

Abstract

This grant submission aims to integrate TBYS, the pioneering commercial debt token carrying no KYC requirements or transfer restrictions, yet fully collateralized by US Treasury Bills, into the Arbitrum environment.

Our advocacy revolves around the profound potential of TBYS within the Arbitrum ecosystem. Blueberry Protocol humbly requests the DAO representatives to contemplate the incentivization of the issuing protocol, Bloom, to deploy on the network, fostering growth on Arbitrum via the lowest risk high yield lending rates for USDC and an valuable new yield token primitive to be used across other protocols.

Crucial to this proposal is the legal and regulatory classification of TBY, which is not categorized as a security. Legal classification and explanation is provided as well as links to follow up and read more on this topic. We possess legal opinions from top law firms giving us their opinion which we can share with the delegates of DAO.

Introduction

Project Description: Blueberry Protocol operates as a lending and leveraged borrowing market ecosystem built on Ethereum, specializing in the field of TradFi assets under its Bloom lending market line where TBY token is minted. Bloom brings yields from the US Treasury into the DeFi economy with its two permissionless and compliant products: TBYS (loans which behave like T Bills) and stUSD (yield-bearing stablecoin backed by TBYS). All TBYS(debt tokens) are 102% collateralized by US Treasury Tokens (collateral provided by qualified KYC'd borrowers).

TBYS behave similarly to US T Bills, paying out a fixed-term yield over a 6-month period that can be redeemed at maturity. One of TBYS' core objectives is to offer near-treasury rates to the DeFi space, at scale, with a focus on jurisdictions where traditional KYC norms have proven unfavorable. With no KYC prerequisites and a risk profile similar to a US Treasury Bill, TBYS provide our clients a delta neutral fixed income alternative, facilitating borderless accessibility unlike its traditional counterpart.

Twice per month, Bloom will open up minting for a 3-day period for that month's TBY. Users mint TBY with USDC, and are paid out in USDC at maturity. Further information about mints can be found via: [TBYS - Bloom Product Docs](#)

Motivation

Increased Volume and Adoption

Empowering the Arbitrum financial ecosystem with increased volume and adoption through TBY's by introducing a non-KYC on-chain token with same characteristics as the US Treasury Bill can attract a larger number of institutional users, especially from regions where strict KYC verifications hinder access to traditional financial instruments. This can boost the volume of transactions on Arbitrum and enhance its adoption rate in emerging markets. TBYS also serve as a composable yield token that can be utilized in dexes and lending markets to drastically improve organic non-reward yields. When combined with reward tokens, yields can exceed double digits without introducing significant economic risk vectors.

Boosting DeFi Activities

The introduction of a stable, risk-free asset like the TBY can provide a foundation for more complex DeFi products and strategies, such as collateralized lending, yield farming, AMM's and Bribes.

Liquidity and Stability

TBY's can bring significant liquidity to the platform. The predictable and relatively stable returns of TBY's (T-Bills) can also act as a counterbalance during volatile market conditions, ensuring greater overall stability in the Arbitrum ecosystem.

Starting with a boost

Bloom has garnered significant attention within the Arbitrum community. Key platforms like Dolomite are poised to integrate Bloom as a lending market. The synergy between RWA protocols and ve(3,3) DEXs, exemplified by partnerships with Chronos Exchange, offers immense potential. Such collaborations allow partners to incentivize with genuine yield, thereby accelerating TVL growth and RWA adoption on the Arbitrum chain.

Rationale

Permissionless systems embody the spirit of decentralization. By enabling a non-KYC TBY Token fully backed by US Treasury bills, Arbitrum would be promoting a financial product that does not have centralized gatekeeping. This ensures that the platform remains true to its roots by offering unobstructed access to global financial assets.

One of Arbitrum's guiding values is to enable a more inclusive financial system. By integrating a non-KYC TBY token, Arbitrum can reach users from regions with strict financial regulations or underserved by the traditional banking sector, granting them exposure to stable, low-risk assets traditionally reserved for more mature markets and privileged jurisdictions who are US KYC friendly.

US Treasury bills are considered one of the safest financial instruments, given that they are backed by the full faith and credit of the US government. By offering TBY's, a token backed by such a reliable asset, Arbitrum reinforces its commitment

to security and reliability in the financial products available on its platform.

We are aiming to use Arbitrum to bridge the gap between traditional financial instruments and the tenets of DeFi. This can attract a wider range of users and liquidity providers who are seeking both innovation and stability. Along with having this process facilitated on-chain, provides clearer transparency into the process and the inner workings.

In summary, a permissionless, non-KYC US Treasury bill backed token (TBY) on Arbitrum can align seamlessly with the platform's mission of promoting a decentralized, secure, and inclusive financial ecosystem, all while pushing the boundaries of innovation in the DeFi space.

Grant request specifications

The primary objectives of the requested grant are as follows:

1. Enhance the Arbitrum network's sustainability by recruiting and integrating new users, thereby amplifying the total locked value (TVL).
2. Foster the advancement and proliferation of the USDC LST called stUSD, yield farming strategies, and the embrace of fixed income offerings, with a particular focus on Real World Assets (RWA's).
3. Champion a robust and scalable ecosystem featuring a 'risk-free yield' asset accessible to all participants.

Through this grant, Blueberry Protocol seeks to introduce TBYs to the Arbitrum ecosystem, establishing its pioneering stance as the inaugural on-chain, non-security classified US T-Bill token, offering the most secure crypto transaction available today.

Grant Value

We are asking for your support to approve the grant of 119,604 ARB worth of incentives which will be used to incentivize minting of TBY on the Arbitrum network.

Tokens will be distributed as follows:

- Yield farming, stable pools (TBY-stUSD And TBY-USDC): 50,000 ARB
- Direct minting incentives: 20,000 ARB
- Yield Farming, stUSD-partner token pools: 29,604 ARB (stUSD can be used as a paid asset to reduce the cost of liquidity for partner tokens)
- Operational expenses / infra: 20,000 ARB

Project Links:

- **Website:** <https://www.bloom.garden/> & <https://www.blueberry.garden/>
- Audit: docs.bloom.garden
- Product Factsheet: [DocSend](#)
- **GitHub:** [GitHub - Blueberryfi/Bloom-protocol](#)
- **Twitter:** <https://twitter.com/blueberryFDN>

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