

Project name

: KyberSwap by Kyber Network

Author name and contact info

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Optimism forum handle: shaneMkt ([Profile - shaneMkt - Optimism Collective](#))

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

: Yes

I understand that I will be expected to following the public grant reporting requirements outlined [here](#)

: Yes

L2 recipient address

: 0x5891be896ed4a79ed928c55b17fbbecdb46f8a00

Which Voting Cycle are you applying for?

: Season 3, Cycle 10

Which sub-committee should review your proposal? (Builders Grants, Growth Experiment Grants)

: Growth Experiment Grants

Project description

(please explain how your project works): [KyberSwap.com](#) is a DEX aggregator and liquidity platform on Optimism that aims to provide the best rates for traders, while enabling liquidity providers to maximize earnings through capital efficiency. Kyber is an Ethereum and DeFi pioneer, was the most used DeFi protocol in 2019, and now a top 3 DEX in terms of volume on Optimism.

KyberSwap has been deployed on Optimism since July 2022 and shares its motivation for a collaborative cyberspace. OP and KNC incentives would be used by KyberSwap to drive user, liquidity, and ecosystem growth. In particular, KyberSwap plans to work together with top DeFi projects such as Lido, QiDAO, and Synthetix on joint growth activities, as well as leverage our strong presence in Southeast Asia (SEA) to grow the Optimism community (both users and builders) in the region.

KyberSwap brings substantial benefits to Optimism users:

For Traders: KyberSwap aggregates liquidity from different DEX pools (including KyberSwap's), getting the optimal trade route and best price. This may even route volume to external DEXes such as Velodrome or Uniswap depending on the quality of liquidity, thus further contributing to the Optimism ecosystem. Traders can identify tokens that are 'Trending' or 'Trending Soon' using a detection algorithm that tracks on-chain metrics as volume and market cap.

For Liquidity Providers: LPs deposit tokens into liquidity pools and earn compounding fees. Pools are flexible and have features such as anti-sniping and concentrated liquidity, mimicking higher levels of liquidity and achieving better capital efficiency, volume, and returns. By extension, this means OP grants used as liquidity incentives would result in a much bigger impact on liquidity and swap rates compared to typical DEXes.

For developers: Optimism Dapps and wallets can integrate with KyberSwap pools and aggregation API to provide the best rates for their own users, saving time and resources. Chainlink is already supporting price feeds for the KNC token on Optimism so KNC can also be used as collateral on lending platforms.

Website

: <https://kyberswap.com/>

Twitter

: <https://twitter.com/kybernetwork/>

Discord/Discourse/Community:

[Kyber Network Official](#)

Other relevant links

(including any demos): Optimism Yield Farms: <https://blog.kyberswap.com/stay-optimistic-with-17-new-kyberswap-yield-farms-on-optimism-network/>

Docs: <https://docs.kyberswap.com/>

Blog: <https://blog.kyberswap.com/>

Additional team member info

(please link): Victor Tran: CEO Forbes 30 under 30 [KyberNetwork](#) Twitter: <https://twitter.com/vutran54>

Loi Luu: Heading Kyber Ventures Forbes 30 under 30 [KyberNetwork](#) Twitter: [https://twitter.com/loi\\_luu/](https://twitter.com/loi_luu/)

Yaron Velner: Founder of B.Protocol, current KyberSwap advisor Twitter: [https://twitter.com/yaron\\_velner](https://twitter.com/yaron_velner)

Please link to any previous projects the team has meaningfully contributed to

: Kyber is a mature project that is a pioneer in the Ethereum and DeFi space and has been operational for 4+ years without facing any major vulnerability.

