

Project Name:

Rook Protocol

Author Name:

[@DaddyMatty](#)

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

Yes

L2 recipient address:

0x9a67F1940164d0318612b497E8e6038f902a00a4

Grant category:

DeFi/Infrastructures this proposal applicable to a specific committee? Yes,

[\[DRAFT\]\[SO2 Committee Proposal: DeFi: Group C\]](#)[Metagovernance

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Committee Proposal

Committee Category: DeFi Committee Our focus is on making the proposal process straightforward for DeFi projects by providing a clear framework and support along the way. Our approach of engaging with proposers, performing solid due diligence & sharing qualified assessments, should help proposers make stronger proposals, facilitate decision-making for other delegates and strengthen the Op ecosystem. We consider all kinds of DeFi applications and liquidity mining schemes to...

Project description:

At least \$1.3 billion in MEV has been extracted from users and applications as a result of misaligned incentives that have turned blockchains, the “ultimate coordination technology,” into hostile “dark forests”.

Intervention from groups such as Flashbots have prevented this massive outflow of MEV from destabilizing blockchain security. But there has been no equivalent effort to give users, builders, and applications the ability to harness or retain the MEV they create, the value that is rightfully theirs.

At Rook we believe that for blockchains to thrive, this must change. Everyone – not just the most sophisticated actors – should have access to this capability. Blockchains let us own our assets, own our data. Why shouldn't they let us own our order flow?

So we created the world's first decentralized payment for order flow protocol. Rook has been building in the MEV space since 2020 and we are excited to share our latest iteration with the industry.

It lets users, builders, and applications unlock, for the first time, the MEV that belongs to them. It's a quantum leap for DeFi and for traditional PFOF as well.

It's free to use, accessible to anyone, trustless and decentralized, and maximizes the value returned to users and clients. This is PFOF as a public good, and we want to share it with users and builders on Optimism.

Project links:

- Website: <https://www.rook.fi/>
- Twitter: <https://twitter.com/Rook>
- Discord/Discourse/Community: <http://discord.gg/rook>

Additional team member info

: <https://www.rook.fi/about>

Relevant usage metrics

Dune Dashboard

- [https://dune.com/0x\\_stubbs/Rook-Ecosystem](https://dune.com/0x_stubbs/Rook-Ecosystem)

Rook Trade App Metrics

(Keepers = MEV Searchers)

[

1042×144 9.37 KB

](https://global.discourse-cdn.com/business7/uploads/bc41dd/original/2X/0/009347ca7770b8aabd3c38228c22605d28c7660e.png)

Is/will this project be open sourced?

In Future

Optimism native?

: No

Ecosystem Value Proposition:

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

MEV is created at the user and application layer but this value is siphoned away to the consensus layer. It is extractive and can be harmful to everyday users on Optimism. Rook wants to democratize this value and return it to the users who create it. Rook hopes that by integrating with Optimism native protocols we will be able to give users more confidence in the execution of their transactions.

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

Rook has developed infrastructure that brings together users, protocols, and MEV searchers. Protocols that integrate with Rook allow for our network of searchers to identify and capture MEV. The value captured by searchers is then redistributed back to the users.

Empirical evidence from transaction data shows large volume traders (whales and institutions) who transact smaller (a few million) sample trades to test Rook's execution against competing protocols quickly realize Rook's competitive advantage. Demonstrated in [this example of a \\$110M trade](#)

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

Users interacting with protocols integrated with Rook will get paid for their order flow. More money for users, more activity for Optimism.

Has your project previously applied for an OP grant?

No.

Number of OP tokens requested:

400,000

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

?: No

How much will your project match in co-incentives?

Contingent upon a successful governance vote Rook will commit \$500,000 for co-investment into our integration partners on Optimism. For example if Rook were to integrate with Velodrome these funds would be used to increase liquidity on their dex. Rook believes in coordination, and we always look for ways to incentivize strategic partnerships - and not just partnerships for profit - but projects and partners aligned to improving the public goods of the Ethereum blockchain.

Proposal for token distribution:

How will the OP tokens be distributed?

100% of the OP tokens will be reserved for incentivizing the products of the protocols Rook integrates with on Optimism. Rook thrives when integrated protocols thrive, which is why we will be working with our partners on Optimism and incentivizing their products.

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

Integration times will vary given each integration is unique to the application. While we would prefer to under-promise and over-deliver, we feel it's prudent to avoid setting a hard deadline for the claim period of Optimism tokens to ensure the highest priority remains steadfast on the quality of integration over the speed of integration...

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

Above and beyond protection from predatory MEV exploitation, Rook-enabled protocols on Optimism will be able to offer users the unique incentive of the MEV generated from their own orders! Transacting outside of Rook's Coordination Layer exposes users to MEV searchers that will extract capital at the user's expense. Optimism users interacting with protocols integrated with Rook will have their transactions privately broadcasted to our allowlisted keepers. These keepers will search for the MEV of your transaction and rebate 80% of the extractable value back to users on Optimism. This returned MEV can be used in many ways and we expect protocols to get inventive. Users will be incentivized to remain on Optimism because:

1. The features, functionality and revenue earned through integrating with Rook cannot be found elsewhere outside of Rook integration with Optimism.
2. Rook returns capital to protocols, applications and users that would otherwise be siphoned away, creating new revenue streams at no added cost or risk to users. Owning your order flow (and being paid for it) from non-inflationary token rebates is unheard of today - and once users get paid for transacting - it becomes the "new-normal"; as evidenced by our high user retention rate.