Project name

: Premia

Author name and contact info

(please provide a reliable point of contact for the project):

DK, telegram: @dk_premia

, twitter: @dk3anon

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

: 0xfc5538E1E9814eD6487b407FaD7b5710739A1cC2

Which Voting Cycle are you applying for?

: Cycle 10

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

: Growth Experiment Grants

Project description

(please explain how your project works): Premia Finance is a decentralized options protocol revolutionizing market-driven pricing and capital efficient returns. We believe that DeFi should be accessible to all, and our mission is to make it easy to get started and get the most out of DeFi.

We offer highly competitive yields on your favorite DeFi assets, generated by selling on-chain options and using our advanced liquidity provisioning strategies. You can access many DeFi assets with market-driven competitive pricing, community-distributed fees, and arbitrage opportunities.

Website

: https://premia.finance/

Twitter

: https://twitter.com/PremiaFinance

Discord/Discourse/Community:

Premia

Other relevant links

(including any demos): https://www.youtube.com/@premiafinance, https://docs.premia.finance/

Additional team member info

(please link): Contributor Directory

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

: To name a few:

EIP-2535 Diamond Proxy Implementation and SolidState OS Library

https://blog.premia.finance/we-like-the-eip-2535-diamonds-90184b2e6741

[GitHub - solidstate-network/solidstate-solidity:](GitHub) [Upgradeable-first Solidity smart contract development librar](GitHub)

Only options protocol to allow for OP Call/Put options on Optimism

https://blog.premia.finance/premia-launches-on-optimism-d22257802ee5

First Options market to Support wstETH in support of Lido's launch on Arbitrum

https://twitter.com/lidofinance/status/1585223935616221185

Relevant usage metrics

(TVL, transactions, volume, unique addresses, etc. Optimism metrics preferred; please link to public sources such as Dune Analytics, etc.): https://defillama.com/options; https://defillama.com/yields?project=premia&chain=Optimism; https://defillama.com/protocol/premia

https://app.premia.finance/analytics (select chain: Optimism)

Competitors, peers, or similar projects

(please link): https://www.coingecko.com/en/coins/lyra-finance

https://www.coingecko.com/en/coins/hegic

https://www.coingecko.com/en/coins/opyn-squeeth

Is/will this project be open sourced?:

In the Future

Optimism native?

: No

Date of deployment/expected deployment on Optimism

: 8/5/2022

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

Onboarding users to options markets face a number of challenges when users are first learning about options financial products. Firstly, there is the difficulty of understanding the terminology used in options trading. This can be a barrier to understanding due to the complex and often technical language used to describe options. New users may also struggle to understand the intricacies of options pricing, as well as the nuances of different strategies. Furthermore, new participants need to understand the risk associated with options trading, and how to manage that risk. Finally, new users may lack the resources and experience to properly analyze and evaluate options trading strategies, which can make it difficult to make informed & responsible decisions. Our analysis shows that traditional layer 2 users are sophisticated market participants, however to utilize options markets, they may need additional tailored educational material to the specific domain uses delivered to them in digestible pieces of content to overcome the hurdles outlined herein.

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

: Premia has been working the last few months on academy content to ease both defi native users who don't use hedging strategies, and traditional finance users who do not use defi instruments to lower the barrier to entry and simplify the decentralized options onboarding experience. We plan to use learn to earn, and learn by doing constructs to make the experience friendly, engaging, and valuable (both monetary and figuratively). Premia would implement courses specific to Optimism and target users that we think would have high conversion rates. By targeting users of similar complexity instruments (perps, advanced LPs, etc) we believe they would enjoy the experience of getting paid a small monetary reward to complete a light weight course. A portion of the grant would be used to directly incentivize users to test out the products on Optimism, and a portion would be used to increase the depth of the OP options pool to allow for more favorable pricing for new and old users alike.

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

: The solution would target users that we believe would have high conversion rates. Also we welcome the Grant Council to approve our list before it is submitted as a merkle tree, to ensure no malicious intent. We would use in house research, intelligence vendor platforms (like nansen), etc to target user groups that utilize similar products or have similar complexity that predominantly only transact on mainnet or other L2s. By showing these users the ease of use and demystifying option product types we hope they will become regular optimism participants, whether on our platform or our competitors. Our intent and ultimate goal is to level up financial literacy in a responsible way, whether they find a new home with Premia or otherwise for their option needs. As we believe this will drive activity on our platform, the portion utilized for increased liquidity on Premia, ideally will generate returns paid in OP tokens. We would then utilize this revenue stream to directly inject into expanding the wallet addresses allowed to participate in the learn to earn program.

