

Project Name:

Kromatika

Author Name:

[@Aris,@Kacar](#) and [@rich](#)

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

Yes

Number of OP tokens requested:

300.000

L2 Recipient Address:

0x05d235d8Ba95bfc457f9a11F64cf869f0f3f60F9

Grant category:

DeFi

Is this proposal applicable to a specific committee?:

No

TVL:

\$966 059 worth of limit orders have been created on optimism before the OP snapshot

This graph showcases the current behavior of KROM holders on the Optimism network. 48.6% provide liquidity on Celer Bridge using their KROM tokens. 29.7% are active users of the dapp on the Optimism Network, which means usage of limit orders. (Swap users are not included since there's no need to hold KROM for swap transactions).

The remaining 21.7% are those who just store KROM on the dapp.

Tier:

3

Optimism native:

No

Project description (please explain how your project works):

Kromatika dApp first deployed its innovative limit order solution on the Optimism network on December 15, 2021, while Optimism was still in Beta. To this day, Kromatika is one of the few(if not the only) DEX protocols that implement automated Limit Orders and a Swap Aggregator on the Optimism network.

Kromatika utilizes the advanced UniswapV3 concentrated liquidity, and the efficiency of Chainlink Keepers to settle trades automatically as per the user's pre-defined conditions. Kromatika has automated all the complex procedures, and made it easy for DEX users to conduct limit trades. Now, users can trade without front-running BOTs, with no price slippage impact, no swap fees, and also earn a portion of LP rewards for providing liquidity on the trade.

Kromatika v2 benefits from an advanced MetaSwap Aggregator as well. This platform aggregates the liquidity from many DEXs and compares swap data across Uniswap, 0xProject, and 1inch. This allows users to get better market rates than they would get on a single DEX by optimizing token pricing, swap fees, and slippage. Because Kromatika aggregates from a pool of other aggregators, the dapp is able to find deeper liquidity pools for the swap.

Kromatika's mission is to make DEX trading simple, accessible, and profitable to every crypto user who believes in the decentralized nature of blockchain technology.

Goal :

1. Bring more users into the Optimism ecosystem
2. Increase TVL and daily transactions on Optimism via Kromatika
3. Create new partnerships/collaborations with other projects to bring them into the Optimism ecosystem.

Project links:

- Website: <https://kromatika.finance/>
- Twitter: <https://twitter.com/KromatikaFi>
- Discord/Discourse/Community: [Kromatika.Finance](#)
- Docs: <https://docs.kromatika.finance/>
- Medium: <https://kromatika-finance.medium.com/>
- Github: [Kromatika.Finance · GitHub](#)
- Instagram: [Kromatika \(@kromatika.finance\) • Instagram photos and videos](#)
- Telegram: [Telegram: Contact @kromatika\\_finance](#)

Additional team member info (please link):

Here you will find all relevant information about the Kromatika Finance contributors.

<https://docs.kromatika.finance/about/team>

Please link to any previous projects the team has meaningfully contributed to:

No

Competitors, peers, or similar projects (please link):

[<https://uniswap.org/>

](<https://uniswap.org/>)(<https://1inch.io/>

Is/will this project be open sourced?

The Kromatika Protocol is an open source project. Anyone can use, utilize, and build on top of it.

Software is hosted on Github: <https://github.com/Kromatika-Finance>

Date of deployment/expected deployment on Optimism:

The Kromatika protocol was launched on December 15, 2021, when the Optimism network was in its beta stage.

Ecosystem Value Proposition:

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

DEX trading is complicated, expensive and is limited in terms of convenience when compared to CEX trading. Kromatika hopes to solve this problem for the Optimism Ecosystem.

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

Starting with limit orders, the feature offered on Kromatika dapp functions similar to a CEX orderbook. It offers users huge savings because they are protected from bot front-running, swap fees and slippage. Also, they will earn LP fees on top of their trade because Kromatika utilizes Uniswap v3 technology. All of this is fully automated at the click of a button making Limit Orders as convenient as a CEX limit order. It may even turn out to be slightly more rewarding than a CEX limit order because of the LP fees rewards that are directly dependent on the trade sizes.

