

# Pika Protocol \$OP Token Phase 0 Distribution Proposal

Project Name

: Pika Protocol

Author Name

: Ethan

Defillama TVL (at snapshot)

: \$2,851,865

Transactions/day (at snapshot)

: 607

Tier

: 3

Optimism native

: Yes

Revisions to metrics used

: N/A

Number of OP tokens to claim

: 900,000

L2 Recipient Address

: 0xA9Cd2563C2ccE7db8eDBe7aACDB0393c68151A28

Proposal for token distribution

(under 1000 words):

Pika Protocol is one of the earliest Optimism native projects launched since December 2021. Pika Protocol has achieved close to \$400m trading volume with over 10k unique user addresses for the past 3 months. It has brought a large number of users to Optimism and will continue to do so. Pika aims to distribute \$OP governance fund tokens to not only grow its own user base, but also continue to drive the adoption of the Optimism ecosystem.

## How will the tokens be distributed?

Tokens will be distributed to achieve these goals:

- Traders acquisition
- Liquidity incentives
- Grants

### Traders acquisition

Amount

: 150,000 \$OP(30% for early supporters and 70% for future traders)

Among the over 10,000 unique user addresses that have interacted with the protocol, the majority are traders. Close to \$400,000,000 has been transacted on the platform so far, with the current daily transaction count of over 1000. As a perpetual swap exchange, Pika's growth is largely defined by the number of traders on the platform.

To bring more new traders to Pika and Optimism, Pika will use the \$OP token to provide rewards to previous traders as well as future traders. The reward will be distributed as trading fee rebate.

### Liquidity Incentives

Amount

: 600,000 \$OP(20% for early supporters and 80% for future users)

Liquidity is the most important part of the Pika Protocol. The liquidity provider takes the opposite position of all traders on the platform. The liquidity vault pays for trader profits and receives trader losses. It also receives trading fees, interest and liquidation profit of trades.

Thousands of unique users have provided liquidity to Pika since its launch without any token incentives, and many of these are first-time Optimism users. Pika would not have such great adoption without the support from liquidity providers and will continue to be so moving forward. To further grow the trading volume and open interest of the platform, Pika needs to grow its liquidity by offering token incentives at the early stage. \$OP tokens will be used to reward the previous liquidity providers(prioritize those with negative pnls) as well as future liquidity providers to bootstrap the Pika's liquidity. It will allow Pika and Optimism to gain more TVL as well as traders.

## Grants

Amount

: 150,000 \$OP(10% for early builders and 90% for future rewards)

The grants will be rewarded for integrations(projects built on top of Pika), bug bounties, toolings(i.e: Dune Analytics, Zapper), content creations. A number of volunteer community members have been building and creating with Pika for the past few months and with these grants, we look forward to having more people build with Pika.

## How will this distribution incentivize usage and liquidity on Optimism?

A large number of liquidity providers and traders have used Pika since its launch without any token incentives, and many of these are first-time Optimism users. Distributing tokens to these early users of the ecosystem is beneficial to the long term user engagement Optimism.

The future LP and trader incentives will encourage a migration of liquidity from L1 and other chains to Optimism.

The grants enable more people to build on top of Pika and Optimism, helping Optimism become a rich ecosystem.

## Why will the incentivized users and liquidity remain after incentives dry up?

Pika has been a protocol that works perfectly without any token incentives for the past few months since launch, and will remain so moving forward. Most of the trading fees collected is to incentivise the liquidity providers and most traders have very positive feedback after trading on Pika. The \$OP incentives will act like a bootstrapping engine to attract many more 1st time Pika users and Optimism users, which are expected to stay with us for the long term.

## Over what period of time will the tokens be distributed?

We will target distribution over 3 - 6 months.

## How much will your project match in co-incentives?

Pika has not raised any fund so far. If Pika launches a token, it will allocate a good amount of tokens for future incentives.

*(Note of Change: the original proposal has 200,000 \$OP allocated for liquidity backstop which requires converting OP to other assets, but after a further discussion with OP team, we are advised to remove the section to meet the legal requirement. The allocation has been distributed to the rest of the sections. Also, the original proposal stated the trader reward is prioritised to traders with loss, we removed this prioritisation after discussing with the Pika community. )*