Project Name

: Connext

Author Name

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Defillama TVL

(at snapshot on Optimism): $9.8M

Transactons/day

(at snapshot): 92

Tier

: 3

Optimism native

: No

Number of OP tokens to claim

: 300,000

L2 Recipient Address

: 0x3576aafaffe4c07f894447265b391856377157db

Proposal for token distribution

Background:

Connext (connext.network) is a cross chain protocol that allows users to quickly and inexpensively transfer tokens and data across chains, and builders to create secure cross chain applications. It's intended for high-frequency transfers and works by leveraging liquidity pools provided by routers on the sending and receiving chains without introducing any new trust assumption

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Connext has been the first protocol to connect Optimism and Arbitrum in a trustless way back in 2020.

The current version of the protocol has been live for more than 1 year with $1.4B+ in volume.

We recently made 2 critical announcements:

- [Amarok](), our first network upgrade. Connext will adopt a modular architecture and build on top of Nomad, an optimistic communication protocol that will guarantee the security of the network;
- We are transitioning into a DAO with the launch of the [$NEXT token]()

We are big supporters of the Ethereum ecosystem and we want to help Optimism to succeed.

These are the synergies that we can work together on:

1. Help develop cross chain apps (xApps) based on Optimism

: thanks to Connext, builders that want to operate on multiple chains don't have to actually deploy on multiple chains, but can just choose Optimism as a central hub and execute secure cross chain operations from there, without the need of the user to ever leave the L2.

1. Increase the TVL by bringing more liquidity and more users to Optimism

We propose to use the allocated OP for (2), while incentivizing (1) with educational activities such as guides, videos (check the "Burning Bridges channel on Youtube), AMAs, and the Connext Grants program.

How will the OP tokens be distributed?

We aim to incentivize liquidity to open up Optimism to more users and protocols, and increase cross chain operations on the

L2

. Connext already allows new users to avoid having to interact with the Ethereum mainnet and onboard directly to Optimism from centralized exchanges (thanks to our partnership with LayerSwap) or other gateway chains like the Binance Smart Chain.

The incentives will start as soon as Amarok, our network upgrade, goes live. Amarok has a different architecture with new features that can facilitate cross chain transfers.

In order to move tokens cross chain in a trust minimized way, we use the Nomad wrapping before swapping into the native tokens on the receiving chain via an AMM.

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The liquidity on this AMM will need to be initially incentivized until a certain volume is reached and it becomes self sustainable (LPs earn fees).

In order to achieve that we plan to distribute OP as

- LM rewards for stable swap LPs (AMM)

on Optimism: 250,000 OP

- Sponsor Vaults

: these subsidize gas fees for transfers to Optimism, making them cheap for users and protocols. 50,000 OP

How will this distribution incentivize usage and liquidity on Optimism?

Liquidity mining has already proven effective for other chains to attract liquidity on Connext.

More exit liquidity on Optimism means cheaper transactions and more users willing to explore its ecosystems and become loyal users.

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

Being an LP for these stable swaps is a profitable activity. The returns will increase as more volume flows through the network, and as more xApps are built on Optimism.

With more xApps, more users will flow to Optimism in a positive cycle.

Over what period of time will the tokens be distributed?

We will target distribution over 6 months. The exact rate at which tokens are distributed will be left to decide to the DAO once it goes live, and be dependent on the price of $OP.

How much will your project match in co-incentives?

The DAO will decide how to match co-incentives through the $NEXT token.

Once our governance forum is operative, we suggest to co-write a proposal directed at developers that want to build secure

cross chain applications hosted on Optimism.

These will provide the best long term benefits to both Connext and Optimism, and we can commit people, resources and $NEXT funds towards this objective.