

Project Name:

Ooki Protocol

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Grant Category:

DeFi

Is this proposal applicable to a specific committee? [y/n, link to committee]

DeFi?

Project description

Ooki Protocol ([Ooki.com](https://ooki.com)) is a protocol for margin trading, borrowing, lending and staking deployed on multiple blockchains. Ooki is a fully decentralized, DAO led project, governed by community vote for all major changes to the protocol.

- Ooki users can open short/long margin trades with up to 15x leverage using a fully decentralized trading platform.
- Ooki users can lend out funds and earn interest on their capital, and also borrow funds against collateral.
- Ooki users can participate in platform governance through the OOKI DAO, and use their OOKI tokens to vote on proposals, submit new proposals, and participate in platform governance.

Project links:

- Website: [ooki.com](https://ooki.com)
- Twitter: [twitter.com/ookitrade](https://twitter.com/ookitrade)
- Discord/Discourse/Community: [Discord](#)

Relevant Usage Metrics:

(TVL, transactions, volume, unique addresses, etc.)

- [Ooki | DeFi Crypto Margin Trading](#)
- Currently Optimism TVL is \$12k.
- <https://defillama.com/protocol/ooki>

Is this project be open sourced?

Yes

Optimism native?:

The protocol is deployed on Optimism.

Date of deployment/expected deployment on Optimism:

The protocol deployed on Optimism around May of 2022.

Ecosystem Value Proposition:

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

Ooki's grant proposal is proposing the idea of a sustainable ecosystem with incentives that will produce long term liquidity that remains after incentives end to enable users to margin spot trade on Optimism, and lend and borrow all from a single platform.

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

There are currently no spot margin trading platforms on Optimism so Ooki's deployment on Optimism brings the Optimism community the best option for DeFi spot margin trading. Ooki remains extremely aligned with the Optimism and looks

forward to cooperating with the core team and community.

We are excited to service the entire Optimism Ecosystem with secure and reliable DeFi leveraged margin trading, borrowing, and lending services for long tail tokens deployed on Optimism.

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

Initially, after Ooki is deployed, margin trading/borrowing/lending pairs will include USDT, USDC, DAI, OP, FRAX, WBTC, over time with the launch of Ooki's permissionless listings any token will be added to trade on leverage and borrow/lend against. This will enable a large number of new tokens to be available for margin trading/borrowing/lending in a permissionless manner. This will benefit the Optimism community by increasing liquidity and availability of tradeable leveraged tokens.

Has your project previously applied for an OP grant?

Ooki previously applied for a grant during the prior round and received community feedback on some updates to the grant. Ooki is now resubmitting a new proposal with the changes of the OP community implemented. For example a few of the requested changes: Matching OOKI incentives to OP, deploying on Optimism completed on front end and back end, and finally a smaller grant request amount.

This new grant request has implemented the above suggested changes that were requested by the community in our prior grant request.

Number of OP tokens requested:

250k OP

Did the project apply for or receive OP tokens through the Foundation Partner Fund?:

No

How much will your project match in co-incentives?

The project will match 10:1. For every \$10 worth of OP the project will match \$1 Ooki. Ooki will give \$1 for every \$10 of OP incentives. Ooki tokens will be added in a ratio of 10:1 to the amount of OP tokens pending approval of Ooki DAO. For example, if \$10k worth of OP grants is awarded, then \$1k in OOKI incentives will be matched pending DAO approval.

Optimism alignment (up to 200 word explanation):

Ooki protocol was featured in the Optimism Demo Day

on August 11th where the Ooki team presented to the Optimism community.

[

](<https://www.youtube.com/watch?v=MX0hKgMetTw>)

Please provide any additional information that will facilitate accountability:

[docs.ooki.com](https://docs.ooki.com)

## **Introduction to Ooki**

Ooki is a protocol for tokenized margin trading and lending. It is a financial primitive for shorting, leverage, borrowing, and lending that empowers decentralized, efficient, and rent-free blockchain

Proposal for token distribution (under 1000 words):

In order to provide an optimal DeFi experience, sufficient liquidity is needed for traders to open new margin trading positions. On Ooki, anyone can lend out funds and earn interest. Initially, seed liquidity is necessary to provide liquidity to attract and incentivize new lenders, borrowers and traders to the application.

Once sufficient liquidity is established, users can open large margin trading positions, short or long, borrow funds with collateral, as well as lend out funds and earn interest.

Ooki has a recently launched an innovative and unique [dynamic interest mechanism](#) to ensure borrowers and lenders receive optimal interest rates when opening new positions on Ooki.

Ooki's approach to delivering optimal rates to lenders and borrowers uses a variable interest rate with a dynamically changing interest rate curve. The new dynamic interest rate system is preferable because it will allow liquidity pools to grow larger.

Additionally, Ooki protocol gives developers and pro users the ability to use flash loans. Flash loans are an uncollateralized loan option designed for developers. Flash loans enable users to borrow instantly and easily with zero collateral obligations, provided that the liquidity is returned to the pool within one transaction block. Use-cases include arbitrage, collateral swapping, self-liquidation, and much more.

How will the OP tokens be distributed?

40% for borrow incentives / trading incentives.

40% for trading competition rewards.

20% for OOKI liquidity on Optimism. Supporting OOKI liquidity on Optimism will encourage users to lock value on Optimism.

OP tokens will be distributed to users who lend out funds used by traders to open margin trading long/short positions. OP tokens will also be to traders and borrowers to incentivize activity.

How will this distribution incentivize usage and liquidity on Optimism?

To facilitate the successful launch of Ooki on Optimism, Ooki is requesting a grant of 250k OP tokens which will be used to incentivize traders, borrowers, and lenders to open new margin trades, lend out funds, and borrow on Ooki's Optimism deployment.

These funds will be utilized in order to Incentivize borrowing, trading, and lending activity on the OOKI Optimism deployment. Utilizing various incentive mechanisms, including borrowing incentives, and trading incentives.

Over what period of time will the tokens be distributed?

The planned incentive period will be between 6-12 months.

- Liquidity Incentives : 6 to 12 months depending on OP token price.
- Borrow/Trading Incentives: 6 to 12 months depending on OP token price.
- Trading Competition: 3 to 6 months depending on the OP token price.

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

The liquidity incentives will be structured in such a way as to incentivize sticky liquidity with a few strategies:

After incentives are removed, users will continue to use the product in order to earn interest, and engage in margin trading long short with up to 15x leverage. The liquidity incentives are used for initial liquidity to bootstrap platform usage.

The liquidity incentives are used for initial liquidity to bootstrap platform usage. Liquidity would remain on the platform after initial OP liquidity incentives are removed because liquidity providers will earn a return on lent capital from people borrowing and trading on the platform.

Please let us know if you have any questions, or if you have feedback. We'd love to hear from you!