As far as swaps are concerned, Kromatika is an aggregator that aggregates multiple DEX aggregators and hence source the better liquidity pools and hence better rates for its users.

With the proposal below we intend to increase KROM-OP liquidity pool, attract new users with a low risk/high reward analogy via the limit order incentives & swap gas fee refunds.

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

New users will be attracted via the referral program, the limit order airdrop and the gas refunds. This ultimately means growth for the Optimism ecosystem. With the liquidity incentives and trading pool incentives, the depth of KROM-OP pool will increase and there will be several long term users onboarded and actively engaging with the Optimism ecosystem.

Has your project previously applied for an OP grant?

[<https://gov.optimism.io/t/ready-gf-phase-1-proposal-kromatika/2650>]

](<https://gov.optimism.io/t/ready-gf-phase-1-proposal-kromatika/2650>)After reading each of the feedback given, we have decided to hear the voice of the Optimism Community and rearrange the funds allocated for influencer marketing into creating a new OP Pool, Limit order Airdrop, Gas refunds to the users on the Optimism Network, and decrease the funds allocated for building the Referral Program system.

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

Optimism alignment :

One of the main goals of the Optimism network is to offer users reduced transaction fees along with much faster, more efficient transaction times without sacrificing the security and stability of Ethereum. Kromatika aligns strongly with these goals of Optimism by offering cost-effective limit orders enabling users to save on swap fees and slippage, while at the same time earning LP fees until the order gets filled. This combination of low gas fees, high tx speeds of Optimism along with the trade advantages of using Kromatika protocol is the perfect “power couple” for the discerning Web3 user.

As one of the first protocols to implement limit orders using the UniswapV3 concentrated liquidity, users have benefited greatly and \$966,059 worth of limit orders have been created on Optimism before the OP snapshot.

Kromaika's MetaSwap Aggregator is another added step towards enabling accessible and profitable transactions to everyone by optimizing token pricing, liquidity pools, swap fees, and slippage. We believe greatly in the Optimism core values and will continue to implement new features which will benefit Optimism and the whole DeFi space.

Proposal for token distribution :

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Points scored

1200×742 43.8 KB

](<https://global.discourse-cdn.com/business7/uploads/bc41dd/original/2X/b/bec70bb765c0a29b97fec70844d30ad86228910e.png>)

Create a \$KROM/\$OP Trading pool - 30%

Kromatika dApp protocol \$KROM token is the utility token that is required to be deposited by the users in the dApp to utilize the limit order feature as it covers expenses(fixed service fee) for every filled limit order. To increase the depth of the \$KROM and \$OP liquidity on Optimism, we will dedicate 30% of the grant to creating a \$KROM/\$OP liquidity pool on UniswapV3. The 30% \$OP tokens(90.000 \$OP) will be matched with 300.000 \$KROM tokens. We believe the creation of this pool will provide deep liquidity for both \$OP and \$KROM tokens. This \$OP-\$KROM liquidity will be locked FOREVER by burning the UniswapV3 liquidity NFT.

Gas refund - 20%

20% \$OP tokens(60k \$OP) will be used to cover the gas fees for the users on the Kromatika dApp. Kromatika will offer gasless swaps on the Optimism network via its MetaDEX aggregator. The grant will be used to subsidise gasless / free swaps for the users of the Kromatika dapp.

Technical implementation: This is to be implemented using a Kromatika Gas tank smart contract where the \$OP grant will be deposited in combination with meta transactions and Kromatika relayers. Everytime a user performs a gasless swap on Kromatika dapp (using the gasless feature), a matching \$OP amount will be deducted from the Gas tank as relay fee and sent to the Kromatika relay that has paid the gas on user's behalf.

Liquidity mining program - 10%

We are going to reward the users who provide pool liquidity (\$OP & \$KROM), only on the Optimism Blockchain. The liquidity will be incentivized on the \$OP & KROM trading pair created on UniswapV3 for a period of 3 months.

