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CIAN Protocol - Earn more from LSD safely solution

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](https://global.discourse-cdn.com/business7/uploads/bc41dd/original/2X/c/c2aa56bc5f7536a45a75bfdcbe84694c0c4f1593.jpeg)

Basic Details

Project name:

CIAN Protocol

Author name and contact info (please provide a reliable point of contact for the project.):

Luffy, Email - luffy@cian.app

L2 recipient address:

0xBA7515b3Bc1356496301b4f9B27554C7f900091A

Which Voting Cycle are you applying for?:

Cycle 11 - Growth Experiments

I confirm that I have read the landing pages for the [Builders 7] and [Growth Experiments 10] Sub-Committees and that I have determined my proposal is best suited to be reviewed by the Growth Experiments Sub-Committee: [Yes/No](#):

Yes

I understand that Growth Experiments grants are subject to a “no sale rule,” as explained in [this post 5], and I have read the terms of the rule: [Yes/No](#):

Yes

Project Details

What are you building?:

CIAN Protocol builds open source DeFi yield strategy vaults and advanced on-chain automation tools that enable users to generate their own strategies. An essential part of CIAN Protocol's growth strategy is to build tools and strategies around LSD related use cases and yield opportunities. In this project, CIAN creates an EARN platform on Optimism which offers users the ability to earn yield derived from the ETH LSD strategies, starting from recursive loops utilizing Aave v3.

Why do you believe what you are building is going to succeed?:

1. Our expectation of CIAN's success on Optimism stems from CIAN's notable growth and contribution on Avalanche and Polygon, where CIAN were first deployed. Shortly after the inception, CIAN grew into the largest LSD-related strategy and automation tooling provider on both networks, contributing about \$30m TVL to the networks. By far almost 100% of maticX on AAVE Polygon is supplied through CIAN Protocol.
2. As the largest yield source and the fastest growing asset class in DeFi, ETH LSDs have yet quite limited reach to Layer 2s. CIAN's successful experience in accelerating the growth of early-stage LSD ecosystem on a network eg. avalanche, polygon will contribute to the bootstrap of ETH LSD ecosystem on Optimism as well as CIAN's own growth in the ecosystem.
3. CIAN is working closely with the core team of major ETH liquid staking service providers incl. LIDO, Rocket Pool etc. to devise LSD based yield strategies, automation tools and structured products. Optimism dedicated cooperation with LSD partners is under discussion, which will provide CIAN with a competitive edge on Optimism.
4. CIAN has agreed with a number of leading crypto asset management platforms eg. Matrix Port, centralized exchanges eg. OKX and large wallets for the cooperation in yield strategies. To secure our success in Optimism's ecosystem, we are committed to directing a substantial part of the strategy participants and assets from the partners to the OP ecosystem.

How many users does your project have currently? Please include how you arrived at this estimate:

- Unique addresses

(from our monitoring system, could also be verified through Dune Analytics): 3435

- TVL

(Defillama): \$30M

How will receiving a grant enable you to further the mission of maximizing the number of users interacting with Optimism? Please include a step-by-step flow of how you imagine this grant can lead to a greater number of user interactions with Optimism:

This grant will go towards (as incentives) supporting CIAN to grow the ETH-LSD recursive strategy implemented on OP (currently in Beta testing) to generate delta-neutral yield on the following assets:

1. Network Tokens - ETH, wBTC, OP.

With

- Lido's potential incentive on AAVE Optimism
- AAVE's potential Uoptimal optimization for ETH
- Optimism's lower gas cost,

CIAN's OP optimized ETH-wstETH recursive strategy stands a good chance of providing competitive APY compared to similar strategy implemented on ETH mainnet. With extra 3%-4% OP incentives, we expect to bring considerable ETH investors from ETH mainnet.

1. Lido's potential incentive on AAVE Optimism
2. AAVE's potential Uoptimal optimization for ETH
3. Optimism's lower gas cost,
4. LSD:
5. wstETH - same as above
6. rETH - to be deployed when rETH is listed on any of the mainstream lending protocols on OP. Only rETH holders are targeted in this strategy considering the lower staking yield from Rocket Pool compared to Lido.
7. cbETH holders - same as rETH
8. wstETH - same as above
9. rETH - to be deployed when rETH is listed on any of the mainstream lending protocols on OP. Only rETH holders are targeted in this strategy considering the lower staking yield from Rocket Pool compared to Lido.
10. cbETH holders - same as rETH
11. USD stable coins - DAI, USDC, USDT

Further, the grant will provide us with better chance of attracting non-DeFi users to OP ecosystem from CIAN's wallet partners and centralized partners eg. OKX, Matrix Port etc...

Tell us about the users you plan to target with this grant. Include any defining characteristics that will help you identify and target them.:

Plz. refer to our answer to the previous question.

How would these users interact with Optimism? For how long?:

Long-term interaction is expected.

