeCoin options market, efforts will be made to bootstrap the market by providing regular executable prices across various expiries and strikes. Continuous liquidity and support will be ensured until the market achieves self-sustaining momentum.

The core team driving this initiative includes Dimitrios Kavvathas, the Founder of Ithaca Protocol. Based in Hong Kong, Kavvathas holds a PhD in Economics from the University of Chicago and brings over 20 years of experience in global financial markets. His background includes senior roles at Goldman Sachs, VTB Capital, Noble Group, Amber Group, and Harmony Advisors Ltd.

Marcos Siqueira, Ithaca Protocol's Chief Strategy Officer, holds a Master's Degree in Development Economics from Harvard University. With nearly two decades of experience as a finance executive at leading institutions such as Goldman Sachs, Morgan Stanley, and Nomura, he also advises numerous crypto startups and NFT project launches, and is a well-established member of the Cryptopunks community.

AllCityBAYC, the Lead Governance Working Group Steward at ApeCoin DAO, possesses deep knowledge of the ApeCoin ecosystem and will serve as a project advisor and primary liaison between the ApeCoin community and Ithaca Protocol.

Ithaca Protocol Website:

[\[https://www.ithacaprotocol.io\]](https://www.ithacaprotocol.io)

[\[https://www.ithacaprotocol.io/\]](https://www.ithacaprotocol.io/)Ithaca Protocol X Account:

[\[https://x.com/ithacaprotocol\]](https://x.com/ithacaprotocol)

[\[https://x.com/IthacaProtocol\]](https://x.com/IthacaProtocol)More About Dimitrios Kavvathas:

[Hex Trust Advisory Board Announcement  
(<https://hextrust.com/resources-collection/hex-trust-announces-new-appointments-to-advisory-board>)](Institute of Finance and Financial Regulation Profile  
(<https://iffr.gr/people/dimitrios-kavvathas/>)](Group of Ex-Goldman Sachs, Morgan Stanley Execs Join Crypto Firm Amber Group  
(<https://www.ambergroup.io/news/id/355>))Ithaca Protocol Audit History & Security Vendors:  
[Quantstamp Smart Contract Audit  
(<https://certificate.quantstamp.com/full/ithaca-finance/8cacdbf3-9f47-4135-854d-1d004abad065/index.html>)](Halborn Smart Contract Audit  
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([https://github.com/HalbornSecurity/PublicReports/blob/master/Solidity%20Smart%20Contract%20Audits/ithacaprotocol.io\\_EVM\\_Contracts\\_Smart\\_Contract\\_Security\\_Assessment\\_Report\\_Halborn\\_Fina](https://github.com/HalbornSecurity/PublicReports/blob/master/Solidity%20Smart%20Contract%20Audits/ithacaprotocol.io_EVM_Contracts_Smart_Contract_Security_Assessment_Report_Halborn_Fina)  
[Back End Audit](#)

[Telegram](#)

**[Ithaca Protocol](#)**

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**BENEFITS TO THE APECOIN ECOSYSTEM**

**Better Hedging Tools For Builders:**

The availability of hedging instruments will allow ApeCoin ecosystem participants to better manage financial risk in their business. An example may be a game developer with APE revenues and USD costs choosing to protect his revenue by hedging against crypto volatility. This will not only make the business more stable and viable, but it will also make the business more attractive to certain types of investors.

**Support For Innovative Incentive Mechanics:**

A complete options market, that provides payoffs and different scenarios, allows the development of novel incentive mechanisms. An example may be a game developer developing an in-game mechanic that rewards users with a bonus whenever APE coin price goes below a certain amount, embedding options directly into game mechanics.

**Risk Management & Optimization:**

A deep and liquid options market enables effective risk management for APE holders by providing tools for hedging market risks. Market makers and risk managers can utilize a liquid options market to price and implement strategies that enhance financial management and improve risk control, benefiting the APE holder community.

**Products For Professional Traders & Investors:**

The availability of the full range of options and structured products will make APE a more attractive cryptocurrency for professional investors and traders with sophisticated strategies. An example may be a professional trading desk using APE options to express views on the overall crypto market, or engage in arbitrage opportunities that will improve APE liquidity overall.

**Greater Market Liquidity:**

Crypto option markets are expected to increase significantly above and beyond other crypto markets. In line with traditional financial markets, options volumes should soon dwarf spot volumes and become even more relevant for price discovery. Deep option markets result in tighter bid-ask spreads and lower transaction costs, all the while providing market participants with embedded leverage.

