

Project name

: Isomorph

Author name and contact info

(please provide a reliable point of contact for the project): Kree Kree#6291 on discord or Kree on Optimism Governance forums

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

: 0xb1FcA41C466309eCea88eC0Bd4A56F879B816281 (Isomorph multi-sig)

Which Voting Cycle are you applying for?

: Voting Cycle 10, Season 3

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

: Growth Experiment Grants

Project description

(please explain how your project works): Isomorph is an Optimism-native lending protocol. Loans mint a new stablecoin called isoUSD. We target collaterals which generate interest in order to make the demand for the loans self sustaining. Currently we support Lyra Liquidity Pool tokens, Velodrome pool tokens and Synthetix synths with plans to expand to other Optimism based projects.

isoUSD will be exchangeable for USDC on Velodrome, making use of their bribes & voting system to allow us to incentivize liquidity in this pool at a sustainable rate.

Website

: <https://isomorph.loans>

Twitter

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

Discord/Discourse/Community:

[Isomorph](#)

Other relevant links

(including any demos): [Isomorph Loans Testnet. Welcome to the pre-launch of Isomorph... | by Kree | Medium](#) testnet info [GitHub - kree-dotcom/isomorph: Isomorph: a layer 2 defi lending protocol](#) Code repo

Additional team member info

(please link): [AsparAugustus \(Merlin\) · GitHub](#) 0xMerlin, front end dev

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

: Kree is also smart contract auditor, company details can be provided in private to Optimism. Also Kree has been involved with the Curve and Synthetix DAOs before having proposed the sLINK/LINK curve pool as well as writing and proposing SIP-107 .

Relevant usage metrics

(TVL, transactions, volume, unique addresses, etc. Optimism metrics preferred; please link to public sources such as Dune Analytics, etc.): Not launched yet N/A

Competitors, peers, or similar projects

(please link): <https://abracadabra.money/> or aave.com

Is/will this project be open sourced?:

Yes

Optimism native?

: Yes

Date of deployment/expected deployment on Optimism

: 3/5/2023

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

Retaining capital drawn into Optimism by yield, increasing flexibility for users

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

: By providing loans against income generating protocol assets Isomorph increases the capital efficiency of supported projects, enabling them to multiply the usable capital on their platforms. It also provides users with more options as they are not restricted to one protocol allowing them to reduce risk of total wipe out from smart contract bugs and reduce volatility in their returns. Users will also be able to leverage their returns increasing the overall yield achievable making offerings on Optimism more competitive with the wider market.

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

: Optimism's ecosystem will become more competitive on multiple different fronts, options, swaps and liquidity providing. This means more users will be drawn to migrate to Optimism and when here they will stay for longer. Furthermore the end users will experience greater liquidity depth on Velodrome and Lyra for the proposed liquidity pools

Has your project previously applied for an OP grant?

: no

Number of OP tokens requested

: 110000

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): N/A new project without token currently.

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.):

95% of the OP tokens shall be used to generate the liquidity needed for isoUSD to be traded for USDC on Velodrome. This can be done by locking the capital as veVELO, which is self sustaining, or offering OP as bribes for votes on Velodrome. We would prefer to use the veVELO method as this would allow us to be self-sustaining and also eligible for extra funding from Velodrome, but understand if the grant committee oppose selling OP for this purpose.

This liquidity will enable Isomorph users to trade the minted isoUSD from their loans to USDC and other tokens needed to interact with the wider ecosystem.

5% of the OP tokens on Marketing & design: Currently Isomorph has only been spreading by word of mouth, with this sum we can purchase spots on podcasts or sponsor Crypto youtubers to give their users a tutorial of Isomorph to improve outreach. These adverts would enable us to educate users about the possibilities available on Isomorph and how to transfer funds to Optimism. We have consistently seen in DeFi that sticky capital follows the best returns, Isomorph is designed to work without needing native LP mining so that any captured users remain longer. Some of these funds would be used improve the design of the website by hiring a UX/UI specialist to make the site more streamlined and user friendly, reducing the barriers to entry ensure our advertising push will be more effective.

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: 1 year for liquidity, 3-4 months for the marketing.

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:

Impact of Velodrome voting can be directly tracked to see the impact it has on liquidity, this can then be compared to the trading volume of the pool to find out the optimum level that balances user demand with the funds allocated. We can also track the increased usage of Isomorph as liquidity on Velodrome rises and the specific assets deposited to see which services (currently Velodrome and Lyra) are benefiting the most.

The marketing drive can be tracked by recording which sites direct traffic to our website <https://isomorph.loans> 2, we can then compare the uptick in traffic to the number of new users using Isomorph and the amount of new loans opened.

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

: veVELO if used is self sustaining, this would enable us to continue directing VELO emissions to our liquidity pool. Isomorph is also built to be profit making, users will want to take loans against their assets to increase their capital efficiency and make more money, the fees we then charge them can be used to sustain development and used as bribe to keep the Velodrome pool liquidity stable.

Please provide any additional information that will facilitate accountability

(smart contracts addresses relevant to the proposal, relevant organizational wallet addresses, etc.): We originally wrote a proposal on the forum here, [\[REVIEW\] \[GF: Phase 1 Proposal\] Isomorph Loans \[ARCHIVED ORIGINAL\]](#) if this application is a duplicate please ignore it, we were not sure which method was supposed to be used to apply.

Confirm you have read and agree to the Eligibility Restrictions

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