The main goal here is to increase the liquidity depth for \$OP and \$KROM tokens.

Technical implementation: This is to be implemented using the UniswapV3Staker smart contract. The funds from the grant are going to be deposited into the [UniswapV3Staker](#) staking contract. The liquidity mining program will be configured for all stakers of UniswapV3 \$OP-\$KROM liquidity NFT.

Limit order \$OP Airdrop - 20%

We are going to reward the first 1,360 filled limit orders as follows:

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limit-orders-table

830×302 15.5 KB

](https://global.discourse-cdn.com/business7/uploads/bc41dd/original/2X/3/32c5720685e936d3166ae824ec38cf8ba1385058.png)

Example: For a minimum limit order size of \$150, the first 600 filled orders will receive 10 \$OP. This means a total of 6000 \$OP will be distributed in this tier.

As the trade size increases, the reward increases as well.

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limit-orders-table

1234×776 12.9 KB

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Just for fun, Kromatika termed the airdrop as a “cashback”. But to be clear, it is an airdrop for filled limit orders that meet the requirements as in the table. A total of 59,920 \$OP tokens will be distributed in this airdrop.

Note : The average limit order size on Kromatika is close to 1200usd value. Initially, Kromatika wanted to reward order sizes above 1200 but [@OPUser](#) suggested we add ranges for trades below \$1200(usd value). So we brainstormed and came up with the above table which in our honest opinion rewards everyone.

This feature directly incentivizes the usage of Kromatika dApp on the Optimism Network, and will indirectly boost the OP ecosystem usage because the Limit orders are for every Token from the Optimism ecosystem which is deployed on Uniswap V3.

Basically, with our unique limit orders feature, every user gets a portion of LP fees as a reward for each filled order(this is a regular benefit of using Kromatika limit order, see screenshot below for avg LP fee earnings). Combining this LP earning along with the OP airdrop is a double reward for any trader.

Technical implementation: Every user who creates a limit order on Kromatika dApp receives a limit order NFT. After the first 1,360 limit order are filled from the day of the grant receival, Kromatika will collect all eligible users off-chain (possibly using Dune analytics) and use a [merkel-distributor smart contract](#) for all users to claim their \$OP airdrop.

Referral Program 10%

Kromatika aims to build a referral program feature on Optimism first and make it exclusive for 2 months before setting it up on other blockchains. It is equivalent to an affiliate link commonly used on popular CEXs like Binance, but in this case, it could be the first use case implemented on a DEX.

The building of this feature will promote new user acquisition because an existing user can now refer/invite their peers to use the dapp as a new user and get referral fees as incentive. Using this feature, we may be able to help speed up the process of converting CEX users to DEX users as all of us collectively move into a Web3 future.

Marketing 10%

A small portion of the grant will be used to spread awareness for the Free Swaps(gas refunds), \$OP Airdrop Referral Program, and Liquidity mining program. Our goal is to invite existing users to Stake & Trade \$OP and to onboard new users onto the Optimism Network.

\$OP will be used for incentivizing users to join the awareness campaign and contribute to the competition. We will create promotion campaigns like Youtube competitions, which can take many forms for different contributors such as researchers, and content creators. The whole point of this is to generate quality content, which will not only benefit Kromatika, but the entire Optimism ecosystem.

How will this distribution incentivize usage and liquidity on Optimism?

With Kromatika offering free swaps (gas refunds), mining program, and a limit order airdrop, a lot of users will be enticed to use Kromatika dApp, and increase the Optimism Network usage. These existing/new users are sure to be impressed with the tx speed and low gas costs of Optimism Network, while enjoying quality service on the Kromatika protocol.

For example: There are plenty of users who've had a bad experience using DEX for swap or limit orders, and hence they stick to CEX for trading. However, with our gas refunds, they can swap free of charge. Along with low gas cost of Optimism network, this will be a very low risk decision but high reward for them.

