

[GF: Phase 1 Proposal]

Incentive Proposal Template

Project Name

: ParaSwap

Author Name

: Oxytocin

Number of OP tokens requested

: 450 000

L2 Recipient Address:

Multi-Sig TBD. Currently, we propose for a joint community multisig made of members from the OP Collective and ParaSwap, but if this idea is not viable, we can also simply make a ParaSwap DAO multisig.

Relevant Usage Metrics

: (TVL, transactions, volume, unique addresses, etc.):

For general usage metrics, please see our [dashboard](#), but here are some key statistics:

- 34 Billion in Volume processed (dollars), as of the time of writing, of which over the past 7 days
- ~140 million processed through Ethereum
- ~87 million processed through Alt-L1s
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- ~87 million processed through Alt-L1s
- Depending on the period, between 6 to 10 thousand unique users daily.
- While the dashboard does not provide daily tx (30 day average), a quick call shows that we process over 10k transactions a day most of the time.

Our most relevant information can be found in our dashboard

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](<https://global.discourse-cdn.com/business7/uploads/bc41dd/original/1X/584471aef8e4ad400b7b70add4794a435ddfdb5a.png>)

Optimism alignment (up to 200 word explanation):

ParaSwap is looking to incentivize growth within the Optimism ecosystem by encouraging integrations and developments within this L2 using grants

. Additionally, we wish to kickstart a healthy level of liquidity in Optimism, in an effort to move more of our DAO activities towards Optimism in the future. In summary, ParaSwap helps all forms of Optimism users:

- For the swappers on the Optimism network, ParaSwap automatically will find the best swap rates across all pools, giving them the best market price.
- For liquidity providers, ParaSwap directs more swaps to their pools. This is especially true for pools providing better rates and might not be well known.
- For app/dApp developers, a ParaSwap integration will allow seamless integrations for swapping assets, as well as a potential revenue stream should they choose to include a [fee \(ParaSwap takes no flat fee\)](#)
- With enough liquidity provided, Optimism could become the main network for \$PSP holders to interact in. This liquidity would also encourage future developments of the \$PSP token to be deployed preferentially in Optimism over other networks. Fees from the liquidity will also increase revenue for all pool holders.
- Finally, any DEX can freely integrate with us using our open-sourced DexLib (see github for more information), a first

in aggregators to allow for community integrations!

Proposal for token distribution (under 1000 words):

The main purpose of the OP distribution will be simple: To incentivise the development of tools that help access the liquidity depth of the Optimism ecosystem

. We are requesting these funds before our deployment so developers have time to get acquainted with ParaSwap before our release, thus giving developers as much of a headstart as possible to begin thinking of forms to develop the Optimism ecosystem.

How will the OP tokens be distributed?

Currently, the following distribution vectors will be proposed:

- 50% \$OP will be distributed to new dApp and app developers that integrate ParaSwap into their swaps and interact directly with the Optimism ecosystem. If any particular type of dApp is preferred, we can work with the OP governance to further decide what kinds of apps receive a certain amount of the allocations.
- 35% of \$OP will be used to establish permanent, protocol-owned liquidity on Optimism. This would lead to no dumping of \$OP onto the market compared to liquidity mining rewards.
- 15% \$OP will be distributed to successful DexLib integrations in the Optimism ecosystem. We will provide a flat reward for any integration, followed by a bonus depending on success metrics.

How will this distribution incentivize usage and liquidity on Optimism?

With these distributions, DEXes will be incentivized to be integrated into ParaSwap, giving them access to new users, and giving the whole protocol a more cohesive liquidity. This, combined with the developer grants, would greatly incentivize the on-boarding process onto Optimism.

In terms of the ParaSwap DAO, having a healthy source of liquidity here will make Optimism a major hub for all future developments, and we would be more than looking forward to working with the OP Collective

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

- Once integrated into DexLib, these integrations are permanent and do not need to be renewed.
- Once the apps integrate ParaSwap and work with the Optimism ecosystem, they do not need further maintenance.
- Unlike liquidity mining, protocol-owned liquidity will mean that the liquidity will remain on the protocol, and no constant rewards will be needed to maintain it.

Over what period of time will the tokens be distributed?

As development takes time, we do not want to set a deadline for this claim period of \$OP. Instead, we will wait and see the utilisation rate of the funds within the first couple months of deployment onto Optimism, and re-assess the distribution strategy from there. This is why, for now, we are making a conservative request of a Tier 3.

How much will your project match in co-incentives?

Assuming a proposal successfully passing for each of them on our DAOs:

- ParaSwap will reward DexLib integrations with PSP to further encourage integrations.
- ParaSwap will match the liquidity provided with \$PSP
- Incentives for apps and dApps will have to be decided on an individual basis depending on the value brought.