

A few months ago we voted to switch the BTC in the Avalanche GLP pool to BTC.b, as it served several benefits:

1. Lower fees than using WBTC
2. Lesser risk of temporary Depeg as we have seen in the past

With the recent transition to multi-chain that BTC.b has seen, coupled with the growth and added liquidity that has happened on top of that, I think it is worth a discussion as to whether the Arbitrum GLP pool should utilize BTC.b as well.

Fundamentally, I don't think the discussion is much different than the one we had on Avalanche as the pros are similar.

1. It costs nothing to redeem BTC.b for BTC, while it costs 36 bps to redeem/mint WBTC for BTC.b
2. While not a serious threat moving forward, it would help negate trouble down the line should there be another temporary WBTC De-peg, and diversify risk in the GLP pool. Since BTC.b can be redeemed at will and doesn't rely on chainlink price oracles, this depeg risk is minimized.
3. It will allow people to bridge an asset that is becoming increasingly popular and open trades on Arbitrum.

My main concern:

WBTC has been around for much longer, and such it is much more liquid than BTC.b at the moment. Coupling that with the fact the Arbitrum TVL (384m vs 64m, with about 20% being BTC) is much higher than AVAX, I think it would be useful to start small and test drive the change. I picked 5% as an arbitrary number, but it isn't grounded there for a specific reason.

My only other real concerns would be the dev challenges to implementation and fracturing the nature of the GLP reserves, but it doesn't appear to me that either of these are substantially challenging.

I would love to hear what you guys all think in the comments!

-Kreitz