Kyber initiated and co-launched Wrapped Bitcoin (WBTC), the most used wrapped version of BTC in the DeFi space today, and we aim to bring similarly innovative initiatives to the Optimism space. <https://wbtc.network/>

Kyber has partnered with Lido Finance to bring low slippage, optimized liquidity for liquid staking pairs such as wstETH (as well as USDC, ETH, LDO liquidity) to Optimism and Ethereum. [Lido Finance and KyberSwap bring low slippage, wstETH liquidity to Ethereum](#)

Kyber has partnered with Multichain to provide an alternative UI with seamless bridging of cross-chain assets to Optimism. <https://blog.kyberswap.com/kyberswap-launches-multichain-integration/>

Created the Waterloo Cross-chain Bridge in 2019, a decentralized practical bridge between EOS and Ethereum, which inspired NEAR protocol's Rainbow Bridge. [ETH-NEAR Rainbow Bridge – NEAR Protocol](#)

Kyber has organized and participated in various hackathons that contributed to the launch of top DeFi projects. Examples:

Kyber DeFi Hackathon 2019 with our partners Enzyme Finance (previously called Melon), Synthetix, Chainlink, bZx, Compound, and WBTC, helped launch Zapper (previously called DeFiZap) <https://twitter.com/kybernetwork/status/1194238093043220482?lang=en>

Kyber's bounties in Ethereum hackathons such as ETHSingapore and ETHBerlin helped launch [1inch.io](#)

InstaDapp won a Kyber bounty with their integration in ETHIndia 2018, contributing to their successful launch

Relevant usage metrics

(TVL, transactions, volume, unique addresses, etc. Optimism metrics preferred; please link to public sources such as Dune Analytics, etc.): Top 3 in DEX volume despite not having received any OP grants before and with much less Total Value Locked (TVL) compared to the current highest TVL DEXes. Source: [Dexs - DefiLlama](#)

Note: Volume displayed on defillama is direct volume through KyberSwap pools, not KyberSwap aggregator volume.

Current KyberSwap DEX aggregator integrations on Optimism: Velodrome, Uniswap, Curve, BeethovenX, Synapse, Zipswap, and Synthetix (we integrated these DEXes for our aggregator).

Current TVL on KyberSwap pools on Optimism only: \$9M

Among the top volume contributors for wstETH on Optimism. Source: <https://www.coingecko.com/en/coins/wrapped-steth#markets>

50+ DeFi/GameFi Dapp integrations

Over \$13.7 Billion+ worth of lifetime trading volume

577K web visits (Average last 3 months - similarweb)

616K cumulative lifetime unique users on Ethereum (New + Legacy KyberSwap - pro.nansen.ai)

6,000 average DAU

15,000 average daily transactions

Current TVL on all KyberSwap pools: \$110M+

Total TVL accounting for aggregated DEXes: \$24B+

More KyberSwap liquidity pool stats can be found on our KyberSwap analytics dashboard [KyberSwap Elastic Analytics](#)) and aggregator stats can be found on our holistics dashboard ([Kyberswap Aggregator Analytics - Kyber Network \(4.0\)](#))

Competitors, peers, or similar projects

(please link): Curve, Uniswap, Velodrome, 1inch, Paraswap

Is/will this project be open sourced?:

Yes

Optimism native?

: No

Date of deployment/expected deployment on Optimism

: 7/13/2022

What is the problem statement this proposal hopes to solve for the Optimism ecosystem?:

Deep crypto liquidity is essential for any burgeoning ecosystem such as Optimism, and this is relevant to both new and mature DeFi or GameFi projects alike. Market makers/liquidity providers need a capital efficient and flexible venue to add liquidity and earn from their contributions. In parallel, traders need a simple method to aggregate liquidity from different DEXes to swap tokens at the best rates. There is a lack of a single DEX platform that offers both important functions (efficient liquidity + best rates through aggregation) at the same time for users, while incentivizing them to participate in the Optimism ecosystem. Moreover, despite a fast-growing community in western regions, Optimism's presence in SEA is not as strong as it should be; KyberSwap can help with that.

How does your proposal offer a value proposition solving the above problem?

: KyberSwap will use the OP grants to bootstrap and deepen liquidity for popular pairs on Optimism. This is achieved by incentivizing liquidity providers to deposit liquidity (and yield farm) into KyberSwap's concentrated liquidity pools, which would enable much more efficient use of their precious capital. KyberSwap would endeavor to utilize the OP grants in a sustainable manner so that liquidity is retained beyond the yield farming period. Moreover, KyberSwap will be using our own KNC funds to encourage more trading on Optimism, further contributing to volume and fees earned by liquidity providers on KyberSwap.

