

Background Summary:

STFX is a DeFi and SocialFi protocol for short-term asset management. We are pioneering the concept of STVs- single trade vaults- short duration, non-custodial, actively managed vaults that are dedicated to one trade.

STFX's core product will be geared towards leveraged derivatives, given that these instruments have found the deepest product market fit in crypto. Our vision is to afford retail traders improved success in the markets by outsourcing trade execution to higher competency managers. This approach is uniquely enabled by blockchain infrastructure, and if proven successful, has the potential to radically transform the dynamics in which the marginal retail trader navigates crypto derivatives. Inherent to this adoption would be a non-trivial porting of derivative volume away from CEX architecture, where trading volume has remained surprisingly sticky compared to its spot counterparts. Derivative DEX activity as a percentage of notional volume currently exhibits less than 1% market penetration, whereas DEX spot markets are closer to 10%.

We believe that this proposal is fundamentally different from alternative treasury swap proposals (e.g. Rage and Plutus), primarily because the STFX protocol addresses the demand side, whereas these alternatives address the GLP supply side. Liquidity for these STVs will be sourced primarily from GMX, providing new volume inflows that boost GLP yield and help smooth some of the esGMX emission wind downs over coming months.

Proposal:

STFX will source a majority of its liquidity from GMX; we hope that many existing GMX traders will opt into the STFX platform as their primary means of engaging the derivatives landscape. The GMX community has been highly receptive to STFX since inception, and we've noticed tremendous overlap of GMX users across our mutual communities.

Given the interconnectivity between the protocols, we propose a token swap of \$100,000 based on a Good Will Valuation further described below in Point (3).

Swap Terms:

1. STFX will commit the esGMX proceeds from the swap into the GMX protocol as staked esGMX, with a minimum 2-year lockup, in order to achieve tasks outlined in point (2).
2. All accrued ETH yield from the staked esGMX will be compartmentalized into an STFX Community Reserve which will have the flexibility to be used to sponsor the following:
3. Prize Pots for trading competitions on the STFX platform, which will help drive trading volume on GMX and social trading activity on STFX
4. Community bounty programs to encourage strategy building and research
5. Additional community developments, and STFX lab/project developments
6. Additionally: Harvested esGMX will be compounded on some regular basis into stesGMX to help increase ETH accrual rate, and thereby the reserve's overall funding capacity
7. If the proposal passes, swap terms will be executed at a 30m FDV Good Will Valuation for \$STFX - at 30m FDV, the swap terms are a blended valuation between seed and public launch, as a show of good-will between STFX and GMX communities, and to demonstrate intentions to cultivate productive and long term collaboration.
8. At the end of the lockup duration outlined above (1), STFX will have the option to continue using the esGMX as before, or otherwise use the esGMX in other manners as STFX sees fit, including the vesting of the swapped esGMX and any esGMX earned during that time.

Proposed Token Swap in Dollar Amount:

We propose a token swap of \$esGMX for \$STFX tokens amounting to \$100,000 at a proposed 30m FDV Good Will Valuation for \$STFX as outlined in Point (3) of the aforementioned Swap Terms.

Action:

An OTC swap of between the GMX and STFX treasuries in the dollar amount of \$100,000:

1. Community votes to approve/disapprove the proposal
2. If approved, the swap will be conducted on the Good Will Valuation for \$STFX as outlined in Point (3) of the aforementioned Swap Terms