

Project name

: Nested

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Author name and contact info

: Rudy (Rudy | Nested#0470) & Aylo (Aylo #6248

)

I understand that I will be required to provide additional KYC information to the Optimism Foundation to receive this grant

: Yes

I understand that I will be expected to following the public grant reporting requirements outlined

[here](#): Yes

L2 recipient address

: 0x07963001638c2e8283Ef7F3dABF4242Eaf5d4F79

Which Voting Cycle are you applying for?

: Season 3, Voting Cycle 10

Which sub-committee should review your proposal?

Growth Experiment grants

Project description

(please explain how your project works):

The crypto world suffers from general over-complication and unbearable user experience that dissuade people from getting involved.

Nested is a crypto trading/investing platform that breaks that trend by revolutionizing the accessibility to web3 in a way that is unprecedentedly simple, social and safe.

We provide a tool that enables people who know about crypto, and those who do not, to make money off each other in a way that is fair and mutually beneficial.

Our protocol is live right now and has allowed retail users to access web3 like never before.

How Nested currently works

(Our “Lego” architecture):

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Once a portfolio is created, the user owns a NestedNFT representing the user’s holdings – up to twelve tokens in one single NFT – all backed by the underlying assets and their real market value.

The portfolio is modifiable at will by the owner and can be replicated by other users who might be inspired by the performance, or the strategy at play.

Each copy of a portfolio earns its creator royalties, which incentivizes savvy traders to build successful portfolios that pay-off and profit to others too.

Furthermore, each alteration made by the original creator of the portfolio will be notified to all those who have copied it, giving replicators the choice to follow the move, or not.

The act of replicating a portfolio and the economy that revolves around it lies at the heart of Nested's intended strategy to democratize DeFi. It is what truly gives the platform its social dimension.

Here is another way to visualize the accessibility Nested offers:

Auntie Danie on Nested

Example:

1. I know about crypto so I decide to create a Nested portfolio by assembling various tokens together. I put \$1k down and decide to allocate it following different percentages on \$VELO, \$SNX, \$OP, \$LYRA,\$KWENTA, \$sUSD that I have chosen for my portfolio.
2. My Auntie Danie has got around \$500 in savings that she wishes to invest too, but she obviously does not know anything about crypto – she trusts me though. I explain to her that she can invest her money following my strategy directly on Nested.
3. I create a wallet for her that we connect to the platform. We go to my profile and copy my newly created portfolio. The Nested Smart Contracts instantaneously buys all the assets on decentralized exchanges and create a replica of my NestedNFT for Auntie Danie.

app.nested.fi

Auntie Danie - A Nested Portfolio

Copy this portfolio in one click on Nested !

1. Her \$500 are now allocated exactly like my \$1k in percentages, and I receive royalties for the copy.
2. We both make money.

However, our next protocol upgrade, called Tetris, will be a gamechanger for crypto and Optimism, and will offer unprecedented access to DeFi by allowing full composability with other decentralized applications.

Introducing Tetris

Tetris is an account abstraction protocol that enables the creation of smart contract wallets, known as Nested Wallets. The users end up with unlimited possibilities for interacting with any protocol and storing their funds on the wallet, all in a single transaction.

Account abstraction is achieved in the smart contract layer, through the use of the HyVM, an Ethereum Virtual Machine (EVM) Hypervisor. This enables the execution of arbitrary EVM bytecode, providing maximum composability and flexibility without the need for deployed logic.

How it works ?

- The user creates his NestedWallet by calling the NestedFactory.
- The user can call his NestedWallet to interact with the ecosystem.

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The owner of a NestedWallet, once created, cannot be changed and is the only one allowed to call it. The owner is granted exclusive control over it. The NestedWallet allows the owner to make multiple calls or delegate calls to any smart contracts. The wallet stores funds and is responsible for any liabilities incurred during these interactions.

Therefore, it unlocks a high level of composability, meaning that it can be used in conjunction with a wide variety of protocols to create complex interactions and processes. This flexibility and versatility allows the owner to achieve a wide range of goals within a single transaction, unlocking many possibilities for their use of the Nested Wallet.

HyVM is an Ethereum Virtual Machine (EVM) Hypervisor written in Huff, allowing the execution of arbitrary EVM Bytecode. It can be directly used by calling `executeHyvmCall()`.

Why?

The user can trigger call or delegatecall using executeCall and executeMultiCall, However, there may be some limitations to consider when using these functions.