1. From both implementation cost perspective and protocol growth perspective, CIAN primarily implements long-term sustainable yield strategies that could accommodate large capital/assets. ETH-LSD recursive strategy meets both requirements in that:
2. Along with the growth of ETH LSDs, dynamic balances will always be reached between ETH's borrow rate VS LSD's staking yield, leaving a small gap between the 2 rates because ETH's borrow rate is primarily determined by the demand of ETH-LSD recursive strategy. The strategy is therefore long-term viable.
3. LSD will stay as the largest yield source in DeFi for quite some time, rendering this strategy one of the largest home to the capital.

4. Along with the growth of ETH LSDs, dynamic balances will always be reached between ETH's borrow rate VS LSD's staking yield, leaving a small gap between the 2 rates because ETH's borrow rate is primarily determined by the demand of ETH-LSD recursive strategy. The strategy is therefore long-term viable.
5. LSD will stay as the largest yield source in DeFi for quite some time, rendering this strategy one of the largest home to the capital.
6. To gain and maintain the leading position, it's in CIAN's interest to keep and grow its user base on OP. CIAN strives for this through new strategies and structured products. An example is CIAN's next strategy will boost the yield from the LSD recursive strategy with a quasi delta-neutral option strategy.

Provide us with links to any of the following for the project:

- Demo: [1]
- Website: [2](#)
- Twitter: [3](#)
- Discord/Discourse/Community: [4](#)
- Github: [5] [6] [7]
- Technical/Economic Documentation: [8](#)
- Other: [9](#)

Do you have any metrics on the project currently? (TVL, transactions, volume, unique addresses, etc. Optimism metrics preferred; please link to public sources such as Dune Analytics, etc.):

- Unique addresses

(from our monitoring system, could also be verified through Dune Analytics): 3435

- TVL

(Defillama): \$30M

Who are your competitors, and are they on Optimism?:

Instadapp, not on Optimism

Please link to code audits (if any):

[11]

Team

Who are your founders?:

Luffy

What makes your team well-suited to carry out the project described in this proposal?

CIAN's core team is an international group of ~ 30 ppl with 4 year + experience in both crypto arbitraging strategies (CeFi & DeFi) and blockchain dev. The team is a balanced composition of DeFi researchers, DeFi strategy designers, experienced blockchain dev, product designers and marketing/BD staff.

The team has been running one of the earliest DeFi arbitrage funds since the beginning of 2020 (doing arb across CeFi & DeFi initially). The initial idea of CIAN was to bring to the DeFi community a set of decentralized blockchain automation tools that we built internally for our own DeFi funds.

The team has strong experience and a proven track record in:

- building and running decentralized automation for DeFi strategies.
- driving early-stage LSD ecosystem within a DeFi ecosystem

In recognition of the team's quality, multiple grants have been awarded to the team incl. AAVE grant.

Is this your first Web3 project?:

No

If not, what else have you built? (Share links, Github repository, or any other useful information.):

- An ETH POS statistics website: [12](#)
- A number of internal automation tools for DeFi arbitrage; repository could be provided upon request

Grant Request

What is the size of the grant request? (250k OP max):

150K OP

How do you justify the size of the grant?:

This grant will go towards (as incentives) helping CIAN grow the ETH-LSD recursive strategy implemented on OP to \$30m deposits in the course of 6 months. Because of the recursive nature of the strategy, this \$30m in CIAN's vault will effectively bring \$210m assets (\$120m ETH, \$90m other assets incl. wstETH, other ETH LSDs, wbtc, stable coins) to the Optimism network from mainnet through AAVE OP.

150K OP grant is approximately worth \$375K. Direct distribution of the grant to \$30m over 6 months leads to an average increase of 2.49% APY to the strategy APY, which coupled with LIDO's incentive has a good chance of diverting a good amount of ETH and other assets from ETH Mainnet to Optimism network.

Considering the total assets to be brought onto Optimism by the strategy is worth \$210m, a grant of \$375K implies an average increase of 0.43% APY is applied to effectively attract \$210m.

Note: to maximize the effect of the grants, we will distribute the incentives unevenly across different assets and periods.

Roadmap and Distribution Plan

Describe in discrete steps how you will successfully implement your grant plan:

1. Considering the limited ETH supply on AAVE OP atm, we will divide the distribution into 2 3-month periods. The length of each period is subject to change depending on how fast ETH supply and ETH Uoptimal increase on AAVE.
2. In period 1,
3. We will start with higher APY incentives (+10%) to quickly attract initial volume
4. Once deposits reaches \$10m, we will drop the incentive gradually to 2%
5. Incentive APY stays at around 2% until ETH supply on AAVE builds up to the point where new space is opened for vault deposits. Period 1 is done.
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7. Once deposits reaches \$10m, we will drop the incentive gradually to 2%
8. Incentive APY stays at around 2% until ETH supply on AAVE builds up to the point where new space is opened for vault deposits. Period 1 is done.
9. In period 2, we follow the similar distribution strategy as in period 1.
10. In view of ETH's distinguished value in this strategy and in the LSD ecosystem in general, 75% of the incentives will be allocated to ETH depositors, 25% to other token depositors.
11. The distribution will be adjusted on a weekly basis to cope with the evolution of the OP ecosystem.

