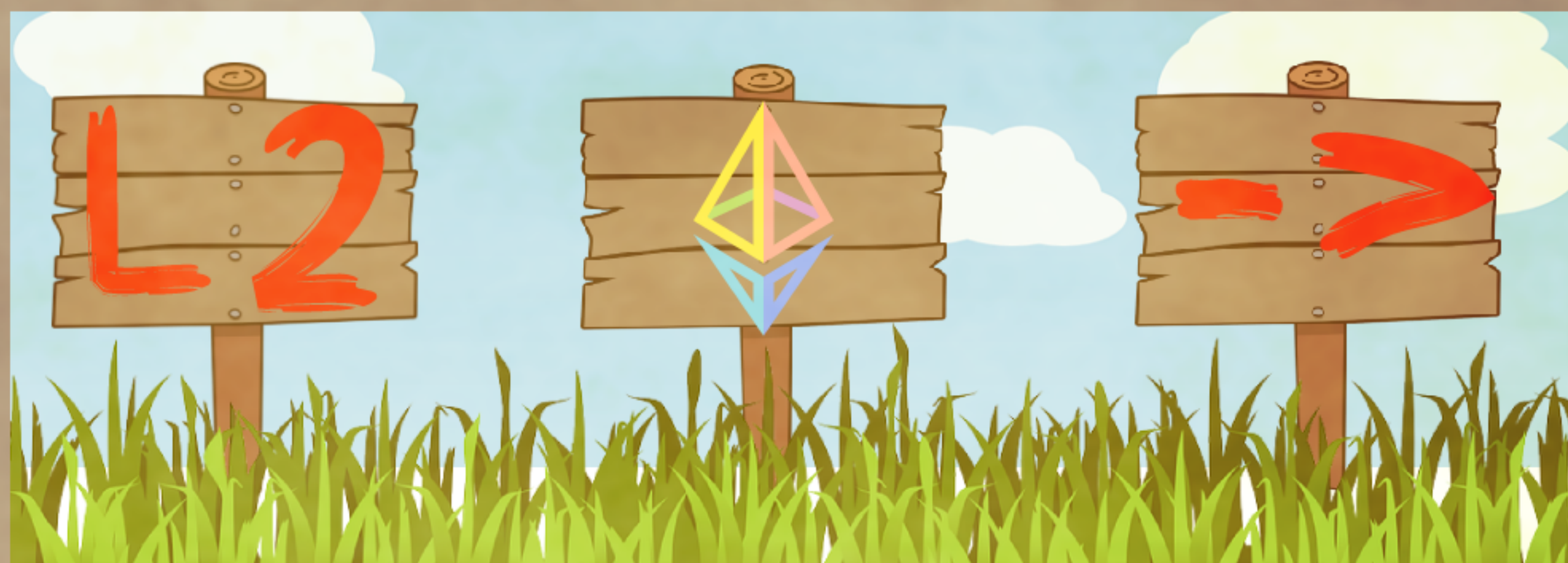


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LAYERS OF LIDO



Lido Finance, the leading provider for decentralized Eth 2.0 staking has announced in a blog post their expansion plans to scale the service into L2 providers. The protocol stated the following: "We're beyond pleased to unveil our expansion plans for Lido on L2, starting with the expansion of stETH across the growing L2 DeFi ecosystem. For Ethereum stakers, this means staking with lower fees and access to a new suite of DeFi applications to amplify yields."

Lido Protocol relies on "stETH" which accrues interest from node operation and represents ETH staked in the Beacon contract with protocol-assigned validators. This allows non-technical users and anyone who has less than 32 ETH to participate in securing the network and share the rewards from doing so. Furthermore, stETH can be used throughout DeFi as collateral on lending platforms and exchanges.

Users should be aware that the ETH deposited on the Beacon chain cannot be withdrawn until after the merge has been

completed. This means that for the time being, stETH is a non-redeemable asset. The implication is that during a liquidity crisis stETH price can deviate from the ETH price, risking liquidation and impermanent losses to users who participate in decentralized markets. The creation of new markets in a number of L2 networks aims to strengthen the liquidity landscape of stETH by increasing depth and creating interchain arbitrage opportunities thus mitigating the risk of depegging.

Lido's blog post emphasizes a chain agnostic approach but does not give any specific details stating that it "plans to support stETH on all sufficiently proven Layer 2 networks with demonstrated economic activity, starting out with Arbitrum and Optimism. More information about deployment and timelines will be shared over the coming weeks." The post concludes with the announcement of L2Days, a weekly series that aims to educate users about the features of the L2 ecosystems Lido is expanding into.

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