**ApeCoin Community Growth:**

Options trading will provide an additional growth vector for the ApeCoin ecosystem by exposing it to professional traders who would not have gotten involved prior to having advanced tools available to them.

**Community Rewards & Educational Resources:**

To incentivize participation and encourage active involvement, Ithaca will offer double rewards to APE options traders, included in their upcoming airdrop. New traders will also benefit from comprehensive educational materials tailored to the ApeCoin ecosystem, designed to enhance their understanding of options trading and help them make informed decisions.

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**DEFINITIONS**

[→ Click here for an educational resource on options trading from Ithaca Protocol.](#)

**Arbitrum On-Chain Settlement**

Arbitrum on-chain settlement refers to the use of the Arbitrum blockchain to finalize and record the outcomes of financial transactions or contracts. Arbitrum is a layer-2 scaling solution for Ethereum that improves transaction speed and reduces costs, ensuring efficient and secure settlement of transactions on-chain.

**Auction-Based Matching Engine**

An auction-based matching engine is a system used to match buy and sell orders for financial assets through an auction process. This system aims to find the optimal price for both parties by aggregating bids and offers, enhancing liquidity, and ensuring that transactions occur at the best possible price for buyers and sellers. Ithaca's Frequent Batch Auction system is also MEV-resistant.

**Bid-Ask Spread**

The bid-ask spread is the difference between the highest price a buyer is willing to pay (the bid) and the lowest price a seller is willing to accept (the ask) for an asset. A narrower spread indicates a more liquid market with less difference between buying and selling prices, while a wider spread can suggest lower liquidity and higher transaction costs.

**Composable Options Platform**

A composable options platform allows users to create customized investment strategies by combining different types of options. This flexibility enables investors to tailor their strategies to meet specific market conditions or risk preferences, offering a more versatile approach to managing investments.

**Cross-Chain Bridging**

Cross-chain bridging is a technology that facilitates the transfer of assets or data between different blockchain networks. This capability allows for greater interoperability and liquidity by enabling users to move their assets seamlessly across various blockchains, overcoming the limitations of individual network ecosystems.

**Digital Options**

Digital options are a type of options contract settled in cryptocurrency rather than the underlying asset itself. They provide a fixed payoff based on whether the underlying asset meets specific criteria or thresholds at the time of settlement, offering a straightforward and often binary outcome.

**Hedging**

Hedging is a risk management strategy used to protect against potential losses by taking an opposing position in a related asset or financial instrument. This technique aims to offset adverse price movements or uncertainties, stabilizing returns and reducing overall risk exposure.

#### Market Makers

Market makers are individuals or firms that provide liquidity to financial markets by continuously placing buy and sell orders. They facilitate trading by ensuring that there are always available orders at various price levels, thereby enhancing market efficiency and reducing price volatility.

#### Off-chain Matching

Off-chain matching involves the process of matching buy and sell orders outside of the blockchain network. This method can offer faster and more efficient order processing compared to on-chain matching, which requires transactions to be recorded and verified on the blockchain.

#### Structured Products

Structured products are complex investment instruments that combine multiple assets or derivatives into a single financial product. These products are designed to offer tailored investment solutions, often incorporating features like principal protection, enhanced returns, or exposure to specific market conditions.

#### Vanilla Options

Vanilla options are the most basic form of options contracts, providing the buyer with the right, but not the obligation, to buy (call option) or sell (put option) an underlying asset at a specified price before or at expiration. They are straightforward and widely used in financial markets for various hedging and investment purposes.

#### STEPS TO IMPLEMENT

In earlier versions of this proposal, it was anticipated that the APE Foundation would provide liquidity as a fully reclaimable investment. However, following consultations with the Special Council, it was advised that a standard community grant would be a more appropriate approach due to potential legal risks.

With this in mind and aiming to maximize value for the ApeCoin ecosystem, we have reduced the initial liquidity seed to the minimum required to launch the market. As the protocol grows beyond this initial liquidity, we anticipate drafting a new proposal to request additional funding to ensure the market achieves self-sustaining momentum.

Additionally, the original proposal anticipated that airdrop rewards from the investment seed would return to the APE Foundation. Since the funds will now be issued as a grant, these rewards will be redirected into the community, where anyone trading APE options on Ithaca Protocol will receive double points, contributing to their airdrop allocation.

Upon receipt of the grant, the following steps will commence and operate on the Ithaca Protocol options market indefinitely:

##### Step 1: Protocol Development & Launch [4-6 weeks]

###### 1a. Technical Integration

- Front-end development to support APE on the Ithaca app, adjustments to the price quoting framework, and smart contract deployment. This will require work from Ithaca's development team including one designer, one front-end developer, a smart-contract developer and a trading infrastructure developer.

