

Project Name:

Swingby

Author Name:

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Grant category:

Governance Fund, Phase 1

L2 Recipient Address:

0xEb7B518a30F10192306A7d46314e75dAE59BdFB0

I understand that I will be required to provide additional KYC information to the Optimism Foundation to receive this grant:

Yes

Is this proposal applicable to a specific committee?

Yes, the proposal falls under the DeFi committee.

Project description

Swingby is a protocol for moving effortlessly between blockchains without a central custodian. Swingby's first product is Skybridge and provides trustless bridges between Bitcoin, Ethereum, Binance Smart Chain (BSC), and other blockchains. Skybridge executes fast token swaps using a [secure network of Metanodes](#) that are powered by multi-party computing and layer-2 technology. Each bridge exists as a proof-of-stake network. Ultimately, this enables users to move a 1-trillion dollar market cap digital asset like Bitcoin into the \$100+ B DeFi ecosystem, as well as supports the seamless flow of liquidity between blockchains.

Swingby's second product is Skypools. It allows users to easily swap their native BTC into a variety of ERC-20 tokens. This can all be done in one platform, rather than having to move from app to app. The final goal is to allow users to swap their Bitcoin into any asset on the chain that they wish.

Relevant Usage Metrics:

- [TVL - \\$1.4 Million](#)
- [Weekly volume average - \\$1 Million](#)

Project links:

Twitter: <https://twitter.com/SwingbyProtocol>

Discord: [Swingby | Blockchain Bridge to DeFi](#)

News Articles: <https://swingby.substack.com/>

Bridge explorer: <https://skybridge.info>

DAO: <https://dao.swingby.network/>

Project website: <https://swingby.network/>

Additional team member info

Co-Founder and DAO contributor: Senga yusaku

LinkedIn: <https://www.linkedin.com/in/yusaku-senga-8a9aa6bb/>

Please link to any previous projects the team has meaningfully contributed to:

Partnerships:

Chainlink (Aug 2022) Link: [Swingby Integrates Chainlink Proof of Reserve to Help Secure Skybridge](#)

Elrond (2020) Link: [Elrond Mainnet Gets Access to Cross-Chain Liquidity via Swingby Inter-blockchain Asset Swaps · Elrond](#)

Competitors, peers, or similar projects

<https://renproject.io/>

Is/will this project be open sourced?

Yes

Optimism native?:

No

Date of deployment/expected deployment on Optimism:

Expected deployment is 5 months after grant is approved. Assuming that grant is approved in Sep 2022, Bridge will be perfectly functioning in Feb 2023.

Ecosystem Value Proposition:

Swingby is currently one of the oldest and safest BTC specialized bridges in the entire crypto industry. Swingby's bridge (Skybridge) has swapped over 5000 BTC since its beginnings, and it has NEVER experienced a security issue or lost funds.

In comparison to other major L2s, optimism lacks BTC in its DeFi ecosystem. Optimism is currently offering great farming incentives, but people are not able to bring their native Bitcoin, and start farming it in this exciting new ecosystem. Currently it is very difficult for a BTC holder to swap directly to Optimism chain, there are a lot of bridges that swap WBTC to optimism, but not from Native Bitcoin chain to optimism.

Swingby's goal is to add value to Optimism by allowing users to swap their Native BTC and WBTC (ERC-20) to the Optimism chain in a very safe and easy manner. After being backed by Chainlink and allowing all our swaps to be audited by Chainlink's proof of reserve mechanism, we are extremely ready to add a new chain to our bridge. We consider that the fastest growing DeFi ecosystem at the moment is Optimism, therefore, the best decision would be to build a bridge to Optimism, and allow large amounts of Bitcoin liquidity to be bridged and enlarge Optimism's DeFi ecosystem.

Has your project previously applied for an OP grant?

No

Number of OP tokens requested:

300,000

How will the OP tokens be distributed?

All of the OP tokens granted to Swingby DAO will be to encourage communities to bring their BTC liquidity in Optimism's DeFi ecosystem, to guarantee that the bridge has enough liquidity, and to reward developers for doing a successful job on deploying Skybridge on Optimism.

To guarantee enough liquidity we incentive the community to perform two activities:

1. Providing liquidity.
2. Rebalancing the bridge.

These are the two pillars for any bridge to maintain liquidity and allow its users to always execute cross-chain transactions effortlessly. To incentivize the community, Swingby DAO decided to provide incentives for people to rebalance the liquidity in the bridge. This creates a much greater level of decentralization and makes the product to be fully owned by its community. For more information click [\[here\]](#)

[\]\(https://swingby.substack.com/p/bridge-rebalancing-guide\)](https://swingby.substack.com/p/bridge-rebalancing-guide)With this in mind, we will be using the OP tokens to reward users for a total of 180 days.

The percentage and time for distribution will be:

Liquidity providers: 70% (Distribution: 12 months depending on Liquidity amount)

Bridge rebalancing: 10% (Expected to last for 12 months depending on Volume)

Developers reward: 20% (Unlocked monthly basis over 12 months)

Our Milestones will be:

1. Increase amount of WBTC in Optimism DeFi ecosystem
2. Develop a safe and easy to use Bridge.
3. Maintain enough liquidity for users to effortlessly execute cross-chain Swaps.

All 3 milestones are trackable by:

1. Checking on Optimism explorer amount of WBTC in the network.
2. Follow Singby Protocol's Github Commits.
3. Visit Swingby explorer to track available swapping amounts.

How will this distribution incentivize usage and liquidity on Optimism?

Swingby has plans to co-incentivize the liquidity pools as well. With targeted 5 - 10% APRs to LPs of WBTC(optimism), we believe this provides enough rewards and time to bootstrap the liquidity needed for the bridge in the short and long term. By providing 5-10% APR on Bitcoin liquidity, it will put Swingby as one of the protocols that provides the highest rewards for BTC liquidity. This will serve as a great marketing campaign for LPs and it will allow to increase the activity & usage of Optimism through cross-chain swaps. With increased rewards paid in OP, it'll also open the opportunity to bring in new OP token holders.

It is proven that by providing dual rewards for LPs, liquidity tends to increase at a very fast pace, which will allow the bridge to be fully functional from the very beginning.

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

The plan is to kickstart cross-chain activity with OP rewards for 12 months, and Swingby rewards continuing after the OP rewards end. We can see how at the moment liquidity continues to be available in Skybridge even though we provide single token rewards. Therefore our expectations are that volume will reach and maintain levels for the bridge to be fully functional w/o OP rewards.

How much will your project match in co-incentives?

Swingby will keep a 1 to 1 ratio in co-incentives.