

# How Do You Bootstrap a Financial Ecosystem from Zero?

*What we did, what worked, what didn't*

**9 months**

from chain launch to peak

**\$88.5M**

vs. user TVL  
— the gap matters

**\$5M+**

spent attracting  
capital — or users?

**10+**

protocols —  
how many stayed?

# What We'll Cover

*Four topics, ~10 min each — feel free to interrupt*

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1

**A few word about Tezos**

1

**Problem 1 — Why and how do you pay people to show up?**

*Bootstrap mechanics · quant metrics · how sophisticated players game the system*

2

**Problem 2 — What actually gets people to use a new platform?**

*A commodity that's legally inaccessible · a game · an orderbook that can't exist on L1*

3

**Problem 3 — How do you build the operations that make a chain work?**

*Trading · institutional liquidity partnerships*

# ACT I

## Incentive Design

*Can you bootstrap liquidity without just renting it?*

# Three Ways to Move Capital: Incentives, Grants & Liquidity

*Not the same thing — and confusing them is an expensive mistake*

## Token Incentives (Apple Farm)

- ▶ **Mechanism:** Pay users in protocol tokens for depositing / trading
- ▶ **Target:** Retail and semi-professional farmers
- ▶ **Metric:** APY spread vs. comparable mainnet protocol (S1: +8% over Aave · S2: +4%)
- ▶ **Problem:** Rented — exits when rewards stop
- ▶ **When to use:** Early cold-start; buying time for organic growth, as an alternative to integration fees

## Ecosystem Grants

- ▶ **Mechanism:** Pay teams to build applications and integrations
- ▶ **Target:** Developers and protocol teams
- ▶ **Metric:** APY uplift per \$ of grant vs. ungranted comparable on mainnet
- ▶ **Problem:** Long lead times; no guarantee of sustainability, grant hoppers
- ▶ **When to use:** Infrastructure layer, public goods.

## Liquidity Provisioning

- ▶ **Mechanism:** Deploy anchor capital to seed market depth
- ▶ **Target:** DEX pools, orderbooks, money markets
- ▶ **Metric:** Bid-ask spread vs. mainnet reference pool (e.g. ETH/USDC Uniswap v3)
- ▶ **Problem:** Expensive; creates counterparty dependency
- ▶ **When to use:** Launch day — without depth, incentives don't work

*In practice all three run simultaneously — the question is how to sequence and weight them*

# What Does a Bootstrap Program Actually Look Like?

*The full set of integrations needed before a single user can transact*

## Protocols

- ▶ **IguanaDEX** — AMM / DEX, LP incentives
- ▶ **Hanji** — Orderbook + MM vault
- ▶ **Superlend** — Lending protocol (now winding down)
- ▶ **Lombard** — Liquid BTC (LBTC)
- ▶ **Oku / Uniswap UI** — Low-slippage spot trading
- ▶ **Spiko** — Tokenised T-bills
- ▶ **Re7 / Gearbox** — Looping vault (mTBILL, mBASIS, mRe7YIELD)
- ▶ **Midas** — Tokenised funds (mBASIS, mTBILL)

## Bridges

- ▶ **Layer 0** — Pure tech, wrapped asset bridge and OFT
- ▶ **Jumper Exchange** — Cross-chain bridge aggregator
- ▶ **LiFi** — Aggregator (Metals.io swap)
- ▶ **9 CEX integrations** live on Etherlink mainnet
- ▶ **5 on/off-ramps**

## Infrastructure

- ▶ **3 MPC wallet providers**
- ▶ **6 wallets**
- ▶ **Data (theGraph, Dune, Elliptic)**

**Distribution:** **Analytics:** DeFiLlama · CoinGecko · Token Terminal **Wallets:** Ledger Live · MetaMask **CEX:** Binance · OKX **Brokers:** Bitpanda **Neobanks:** N26 · Revolut **Trading apps:** Robinhood · eToro

# Did the Money Work? Reading the Data Honestly

*The \$21 TVL per \$1 number looks great — until you ask what happened next*

| Protocol        | Peak TVL (S2)  | S1 Reward/TVL | S2 Reward/TVL | applXZ                    |
|-----------------|----------------|---------------|---------------|---------------------------|
| IguanaDEX       | ~\$4.7M        | 14×           | n/m           | ✓ 20% instant / 80% vest  |
| Hanji orderbook | ~\$2.1M        | 7×            | n/m           | ✓ Orderbook taker rewards |
| Superlend (S1)  | ~\$4.0M        | 59×           | wound down    | ✗ Replaced by Morpho      |
| Lombard / Curve | ~\$20.6M       | -             | ~22×          | ✓ LBTC yield strategies   |
| Spiko           | \$8.7M         | no incentive  | no incentive  | ✗ Organic — no cost!      |
| Total S1→S2     | \$67M ext. TVL | \$17/\$       | \$24/\$       | 12.9% APY vs 10% target   |

## What the Numbers Actually Tell Us

**The efficiency trap:** \$21 TVL per \$1 looks like success — but how much was mercenary capital that left the moment rewards ended?

