

Project name:

Sonne Finance

Author name and contact info:

Atakan-IntroToDeFi

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

[Yes]

L2 recipient address:

0x784B82a27029C9E114b521abcC39D02B3D1DEAf2

Which Voting Cycle are you applying for?

: Voting Cycle #8

Grant category:

DeFi

Is this proposal applicable to a specific committee?

This proposal may fall under the remit of various DeFi committees.

Project description

:

Sonne Finance is an EVM compatible lending/borrowing protocol that launched on Optimism. Sonne Finance provides peer-to-peer lending solutions that are fully decentralized, transparent and non-custodial.

Similar to (and based from) existing lending platforms, users will be able to lend any supported assets on our platform, and use their capital to borrow supported assets.

Sonne aims to be the prime lending platform on Optimism by offering highest competitive incentives for money markets, having the deepest liquidity and being native to Optimism.

Sonne innovates on revenue sharing and tokenomics, where stakers of the protocol gets 2 different type of revenues (VELO and SONNE or USDC), as well as being able to choose the reward asset between SONNE and USDC.

Project links:

Website: <https://sonne.finance>

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

Discord/Discourse/Community: [Sonne Finance](#)

Please include all other relevant links below:

- <https://docs.sonne.finance>
- [Telegram: Contact @SonneFin](#)

Additional team member info

:

<https://twitter.com/DefiIntro>

We are a team of 5 plus 2 on-demand designers. Our lead developer (gathon) was also the lead developer of one of the biggest NFT marketplaces in Binance smart chain.

Amaterasu is working with me for 2 years, and she is working on lending protocols in particular for 10 months now.

Our community managers are from AdminGuru team, which provides professional community management services for protocols. We are also friends in real life.

Our designers are awarded designers for UI/UX in Turkey. We worked with them for 4 years now (not just for Sonne Finance) and also life-long friends.

Currently, I (atakan-IntroToDeFi) am the only one who is doxxed in our team to public, but all the team members are doxxed to me.

Relevant usage metrics

:

- Total Supply: \$43M (Achieved in 11 days.)
- Total Borrow: \$30M
- TVL : \$13M
- Total staked: 3.8M \$SONNE ([Sonne Finance *](#))

Competitors, peers, or similar projects

(please link):

<https://aave.com/>

Is this project be open sourced?

Yes

Optimism native?:

Yes

Date of deployment/expected deployment on Optimism:

28 Sep 2022

Ecosystem Value Proposition:

Lending/borrowing protocols are the basis of DeFi, and currently there is no native lending protocol besides Sonne Finance. Being native to Optimism gives us the power of using our tokens to incentivize lending and borrowing heavily.

In the past, TVL migrations happened from chain to chain when there are single sided good yields without impermanent loss.

It is unlikely that people migrating for 3% yield on USDC, but we already proved that good incentives can change this sentiment. We are planning to be the reason why people migrate and use Optimism, as once they try, they will stick to the fast and cheap transactions.

To add to this, competition is always healthy for customers. Right now, AAVE is non-contested liquidity market. Sonne looks to be the prime liquidity market on Optimism with unique tokenomics, and force other competitors to innovate on Optimism. For example, AAVE has no drive to innovate on Optimism, but when there is competition, they will have to innovate or fall back.

We have no plans to go multichain. Sonne has one aim. Being the best liquidity market of Optimism and focus only on Optimism ecosystem.

Has your project previously applied for an OP grant?

No.

Number of OP tokens requested:

250,000

Did the project apply for or receive OP tokens through the Foundation Partner Fund?:

No

How much will your project match in co-incentives?

We are already incentivizing users to use Optimism and Sonne with 60% of our tokens, which equals to 1000% of requested OP tokens at current prices.

Proposal for token distribution:

How will the OP tokens be distributed?

- 95% will be allocated to lending/borrowing and staking rewards in order to boost activity. Here's how 95% will be allocated respectfully:
- 40% will be allocated to supplying incentives. The pool weights of distribution speeds will be the same with \$SONNE reward distribution speeds.
- 40% will be allocated to borrowing incentives. The pool weights of distribution speeds will be the same with \$SONNE reward distribution speeds.
- 10% will be allocated to bribing USDC/SONNE pool on Velodrome Finance.
- 10% will be allocated to sSONNE and uSONNE staking reward pools.
- 40% will be allocated to supplying incentives. The pool weights of distribution speeds will be the same with \$SONNE reward distribution speeds.
- 40% will be allocated to borrowing incentives. The pool weights of distribution speeds will be the same with \$SONNE reward distribution speeds.
- 10% will be allocated to bribing USDC/SONNE pool on Velodrome Finance.
- 10% will be allocated to sSONNE and uSONNE staking reward pools.
- 5% will be allocated to boost development activity of Sonne Finance. (Article writings, twitter threads, dune analytics creations and UI design improvements.)

Over what period of time will the tokens be distributed for each initiative?

It will be distributed linearly for 6 months.

Please list the milestones/KPIs you expect to achieve for each initiative, considering how each relates to incentivizing sustainable usage and liquidity on Optimism.

- \$100M Total Market Size in the first month (Already \$43M)
- \$300M Total Market Size in 3 months
- \$500M Total Market Size in 6 months

One of the main reasons of this proposal is to have trust of Optimism governance, and assure users that Sonne is here to grow both Optimism's and its own TVL and activity.

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

Sonne is looking to incentivize the activity and providing liquidity at least for 3 years (even after the OP incentives end). Liquidity markets are great for single sided yields without impermanent loss, and enables other protocols to boost their activities (such as auto-compounders, or DeFi vaults). We believe that Optimism Mainnet will continue to be the top layer-2 and more opportunities will be created on Optimism in the future as well.

Once users get used to a chain and love the community, they hardly move to another chain. We are also trying to be as fast and helpful as possible in our community channels to acquire that love and trust, both for the good sake of Sonne and Optimism.

Last but not least, liquidity markets are one of the only protocols providing real yields for suppliers. We can see that with AAVE and Compound on Ethereum are very low on incentives, but they have more than \$9B TVL combined on Ethereum Mainnet. We believe that we'll reach \$1B to \$2B level on Optimism within 2 years.

Please provide any additional information that will facilitate accountability:

(smart contracts addresses relevant to the proposal, relevant organizational wallet addresses, etc.)

All of the contract addresses and multisig wallet can be found here: [Contract Addresses - Sonne](#)

Staking data for Sonne Finance:

dune.com

[Sonne Finance](#) ✨

Blockchain ecosystem analytics by and for the community. Explore and share data from Ethereum, xDai, Polygon, Optimism, BSC and Solana for free.