

Greetings Celestia Community,

Today I wanted to propose a collaboration between Celestia and Shade Protocol that would help expand TIA liquidity and accessibility within the Cosmos Ecosystem, and more specifically within privacy preserving DeFi in way that mutually benefits both Celestia and Shade Protocol communities.

Shade Protocol would like to propose a \$100k treasury swap deal with the Celestia Community Pool

in which 100k of TIA (evaluated using TWAP) would be exchanged with the Shade Protocol treasury for \$100k of SHD. Following the direct exchange of TIA for SHD, each counterparty would match the value of the swapped assets with \$100k of their native asset and provide this as liquidity in the SHD <> TIA liquidity pool on ShadeSwap. This would effectively create ~\$400k in sustainable liquidity for SHD and TIA on ShadeSwap.

The Shade Protocol community pool would hold half the LP tokens in Shade Protocol Treasury; the Celestia Community pool would hold half the LP tokens in Celestia Community Pool.

The liquidity created by this token swap would allow for larger trade execution and create more active arbitrage opportunities between Shade Protocol and other DEXs supporting Celestia, leading to larger volume and fee generation for both Shade Protocol and Celestia Community Pool.

Additionally, the creation of Protocol Owned Liquidity between Shade Protocol and Celestia community creates sustainable liquidity without the need to continually incentivize market makers, diversifies the Celestia Community pool, and creates an additional source of revenue for the Celestia Community in the form of trading fees.

About Shade Protocol:

Shade Protocol officially launched in early 2022 as a privacy preserving dApp suite built on the Secret Network. All contract interactions and token balances utilized within the Shade dApp are encrypted, and only visible/known to the user. The Shade private dApp suite currently consists of 5 major dApps, with additional products being added in the near future:

- ShadeSwap (front-running resistant hybrid DEX utilizing novel asymmetric concentrated liquidity)
- ShadeLend (primary issuer and stability mechanism for SILK)
- SILK (private overcollateralized stablecoin pegged to basket of currencies and commodities)
- Shade Bonds (private bonds)
- stkd-SCRT (private Liquid Staking Derivative for SCRT)

Additional Products coming early 2024:

- Private SHD Liquid Staking Derivative
- Private Money Market
- Private Liquidity Orderbook (TraderJoe style orderbook)
- Debit Card integration for SILK

The Shade dApp features a native IBC and Ethereum Bridge interface for easy movement into and out of private DeFi, fee grant for seamless gas acquisition, as well as a host of DeFi utilities all within a single application interface.

There are only 10M SHD in the total supply; All dApp revenue currently is utilized to purchase SHD on the open market and distribute as revenue to SHD stakers.

Shade Protocol has engaged in similar Protocol Owned Liquidity Swap deals with the likes of MantaDAO, Fina.Cash, Composable, Stride, and more recently Andromeda Protocol with great success.

Shade Protocol believes there is strong ethos alignment between Celestia and Shade Protocol, and strongly supports the proposal to build sustainable liquidity for our mutual ecosystem in a way that is mutually beneficial to both ecosystems. We believe privacy is a human right, and seek to ensure that everyone looking to participate in decentralized ecosystems and economies (including Celestia's) can do so in a way that preserves their privacy.

We would love feedback related to this proposal, and are happy to answer any questions or concerns that community members might have!

Full Proposal Details

(including example TWAP calculation and deal mechanics): [SHD <> TIA POL Swap Proposal - Google Drive](#)

Onward and Upwards,

