

Disclaimer: I'm a Yield Yak contributor

TL;DR

If this proposal passes, the GMX DAO will:

1. Transfer up to \$100k of esGMX to the Yield Yak GLP vault on Avalanche and an additional chain, in two two tranches of \$60k on Approval of this proposal and \$40k at the time of deploying on a second agreed chain.
2. Receive an equivalent value of YAK tokens staked on Yield Yak.

These tokens are intended to be permanently staked by Yield Yak and GMX to accrue yield and governance rights.

Why are we proposing a treasury swap?

The Yield Yak team has been the leading native yield and swap aggregator for the Avalanche ecosystem since its inception. We have worked with GLP since it deployed on Avalanche, developing both GMX and GLP Vaults on Avalanche. Moreover, Yak Swap was the first aggregator to incorporate GMX.

This treasury swap is designed to better align the two protocols, specifically Yield Yak's GLP vault and our future GMX integrations that will help expand the GMX ecosystem.

What has Yield Yak contributed to the GMX Ecosystem, and why should GMX holders support this proposal?

Yield Yak is a yield-optimizer and DEX aggregator native to Avalanche; they have been strong supporters of the GMX ecosystem since the beginning.

DEX Aggregator:

Yak Swap was the first aggregator to integrate GMX into its trade routing. As a result, Yak Swap has routed \$300,000,000 in volume to GMX, all while collecting zero fees

itself in the process.

GLP Vault:

- Yield Yak's GLP vault was the first vault built on top of GLP, and the first

to take the approach of auto-staking esGMX in perpetuity to boost rewards for all vault participants. Currently, with ~\$800K TVL, it has the lowest fee structure of products built on GLP, with a fee applied only to yield and no entry/exit fees. Their displayed APY is net of fees.

- The vault has also been integrated across the Avalanche Ecosystem; as collateral on Moremoney and Arable Finance, and with an integration underway with DeltaPrime.
- The vault has been running for over 9 months and has recently undergone an extensive audit by CoinFabrik. The recent audit was performed to better support third-party integration of the GLP Vault with DeFi partners on Avalanche.

GLP Adapter:

Yield Yak is building a novel upgrade to Yak Swap, which benefits the GMX ecosystem by optimizing trade routing to GLP: it'll route trades to the most under-balanced assets if slippage is less than fees. This feature will allow GLP mint and redeem to better align these actions with the rebalancing of the GLP pool towards its target index weights, and provide liquidity providers with better overall price execution.

The GLP adapter will be available on Yak Swap, pending the [upcoming update to GLP](#) to remove the 15-minute cooldown period. The adapter can be integrated into any front-end (including [GMX.io](#)), and will be available to any protocols that integrate GLP. This will be especially useful for those building delta-neutral vaults, as they tend to deposit and withdraw only in stables.

GLP Vault & Adapter

These two building blocks combine to create a near-frictionless integration for GLP within the DeFi ecosystem on Avalanche. This enables fluid, efficient integrations, and Yield Yak can potentially expand its offerings to other chains to support GMX.

What will Yield Yak do with esGMX?

The esGMX will be locked into and increase Yield Yak's GLP Vault's staked esGMX balance on Avalanche, resulting in a boosted APR to stakers from this investment. In the event that Yield Yak launches vaults on other chains, including Arbitrum, GMX will assist Yield Yak with in potentially bridging esGMX on a one-off basis to support additional vaults.

What will GMX do with YAK?

GMX DAO's received YAK will be staked, earning a pro-rata share of 70% of Yield Yak's platform fees, which are automatically distributed daily in AVAX rewards. GMX will stake their YAK to earn these AVAX fees, for a minimum of two years. In the event that YAK moves to multi-chain YAK staking, it will assist GMX with bridging YAK if desired.

How can we price the YAK and esGMX?

Pricing of both YAK and esGMX would use the 30-day trailing average price for GMX and YAK, taken from Coingecko at the time of approval of this governance proposal.

Lockup / Vesting

Yield Yak and GMX intend to hold the tokens received from the swaps indefinitely, with them deployed in accordance with the principle of this proposal. The swap is intended to support protocols building on GMX through sustainable yield generated from esGMX and not the selling of the principal from the swap as the esGMX are not vestable.

After two (2) years, if there has been a material change in the tokenomics or intended utility of the tokens that result in the protocols being unable to use them as had been planned, the protocols may mutually review and come to governance to seek equitable adjustments.