How will the OP tokens be distributed? (please include % allocated to different initiatives such as user rewards/marketing/liquidity mining. Please also include a justification as to why each of these initiatives align with the problem statement this proposal is solving. Distribution should not include the sale of any tokens by the grantee or the use of tokens for compensation, protocol expenses, etc. See the [no sale rule here 5]):

100% of the grants will go to user incentives to encourage vault participation since we believe increased APY appeals best to mainnet participants of the similar strategies.

Over what period of time will the tokens be distributed for each initiative?:

6 months since the grant is awarded.

Please provide benchmark milestones for this project. These milestones should guide the Optimism community on the progress of your project throughout your work on the project. Do not use distribution of the grant itself as a milestone:

CIAN Protocol hopes to build a close working relationship with the Optimism community that leads to long term collaboration. Members of CIAN Protocol are also able to participate in any community meeting or other media communication events to discuss any project related topics.

- Milestone #1
- grow the wstETH/ETH recursive strategy vault from \$0 to \$15m deposits (roughly \$45m TVL), with 50K -75K OP incentives within 3 months (distribution period 1) after the grant is awarded. This should effectively create \$30m ETH borrowing demands and push the wstETH supply on AAVE by over \$45m (currently below \$300K).
- Milestone #2
- keep the wstETH/ETH vault size around/above \$15m (roughly \$45m TVL) with OP incentives being lowered to 2% APY before it's raised again in the distribution period 2 for next wave of growth.
- Milestone #3
- grow the wstETH/ETH based stable coin vault, btc vault, LSD vault from \$0 to \$5m deposits (roughly \$15m TVL) collectively, with 25K OP incentives within 2 months after the vaults are deployed. This should effectively create another \$10m ETH borrowing demands and push the wstETH supply on AAVE by another \$15m or more.
- Milestone #4
- \$25m (roughly \$75m TVL) deposits for ETH/wstETH vault within 3 months after \$15m deposits is reached, with no more than 50K OP incentives.
- Milestone #5
- keep the TVL of the recursive strategy grow organically beyond \$30m to \$40m without OP incentives 2 months after the incentive distribution is finished.

Please define critical milestones for this project. Critical milestones are meant to show good-faith efforts to accomplish the project. Non-completion of these milestones could lead to revocation of remaining grant rewards. Do not use distribution of the grant itself as a milestone:

- Critical Milestone #1
- deploy wstETH/ETH vault on Optimism no later than 1/4/2023
- Critical Milestone #2
- deploy wstETH/ETH based stable coin strategy vault on Optimism before 11/4/2023
- Critical Milestone #3
- deploy wstETH/ETH based btc strategy vault on Optimism before 14/4/2023
- Critical Milestone #4
- reach \$15m deposits (= \$45m TVL) in the strategy vaults on Optimism with the support of no more than 70K OP incentives before 1/7/2023

If the OP tokens are for direct distribution to users, why will incentivized users and liquidity on Optimism remain after incentives dry up?:

1. A crucial result of CIAN's token distribution should be accelerated growth of LSD ecosystem on Optimism, which should then provide a good APY (compared to ETH mainnet) to recursive strategy on its own, especially considering that Optimism's lower network cost entails more frequent position management.
2. To gain and maintain the leading position, it's in CIAN's interest to keep and grow its user base on OP. CIAN strives for this through new strategies and structured products. An example is CIAN's next strategy will boost the yield from the LSD recursive strategy with a quasi delta-neutral option strategy.

Please provide any additional information that will facilitate accountability (smart contracts addresses relevant to the proposal, relevant organizational wallet addresses, etc.):

0xBA7515b3Bc1356496301b4f9B27554C7f900091A (CIAN wallet address)

Optimism Relationship

Does your project solve a problem for the Optimism ecosystem? If so how?:

Yes.

1. We are well positioned to catalyzing the growth of infant LSD ecosystem on Optimism based on CIAN's successful experience in accelerating the growth of early-stage LSD ecosystem on other networks.
2. Alongside strategy vaults, CIAN provides automation tools, which facilitates operations on Optimism much better than on ETH mainnet due to lower gas cost.

Why will this solution be a source of growth for the Optimism ecosystem?:

This project is set to bring \$210m assets (\$120m ETH, \$90m other assets incl. wstETH, other ETH LSDs, wbtc, stable coins) from ETH mainnet to Optimism network along with at least thousands of investors.

Is your project Optimism Native?:

No

Confirmations

I understand that I will be required to provide additional KYC information to the Optimism Foundation to receive this grant:
[Yes/No](#):

Yes

I understand that I will be expected to following the public grant reporting requirements outlined [\[here\]](#):

Reference

[1] : <https://cian.app>

[5]: [GitHub - cian-ai/cian-protocol](#)

[6]: [GitHub - cian-ai/cian-protocol-polygon](#)

[7]: [GitHub - cian-ai/cian-protocol-ethereum](#)

[11]: [Audit Report - CIAN](#)