Even external DEXes that are integrated by KyberSwap aggregator, such as Velodrome, Uniswap, Curve, BeethovenX, Synapse, Zipswap, or Synthetix, benefit when we direct volume to them (via liquidity aggregation for the best rates).

A combination of OP and KNC grants would be used with guidance from OP Labs to grow the Optimism builder ecosystem and community in SEA through grants and business development initiatives.

ALL OP grants will be distributed to Optimism users for their benefit. The Kyber team or KyberDAO will not be receiving any of the funds.

Grants would be allocated as incentives for popular token pairs that have the highest potential for usage and trade volume on Optimism. This is especially pertinent for pairs that currently lack concentrated liquidity support and are capital inefficient.

The following pairs are already being incentivized on KyberSwap with KNC incentives as part of our Optimism liquidity mining campaign (<https://blog.kyberswap.com/stay-optimistic-with-17-new-kyberswap-yield-farms-on-optimism-network/>)

wstETH / ETH

ETH / sETH

USDC / DAI

USDC / MAI

wstETH / USDC

USDC / USDT

USDC / sUSD

ETH / USDC

USDT / DAI

OP / USDC

wstETH / WBTC

ETH / OP

wstETH / MAI

OP / KNC

ETH / KNC

mKNC / MAI

KNC / LDO

AAVE / KNC

SNX / KNC

Partners: We have partnered with QiDAO (<https://app.mai.finance/>) and Lido Finance ([Lido Finance officially launches onto Layer 2 solutions with wstETH Farms on KyberSwap Elastic! | by Kyber Network | Kyber Network](#)) to facilitate deeper liquidity for their relevant token pairs on Optimism.

The partner pairs being incentivized on Optimism currently:

With Lido Finance:

wstETH / ETH

ETH / sETH

wstETH / USDC

wstETH / WBTC

With QiDAO:

USDC / MAI

wstETH / MAI

mKNC / MAI

The following pairs will be considered for OP incentives if we receive them (subject to change; will be further discussed with the Optimism team and community):

USDC / SUSD

USDC / USDT

USDC / WETH / wstETH

OP / WETH / wstETH

DAI / WETH / wstETH

USDT / WETH / wstETH

WBTC / WETH / wstETH

USDC / WETH / wstETH

OP / USDC

OP incentives may be allocated evenly between the pools or according to specific criteria such as the historical trading volume of the token pair and the liquidity level on Optimism etc. Roughly \$2M worth of KNC would be allocated to Optimism users for liquidity mining, with additional rewards for ancillary marketing and community activities.

On top of these initial pairs and partners, we will also allocate a portion of grants for future partners.

Why will this solution be a source of growth for the Optimism ecosystem?

: 1. Bringing users and developers to Optimism

KyberSwap has many Dapp integrations with multi-chain exposure. Using the incentives, we want to enable more users and developers from other networks to bridge to and build on Optimism. This would be the case for popular DeFi projects as well e.g. QiDAO and Lido Finance, whom we are already working with on Optimism.

Farming incentives, along with KyberSwap's concentrated liquidity, auto-compounding LP fee, and anti-sniping features, will increase TVL and volume, driving higher yields and attracting more LPs.

KyberSwap's concentrated liquidity (through Elastic Pools) enables trades to have much better slippage for a given level of TVL when compared to a typical Uni v2 AMM DEX. For example, KyberSwap is already the 3rd highest volume contributor on Optimism ([Dexs - DefiLlama](#)) despite not having received any OP and with much less TVL compared to other DEXes on Optimism.

1. Deeper liquidity: Swap with better slippage and at the best rates

KyberSwap Elastic's concentrated liquidity pools enable high capital efficiency for LPs; similar to the Uni v3 tick-based AMM but with compounded fees for LPs in a full price range pool and anti-sniping/JIT that protects earnings.

