Proposal Overview

Project name:

[NEX](#)

Author name and contact info:

Lynn (Business Development Manager at NEX)

-Email: official@nex.market, Telegram: @lynn2208

, Discord: NEX | Lynn#1978

I understand that I will be required to provide additional KYC information to the Optimism Foundation to receive this grant:

Yes

L2 recipient address:

0x1CB7df534Ed9B65fC59dD8323794495A71189FB2

Grant category:

Governance Fund (Phase 1) / DEX

Number of OP tokens requested:

900,000

Is this proposal applicable to a specific committee?

No

Project Overview

Project description

[Overview]

- NEX is a decentralized perpetual and spot exchange that allows users to trade assets on-chain. Supporting zero price-impact trades and zero slippage with the use of oracle price feeds, NEX optimizes trading and swaps processes for any trader. NEX's unique multi-asset liquidity pool empowers investors to hedge their portfolios and earn additional APR.

- NEX launched on Aurora on August 10, 2022. Since launching three weeks ago as the first perpetual DEX on Aurora, NEX has seen a record-breaking growth. We have hit an ATH of $1.9M in daily volume, and our total volume surpassed $10M: which has made NEX the No.1 DEX on Aurora.

- Thus, as presented in our [roadmap](#), NEX's ultimate vision is to build the optimal trading environment for all traders. Once expanding onto multiple chains and implementing the NEX Bridge, all of the liquidity will be combined and managed through one vault, maximizing the NIT pool for traders and investors (more on this in the Roadmap section below). As our first initiative, NEX is expanding multichain into Optimism.

[Mechanics]

- All trading and investing at NEX occur based on the liquidity in the NIT (NEX Index Token) pool. NEX's gaining a stronger liquidity profile makes traders to participate more easily. As long as NIT TVL is up, the protocol's ability to handle more volume rises, and, in turn, fee generation that goes back to liquidity providers (NIT holders) and the protocol increases.

- Currently, we have listed OP, ETH, BTC, and USDC in NIT. Thus, traders on NEX are able to perform asset swaps on OP, ETH and BTC (USDC for shorts; more assets will be added).

- They can also leverage up to 50x and trade these assets in both directions by utilizing the assets in the NIT pool.

- For example:

- When entering a long on BTC, a trader is "renting out" the upside in BTC from the NIT pool.

- When entering shorts on BTC, a trader is "renting out" the upside of USDC versus BTC from the NIT pool.

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- When entering shorts on BTC, a trader is "renting out" the upside of USDC versus BTC from the NIT pool.

[NIT]

- The NIT pool is a multi-asset pool that supports trading and allows users to long-short and perform swaps. This pool earns liquidity provider (LP) fees from market making, swap fees, and leverage trading and these fees are distributed back to NIT holders. The value of the NIT token is determined by the changing value of the index tokens inside of it, making it in a way, a diversified index of high-quality crypto assets.

- The token weights in the pool are adjusted to help hedge the holders of NIT against the open positions traders have. So, if a large number of traders are long on BTC, the NIT pool would have a higher BTC weight and vice versa with stable coins if a large proportion is short.

- Instead of the standard Automated Market Maker model (AMM) (x*y=k), NEX uses the NIT pool in combination with dynamic aggregated oracle price feeds which is sourced by Chainlink Protocol, a cross-chain oracle that provides smart contracts with access to economically secure data feeds, and aggregated price feeds from leading volume exchanges (Binance, FTX, KuCoin, etc.) to determine the "true price" of an asset. This allows NEX to achieve the true price of an asset with far less liquidity. This also means that trades can be executed with zero slippage and LPs are protected against impermanent loss.

- As easy as it can be, providing liquidity

by depositing assets, buying NIT

, investing in the index

of major cryptocurrencies, investing in a hedging strategy

and earning additional APR

all mean the same thing at NEX. All can be achieved by holding NIT.

For more detail, check out our docs →https://docs.nex.market/nex/

Project Links:

- Website: https://nex.market/

- Documentation: https://docs.nex.market/nex/

- Twitter: https://twitter.com/nex_market

- Discord: https://discord.com/invite/nex-market

- Telegram Announcement: https://t.me/NEX_announcement

- Telegram Chat: https://t.me/NEX_officialTG

- Medium: https://medium.com/@nex_market

Additional team member info:

- Our team is comprised of 4 Business Development, 9 Developers, 3 CM & Marketing, 1 Designer.

