

## Background

GMX is a decentralized spot and perpetual exchange that supports low swap fees and zero-price impact trades. It is live on Arbitrum and Avalanche, having over 150k users and surpassing \$85B in trade volume with over 400M\$ in TVL.

Polygon is the leading blockchain development platform including solutions like Polygon PoS and Polygon zkEVM (first public EVM compatible ZK rollup live on testnet).

Polygon's scaling solutions have seen widespread adoption with tens of thousands of decentralized applications hosted, 2.2B+ total transactions processed, 180M+ unique user addresses, and \$2B+ in assets secured.

## Proposal

Seeing the magnanimous growth of GMX, we wanted to congratulate the team on its success and propose to help in its growth trajectory by inviting the team to launch GMX on Polygon PoS. With a weekly active user base of 400k+ on the PoS and collaboration with multiple brands like Robinhood to create a broader and more wholesome stream of users onboarding Polygon, we firmly believe this can help GMX to get more success by deploying on Polygon PoS, for many reasons. We will outline the most important ones here briefly.

## Why Polygon?

- Polygon PoS has the second most robust DeFi ecosystem, right after Ethereum L1: Polygon's DeFi ecosystem has experienced consistent growth irrespective of the market conditions and continues to be the preferred destination for DeFi. From Ethereum blue chip protocols, like Aave, Uniswap v3, Curve, LIDO, Balancer, etc. to Prominent Polygon-native projects, such as QuickSwap, QiDao, Tetu, Gains Network, TimeSwap, Teller Finance the success story speaks about the growth all the protocols have commanded over at Polygon.

Additionally, Polygon's DeFi ecosystem has already become self-sustainable. We effectively stopped the majority of liquidity mining incentives more than a year ago, yet we keep seeing constant capital and user inflow despite other chains spending millions of dollars in liquidity mining.

- Biggest distribution and dApp discovery pathway: Users on any platform enable more volumes, and more volumes generate more revenue for the protocol. To make protocols successful on Polygon DeFi, web2 giants like Robinhood have chosen Polygon to build their [non-custodial wallet](#) to enable dApp discovery and enable dApps to capture more users (1.5M+ signups) on Polygon.
- Marketing Support: Polygon brings one of the most vibrant marketing support to help you showcase the product and capture a large audience base. Through this support, we can help GMX establish a global brand presence.
- Easy Access to GMX: Through robust infrastructure support, more than 19 of the top 50 exchanges offering on-ramps, and multiple other partners to help on-ramp on the chain, it becomes effortless to access GMX, enabling it to capture more users.
- Polygon PoS is battle-tested and long-term aligned with Ethereum and its values.

## GMX on Polygon bull thesis:

1. Returning DeFi to its original vision - With the recent collapse of FTX and its contagio effect on others, there is a massive outcry to restore DeFi to its original vision. Perpetual futures are one of the hottest commodities in DeFi, and due to the lack of trust in centralized exchanges, this is the best opportunity for decentralized perpetual exchanges like GMX to leverage the same and return DeFi to its original path and vision. Polygon has the [most significant number of active users] in DeFi and can help GMX achieve this feat.
2. Increase Fees - Currently, GMX generates around 550k\$ fees daily for its users from 2 chains, of which 80% is generated from arbitrum and 20% from avalanche. Launching on Polygon with its cheap gas and huge user base would be ideal as it can add additional fees accrual to the protocol and \$GMX holders. Polygon has the third-highest dex volumes after Ethereum and BSC, and GMX could capture a large chunk of the market due to its unique design. The Polygon community is also no stranger to perpetual exchanges as there are 8,200 individual users, and over \$21b in notional value of trades have already been done on Gains Network. These numbers would greatly benefit GMX and help the protocol run smoothly with all expectations of the various stakeholders (GLP, GMX, and Traders) met.

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1. Large users base - Polygon currently has over [500k Daily active users] (highest after BSC). This reflects GMX's new deployment, which will use GMX to trade assets. As a result, more users mean more trading volume and value for \$GMX holders.

2. GMX dex - Dex's on Polygon have had massive success due to the low fees and high user base, such as Uniswap, Curve, Balancer, QuickSwap, etc. Having GMX on Polygon with zero impact price trades combined with low polygon gas fees will be the perfect catalyst for GMX to become the liquidity hub of Polygon.
3. stMatic as GLP asset - GLP can include the staked version of Matic. The underlying yield will inherently be 5%, which the whole basket will get over the last six months. Liquid staking on Polygon has grown from 5m \$MATIC staked to 90m and continues to grow as more and more use cases arise for \$MATIC liquid staked derivatives (LSDs).
4. Resilient and sticky liquidity -Polygon natively has Resilient and sticky liquidity - GLP will have deep liquidity and no need to worry about porting liquidity from arbitrum. This Report from Messari gives an in-depth overview of the state of Polygon and Liquidity. <https://messari.io/report/state-of-polygon-q3-2022>

Conclusion:

The synergies between the two projects are apparent for all the reasons explained above, and it makes much sense for the GMX community to support deployment to Polygon.

We have been highly interested in GMX and its ecosystem, and this is the best time to propose as we are keen on ensuring that the proposal passes. Polygon is convinced that this deployment is an obvious win-win and firmly believes that now is the best way to restore the original and core value of DeFi with the GMX community.

We are looking forward to your questions and feedback. Happy to discuss with the community more ideas on how specifically Polygon ecosystem can support.

Snapshot Vote:

1. Yes, deploy GMX on Polygon PoS
2. No, further discussion required