

Project name

: Rubicon

Author name and contact info

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

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)

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

: 0x3204AC6F848e05557c6c7876E09059882e07962F

Which Voting Cycle are you applying for?

: Season 3 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): Rubicon is an order book protocol built on Ethereum L2 networks. The order book contract implements fully on-chain order books and a matching engine for peer-to-peer trading of ERC-20 tokens. The contract uses an escrow model for liquidity; when a limit order is placed on the book, those tokens are sent to the contract. If/when an order is filled, the contract matches the traders directly and the tokens are sent to each party. A router contract allows for token swaps across multiple order books.

Rubicon v1 liquidity pools enable passive LPs to lend tokens to active market makers in exchange for a share of market making yield. In Rubicon V2, these liquidity pools will be similar to traditional lending protocols and our current functionality will be deprecated, enabling seamless spot margin lending/borrowing on the protocol via over-collateralized lending. The liquidity incentives outlined in this proposal would only go to the V2 liquidity pools.

Website

: <https://www.rubicon.finance/>

Twitter

: <https://twitter.com/rubicondefi>

Discord/Discourse/Community:

[Rubicon](#); <https://forum.rubicon.finance/>

Other relevant links

(including any demos): <https://app.rubicon.finance/trade>; <https://docs.rubicon.finance/>; [Rubicon](#)

Additional team member info

(please link): <https://www.rubicon.finance/team>

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

: n/a

Relevant usage metrics

(TVL, transactions, volume, unique addresses, etc. Optimism metrics preferred; please link to public sources such as Dune Analytics, etc.): TVL: \$12.47M

TXNs/Day (30D avg.): 9.78K

All Time Volume: \$49M

All Time Unique Addresses: 255,254

Sources:

Our team maintains dashboards and queries here:

[@rubicondefi](#)

External Sources:

[Rubicon: TVL and Stats - DefiLlama](#); [Optimism Quests - App Growth on Optimism After Quests](#); [Optimism Project Deep-Dive](#)

Competitors, peers, or similar projects

(please link): N/A

Is/will this project be open sourced?:

Yes

Optimism native?

: Yes

Date of deployment/expected deployment on Optimism

: 9/20/2021

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

The Rubicon protocol brings the efficiency of order books on-chain. Active market makers can provision liquidity profitably and traders can enjoy a simple, familiar structure with democratized root access.

We need to bring price discovery for crypto assets to on-chain venues, and it will not happen unless liquidity is active.

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

: This proposal incentivizes both active and passive liquidity providers in a direct fashion that most DEXs cannot do today. This program will bring active and sophisticated traders into the Optimism ecosystem, which is a win not just for Rubicon but for all DEXs on the chain.

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

: Rubicon showed with its previous grant that we could translate token incentives into thousands of transactions and new users, and millions of dollars of volume and liquidity. This proposal improves upon our prior work by prioritizing active liquidity providers in addition to passive ones, which should be even more effective for growing KPIs like volume and transactions.

Has your project previously applied for an OP grant?

: Rubicon received 900,000 OP in a Phase 0 grant, with the supermajority allocated towards liquidity incentives. These OP incentives will end on February 10, 2023.

The Phase 0 grant supercharged Rubicon's growth across every conceivable metric. TVL increased by more than 11x, from \$1.1M to \$12.36M. Trading volume, liquidity, market depth, and unique addresses also had exponential growth. Perhaps most importantly, Rubicon's transaction count grew immensely, with the protocol currently being the #5

Optimism dApp by transaction count in the last 30 days.

Rubicon's Phase 0 grant led to awesome growth, and our team is confident that this proposal will be even more effective because it directly rewards active liquidity in addition to passive liquidity. This proposal is even more direct in incentivizing usage (volume, liquidity, and transactions) than the previous one!

Rubicon Phase 0 Proposal: [\[GF: Phase 0 Proposal\] Rubicon](#)

Number of OP tokens requested

: 200,000

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?

: n/a

How much will your project match in co-incentives?

(not required but recommended, when applicable): Rubicon does not currently have a token and is not positioned to match with co-incentives.

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.): Market Maker Incentives: 70% (140,000 OP)

Addresses that actively 'make' liquidity on the Rubicon protocol will earn OP rewards based on their Maker Volume during 4-week epochs. After each epoch, our team will airdrop OP to addresses based on their proportional share of maker volume on trading pairs in the program.

