

Project Name:

[Overnight.fi](#)

Author Name:

[@lafe](#)

Number of OP tokens requested:

250,000 OP

L2 Recipient Address:

TBD

Relevant Usage Metrics:

(TVL, transactions, volume, unique addresses, etc.) as of 25 June

Latest TVL can be checked on [DefiLlama](#)

Unique holders: 1383

Volume traded: ~1.9M (last week)

Targeted deployment date:

July/August 2022

Highlights:

USD+ is USDC that pays yield daily via rebase. USD+ stablecoin can be instantly minted and redeemed to USDC 1:1.

USD+ includes 3 components:

1. Pegged to USDC 1:1
2. 100% collateralized with assets immediately convertible into USDC
3. 'Risk-first portfolio', i.e., assets are picked primarily to avoid losses on a daily basis (3-4 sigmas away from 0), no exposure to algorithmic stables
4. USD+ can replace USDC in pools and lending protocols
5. Yield generating
6. Collateral consists of yield-bearing strategies, including lending and stable-to-stable pools
7. Portfolio allocation decentrally controlled (community proposals, veto power by token stakers/insurance providers)
8. Portfolio strategy executed decentrally via smart-contracts
9. Profit paid out daily in USD+ via rebase
10. Insurance (soon)

Optimism alignment:

Because of its cutting-edge technology and the Optimism collective's overall mission, Overnight sees Optimism as one of the most promising scaling options. It's fascinating because this can develop a story beyond just producing money. We consider Optimism to be the ideal basis for creating the most cutting-edge decentralized exchange in the world.

The magic of USD+ is that this extends to Liquidity Pools and makes Yield-Farming even more profitable. This opens the gateways to a new era of Yield-Farming and reduces the reliance on Gauge Pool rewards (farming tokens) as a primary incentive for LPs as USD+ contributes to making them more lucrative:

1. Users provide liquidity into USD+ pools and get USD+ yield on top of LP fees and rewards
2. Everyone can pair token with USD+ and passively grow token's price thanks to the USD+ yield-bearing nature.

Liquidity Pairs with USD+ have an advantage over other stablecoins like USDC owing to the APY generated via its Yields.

Think of USD+ as essentially USDC, it's liquid, hassle-free, pegged to USDC but with an added bonus of passive income.

When paired in Liquidity Pools, USD+ generates increased returns for Liquidity Providers. Overtime, increased returns on Liquidity Pools can be increasingly rare and at often times, unsustainable — this gap is filled by USD+.

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As well USD+ achieved #3

on Polygon dApps with the highest weekly trading volumes (a net of max. ~\$5.1M). We believe that USD+ on Optimism will lead to an increase in trading volumes on both the Velodrome (following the example of Dystopia) as well as on Uni V3.

Proposal for token distribution:

How will the OP tokens be distributed?

OP tokens will incentivize LPs USD+ pairs on Velodrome, such as USD+/USDC, USD+/OP, and USD+/ETH. This consists of adding extra incentives on top of the auto-compounding LP tokens and USD+ rebases. This will provide above-market APYs to the pools and be seen by Overnight users, making them want to bridge to Optimism.

How will this distribution incentivize usage and liquidity on Optimism?

USD+ is designed to make liquidity mining makes even more profitable. Offering USD+ rebases, and incentives specifically on Optimism will encourage users to move their assets to Optimism for better return rates. Since USD+ acts as an add-on for many projects, people coming to USD+ are not only using the USD+ platform - They're interacting with DEXs, liquidity protocols, and more. That means users have a breadth of usage on Optimism, not just on a single dapp.

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

Liquidity Provisions are ever-more profitable with USD+. LPs with USD+ reap APYs from USD+ as well, massively increasing profitability and returns on Yield-Farms. USD+ APYs result in both sides of tokens with the said LP increasing in \$ value. This auto-compounded effect increases LP token quantity allowing you to grow position and earn more rewards from Gauge Pools with the very same set of LPs without any of the leg-work involved.

Over what period of time will the tokens be distributed?

We cannot set a deadline for distribution because it is directly impacted by the fees the protocol generates.

How much will your project match in co-incentives?

Overnight's stablecoin, USD+ is a yield-bearing asset generating rewards for its holders on a daily horizon via a rebase mechanism. These rewards are financed via Overnight's carefully selected Yield-Farming strategies