Liqee's community expressed strong interest in onboarding more liquid staking assets, with stETH taking the lead. With this proposal, stETH holders are able to generate handsome lending interests on their ETH holdings, achieve up to 3x staking yields, mint USX stablecoin against wstETH (and possibly its related LP tokens), borrow other assets, and earn LQE (governance token of Liqee) rewards to improve investment return.

Intro to Liqee and USX

Liqee is the world's largest decentralized lending protocol for liquid staking assets, with all lending and borrowing activities facilitated through smart contracts in a decentralized manner. Liqee Lending currently support ETH, BNB, DOT, ATOM, FIL, XTZ, and rTokens backed by StaFi with a total supply of $33m.

Liqee's core team include experts with a long-track record of success in PoS validation service and DeFi lending. As an eco-partner of BlockPower (one of the largest validators for Cosmos and Tezos), Liqee also provide tokenization for PoS and mining facilities, as well as PoS validation across a number of networks.

USX is an overcollateralized stablecoin launched by dForce, the #1

lending protocol on Arbitrum and #2

on BSC in terms of borrowing volume. Users can mint USX against a variety of yield-on collaterals (ETH, BNB, USDC, etc) which will effectively reduce the cost of capital (minting fee) for users.

Liqee is also an important eco-partner of dForce, utilizing the smart contract of dForce Lending and integrating with USX stablecoin natively. dForce Lending is audited by 4 top audit firms including Trail of Bits, ConsenSys Diligence, CertiK and Certora, click here to view full reports.

Background

At present, users can mint stETH through Lido for immediate access to staking yield, or supply ETH/stETH to Curve for a pro rata share of trading fees and CRV rewards.

Compared to staking and trading, lending is a helpful supplement alleviating some of the most pressing issues for end users (non-trading liquidity with zero impermanent loss, the most cost-efficient access to leveraged staking, etc).

With more than $40m ETH liquidity resting currently with dForce and Liqee, this proposal is expected to help Lido onboard more audience in the shortest possible time, unlocking a variety of multiple approaches for users to further improve their return on investment.

Proposal

We hereby propose Lido to incentivize deposit of wstETH and stETH/ETH LP with $100,000 ($50,000+$50,000) in LDO rewards per week, for 3 months (12 weeks) as a start.

Liqee already announced its collateral support to wstETH (starting from 20 Oct) and its plan to support its related LP tokens. With the proposed LDO rewards ($50,000 for wstETH), it is expected to bring Lido approximately $30m worth of stETH new minting.

Liqee could provide the following:

- extend collateral support to wstETH (and possibly its related LP tokens)

- reward lending of wstETH (and its related tokens) to Liqee Lending with LQE token.

- reward borrowing of ETH from Liqee Lending with LQE token.

- reward minting of USX from Liqee Lending with LQE token.

Motivation

Lending, as non-trading liquidity, removes impermanent loss and unlocks an inspiring approach to leveraged staking. Upon implementation of this proposal, stETH users can:

- achieve up to 3x staking yield through leveraged borrowing.

- generate solid returns on deposited ETH – leveraged staking will encourage more ETH borrowing.

- mint USX stablecoin against wstETH (and possibly its related LP tokens sitting idle in our wallets).

- borrow other assets against USX from dForce Lending.

- participate in a variety of DeFi activities and earn more with borrowed assets.

- mine LDO, LQE (governance token of Liqee) and DF (governance token of dForce) tokens.