

Abstract:

This Arbitrum Improvement Proposal (AIP) is presented with the vision of further enhancing the Arbitrum ecosystem following the Short Term Incentive Program (STIP). Acknowledging the STIP's instrumental role in the growth of the Arbitrum ecosystem, this proposal seeks to extend its positive impact by introducing a gas rebate and trading incentive program created by Rage Trade, a native perp aggregator on Arbitrum. Through this initiative, we aspire to not only complement the milestones achieved by the STIP but also to significantly increase the influx of new traders into the Arbitrum ecosystem.

Motivation:

As the Short Term Incentive Program (STIP) kicks off, it sets the stage for the Arbitrum ecosystem to experience amplified growth. The STIP is poised to play a pivotal role in promoting on-chain activities and reinforcing key protocols. However, there is plenty of opportunity to intensify user engagement and participation, especially when considering innovative platforms like Rage Trade.

This proposal is driven by the ambition to harness this potential, acting synergistically with the anticipated successes of the STIP. Through Rage Trade's introduction of a gas rebate and trading incentive program, our objective is not just to elevate trading activity, but also to enhance the overall user experience, attracting and onboarding new traders to the ecosystem. This effort is geared towards empowering platforms that, in line with Arbitrum's vision, are poised for growth but require additional support to maximize their contribution.

Rationale:

This proposal aligns with Arbitrum's mission to foster a dynamic and engaged community. By allocating 100% of the grant funds to create a gas rebate and trading incentives program, Rage Trade's platform aims to refine the user experience of traders while offering gas savings and trading incentives to stimulate a competitive yet cooperative environment.

Specifications: A detailed breakdown of the platforms and technologies that will be used.

Rage Trade Platform:

As a prime broker and perpetual aggregator, Rage Trade unifies top decentralized perpetual exchanges across all EVM-compatible chains. It streamlines the trading experience by eliminating complexities associated with collateral and gas fund management, ensuring a faster, more efficient, and user-friendly environment for traders.

Gas Tank Mechanism:

The Gas Tank is a unique feature of Rage Trade that simplifies trading across different chains. Users deposit funds into their account, and a portion goes into the Gas Tank. This fund is then used to cover gas fees across various chains, eliminating the need for users to manage gas fees separately.

Session-Based Trading System:

Rage Trade employs a session-based trading system where users create a session that lasts for a specified duration (e.g., 7 days). This system reduces the need for manual transaction signing, making the trading experience smoother and more akin to centralized exchanges.

Multi-Leg Trading and Auto-Populating Bridge:

The platform allows users to create multiple trades from different chains and perps on Arbitrum, enabling them to spread risk and optimize execution. Additionally, Rage Trade handles all the bridging details, automatically selecting the best bridge or swap routes for seamless trade execution.

Custom Route Selection:

Users have the option to split their orders based on various criteria such as best execution price, lowest funding fees, or routes with bonuses like emissions or airdrops. This feature provides flexibility and optimization for trade execution.

Aggregated Referral & Competitions:

Rage Trade aggregates referrals and competitions across different perp protocols, allowing users to participate in various trading competitions and referral programs through a single platform.

Incentive Distribution:

The proposal involves the distribution of 1.5 million ARB tokens to incentivize trading volume on Rage Trade. The distribution will be structured to reward active traders and participants in trading competitions, fostering increased engagement and liquidity on the platform.

Trading Competitions:

A series of trading competitions will be organized, with ARB tokens allocated as prizes. These competitions aim to attract traders, boost trading volume, and create a vibrant trading community on Rage Trade.

User Engagement and Performance Metrics:

Rage Trade has successfully cultivated a dynamic user base, boasting 70,000 active traders who regularly engage with our platform. This robust participation is a testament to our platform's appeal and functionality within the trading community.

In addition to our active traders, we have nurtured a strong Liquidity Provider (LP) community, with 26,000 LPs contributing to our ecosystem. This substantial number of LPs underscores our platform's reliability and the trust placed in us by those who provide liquidity, further cementing our role as a pivotal player in the Arbitrum ecosystem.

