

Background: In addition to our own development efforts at GMX, we have also been developing relationships with other DeFi projects, especially on Arbitrum where we have a responsibility as the market leader to help cultivate the ecosystem. Generative collaboration for us is one of the critical catalysts which will continue to drive the long term value of the GMX platform and token.

Umami Finance, who have recently restructured, has been one of those potentially fruitful collaborations. They are focused on sustainable vault strategies and working to be an onramp onboarding capital wholesale into the Arbitrum DeFi space. Umami Finance has worked closely with GMX, and this relationship has grown to include over \$3mn in GLP holdings that form the bulk of their treasury management strategy.

Below is a proposal for the communities consideration and feedback.

Proposal:

TL;DR: OTC swap of \$125,000 esGMX <> UMAMI between treasuries with the principle goals of supporting an upcoming stablecoin vault by UMAMI that will be built around GLP and to deepen the connections between our projects.

More Details Below

- Foster relationships which coincide with community benefits, UMAMI received by GMX will be staked and generate ongoing yield for our own treasury
- Deposit UMAMI in Marinate V2 product to earn ETH yield (UMAMI becomes mUMAMI), and additionally mUMAMI can be staked in an autocompounder
- Determine communal use of UMAMI or potential future UMAMI yields at a later point after this initial approval has been passed
- Umami is backed by a treasury that includes mostly GLP, making the underlying assets once that we are very comfortable with.
- Allow Umami Finance to seed a stablecoin vault with esGMX which can provide robust incentives for Umami's vault to attract and manage liquidity
- This stablecoin vault will seek to maintain a delta neutral position while generating yields by attempting to minimize or eliminate directional bets on the crypto market, utilizing a combination of GMX and the Tracer protocol (Full strategy shared below)
- The swap will be a dollar equivalent amount of \$125,000 of esGMX and UMAMI between the respective projects based on a weighted average of the period prior and during the course of this governance proposal.

-GMX holders will be whitelisted for any current and future Umami Finance product releases including access to Bonding when bootstrapping more liquidity into Umami.

For community members wanting to understand the strategy of Umami's vault and how the esGMX will be used, please see the following summary of the vault mechanics:

- Umami seeds vault w/ GLP & TracerDAO pool tokens from its own treasury. It also provides an initial seed deposit of esGMX.
- Umami opens vault to deposits in USDC, USDT, DAI, MIM & FRAX. Via embedded APIs & SDKs, depositors can directly onramp assets into the vault from fiat accounts & also deposit assets from any chain in a single txn. Umami uses stablecoin deposits to mint GLP & Tracer pool tokens, including 3SBTC/USD, 3SETHUSD & 3SLINK USD. Umami will also create its own 3SUNI/USD tokenized perpetual pool via the Tracer Factory.
- Vault depositors timelock for 1 month & begin accumulating rewards in TCR, ETH & GMX. Once the timelock ends, depositors can withdraw their stables + incentive rewards.
- Umami actively manages liquidity to accumulate esGMX, which it gradually migrates to its treasury via vault fees.
- The stablecoin deposits increase liquidity for GMX's & Tracer's core products. Meanwhile, the Umami treasury accumulates a stable, long-term position in esGMX.