

Hi EigenLayer team and community!

Bitcoin is the largest cryptoasset by marketcap and Ethereum is the birthplace and home of DeFi. Yet there is still no reliable permissionless method for bringing BTC into DeFi. At Zero we are working on changing that.

About Us

Initially started as a side project over 3 years ago with the goal of building tooling on top of the ren bridge. Got more serious in 2021 and then 2022 in shipped some nice features. When the ren Bridge was decommissioned in the fall of 2022 we pivoted towards building our own bridge, having some experience on the team working towards an XMR bridge.

About the Protocol

We have implemented a FROST signing scheme for stakers to participate as signers and advance the network. ZERO stakers act as validators and block producers on the network and process ZERO transactions. Transactions on the ZERO network are used to synchronize state across all remote networks supported for bridging, including any notifications of new BTC that enters custody of the L0, as well as any transactions targeting ZERO smart contracts hosted on supported EVM networks. The effects of confirming a ZERO transaction are restricted in scope, and generally result in a new message added to the next ZERO block header containing the raw data that must be signed before the next block can be produced. FROST signers are only permissioned to sign the messages contained in ZERO blocks. The signatures produced can either be used to spend custodied BTC (or other non-EVM assets supporting Schnorr) or they can be used to mint a representative asset on a smart contract enabled blockchain.

Where does EigenLayer fit?

One of the major issues with Ren was that it was never able to attract enough value staked to match the value secured, leaving it open to a coordinated theft by node runners. A contributing factor the REN token being used as the sole staking asset. In the Zero Network stakers will stake ETH to secure the network. With pure ETH staking there should be a lower cost of security vs using a native asset. We dont want to fight the opportunity cost of native ETH staking so having the ETH securing the Zero Network re-staked is of utmost importance. A liquid staked flavor (r/st ETH) could be used but that opens up a point of centralization, needingh to manage the approved assets and also builds in native reliance on another protocol which would be ideal to avoid.

What Now?

There are a few topics we would love to get some thoughts on from the EigenLayer team and community. I have seen them discussed in one way or the other so Im sure some brain power has been spent on them and it would be great to hear some thoughts.

1. We want the staked ETH to truly back zBTC, so not just as a disincentive for stakers but to be liquidated to backstop zBTC if needed. We have some ideas on how this could be done but would love to hear any thoughts on handling the liquidation scenario. Initial options from our end are setting a fixed zBTC/ETH redemption ratio or to initiate auctions for the ETH, burning the resulting zBTC.
2. The Zero Network will have a native token ZERO. Validators will need to hold ZERO/ETH lp, but beyond that we dont have the incentive structure set in stone yet. We have a few models in mind but we're interested in how others have been thinking about incorporating native assets from the middleware protocols.

Obviously are happy to address any questions or concerns from EigenLayer team or community. Look forward to digging in further!

More info on Zero

<https://twitter.com/zerodaoHQ>

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The ZERO network is a modern L0 blockchain built using state-of-the-art research in multiparty computation. ZERO stakers secure movement of both EVM and non-EVM assets onto any supported network.