Applicant Name or Alias

: Dan

Project Name

: Rysk

Project Description:

Rysk is a DeFi options protocol. Rysk's main product is the Dynamic Hedging Vault (DHV), an AMM (Automated Market Maker) and RFQ (Request for Quotation) protocol generating uncorrelated returns for its liquidity providers whilst enabling anyone to trade options with a wide range of strike prices and expiry dates. DHV is targeting a market neutral position for liquidity providers by hedging using price actions in the options or by trading delta with GMX V1.

Team Members and Qualifications:

- Dan: co-founder. BD.

- https://twitter.com/DanDeFiEd

- ugolino (Dan) · GitHub

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- Jib: co-founder. Eng/ Tech lead / Smart contract

- https://twitter.com/Jib0xD

- kjr217 · GitHub

- https://twitter.com/Jib0xD

- kjr217 · GitHub

- Gerry: co-founder. Eng/ Data analysis

- https://twitter.com/RyskyGeronimo

- thegeronimo · GitHub

- https://twitter.com/RyskyGeronimo

- thegeronimo · GitHub

- Degeneral: Quant Lead

- https://twitter.com/degeneral_defi

- degeneral-defi (degeneral) · GitHub

- https://twitter.com/degeneral_defi

- degeneral-defi (degeneral) · GitHub

- Josh: Smart Contract Dev

- https://twitter.com/Josh_0x01

- JoshDAO (Josh) · GitHub

- https://twitter.com/Josh_0x01

- JoshDAO (Josh) · GitHub

- Tim: Front-end Lead

- MeanBoyCousin (Tim Dunphy) · GitHub

- MeanBoyCousin (Tim Dunphy) · GitHub

- Atomist: Lead Marketing

- https://twitter.com/0xAtomist
- https://twitter.com/0xAtomist
- Jack: Full stack dev
- [thundering-silence · GitHub](thundering-silence)
- [thundering-silence · GitHub](thundering-silence)
- Shuri: Quant
- [Shuri2060 · GitHub](Shuri2060)
- [Shuri2060 · GitHub](Shuri2060)
- Thatboi: Quant
- [ryskyboi · GitHub](ryskyboi)
- [ryskyboi · GitHub](ryskyboi)
- DeKay: Quant
- [DeeKay3 (Doğay Kamar) · GitHub](DeeKay3)
- [DeeKay3 (Doğay Kamar) · GitHub](DeeKay3)
- Proofofjake: Head of Community
- https://twitter.com/proofofjake_
- https://twitter.com/proofofjake_

Project Links:

- website: https://www.rysk.finance/
- app: https://app.rysk.finance/
- docs: https://docs.rysk.finance/
- github: [rysk-finance · GitHub](rysk-finance)
- blog: https://blog.rysk.finance/
- twitter: https://twitter.com/ryskfinance

Contact Information:

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dan@rysk.finance

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:

60K ARB

Grant Matching:

n.a.

Grant Breakdown:

- 30k ARB to cover the audit to integrate GMX v2 into Rysk DHV to hedge the vault exposure.

- 30k ARB will be used as fee rebates for the fees paid on GMX v2 by the DHV

Funding Address:

0xc051B37C2B4f103d397074EeE54573765dF83A72

Funding Address Characteristics: 2/3 Gnosis Safe

Distribution Contract Address:

0x77617bCb00f497f53Ce8fDf70e405BaB612c2Aa6

Incentivised Contract Addresses:

GMX v2 Hedging reactor will be deployed once audited

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:

Main objective is to increase GMX volumes by integrating and performing Rysk DHV hedges with GMX v2.

Differently from GMX v1, Rysk could massively benefit from an integration with GMX v2 since the DHV can have negative funding opportunities where in v1 we always pay funding, making hedging on GMX v2 the cost effective alternative.

In addition, Hedging is a critical component of Rysk, and the goal is to have a a limited amount of hedging venues for regular use. It is for this reason that integration with GMX v2 would be synergistic as it would boost GMX volumes while enabling better performance of Rysk vaults.

