Solv Bond Voucher for Lido

Background

This proposal provides a financing solution for Lido based on the recent proposal, [Prepare For Bear Market](#)" from the internal team through the issuance of the Bond Voucher powered by Solv Protocol. We believe this solution can address the challenges experienced by Lido around treasury diversification in the following ways:

1. Low-cost financing to cover expenses and ops

2. Solv's robust relationships with top investors to help close the sale fast

3. Additional $SOLV tokens as LP rewards

What is Solv and the Bond Voucher

Solv Protocol is the first and largest financial NFT marketplace backed by top-tier institutions including Blockchain Capital, Binance Labs, Sfermion, Spartan, IOSG. Its flagship product, Bond Voucher, is Solv's featured product, which is the first low-cost, one-stop, non-liquidatable solution for DeFi projects to raise funds. Since its February launch, Bond Voucher has successfully raised $1M for Unslashed Finance, $3MM for Perpetual Protocol and $2MM for Strips Finance and $11MM for iZUMi Finance.

How it works: a DAO issues Bond Vouchers (collateralized by its native token) for stablecoins. When the Voucher matures, the DAO then pays back the principal and interest and gets back the collateral.

The Bond Voucher has an embedded European-style call option (convertibility), where on the maturity date, if the underlying asset (usually the native token) rises above a predefined strike price, the holders of the Vouchers can exercise the embedded call option by burning the Bond Voucher for the underlying.

Proposal

We are seeking to use Bond Voucher to help Lido raise funds for the next 2 years without the need of selling a huge amount of assets. Our team will be in charge of most executive works, including Bond Voucher design, smart contract development, LP incentives, bond-buyers pitching, etc.

Proposal Details

In the light of @[kadmil](#)'s recent proposal, Lido is preparing funds for the next 2 year as the market signals a 4-year bear. However, a 2- year term loan might not be available to the majority of lending protocols. While our team can solve the problem by deploying the Bond Voucher in the form of revolving term loans - referred to as "borrowing to return"

, which makes a good option for businesses that have ongoing operation expenses but inconsistent cash flow.

We have customized two bond issuance options to help Lido obtain liquid funds at low costs for 2 year expenses and ops.

Revolving Loan - Plan A: Over-collateralization with $LDO

We would separate the revolving loans into 4~8 terms, with no margin cost, and 17% of the treasury-hold $LDO, approximately $30M LDO, would be used as collateral.

Highlights

Amount to issue: $10M

Months in Arrears: 24 Months

Duration of Single Loan: 3~6 Months

Zero Coupon APR: 5% ~ 10% (TBD)

Convertibility: 3x~5x Current Price of $LDO

Collateral*: $30M in LDO (3x collateral, redeemable after Lido, the bond issuer, repays principal and interests)

Revolving Loan - Plan B: Over-Collateralization with $stETH

At this plan, we can accept $stETH as a collateral asset and recommend merging the existing holdings, 9,000 ETH, into stETH.

This way you could earn extra 4% interest from Ethereum 2.0 plus nearly 2% interest from Curve. To put differently, if the APR of the Bond Voucher is 8%, the actual cost of borrowing would be just 2%.

*The general plan about the revolving loan remains the same.

Highlights

Amount to issue: $10M

Months in Arrears: 24 Months

Duration of Single Loan: 3 ~ 6 Months

Zero coupon APY：4% ~ 10% (TBD)

Convertibility: 3x~5x Current Price of $LDO

Collateral*: $20M in stETH (2x collateral, redeemable after Lido, the bond issuer, repays principal and interests)

Other than the aforementioned, Solv is open to other financing options of Lido DAO, such as under-collateralization loans (e.g. using your expected revenue as collateral). We highly suggest issuing a certain amount of bonds to hedge the upside risk of $ETH.

Reference for Bond Voucher Offering

Medium – 7 May 22

iZUMi to Issue Two Bond Vouchers Worth $5 Million in Total through Solv

iZUMi Finance will be issuing two Bond Vouchers with a total value of 3 million BUSD and 5,000 WBNB on Solv IVO Marketplace-BNB Chain.

Reading time: 3 min read

Resources

Official Website：Solv Protocol, the pioneer of Financial NFTs

Official Doc：Solv Protocol - Solv Documentation

Discord：Solv Protocol