Overall, our protocol's historical performance not only demonstrates significant growth and adoption but also highlights our consistent delivery of value to our users, traders, and liquidity providers. These metrics are indicative of our integral position within the Arbitrum ecosystem and our potential to further enhance and expand our offerings with sustained support.

Rage's Perpetual Performance:

Rage Trade v1 has experienced a remarkable market reception, evidenced by a staggering \$735M in Total Trading Volume against Rage's Total Value Locked (TVL). This impressive figure reflects the high demand and active engagement within our user base, showcasing the platform's appeal and effectiveness.

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Rage's Vaults Performance:

Our vault offerings, including the 80-20 Tricrypto Vault and GLP Vault, have achieved a notable peak TVL of approximately \$19.87 million (at 100% max capacity since launch). This achievement highlights the trust and confidence users place in our vault products.

At its peak, Rage Trade accounted for about 1.4% of the entire Arbitrum TVL, marking our significant contribution to the overall ecosystem. This percentage represents our substantial impact and the value we add to the broader Arbitrum community.

The 80-20 Tricrypto vault, in particular, has demonstrated exceptional performance. Over its 10-month lifespan, it outperformed holding GLP by 8%. Specifically, from July 2022 to April 2023, the 80-20 Tricrypto vault yielded a 44% return compared to a 36% return from merely holding GLP, showcasing its effectiveness and profitability.

Steps to Implement: The steps to implement the AIP, including associated costs, manpower, and other resources for each step where applicable. For the avoidance of doubt, any AIPs involving transactions with third parties (such as grants) will need to ensure that applicable legal documentation and procedures are also included.

To implement this proposal, we will follow a structured approach, ensuring each phase contributes effectively to the overall goal. Here's how we plan to proceed:

1. **Data Reporting and Transparency:** Rage Trade is committed to transparency and will implement Dune dashboards for real-time tracking of all relevant metrics. These dashboards will ensure community members have access to up-to-date data, reflecting our progress and adherence to the commitments outlined in this proposal. This approach emphasizes our dedication to transparency and accountability within the Arbitrum ecosystem.
2. **Incentive Allocation:** We will begin by using a portion of the ARB tokens for our gas rebate program to offset gas fees for our users. This will serve as the initial spark to ignite trading activities on the Rage Trade platform.
3. **Fee Offset & Trading Competitions:** We will then allocate the remaining tokens to incentivize trading, including trade competitions and offsetting fees implemented by integrated perp protocols. The trading competitions will be strategically scheduled over time to ensure ongoing participation and interest.
4. **Regular Updates and Reporting:** Throughout the implementation, we will continuously monitor platform performance, trader engagement, and community feedback. This will allow us to make real-time adjustments and improvements where necessary. To maintain transparency, we will provide the community with regular updates and reports. These will include key performance metrics and insights gained from the implementation process.
5. **Review and Analysis:** At the end of the implementation phase, we will conduct a thorough review. This will involve analyzing successes, identifying areas for improvement, and extracting key learnings for future initiatives.

By following these steps, we aim to ensure not just the successful implementation of the proposal but also to contribute

valuable insights for the continuous growth and development of the Arbitrum ecosystem.

Timeline: Relevant timing details, including but not limited to start date, milestones, and completion dates.

The implementation of this proposal is structured into a 4-month period, with each month focusing on specific objectives and milestones:

Month 1 - Initiation and Setup (Immediately upon approval):

Allocation of ARB tokens to the designated multisig wallet to immediately initiate gas rebates and trading fee offsets. Setup of the Dune dashboard for tracking key metrics such as trading volume and unique traders. Announcement of the initiative and upcoming trading competitions to the community.

Month 2 - Launch of Trading Competitions:

Official launch of the first set of trading competitions.

Active monitoring of trading activities and engagement levels.

First monthly update provided to the community, highlighting early results and trader participation.

Month 3 - Mid-term Review and Adjustments:

Comprehensive review of the first two months, analyzing trader engagement and competition outcomes.

Adjustments made to competitions and incentives based on feedback and data analysis.

Second monthly update provided, including insights and any changes implemented.

Month 4 - Final Push and Comprehensive Analysis:

Continued incentivization and promotion of trading activities.

Final monthly update provided, leading up to the comprehensive quarterly report.

Preparation of the detailed analysis report, evaluating the proposal's success based on predefined objectives.