Key Performance Indicators (KPIs):

[Specify the KPIs, including but not limited to total value locked, transaction volume, and number of users that will be used to measure success in achieving the grant objectives]

- Weekly traded volumes (target: $8M)

- Hedged volumes on GMX (target: $20M first year)

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

Currently Rysk is only integrated with GMX v1 and Uniswap and so far total volumes hedged from the DVH are over $16m. Assuming a 40bps fee and current pace of hedging, DHV should be able to generate over $60k fees for GMX in the first few months.

It's also important to consider growth, when GMX v1 launched it was doing $20M in daily volume a year later it's volume was 10-20X consistently. Rysk is a relatively young project so we can conservatively assume a lower growth rate of 300% over 3 years that breaks down to:

Initial Fees (current year): $64,000

Fees in Year 2 (300% growth from Year 1): $192,000

Fees in Year 3 (300% growth from Year 2): $576,000

$832,000 in fees to GMX in just the first 3 years which pays for the grant by over 10X. If assuming 500% growth that will be over $2 million in fees for GMX.

Effective risk hedging is a crucial factor for success in Rysk. By achieving better and more cost-effective hedging, liquidity providers can reduce risks and increase returns. This, in turn, leads to higher TVL and subsequently, higher trading volumes. The grant will be used to complete the integration of GMX hedging, which will be regularly utilized. As Rysk expands, the volumes on GMX will grow in tandem.

Additionally the GMX v2 design will enable Rysk to benefit from negative funding rate, making it attractive to do more frequent hedges. For reference, Rysk volumes have been growing substantially recently, positioning Rysk as the main

exchange for options in the Arbitrum ecosystem in terms of trading volumes. This growth is also increasing the need for hedging. Therefore, we expect a significant increase in hedging activity in the coming months.

[

Screenshot 2023-12-04 at 13.07.29

2268×880 79.9 KB

](https://global.discourse-cdn.com/business7/uploads/gmx/original/1X/869a72fa5f38eb5219516da0f23e9e612899d87c.png)

Justification for the size of the grant:

- Rysk is taking security as a priority and an audit will be performed for the GMX v2 integration. From our previous experience audit cost for such integration is around 30k ARB.

- Since launch rysk hedged over $16m volumes and assuming a 40bps fees we can conservatively (no growth) estimate over $60K fees for GMX in year one. We plan to have a 50% rebates of this from the Grant in order to reduce the cost of hedging and improve overall performances of the DHV.

Execution Strategy:

[Describe the execution plan, including resources, products, use of funds, and risk management. This includes allocations for specific pools, eligible assets, products, etc.]

- Audit will be performed by Trust or Dedaub since their familiarity with the current Rysk codebase.

- The amount for the fee rebates will be sent every week back to the DHV pool based on total fees paid to GMX v2 during the previous week

Grant Timeline:

[Describe the timeline for the grant]

- integration will be completed and audited in 7 weeks after the grant is confirmed

- the fee rebates will be distributed once the integration is live until the amount is over

Fund Streaming:

[Do you accept the funding of your grant streamed linearly for the duration of your grant proposal, and that the multisig holds the power to halt your streamed grant at their discretion at any time?]

Y

SECTION 4: PROTOCOL DETAILS

Provide details about the protocol requirements relevant to the grant. This information ensures that the applicant is aligned with the technical specifications and commitments of the grant.

What date did you build on GMX?:

Current Rysk GMX v1 integration was deployed on Aug-25-2023 ([Arbitrum Transaction Hash (Txhash) Details | Arbiscan](#))

Protocol Performance:

- Cumulated Options Volume Traded: $62M

- Average Daily Options Volumes last 30d: $1.2M

- TVL: $3.1M

- Cumulated Volume Hedged: $16M

Protocol Roadmap:

[Describe relevant roadmap details for your protocol or relevant products to your grant application.]

- Dec 2023: GMX v2 integration

Audit History (if any):

- Trust - Beyond Upgrade - June 2023

- Trust x 100Proof - Beyond - February 2023

- Dedaub - Beyond - January 2023

- Trust - range order - December 2022

- Dedaub - GMX v1 - December 2022

- Dedaub - Alpha - June 2022

- AkiraTech - Alpha - August 2022

All reports can be found on Security Reviews - Rysk Finance

SECTION 5: Data and Reporting

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

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

Yes

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

Y

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?:

Y

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.