For example, in this scenario where the user wants to perform the following actions:

1. Approve UniswapV2 router to spend USDC.
2. Swap USDC for ETH.
3. Un-approve UniswapV2 router to spend USDC.
4. Send half the ETH to the owner.
5. The user has two options for executing these actions:
6. Make 3 separate call for the first three steps, and a delegatecall to a contract that holds the logic for transferring half of the balance to a given address for the fourth step.
7. Make a single delegatecall to a contract that holds the logic for all four steps.

Now, if we need to update from “half” to “a quarter”, we need to deploy a new contract to hold the updated logic. This is where the HyVM comes in handy, by calling executeHyvmCall(), the user can give the logic (bytecode) as a parameter.

The user can pass pre-compiled code as a parameter to the function rather than deploying a new contract, as a result, the possibilities for interacting with smart contracts using the NestedWallet are nearly endless.

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TLDR:

- Segregated smart wallets for our Nested users.
- The highest level of composability.
- Interactions with 100+ protocols.
- Account abstractions enabling through a disruptive and unique technology called the HyVM.

In summary, on Nested you can:

- Enjoy the best and most self-intuitive user experience DeFi has to offer.
- Build and manage your portfolio:
- Create | Pick the assets of your choice and build a portfolio. All of them are gathered in a unique element called an NFT.
- Visualize | Enjoy a 360° view of all your positions.
- Edit | Update trades, add more tokens, or cash out.
- Exit the market | You can liquidate your portfolio and exit the market in one click.
- Create | Pick the assets of your choice and build a portfolio. All of them are gathered in a unique element called an NFT.
- Visualize | Enjoy a 360° view of all your positions.
- Edit | Update trades, add more tokens, or cash out.
- Exit the market | You can liquidate your portfolio and exit the market in one click.
- Copy other's portfolios | You can enter the market in a single click by replicating other users' strategies. You can also compound your own portfolio and earn royalties from every replication.
- Earn royalties | Make money every time someone copies your portfolio.

With the Tetris update

:

- Trading competitions (Q1 2023) | Compete with other users and earn a part of the prize pool.
- Earning (Q1 2023) | Save your assets in Aave, Curve, Beefy, PoolTogether, Kwenta, and many more to earn yield.
- Copy farming (Q1 2023) | Copy earning strategies & earn some yield.
- Earn a performance fee (Q2 2023) | Set up a performance fee and receive a percentage of the profit generated by the copied portfolios.
- Limit orders (Q2 2023) | Set limit orders to buy or sell cryptos.
- Leverage trading (Q3 2023)| Use Synthetix perps directly from our Dapp!

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- Vaults uberization (Q3 2023) | Create your DeFi strategy through our playground and propose it to Nested. Earn 5% of royalties on every revenue it generates for Nested users.

Project links

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- Website: <https://nested.fi/>
- Twitter: <https://twitter.com/NestedFi>
- Discord/Discourse/Community: [Discord](#)
- Please include all other relevant links below:
- Github: [GitHub - NestedFi/nested-core-lego: Nested Finance smart contracts](#)
- Dapp: <https://app.nested.fi>
- Github: [GitHub - NestedFi/nested-core-lego: Nested Finance smart contracts](#)
- Dapp: <https://app.nested.fi>

Additional team member info

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We are a team of 20 people including 13 developers.

Executives are:

[Rudy](#) (CEO)

Aurelien (CPO) - Aurelien | Head of product#6174 (Discord)

[Olivier](#) (CTO)

[Aylo](#) (Head of Growth)

Relevant usage metrics

(TVL, transactions, volume, unique addresses, etc. Optimism metrics preferred; please link to public sources such as Dune Analytics, etc.):

Number of addresses

: 90,000+

Number of addresses on Optimism

: 11,690

Total number of transactions

: 256,000

Total number of transactions on Optimism

: 45,500

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](<https://dune.com/optimismfnd/optimism-project-deep-dive?1%20Project%20Name=Nested>)

Gas fees on Optimism

: 12.5 ETH - we qualified for the [Optimism Delegation Program Season 3](#)

TVL

: \$1.9M, which is at ATH despite the bear market and little marketing spend thus far. Optimism is responsible for 8.32% of Nested total TVL.

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](<https://defillama.com/protocol/nested>)

Average monthly volume across all chains

: \$650,000

Average monthly volume on Optimism

: \$46,313

Total number of portfolios right now

: 35,000

Last 28 days dApp visitors

(Google analytics): 3.9k users

Competitors, peers, or similar projects

:

There are no decentralised competitors offering the full range of features that Nested has. However, there are alternative platforms offering some of the functionality that we enable.

[IndexCoop](#) allows for the creation of a basket of assets and [TokenSets](#) which enables users to create DeFi strategies that people can pool in. These platforms are targeting DeFi natives rather than all retail investors.

