

SECTION 1: APPLICANT INFORMATION

Provide personal or organisational details, including applicant name, contact information, and any associated organisation. This information ensures proper identification and communication throughout the grant process.

Applicant Name or Alias: Gavin Hasselbaink

Project Name: DeltaPrime

Project Description: DeltaPrime is a DeFi margin protocol on Arbitrum and Avalanche. Users can borrow up to 5x their collateral from lenders, simply by connecting their wallet and depositing any supported (LP-) asset. Through this, lenders utilize a bigger part of their capital, borrowers can borrow more and partnerprojects see increased TVL and volume in their project. For GMX this has meant over \$320mm in GLP mint/redeems on DeltaPrime so far.

Team Members and Qualifications:

Piotr Duda: CEO:

- 6 years of frontend experience in web2 & web3 development
- Previously led industrial projects with over 1.5M\$ cumulative budget
- 2 years founding core member @ DeltaPrime

Gavin Hasselbaink: CBDO

- 10 years of experience in effective communication
- TA trading experience in stocks; FX; Crypto.
- 2 years founding core member @ DeltaPrime

Kamil Muca: CTO

- 7 years of experience in web2 & web3 development
- led 20-headed IT team in financial project for HSBC
- 2 years founding core member @ DeltaPrime

Project Links:

Website

- <https://deltaprime.io>

Demo

- <https://x.com/DeltaPrimeDefi/status/1722630148179235209?s=20>

Github

- [GitHub - DeltaPrimeLabs/deltaprime-primeloans](#)

Twitter

- <https://twitter.com/deltaprime defi>

Grant Type: Open Grant

Contact Information:

TG: @Josakleen

Twitter: @DeltaPrimeDefi

Email: Gavin@deltaprime.io

SECTION 2: GRANT INFORMATION

Detail the requested grant size, provide an overview of the budget breakdown, specify the funding and contract addresses, and describe any matching funds if relevant.

Requested Grant Size: 100,000 ARB

Grant Breakdown: 100% of the grant will be used for incentivizing the upcoming GM pools on DeltaPrime. Moreover, this will only be used for any additional value brought to the GM pools.

Funding Address: 0x0E8822Cfb8374dAD12e15d72a95FAAe25a24faDb

Funding Address Characteristics: Gnosissafe 2/3 multisig on Arbitrum with cold wallets securely stored by each founding core member.

Distribution Contract Address: TBD

Incentivised Contract Addresses: TBD

SECTION 3: GRANT OBJECTIVES AND EXECUTION

Clearly outline the primary objectives of the project and the Key Performance Indicators (KPIs) used to measure success. This helps reviewers understand what the project aims to achieve and how progress will be assessed.

Objectives: This integration focuses on the improvement of the GMX V2 platform for its users. The primary aims of this grant are to 1) add an additional 10 million dollars to the main GM pools integrated on DeltaPrime, 2) incentivize users to migrate their GLP to GM positions 3) Increase the utilization ratio of DeltaPrime's lending pools, in order to improve cashflow throughout the Arbitrum ecosystem as a whole.

Key Performance Indicators (KPIs):

- TVL in GM vaults

DeltaPrime's mission is to add value to partner protocols with otherwise idle funds. Through the use of trustless undercollateralization, we're able to deepen pools of our partners, making the chain as a whole more efficient. Therefore the primary end result is the increase of GM's liquidity pools.

- GLP / GM TVL

Although DeltaPrime has recently launched on Arbitrum, it has amassed a total GLP value of \$870,229. Every asset, including GM competes with the alternatives on the platform, like GLP. So far GLP has been wildly successful on DeltaPrime's Avalanche version, resulting in DeltaPrime contributing to 35% - 40% of GLP's growth on Avalanche during its prime time ([DeltaPrime and GMX on Avalanche | elvis | Flipside](#)).

GLP contributors already believe in the success of GMX, which means they are likely to be the first to move their GLP positions into GM. Given that this grant intends to incentivize just that, we will track the TVL of GLP divided by the TVL of GM as a measure of success. The closer this number comes to 0, the more successful the incentive program.

- Savings Utilization ratios

Lastly, DeltaPrime's ability to lend undercollateralized and trustless, allows it to reach arbitrarily high utilization ratios. While a buffer is in place to prevent credit crunches, a high utilization ratio means that a larger part of the supplied capital is being reinvested into the Arbitrum DeFi ecosystem. By achieving high utilization ratios, we not only directly benefit the GM pools, but the ecosystem as a whole as well, since less capital is needed for the same GM allocation (capital that can be used on either GMX, or any other platforms in the ecosystem). While supplied capital will increase simultaneously, we believe that this incentive program can, and should, measure its success partially by the utilization ratios it achieves.

