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Source: Archival photograph of a stETH token (2023, colorized)

tldr

- Continue grant approvals to the Lido Contributors Group to advance towards hasu's [GOOSE](#) Goals
- Development, audit and deployment of multiple Staking Router modules, Dual Governance, Layer 2 integrations and reviews and zkOracles
- Best-before date: 2024-06-30
- 22.5m DAI + 200k LDO in grant continuity for the Lido Contributor's Group, with an additional 10% contingency
- 8.6m DAI in grant continuity for the Liquidity Observation Lab

Basic Data

Field

Description

Proposal Name

st2024 v1

Which of the following GOOSE goals is your proposal advancing?

1: Lido has effective and decentralized governance, 2: Lido attracts the best validator set in the market, 3: stETH is the most used token in the Ethereum ecosystem

Proposed scope of work

Engineering Coordination, stETH Core Protocol Engineering, Validator Set Engineering for the Staking Router, Alerting and Monitoring Tooling, Community Module, Governance Core Protocol Engineering, API & Components

Objectives

Significantly advance all three GOOSE goals by making meaningful progress towards researching and deploying new Staking Router modules, dual governance implementations

Total Budget Request

34m DAI, 200k LDO

Best-before date

2024-06-30

Review of 2023

2023 was a significant year for Ethereum and for Lido in particular. After opening up withdrawals in May 2023, users [have withdrawn](#) over 2.2m ETH from Lido and counting, including through validator exits. There is now a fluid interaction possible for ETH holders ranging from permissionless staking at any multiple of ETH through to withdrawals, including through validator exits.

The next frontier of decentralized liquid staking includes permissionless onboarding of solo-stakers to the validator set, which is in progress as part of the [Community Staking Module](#).

The [Lido v2 budget](#) running from May 2023 through to December 2023 was approved earlier this year.

As expected and in line with conservative budgeting proposals drafted by the [Lido Contributors Group](#), there is once again a significant positive budget variance, driven by two major factors:

- Undercontracting on external consultants and development contributors relative to the plan
- Rolled out auditing expenses for projects that will reach the audit stage in Q1 and Q2 2024

Given that, through the EasyTrack process, DAO grantees do not receive upfront funding for the full amount of the grant, the budget variance is rolled into the surplus and does not have to be ‘returned’ (with the exception of any residual balance, which will roll into the following grant cycle).

For evaluating the impact on an ongoing basis, we invite the community to review and comment on the [Lido Protocol Economics](#) Dune dashboard that we have created in close collaboration with Lido Analytical contributors.

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The most notable change throughout 2023 has been the reallocation of liquidity incentives following an [objective-based](#) problem statement for liquidity design and the relaunch of the reWARDS Committee as the [Liquidity Observation Lab](#).

Liquidity Observation Lab Retrospective

The biggest budget overhaul in 2023 came through the revamp of the reWARDS Committee as LOL. This was accompanied by a change of strategy to stop using the LDO token for incentivizing liquidity. LOL also pursued a systematic search and test approach for identifying the most effective ways to create sustainable and sticky liquidity to facilitate stETH utility and large trades.

Throughout the Lido v2 period the Liquidity Observation Lab has filtered down incentivization approaches through fewer and fewer venues with the goal of increasing the amount of effective maximum trade size that could be possible at a threshold level of slippage.

Description

Proportion

Professional order book

25.00%

Curve

12.23%

Stablecoins

9.39%

Projects

6.85%

ETH

30.70%

Unspent

15.83%

The excellent [\(w\)stETH Liquidity](#) dashboard summarizes an aggregate view of on-chain liquidity reserves and trading venues. Greater liquidity utilization and higher trade volumes all contribute to long-term smart and sticky liquidity. The long-term marker for organic demand for stETH will be the ability to wind down LOL without an appreciable impact on overall liquidity reserves.

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The Liquidity Observation Lab also observed with great satisfaction how, since the end of the summer, off-chain venues have begun listing stETH against ETH and USD pairs.

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Source: Glassmarkets

At the moment, there is in excess of \$4m in order book depth at 200bps across venues such as ByBit or OKX. With more organic use-cases emerging every day, we expect this order book to develop with positive momentum over time. Furthermore, B2B integrations have accelerated as structured product issuers and qualified custodians have continued their trend of adopting decentralized, open-source liquid staking - stETH is by all means an institutional-grade liquid staking asset.

st2024 v1

st2024 v1 is a 6mo grant request to advance all three of the GOOSE goals approved by the DAO earlier this year. All these goals are crucial for realizing decentralization objectives around governance minimization, validator diversity and stETH utility.