[Etoro](#) is a similar centralized platform that allows retail users to trade and invest stocks/index funds/crypto with intuitive UI. They popularized copy trading.

Currently our total addressable market is the [Coinbase](#) user base. However, with our planned [Backed](#) integration this year, we will offer cryptos and real world assets, extending our total addressable market to the Robinhood & Etoro user base.

Is/will this project be open sourced? Yes (After the Trailbits audit of our Tetris code it will be open sourced)

Optimism native?

: No

Date of deployment/expected deployment on Optimism: [We launched in April, 2022](#)

Ecosystem Value Proposition

:

Incentivizing Nested usage will benefit the entire Optimism ecosystem:

1. Users: Easy onboarding and access to tokens to buy/Sell with the most efficient path

2. Protocols: Friendly front end access offered by Nested that will increase/facilitate other protocols use

Our protocol is useful for many types of users (traders, investors and DeFi power users).

In this proposal we are focusing on incentivising usage of our platform for traders and investors.

We plan to run three Optimism trading competitions with more detail to follow later. We expect the trading competitions will highly boost on-chain volume on Optimism.

We will also be incentivizing the creation of portfolios and investment in Optimism assets, which will help to drive the growth of users investing in tokens on Optimism.

As a byproduct of these two incentivisation activities, Nested will also help with the discovery of DeFi on Optimism. Acting as the UX gateway for the Optimism DeFi ecosystem.

Before we receive the OP grant we will have integrated single asset depositing of multiple Optimism DeFi projects (Certain pools on Curve, AAVE, Velodrome, Beefy + Kwenta, PoolTogether, and we hope more).

We plan to support the OP incentives with on-boarding quests via Crew3, educational content specifically for Optimism users that will be published by the Nested social accounts and our [Head of Growth's Twitter account](#), and walk-throughs on how to create Nested portfolios on Optimism.

Our biggest spike of transactions on Optimism came as a result of the quest that ran in October, so we are confident we can support the OP incentives with our own marketing activities.

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

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As demonstrated by the diagrams above, there is currently too much friction for retail users when it comes to investing in tokens on Optimism and accessing on-chain DeFi services. You need a lot of specialized knowledge, there are many steps to take, a high number of transactions to make for purchasing multiple tokens, and there is no non-custodial platform with intuitive and easy UI/UX.

This problem is massively limiting Optimism's potential and growth. It also has the potential to push users down centralized routes that can be very harmful for them.

The rise of CeDeFi during the last few years shows the desire of retail users to invest in crypto and get access to the yield offered by DeFi. However, due to the failing of those centralized entities, many of those users lost all of their funds and their belief in the blockchain industry.

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

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Nested operates at the UX layer. We have created a platform that allows anyone in the world to create a wallet on Optimism through their social accounts or email, select up to 12 tokens and purchase those tokens with their debit card in under 6 minutes. This is live right now.

There is a demonstration of this on our Twitter account right now here:

<https://twitter.com/NestedFi/status/158853290326873702>

With our next protocol update we will allow users to deploy their assets into various DeFi services on Optimism with one click simplicity. Before we receive the potential grant, we will have integrated single-asset staking pools of most Optimism DeFi projects.

The UI/UX we have created makes it possible for your mum to use DeFi; it's that easy. We believe we are directly solving one of the biggest problems for Optimism.

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

Nested's platform will make Optimism accessible to everyone around the world.

As Layer 2 chains are attracting more and more users & liquidity, and as new Layer 1s emerge, it's necessary for Optimism to maintain a high level of attractivity, possibility, and capital efficiency.

Nested will be able to offer a unique UI/UX to onboard new users, with a wide range of integrated defi solutions, while using the most efficient tools available on Optimism for the benefit of OP users.

We will help to drive the growth of Optimism in a number of metrics:

- The number of users onboarded to Optimism
- The number of users investing in OP and other projects built on Optimism
- The number of users utilizing DeFi services on Optimism
- Increase in on-chain volume

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What puts Nested in a unique position to become the dominant UX layer on Optimism?

Nested has developed its own solution to allow account abstraction on Optimism. Our approach ("Tetris" - HyVm) combined with our focus on great UI/UX is the only way to enable true composability and accessibility to DeFi for the masses.

Has your project previously applied for an OP grant?

No

Number of OP tokens requested:

250k OP

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

No

If OP tokens were requested from the Foundation Partner Fund, what was the amount?:

N/A

How much will your project match in co-incentives?