- All NEX team members are working full-time, and NEX team's developers have a combined experience of more than 20+ years in blockchain industry.

- Members (Discord handle):

- NEX | Lynn#1978, easylife#1550, NEX | goodday#5318, Narumi#0487, NEX | ASH#8593, NEX | Frank#5534, NEX | Horizon#9702, NEX | Larry#8970, Xaya#7482 and more.

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Please link to any previous projects the team has meaningfully contributed to:

- 'Hyperithm', a Web 3 asset management company (https://hyperithm.jp/)

- 'Blocksmith', a blockchain consulting firm (https://www.blocksmith.xyz/)

- Olympus DAO fork (Market Cap: $212M)

- Abracadabra.money fork (Market Cap: $129M)

- 'Ignite Finance', Defi 2.0 (https://www.igniteprotocol.finance/)

- Crypto mining pool

Relevant usage metrics

Optimism and Aurora combined, as of September 8 16:05

- ATH Daily Volume: $1.9M

- Total Volume: $11,572,027

- 24H Volume: $445,297

- AUM: $425,491.79

Our dashboard can be found here: https://nex.market/dashboard

Competitors, peers, or similar projects

(please link):

- As a fork of GMX (https://gmx.io/#/), we consider them our biggest competitor.

- While on Optimism, Perpetual Protocol (https://perp.com/) and Kwenta (https://kwenta.io/) are our closest competitors as perpetual exchange platforms.

Is/will this project be open sourced?

- Yes. Our Github can be found at this link.

Optimism native?:

- No

Date of deployment/expected deployment on Optimism:

- We launched on Optimism on 2022-08-31T15:00:00Z

Has your project previously applied for an OP grant?

- No

Did the project apply for or receive OP tokens through the Foundation Partner Fund?:

- No

If OP tokens were requested from the Foundation Partner Fund, what was the amount?:

- N/A

Ecosystem

Ecosystem Value Proposition:

- Although currently live perpetual trading DEXs do exist in Optimism, NEX sees three main difficulties when trading in the ecosystem.

- The existing derivatives perpetual trading dApps are based on synthetic assets.

- The currently existing dApps are structured to have a complicated UI/UX.

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- OP tokens are not listed to trade in perpetuals.

- While basing the liquidity assets off of synthetics brings about a huge advantage in bootstrapping liquidity, the usage of these assets do not offer a kind and intuitive trading experience. At NEX, our first and foremost goal is to provide a fast

, simple

and seamless

trading experience through oracle pricing and unique liquidity model of NIT.

- These features enables NEX to maintain what synthetic assets have solved in terms of liquidity and build on top of that, a UI/UX that is kind enough for any user or trader to understand. At NEX, traders can own assets listed in NIT (wBTC, wETH, OP) and trade straight from REAL assets

with leverage up to 50x

. At NEX, EASY trading & investing with leverage up to 50x can be done with no slippage and no price impact.

- As we were doing our research, we also realized that none of the perpetual derivatives DEXs have OP tokens listed. Everything is already settled at NEX to trade, with no doubt, the currently most trending token in the crypto market, OP.

- In addition to trading, users who want to invest with a more stable strategy can participate in a hedging strategy via NIT AND earn 70% of protocol fees in USDC. As easy as it can be, providing liquidity by depositing assets, buying NIT, investing in the index of major cryptocurrencies, investing in a hedging strategy and earning additional APR all mean the same thing at NEX.

How much will your project match in co-incentives?:

- NEX has not launched its governance token, nor has raised any fund so far. We are currently working on the tokenomics, and upon the launch of the token, we will allocate a good amount to the community and as liquidity incentives.

- NEX has worked perfectly and brought in much value even without token incentives so far since launch, and we have confidence that it will remain so in the future. Currently, most of the fees that are accumulated within the protocol is allocated to incentivise liquidity providers. In addition, we have a Referral feature that incentivizes traders to utilize our platform. In our survey, 99% of traders and investors who used our platform responded that they have the intention to continue using NEX. The $OP incentives will act as a bootstrapping mechanism to attract many more traders and investors within and from outside the chain, who are expected to stay with us for the long term.