The same goes for the limit order airdrop - once the users have experienced an automated limit order feature that has bot protection, no slippage, no swap, and fast fills (just like on popular CEX or traditional finance settings), they will be enticed to use this feature more on the Optimism network. This airdrop will give the new users a feeling of low risk/high reward because in addition to the LP fees earned + benefits of using the dApp, they will also be rewarded with \$OP tokens.

Also, with the help of the Referral Program that we will build, we envision a shift from users that advertise CEX affiliate links on their blogs/youtube/profiles to DEX affiliate links instead. This promotion is exclusively launched on the Optimism Network for two months and hence it will spark interest among many in the CEX community as well. This aligns with the Optimism goal of onboarding new users and Kromatika's goal of converting Web2 users to Web3 users.

All of this put together will definitely incentivize usage and overall liquidity on the Optimism Network.

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

Once the new users come on board, they will stay because of the security (decentralized), benefits (Kromatika trading platform benefits), and the network efficiency/speed (Optimism) that enables all of this to happen. Our real mission is to make DEX trading simple, accessible, and affordable. DEX trading does not have to be a ridiculously costly affair, and the users will discover this reality via Kromatika and will continue to stay with Kromatika and Optimism.

As a Kromatika user, you will discover that:

- You are not impacted by price slippage, swap fees, or bot attacks. (so more value for your crypto, no need to sacrifice it for bots/slippage)
- You do not pay needless fees; instead, you earn LP fees thanks to the automation of a complex Uniswap v3 liquidity feature. (LP fees are extra rewards on a given trade essentially and in some cases can even cover the fees required to execute these trades. The bigger the trade amount, the higher the LP fees earned).
- You do not need liquidity for both Token A and Token B, only liquidity for the token you want to buy or sell. Hence one-sided liquidity only.
- No order delays, but quick execution because our limit orders are implemented as liquidity provision around the target price. When your target price is reached, your trade is executed, and your liquidity is pulled out. All of this is done fully automated. You don't need to stare at your screen or worry about your orders being "un-filled" ever again.

This is fundamentally different from limit orders (range orders) that already exist in the DEX space which are prone to bot attacks, slippage, swap fees, and also delays in the orders filled even if it is trading at the target price.

Wouldn't you be happy if as a DEX user you were given these advantages that exist in traditional finance and CEX? Why pay more on other DEX, when you can earn more with a "set and forget" type of automation via Kromatika?

Now for the users who prefer only swap trades, Kromatika is an "aggregator of aggregators". Our smart program scans the popular 1inch, Uniswap, and 0xProject for the best value for your swap trade in an instant. As a result of scanning multiple aggregators, the MetaSwap Aggregator will locate better liquidity pools as opposed to a stand-alone DEX. Hence better swap rates for the user.

You will never need to scan multiple DEXs for your instant swaps because Kromatika does this heavy lifting for you.

With the above advantages, it is no doubt that the users will stay on the Optimism Network once the incentives dry up, because Kromatika offers a solution in the DEX space that is unmatched by others and Optimism offers very low gas fees and high tx speeds.

Also, the \$OP-\$KROM liquidity pair on UniswapV3 will have its liquidity locked forever, i.e it cannot dry out completely.

Over what period of time will the tokens be distributed?

The duration of the distribution phase is impossible to predict precisely due to the variable nature of the distribution method.

30% of the \$OP grant can be distributed almost immediately after community approvals by creating the \$OP-\$KROM liquidity pool on UniswapV3.

10% of the \$OP grant for the liquidity mining program can be staked in the UniswapV3Staker contract after the creation of the \$OP-\$KROM liquidity pair. This will be distributed / mined over time for a duration of 3 months.

20% of the \$OP grant used for gas refunds will be distributed continuously over a period of time as the users are using the Kromatika gasless swap feature.

20% of the OP grant for the limit order airdrop will be distributed / airdropped after the creation and filling of the first 1360

limit orders on the Kromatika protocol.

10% for marketing will be an ongoing distribution as the educational and marketing content is created and shared.

10% for referrals can be distributed right away.

How much will your project match in co-incentives?

The \$KROM / \$OP pool will be matched with 300.000 \$KROM Tokens.