

Project Name:

BeethovenX, powered by Balancer

Author Name:

Solarcurve (BalancerDAO contributor, BeethovenX advisor)

Number of OP tokens requested:

500,000

L2 Recipient Address:

0x2a185C8A3C63d7bFe63aD5d950244FFe9d0a4b60

Relevant Usage Metrics:

Balancer has ~\$1.4B TVL and does ~\$500M volume per week. This is the network OP incentives would be competing in through the veBAL gauge vote.

Currently on OP we have ~\$4.8M TVL, ~\$500k daily volume, ~\$3-4k daily fees, ~2k daily tx's.

Balancer & BeethovenX have allocated \$500k of incentives over 8 weeks towards Optimism so we could launch as soon as possible, which we did on June 2nd (<https://op.beets.fi/>). Optimism will soon be integrated into the veBAL gauge system and we will need to secure votes for Optimism pools to earn BAL emissions.

Optimism alignment

Both Balancer and BeethovenX view Optimism as one of the most promising scaling solutions - not only because of the world class technology but also the entire vision of the Optimism Collective. This has the potential to create a narrative beyond simply making money which is incredibly exciting. We view Optimism as the perfect foundation upon which to build the world's most advanced decentralized exchange.

BeethovenX, in collaboration with Balancer, will roll out cutting edge technology on Optimism such as Boosted Pools and Managed Pools. The goal is to build an unparalleled UX that puts the full power of Balancer technology in the hands of all Optimism users and projects.

We are here for the long term. As you'll read below we have an innovative plan to create a positive flywheel that can continue to drive BAL emissions to Optimism through the veBAL gauges even after external incentives, like this proposal is requesting, are exhausted. BeethovenX is sacrificing half of their share of protocol revenues towards this flywheel precisely because of the belief that the long term benefits will be worth far more.

Proposal for token distribution

How will the OP tokens be distributed?

OP will likely be used to bribe in veBAL gauges for pools on Optimism, primarily boosted pools. Boosted pools are liquidity pools that only keep a small amount of tokens on hand for trading and send the rest to earn yield on Aave, Yearn, or similar platforms. Balancer was the first DEX to launch liquidity mining back in mid-2020 and many large holders of BAL are strong believers in the Ethereum (and Optimism) ethos. It is reasonable to expect many veBAL voters to hold onto the OP they stand to earn from bribes, and future improvements like adding L2 boosts will provide further incentive alignment.

How will this distribution incentivize usage and liquidity on Optimism?

Bribing is on average ~3x more cost effective (based on recent veBAL history) compared to traditional liquidity mining. With this strategy we can efficiently bootstrap AMM liquidity on Optimism AND lending markets like Aave simultaneously. However, if the ROI on bribing decreases to the point where it is a higher ROI to match OP 1:1 in traditional liquidity mining we retain the option to do that. In any case, OP will always be matched 1:1 in \$ value.

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

While we expect that boosted pools and future technology like managed pools will see strong interest even without external incentives, we also plan to pioneer methods of sustainable incentives that will persist after all OP incentives are exhausted. We will be directing 25% of the protocol fees earned on Optimism towards bribing for the pools that generated those fees (or as direct incentives on those pools). That means activity stimulated by external incentives would directly lead to higher bribes → more veBAL votes → more BAL emissions → more TVL → more trading activity, etc.

Over what period of time will the tokens be distributed?

We can't place a timeframe on distribution as that is directly related to the fees generated by the protocol.

How much will your project match in co-incentives?

The agreement between BeethovenX and Balancer stipulated that the protocol fee of 50% would be split 50/50. BeethovenX will be directing half of their fee earnings towards matching OP

incentives for the pools that generated those fees, either through bribes or direct liquidity mining. For example, if Balancer on Optimism generated \$400k in protocol fees for this month then BeethovenX would be entitled to \$200k. Half of that (\$100k) would be matched with \$100k of OP and allocated towards incentives on Optimism pools.

Beyond this, BeethovenX has already allocated up to 3M BEETS for bribing for Optimism pools that we will use at our discretion. This is in addition

to the match proposed above. These 3M BEETS will be used to kick start the flywheel described above through an early and aggressive bribing campaign.