

Hi all,

The recent launch of additional Lido staking router modules such as SimpleDVT raises the question how ETH deposited into the Lido protocol should be distributed across the different emerging modules. With this post I, Felix Lutsch - a long-term contributor to the staking ecosystem - is applying for a LEGO grant to examine this problem statement. The grant will facilitate research that seeks to provide the basis for a DAO decision on what mechanism to use to allocate ETH to staking router modules within Lido. My key contributions and affiliations can be found [here](#).

TL;DR

Grant for a research report that provides a comprehensive list and comparison framework for the Lido DAO to evaluate distribution mechanisms of ETH to staking router modules such as SimpleDVT.

Proposal Background

The status quo for staking router modules is currently a testing phase with minor amounts of the total Lido-controlled stake going towards accepted modules through a one-off governance vote to kickstart and assess module viability. As accepted modules mature and further modules emerge, a mechanism to determine how ETH deposited into Lido should be allocated towards modules is required. To illustrate with an example; should the curated module receive 90% of the stake, while SimpleDVT and Community Staking receive 5% each? Or should the stake be split evenly between all modules? How dynamic should the distribution be? Should it be possible to limit how much stake modules can receive? This grant seeks to produce a research report that provides the necessary context, an exhaustive list of options, as well as a comparison between hypothetical mechanisms for distributing ETH to staking router modules on a continuous basis. This research will also include insights from discussions with key Lido DAO stakeholders and take into account existing research and deployed mechanisms in the crypto space (e.g. [Curve's gauge mechanism](#)). I also invite interested Lido DAO contributors, enthusiasts and researchers in general to provide their input in this thread or by reaching out to me directly for consideration in the final report.

Grant Milestones

- Final research report detailing the context, different potential mechanisms of distribution, as well as a framework seeking to compare and evaluate distribution mechanisms (internal review with key Lido stakeholders and subject matter experts throughout Q1 2024 and publication by the end of Q1 2024). Current expected outline (subject to change as research progresses):

[

756x794 39.3 KB

](<https://europe1.discourse-cdn.com/business20/uploads/lido/original/2X/0/0e18ac9e152ac066bf793afeb2d3ee9400f6366b.png>)

- Presentation of results on a Lido community call (late Q1 or early Q2 2024)
- If desired: help on a short-form post summarizing the research for the Lido blog

Requested Payment and Schedule

- 45,000 DAI
- 30% in advance (13,500 DAI)
- 70% upon publication of the research report (31,500 DAI)
- 30% in advance (13,500 DAI)
- 70% upon publication of the research report (31,500 DAI)
- eth:0x0a587CAaB36500F576643C70d38188d1cE7da5Dd

Potential Future Work

- Facilitating Lido DAO governance vote on preferred direction
- Scoping out and implementation of distribution mechanism
- Post-implementation research on outcomes resulting from implemented distribution mechanism

Thanks,

Felix