**The lock-up experiment:** applXZ vests 80% over 6 months — does making exit harder create loyalty, or just delay the exit?

**The Merkl/Superlend problem:** In S1, Superlend via Merkl let farmers loop deposits with no lock-up. We replaced it with Morpho and Gearbox with per-position caps — S2 efficiency rose from \$17/\$ to \$24/\$

**The competition signal:** User count fell even as TVL rose — when rewards are everywhere, you're competing for a finite pool of farmers

# When Sophisticated Players Find the Edge in Your Program

*A case study in why incentive programs are hard to design*

## The Playbook (simplified)

1. **Deposit** mTBILL / mBASIS / mRe7YIELD into Gearbox USDC vault
2. **Borrow USDC** against yield-bearing collateral (Gearbox credit account)
3. **Re-deploy USDC** back into the same or correlated yield position
4. **Earn Apple Farm** rewards on each loop iteration
5. **Stack returns:** underlying yield + GEAR rewards + Apple Farm incentives

## The Design Problem This Creates

**Reward dilution:** A small number of sophisticated actors can consume a large share of the pool — crowding out the organic users you actually want

**The cap response:** Reward caps per wallet were added mid-program — but caps create new games (wallet splitting, Sybil attacks)

**November:** A mini 2008 in crypto

**Why Vaults:** No incentive looping

**Reward concentration (S2 data):** S2: top 20% wallets = 90% TVL. Sharks (\$100k–\$1M) = 46% TVL, 51% rewards. No wallet earned >18% APR — caps worked.

# ACT II

Why Would Anyone Use This?

*The harder question: what survives when the rewards stop?*

# Why Would Anyone Tokenise Uranium?

*A case where regulation accidentally creates a product opportunity*

## The Structural Argument

**Not a security:** Under English law, xU3O8 tokens are treated as property (commodities), not financial instruments

**The licensing gap:** Avoiding broker licensing requirements is the point — but does that make it better for users, or just easier for issuers?

**Nuclear regulation:** Physical uranium is heavily controlled; the digital token abstracts away custody & transport complexity

**Price feed:** Numerco oracle provides spot uranium price; pool kept within 2% of spot by market maker

## What This Enables (and What Can Go Wrong)

**vs. Sprott (SPUT):** Sprott Physical Uranium Trust = closed-end fund.

→ no creation / redemption mechanism

→ premium or discount to NAV. During the 2022-23 uranium bull run SPUT traded at a 20%+ premium.

**xU3O8 difference:** Our token is directly backed 1:1 by physical uranium held by Archax/Curzon. Price = Numerco spot oracle (daily OTC market fixing). Less NAV premium/discount noise — the token IS spot.

**The Kalman oracle:** Numerco's feed is a daily OTC fixing, not a continuous price. We apply a Kalman filter to smooth intra-day price estimates: the filter uses the previous day's price as the state estimate and updates it using intra-day spot market signals (futures basis, ETF NAV) as observations, weighting each by its measurement noise covariance. This gives a continuous, noise-reduced price that feeds on-chain.

**Leverage:** Borrowing USDC against uranium via Morpho

# Can a Game Be a Gateway into Finance?

## Chartwin

**Mechanic:** Players place bets on whether a live price chart will hit a target box within a time window — if price crosses or touches the box, it's a win

**Tech stack:** TypeScript web app (no game engine); FPS optimised via frame pre-rendering (≈30 FPS gain); mobile-first responsive

**On-chain settlement:** Bets resolved by a smart contract price oracle — provably fair, no operator trust needed

**Bot ecosystem:** Automated strategies (e.g. reinforcement learning bots) tested for house profitability — Talha Işik lead

## Hanji: What Becomes Possible When Latency Disappears?

**The infrastructure unlock:** Sub-10ms blocks make a central limit orderbook viable on-chain — this literally cannot exist on Ethereum L1

**Hybrid design:** On-chain matching + off-chain propagation — CEX speed with DEX settlement finality

**The competition:** Targeting Hyperliquid-class volume — Hyperliquid processed \$1T+ in 2024. What's the moat when anyone can fork the code?