How will receiving a grant enable you to foster growth or innovation within the GMX ecosystem?:

DeltaPrime will foster growth within the GMX ecosystem in three ways with this grant:

- GM Liquidity

DeltaPrime is almost finished integrating its first GM pools (ETA: November 27th). This grant will be used to provide bonus APY on top of the existing yields, for every borrowed dollar that provides liquidity to these pools. This does a couple of things:

- New users

Undercollateralized borrowing can, with the right integration, lead to sky-high APYs. Where usually these leveraged positions get their real APYs nuked due to impermanent loss, with DeltaPrime's borrowing system and GMX v2's synthetic system, you can design your own exposure. So while you could choose 4x exposure on the underlying assets, you can also choose to go quasi (due to counterparty risk) delta neutral.

Quasi delta neutral + sky high APY attracts new users to GMX increasing the size of the pools. [

](https://global.discourse-cdn.com/business7/uploads/gmx/original/1X/1eb8a72369a85e3c6c7c21ac50b611c5e7c953cf.png)

- Existing users

This delta design also allows GMX users to safely increase their existing positions. GM can be imported in the Prime Account straight from the wallet, after which users can directly borrow with their desired risk profile.

One liquidity provider providing \$1mm to BTC-USD can in a few clicks provide an additional \$1mm to ETH-USD and \$1mm to ARB-USD, without taking on additional price risk. This way GMX's users get the most of the platform, and the platform gets the most out of them.

- GLP transition

Currently, DeltaPrime users on Arbitrum own a total balance of \$870,229 in GLP. For these users, DeltaPrime will implement a new ZAP function. As one of these holders, you can soon migrate your GLP with one function (and a couple of transactions acceptations) by selecting the GM pools you would like to get exposure to instead. All within the Prime Account. By routing more funds from GLP to GM, liquidity on GMX will be used more efficiently, leading to faster and stabler growth of the platform.

Justification for the size of the grant:

DeltaPrime has proven the positive impact it can have on the GMX platform with previous collaborations. This was done without DeltaPrime requesting incentives from the GMX community. Similarly, DeltaPrime has not applied for the STIP on Arbitrum recently. The reason we have this strict selection on the grant proposals we submit, is that we don't believe in asking for funds unless we know for a fact that allocating funds to DeltaPrime will be more efficient than allocating to alternatives. We are here to help this space grow, not to extract as much community value as possible.

Which is why we are here, requesting 100,000 ARB. The GM integration is almost complete: we pay for the devs to develop the smart contracts, we pay for the partnerships with i.e. Chainalysis and Hexagate to keep the integration secure, and we pay for the audits and Atomica insurance if an exploit were to happen.

This leaves the 100,000 ARB to be used for one left-over goal: to incentivize as many users as possible to start using otherwise unwilling capital (from lenders) to provide liquidity to GMX v2. All 100,000 ARB will be used for GMX users, who add additional capital to the GM pools. And with this 100,000 we can run our program for ten weeks from launch, ensuring to get the most out of this integration.

Execution Strategy:

DeltaPrime wants to add value, not extract. For this reason we are incentivizing users to use borrowed funds to mint GLP. The more people that use borrowed funds, the more value can be put into GM pools by people who don't wish to have (price) exposure on the underlying token. After all, a user who wishes to manage a GM position will mint it themselves, or borrow to mint. Liquidity in Savings pools is specifically deposited to have exposure on that asset, in a DeltaPrime pool. Thus, by using lenders' funds we can fill GM pools with capital that would otherwise stay out of GMX or, worse, end up providing no value in an overcollateralized lending protocol.

The way we incentivize this is by making sure we only incentivize over deposited liquidity higher than the collateral value. On DeltaPrime you can deposit collateral as well as borrowed funds, so a user that deposits their \$1,000 GM assets, borrows 1000 USDC and puts that in a GM pool, will receive incentives over the additional \$1000. The person who deposits \$1,000 GM as collateral and fills up three other pools with GM tokens (potentially hedging himself), receives incentives over \$3,000 of capital, et cetera.

