

# [GF: Phase 1 Proposal] Saddle Finance

## Incentive Proposal

Project Name:

[Saddle Finance](#)

Author Name:

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Number of OP tokens requested:

500,000

L2 Recipient Address:

Gnosis Safe, 4/7 Multisig on Optimism: [0x2aBD4c0070bc784b7BFD18d947b9d28657070862](#)

Relevant Usage Metrics:

For general usage metrics regarding Saddle, please refer to the: [Saddle Extended Dashboard on Dune Analytics](#)

As well as: [DeFi LLama](#)

Optimism alignment:

Saddle Finance is a decentralized stableswap protocol designed for pegged asset swaps and a team that is deeply aligned with the values of Ethereum and the Optimism Collective.

One of Saddle's core tenets is a commitment to opensource software and this consistent declaration by the team demonstrates how much Public Goods are valued by the Saddle team and community. Core value proposition is to be a leading provider of low slippage trades in pegged assets across multiple chains and be a reliable and trusted platform for many years to come in the DeFi ecosystem.

Proposal for token distribution:

The OP tokens will ultimately be used to incentivize the adoption of various liquidity pools across the Optimism deployment of Saddle and other potential pools as well, bringing more stablecoins, pegged assets such as \$WBTC and \$aETH for example, to Optimism's L2.

Saddle is already live on Optimism with 2 liquidity pools, and just yesterday announced a milestone partnership with Frax Finance where the additional deployment of 13 new pools is underway, with 3 of those coming to Optimism. So, attracting liquidity to Optimism is essential and as such the OP token will be used to incentivize ecosystem participants to stake their assets in Saddle's LPs to earn OP incentives and also the additional incentives from the new \$SDL tokenomic upgrade and unlock based largely on models popularized by Curve Finance and Ribbon Finance.

How will the OP tokens be distributed?

Propose the following distribution of the liquidity mining rewards to begin immediately but also give the team autonomy and flexibility to make changes if need arises due to gauge voting outcomes or new liquidity pools, market dynamics, etc.:

1. 15% \$OP - saddleFRAXBP, (FRAX, USDC)
2. 15% \$OP - saddleFRAXBP, (saddleFRAXBP, USDT)
3. 30% \$OP - saddleFRAXBP, (saddleFRAXBP, sUSD) [Synthetix]
4. 40% \$OP - Pools TBD (sETH/ETH, aETH, ETH, sETH, renBTC/wBTC, etc.)

There is also a mechanism is planned for implementation which is a highly creative, gamified mechanism to utilize the \$OP tokens to attract additional TVL and users to Optimism in a swift manner.

How will this distribution incentivize usage and liquidity on Optimism?

Liquidity is highly needed right now on Optimism, and by supporting the Saddle team that is firing on all cylinders; this is an excellent way to signal both Optimism's commitment to attracting user growth as well as drive real adoption to L2 because of the significant need for another stableswap protocol.

Why will the incentivized users and liquidity remain after incentives dry up?

Having deep liquidity on any chain is a critical component of long-term sustainability. These incentives will likely lead to significant TVL growth within the Saddle protocol on Optimism and also other protocols on Optimism as users become more comfortable with the L2 and begin to harvest rewards and engage with other protocols - this is a logical outcome when considering how reliable the UX for Optimism has been and volume and net new users is expected to grow significantly from Saddle's value it brings to the ecosystem combined with the low cost of interacting on L2. Additionally, this also opens the door to multiple other synergies becoming possible.

Over what period of time will the tokens be distributed?

The OP tokens allocated will be distributed over a 3 month period, and would start from the date Saddle receives the tokens, they will be added to the pools immediately to incentivize user and TVL growth immediately.

How much will your project match in co-incentives?

Saddle is in the process of deploying significant incentives as the multi-chain partnership with Frax gets moving and gauge system goes into full effect. These are expecting to continue and adapt to market conditions to continually make sure incentives are best aligned with growing both Saddle and L2 adoption on Optimism.

Please reference these two blog posts from Saddle for more information about \$veSDL and the tokenomics:

[Saddle – 28 Jun 22](#)

### **Introducing a new standard for stability**

Saddle is happy to announce a deep integration with popular stablecoin provider Frax Finance by launching 13 new base pools and meta pools across various blockchains

○. FRAXBP — Frax Base Pool: The New Standard for StabilityAs you might already...

[Saddle – 23 Jun 22](#)

### **Announcing \$SDL Token Unlock and \$veSDL: Vote-Escrowed SDL**

Bandits rejoice! The long awaited moment is here: \$SDL is now tradable!

It's been a

months and we're all going through a lot right now, so the fact that the unlock and \$veSDL is here is even more vital. It is the start of a new chapter,...