**The efficiency signal:** Hanji's MM vault showed 20× reward/TVL efficiency at S1 — passive market-making income as a product

# ACT III

## Building the Machine That Runs It

*Real operations, real constraints, real open questions*

# Trading

*How do you build and operate market infrastructure from zero?*

## Liquidity Roles in DeFi (market-wide)

**Anchor market maker** — seeds DEX depth on day 1. Us: IMC.  
Competitors: Wintermute, GSR, Keyrock

**Secondary / coverage MM** — fills gaps across venues. Us:  
Motion Capital. Competitors: Amber Group, B2C2

**OTC / futures desk** — institutional off-exchange flow. Us: DV  
Chain. Competitors: Cumberland, FalconX

**Specialised asset MM** — single-asset peg maintenance  
(uranium, rare earth, stocks).

**DeFi vault curator** — managed looping vaults. Us: Re7 Labs.  
Competitors: Gauntlet, MEV Capital, Steakhouse

## Internal Desk Functions & Market Context

**Risk oversight** — quant derivatives & delta management.  
Internal. Competitors offer this as outsourced risk (Gauntlet,  
Chaos Labs)

**Prop trading** — stat-arb, basis trades, DeFi.

**Treasury management** — carry trades, BTC on Aave → borrow  
USDC. Internal. Competitors: Superstate, Ondo (tokenised  
treasuries)

**Vault governance** — 2-of-3 multisig; on-chain provable mandate.  
Internal. Competitors: Gnosis Safe + Zodiac, Coinshift

# Can You Make a Fund Manager Provably Trustworthy?

*The problem: fund managers say one thing and do another. Can code fix that?*

## How It Would Work

**Strategy DSL:** Descriptive language defines a strategy as a DAG of protocols, primitives, networks — registered post due diligence

**Exposure DAG:** Composes protocol-level risks into a portfolio-level risk graph; enables stress testing and propagation

**Monitoring schema:** Auto-generated from strategy records; system tracks adherence continuously

**Prover layer:** ZK-style (or TEE-based) proof that vault operations comply with registered mandate over time

**API signer:** Exec signer + risk-manager signer check limits pre/post trade; humans retain override authority

**Intent → Mandate:** Converts English-language investment intents (e.g. 'maintain 20% BTC delta') into formal, machine-checkable rules

## Why Anyone Would Pay for This

**The regulatory bet:** ZK proof of compliance might replace a full AM licence — regulators haven't decided

**The trust question:** Insurers want auditability — but code auditability or human accountability?

**First product:** Metals vaults — commodities, not securities, fewer hurdles

## What's Actually Blocking It

**The blocker:** Securities vaults need a licenced AM partner — proof can't replace the licence yet

**The workaround:** Metals work because they're commodities — same regulatory boundary as uranium

**The infra gap:** IOR not yet on Etherlink — some vault designs can't run yet

**The hard part:** Formal investment intent specs — unsolved formal methods territory

# Using AI to Kill Bad Ideas Before They Cost Money

*The question: can a bot be a better devil's advocate than a colleague?*



## What the Bot Scores (and What It Can't)

**Demand** — TAM, validation signals

**Strategic leverage** — Fits Etherlink / DeFi Mullet thesis

**Revenue velocity** — Path to 100%+ software margins

**Competitive window** — First-mover or defensible moat

**Risk / displacement** — AI rebuild risk; misuse vectors

## Why This Is Hard to Do Well

**Psychological safety:** Chatham House rules matter — people kill ideas faster when they're not attached to them

**The false positive problem:** 'Blockchain Facebook' gets killed immediately — but so might genuinely contrarian good ideas

**Neutral scoring:** Alex's own ideas scored poorly — that's the point, but it also means the bot has no skin in the game

**Adoption question:** Rolling out to the capital markets team first — the people most likely to resist an AI saying their idea is bad

**The filter lens:** Every idea scored against 'does this fit the Mullet model?' — what good ideas does that filter discard?

# Your Turn — What Would You Do Differently?

*We got these wrong, or didn't figure them out — tell us what you'd do*



**Rented TVL**

how do you  
make it stick?



**Reward  
games**

how do you  
design against them?



**Trust in code**

can compliance  
be a proof?