Subject

Proposed to bind the referral reward amount to the 1% payback from the staked amount (based on ETH/USD and LDO/USD TWAPs) with framing maximum and minimum reward amount.

Snapshot voting:

[Snapshot](#)

Background

Lido Referral Program was launched on July 19th 2021 by the Lido DAO based on the following[proposal](#). The main goals are to increase the number of active stakers and partners (wallets and protocols), grow Lido TVL, promote the benefits of stETH.

The Lido DAO controls the full life-cycle of the referral program including but not limited to launch, defining total rewarding pool, allocating rewards for each period, pausing, resuming or stopping the Program at any time.

Key links

- [Terms & conditions](#)

- [Referral periods public report & schedule](#)

Proposal / subject

Proposed to adjust the referral reward amount:

- to bind the referral reward amount to 1% payback from the staked amount. Referral reward amount in LDO to be calculated each payout week based on ETH/USD and LDO/USD 14 days (whole referral period) TWAP to be 1% payback;

- limit minimum referral amount to 5 LDO for 1 ETH staked.

- limit maximum referral amount to 20 LDO for 1 ETH staked.

Updated reward amount to take effect at the next referral period after DAO voting.

Motivation

Currently, the referral reward amount is 15 LDO for 1 ETH which is 2.4% payback (based on 14 days TWAP of LDO and ETH, see calculations below). Initial payback was ~1% at the date of the referral program launch. To use the allocated referral rewards amount most effectively we need to adjust the reward amount.

Taking into account LDO and ETH prices volatility, both Lido and referral partners would feel safer with framed minimum and maximum reward amounts. Each referral period lasts two weeks and calculations are going to happen on payout week (3rd one) based on 14 days TWAP. 2 weeks referral period could have a big vol (3.5 M LDO rewards were paid out on 3rd referral period) so the rewarding budget could be significantly affected by prices jumps. Framing would help to reduce the related risks.

An additional motivation is to bring more wallets and protocols integrations using the reserved 15M LDO rewarding pool. Currently, ~4.7 M LDO is paid out which is ~30% of reserved rewarding pools of 15M LDO. By adjusting the referral reward amount we would reduce the speed of utilization of the reserved referral bonus pool to get more integrations using it.

Integration with Ledger showed great results bringing 83K+ ETH (~20% of referral program stakes) and 7,7K unique senders (~90% of new referees).

Integrations with wallets are mutually profitable for wallets by having a referral bonuses, for wallet's users by having staking rewards, and for Lido by growing TVL, number of stakers and integrations.

Payback % calculations

At 19 Jul 2021

(Lido referral program launch date)

ETH 14 days TWAP : 2065.027852 USD

LDO 14 days TWAP : 1.680844 USD

15 LDO to 1 ETH : 1.27%

15 ** 1.680844 ** 100 /

2065.027852 = 1.22%

So initially, the referral bonus was ~1.2%

of the staked amount (based on 14 days TWAP).

At 07 Sep 2021

(the date of writing)

ETH 14 days TWAP : 3351.033532 USD

LDO 14 days TWAP : 5.277594 USD

15 LDO to 1 ETH : 2.3%

15 * 5.277594 * 100 /

3351.033532 = 2.36%

So currently, the referral bonus is ~2.4%

of the staked amount (based on 14 days TWAP).

Data source: CoinGecko

TWAP calculation script: https://replit.com/@irinalido/TWAPhourly#main.py

Summary

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The referral program and all its parameters are controlled by Lido DAO. The referral reward amount is the key parameter that needs to be adjusted. Linking referral reward to 1% payback will help to use the rewarding budget most effectively, make the calculation process clear and transparent, keeping the referral program profitable and reaching the goals.