Project name:

Arrakis Finance

Author name and contact info:

barbarossa

Twitter: @ 0x_barbarossa

TG: @ Oxbarbarossa

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

Yes

L2 recipient address:

0x8636600A864797Aa7ac8807A065C5d8BD9bA3Ccb

Which Voting Cycle are you applying for?

Phase 1, Cycle 8

Grant category:

DeFi

Is this proposal applicable to a specific committee?

No

Project description:

Arrakis Finance is a liquidity management protocol that is built on top of Uniswap V3 and can be extended to any concentrated liquidity AMMs. Arrakis provides

- The infrastructure that enables the easy implementation of any market making strategies and experiences, and
- Liquidity management strategies that are fit for any specific purposes of liquidity providers.

Project links:

- Website: https://www.arrakis.finance/
- Twitter: https://twitter.com/ArrakisFinance

Additional team member info:

Co-founder & CEO: Hilmar X

Twitter: @ hilmarxo

TG: @ hilmarx

Co-founder & CTO: Kassandra

Twitter: @ kassandraETH

TG: @ kassandra_eth

Previous projects the team has meaningfully contributed to:

Gelato Network: www.gelato.network/

Relevant usage metrics:

- TVL: $720m (defillama)
- Network footprint: Mainnet, Optimism, Polygon and Arbitrum. Easily deployable on any network where Uniswap is present.

Competitors, peers, or similar projects (please link):

Gamma (www.gamma.xyz)

Charm Finance (charm. fi)

Popsicle Finance popsicle.finance)

Is/will this project be open sourced?

Yes

Optimism native?

No

Date of deployment/expected deployment on Optimism:

Jan-09-2022 (optimistic tx hash/2151535)

Ecosystem Value Proposition:

Currently, in terms of TVL and volume, the overwhelming majority of trading activities on Uniswap are on Mainnet. Even among L2s, Optimism still falls behind Arbitrum and Polygon on those aspects. With the rapid growth of Optimism ecosystem, lack of liquidity and volume can be a major turnoff for projects as it is one of the top priorities when deciding whether or not to launch on a network.

Arrakis' core strength lies in bootstrapping liquidity for tokens in the most cost effective way, and creating deep liquidity with less capital by leveraging the concentrated liquidity feature of UniV3. By having Arrakis manage their liquidity, projects, especially the ones with limited resources, can save their $ETH or $USDC for building the products on Optimism, and no longer have to allocate a large budget of the project tokens to incentivize LPs. Besides, the lack of liquidity to support bigger volume will be significantly improved as Arrakis will fully and safely utilize the concentrated liquidity feature of UniV3.

With the liquidity issue no longer being a barrier, projects can feel more confident to launch on Optimism, and way more trading activities can be encouraged to therefore boost the volume on Uniswap, hence the overall transactions on Optimism.

Has your project previously applied for an OP grant?

No

Number of OP tokens requested:

500k

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

How much will your project match in co-incentives? (not required but recommended, when applicable):

N/A as there is no token from Arrakis yet.

Proposal for token distribution:

- How will the OP tokens be distributed?

100% allocation will be liquidity mining incentive for projects that have no pools on Uni V3 for their native tokens yet and will create Uni V3 pools in conjunction with the deployment of Arrakis PALM - a liquidity bootstrapping strategy developed by Arrakis Finance. Projects need to apply for the incentive through Arrakis. In order to propel the growth of Optimism ecosystem and further decentralize the distribution of $OP token, newly launched Optimism native projects and projects on other networks that recently expanded to Optimism will have priority in the application.

Additionally, since the initial liquidity deposited into Arrakis vaults will be protocol owned liquidity, it means that protocol treasuries will be the recipients of the $OP incentives. To further encourage the Optimism governance participation and $OP distribution, all protocols that received $OP incentive through Arrakis will need to stake or delegate at least 50% of the $OP token, and distribute the rest to their community members.

Note that a certain amount of the $OP token received might be used to cover transaction costs for operations on Optimism.

- Over what period of time will the tokens be distributed for each initiative?

The liquidity mining program will be running for 3-6 months, depending on the number of applicants.

- Please list the milestones/KPIs you expect to achieve for each initiative:

During the LM program, periodically, the number of projects onboarded, total TVL growth, and total volume growth will be monitored as KPIs to indicate the effectiveness of the LM program. The program may adjust accordingly based on the outcome of the KPIs.

- Why will incentivized users and liquidity on Optimism remain after incentives dry up?

LM is only to "grease the wheel" to get it started, a means to help projects more easily initiate their presence on Optimism. More importantly, it is to create opportunities showcasing the capabilities of Arrakis in helping projects and the entire Optimism ecosystem bootstrap liquidity and elevate capital efficiency, with much less liquidity resources required as opposed to the conventional methods. Once projects have witnessed the effectiveness of Arrakis' services, the excellence of our product is enough of an incentive for them to stay and also for more to come, rather than token incentives, which is also the ethos of Arrakis Finance.

Please provide any additional information that will facilitate accountability:

Contract

Address

Arrakis Factory

0x2845c6929d621e32B7596520C8a1E5a37e616F09

Arrakis Resolver

0xd2Bb190dD88e7Af5DF176064Ec42f6dfA8672F40

Arrakis Router

0xc56f04EC20dAD27c0f4701b14977C2DbE85142BA