Rebranding and Growth Plan for Fluid Protocol

Governance

Instadapp 2 Dec 2024

Introduction

Fluid, a DeFi protocol built by the Instadapp team, has redefined capital efficiency in DeFi. It stands out with an advanced liquidation mechanism, innovative collateralized borrowing via Vaults, and Fluid DEX—a groundbreaking design that seamlessly integrates trading functionalities into a money market. This unique combination has positioned Fluid as a leader in DeFi innovation.

Summary

This proposal seeks community support for a strategic migration to new tokenomics, the restructuring of governance, and the launch of a growth campaign to accelerate Fluid adoption.

Achievements and Milestones

Market Size: Fluid has surpassed **$1 billion** in market size, with 90% of its activity on Ethereum, driven predominantly by organic growth.

DEX Leadership: Fluid DEX is the 3rd largest DEX by volume on Ethereum Mainnet with only three pools live in its first three weeks

- The DEX achieved over **$1 billion** in trading volume within just three weeks of its launch.
- This month, Fluid is projected to become the **2nd largest DEX on Ethereum**, and is already outcompeting directly with Uniswap on the popular pools like ETH/wstETH.
- The **wstETH-ETH pool** & **cbBTC-WBTC pool** is now the deepest and largest by volume on Ethereum.

Proposal

The vision for Fluid is to establish itself as the Liquidity Layer for the entire DeFi ecosystem, providing a robust foundation for growth and innovation. With its efficient infrastructure and user-focused tools, Fluid is poised to achieve significant milestones in the near term, such as **reaching $10B in market size** and becoming the largest DEX on Ethereum by volume within the next year, while continuing to lead long-term advancements in DeFi.

To support this vision, this proposal aims to restructure governance and tokenomics to recognize Fluid's impact on the DeFi space and align interests with long-term token holders.

We propose;

FLUID Rebranding

We are introducing the Fluid Rebrand Plan to drive exponential growth with groundbreaking innovations, including algorithmic buybacks, unmatched DEX efficiency, and strategic growth incentives. These advancements position Fluid as the liquidity layer of DeFi, ready to scale and achieve milestones like $10 billion in market size and leadership in the DEX ecosystem.

To accelerate this vision, we propose a one-time 12% allocation (breakdown below) from the governance treasury to fund key growth initiatives. As of today, the Instadapp Governance retains a robust 43% of the treasury, reflecting our conservative approach during four challenging bear years in the market. Now is the time to deploy these resources to unlock Fluid's full potential and propel DeFi innovation.

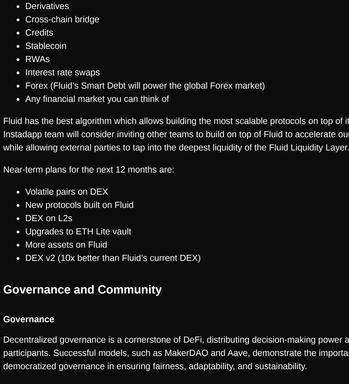
Finally, as part of this plan, **$INST** tokens will seamlessly convert to **$FLUID** at a **1:1 ratio** with no action required from holders. This ensures a smooth rebranding process with zero dilution for holders, retaining the same token address and total supply.

The token address (`0x6f40d4A6237C257fff2dB00FA0510DeEECd303eb`) on Ethereum and total supply (**100M**) will remain unchanged.

Algorithmic Buybacks

A strategic buyback program will be activated after Fluid achieves $10 million in annualized revenue. Key features:

- Follows the **x * y = k model**, where buybacks are dynamically adjusted based on $FLUID's FDV.
- Up to **100% of the earnings** will be allocated to buybacks. The percentage dynamically adjusts to optimize buybacks and value accrual. Any unused funds will return to the governance treasury.
- When prices are high, a smaller percentage of revenue is used for buybacks; when prices are low, a higher percentage is used.
- All tokens bought back will be kept in the treasury, and governance will decide how to use them—whether to burn them, distribute them to holders, or reward users.
- Details of the buyback will be discussed in a separate proposal.



Note: The image is for illustrative purposes only. Values may change based on governance decisions as the market evolves.

Growth Incentives

To accelerate Fluid's growth to a market size of $10 billion by late 2025:

- **Up to 0.25% of the total supply** to incentivize Stable Lending every month.
- **Up to 0.25% of the total supply** to incentivize DEX activities every month.

Liquidity Creation for $FLUID

Additionally, governance will allocate **5% of the total supply** to establish $FLUID liquidity on DEX pools ensuring stability and accessibility as per IGP-56. This liquidity is provided in a wide range and creates revenue for the DAO.

NOTE: 2.5% of the supply is currently utilized for DEX liquidity. The remaining 2.5% will be returned to the DAO if not utilized for liquidity provisioning.

Strategic Allocations

12% governance treasury allocation:

- 2% for exchange listings
- 2% for market making
- 5% for fundraising initiatives
- 3% for team growth and initiatives

Our Vision

Fluid is an ever-evolving product that evolves together with the protocols built on top of it. Fluid lending market powered Fluid DEX to allow for debt to be used as liquidity, now Fluid DEX would supercharge the lending market.

In the coming years, Fluid will host tens, if not hundreds, of protocols. We are clear on that vision, which is why we've kept the tagline: the base of the future financial system. Here's a glimpse of what's to come:

- Derivatives
- Cross-chain bridge
- Credits
- Stablecoin
- RWAs
- Interest rate swaps
- Forex (Fluid's Smart Debt will power the global Forex market)
- Any financial market you can think of

Fluid has the best algorithm which allows building the most scalable protocols on top of it. The Instadapp team will consider inviting other teams to build on top of Fluid to accelerate our growth while allowing external parties to tap into the deepest liquidity of the Fluid Liquidity Layer.

Near-term plans for the next 12 months are:

- Volatile pairs on DEX
- New protocols built on Fluid
- DEX on L2s
- Upgrades to ETH Lite vault
- More assets on Fluid
- DEX v2 (10x better than Fluid's current DEX)

Governance and Community

Governance

Decentralized governance is a cornerstone of DeFi, distributing decision-making power among participants. Successful models, such as MakerDAO and Aave, demonstrate the importance of democratized governance in ensuring fairness, adaptability, and sustainability.

We want to make Fluid increasingly decentralized, inviting users and external teams to participate in governance and delegation.

Community as a Strategic Partner

As DeFi grows, projects must compete for user attention and loyalty. Revenue-sharing models attract and retain users by offering tangible benefits.

Sharing revenue with the community aligns their interests with the project's success. A satisfied and financially incentivized community becomes an organic marketing force. Community members share their experiences, recommend Fluid to others, and contribute to the network's expansion.

Community Reward Program.

Community is important to grow the mind share and attract new users to the product. Instadapp team has always supported users who genuinely believed in us but we have never been vocal about it. It is time to change it.

The Instadapp team will introduce a reward program for contributions that raise awareness, usability, and adoption.

Conclusion

This proposal outlines a comprehensive plan to solidify Fluid's position as a leader in DeFi. With a proven track record of innovation, a robust strategy for growth, and the rebranding to $FLUID, we are poised to drive Fluid protocol to the next level.