: NST token (x% of supply)

The valuation of the last private sale we conducted led by Jump Crypto was \$120M (0.8\$/NST). We will allocate 0.1% of the supply as co-incentives for these initiatives. That would mean: 150K NST. These rewards will be retroactively given to Optimism users as our token will not have launched by the time we activate the OP grant incentives.

[We are currently rewarding users of Nested with retroactive NST.](#) They can see how much NST they are earning with our UI. There is a snapshot each week to determine the NST rewarded based on a number of metrics (TVL, volume, number of copies etc.).

- How will the OP tokens be distributed? (please include % allocated to different initiatives such as user rewards/marketing/liquidity mining. Please also include a justification as to why each of these initiatives align with the problem statement this proposal is solving.)

Our main objective is to incentivize people to try our dApp.

It's really hard to compete without OP incentives as most people in this space discover new protocols through incentives programs.

We are sure most retail investors will stay on Nested once they will discover how easy and accessible it is to trade/invest and manage portfolios while keeping full custody over their funds.

User rewards & marketing (100% - 250k OP):

- 3 x Trading competitions (75% - 200K OP)
- Total assets deposited & volume generated (volatile token swaps after creating a portfolio) Eligible requirements: A minimum deposit of \$100 and there will be a mechanism to eliminate sybils that we can't disclose there to be sure they don't anticipate it (25% - 50k OP)

Trading competitions

Trading competitions are an aggressive and efficient way to onboard many people into our dApp.

The trading competitions with \$OP incentives will only happen on Optimism and participants won't be able to participate with portfolios created on other chains.

When talking about public goods, trading competitions benefit the entire ecosystem as it generates on-chain volume, increases the number of transactions and rewards liquidity providers.

Our OP prize pool will be correlated to the trading competition success. The prize pool will evolve with the volume traded during the trading competition.

For each trading competition, we will share the prize pool as described below:

- 1st: 25%
- 2nd: 15%
- 3rd: 10%
- 4th to 200th: 50%

Here is what it would look like for the first trading competition if we reach the highest milestone:

- 1st: 10K OP
- 2nd: 6K OP
- 3rd: 4K OP
- 4th to 200th: 102 OP

Example of our trading competition UI:

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Total deposited value & volume generated per user

Incentivising the discovery of our portfolio creation features, portfolio management tools and easy token swapping (up to dozens of tokens in one transaction) will lead to growth and volume generated for the entire Optimism ecosystem.

We don't want to distribute OP dust to our users, we will pick the top 100 users according to this formula:

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Over what period of time will the tokens be distributed for each initiative?

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As outlined in the images above, we will have three trading competitions lasting one week each with a week's break in between.

The final incentive activity will last for six weeks and will reward users for using Nested.

- Please clearly define the milestones you expect to achieve in order to receive milestone based installments. Please consider how each milestone relates to incentivizing sustainable usage and liquidity on Optimism. Progress towards each milestone must be trackable.

We will set ourselves trading volume milestones which progressively increase. More OP will be unlocked after each milestone:

Milestone: Trading competition 1 - (\$1,000,000 volume)

- \$250,000: 10K OP
- \$500,000: 25K OP
- \$1,000,000: 40K OP

Milestone: Trading competition 2 - (\$2,000,000 volume)

- \$500,000: 20K OP
- \$1,000,000: 30K OP
- \$2,000,000: 60K OP

Milestone: Trading competition 3 - (\$3,000,000 volume)

- \$1,000,000: 40K OP
- \$2,000,000: 70K OP
- \$3,000,000: 100K OP

This is a mockup of how our trading competition information will show the prize pools in Nested. Ignore the numbers, this is just a graphical representation.

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

Nested provides a platform which has many sticky features for Optimism users once they have used it. We are confident that our best-in-class portfolio management tools, social trading features and easy one-click access to DeFi will ensure that users remain interacting with Optimism via our platform.

So far we have seen promising results to show returning users:

- 18K users who used the dApp in November 2022 came back in January 2023.
- 9.9K users who used the dApp in December 2022 came back in January 2023.

Our moat is our UI/UX and accessibility via our technical implementation (hyVM) as described earlier.

Users also have additional security benefits using Nested. We are one of the only protocols in DeFi that insures users' funds against protocol exploits and hacks, which adds to the list of reasons why users will remain with Nested. We insure all of our TVL with Nexus Mutual at our own cost.

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Please provide any additional information that will facilitate accountability

:(smart contracts addresses relevant to the proposal, relevant organizational wallet addresses, etc.)

By the time we get the grants, we will have set up our new architecture and contracts.

We will add them to this proposal as soon as they are ready.

Right now, you can check all Lego smart contracts [there](#).