We would like to submit a proposal to onboard Lido's stETH.

stETH Overview

The Lido Protocol, built on Ethereum 2.0's beacon chain, allows users to earn staking rewards on the beacon chain without locking Ether or maintaining staking infrastructure.

Lido allows users to deposit ETH and receive stETH. The deposited ETH is then pooled and staked with node operators selected by the Lido DAO. stETH represents the user's staked ETH balance of the beacon chain along with staking rewards accrued or penalties inflicted on validators in the beacon chain. When transactions are enabled on the beacon chain, stETH can be redeemed for unstaked ETH and accumulated rewards.

Unlike beacon chain ETH, stETH can be freely transferred and traded. Onboarding stETH to Aave would allow users to lend and borrow against stETH.

stETH tokens represent a tokenized staking deposit. stETH tokens can be held, traded, or sold. The balance of stETH is based on the total amount of staked ETH plus total staking rewards minus slashing applied on validators.

The stETH supply stands at 71,280 - worth $84.4MM using current stETH prices.

Background

Lido was announced in November 2020. The testnet was released in late November.

Lido staking went live on December 18th after the withdrawal key ceremony ended. Chorus One, Staking Facilities, Certus One, Argent, Banteg (yearn.finance), Alex Svanevik (Nansen), Anton Bukov (1inch), Michael Egorov (Curve/Nucypher), Rune Christensen (MakerDAO), Will Harborne (DeversiFi) and Mustafa Al-Bassam (LazyLedger) came together over a four-day event to generate threshold signatures for Lido's withdrawal keys in a secure environment on air-gapped machines. Lido will move over to a fully non-custodial solution in the near future.

The Lido DAO manages the liquid staking protocol by deciding on key parameters (e.g. setting fees, assigning node operators and oracles) through the voting power of governance token holders.

Lido has been audited by Sigma Prime and Quantstamp.

Relevant Links

- Website

- GitHub

- Whitepaper

- stETH Contract

- Blog

- Primer

- Audits

- Lido Forum

- Discord

Liquidity and Volumes

stETH is primarily traded on Curve's stETH/ETH pool.

- The pool currently holds $142.1MM of stETH and ETH. Liquidity utilization remains low (less than 2%), allowing the stETH pool to support large trades

- Daily volume stands at $1.8MM

- 83.6% of the stETH supply is in the Curve pool

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pYe27wogAMn2cipLYAq2vFepXVVc_IIH_RVZEDUaHBK2XXalAnCYiaKSh9GE9rZH9qbjGJZ6Ao8EwIXucrisCpW9WH21RLjOT5SO_S5)

- Curve (stETH/ETH stats)

- Unique Addresses (Nansen)[

782×509

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gryuQX4vPPZgg6AHiYHe49zM9qbqqHojsNiZbl_3k7iw7FKNWgc_4rowkF6-ki2xSJCoqLG93vl5i1OXH4F9)

- Tokens on Exchange (Nansen)[

883×504

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