- Abstract

This proposal seeks a 12 weeks extension (until November 30) of the Pyth Network's [previously approved LTIPP grant](#).

Initially, the Pyth Network was allocated 1,000,000 ARB through the LTIPP process. To date, we have utilized approximately 75,042 ARB over the 12-week duration of the program.

We are requesting to retain 174,958 ARB, bringing our total expenditure to 250,000 ARB out of the original 1,000,000, until the new grant programs are established.

- Motivation

We want to highlight that incentives for infrastructure protocols and public goods, such as the Pyth oracle, typically do not yield immediate results. The impact from making such incentives available to DeFi often unfolds over weeks or even months.

For existing DeFi applications, switching to a new oracle involves significant effort and may require a new audit. Similarly, expanding from other chains to Arbitrum can be more time-consuming than anticipated, as illustrated by the Synthetix case [here](#).

Thanks to the initial LTIPP program, Arbitrum dApps had the ability to build robust oracle systems covering over 500 assets, including cryptocurrencies, FX, stocks, ETFs, and commodities. This advancement has eliminated outdated on-chain price updates and high costs, reinforcing Arbitrum's position as a premier layer for DeFi. This progress empowers developers to create cutting-edge applications without constraints. This extension aims to keep the momentum and further empower potential new entrants like Synthetix to deliver a best-in-class protocol.

- Rationale

The proposed extension of the Pyth Network's LTIPP grant is designed to further cultivate a thriving and innovative DeFi ecosystem on Arbitrum. The LTIPP program has already proven its effectiveness, with Pyth price updates on-chain increasing by 2-3 times and peaking at nearly 10 times the previous levels, reaching over 70,000 updates on July 14.

Before the program began, the total value secured by the Pyth oracle on Arbitrum was just over 43,000 ETH. This figure has since risen to 52,500 ETH, reflecting an increase of more than 20%.

Pyth has also enabled over $16.1 billion in trading volume on various Arbitrum decentralized perpetual exchanges during June and July (with August data pending). This underscores the benefits for applications powered by Pyth Network: protocols using Pyth have experienced, including increased total value locked (TVL), higher trading volumes, and more frequent price updates driven by a growing number of applications utilizing Pyth.

The request for a 12-week extension, with a reduced ARB allocation, is part of our commitment towards responsible resource management commitment to responsible resource management while continuing to support the long-term success of applications built on Arbitrum that leverage Pyth. By covering the gas costs for using the Pyth oracle, the network has enabled more developers to create robust DeFi applications without the burden of high operational expenses.

This strategy strengthens Arbitrum's position as a premier platform for DeFi innovation, where developers can access over 500 price feeds without financial or technical constraints.

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Furthermore, it's important to recognize that the impact of incentives for infrastructure protocols and public goods like the Pyth oracle is not immediate; it often takes weeks or even months to materialize.

This proposal, aims to build on the momentum generated by the initial LTIPP program, ensuring the continued growth and expansion of the Arbitrum ecosystem as new grant strategies are developed and implemented.

- Key Terms

- On-demand or pull oracle: An oracle network where anyone can permissionlessly trigger price updates on-chain by doing an Arbitrum tx

- Specifications

- 13 weeks duration

- 175,000 ARB

The proposed extension duration is similar to that of the previous LTIPP program—12 weeks versus 13 weeks (including retroactive rebates for the end of August). However, the amount of ARB tokens requested for gas rebates has increased from 75,000 ARB to 175,000 ARB.

This increase reflects an anticipated rise in activity and associated costs, estimated at approximately 133%. The launch of Synthetix's Multi-Collateral Perps on Arbitrum is expected to drive a substantial increase in the number of price updates triggered on-chain. For context, Synthetix currently triggers around 1,000 daily updates on Optimism and between 3,000 and 5,000 daily updates on Base—both without additional incentives in place.

- Steps to Implement

If the Arbitrum DAO approves this extension, no additional work or involvement will be required from the DAO itself. The responsibility for managing the funds and continuing the program would remain entirely with the Pyth Data Association.

As during the initial 12 weeks of the LTIPP, the Pyth Data Association would continue reimbursing dApps for gas costs every two weeks. Additionally, we would maintain our practice of providing bi-weekly updates on the Arbitrum forum to ensure transparency and accountability. Our latest report is available here, and we are open to including even more detailed data and information in these reports if needed.

Since this is an extension of an already approved grant, no additional legal work is necessary. The Pyth Data Association has already completed KYC and signed the grant agreement with the Arbitrum Foundation.

- Timeline

The LTIPP program officially ended on August 26, and until this extension proposal is approved, the Pyth Data Association has paused reimbursing the gas costs incurred by dApps during this period.

If approved, the extension would be applied retroactively, starting from the end of the LTIPP program on August 26. This means that, depending on the timing of the Snapshot vote, there could be up to 2-3 weeks of retroactive gas rebates.

The proposed extension would conclude on November 30, 2024.

- Overall Cost

The cost to the Arbitrum DAO can be seen as an opportunity cost of 174,958 ARB, or potentially even less. Originally, the DAO approved a grant of 1,000,000 ARB—funds that were effectively budgeted and allocated—of which only 75,042 ARB was utilized during the 12-week LTIPP period.

We are now requesting to retain 174,958 ARB from the initial allocation to continue offsetting costs for DeFi applications that use Pyth's on-demand price feeds. The remaining 750,000 ARB will be returned to the Arbitrum DAO as previously agreed under the LTIPP program. Furthermore, if any funds remain unspent before the outlined timeline concludes, Pyth Data Association will promptly return those ARB tokens to the DAO.

- Additional Context

We have been actively seeking feedback and advice from @Matt_StableLab to determine the best approach for moving forward with this extension request.

Our interest in extending the LTIPP grant was initiated in the original LTIPP discussion here.

Currently, we plan to submit this extension request on Snapshot by Thursday, September 5, with support from Wintermute. This timeline allows ample opportunity to gather feedback on the proposal and make any necessary adjustments based on input from the DAO.

Please note that Wintermute will merely be sponsoring the proposal as a delegate which is separate from their role as an LTIPP Council member.