Proposal for token distribution:

Tokens will be distributed to achieve these goals:

- Initial Liquidity

- Referral Rebates (Traders Acquisition)

- Liquidity Incentives

- Initial Liquidity

Amount: 450,000 OP

Distribution Period: Immediately

- OP tokens will be allocated to be listed in NIT, which will account for the liquidity for traders. This initial liquidity is crucial to NEX since the #2

current most traded token on Optimism is OP, and traders can trade the token only if it is listed and its liquidity is present in NIT. By pumping up the $OP liquidity in the NIT pool, more traders can come to utilize the only $OP perpetual market at NEX. Allocating much of $OP tokens into our NIT pool will allow NEX and Optimism to gain more TVL as well as traders.

1. Referral Rebates (Trader Acquisition)

Amount: 225,000 OP

Distribution Period: Fist Quarter of 2023

- As a perpetual swap exchange, NEX's growth is largely defined by the number of traders on the platform. Thus, NEX has implemented the Referral feature to give back a part of what they have provided for us to our traders. The affiliate creates a code for traders to input, and both the affiliate and the trader get rebated based on the volume they create. 5~15% discount is applied and given back as rebates to participants.

- To bring more new traders to NEX and Optimism, NEX will use the $OP token to provide rewards to both affiliates and traders. Allocating $OP tokens as referral rewards, we can give additional rebates to traders by applying a higher discount.

More on our Referral system → https://docs.nex.market/nex/live-features-beta/referrals

1. Liquidity Incentives

Amount: 225,000 OP

Distribution Period: Fist Quarter of 2023

- Liquidity is the most important part of NEX. The liquidity provider acts as a counterparty to all traders on the platform. NIT holders, which means the same thing as liquidity providers, deposit provides for traders to utilize assets, and in return receives traders' losses. Also, NIT holders receive the majority of all protocol fees.

- Currently, 70% of all protocol fees are given back to our liquidity providers (= NIT holders). With rewards given out as USDC, NIT holders can claim a stable APR of around 30~40%. To further grow the trading volume and open interest at NEX, we need to grow our liquidity. We believe that more incentives at an early stage of the platform will definitely bring in more liquidity providers to bootstrap NEX liquidty. If $OP tokens are allocated as liquidity incentives, we will provide a higher APR as rewards to providing liquidity at NEX.

Please provide any additional information that will facilitate accountability:

[NEX Roadmap]

- NEX V1 (Current)

- CBT (Closed Beta Test)

- NEX Launch

- Audit

- Multichain

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- NEX V2

- Streamlined Transactions

- NEX aims to improve traders' experience as our top priority. In the process, the transaction process will be switched to off-chain.

- With the implementation of off-chain transactions, upon initial authentication, users would not have to send transactions from their wallet when opening positions or swapping. This allows the trader to initiate their position faster.

- When expanding multi-chain, this feature will allow users to use dApps immediately without adding networks to their wallets.

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- NEX Bridge

- Maximization of NIT liquidity pool: Possible through managing liquidity of multiple chains from one vault → Increase of trading capacity regardless of chain

- Accelerated multi-chain expansion: Quick provision of services with no need to acquire liquidity on each chain → Market and user expansion

- Competitive advantage in bridging service: Securing of bridge liquidity by utilizing liquidity deposited to exchanges → Advantage in bridge slippage and fees

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- FX Trading

- The foreign exchange (FX) trading enables the exchanging of national currencies. Because of the worldwide reach of trade, commerce, and finance, FX markets tend to be the largest and most liquid asset markets in the world. Currencies trade against each other as exchange rate pairs.

- Our goal is to create a liquid market where one can freely trade assets with fiat, as well as cryptocurrencies.

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- NEX V3

- NEX Mainnet Launch & Governance

- Nex will implement our own app chain on L2 using the Octopus Network.

- Through this we will implement :

- Customized NEX mainnet with optimized user experience for traders in terms of transaction speed and fees

- Independent governance and decentralization

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- Advantages of NIT liquidity

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