

The earliest version of this idea/draft is intended to start the public discourse on how we as a DAO, & broader Web3 community, can create the infrastructure needed to help creators shift the space back to supporting royalties. At the heart of this is an incentive problem; royalty payers and non-payers receive the same value today.

There's an opportunity to position \$APE at the center of this new platform & solution, but more critically & immediately, if we don't create a source of truth for royalty payments that enables onchain enforcement to let creators provide benefits to royalty payers, our bags will trend toward 0.

At this point, we're most excited to hear from you, the community!

—

TL;DR:

The NFT market needs a royalty enforcement solution, not only for Yuga, but the entire Web3 community. We're proposing a v2 of the ApeCoin marketplace that's revamped & rebranded to support all collections, but keeps our optimized Yuga buying experience. The new marketplace will build on [the payment processor protocol](#) instead of Seaport, and support the 721-C standard for collections who use it. Our main objective is to standardize royalty payment data as a source of truth that lets creators reward loyal holders. This is critical input to dissuade wrapping of tokens to avoid royalty enforcement.

This proposal requests \$1M to fund development for a collector-focused marketplace that supports all creators, a source of truth for royalties that's easily accessed as a creator-tool, and a self-funded tokenomic system that rewards users for trading in \$APE. This is how we empower creators in shifting behavior back to 'collecting' with ApeCoin at the center.

Current State Of The NFT Market:

The shift of NFT marketplaces from royalty enforced to 0-royalty has had dramatic effect on both creators and collectors:

1. With no/low variable cost to trade tokens assets have become completely financialized, with the vast majority of volume for comes from farmers. Asset values are cratering.
2. Creators lack incentive to drive financial value back to holders. Many top projects have built warchests through primary sales and investment, but even if they succeed, holders may or may not share in the upside even for projects that prioritize holders most.

The goal of this proposal is to create a marketplace + royalty tracking standard that helps the NFT space return to its roots, supporting creators by paying royalties with \$APE at the center.

Abstract:

Last September [AIP-98](#) was approved with >88% support for an official ApeCoin DAO marketplace built for apes by apes. Since launching [apecoinmarketplace.com](#) in November we built the best buying experience for apes, with metadata enhancements including staking data and matched items, social features for community trading & conversation, and P2P trading. We requested 0-funding, and achieved one of our two initial goals by building the best buying experience for Yugaverse assets. From December - Early February there were 39 assets sold, and we had >50K site sessions in Jan + Feb demonstrating fit for buyers.

Unfortunately Blur's token launch, and OpenSea's shift in stance re: creator royalties flipped the space on its head, destroying any market fit for royalty enforced platforms. We're excited to use this proposal to enlist the full power of the ApeCoin community in governing Web3 back to its roots, and maintaining the creator-first ethos it was built on.

We're making meaningful changes to our previously approved proposal and requesting \$1M in \$APE to fund development of a new collector focused NFT marketplace with embedded social feed, chat, and trading. In return we'll remove all fees for trading in \$APE and use 50% of marketplace revenue to fund rewards as rebates for traders who buy & sell in ApeCoin. If successful, ApeCoin DAO can both help return the space to a place where creators and collectors can succeed and position \$APE at the center by funding rewards for \$APE trading.

The proposal calls for a three pronged approach to royalty enforcement:

1. The creation of a new Opensea/Blur competitor focused on collectors and running all transactions through [LimitBreak's new payment processor protocol](#). The new marketplace will rebrand as [name TBD] and focus on building the best collecting experience for all collections. The marketplace will have feature parity with Opensea, and social features like token gated social feeds and holder directories for communities.
2. Development of a royalty tracking standard that will be a source of truth for royalty payment data specific to each token. This data will be available to creators via oracle & API so it can be used as an input to reward loyal holders. The marketplace will allow collectors to check which tokens are up to date, and repay unpaid royalties from the most recent transaction via the marketplace front end.
3. This is critical infrastructure that the DAO will get credit for funding. Without a source of truth for royalty payments, 0-royalty platforms will always work around enforcement mechanisms via wrapping.

