Summary

This is a proposal request to include stkATOM, pSTAKE-issued Liquid Staked ATOM, for the recently launched $DYM genesis rolldrop.

Introduction

pSTAKE Finance is a liquid staking protocol developed by Persistence Labs. With pSTAKE, you can securely stake PoS tokens to earn staking rewards and receive staked underlying representative tokens (stkTokens) to explore additional yield opportunities across DeFi. At present, pSTAKE supports Cosmos Hub (ATOM), Binance Chain (BNB), and Osmosis (OSMO) networks' native tokens, with DYDX, Persistence (XPRT), and Celestia (TIA) support coming soon in Q1 2024.

pSTAKE launched the first ever ATOM liquid staking solution (stkATOM ERC-20 on Ethereum) in 2021, which reached ~$35M+ in ATH TVL. In January 2023, pSTAKE launched its non-custodial Cosmos native implementation of stkATOM on the Persistence chain, which currently boasts ~$7M TVL. One can learn more about stkATOM here.

Context

Yesterday, on 2 January 2024, the highly anticipated Dymension Genesis Rolldrop was officiallyannounced. The Dymension rolldrop snapshot was meticulously taken on December 19, 2023, encompassing various ecosystems, including Cosmos for Cosmos Hub (ATOM stakers and stATOM holders) and Osmosis (OSMO stakers).

Proposal

We believe in a future where Liquid Staked Tokens (LSTs) will become the predominant medium of exchange and utility in DeFi (over native tokens). To achieve the true premise of liquid staking in Cosmos, stTokens by Stride and stkTokens by pSTAKE will have to mirror all utility of their native tokens like liquidity, DeFi usage, airdrop allocation, etc.

Including LSTs in airdrops presents projects with a unique opportunity to attract the most active and power DeFi users in Cosmos. We're thrilled to learn that Stride, the leading Liquid Staking Provider for ATOM, is already on board, and stATOM holders are included in the DYM airdrop.

Presently, a notable hindrance to the adoption of liquid staking is the absence of airdrop incentives. The fact that Dymension has pioneered this approach is significant and sets a precedent for other projects to follow suit.

We suggest that stkATOM by pSTAKE also gets added to the DYM Rolldrop alongside stATOM by Stride.

Why should stkATOM be included too?

sktATOM represents 12% of the total liquid-staked ATOM currently and can be used in 7 DeFi protocols across Cosmos. Currently, ~2500+ users have liquid staked ~591,431 ATOM on pSTAKE as of writing this post. Airdropping DYM to stkATOM holders in addition to Stride's stATOM holders can have various benefits for the Dymension Ecosystem:

- Attract the most active and power DeFi users in Cosmos

- Cover a broader and more diversified user base

- Set a precedent of airdropping genesis tokens to multiple liquid staking providers in Cosmos

- Help grow the liquid staking pie in Cosmos

- Further align with the ATOM Economic Zone

How can stkATOM be included in the Dymension rolldrop now?

Mechanics

We propose adopting a method similar to that of Stride to include stkATOM in the Rolldrop. This entails setting a minimum holding requirement of 1 stkATOM and a maximum of 5000 stkATOM. The accounting method will mirror the Stride approach, wherein stkATOM inflows to user addresses will be combined with outflows from those addresses to determine the user-controlled amount as of the snapshot date. This calculation will also encompass stkATOM provided as liquidity or deposited as collateral.

Distribution

With the ongoing DYM Rolldrop claim process, we suggest either of the following approaches for the inclusion of stkATOM holders:

- Allocation from the Unclaimed Balances:

Incorporate stkATOM holders by allocating DYM tokens from the unclaimed balance before the reallocation to eligible addresses. This ensures that stkATOM holders can participate seamlessly in the Rolldrop claim process.

- Inclusion in Rolldrop Season 2:

Alternatively, consider including pSTAKE, with stkATOM, in the second season of the Rolldrop. This approach allows for a dedicated phase to accommodate stkATOM holders and ensures an organized and fair distribution process.

The pSTAKE contributors are dedicated to providing any necessary support to facilitate this inclusion.

Provide Feedback

We are optimistic that incorporating stkATOM in the snapshot will strengthen Dymension's engagement with the pSTAKE, Persistence, and ATOM communities.

We eagerly anticipate receiving feedback from the Dymension community and contributors regarding the potential inclusion of pSTAKE's issued stkATOM in the DYM rolldrop and its subsequent distribution.