[Proposal] Manifold Trading Liquidity Provisioning + Collaboration

1. **Summary** - Manifold Trading would like to provide liquidity for the API3 community, and support the API3 ecosystem by providing volume and liquidity to projects integrating API3.

2. **Abstract** - Manifold has a strong prop trading desk with multiple strategies that spans both CeFi and DeFi. Manifold runs liquidity provisioning strategies across several perp DEXs, CEXs, and lend/borrow protocols, cross-venue arbitrage, and HFT. On the venture side, Manifold has portfolio companies across DeFi, infrastructure, consumer applications, RWAs, gaming/NFTs, and more. Through this collaboration, Manifold could push more portfolio companies to integrate API3, and new ecosystems to adopt API3, while adding more liquidity to API3 itself.

3. **Motivation** - API3 could benefit from being early in new ecosystems and having additional incentives for new projects to make the integration. It is clear that once in integration is in place with an oracle, switching costs are extremely high for projects. The most important part is to incentivize enough to get a foot in the door with these protocols. Manifold can help with the incentivization mechanics as outlined below, which would be difficult to do without a third-party firm like ours.

4. **Specification:**

Float: 1,000,000 tokens

Term: 12 months

Interest: No interest

Call options (expires at end of term):

- 33% of loaned tokens at a strike price of $2.5
- 33% of loaned tokens at a strike price of $3.0
- 33% of loaned tokens at a strike price of $3.5

Ecosystem support activities:

- Push taker volume for new perp dApps that integrate dAPIs, at a minimum of 10% of protocol TVL per month → x1.5 if the protocol deploys OEV
- Provide a minimum of 10% of TVL or $1M in loan liquidity (whichever is lower) for new lending / money market dApps that integrate dAPIs → x1.5 if the protocol deploys OEV, conditional on successful audits and risk checks (e.g. no permissioned accounts, implementation of timelocks, and conservative LTVs).
- Support activities continued for a minimum of 12 months per dApp, or as separately agreed
- All support activities contingent on dApp passing due diligence by both Manifold and API3

Ecosystem support commissions:

- 0.75% of protocol TVL up to $750k in API3 (maxes out at 100M TVL per dApp) for dAPI integrations as the protocol's primary oracle or in a capacity that contributes towards API3's TVS, regardless of dApp type (perps, lending, etc.), calculated on the day of the dAPI integration, based on dApp TVL reported by DeFiLlama. This would be calculated by taking the 30 day average TVL of the dApp upon signing.

- An additional .5% (combined for a total 1.25%) of TVL (up to an additional $500k in API3) for protocols deploying OEV, up to $500k in API3, calculated on the day of OEV deployment, based on dApp TVL reported by DeFiLlama

- Manifold commits to supporting OEV integrations by deploying and running OEV searchers for a minimum of 12 months from the start of the integration

- API3 will provide open source searchers for OEV (so Manifold will not have to develop these)

- OEV deployments for commission require explicit signoff by API3 to ensure the dApp has potential to produce OEV (and thus benefits from the deployment)

- Both commissions combined up to an aggregate maximum total of $2.5M in API3

- Commissions paid after year 1 of a successful dAPI integration, or whenever the priorly agreed-upon term of support activities has ended.

5. **Benefits** - There is little downside to the DAO, as the DAO will simply receive the API3 tokens back if the guidelines above have not been met. If the guidelines are met, it would mean that API3 is receiving heavy support across the board with new protocols integrating API3, and receiving additional liquidity for the API3 token.

6. **Drawbacks** - Highlight any drawbacks from implementing the proposal and points to consider.

7. **Vote** - A "FOR" vote would help set up an API3 loan + call options defined in the Specification section above. A "AGAINST" vote would prevent the proposal from going through.