Post-4-Month Period - Evaluation and Reporting:

Release of a comprehensive quarterly report, detailing the overall impact of the proposal on trading volume, trader engagement, and growth within the Arbitrum ecosystem. Evaluation of the initiative's success and consideration of potential future actions based on the outcomes.

This timeline ensures a structured approach to implementing the proposal, with regular updates and transparency. It allows for adjustments based on real-time data and community feedback, ensuring the initiative remains aligned with its goal of driving growth within the Arbitrum ecosystem.

Key Performance Indicators (KPIs):

To measure the success of achieving the grant objectives, we will focus on the following Key Performance Indicators (KPIs):

- Daily Volume: Aiming for a 30-day moving average of \$10M in daily volume.
- Daily Traders: Targeting a 30-day moving average of 300 unique traders.
- Integration: Committing to integrate 1 or more perpetual DEXes per 2 weeks (accounting for audit time).

These KPIs will serve as benchmarks to gauge our progress and effectiveness in utilizing the grant to drive growth and engagement within the Arbitrum ecosystem.

Grant Breakdown:

Rage Trade aims to leverage the grant to attract a substantial influx of users to the Arbitrum ecosystem, bolstering user interaction, transaction volume, TVL, and overall activity.

Strategically, Rage Trade will allocate ~ 33% of the grant to gas rebates, with the other ~ 66% of the grant being directed towards offsetting integrated perp protocols' trading fees and various trading competitions. The endgame is to amplify user onboarding and trading enthusiasm, resonating with genuine market dynamics.

It's crucial to clarify that rebate rates will be determined by the genuine fees incurred by users. If our partnering protocols grant separate rebates or rewards, Rage Trade commits to ensuring that the total sum of rebates will never surpass the fees accrued. Throughout this promotional phase, trade-to-earn schemes will not be entertained. Additionally, the Rage Trade

team will vigilantly deter and counteract wash trading and Sybil-attack incidents. Offending addresses linked with such activities will be publicly disclosed and denied the associated rebates.

Gas Rebates Explained:

Once a week, traders will receive ARB tokens as a gas rebate, mirroring the gas fees they've incurred throughout the week. This rebate system ensures that users can trade more freely, knowing a portion of their gas fees will be returned. The gas rebate will be uniformly applied across all protocols integrated with Rage Trade on Arbitrum, ensuring fairness and consistency for all traders. The rebate amount a trader receives will be directly proportional to the actual gas fees they've paid, eliminating any potential for manipulative practices like trade-to-earn schemes.

Fee Rebates Explained:

ARB tokens will be rewarded as fee rebates to our traders every Friday, reflecting the fees they've accumulated over the week.

This fee waiver will be consistently applied across all collaborating protocols.

Traders' rebate entitlements will strictly correlate with their actual trading fees, nullifying the chance for trade-to-earn practices. The rate of expenditure from the grant will be contingent on the volume of organic trading transpiring each week. The Rage Trade team pledges to continually identify and thwart wash trading and sybil-attack attempts.

To safeguard the integrity of the campaign, the specifics of the anti-wash-trading & anti-sybil-attack measures will be kept confidential and will be communicated post-event, mirroring best practices employed in protocol airdrop launches.

Example of Fee Structure Post-Reduction:

If additional perps trading mechanisms in the Arbitrum realm are incorporated with Rage Trade amidst this campaign, the fee waiver will extend to those as well.

Integrated protocol trading fee rates before and after reduction

GMX V1: 0.1% → 0%

GMX V2: 0.05% / 0.07% → 0%

Overall Cost: The total cost to implement the AIP.

The total cost to implement this AIP for Rage Trade is 1.5M ARB tokens. This cost is solely dedicated to funding trading competitions and volume incentives on the Rage Trade platform. The breakdown is as follows:

1. Gas Rebates: 500k ARB tokens will be allocated for offsetting gas fees when trading perps on Arbitrum.
2. Trading Fee Rebates & Competitions: The remaining 1m ARB will be used as trading fee offsets and trading competitions.

There are no additional costs involved in this proposal. The entire 1.5M ARB token request is focused on directly incentivizing users and enhancing their trading experience on Rage Trade.