Overview

This is a proposal to add stMATIC to the Polygon v3 market.

Aave governance recently added stETH to the Ethereum v2 market with great success, having a market size of $1.43 billion. The stMATIC token is similar but differs in one important aspect. Instead of being a rebasing token like stETH, it simply becomes more expensive over time relative to MATIC as it accrues yield.

Since Aave governance enjoyed stETH, I would venture to guess they will like stMATIC as well.

In addition, this will unlock leveraged MATIC yield positions similar to the ETHMAXY token by the Galleon DAO.

Background

[following content taken from Jakov of Shard Labs]

Lido is a DAO governed liquid staking protocol for the Polygon PoS chain. It allows users to stake their MATIC tokens on the Ethereum mainnet and immediately get the representation of their share in the form of stMATIC token without maintaining staking infrastructure. Users will get staking rewards and still control and utilize their stMATIC tokens in secondary markets on Ethereum mainnet and Polygon.

MATIC tokens will be delegated across validators that are registered and accepted by the DAO inside Lido protocol.

Node operators don't have direct access to the delegated assets. They are just providing infrastructure and getting rewards in return. Assets are controlled by Lido core smart contracts exclusively.

The goal is to help with Polygon decentralization and integrate stMATIC with the variety of protocols and DeFi applications on Ethereum mainnet and Polygon PoS chain.

In short, Lido on Polygon is enabling users to:

- Stake their MATIC tokens in a decentralized and secure way
- Use their stMATIC on the secondary market
- Do all of the above simply and easily with a click of a button on the UI

Additional value Lido can bring to the Polygon ecosystem is decentralizing stake distribution, and getting more capital efficiency in the ecosystem — enabling staked MATIC to participate in DeFi on Polygon.

stMATIC token

Polygonscan Link

stMATIC is an ERC20 token that represents the account's share of the total suuply of MATIC tokens inside Lido system. It is a non-rebasable token, which means that the amount of tokens in the user's wallet is not going to change. During time, the value of this token is changing, since the amount of MATIC tokens inside the protocol is not constant.

Paramenters

Using the relative parameter adjustments between ETH and stETH, I propose the following for stMATIC

Max LTV: 55%

Liquidation threshold: 62%

Liquidation penalty: 15%

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image

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