

Project Name:

Hop Protocol

Author Name:

Chris

Defillama TVL (at snapshot):

\$12,288,329

Transactions/day (at snapshot)

: 693

Tier:

2

Optimism native:

No

Revisions to metrics used:

N/A

Number of OP tokens to claim:

1,000,000

L2

Recipient Address:

[0xC988107688b750dee6237B85A3ca49ba0a65DaB0](https://optimism.io/address/0xC988107688b750dee6237B85A3ca49ba0a65DaB0)

Proposal for token distribution (under 1000 words):

Hop will use the allocated \$OP to reduce the net cost for users onboarding to Optimism using Hop Protocol.

How will the OP tokens be distributed?

Every user that onboards to Optimism using Hop Protocol will have 80% of their total onboarding fees refunded in \$OP. This will significantly reduce the net cost for users to send funds to Optimism and give them a stake in the Optimism network. The \$OP rewards will cover 80% of users' total onboarding fees, including gas fees, AMM LP fees, and bondor fees but will not include the AMM rate.

How will this distribution incentivize usage and liquidity on Optimism?

Lowering the net cost for users to onboard to Optimism by 80% will make it much cheaper for new users to get funds onto the network to give it a try. Also, users who regularly bridge funds will earn a meaningful amount of \$OP rewards, similarly to a loyalty points program making it more likely to become their goto L2.

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

The incentives will help cover fees to onboard to Optimism. Once there, users will leave their funds where they can enjoy cheap transaction fees, a buttery-smooth user experience, and a rich ecosystem of innovative Web3 applications.

Over what period of time will the tokens be distributed?

This will depend on the market price of \$OP and the gas markets on Hop's various supported networks, as well as the prices of their native tokens.

How much will your project match in co-incentives?

The Hop team cannot speak for the upcoming Hop DAO, but it is likely that the Hop community will set up liquidity mining for each of the Hop AMMs on Optimism using HOP incentives. This will improve the transfer rates, especially for users transacting with larger amounts.

Execution

All rewards calculations will be done off-chain using the \$OP price at the time of the bridge transaction. Each month, a Merkle drop with all \$OP rewards will be deployed on Optimism. All rewards that are not claimed from the previous month will roll over to the new Merkle Drop contract where they will be claimable along with any additional rewards the user has accrued.

Only direct interactions with the Hop Contracts should be considered for \$OP rewards. Interactions that go through wrapper contracts, such as those deployed by bridge aggregators, add a ~20% gas premium vs using Hop directly, which works against the goals of this proposal.