Has your project previously applied for an OP grant?

: No

Number of OP tokens requested

: 235,000

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?

: NA

How much will your project match in co-incentives?

(not required but recommended, when applicable): 450,000 Premia Tokens for 2023 (Liquidity Mining Emissions)

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.): 75,000 Learn to Earn (36%), 160,000 OP Call Liquidity (64%)

75,000 OP Learn to Earn: Our initial target will be to onboard 5,000 new users through our targeted academy campaign (15 OP per user). We will do this on a technical level with a vetted merkle tree of wallets with the highest likelihood of conversion. After 1 month of the campaign being live, the remaining tokens will then be made available to the next tier of wallets, through an upgraded merkle tree, and the program will be on a first come first served basis, after 1 additional month, we can then open the platform up to a wider list if any tokens remain. As the first tier of these users would be predominantly participants of mainnet and other L2's we hope they will become regular optimism users.

160,000 OP Call Pool Liquidity: This will be deposited into the OP Call Pool (Premia Blue) to generate returns to sustain the program long term, as well as allow for better OP pricing and depth of markets for users.

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: We acknowledge that 40% will be given up front and 60% after a midway milestone.

Thus we will begin with the below:

Go-Live of Academy (March 2023)

Deposit of Liquidity 63,000 OP (Upon Initial Distribution)

Target onboarding of 2,000 Users - 30,000 OP (End of April 2023 - Milestone One)

Request Additional Grant Payout

Deposit of Liquidity 97,000 OP (Upon Receipt)

Target onboarding of 3,000 Users - 45,000 OP (End of May - Completion Milestone)

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:

Milestone Option 1:

Preferred payout method 40%-60%

Go-Live of Academy (March 2023)

Deposit of Liquidity 63,000 OP (Upon Initial Distribution)

Target onboarding of 2,000 Users - 30,000 OP (End of April 2023 - Milestone One)

Request Additional Grant Payout

Deposit of Liquidity 97,000 OP (Upon Receipt)

Target onboarding of 3,000 Users - 45,000 OP (End of May - Completion Milestone)

Milestone Option 2:

In the case a 20%-20%-60% is more appetizing for the Grants Council we propose.

Go-Live of Academy (March 2023)

Deposit of Liquidity 31,500 OP (Upon Initial Distribution)

Target onboarding of 1,000 Users - 15,000 OP (End of April 2023 - Milestone One)

Request Additional Grant Payout - 20%

Deposit of Liquidity 31,500 OP (Upon Second Payout Distribution)

Target onboarding of 1,000 Users - 15,000 OP (End of May 2023 - Milestone Two)

Request Additional Grant Payout - 60%

Deposit of Liquidity 97,000 OP (Upon Receipt)

Target onboarding of 3,000 Users - 45,000 OP (End of June - Completion Milestone)

Milestone tracking will be conducted by on chain credentials (NFT Certificates) for the completion of the academy course. In the case Milestone Option 2 is decided, then Premia will conduct the first 20% as a proof of concept so that both parties will be more comfortable with the ability to scale the initiative, review the user base participating, course correct if needed, etc. before any additional payouts are completed.

Update: Milestone recommendations have been provided given the Benchmark/Critical guidelines and can be found here.

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

: As our pools historically have generated capital returns for liquidity depositing users (knock on wood), we propose to reinvest OP returns back into the program on a quarterly basis to keep the growth ongoing. If we reach the completion milestone and continuous reinvestment into the OP Option academy program in a sustainable way, we hope you will allow us the opportunity to apply for a grant again in the future to continue to scale this initiative!

Pool Yields on DefiLlama: https://defillama.com/yields/pool/a9e36c5e-7715-49d9-9d62-6338785cf5e0

Please provide any additional information that will facilitate accountability

(smart contracts addresses relevant to the proposal, relevant organizational wallet addresses, etc.): Premia Contract Addresses - Premia

Confirm you have read and agree to the Eligibility Restrictions

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