

Project Name:

Hundred Finance

Author Name:

Hundred Finance

Number of OP tokens requested:

300,000 OP

L2 Recipient Address:

0x641f26c67A5D0829Ae61019131093B6a7c7d18a3

Relevant Usage Metrics: (TVL, transactions, volume, unique addresses, etc.)

- [TVL Defi Llama](#)
- [Transactions through platform contracts](#)
- Unique addresses holding hTOKENS, gauge tokens and the HND/veHND tokens
- Use of borrowed funds - (As a lending protocol, we facilitate liquidity generation from held assets. This means that volume and fees generated on Optimism may be enabled by Hundred Finance, though not necessarily captured within the platform's own metrics)

Optimism alignment (up to 200-word explanation):

Hundred Finance is a multichain lending platform based on Compound Finance and incorporating Curve Finance's vote-escrow tokenomics in the management of the protocol. Having launched on seven chains so far (Arbitrum, Fantom, Harmony, Moonriver, Gnosis, Optimism and Polygon, with IoTeX and Ethereum soft launched) and accumulated ~15m in TVL at present, we are in an excellent position to draw users and liquidity to Optimism. This ability is complemented by our successful implementation of cross-chain mirroring enabled by Layer Zero and Multichain's anyCall, which grants our governance token holders APR bonuses cross-chain, thus removing friction in transitioning to Optimism. We believe our potential is already evident, as our own HND emissions have drawn over \$1m USD in TVL to our Optimism deployment launched in March, since then providing liquidity for use on other DeFi applications.

In terms of our use case on Optimism, through incentivizing the supply of stablecoins in particular, Hundred Finance provides low borrowing APYs to those supplying bluechips. This helps grant liquidity used in Optimism's burgeoning DeFi ecosystem. Conversely, our stablecoin market focus makes Hundred Finance an excellent tool in leveraging cryptocurrency on-chain, an objective worth pursuing as we all seek to move away from CeFi infrastructure.

Proposal for token distribution:

Hundred Finance was launched on Optimism on March 9th, 2022, as part of our multi-chain mission to unite the users of EVM-compatible blockchains in the pursuit of an easy to navigate and capital efficient DeFi ecosystem. In order to encourage current and new users of our borrowing and lending services to become active participants on Optimism, we believe a dual rewards program for emissions to those who supply stablecoin liquidity to our money markets will help build a strong and consistent user base that are invested in Optimism's approach to open finance and able to take advantage of market-leading APYs on stablecoin borrowing.

We propose to achieve the above by, during the first year of our launch, including OP token emissions as part of the ongoing rewards received by liquidity providers. Those who stake stablecoins in Hundred Finance's gauges (supplying stablecoins allows borrowing while staking receives emissions only) currently receive HND tokens based on their contribution to the total number (with vote-escrow tokenomics used to manage this distribution on a per-gauge basis). We would distribute OP tokens pro rata with these HND emissions, aligning interests by creating Optimism user incentives that grant real utility (market-leadingly low borrow APYs on stablecoins). Not only would it encourage new and established users of Hundred Finance from its current and future deployments to contribute to the Optimism ecosystem, it would also grant the existing Optimism community a venue to carry out a major DeFi functionality on an established platform while taking a strong position in our mutual protocols through the time-weighted receipt of the means of participating in the two projects' governance systems.

How will the OP tokens be distributed?

300,000 OP for redistribution to Hundred Finance's OP users in 12 tranches over the course of one year. In order to ensure ongoing contribution to Optimism, TVL-based metrics can be used to ensure incentives remain aligned.

Milestone 1:

Duration (weeks): 4 weeks

Deliverables: Acquisition of \$1m USD in TVL

Funds requested: 25,000 OP

Milestone 2:

Duration (weeks): 4 weeks

Deliverables: Acquisition of \$2m USD in TVL

Funds requested: 25,000 OP

Milestone 3

Duration (weeks): 4 weeks

Deliverables: Acquisition of \$3m USD in TVL

Funds requested: 25,000 OP

Milestone 4 - 12:

Duration (weeks): Nine 4-week periods (40 weeks)

Deliverables: The maintenance of at least \$5m USD in TVL

Funds requested: 180,000 OP to be distributed during the remaining nine 4-week periods

How will this distribution incentivize usage and liquidity on Optimism?

As a lending protocol, Hundred Finance attracts users who wish to earn yield on their assets while also having the freedom to generate liquidity from borrowing other cryptocurrencies. By providing combined HND and OP emissions to those who stake stablecoins in the protocol's gauges, we will be able to attract the liquidity to offer market-leading interest rates on stablecoin borrowing. These favorable rates will attract our own and new users from other chains who wish to generate liquid capital from cryptocurrency assets (WBTC, ETH, etc.) without the need to sell, engage in on-chain leverage trading or participate in governance through token acquisition. Our intended future implementation of cross-chain collateralization will also represent a source of liquidity generation, as it will provide an alternative means of acquiring assets on the chain without bridging (which can be done by those pursuing supply-side interest rates at scale).

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

As a lending platform, Hundred Finance provides a service that underpins decentralized finance. As such, as long as the dApp offers security combined with competitive interest rates generated by lend/borrow dynamics and a thriving DeFi ecosystem developing on Optimism, we will be able to provide this fundamental service to those who wish to earn on held assets or obtain liquidity through borrowing. What is more, as our multi-chain expansion includes innovating in the mechanisms that allow the collateralization of assets across chains (supplying collateral on chain A facilitating borrowing on chain B), we will have a major advantage in broadening the number of users who consider interacting with Optimism. This reduction in friction in moving to and from Optimism will not be incentive-led, but rather convenience-led. Lastly, Hundred Finance has a conservative emissions schedule for its own token with a four-year distribution phase, which grants greater stickiness in retaining users once they're on the platform. As is demonstrated by our other deployments, even after the conclusion of dual rewards programs conducted with collaborators, liquidity and protocol usage remains.

Over what period of time will the tokens be distributed?

48 weeks, with 25,000 OP tokens emitted per tranche during 12 successive 4-week periods.

How much will your project match in co-incentives?

HND tokens are emitted on each of our chains with the objective of providing market-leading stablecoin APRs. Currently we consider that to be around 8 - 20% APR. This yield is displayed as a range as our vote-escrow tokenomics allow users to boost their APR by up to 2.5x by locking HND for our mveHND governance token. During the initial 4-weekly periods we would boost this further through granting stablecoin gauges on Optimism the extra HND required to reach 12-30% APRs, which, in combination with OP incentives, would make Hundred Finance one, if not the most, rewarding destinations for stablecoins available.