

Hey everyone!

I wanted to share with you all an incredible proposal that we believe has the potential to push Secret DeFi further than ever before. With a record number of launches on the horizon, including a new bridge for EVM assets, new SNIP-25 tokens, and at least three DeFi protocols (Shade, Blizzard, and Secretswap 2.0), we have a unique opportunity to bring an unprecedented level of attention to our ecosystem.

At SCRT Labs, we believe that we should seize this once-in-a-lifetime opportunity to support these DeFi projects and make the biggest possible splash in the industry. That's why we propose a 6-month incentive program, starting April 18, 2023

, with a "surge" period in the first three months that will offer double rewards to incentivize rapid project launches.

We suggest that rewards are granted according to the following guidelines:

1. L1 Rewards will be given as an LSD (each protocol can choose which one), increasing the overall TVL. In addition, to encourage hodling, there's a strong preference to giving out rewards with lockups (or to give higher APR for those that lock their LSDs). Shade has offered to support this through Shade Bonds, and projects are welcome to use this mechanism or create their own.
2. Each project should contribute 3x the L1 rewards in dapp tokens (\$1 SCRT for every \$3 in dapp tokens).
3. Projects must submit a one-page proposal detailing their supported pools/assets, projected TVL, APR, and required rewards. This applies to all DeFi protocols, not just DEXes. We already received several petitions and expect to get others as soon as possible

1. Dapps should maximize their utility while benefiting Secret in the most effective way. For example, we initially considered incentivizing a USDC-USDT stable-to-stable pool on Shadeswap. However, after receiving feedback, we agreed that incentivizing SILK as the direct stablecoin pair would be a more beneficial approach for both Shade and Secret.

We propose an upper cap of \$4m in rewards over the next six months, with \$1m in SCRT rewards. SCRT Labs is willing to cover half of that cost. We aim to continue chain-paid rewards beyond the six-month mark, using a more sustainable mechanism for a broader range of apps. The monetary ask from the community pool is therefore the equivalent of \$500K in SCRT for six months

There are a few open questions to address:

1. How can we secure funding for the chain's portion in time? Options include the community pool, the Terra pool, a new tax, or a mint. We have no opinion on this.
2. Who should handle rewards? We suggest SCRT Labs for efficiency, and we'll handle petitions while making approved petitions public.
3. How do we determine the exchange rate between the dapp token and SCRT? We propose refilling rewards monthly and determining the exchange rate at that time.

This is an incredibly exciting time for Secret, and we believe that this proposal could mark a huge turning point for our project. With our upcoming technical upgrades, PaaS, and Secret 2.0, we are perfectly positioned to capitalize on this momentum. Let's make it happen!