Unique NFT liquidity position farming mechanism (the first in DeFi to our knowledge) which can account for both time of active liquidity provided and target trading volume of the pool.

As a DEX aggregator, KyberSwap users always enjoy the best rates, and this indirectly brings volume and fees to other DEXes on Optimism e.g. Curve, BeethovenX, Synapse, Zipswap, Uniswap, and Synthetix.

Developers can integrate KyberSwap's aggregator API to enable the best rates for their own Dapp users on Optimism. E.g. KyberSwap was integrated by DEXTools.

1. Additional KNC marketing rewards

KyberSwap will provide additional KNC rewards on top of liquidity mining incentives through various marketing activities including referral campaigns, trading contests, lotteries, and airdrops etc., which would help attract more users to Optimism.

1. Media coverage of Optimism

KyberSwap will be spending resources for owned, earned, and paid PR/Media to promote the liquidity mining campaign and other activities, bringing further attention to the Optimism brand.

1. Investments in the Optimism Ecosystem and Community, especially in SEA

KyberSwap has a strong community and partner network in the SEA region. Pre-Covid, Kyber ran the largest monthly Ethereum meet-up events in Vietnam and is an active member of the Ethereum community in Singapore. We are long-time members of DeFi Alliance DAO and Asia DeFi Network. We have the experience to invest in and grow the Optimism community at the local grassroots level, especially in SEA.

Kyber Ventures actively invests in DeFi/GameFi Dapps and builders and this would apply to Optimism-based projects too. This would help to grow Optimism's Dapp ecosystem, which would in turn result in a rise in users, volume, and liquidity.

Has your project previously applied for an OP grant?

: This proposal is a resubmission under the new required proposal format. The previous proposal under the old format received positive support from multiple parties including at least 2 Optimism delegates:

MoneyManDoug: [\[READY\] \[GF: Phase 1\] KyberSwap - #16 by MoneyManDoug](#)

Mteoptimism: [\[READY\] \[GF: Phase 1\] KyberSwap - #17 by mteoptimism](#)

KyberSwap is currently a top 3 DEX on Optimism in terms of trading volume.

KyberSwap will be allocating much more of our own KNC token co-incentives (~\$2M) compared to our OP grants requested.

Number of OP tokens requested

: 1,000,000. We can work with the Grants Council on milestone-based grants e.g. 40% distributed upfront and the remaining 60% distributed upon completion of an agreed milestone.

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

: No

If OP tokens were requested from the Foundation Partner Fund, what was the amount?

: N.A.

How much will your project match in co-incentives?

(not required but recommended, when applicable): Roughly \$2M worth of KNC would also be given to Optimism users for liquidity mining, with additional rewards for ancillary marketing and community activities. Some of our KNC incentives will be allocated to future partners. More can be considered depending on the success of the initial campaign and future grants.

How will the OP tokens be distributed?

(please include % allocated to different initiatives such as user rewards/marketing/liquidity mining. Please also include a justification as to why each of these initiatives align with the problem statement this proposal is solving.): 60% (600K OP) for liquidity mining campaigns on selected token pairs to benefit Optimism liquidity providers. In addition, KyberSwap will utilize our own KNC funds to grow the Optimism community in SEA, as well as boost trading volume via trading contests and marketing initiatives.

30% (300K OP) for strategic liquidity mining partnerships with top DeFi projects such as Lido, QiDAO, and Synthetix, which would help amplify the network effects on Optimism.

10% (100K OP) for liquidity mining activities with future partners for the benefit of Optimism users.

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

Shorter timelines are preferable to longer timelines. Shorter timelines (on the order of weeks) allow teams to quickly demonstrate achievement of milestones, better facilitating additional grants via subsequent proposals: Over 6-12 months, with ample time for more users to be aware of the campaigns and bridge assets to Optimism. This also gives KyberSwap the flexibility to continually optimize our liquidity mining campaign and marketing efforts for the best possible outcome.

Please clearly define the milestones you expect to achieve in order to receive milestone based installments. Please consider how each milestone relates to incentivizing sustainable usage and liquidity on Optimism. Progress towards each milestone must be trackable:

Leveraging KyberSwap's reputation and wide Dapp network to bring more users to Optimism as we work with future partners.

