

Incentive Proposal Template

Project Name: Galleon

Author Name: duck

Number of OP tokens requested: 300,000

L2 Recipient Address: 0x4a1F29f70E6bA7b11bD34061461f3638cd31C5aE

Relevant Usage Metrics: TVL - \$700k on Ethereum / 201 - unique addresses.

TVL - \$368k on Optimism / 37 - unique addresses.

Optimism alignment (up to 200 word explanation):

Galleon is a methodologist guild that focuses on building the best-in-class structured products in the cryptocurrency market, we're only 5 months old, but have launched three innovative products to date. A proof of concept, alternate L1 index (SOLUNAVAX) with flash issuance on Optimism, The ETH Max Yield Index (\$ETHMAXY) a 1x net ETH exposure with 3x leveraged, autocompounding yield available on mainnet, which launched 10th March 2022 and notably was the first recursive lending product utilizing stETH/astETH in the market (currently \$700k TVL, was \$5m at its peak).

Finally now, the Basis Yield ETH Index is our latest flagship product that we are excited to bring to life on the Optimism network.

The Basis Yield ETH Index (\$BYE) is built using Set's integration with Perpetual Protocol on Optimism and automates a perpetual basis trading strategy that returns a delta-neutral, levered high yield index to those that hold the token. We believe this product and the wider "suite" of Basis Yield products will be able to attract in excess of \$10m+ TVL on the optimism chain.

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We would like to propose an initial allocation of:

- OP allocation of 300k tokens.

Galleon is a small DAO, but we have an incredible team and these tokens would go a long way to support us in building more innovative structured products, helping to generate fees for ecosystem partners like Perpetual protocol and securing more TVL on the Optimism network.

Proposal for token distribution (under 1000 words):

The OP tokens will be used for Incentives (50%) alongside our own governance token \$DBL (we have already approached the Perpetual Protocol Team joint incentives with (PERP) as well). The remaining 50% of the tokens will be split between (35%) development funding, and (15%) provisioning product liquidity for the Basis Yield suite on Optimism.

How will this distribution incentivize usage and liquidity on Optimism?

As per the historic funding APR rates from [R72.fi](https://www.basisx.com/), ETH:USD on Perpetual protocol last year was 40.9% APY. BYE therefore would have generated 27% while remaining completely market neutral. Our backtesting between Nov 21 and Feb 22, also provided equally promising results.

The OP incentives would be used to help to bolster the liquidity of our product, by providing additional APR% on top of our BYE product, (which by itself is the best yield generating market-neutral strategy in the market).

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

We believe even after the incentives have finished, capital will remain in the product suite as the product is one of the most organic sources of yield in DeFi today (basis trading) with a very low risk profile compared to most yield opportunities seen historically. Due to the current market volatile conditions (which we expect to continue at least for the next 12 months) we hypothesize that low risk, neutral exposure yield strategies like BYE will continue to attract sticky, organic TVL to Galleon, Perpetual Protocol & Optimism.

Over what period of time will the tokens be distributed?

We plan to run a 12-24 month incentives programme.

How much will your project match in co-incentives?

Galleon will target to be incentivising equally in parallel but as the DAO is at a very early stage and at a very small total capitalisation, the incentives may vary initially.