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[Homepage](#)

[Documentation](#)

Intro

APWine is a protocol to tokenise, trade and hedge risk on future yield. The project was started in August 2020, and is backed by actors such as Delphi Digital, Spartan Group, DeFi Alliance and builders from the DeFi ecosystem. APWine is also partnering with other DeFi protocols, like Harvest Finance, to provide a rich selection of assets and optimise yield and liquidity on the platform. The token was recently distributed to the community through a liquidity bootstrapping event and the final Mainnet iteration of the protocol is set to release in the next few weeks.

APWine works with a future contract architecture by splitting yield-generating assets and their yield into two separate tokens: Principal Tokens (PTs) and Future Yield Tokens (FYT), which can then be traded on the AMM. This lets farmers hedge their risk on APY volatility while giving the opportunity to speculate on the evolution of interest rates.

stETH integration

To kick off the upcoming V1 release of APWine, we believe stETH would be one of the most relevant assets to have as one of the select products listed on the protocol, Lido being the largest and most accessible staking provider for Ethereum 2.0. What a better use case than trading the native rewards APY of Ethereum?

Usually, the APY of stETH fluctuates depending on a multitude of factors and market conditions. Holders can expectBy integrating stETH on APWine, users of Lido would be able to separate their generated yield from the base asset. In practice, this allows them to:

- Hedge risk on APY volatility by selling Future Yield Tokens on the AMM
- Trade and speculate on the volatility of Ethereum 2.0 APY
- Get upfront, fixed-rate yield ahead of time to reinvest in other strategies. Think “yield-ception”!
- Earn additional APY by becoming a liquidity provider on the AMM, earning trading fees + platform rewards

Proposal

To help cover a part of development and deployment fees associated to supporting stETH and listing the asset on APWine at launch, a grant of \$20,000 in LDO tokens is being requested from the Lido Ecosystem Grant Organization.

The grant will be used as such: first, the APWine team will need to include stETH on the contracts side, by deploying two Future contracts associated to this specific asset (a FutureVault and a FutureWallet, as detailed on our developer documentation). After studying in detail how stETH works, we'll double check its implementation details and make sure it is correctly integrated on the platform. We'll then need to integrate it on the UI side as well: we intend to have an easy user flow so that farmers can directly deposit ETH on the interface, which will in turn deposit it on Lido and then on APWine. This will also be a good entry point for beginners wanting to deposit ETH on APWine but not necessarily knowing Lido beforehand. The grant will hence cover deployment fees for the stETH Future contracts, as well as the development time spent on testing and tweaking the platform for stETH.

The grant shall be provided once the product is live and working, as a sign of successful collaboration and eagerness to explore future synergies between APWine and the Lido team and community.