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Continuity for ongoing projects being outsourced to Pool Maintenance Labs Ltd., Argo Technology Consulting Ltd. or serviced by RCC, to collect functions relating to protocol execution, sponsorships and development support for the DAO. These existing contributor channels can mitigate present business continuity risks while advancing decentralised protocol governance.

This proposal would ratify the below budget request that will officially engage the Lido Contributors Group for a further 6 months through a funding injection into three multi-signature addresses

DAI 22.5m and LDO 200,000 will be approved for the period Jan-2024 to Jun-2024, distributed across the below grant approvals. A further 10% contingency is reserved.

Approval of a continuation of the previous[grant](#) to Pool Maintenance Labs Ltd., an independent not-for-profit staking advocacy and technical services company and existing contributor in the British Virgin Islands, transferred to a company-authorized 4/7 multi-sig wallet with signers listed below: 0x17F6b2C738a63a8D3A113a228cfd0b373244633D

adcv: 0xcC692077C65dd464cAA7e7ae614328914f8469b3

folkyatina: 0x75E01e1B7a4Ac280fB744A8153beE668A7e83abd

kadmil: 0x9A3f38AF97b791C85c043D46a64f56f87E0283D4

Azat: 0xA14BFfd91fb571bF1D9Bec70f273CAc13CA127Fa

krogla: 0x000000DfE832ccD7a4011a1Fca34602C9a598353

skozin: 0x181dbb1E8156518a58Cbb83AF4D3C41E731c6bdF

rotorless: 0xF6E9a144D727C239cC2A7C64C48B8b9A0E39b3dc

Approval of a continuation of the previous[grant](#) to Argo Technology Consulting Ltd, an independent Panamanian software development company operated as a not-for-profit, funded through a company-authorized 4/6 wallet with signers listed below: 0x9B1cebF7616f2BC73b47D226f90b01a7c9F86956

- adcv: 0xcC692077C65dd464cAA7e7ae614328914f8469b3

- dgusakov: 0x992Ce4eEc8288274f60880c7770DdA265fCCe610
- Marin: 0x04e7C0350241b818eE5c92cc260008C9898F41cf
- ShardYaco: 0x59d07dc34B135B17b87840a86BFF7302039E7EDf
- madlabman: 0xA8815bc0B541D0a28dA7b8f759EB7E157e8fF8b0
- Alex_L: 0xB339918e75664a07BB650513427559920C0A0F6C

Approval of a continuation to fund the [RCC](#) 4/6 multi-sig wallet with signers listed below:
0xDE06d17Db9295Fa8c4082D4f73Ff81592A3aC437

- Marin: 0x04e7C0350241b818eE5c92cc260008C9898F41cf
- Alex_L: 0xB339918e75664a07BB650513427559920C0A0F6C
- irina: 0x8CeD94df9ddba8E38b6cb36639B6635F19Eb25C6
- UniteTheClans: 0x81ca68f085282434D15c09619360D6513710a979
- zuzu_eeke: 0x004812da927b5dcd07e7329609edd75e25d2d295
- adcv: 0xcC692077C65dd464cAA7e7ae614328914f8469b3

If the proposal is approved, the first funding for disbursement to finance protocol operations would be requested from the DAO via EasyTrack 5 motions.

Pool Maintenance Labs Ltd. 0x17F6b2C738a63a8D3A113a228cfd0b373244633D

Argo Technology Consulting Ltd. 0x9B1cebF7616f2BC73b47D226f90b01a7c9F86956

RCC 0xDE06d17Db9295Fa8c4082D4f73Ff81592A3aC437

Multisig signers & addresses may be rotated by specified multisig after signalling the change to DAO on the governance forum. Number of signers can't be lowered, and the threshold must be at least 50% of the signers.

A further 8.5m DAI in wstETH at market value would be approved for the Liquidity Observation Lab to continue a previous [grant](#) to further liquidity incentivization, experimentation and research. LOL will continue to work to deliver public resources on stETH liquidity.

To deliver on hasu's [GOOSE](#) goals, areas of focus during the budget period will include:

- Engineering Coordination
- stETH Core Protocol Engineering
- Validator Set Engineering for the Staking Router
- Alerting and Monitoring Tooling
- Community Module
- Governance Core Protocol Engineering
- API & Components

In particular, for the development, audit and deployment of multiple Staking Router modules, Dual Governance, Layer 2 integrations and reviews and zkOracles.

At the end of the budget period, if GOOSE goals can be advanced further, the Lido Contributors Group may request another grant from the DAO to continue their contributions.