

New Eigenlayer LST: OETH by Origin Protocol

Origin Protocol participated in EigenLayer's JokeRace LST contest earlier this year and received significant votes from the community:

[Mainnet Competition](#)

[Mantle Competition](#)

References/Useful links

- Website: <https://oeth.com/>
- OETH Dapp: <https://app.oeth.com/>
- OETH Docs/Litepaper: <https://docs.oeth.com/>
- OETH Contract: <https://etherscan.io/address/0x856c4Efb76C1D1AE02e20CEB03A2A6a08b0b8dC3>
- Github: <https://github.com/originprotocol>
- Audits: <https://docs.oeth.com/security-and-risks/audits>
- Bug Bounty: <https://immunefi.com/bounty/origindefi/>
- Dune: <https://dune.com/rugolini/oeth>
- CoinGecko: <https://www.coingecko.com/en/coins/origin-ether>
- Communities
- Twitter: <https://twitter.com/OriginProtocol>
- Twitter: <https://twitter.com/OriginDeFi>
- Telegram: <https://t.me/originprotocol>
- Discord: <https://discord.com/invite/ogn>
- Medium (blog): <https://blog.originprotocol.com/>
- Facebook: <https://www.facebook.com/originprotocol/>
- Youtube: <https://www.youtube.com/c/originprotocol>
- Reddit: <https://www.reddit.com/r/originprotocol/>
- LinkedIn: <https://www.linkedin.com/company/originprotocol/>
- Tik Tok: https://www.tiktok.com/@origin_protocol
- Instagram: <https://instagram.com/originprotocol>
- Twitter: <https://twitter.com/OriginProtocol>
- Twitter: <https://twitter.com/OriginDeFi>
- Telegram: <https://t.me/originprotocol>
- Discord: <https://discord.com/invite/ogn>
- Medium (blog): <https://blog.originprotocol.com/>
- Facebook: <https://www.facebook.com/originprotocol/>
- Youtube: <https://www.youtube.com/c/originprotocol>
- Reddit: <https://www.reddit.com/r/originprotocol/>
- LinkedIn: <https://www.linkedin.com/company/originprotocol/>
- Tik Tok: https://www.tiktok.com/@origin_protocol
- Instagram: <https://instagram.com/originprotocol>

Dear Eigenlayer Community,

As members of the Origin Protocol team and community, we are reaching out to propose a new restaking market. Currently there are only three markets for restaking tokens on Eigenlayer. This is a proposal for a new restaking market, Origin Ether (OETH), to be added alongside the existing markets for Lido, Rocketpool, and Coinbase.

Synergies with EigenLayer

Adding an OETH market will be mutually beneficial for both Eigenlayer and Origin Protocol, as it will increase the utility for OETH, while also increasing the TVL and usage of the Eigenlayer protocol. Both Origin Ether and Eigenlayer are visionaries and leaders in the Defi and LSTfi space.

Background on Origin Protocol

Origin was founded by Web3 veterans Josh Fraser and Matthew Liu in 2017 and is one of the most venerable projects in the space. Josh and Matthew are joined by the fully doxxed Origin [team](#) and community, which includes hundreds of thousands of members and open-source contributors. Origin has raised \$38.1M from top investors including Pantera, Spartan Group, Foundation Capital, BlockTower Capital, Steve Chen, Garry Tan, and Alexis Ohanian, and currently maintains a multimillion dollar treasury. As a technology partner, Origin Story has helped launch some of the largest NFT projects to-date. Origin Story was followed up with [Origin Dollar](#), a yield-generating stablecoin that reached a TVL of \$300m in 2022. Origin Ether is Origin's 3rd and latest launch.

Origin Ether

[Origin Ether](#) was launched in May 2023 and is an ERC20 LST aggregator that generates yield while sitting in your wallet by tapping into blue-chip protocols. OETH is backed 1:1 by stETH, rETH, frxETH, ETH, and WETH at all times; holders can go in and out of OETH as they please. Similar to stETH, OETH yield is paid out daily and automatically (sometimes multiple times per day) through a positive rebase in the form of additional OETH, proportional to the amount of OETH held.

OETH yield comes from a combination of:

1. Deploying ETH/WETH across Curve, Convex, Balancer, Aura, and Morpho
2. LST validator rewards
3. A 50bp exit fee is charged to those who choose to exit OETH via the [dapp](#) (completely avoidable if using a DEX), this fee goes back to OETH holders
4. OETH sitting in non-upgradable contracts does not rebase, instead the interest generated from those tokens is provided to those that can rebase

These 4 yield generating functions combined enable OETH to generate higher yields than holding any single LST or farming ETH manually. The current collateral allocation and yield strategies can be seen on-chain at all times via the [OETH analytics page](#). Future OETH collateral and yield strategies are governed by [OGV stakers](#). More information on OETH and its mechanics can be found in the [OETH docs](#).

There is deep on-chain liquidity, therefore obtaining OETH is seamless. Users can convert into OETH via any of the following methods:

- Minting on [OETH.com](#)
- Swapping on [Curve](#)
- Swapping on [Uniswap](#)
- Swapping on [Maverick](#)

There are no lockups with OETH, users can move in and out of OETH at all times. OETH remains completely liquid at all times, and can be spent in the same way as its backing collateral, if unexpected expenses were to arise.

