PROPOSAL NAME:

ApeChain A-Team - Research, Deploy, Manage ApeChain

PROPOSAL CATEGORY:

Brand Decision

TEAM DESCRIPTION:

Nicholas Lin - Senior Blockchain Engineer, Former Ethereum Foundation developer, worked on both application and protocol layer research including Proof of Stake, EVM Clients, L2s and wallet.

Jimmy X - Technical Cofounder of Velodrome Finance, Optimism's #1

DEX by TVL and Revenue. Former L2 MEV searcher.

Indigo - dApp developer, Former Lead Engineer, Olympus DAO.

Fully - dApp developer, former tokenomics & mechanism design at Consensys. Former Protocol Architect at OlympusDAO.

Rooter - Founder of Solend. Previously an engineer at Coinbase. Rooter wrote and audited smart contracts on Ethereum since 2017, before jumping head-first into Solana in 2021.

Nope - CTO of Solend. Previously an AI engineer at Cruise. Nope has been writing smart contracts and running various MEV strategies since 2021.

Dasichuan - Founding backend engineer of Solend, previously early engineer at Robinhood.

Exodia - Founding / lead frontend engineer of Solend.

Ripleys - Former engineer at Two Sigma. Fullstack engineer, focusing on smart contracts and backend. Led development of a high performance liquidator.

Jackie Lee - MAYC 2332, web3 game/metaverse builder at AnotherWorld.gg, Epic Games MegaGrants recipient, MIT Media Lab alum.

Jack Corddry - Former Frax dev, frxETH v1 lead, former president of Blockchain at UCLA, 2022 Paradigm fellow.

David Choi - Founder at MetaStreet, VR Punk maximalist, Angel investor, MEV sniper and former crypto fund manager.

Roger Hsu - Azuki 1439, Former CEO/CTO of ThunderCore, the first EVM-compatible PoS blockchain.

Bradley - MAYC 22898, 15+ years Fintech/payments experience in TradFi and working professionally in Crypto from 2017. Previously global head of business development for Dash Core Group ($DASH) and later co-founded and led X Marketplace, focusing on ApeCoin adoption + Yuga ecosystem.

Lumberg - BAYC 4646, Punk 8503, DAM DAO, Project Lead at MEV Protocol, Yearn multisig signer, Abracadabra multisig signer, Arbitrum Delegate, PleasrDAO Advisory Council, MetaCartel Ventures founding member.

MachiBigBrother - DeFi OG, BAYC Maxi, ApeCoin DAO Delegate and Author of AIP-304.

The team's engagement has no predetermined terms, as engagement is at-will for both the project and team members. Adding or removing team members will be dependent on project needs as well as team member needs, like most other projects. Changes will require majority team votes: at least two team member recommendation is required to bring in new members, and at least three team member recommendation is required to kick team members. Each team member has one vote.

ABSTRACT:

ApeChain is a general-purpose blockchain built for the ApeCoin community, serving NFTs, Gaming, and DeFi needs. ApeChain will provide native yield options for bridging assets to benefit users of ApeChain.

ApeChain is a natural next step for ApeCoin DAO. It provides a foundation for which we can all build upon, and is the greatest opportunity to provide significant utility for ApeCoin. A successful ApeChain is far more involved then simply selecting the right technology stack upon which to build; just because it's built doesn't mean users will come. ApeChain needs to be easy to use, provide a full ecosystem of applications, and secure.

We must appoint a team with a strong business strategy and technical competence to deploy, manage and operate ApeChain. We are the team that is the most dedicated, researched, and advanced within the ApeCoin ecosystem, and we are prepared to execute on ApeChain immediately.

BENEFIT TO APECOIN ECOSYSTEM:

- Build out the ApeCoin value proposition with the speed, security, and low cost of a L2 solution. Ethereum takes too long and costs too much to be a native payment vehicle for Web3 economies. ApeChain will be the L2 platform ApeCoin needs to serve beyond just Gaming and NFT needs, but also sets the foundation to be a leading token for the Web3 economy.

- ApeChain and its associated A governance token will serve to expand ApeCoin utility through increased decentralization of ApeCoin DAO by creating a self-sustaining DAO with its own team. This serves to grow the ApeCoin ecosystem at no cost and is similar to the [Maker DAO SubDAOs](#) concept.

- ApeCoin will be the "hero token" of ApeChain. It will form the basis of ApeChain liquidity with major AMM pairings and allow ApeCoin holders to earn ApeChain tokens through bridging and participating in liquidity pools on ApeChain.