4. To avoid confusion, only the most recent royalty payment is relevant to whether a token is considered to be 'up to date' or in good standing:
5. This proposal is a request from the ApeCoin community to Yuga to promote this marketplace instead of OpenSea. We'll advocate for adoption with current and prospective partners, but Yuga will play a critical role in moving the space forward
6. This can be as simple as updated links, but we want to partner closely, and will build to any launch requirements or adapt the proposal to existing royalty enforcement plans at no cost. We're building SDKs to support other in-metaverse experiences with customized buy & sell flows and can build for The Agora.
7. Because of the legal risk, top-5 creators, including Yuga, are highly unlikely to launch their own marketplace due to impact on securities law driven by 'owning the point of sale' which hurts the case of the tokens as decentralized assets.
8. We're in touch with key POC's already, and will change the proposal to reflect any feedback received during the ideas & drafts stage, or withdraw if needed.

[

917x142 14.6 KB

](<https://global.discourse-cdn.com/apecoin/original/2X/4/454eb570c8b2d56e3bdabda0c9094ec336b015ee.png>)

We've also already signed or launched 9 of the top-100 ETH collections by volume for our core products, white label marketplaces and loyalty, and will make a hard push with these creators to adopt the marketplace along with Yuga to grow the ApeCoin ecosystem!

Along with the proposal, we're dramatically improving incentives to transact in \$APE by converting all fees in the multi-sig from \$ETH to \$APE and using this revenue stream as a funding source to offer rebates to users buying & selling in \$APE. The refund/rebate received will be proportional to the value sold/purchased during the measurement period.

Marketplace Fee

ApeCoin DAO Fee

Snag Fee

\$ETH Trading Economics

.5%

.25% (from MP fee)

.25% (from MP fee)

\$APE Trading Economics

0% + \$APE rebate

0%

0%

Total fees collected * % of total \$APE volume bought/sold by user = payout!

- We're open to feedback here!

Snag will waive all fees for the first 6-months from launch to set the marketplace up for success with the lowest possible fees (.25% only on \$ETH) while we build adoption + retention. As the marketing committee gets set up we'll partner closely to promote the marketplace, and will hire a Snag marketing lead when this passes to supercharge marketing & comms. This will also mean the creation of a new Twitter handle for the marketplace separate from @snag_solutions

.

Current State Of The ApeCoin Marketplace

Before getting into it, we want to highlight [what we built](#). Our goals were: 1) build the best trading experience for Yuga assets, and 2) create an ongoing funding source for the DAO.

We succeeded in building the best buying experience for Yuga assets, but the fee structure we launched with and lack of marketing or direct support from Yuga left us, and other marketplaces, unable to compete given structural changes to incentives in the market. We were doing >\$100k in weekly volume in January pre \$BLUR launch, and believe we've

demonstrated an ability to deliver a social-first trading platform worthy of adoption from the largest creators as we shift the market back to rewarding collectors via enforcement + tracking.

Highlighting some of the current features already differentiated from OpenSea that can easily be use to create the shared marketplace below:

\$APE Staked and matched Items metadata enhancements including custom filters

[

1600×1045 299 KB

](https://global.discourse-cdn.com/apecoin/original/2X/2/29d93e382290351ae3ecbe91e70e94da47012477.png)

Token gated social profiles + directory

[

1600×963 302 KB

](https://global.discourse-cdn.com/apecoin/original/2X/8/87729ae27812cb40f86f33b80539316c5d54e963.png)

Social Feeds with trading posts, free text, image & video content

[

1600×1065 290 KB

](https://global.discourse-cdn.com/apecoin/original/2X/4/40a6e555194e4a5f84ad7a3d32ddaf2c0c460d97.png)

Royalty tracking on both activity feed & item page:

[

1600×789 124 KB

](https://global.discourse-cdn.com/apecoin/original/2X/8/89b3acf98c594fc635faa8914f8194f6b97ede12.png)

Also Highlighting Our P2P Trading Tool With 'Deals' Functionality:

[

1600×859 115 KB

](https://global.discourse-cdn.com/apecoin/original/2X/a/a77b3be58f8df8ce44766ddc220e9150395bffa2.png)

About Snag Solutions:

Snag Solutions partners with dozens of top creators and communities including Goblintown, World Of Women, A Kid Called Beast, The Plague, Rug Radio, and of course, ApeCoin to build white label marketplaces and loyalty tooling. We were founded by early DoorDash leaders Jason ([Twitter](#) / [LinkedIn](#)) and '21 BAYC Zach ([Twitter](#) / [LinkedIn](#)).