Performance & Growth

The OETH TVL, now over \$87m (39,094 ETH), has been trending upwards and has been well received by users with the yield OETH is generating. OETH yield is currently at 5.43% APY, whereas native staking yield on ethereum has ranged from 3.03% - 4.03% APY over the last few months.

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Screenshot 2023-12-04 at 1.52.41 PM

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](https://global.discourse-cdn.com/standard14/uploads/eigenlayer/original/2X/1/1a153c8a00cfed81c3f98acb18d328c68a9cd787.png)

Oracles & Price Feeds

Since OETH is designed to remain pegged to ETH, some projects are using standard ETH oracles for OETH. However, direct OETH oracles are available currently through [Tellor](#) and [Dia Data](#).

Methodology

- Volume Weighted Average Price with Interquartile Range ([VWAPIR](#)) is used to calculate price
- 2% deviation threshold for updates trigger will be applied
- 120s trades aggregation window size will be applied
- The feed will be updated every 24 hour period if there are no deviation based updates

Discussions are currently taking place for building additional price feed oracles with Redstone and Pyth.

OETH Fees

There is a 20% performance fee on the yield generated by OETH. As of an October 17th [Snapshot vote](#), 50% of this fee is distributed to stakers of OGV, and the remaining 50% is used to purchase tokens from strategic partners for the DAO to maintain long-term growth of the protocol.

Potential Risks and Mitigation

The introduction of OETH provides an opportunity for diversification and broadening the collateral base while mitigating concentration risks. However, Origin does acknowledge the concerns around the potential risks associated with OETH too. There are a few potential risks when using OETH, and Origin is making sure to reduce each risk as much as possible:

1. Counterparty Risk
2. OETH is governed by OGV stakeholders around the world. Everything from yield generation to fee collection and distribution is managed by a set of smart contracts on the Ethereum blockchain. These contracts are upgradeable with a timelock and are controlled by hundreds of governance token holders. While the initial contracts and yield-earning strategies were developed by the Origin team, anyone can shape the future of OETH by creating or voting on proposals, submitting new strategies, or contributing code improvements.
3. Smart Contract Risk: Yield Strategies, OETH
4. Yield Strategies:
5. Origin is only using platforms for yield generation that have a proven track record, have been audited, have billions in TVL, maintain a bug bounty program, and provide over-collateralized loans.
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7. OETH:
8. Origin is taking every step possible to be proactive and lessen the chance of losing funds. Security reviews are prioritized over new feature development, with regular audits being done, and multiple engineers are required to review each code change with a detailed checklist. OETH was built reusing 95% of the OUSD code, of which 10+ audits have been done since 2020.
9. All audits can be seen on [Audits - OUSD](#), and OpenZeppelin is now on retainer. On-chain insurance protocol InsurAce awarded OETH and OUSD the [highest possible security rating of AAA](#), of which only 3 other projects on the InsurAce platform have received. Optional OETH cover is currently available for both OETH and OUSD on InsurAce. Origin Defi also maintains a \$1m bug bounty through [Immunefi](#), with a resolution time of 7 hours.
10. Collateral Risk
11. Origin has chosen 3 of the largest and most well respected LSTs to back OETH: Frax, Rocketpool, Lido. They have all demonstrated significant growth in circulating supply and have maintained their peg quite well since the launch. To ensure accurate pricing at all times, OETH is using Chainlink oracles for pricing data for rETH and stETH, and a dual oracle for frxETH that combines two sources: the Curve frxETH/ETH EMA oracle and the Uniswap frxETH/FRAX TWAP oracle. In situations where any OETH collateral falls below peg, [OIP-4 disables minting](#) of additional OETH tokens using the de-pegged asset.
12. Slashing Ris

k - Since OETH is collateralized by multiple LSTs at the same time, OETH is protected from slashing from any individual collateral LST.

- Small Scale: OETH yield will simply decrease, as income will likely exceed the size of the slash.
- Large Scale: Both the slashed LST and OETH will experience a drop in value relative to ETH, but OETH should not fall as low and for as long as the slashed LST, as the remaining un-slashed OETH collateral LSTs will soften the blow. There will never be a negative OETH rebase.

Additionally, Many members of the Origin team, including both founders, are holding a significant portion of their personal wealth in OETH. Origin Protocol's corporate treasury is also holding millions of dollars in OETH. We have skin in the game and are willing to put our own money at risk with the code we have written.

External OETH analysis:

[Llama Risk](#) - Asset Risk Assessment: Origin Ether (OETH)

[Auxo](#) - OETH - Protocol Analysis

OETH in the news:

[Coindesk](#) - Origin Protocol Enters Competitive Ether Yield Market With OETH Offering

[TokenInsight](#) - Origin Protocol Launches Yield Aggregating \$ETH Derivative Called \$OETH

[Blockster](#) - Maximize ETH Staking Yields with OETH: A Yield-Bearing, Ether-Pegged Token by Origin Protocol