KEY TERMS:

Governance Token - A governance token is a type of cryptocurrency that seeks to democratize the management of decentralized applications (dApps) and other blockchain-based protocols. (Source: https://www.kraken.com/learn/what-is-a-governance-token)

Automated Market Makers (AMMs) are a type of algorithm built on blockchain technology that automates the process of executing trades on decentralized exchanges. AMMs are an essential aspect of the growing decentralized finance ecosystem and are an innovation that reflects the core ideals of crypto. Because AMMs are built on blockchains and utilize smart contracts, trades can be conducted at any time, in a permissionless way, and for much lower fees than on a traditional exchange. When someone wants to buy or sell an asset on a decentralized exchange, they simply submit the trade to the smart contract and it'll be automatically executed at whatever the current market price is. (Source: [Fundamentals: What is an automated market maker (AMM)?](#))

Blockchain Explorer - A blockchain explorer is a tool that enables users to navigate and review information about any public blockchain network. (Source: [Blockchain Explorer Meaning | Ledger](#))

Blockchain Oracle - Blockchain oracles are entities that connect blockchains to external systems, thereby enabling smart contracts to execute based upon inputs and outputs from the real world. (Source: [What Is an Oracle in Blockchain? » Explained | Chainlink](#))

Layer 2 - Layer 2 (L2) is a collective term to describe a specific set of Ethereum scaling solutions. A layer 2 is a separate blockchain that extends Ethereum and inherits the security guarantees of Ethereum. (Source: [Layer 2 | ethereum.org](#))

Optimistic Rollup - Optimism is an "Optimistic Rollup," which is basically just a fancy way of describing a blockchain that piggy-backs off of the security of another "parent" blockchain. Specifically, Optimistic Rollups take advantage of the consensus mechanism (like PoW or PoS) of their parent chain instead of providing their own. In OP Mainnet's case this parent blockchain is Ethereum. (Source: [Rollup Protocol Overview | Optimism Docs](#))

OP Superchain - The Superchain is a horizontally scalable network of chains that share security, a communication layer, and an open source development stack. A permissionless system for deploying new chains to a shared network opens the door to massive scale, novel applications, and a new revenue model that rewards application developers for the fees their chains generate, and rewards protocol developers for the public goods they create. [The Law of Chains](#) ensures that the Superchain remains an open, neutral ecosystem. A commitment to the Law of Chains, alongside the likes of Base, protects shared standards for all Superchain participants.

Sequencer & Sequencer fees - Compute system that executes transactions. Sequencer fees contribute to positive margins for layer 2 operators.

15% of Sequencer fees will be added to APE/A protocol owned liquidity. 15% will be contributed into the Superchain public goods funding, with the remaining 70% to ApeChain Treasury.

To understand more about transaction gas fees, see this article from Optimism:https://help.optimism.io/hc/en-us/articles/4411895794715-How-do-transaction-gas-fees-on-OP-Mainnet-work-

PLATFORMS & TECHNOLOGIES:

OP stack, a standardized, shared, and open-source development stack that powers Optimism, maintained by the Optimism Collective.

The team met with several potential technology solution partners, discussed strengths and weaknesses of each technical solution, and requested support from each. After much consideration, we have chosen to support Layer-2 rollups given that Layer-2 rollups can best attract developers to build on ApeChain. Utilizing a technology solution that is most attractive to developers is critical for the success of building a robust ecosystem of dApps on ApeChain.

Optimism is the leading choice for the A-Team to deploy ApeChain, as part of the Optimism Superchain ecosystem. This will

align and expand ApeChain into a large community of developers and users who believe in user protection, decentralization, and economic autonomy. In addition, the team has a vision of contributing toward the growth of the Ethereum ecosystem by becoming core contributors in the Optimism Foundation. Learn more about ApeChain on the Superchain per Optimism's post here: [ApeChain on the Superchain](#)

Based on Optimism's post and our discussions with their team, Optimism is committed to supporting ApeChain, including a milestone-based token grant up to 10m OP that offers ApeCoin DAO an exciting path to participate in the governance of the Superchain.

Native Yielding Chain is the New Meta

As demonstrated by the recent success of Blast in attracting liquidity and user growth, the value of native yielding chains are the new meta. We are partnering with MEV Protocol to provide liquid staking ETH to make ApeChain a native yielding chain.

MEV Protocol

Maximal Extractable Validator Protocol is a system of products built to maximize value creation across the validator value chain. MEV Protocol's first product, the Ethereum Liquid Staking Token mevETH, offers the best value for staked ETH. Via a novel market design for blockspace allocation and blockspace futures, mevAuction will lead the way in creating new value.

DeFi Primitives: Lending

Lending is a fundamental DeFi building block that ApeChain needs. We are working with MetaStreet to bring in NFT lending as part of the ApeChain launch.

