

Program Information

- [Perpetual Protocol](#)
- [Proposal](#) Phase 0 Cycle 1 - 9,000,000 OP - May 3, 2022
- [Optimism Voting Cycle #1 Phase 0](#) June 9, 2022
- [Vote Snapshot 1](#) (June 10-23, 2022)

The votes for passing proposals in the early stage were batched for one time covering all the backlog of proposals on Snapshot.

- [Initial transfer](#) from OP Foundation to Perp L2 Recipient Address July 8, 2022

Key Takeaways

General observations across projects.

- Builder grants proposed by most projects have been highly ignored, whereas, without the growth of mutual benefits, there is no ecosystem which can help one grow.
- Large pie of the distribution ends up in very addresses, raising a concern on benefitting whales/insider/misappropriation. This can be addressed by transparent reporting by the grantees.

Project Specific Observations.

- The Optimism grant has definitely unlocked the growth of Perpetual Protocol, adding a member to the ecosystem where the benefits can be shared later if not now.
- The Perpetual team has kept the flow of rewards and transactions clean compared to other grantees. Being one of the largest recipients of the grant, the team stands ready for the tailwind.

Distribution

[Twitter Announcement](#)

As originally proposed, distribution was to be carried out in three broad heads with Liquidity Mining using 8M OP and builder Acquisition using the remaining 1M OP.

The following distribution is as we see it and the numbers are as it happened.

1. Liquidity Acquisition:

are incentive for lenders to lend any type of collateral to the Market Making Entity (1.8mn)

2. **Liquidity Mining:** are incentive for market makers to ensure deep liquidity and the best experience for traders (5.7mn)

1. Builder Acquisition:

we will extend our current grants program and further incentivise builders to build on top of Perp and utilize Perp as a base layer (0.5mn)

Note:-

Retroactive is considered here as Long-term Liquidity Acquisition, incentivizing users to provide liquidity for similar surprises in the future. Pool Party Rewards are considered as Liquidity Mining

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Total Value Locked

Perpetual has three products Trade, Vault & Stake. USDC is the main asset in the TVL as the Stake product attracts this liquidity. For trading Perpetual uses Uniswap V3's liquidity pools, hence a large TVL on their side is not the only way to grow.

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Daily Transactions

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Source:- [Daily Transactions](#)

The daily transaction activity for using Perpetual products exhibited notable spikes, with the highest surges occurring in November 2022 and subsequently in January 2023. These peaks in daily transactions reflect heightened user engagement and activity within the Perpetual Protocol ecosystem during these periods.

Daily Transacting Addresses

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Source:- [Daily Transacting Addresses](#)

During the observed period from 22-09-2023 to 17-01-2023, there was a notable uptrend in daily transacting addresses within the Perpetual Protocol ecosystem. A significant peak in daily transacting addresses was recorded on 07-01-2023, reaching its highest point at approximately 13.25K, indicating heightened user engagement during that period.

Prior to the initiation of the pool party reward program, the average daily transacting addresses stood at 228. However, after the introduction of this program, there was a substantial increase, with an average of 1082 daily transacting addresses, indicating a significant boost in user activity and engagement.

Daily Network Fees Generated

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Source:- [Daily Network Fees Generated](#)

Prior to June 2023, the Perpetual Protocol ecosystem generated relatively modest daily network fees, consistently remaining below 1 ETH. However, a significant shift occurred in June 2023, marking a substantial increase in daily network fees, surpassing 1 ETH on a regular basis. This upward trajectory reached its zenith in August 2023, when daily network fees peaked at approximately 9.7 ETH.

Reward Claimer Analysis

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Retroactive OP Airdrop

This was one of the most [controversial](#) distributions as it was not mentioned in the proposal. The Perpetual Team had their [reasons](#) as explained in the forum. Following in an excerpt from the [mirror post](#),

“Out of the 8 million OP tokens allocated to our LPs, 1.8 million will be airdropped across [689 historical LPs](#) who have facilitated volume on our DEX since the launch of Perp v2 Curie. A total of 100,000 OP is to be allocated to each market.”

