Proposal Name: A Community-First ApeCoin DAO DEX - Ecosystem Fund Allocation

Proposal Category: AIP Ideas

Abstract |

The ApeCoin DAO is built on the fundamental goal of enabling Yugaverse and ApeCoin holders with value. To date, the focus has been enabling marketplaces, communications, IRL events/education, and physical assets. We believe a DEX can be the next big thing.

ApeCoin itself is trading on most major CEXs and DEXs (centralized exchanges and decentralized exchanges). There are a wide range of fees charged by these exchanges associated with opening and closing positions, and conducting swaps.

Our vision is to create an ApeCoin DAO decentralized exchange (DEX) to benefit ApeCoin holders. The ApeCoin DAO DEX will enable the decentralized exchange of ERC-20 tokens supported by multi-asset pools that earn liquidity providers fees from market making and swap fees. We expect to help create the lowest possible trading fees available in all of DeFI for $APE holders, stakers, and buyers.

Our core contract functionality will include rewarding LP providers in $APE, thus creating an important use-case around utility for $APE and activating significant deflationary pressure on the token. The impact should be greater utility, engagement, and value for our DAO.

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Draft UI mockup

Motivation

The implementation of an ApeCoin community-first DEX would be a key step in creating sustainable, on-chain infrastructure for the DAO. As a cash-flow generative, deflationary, and fundamentally ApeCoin-backed asset, the DEX would provide a host of benefits to all $APE holders sustainably into the future.

With the ApeCoin community containing many Web3 users and investors, the utility of an ApeCoin DEX will generate significant value for existing holders, incentivize new ApeCoin holders to join, bring liquidity providers into the $APE ecosystem, and will create more demand for $APE.

The core of this proposal is centered around our motivation to build for the community, and embrace Web3 values through the implementation of technically sound, user friendly, DeFi infrastructure.

About Us |

Solidity.io is a full-stack Web 3.0 solutions firm, and venture studio focused on supporting some of the biggest brands, protocols, and startups in developing software solutions in Web3.0. Solidity.io is run by BAYC and ApeCoin DAO member Alex McCurry.

Solidity.io has already successfully delivered value to the ApeCoin DAO through their successful audit of the ApeCoin NFT Marketplace approved in AIP-98. Link to the audit here.

With full-stack Web3 development resources and experience, Solidity.io will be able to deliver a top-of-the-line DEX, quickly, securely, and cost-effectively in order to generate maximum value return for ApeCoin holders efficiently. Solidity.io was also the core development team for the www.apecoinstaking.io interface, investing resources and capital in creating infrastructure for the DAO.

Additionally, Alex was a co-author on AIP-196: BORED AIP, one of the most important AIP proposals for bringing stability and transparency to ApeCoin DAO. He's spent hundreds of hours of personal time contributing to the DAO, helping community members, and supporting the expansion of the ApeCoin community.

Integrations

To enable maximum adoption of the ApeCoin DAO DEX, the Solidity.io team has already developed several partnerships with DAO infrastructure that will contribute to the growth and use of the DEX.

- ApeCoin Marketplace - Led by @zheerwagen & the Snag Solutions Team

- Thank Ape - whose commitment is to reward real value-creation throughout the DAO.

- NiftyKit - Another piece of valuable $APE DAO-funded Web3 infrastructure

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Rationale/Value Add |

The goal of the ApeCoin DEX is to create a self-sustaining, cash-flow generative addition of digital infrastructure to the ApeCoin ecosystem. Major Dex's like Uniswap, Sushi, and GMX offer trading fees as high as .33%.

The ApeCoin DEX will have lower fees than all of these major competitors, with specific incentives driving DEX users to accumulate ApeCoin, while also causing the purchase of ApeCoin by paying out LP provision fees in $APE.

ApeCoin DEX will provide: key trading pairs to allow our community to trade with a single DEX UI, dramatically reduced trading fees, LP provision incentives for $APE holders, cheapest fees available anywhere to buy/sell $APE, referral incentives paid in $APE, charting and analytics tools, integration with other DAO infrastructure, trading alerts, top-of-the-line UX/UI design, and more.

Uniswap has generated an estimated total of $4+ Billion in fees for LP's on their DEX. If even a fraction of this volume could be captured and paid in $APE, massive amounts of deflationary pressure could occur, increasing $APE holder count and price dramatically. If the ApeCoin DEX generates 1% of the fees that Uniswap has, that would result in over $40,000,000 in $APE being purchased and taken off market.

$APE holders are valuable community members and the target market for DeFi products. ApeCoin DEX offers $APE holders a commercial incentive to support $APE-backed infrastructure that provides direct benefit to them and the DAO. DEX growth creates a flywheel of incentive for $APE holders which will drive further adoption.

Key value to highlight:

- DEX will attract $APE liquidity, thus pulling $APE off of the market

- Lowest possible trading fees on ANY DEX for buying/selling $APE with lower fees for $APE holders/stakers

- Lowest possible trading fees for other assets for $APE holders, thus creating demand for $APE

- LP rewards in $APE cause more $APE to be taken off of the market as LP fees are generated

- Fee switch for $APE DAO to vote to monetize the DEX and direct funds as they choose

Specifications |

[Solidity.io](#) will design, develop, and deploy a decentralized exchange for the ApeCoin DEX. The DEX will utilize modified uniswap v2 core contracts to enable the decentralized exchange of ERC-20 tokens. All data points from the DEX will be aggregated to a decentralized datastore to enable real-time charting on the platform.

Utilizing the customized Uniswap v2 contracts, an exchange SDK will be created to allow for reducing trading fees for ApeCoin holders and stakers.

Users can swap in and out of tokens utilizing the platform's liquidity to perform transactions. The swap will display relevant information, including price impact, slippage, and deadline. In addition to swap, users will be able to add liquidity to pairs, this process will be a separate flow allowing users to customize their transaction.

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Overall Cost

39,000 $APE

Timeline & Steps To Implement |

1. Vote approved, development begins

2. DEX UX/UI Design

3. Tokenomics Design and Technical Architecture

4. DEX Smart Contract development and testing

5. Front-end Development and Integration begins

6. Charting and Analytics Back-End Development

7. Trading Alerts Features

8. ~2 months to complete development and test the tokenomics system(s)

9. Front-end Development and Integration Completion

10. Smart Contract/Platform Internal Audit

11. Smart Contract 3rd Party Audit

12. Go-Live!

Proposals submitted to the AIP Ideas category can be vague, incomplete ideas. Topics submitted here are not required to be submitted as a formal AIP Draft Template, however, you may still use the [template](#) if you wish.