MetaStreet

MetaStreet v2 aka "The Automatic Tranche Maker" (ATM) is a permissionless lending protocol for on-chain collateral. Pools are organized by automatically tranching capital based on different risk and rate profiles from depositors, which turns into fixed-duration loans for borrowers.

The main goals of The ATM is to improve on three shortcomings of existing lending protocols:

- Oracleless: Remove the dependency on a centralized price oracle for loan to value limits

- Dynamic Interest Rate Model: Replace a fixed, governance-driven interest rate model with a dynamic, deposit driven one

- Permissionless: Allow users to instantiate a lending pool for any collection permissionlessly

Additional Platforms & Technologies:

Block explorer, such as Blockscout or Etherscan, or good open-source alternatives like Otterscan.

Oracles, such as Chainlink, Pyth, Redstone, or Supra.

Account Abstraction, ERC-4337

ApeChain will need this key feature in order to onboard users in a more user-friendly manner. Specifically, the process of installing a wallet and managing its private keys is challenging for users that are new to web3. ApeChain needs to embrace these UI/UX upgrades to better support Gaming on ApeChain. To learn more about Account Abstraction, see this guide from Cointelegraph: https://cointelegraph.com/learn/account-abstraction-guide-to-ethereums-erc-4337-standard

ApeChain Governance Tokens (A Tokens)

The ApeChain governance tokens will be used to govern ApeChain. A tokens will be distributed to ApeCoin holders that stake their ApeCoins.

Initial ApeChain token distribution will be as follows:

83.75% for ApeChain Treasury

15% for staked ApeCoin, distributed over 3 years: 7.5% in year 1, 5% in year 2, 2.5% in year 3

1.25% for the first 6-months contributors/team

ApeCoin holders who stake their ApeCoin and/or bridge ApeCoins into ApeChain will be able to continue voting for ApeCoin DAO AIPs with their ApeCoins. As a part of this proposal, we propose adding ApeCoin on ApeChain to snapshot strategies to allow participation of continued participation in ApeCoin DAO and AIPs.

The initial distribution of the ApeChain governance token will be distributed to ApeCoin holders who stake their ApeCoins in order to decentralize governance power to the ApeCoin community.

Additionally, pending passage in ApeChain governance, ApeChain tokens may also be distributed to ApeCoin holders that bridge ApeCoins to ApeChain and add liquidity to major pairings such as APE/ETH, APE/USDC, and APE/A pairs. Adding liquidity to these pairs will contribute to the growth and success of ApeChain, while establishing ApeCoin as the central routing token for automated market makers (AMM).

MachiBigBrother will not receive any salary, team tokens, nor compensation of any kind.

STEPS TO IMPLEMENT & TIMELINE:

Should this proposal pass, the team outlined in this proposal will immediately continue working with the Optimism Foundation on scoping out the ApeChain mainnet deployment as part of the OP Superchain, based on the existing testnet deployment that Jackie has already completed.

The engineering team will work with the Optimism Foundation to negotiate and deploy a block explorer, at least one oracle solution, in order to support a thriving ecosystem of dApps.

The business team will focus its efforts with Yuga Labs, Animoca Brands, and other game developers to bring in one to three games and NFT projects to launch alongside the ApeChain mainnet launch. Additionally, DeFi primitives of AMM, lending, and stablecoins will be deployed on ApeChain at mainnet launch.

The business team will approach partners broadly on the basis of the 5 Tokenomic Pillars below:

[

968×972 165 KB

](https://global.discourse-cdn.com/apecoin/original/2X/e/e6823dab0e5c84782413b4cf4206e351396fb210.png)

The goal is to not only launch ApeChain with ecosystem partners in place, but also to continue its growth and adoption through the above framework and value creation. This means ApeChain will look to build partnerships across DeFi, including primitives such as AMMs, borrowing/lending, and stablecoins. It will work with payment processors and merchant partners/organizations such as Made By Apes to grow the use of ApeChain for payments. This will complement and further our adoption efforts in Web3 by rounding out the value proposition to increase its use case.

Target timeline for this is 3-6 months, with mainnet launch in Q2 or Q3 of 2024. Upon ApeChain mainnet launch, the ApeChain A-Team will work with ApeCoin DAO to submit a new pull request to Snapshot to include ApeCoins on ApeChain to vote on ApeCoin DAO AIPs.

OVERALL COST:

No cost to the DAO.

Optimism Foundation is offering to provide a grant to finance the first three years of ApeChain, based on performance metrics.

Sequencer fee margins can also serve to finance ApeChain development.