We also have three advisors, all engaged BAYC/MAYC & ApeCoin members:

- tropoFarmer ([Twitter](#))
- Champtgram ([Twitter](#))
- NFTIgnition ([Twitter](#))

Since our last launch one of our new dev hires, [Robert](#), is another ApeCoin member!!

Motivation:

We started Snag to let creators take control of the buying and selling experience. Nothing is more critical to this than Royalties, shifting our mandate to building a platform that helps creators grow revenue. In the almost 1-year since launch we've partnered with 70+ amazing creators to support their communities with custom marketplaces and other white label tools, including social & loyalty products.

On a macro level, this is something the NFT space desperately needs, and with a market cap ~3x the size of Blur, ApeCoin DAO may be the only community / organization other than Yuga that can drive a reversion in behavior. Imagine what the space can look like in just 6-months with the largest creator in the space working in lockstep with the ApeCoin community?

Rationale:

To recap our rationale for key build decisions made in our previous proposal:

1. We partnered with Reservoir0x to leverage their open and on-chain orderbook. The fact that all orders are stored onchain forces us to deliver on our mandate.
2. Due to lack of an obvious mechanism to add value we started with 'lowest fee' relative to the 2.5% standard at the time. We take .25% on ETH sales and 0% on \$APE with .25% sent to the DAO on all native sales. Fees are sent to a 4/7 Gnosis multi-sig.
3. Because we're already building a lot of this infrastructure to support other creators, we can operate a high-quality product at low cost letting us launch at no cost.

Sharing our rationale on recommended changes below - we want your feedback here!

1. Why create a new marketplace competitor? Because the space desperately needs a marketplace that's controlled by the community and has long-term profit incentive to reward creators by enforcing royalties so we can let them invest in growing the category.
2. Why ApeCoin and why Yuga? ApeCoin is still one of the top DAO's by market cap and has by far the greatest reach within the collecting community with >135K unique \$APE holders. Meanwhile, Yuga still generates >50% of all ETH NFT sales. When this community and Yuga's collections move, the broader NFT community will join.
3. Why do we need a source of truth for royalties? Unfortunately royalties will never be 100% enforceable. You can always wrap the token, as we've seen with Punks trading on Blur. Creating a source of truth for royalties that's easily queryable will let projects withhold utility from bad actors who work around the system.
4. As a fast follow, we'll create a front end to let holders pay remaining royalty from the last transaction to bring the asset back into good standing. We'll build the system to be flexible for creators and/or verified marketplaces to adjust inputs.
5. Why change fee-structure? The primary reason is to increase the value of trading on the marketplace in \$APE by widening the fee gap and using \$ETH trading revenue as a natural funding source to make trading in \$APE a revenue generator for traders without creating farming behavior since each trade pays royalties.

Because this marketplace is DAO-controlled, and listings are all stored in Reservoirs Onchain and OpenSource orderbook we're as decentralized as your marketplace can be, and are easily replaced if we ever act against the interest of the DAO. This is YOUR marketplace, we're just asking for the opportunity to build and manage it for you.

Known Specifications (Our Tech Stack):

Current Snag Tech Stack

1. Front end libraries - Next.js, Vercel
2. Reservoir0x's aggregated liquidity and open-source + on-chain order book.
3. An in-house orderbook for our P2P trading product that leverages 0x's already audited v3 protocol as the onchain execution layer
4. Light backend for social features like user profiles
5. Credit card purchasing via ThirdWeb

Proposed additions

1. A new royalty tracking API that's accessible to all creators as a source of truth for whether the royalty was paid on a given transaction. This system will also solve for tracking of OTC trades and other transfer types that shouldn't be subject to royalty. (More details on this below)
2. Any development cost to support Yuga in transitioning collections or using the new royalty tracking standard in their own digital experiences.
3. Chat functionality. Both holder to holder and collection chat to improve social usage.
4. A front end that lets collectors identify the amount of royalty unpaid (in \$ETH/\$APE) and cover that fee by paying the creator to bring the asset into good standing.
5. (Non-Tech) A full time marketing hire to lead ongoing promotion of this new version of the ApeCoin marketplace in coordination with the ApeCoin Marketing & Comms working group.