###### 1a. Milestones

- Week 3: Complete front-end development for APE on the Ithaca app
- Week 3: Deploy ApeCoin smart contracts to testnet for initial testing

###### 1b. Bridge Integration

- Support for APE bridging into Arbitrum. This requires one developer.

###### 1b. Milestones

- Week 4: Implement in-protocol APE bridging to/from Arbitrum

###### 1c. Testing & Deployment

- Testnet and UAT (User Acceptance Testing) deployments will be conducted before launching on the Arbitrum mainnet.

###### 1c. Milestones

- Week 5: Complete UAT with at least 3 rounds of testing on testnet before launching on Arbitrum mainnet.

###### 1d. Pricing Models

- A team of quantitative analysts will develop an option pricing model for ApeCoin and related infrastructure to initiate the market.

###### 1d. Milestones

- Week 6: Show live executable prices for APE options on Ithaca protocol .

##### Step 2: Outreach, Education & Marketing [12 months]

###### 2a. Community Engagement & Targeted Outreach

- Ithaca Protocol will collaborate with established ApeCoin community members to increase visibility while leveraging its own networks to reach potential users.

###### 2a. KPIs

- Month 1: To have engaged 5 established ApeCoin community members and KOLs in collaborative promotional efforts within the first month.

###### 2b. Education Initiatives

- A comprehensive communication strategy will educate the ApeCoin community about options trading, traditional financial instruments, and the benefits of the new marketplace.

###### 2b. KPIs

- Month 2: To have created and distributed 3 educational articles explaining APE options trading and its benefits to the community.
- Month 6: To have hosted at least 6 Twitter Spaces discussing the APE options market

##### Step 3: Operation & Maintenance [Ongoing]

###### 3a. Continuous Monitoring & Protocol Updates

- Market performance will be continuously monitored, including trading activity, liquidity levels, and user feedback. Necessary upgrades and maintenance will be implemented to ensure smooth and secure platform operations.

###### 3a. Milestones:

- Publish the first quarterly performance report within 3 months of market launch, including metrics like volume, liquidity levels, and user feedback

###### 3b. Market Making

- Funds will be managed to provide liquidity, supporting ApeCoin market development.

###### 3b. KPIs:

- Ensure liquidity is consistently available for ApeCoin options by having live prices for options across expiries and strikes in the platform

#### REPORTING EXPECTATIONS

Ithaca will provide the ApeCoin community with publicly available quarterly reports on APE options trading conducted on the protocol for the first year after receiving grant funds. These reports will be posted on [forum.apecoin.com](https://forum.apecoin.com).

To enhance community engagement, feedback mechanisms like polls, Twitter Spaces, and open community calls will be utilized, with results incorporated into the quarterly reports. These reports will

include key metrics such as:

- Volume:

Daily, weekly, and monthly trading volumes to reflect market activity and user engagement.

- Unique wallets:

Monitoring the number of wallets to assess whether the options market is attracting new users to the ApeCoin ecosystem.

- LTV:

APE deposited in the protocol .

Real-time user reporting dashboards will also be available to all users on the Ithaca Protocol.

OVERALL COST

The total amount requested from the ApeCoin Ecosystem Fund = \$245,000 denominated in APE.

Tranche 1: \$115,000 USD

Milestone to Unlock Tranche 1 Funding:

Initial funds should be released upon community approval via DAO-wide vote and completion of any KYC (or other reasonable) requests from the APE Foundation.

These funds will be used to complete the following:

- Protocol Launch & Development:

Deploying smart contracts, supporting ApeCoin bridging, updating the front-end, and optimizing market-making infrastructure. This amount also covers high-grade third-party hosting for an additional matching engine instance.

- ApeCoin-Specific Trading Infrastructure:

Developing a pricing model for ApeCoin options, built by a team of quantitative analysts, and setting up the interface with exchanges and a pricing framework to manage APE liquidity.

Tranche 2: \$130,000 USD

Milestone to Unlock Tranche 2 Funding:

The second and final funding allocation should be provided upon the successful completion of the deliverables listed in Tranche 1.

These funds will be used to complete the following:

- Education & Marketing:

Creating educational materials on APE options and traditional financial instruments tailored for the ApeCoin ecosystem.

- Liquidity Support:

The initial liquidity seed will be provided by Ithaca’s trading arm, which will offer bid-ask prices on ApeCoin options across various expiries and strikes, ensuring that the market remains active and participants can execute trades.

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