The top 5 users were allocated 52.9% of the total OP Airdrop, while the collective share for the top 25 users amounted to 87.5%. These statistics are presented as factual information since the questions posed are challenging to address, I would leave these for the community to judge.

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Source:- [Dune](#)

Pool Party:droplet:

The following lines are from the mirror post of Perpetual,

“6.58 million of the OP tokens dedicated to LPs will be distributed as incentives through our Pool Party initiative.”

These were made available by [Pool Party Rewards](#) contract where liquidity providers can claim their weekly rewards across the market

Weekly Claims are enabled.

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Grants

The team had dedicated 500k OP by swapping to \$367k USDC, transferring it to Ethereum and later getting it back on OP Mainnet. Currently, \$178k USDC sits at this [Grants Safe Wallet](#) & rest have been distributed across 19 different transactions with the highest being 40k USDC.

The bifurcation on which project received what and which rubric was used is not available in the public domain.

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Analysis

- There are three main Safe Wallet accounts with 12+ unique owners and only two of them have received any OP from these distributions and that too less than 2k OP. This statement aims to offer context to the forum discussion in which misappropriation was raised. However, it doesn't fully resolve the discussion, as it was not examined through an investigative lens.
- In total around 1.3mn OP still remains unallocated in different addresses, including USDC. Considering Pool Party Rewards reduction in OP allocation, the funds usage in the near term is not available in the public forum.
- Grants disbursed to at least [13 projects](#) by Perpetual will have a long term benefit for the mutual growth of Optimism and the grantee. This is impactful, wish to see remaining grants disbursed to more builders.

- The platform managed to draw in liquidity, possibly owing to its reward system. However, this influx of liquidity has proven instrumental in Perpetual's efforts to enhance their project's user interface and user experience, as well as to fortify themselves for future surges. This accomplishment can be viewed as just one of the numerous objectives the Optimism community anticipates from the grant recipient.

Recommendations

- Retroactive Distribution Procedure: Create a process for protocols to seek Governance Fund approval for retroactive OP distribution. The Governance Fund should have the option to approve or decline such requests.
- Timeline for grant distribution: Faster timeline can be enforced for the growth of the ecosystem and the grantee. At times, this can be the key for technical innovations too as it can attract more users.
- Grant Usage Guidelines: These can be established based on insights gained from previous grant allocations. This includes assessing the permissibility of actions like converting OP to another token or utilizing allocated OP for voting purposes.

Closing Remarks

Considering the challenging circumstances the community and space have faced in the past year or so, the protocol has performed quite admirably. There is certainly room for improvement, but is it possible to reclaim the allocated funds in cases of delayed allocation or failure to meet specific parameters? This question arises from the observation that many past grants had a significant portion of their funds remaining unused in their wallets.

Community can better answer it or there can be a stream of distribution from the foundation wallet, which can be stopped when clarification of funds use is in question. On second thought, after going through the grinding of a writing proposal and answering questions before it passes, autonomy to an extent shall also be granted to the teams.

Sources

- [OP Analytics Repo](#)
- [Incentive Program Performance Summary - Dune @oplabspbc](#)
- [\[@optimismfnd / Optimism Mainnet Project Deep-Dive](#)

(OP Mainnet)](<https://dune.com/optimismfnd/optimism-project-deep-dive>)

- [Incentive Program Performance Summary - Dune @oplabspbc](#)
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- [Perpetual Protocol: Optimism Governance's First Failure](#)
- [Message to Optimism Community from Perpetual Protocol](#)
- [Independent Recovery Post](#)
- [I want to discuss project boosting their delegate power with governance fund](#)
- <https://perpprotocol.mirror.xyz/>
- [Forum](#)
- [Snapshot](#)
- [Twitter Announcement](#)
- [Liquidity Mining](#)
- [Perpetual Dashboard on Dune](#)
- [Optimism Deep-Dive by Project](#)