Project Name:
Rubicon
Author Name:
Forrest
Defillama TVL (at snapshot):
\$1.1 million
Transactions/day (at snapshot):
504
Tier:
3
Optimism native:
Yes
Revisions to metrics used:
N/A
Number of OP tokens to claim:
900,000
L2 Recipient Address:
0x3204AC6F848e05557c6c7876E09059882e07962F
Proposal for token distribution (under 1000 words):
To kickstart \$OP Summer, Rubicon plans to use this \$OP allocation to incentivize liquidity providers, reward early users with an airdrop, and begin a Rubicon Grants Program for developers building on Optimism!
How will the OP tokens be distributed?

Liquidity Provider Rewards

60% (540,000 \$OP) will be sent to the BathBuddy contract to begin a Rubicon \$OP Liquidity Mining program. Rewards will vest to liquidity providers based on their proportional share of the pool. We used our historical trading volumes and total value locked (TVL) to determine tiers of \$OP rewards for the pools, and figured \$OP deserved to be in the top tier:

Rubicon Grants Program

15% (135,000 \$OP) will remain at the listed address for the creation of a Rubicon Grants Program!

The Rubicon Grants Program will reward individuals and teams who build on and contribute to the protocol. Contributing can take many forms, whether it be through code, content, research, translations, memes, or something else! Contributors can apply to the Rubicon Grants Program by submitting a form outlining goals and deliverables for their project, or grants can also be issued retroactively to someone who contributes to Rubicon but never applied for one.

To learn more about the Rubicon Grants Program, join our <u>Discord!</u> There we will announce the starting date of the first round of grants and share the Grant Application form.

\$OP Liquidity Pool

10% (90,000 \$OP) will be used to seed the \$OP liquidity pool on Rubicon. This will ensure depth and liquidity on \$OP order books for OP Summer and beyond. We would love to hear what trading pairs the community wants to see with \$OP!

Airdrop to Rubicon Users

15% (135,000 \$OP) will be airdropped to early Rubicon users. Since our launch on Optimism, more than 10,000 unique wallet addresses have traded or provided liquidity on the protocol!

In November 2021, some of our liquidity pools were vampire attacked and LPs lost funds. The majority of this airdrop will go to liquidity providers who were affected by this event. The rest will go to Rubicon traders, with a bonus for those who used

the protocol before the OVM 2.0 network upgrade.

Additionally, we plan to follow Hop's precedent and filter out as many Sybil attackers as possible. We want genuine Rubicon users to receive this \$OP drop, not bots.

How will this distribution incentivize usage and liquidity on Optimism?

This proposal directly incentivizes liquidity on Optimism for (W)ETH, USDC, DAI, USDT, and WBTC, which we consider to be essential tokens for any DeFi ecosystem.

It also incentivizes SNX liquidity, with Synthetix being the first protocol to launch on Optimism and the largest by TVL.

And last, but certainly not least, this proposal incentivizes \$OP liquidity, through both rewards for \$OP liquidity providers and a commitment of 10% of Rubicon's allocation to order book liquidity for the \$OP token.

How do these liquidity incentives translate into Optimism usage?

More liquidity → More trades → More transactions

Rubicon uses order books; to reflect price changes on other trading venues, traders send transactions to place and cancel outstanding orders on the book. While these transactions are relatively cheap (cheaper than an AMM swap), active markets lead to a lot of them! Even during periods that we would consider to be relatively low usage, Rubicon was among the top protocols on Optimism by transactions per day. With liquidity incentives, our Rubicon v1 protocol upgrade, and a significant overhaul of our market-making system, we are confident that Rubicon will be a leader in increasing Optimism's transactions per day. That means more ETH for public goods!

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

Through the Grants Program, even after incentives run out there will be novel, Optimism-native, DeFi projects on the Rubicon order books!

There will always be mercenary capital that tries to take advantage of incentive programs. We have taken some steps to penalize this "farm and dump" behavior on Rubicon:

- 1. \$OP rewards for liquidity providers in Rubicon Pools can only be claimed upon withdrawing from the pool
- 2. Both \$OP rewards and the underlying pool token have a small (0.03%) withdrawal fee that is paid back to the pool. This penalizes those who try to actively hop in and out of the pools to realize rewards, and rewards those who remain in the pool for a longer duration

After rewards run out, Rubicon will have shown new users a trading experience and liquidity mechanism that is simply not possible on Ethereum mainnet. In particular, we think users will stick around for:

- 1. Truly on-chain limit orders (no reliance on off-chain keepers)
- 2. Passive liquidity pools with the yields of actively managed liquidity
- 3. Composable order book LP tokens (bathTokens)

Over what period of time will the tokens be distributed?

The \$OP rewards for Rubicon liquidity providers will last 6.9 months (209.875 days).

The Rubicon Grants Program will budget with a target of distributing all \$OP grants by the end of the 2022 calendar year.

The \$OP Airdrop to early Rubicon users will happen in June!

How much will your project match in co-incentives?

Rubicon does not have a token and we are not currently positioned to match with co-incentives.