

Dear Lido DAO community,

The Arbitrum Foundation has announced the launch of DAO-based governance over the Arbitrum One and Arbitrum Nova network protocols, and that it will distribute a token in connection with the decentralization of the governance of the Arbitrum protocol ecosystem. In order to achieve this decentralization the Arbitrum Foundation has announced and begun an airdrop of the ARB token. ([ARBITRUM: THE NEXT PHASE OF DECENTRALIZATION | by Arbitrum | Mar, 2023 | Medium](#))

As a component of that airdrop, the Arbitrum Foundation has expressed that they are allocating a portion of the governance, via the ARB governance token, to communities that have played a role in the growth and health of the Arbitrum ecosystem.

The Arbitrum Foundation has announced that the Lido Protocol is eligible for the ARB airdrop based on its important place in the Arbitrum DeFi ecosystem. According to the documentation of the airdrop ([\\$ARB airdrop eligibility and distribution specifications | Arbitrum DAO - Governance docs](#)) Lido protocol is eligible to claim 772,621 ARB tokens. The Arbitrum Foundation governance documentation shares that there are no specific conditions on the distribution of these tokens, but that the hope and intent is that the Lido DAO will determine how to best participate in the governance and growth of the Arbitrum ecosystem using these tokens.

In response to this airdrop, the Lido DAO reWARDS committee puts forward the following proposal. This proposal covers operational and strategic topics related to claiming and making productive use of the potential ARB tokens. This proposal will enable the reWARDS committee to pursue the continued growth of staking and the wstETH DeFi ecosystem on Arbitrum One (and beyond).

Current State of wstETH on Arbitrum Network

Arbitrum Network Usage Metrics:

- 33,400 - Total amount of wstETH bridged to Arbitrum
- 1,044,800 - Total number of wstETH transactions on Arbitrum
- 633,000 - Total LDO Spent by Lido to date on Liquidity Mining campaign

For more Arbitrum usage metrics, please refer to the <https://dune.com/lido/wsteth-on-arbitrum>

wstETH is already available by:

- Aave
- Beefy
- Balancer
- Camelot
- Curve
- DeFiSaver
- dFORCE
- Dopex
- InstaDapp
- Kyber Swap
- Premia
- QiDAO
- TraderJoe
- UniSwap
- More very soon!

Proposal

This proposal has several elements:

- A) Acknowledging the offer of 772,621 ARB tokens from the Arbitrum Foundation as part of their airdrop.
- B) Designating a representative or group of representatives for the Lido DAO that will contact the Arbitrum Foundation to

communicate that the Lido DAO will accept the airdrop and begin the claiming process.

C) Appointing the Lido DAO reWARDS committee to be the designated representative of the DAO for the purposes of communicating with the Arbitrum Foundation and processing the claim of the airdrop.

D) Confirming the authority for the reWARDS Committee to use the claimed ARB tokens to pursue the growth of staking ether on the Arbitrum DeFi ecosystem, as pursuing the growth and expansion of stToken use across all supported networks is within the original mandate of the reWARDS Committee. ([Proposal to form reWARDS Committee](#))

E) Proposing the initialization of a 4/7 reWARDS Committee multisig on Arbitrum.

The reWARDS committee will create a new multi signature wallet on the Arbitrum One network, which will be used to receive the ARB tokens. The multi-sig composition will be 4/7 comprised of

1. [@GrStepanov](#) with address 0x8D0855047b59a5f11262f095ee724b5A59a89710
2. [@kadmil](#) with address 0x9A3f38AF97b791C85c043D46a64f56f87E0283D4
3. [@Carvas](#) with address 0x1B3fcFCeF0d61454eee4cd4E38159D2A43E28541
4. [@marin](#) with address 0x04e7C0350241b818eE5c92cc260008C9898F41cf
5. [@shardyaco](#) with address 0x59d07dc34B135B17b87840a86BFF7302039E7EDf
6. [@greg_s](#) with address 0xDCcbe0E74B47b89A8c2b6463c3B06dB533B4Fc98
7. [@adcv](#) with address 0xcC692077C65dd464cAA7e7ae614328914f8469b3

This new multi-sig will join the existing LidoOnL2-related reWARDS [multi-sig addresses](#):

Ethereum: 0x73b047fe6337183A454c5217241D780a932777bD

Optimism: 0x4Cf8fE0A4c2539F7EFDD2047d8A5D46F14613088

Optimism: 0x91cE2F083d59B832f95f90aA0997168ae051a98A

Arbitrum: 0xfDCf209A213a0b3C403d543F87E74FCbcA11de34

Once this multi-sig wallet is operationalized the reWARDS committee will make note here on this thread, as well as in the original Proposal to form reWARDS Committee proposal thread ([Proposal to form reWARDS Committee - #31 by adcv](#)) and update the relevant docs pages ([Mainnet | Lido Docs 2](#))

F) Establishing the expectation that the ARB in new 4/7 reWARDS Committee Arbitrum multisig will be used over the next 4-6 months to increase staking by incentivising the adoption of wstETH across the Arbitrum ecosystem.

ARB tokens will be emitted alongside existing liquidity mining incentives geared towards wstETH pools on Arbitrum One. The reWARDS committee has, via the monthly LDO reWARDS budget, already established baseline liquidity across the core wstETH-ETH and wstETH-USDC trading pairs. This will continue and be matched with ARB token incentives.

Such collaborations will offer LPs the benefit of the baseline rewards of Lido staked-ETH as well as ARB token co-incentives from Lido reWARDS and our collaborators. In addition, the reWARDS committee will continue to apply token incentives to user activity on non-dex protocols to bootstrap the staking, availability, and use of wstETH. The end result should be a vibrant, unique, and attractive DeFi ecosystem for all Lido users and Arbitrum Network stakeholders.

The reWARDS committee will open up a process for all Arbitrum Ecosystem protocols to initiate an incentives collaboration with the reWARDS committee. If you are interested in applying at this time please use the existing Lido Collaboration Proposals application form ([Lido Collaboration Requests/Proposals](#))

G) Proposing the use of a monthly reporting structure to ensure the Lido DAO community is aware of the progress of this initiative.

The reWARDS committee will provide updates regarding the emission of the ARB tokens airdropped to it by the Arbitrum Foundation. This will include a monthly report posted here in this thread which will detail which user activities have been incentivized, with how many ARB tokens, and will include a summary of the performance of the incentives campaign that month.

Start Date

Should this proposal be passed, the reWARDS Committee will make every effort to put in place all of the above as quickly as possible - targeting the commencement of the ARB token emissions described above by the end of April 2023.