As there is a fixed amount of ARB streaming, this strategy allows us to hit higher TVL with the same ARB, while simultaneously rewarding GMX liquidity providers who are committed to the GMX protocol. As an example:

There is currently \$3mm in the BTC-USD GM pool, equally shared across 3 liquidity providers. All three users import their position on DeltaPrime to borrow against:

Adam

Borrows an additional \$1mm and uses it to create an additional TraderJoe LP position for BTC-USDC. His collateral is \$1mm, the GM position is \$1mm, so the total incentives are counted over $\$1\text{mm} - \$1\text{mm} = \$0$. While his new position did benefit the chain as a whole (after all BTC-USDC swaps on TJ just got cheaper), it did not support the primary objective, hence there no incentives being paid out to this account.

Barry

Borrows \$2mm, using one for the same TJ position and the other for providing an additional \$1mm to BTC-USD. His collateral is \$1mm, and his total GM position is now \$2mm. He receives incentives over $(\$2\text{mm} - \$1\text{mm}) = \$1\text{mm}$. With there currently being only \$1mm in added GM deposits routed through DeltaPrime he earns 100% of the ARB emissions. Over \$1mm that amounts to 52% bonus APR.

Cindy

Borrows \$2mm and spreads \$2mm (collateral + \$1mm) over all available GM pools. Her collateral is \$1mm and her total GM position is \$2mm. She now qualifies for 50% of the incentives, giving her, and Barry, a bonus APR of 26%.

With Adam, Barry and Cindy, DeltaPrime gives a bonus APR of 26% on GM with 4 million dollars in extra GM deposits. Should they (potentially hedged) deposit a higher percentage of their available capital on GMX this number does not only increase their share in the pool, but also the multiplication of the APR on their collateral: 26% over \$2mm is 52% with \$1mm undercollateralized borrowing.

Depending on the risk adversity of an individual user, given a total dollar value of deposits his personal APY can be higher or lower based on the collateral ratio (collateral ratio being calculated as collateral value / borrowed value) of his Prime Account. A Prime Account with 40% health (indicating 3x borrowed), a with \$5mm GM LPs earns 41,6% in incentives. Below you see the APY a user with 1x borrowed will receive when using this + collateral for GM pools.

[

1600×1395 271 KB

](<https://global.discourse-cdn.com/business7/uploads/gmx/original/1X/dc542bf6403961eaa643e68c3b89c2f355180d00.png>)

Grant Timeline and Milestones:

Milestone

Date

Milestone

Penalty for not reaching the milestone

1.

November 27

Launch GM pools + Start emissions

None.

2.

December 6

GLP → GM ZAP live

None.

3.

Three weeks after start emissions (December 18)

\$3mm in GM deposits

50% cut in incentives, milestone remains for next date if not reached.

4.

Six weeks after start emissions (January 8)

\$6mm in GM deposits

50% cut in incentives, milestone remains for next date if not reached.

5.

Nine weeks after start emissions (January 29)

\$9mm in GM deposits

50% cut in incentives, milestone remains for next date if not reached.

6.

Ten weeks after start emissions (February 5)

\$10mm in GM deposits; end of incentive program

None.

Fund Streaming: We accept that the funding of our grant is streamed linearly for the duration of our grant proposal, and that the multisig holds the power to halt our streamed grant at their discretion at any time.

SECTION 4: PROTOCOL DETAILS

What date did you build on GMX?:

February 9, 2023 (one month after Avalanche launch): fsGLP & Yield Yak GLP vault integrated in DeltaPrime as 5x collateral options

September 21, 2023 (At Arbitrum launch): sGLP & Yield Yak GLP vault integrated in DeltaPrime as 5x collateral options

Protocol Performance:

DeltaPrime was born in the bear, launching on Avalanche on January 10, 2023. One month later, directly after integrating GLP, DeltaPrime reached \$18mm dollars in TVL. A couple of months after that, this number increased to \$22mm. After the decline of APYs of integrated protocols, including GLP, DeltaPrime dropped to a low of \$9mm back in August. Since then DeltaPrime has been making her way back up by integrating new protocols, integrating TradingView, adding to our growing list of security partners and deploying on Arbitrum. Small gaps in October and November were due to exploits of an integrated protocol, and were quickly met with good crisis communication and a plan to prevent it from happening in the future. Right now, next to multiple reporting partners, we have a self-built insurance fund with >\$100k and an external insurance provider providing up to \$150k of any integrated protocol exploit. Additionally, DeltaPrime has undergone 6 code audits, and partnered up with Chainalysis for quick fund retrieval in the case of an underlying protocol exploit. [

1600x576 103 KB

](https://global.discourse-cdn.com/business7/uploads/gmx/original/1X/524365ddc45aae30ded7353e21232448b841eba2.png)

Next to the TVL, DeltaPrime accounted for more than \$720mm in swaps with Prime Accounts. At least \$310mm in volume has been traded within a four month timespan, solely consisting of GLP.

