

Hello everyone, I am writing this post as a member of the BeethovenX DAO in regards to the Balancer & BeethovenX joint deployment on Optimism.

Based on the current Discourse organization, we decided to create a fresh post that will reference the original grant and previous updates.

Initial proposal:

[\[READY\] \[GF: Phase 1 Proposal\] Balancer & BeethovenX](#) [Governance Fund: Phase 1

]/(c/proposals/governance-fund-phase-1-proposals/40)

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 & Bee...

Update - Jan/23

[\[READY\] \[GF: Phase 1 Proposal\] Balancer & BeethovenX](#) [Governance Fund: Phase 1

]/(c/proposals/governance-fund-phase-1-proposals/40)

Hi [@lavande](#) Thanks for reaching out! I am responding to you as I do the financial reporting for Beethoven X. Our grant proposal allows us only to spend the grant money if we can match it with protocol fees. We wanted to give back to the Optimism ecosystem so we decided to see if we could take things a step further. We have achieved this by using our protocol fees to buy \$OP tokens on the open market. This enabled us to do the matching on a token level. As of today, we have spent a net of 71k...

After comprehensive evaluation, discussion, and research regarding the original grant from Seasons 2 and 3, the Beethoven X DAO believes it has optimized a viable and sustainable OP grant strategy that will help the Optimism Ecosystem scale sustainably. This incentive strategy is a long-term grant solution focused on incentive longevity that nourishes growth for the entire Optimism ecosystem without burning OP tokens for short-term returns.

Rather than solely emitting OP tokens to Liquidity Pools, the Beethoven X DAO has taken steps towards developing a more symbiotic relationship with the OP ecosystem. For the initial grant application, the DAO proposed that OP tokens from the grant would only distribute to Liquidity Providers if matched with an equal share of protocol fees.

To further solidify a symbiotic relationship with the Optimism ecosystem, the DAO optimized the grant to bolster OP sustainability further. All protocol fees previously paired with OP were instead utilized to buy an equal amount of \$OP tokens from the open market to pair with the grant as issued. This strategy means that all grant spending on the protocol is matched 1:1 on an OP token level. To our knowledge, the Beethoven X DAO is the only protocol buying an equal share of OP matched with the grant instead of simply spending it.

As of today, Beethoven X has spent a net of 97k \$OP tokens, with 113k \$OP bought back from the open market with protocol fees. This structure helped amass \$60 million in TVL in April 2023, with TVL currently sitting around the \$25m mark. The DAO is proud of how mutually beneficial and efficient this strategy has been in terms of \$OP spent and will continue to move forward with new implementations and partners.

Some partner protocols asked the Beethoven X DAO to distribute their \$OP grant on their behalf; these are all included in the table's inflow and outflow.

Currently, the combined Balancer/BeethovenX deployment holds the highest amount of rETH liquidity on Optimism, and the DAOs partnership with the Oath Foundation has showcased the profound potential of Boosted Pools and Yield Bearing assets for growing interconnected ecosystem liquidity. Beethoven X is also the sole protocol that unlocks the benefits of the 8020 initiative and its optimized governance tokenomics for protocols on Optimism. Paraswap and Ethos Reserve are two protocols that have harnessed this technology so far, with over \$2.3 million in TVL collectively.

With veBALs cross-chain boost now live on Optimism, Aura Finance looks to further fuel liquidity growth with [incentive market efficiencies](#). The DAO is eager to implement and combine the sustainable OP grant strategy with Aura to scale core pool dynamics, ve80/20, and help elevate the BeethovenX-Balancer joint deployment and, by extension, Optimism, to the next level.

If you would like to verify any numbers discussed above, the Beethoven X DAO Treasury multisig is found here:

[OP Mainnet Explorer](#)

[GnosisSafeProxy | Address 0x2a185c8a3c63d7bfe63ad5d950244ffe9d0a4b60 | OP...](#)

The Contract Address 0x2a185c8a3c63d7bfe63ad5d950244ffe9d0a4b60 page allows users to view the source code,

transactions, balances, and analytics for the contract address. Users can also interact and make transactions to the contract directly on OP...