These epochs allow our team to be discretionary and filter out any addresses that engage in wash trading/malicious behavior to game the rewards, as well as filter out team addresses.

The source for maker volume will be this public subgraph:

[rubi-subgraphs/RubiconMarketLight at master · RubiconDeFi/rubi-subgraphs · GitHub](#)

Trading pairs that where traders will receive incentives proportional to their share of maker volume:

WETH/USDC, WETH/DAI, WETH/USDT, OP/USDC, USDC/DAI

Liquidity Pool Incentives: 30% (60,000 OP)

These incentives will renew our successful liquidity rewards program for the next version of the protocol. LPs in Rubicon V2 will earn OP for supplying liquidity to the protocol.

Liquidity Pools in the program:

(W)ETH, USDC, DAI, USDT, OP, WBTC

These are the initial markets for Rubicon V2, and each will receive an equal share (10,000 OP) of rewards that continuously vest over 3 months.

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: All of the upfront portion (40%) of this grant will go towards the Maker Incentives.

These incentives will begin 2 weeks after the grant is received and in its initial phase last 14-weeks in total. Maker Incentives will be awarded on after 4-week epochs, and with a 1-week feedback/evaluation period between epochs.

The first 3 epochs will have 26,666.67 OP up for grabs, and if the milestone is achieved the remaining 2 epochs will each have 30,000 OP.

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 edit that incorporates community feedback:

### **Milestone 1: (initial unlock 80,000 OP, 40% of total)**

The Maker Program must exceed \$100,000 USD in maker volume during each 4-week-long epoch. Volume Data Source: [RubiconMarket subgraph](#)

Rubicon team addresses will be filtered out of the maker volume count and will not receive rewards. Our team will provide documentation to make this clear to the Grants Council.

The first of the initial three epochs will start two weeks after March 2nd (or whenever the Phase 10 grants are distributed).

### **Milestone 2: (unlocks 60,000 OP, 30% of total)**

The Maker Program will distribute 60,000 OP over two final epochs following the same distribution model as the previous three.

### **Milestone 3: (unlocks 60,000 OP, 30% of total)**

Once Rubicon V2 is deployed and fully live on Optimism, 60,000 OP will be unlocked and sent to a BathBuddy contract to start liquidity provider rewards. Rubicon will submit documentation, including smart contract addresses, to the Grants Council to make it easy to confirm the deployment and distribution logic. The following liquidity pools will receive rewards: (W)ETH, USDC, DAI, USDT, OP, WBTC.

### **Milestone 4:**

Upon completing the other milestones, the Rubicon team will submit a summary of results to the Grants Council that assesses the Maker Program and Liquidity Provider Rewards. This report will be completed no later than 6 months after receipt of OP tokens, even if some milestones are incomplete.

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

: Rubicon gives active traders and liquidity providers tools they cannot find anywhere else in DeFi. Instead of eating impermanent loss, users get a fully-featured order book protocol where they can profitably provide liquidity.

Our team translated the previous grant into significant growth in volume, liquidity, transactions, and users on Optimism, and we plan to do the same with this grant, this time in an even more direct fashion.

Please provide any additional information that will facilitate accountability

(smart contracts addresses relevant to the proposal, relevant organizational wallet addresses, etc.): General Items:

Like our previous grant, the address listed in this application will hold all OP in escrow until it is airdropped to makers or sent to a BathBuddy contract for liquidity incentives.

Rubicon is currently Optimism native but will be launching on another L2 network in Q1. We conferred with an OP Labs rep and ask the sub-committee for guidance on whether or not this disqualifies us from being OP native. We will respect the decision either way!

Liquidity Mining:

The BathBuddy contract that will hold the Liquidity Rewards in escrow and vest them to the liquidity pools will not be deployed until Rubicon V2 is live. Unfortunately, we cannot use the previous BathBuddy contract from the previous program.

Maker Incentives:

Our team makes markets and actively provides liquidity on Rubicon. Thus it is important we are excluded from the Maker Incentives. We will exclude team addresses from the airdrop at the end of each epoch, we can do this transparently using the subgraphs and tagging team addresses prior to the drops.

Confirm you have read and agree to the Eligibility Restrictions

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