

Author Name:

Millie

Defillama TVL (at snapshot):

\$205M

Transactions/day (at snapshot)

: 693

Tier:

1

Optimism native:

yes

Number of OP tokens to claim:

9,000,000

L2

Recipient Address:

0x9644A6920bd0a1923C2C6C1DddF691b7a42e8A65

Proposal for token distribution (under 1000 words):

- 2M \$OP for Grants
- 3M \$OP for sUSD liquidity and bridging incentives
- 4M \$OP to incentivize an SNX/sUSD pool on Optimism

The Distribution of OP tokens as proposed by Synthetix governance is mainly targeted to incentivize the migration of SNX stakers from Eth-Mainnet to Optimism.

Current Integrations

Synthetix and Optimism have a rich history of integration ever since the launch of the Optimism test-net many years ago. Well before any \$OP incentive program was launched, Synthetix governance had already committed to developing the protocol such that the majority of the infrastructure would be on Optimism.

These integrations included but weren't limited to: custom SNX and sUSD bridges, an L1-L2 messaging mechanism for system debt, a debt migration mechanism, a Perpetual Futures protocol, the sponsoring of several Oracle feeds, the development of a novel governance mechanism (V3GM) and a full redevelopment of our codebase on L2 (Synthetix V3).

How will this distribution incentivize usage and liquidity on Optimism?

In light of the integrations mentioned above there are several bottle necks which are a hinderance to further migration to Optimism and this proposal aims to alleviate those restraints through use of incentives.

A significant portion of SNX/synths remain on Mainnet, mainly because liquid markets for SNX and synths reside on L1, combined with the constraints of a seven day withdrawal period to access those markets from Optimism. The distribution of \$OP to SNX/sUSD LPs and sUSD LPs on Optimism is designed to create a similar liquidity environment to that of L1 so that the remaining major SNX and Synths holders feel comfortable migrating to L2.

In addition Synthetix plans to use 2M \$OP tokens for builder's grants and highly targeted incentives to further construct Synthetix adjacent infrastructure on Optimism.

The use of our \$OP token allocation will enable our existing products on Optimism to see exponential growth in usage from the bandwidth that will be made available with increased liquidity. We expect to see a significant uptick in usage of our Perp product from large traders and institutional players once the liquidity conditions enable it, resulting in major adoption of Optimism.

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

We expect the majority of liquidity we are incentivizing to remain on Optimism post incentives because it is targeted to facilitate the migration of large SNX stakers and Synth holders from Mainnet to L2. Our L1 stakers and synth holders are

accustomed to much fewer incentives on L1 and would easily adapt to reduced incentives on L2 once this incentive campaign ends. Further more we believe that once our infrastructure on Optimism is mature enough (roughly 6-9 Months) and potential CEX support for SNX on L2, that all of our stakers and synth holders will fully reside on OP.

How much will your project match in co-incentives?

Synthetix Governance, has been and still is, heavily incentivizing the migration of SNX stakers to Optimism since before the \$OP token was even announced, by diverting 40% of total inflation to staking on layer 2 ([SCCP-189: Change SNX inflationary distribution ratio](#)), with plans to increase those incentives proportionally to the available liquidity on Optimism over the coming months, as well as a lesser amount in perpetuity

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Synthetix Governance has also been incentivizing synth LPs on Curve since before the \$OP token was announced ([Synthetix & Lyra Incentivize sUSD liquidity on Optimism](#)) and we plan to continue these incentives along side the \$OP distribution and a sustainable amount in perpetuity

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Over what period of time will the tokens be distributed?

The \$OP tokens will be distributed over a 6month timeframe.