[

1600x367 146 KB

](https://global.discourse-cdn.com/business7/uploads/gmx/original/1X/b263aff09ac6c82f6198d46104daca20a856c323.png)

flipsidecrypto.xyz

[DeltaPrime - Alpha Board | Flipside](#)

An analysis of DeltaPrime, an decentralized, undercollateralized borrowing platform on the Avalanche Blockchain

DeltaPrime provided over half of Yield Yak's GLP during the Avalanche Rush:

flipsidecrypto.xyz

[GLP Wars On Avalanche | Flipside](#)

The GLP war refers to the competition between liquidity providers on the GMX platform to acquire as many GLP tokens as possible. This dashboard offers a comprehensive and in-depth analysis of the GLP wars on Avalanche, including which protocols have...

Protocol Roadmap:

DeltaPrime recently shared its newest security partnerships: Hexagate, Atomica and Chainalysis. Atomica has already been prepared, leading to \$150k in insurance covering DeltaPrime's pools.

Hexagate: Automatic liquidity withdrawing at time of an exploit

January 10

Chainalysis: Contract monitoring and immediate emergency response plan live

January 10

Audit History (if any):

github.com

[DeltaPrimeLabs/deltaprime-primeloans/blob/dev/main/audits/DeltaPrime-Review-Piotr-Szlachciak.pdf](https://github.com/DeltaPrimeLabs/deltaprime-primeloans/blob/dev/main/audits/DeltaPrime-Review-Piotr-Szlachciak.pdf)

This file is binary. [show original](#)

github.com

[DeltaPrimeLabs/deltaprime-primeloans/blob/dev/main/audits/PeckShield-Audit-Report-DeltaPrime-v1.0.pdf](https://github.com/DeltaPrimeLabs/deltaprime-primeloans/blob/dev/main/audits/PeckShield-Audit-Report-DeltaPrime-v1.0.pdf)

This file is binary. [show original](#)

github.com

[DeltaPrimeLabs/deltaprime-primeloans/blob/dev/main/audits/PeckShield-Audit-Report-DeltaPrime.pdf](https://github.com/DeltaPrimeLabs/deltaprime-primeloans/blob/dev/main/audits/PeckShield-Audit-Report-DeltaPrime.pdf)

This file is binary. [show original](#)

github.com

[DeltaPrimeLabs/deltaprime-primeloans/blob/dev/main/audits/Smart_Contract_Audit_DeltaPrime_Protocol_04112022.pdf](https://github.com/DeltaPrimeLabs/deltaprime-primeloans/blob/dev/main/audits/Smart_Contract_Audit_DeltaPrime_Protocol_04112022.pdf)

This file is binary. [show original](#)

github.com

[DeltaPrimeLabs/deltaprime-primeloans/blob/dev/main/audits/PeckShield-Audit-Report-DeltaPrime-v2.0.pdf](https://github.com/DeltaPrimeLabs/deltaprime-primeloans/blob/dev/main/audits/PeckShield-Audit-Report-DeltaPrime-v2.0.pdf)

This file is binary. [show original](#)

github.com

[DeltaPrimeLabs/deltaprime-primeloans/blob/dev/main/audits/PeckShield-Audit-Report-DeltaPrime-v2.1.pdf](https://github.com/DeltaPrimeLabs/deltaprime-primeloans/blob/dev/main/audits/PeckShield-Audit-Report-DeltaPrime-v2.1.pdf)

This file is binary. [show original](#)

SECTION 5: Data and Reporting

Provide details on how your team is equipped to provide data and reporting on grant distribution.

Is your team prepared to create Dune Spells and/or Dashboards for your incentive program?:

Yes, we will build a dashboard on Flipside Crypto that will keep track of the KPIs of the incentive program

Does your team agree to provide bi-weekly program updates on the GMX Forum thread?:

Yes we agree to this.

Does your team acknowledge that failure to comply with any of the above requests can result in the halting of the program's funding stream?:

Yes we agree.

Please note: Labs and the Grants Committee retain the right to approve, disapprove, or subsequently disqualify any grant from the programs they are administering at their sole discretion.