Overall Cost & Timeline:

\$1M in \$APE to develop and maintain a marketplace that supports all collections at enterprise quality, build a source of truth on royalty data available via both oracle & API, and launch a basic tokenomic system to reward users who trade in \$APE.

Key inputs to the build include the below, but requirements will expand as we start working directly with top creators on enforcement:

1. The design, build, and polish of a 'horizontal' marketplace that supports all creators & collections. We have the basis of this in place, but meaningful work remaining to polish for launch and prepare for enterprise scale.
2. The development of a 'source of truth' for royalty payment data inclusive of tokens that are traded outside of the payment processor. We'll build this with Reservoir to include:
3. Indexing the entire chain (ETH first) to track whether full royalty was paid on the most recent sale (0/1), along with royalty data specific to a historical sale.
4. Pulling the data into our marketplace front end & making it available to creators via API/oracle to help them reward royalty payers by providing ongoing utility.
5. A front end that lets current holders cover unpaid royalties from the most recent transaction to bring the token into 'good standing'.
6. An admin tool giving creators flexibility to determine what counts/doesn't count as a full payment for their collections.
7. The creation of a basic tokenomics system that calculates \$APE payouts for traders buying/selling in \$APE dependent on % of total volume + funds available.

This proposal covers 5 high-quality employees for 1-year, (\$200K/employee on average, including equity and benefits) and is a bare bones budget to build + maintain a marketplace that can compete at scale. As the marketplace begins to generate revenue we'll reinvest in additional headcount to innovate on royalty enforcement & social collecting experiences.

The rough breakout of HC will be:

1. 2 FTE's to develop + maintain the horizontal marketplace, improving load times, & shipping features to increase adoption, including \$APE rebate mechanism development.
2. This includes ~.5 HC focused on site performance and load times as we scale traffic.
3. 2 FTE's to develop + maintain the royalty tracking system in partnership with Reservoir.
4. Some of the work will be done by Reservoir, covered by Snag with this funding.
5. 1 FTE as a new marketing hire to drive awareness of the new solution and partner with both the DAO marketing working group & top creators to promote the marketplace.
6. This would be the easiest cost for us to remove to reduce the proposal cost, but this would leave marketing unstaffed.

We're also requesting the following marketing support from the DAO:

- A direct link from the marketplace topline navigation of apecoin.com (modified from the current click in to access Snag Solutions marketplace)
- A direct link from the main ApeCoin account twitter bio to drive site traffic + SEO.

Timeline:

The current marketplace will continue to operate until replaced. Once passed we'll deliver the new & re-branded 'horizontal' marketplace build in ~a month, with initial royalty tracking available then. We'll ship improvements to the royalties 'source of truth', including the front end for 'make right' payments, through the first ~6-months until it's a perfect system. The marketplace itself will continue to ship features ongoing as requested by creators and the community!

We're requesting \$500K up-front, and \$500K on-launch of the initial marketplace + royalty tracking product, and will continue to operate the marketplace ongoing.

1. [8/23 - 8/30]: We'll listen to feedback via the forum, spaces, and twitter and incorporate, with regular ApeComms spaces participation and attendance on Monday's, Wednesday's, and Friday's.
2. Sharing a recording of today's spaces: <https://twitter.com/ApeComms/status/1694424263057650055>
3. [8/30-9/13]: Estimated timeline to work through drafts process and be ready for a vote.
4. [9/13-9/19]: Target vote! We'll partner as closely with the special council and ApeCoin moderators as possible to accelerate this process.

5. [10/20]: Target launch date!

Proposals submitted to the AIP Ideas category can be vague, incomplete ideas. Topics submitted here are not required to be submitted as a formal AIP Draft Template, however, you may still use the [template](#) if you wish.