

Project Name:

Zipswap

Author Name:

Canti

Defillama TVL (at snapshot):

\$9.5M

Transactions/day (at snapshot):

74

Tier:

3

Optimism native:

Yes

Revisions to metrics used:

N/A

Number of OP tokens to claim:

900,000

L2 Recipient Address:

0x8602EE2f8AaEb671E409b26d48E36DD8Cc3B7ED7

Proposal for Token Distribution:

Background:

Zipswap is a DEX designed to reduce gas fees on optimistic rollups by compressing calldata. Development and incentives are currently active only on the Optimism chain.

We are working to implement Optimism-native novel AMM mechanisms and innovative tokenomics, which seek to:

- better enable market-driven price discovery
- deepen liquidity across the network
- assist new Optimism projects in bootstrapping liquidity
- create new DeFi primitives
- provide a fast, easy, and cheap means of swapping tokens

How will the OP tokens be distributed?

1. 70% of our OP allocation (630,000 OP) will be distributed as gas fee rebates to traders on Zipswap - fully or partially returning transaction fees. An additional requirement of staking a small amount of ZIP tokens, and/or minimum transaction size is also likely, as a way to eliminate the incentive of spamming pointless transactions as an indirect way to “buy” OP tokens with gas fees. At worst, with no minimum swap size, it would be equivalent to buying OP at the spot price (paying with gas fees). With other requirements (especially minimum swap size) it becomes equivalent to buying OP above spot (mostly due to swap fees).
2. 30% of our OP allocation (270,000 OP) will be used to incentivize liquidity alongside the introduction of revamped tokenomics, likely a veZIP implementation, meaning participation in the new tokenomics grants boosted rewards in the form of OP.

How will this distribution incentivize usage and liquidity on Optimism?

During the initial phase of the distribution, by temporarily eliminating gas fees, trading on Zipswap/Optimism becomes more attractive (especially for smaller traders). Once the tokenomics refresh launches we'll not only be incentivizing additional liquidity with ZIP emissions but we will be distributing the remaining OP. ZIP emissions will continue well after the remaining OP is distributed.

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

In the optimistic case, more swaps due to incentives lead to → higher LP fees → higher returns to LP → eventually, liquidity providing remains profitable even in the absence of incentives for users and liquidity providers. On the pure liquidity incentivization side, it's likely a veCRV-esque model (using the ZIP token) will be introduced in the future after the initial OP distribution, which will serve to attract stickier TVL to Zipswap (and therefore Optimism).

Over what period of time will the tokens be distributed?

The duration of the gas rebate distribution phase is impossible to predict due to the variable nature of the distribution method; daily spending depends on the level of gas fees, daily frequency of swaps fulfilling the criteria and the price of OP tokens. The distribution schedule of the remaining 270,000 OP afterward is TBD as it will occur alongside the beginning of the revamped ZIP tokenomics. Current estimate is distribution over ~3 months, though this is subject to change.

How much will your project match in co-incentives?

At the moment, ZIP tokens are continuously rewarded as an incentive to liquidity providers. This will continue throughout the OP rebate process. Our co-incentives will greatly ramp up as we finish up our initial post-OP distro and enter the era of veZIP liquidity incentives.