

Note: xToken has amended its original proposal to integrate community feedback, such as allocating rewards fully to Optimism, allocating rewards fully to WETH<>OP 0.3% pool, and extending the program from 10 weeks to 6 months (24 weeks). Along with the increase in duration, we increased the amount of incentivizes requested to ensure deep liquidity.

**Project Name:**

xToken Terminal, Gamma Strategies, and Uniswap V3 Staker

**Author Name:**

xToken Terminal and Gamma Strategies

**Number of OP tokens requested:**

900,000

**L2 Recipient Address:**

0x38138586AedB29B436eAB16105b09c317F5a79dd

**Relevant Usage Metrics: (TVL, transactions, volume, unique addresses, etc.)**

- xToken: \$3.5M USD in TVL (Defi Llama)
- Gamma: \$4.2M USD in TVL (Defi Llama)

**Optimism alignment (up to 200-word explanation):**

The following is a joint proposal by xToken Terminal & Gamma Strategies to outline a path forward for OP liquidity incentives on Uniswap V3. This is an updated version of our June 2nd [pre-proposal](#), which received strong community support. From that version, we've reduced the amount of tokens requested – we recommend Optimism start with an initial 10-week program and then reassess continuation of the program.

Terminal's out-of-the-box solution allows projects to deploy a highly configurable Uni V3 liquidity mining (LM) program in a matter of minutes, no dev work or technical expertise required. Terminal is live on Ethereum mainnet, Optimism, Arbitrum and Polygon.

Gamma has been actively managing liquidity on Uniswap V3 since March 2021 and prides itself on optimal LP strategies using its machine learning algorithms and automated strategies. Gamma is currently live on Ethereum mainnet, Optimism, and Polygon.

The OP token is finally live, ushering in a new era for L2 Ethereum. For now, Optimism is the only leading ETH scaling solution with a liquid token. The OP token – which serves a focal role in the governance of the network – has already generated significant investor interest. As such, bootstrapping a strong, stable foundation of liquidity for the token is essential.

While the token is trading on multiple CEXes, most DEX liquidity looks to be bootstrapped by independent actors and perhaps professional market makers. This is an undesirable state of affairs for a token, project and community with a commitment to transparency, decentralization and permissionlessness. We believe an OP liquidity mining program should be considered.

**Proposal for token distribution:**

We propose a total allocation of 900,000 OP tokens for liquidity incentives, distributed evenly across three providers: xToken Terminal, Gamma Strategies, and UniswapV3Staker.

After discussion with the Optimism community, we believe that 100% of incentives should be paid out on Optimism via the WETH<>OP 0.3% fee tier pool. Liquidity in this pair is most critical to the success of the Optimism token so we feel a full allocation is the best way to ensure adequate and sustained depth.

For a detailed explanation of our analysis and initial design of the LM program, refer to our [pre-proposal discussion](#).

**How will the OP tokens be distributed?**

900,000 OP tokens distributed to LPs over a period of 24 weeks:

- ~33% allocated to each service provider's program

- 100% paid out on Optimism
- 100% to WETH<>OP 0.3% pool

### **How will this distribution incentivize usage and liquidity on Optimism?**

With three different service providers, each will be able to approach liquidity incentives and provision in a way that complements the other two, providing a robust incentives offering for all types of LPs.

- xToken will provide a user-friendly interface for full range OP liquidity incentives, offering a passive option with lower IL and execution risk for community members who want a simpler LM experience.
- Gamma will actively manage OP liquidity, concentrating assets right around the spot price and structuring rewards through their platform.
- UniswapV3Staker will offer a more expressive, dynamic option for more sophisticated LPs looking to rebalance frequently and independently of other LPs.

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

With a 24 week campaign, we'll be able to attract long-term users and capital from ETH mainnet and other chains. We believe that the user experience and emerging opportunities on the Optimism network will be enough to retain the majority of users after the incentives program ends. As we mentioned above, Optimism is uniquely positioned to obtain LP capital with its native token being first to market of the major L2s.

### **Over what period of time will the tokens be distributed?**

Linearly over a period of 24 weeks.

### **How much will your project match in co-incentives?**

Due to their current emission allocations, it's unlikely xToken and Gamma Strategies would be able to match incentives for this program.