Maintaining our top 3 position in DEX trading volume on Optimism, while targeting the No.1 spot as we improve our capital efficiency.

Increasing the number of KyberSwap trading pairs/pools on Optimism by an additional 5. Currently about 25 actively traded pairs.

Increasing total TVL on KyberSwap pools to  $\geq$ \$12M). Currently at about \$9M on 27 Jan [Dexs - DefiLlama](#)

Increasing total 24H Volume share contributed to Optimism to  $\geq$ 10%. Currently at about 7% on 27 Jan [Dexs - DefiLlama](#)

Partnerships/collaborations with at least another +2 DeFi projects on Optimism to amplify the impact of OP grants received. Currently partnered with Lido Finance and QiDAO.

Helping to expand the Optimism ecosystem in the SEA region. Open to working on growth experiments together with OP Labs and Optimism community.

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

: KyberSwap has devised a strategy for sustainable liquidity mining on Optimism through:

1. Active optimization of the liquidity pools and incentives

KyberDAO funds (already approved by KyberDAO earlier) would be used to seed liquidity on concentrated liquidity pools on Optimism. Depending on market conditions, the LP fee tier and price range of the pools can be customized and liquidity reallocated to ensure better rates and volume, which in turn increases organic yield APR% for LPs.

OP and KNC incentives can be capped for each farm once the optimal TVL (to achieve best rates) is reached, to ensure more efficient use of incentives.

1. New volume-based yield farming mechanism

Apart from the typical yield farming model based on the time period of an active liquidity position, KyberSwap introduced a new type of farm for tick-based AMMs (that have NFTs representing the liquidity position). This type of farm distributes incentives based on both the time period AND the target trading volume that the liquidity position is supporting. As such, liquidity incentives will be used efficiently for better performing farms that generate higher volume (and fees for LPs).

When the OP incentives end, TVL and user adoption are expected to have already hit the required threshold to capture sufficient trading volume and fee APR%, thus retaining existing liquidity providers and attracting new ones.

There will still be KNC incentives allocated for other activities on Optimism beyond just liquidity mining. KyberSwap plans to have a close, positive, and long-term collaboration with the Optimism team to bring more users, liquidity, and growth to the ecosystem.

Please provide any additional information that will facilitate accountability

(smart contracts addresses relevant to the proposal, relevant organizational wallet addresses, etc.): KyberSwap smart contracts have been audited by ChainSecurity and KNC and KyberDAO contracts by Hacken.

ChainSecurity audit: [KyberSwap Elastic - Chainsecurity Smart Contract Audit](#)

Hacken audit: [https://hacken.io/wp-content/uploads/2021/04/04042021\\_Kyber\\_SC\\_Audit\\_Report.pdf](https://hacken.io/wp-content/uploads/2021/04/04042021_Kyber_SC_Audit_Report.pdf)

Developer Documentation: <https://docs.kyberswap.com>

KyberSwap Elastic smart contracts: [GitHub - KyberNetwork/ks-elastic-sc: Main smart contract for Pro-AMM](#)

Social channels

Twitter: 235K followers <https://twitter.com/KyberNetwork>

Telegram: 14K members [Telegram: Contact @kybernetwork](#)

Discord: 7.9K members [Kyber Network Official](#)

Forum: 580 members <https://gov.kyber.org/>

Youtube: 3.5K subscribers <https://www.youtube.com/c/KyberNetwork/>

Facebook: 23K followers [Redirecting...](#)

Reddit: 12.7K members <https://www.reddit.com/r/kybernetwork/>

CoinGecko pages

KyberSwap: <https://www.coingecko.com/en/exchanges/kyberswap-elastic-optimism>

KNC: <https://www.coingecko.com/en/coins/kyber-network-crystal>

Thank you for considering our proposal!

Confirm you have read and agree to the Eligibility Restrictions

([here](#)): I have read the Eligibility Restrictions and agree to abide by their conditions