

Summary

Flashstake has worked closely with xToken Terminal over the last few months and through this partnership, we now have the infrastructure required to build time-based yield markets for any Uniswap V3 pair adding another dimension to liquidity provisioning not currently possible on any other DEX.

Flashstake would like to request 200,000 ARB tokens which will be used to jump-start this new market through liquidity mining incentives (additional details below). The intention is to enable instant upfront yield for a handful of Uniswap V3 pairs to start and expand to new pairs as demand increases.

What is Flashstake?

Flashstake allows users to earn instant upfront yield.

DeFi applications, like AAVE, only allow users to earn variable interest on their deposits over time. Flashstake strategies transform this variable yield into a fixed rate yield and pay the yield upfront to the user. This is achieved through a combination of interest rate swaps and a marketplace for the time value of money.

Flashstake is currently live on Ethereum Mainnet, Arbitrum and Optimism.

Example

Bob has 100 ETH and would like to start earning yield. Bob could deposit this into Rocket Pool and acquire rETH which increases in value over time relative to his deposit thereby slowly accumulating yield (eg 5% APR). Bob decides to instead Flashstake 100 ETH for 1 year into the Rocket Pool Flashstake strategy accepting a 4% APR paid upfront.

Bob has given up some of the yield he would have otherwise earned at Rocket Pool in exchange for a fixed rate of yield paid out immediately. Bob can withdraw his 100 ETH after 1 year has passed. Bob can also choose to unstake early by paying back the yield he received.

You can view a real transaction of a user depositing 125 ETH for 3 months to earn ~4,600 USD worth of rETH [here](#). Note that Flashstake relies on LPs for jumpstarting new yield strategies and in the provided example transaction the upfront yield is coming from a Uniswap V3 swap.

A deeper look

Under the hood when Bob deposited his 100 ETH for 6 months into the Flashstake Protocol he minted approximately 50 yield tokens (fy-rETH). The 100 ETH was automatically deposited into the associated underlying protocol which in this case is Rocket Pool. This ETH then goes on to generate yield block-by-block which drips into the associated yield pool.

Bob can choose to either sell his 50 fy-rETH (yield tokens) on the open market via Uniswap or burn these to redeem a proportional amount of yield from the Flashstake yield pool. Both avenues would result in a redeemable value. The [Flashstake Dapp](#) currently automatically chooses the most favourable path for Bob.

Alice is happy to purchase the rights to yield generated from Bob by acquiring his fy-rETH tokens. Alice is happy to wait until the 100 ETH has generated a higher return from Rocket Pool.

Summary

- Rocket Pool is offering a 5% APR
- Alice is willing to give Bob an upfront yield such that Bob can lock in a 4% APR
- Bob is willing to give up 1% APR to lock in the lower rate

In the early days of launching a new Flashstake Strategy, the yield pool starts at zero and subsequently cannot be used to redeem any meaningful upfront yield. We decided to partner with xToken Terminal to help incentivise liquidity for concentrated liquidity positions on Uniswap V3. This has allowed the open market to provide instant upfront yield with the expectation that yield tokens can be burned against the Flashstake Strategy in the near future as/when the yield pool grows.

You can read more about the inner workings of Flashstake in [our documentation](#).

Milestones/Achievements

- Flashstake launched with this architecture in August 2022 - you can visit the [Dapp here](#)
- Flashstake has since deployed on Mainnet, Optimism and Arbitrum

- Flashstake has never raised funds
- Flashstake [received a grant from AAVE Grants DAO](#)
- Flashstake TVL has roughly doubled after every major launch
- Flashstake currently supports GLP, sUSD, WETH, rETH, stETH and USDC through various underlying protocols such as GMX, AAVE V3, Rocket Pool and Lido
- Flashstake currently has [\\$5M in strategy TVL and \\$11M total including staking](#)

Proposal

Flashstake is looking to launch a new Flashstaking Strategy which would allow Uniswap V3 liquidity providers to earn instant upfront yield. This would initially be limited to a handful of specific pools (currently undecided) with the intention to expand when sufficient demand is shown by the market.

We have performed a significant amount of research to make this possible and have worked closely with xToken Terminal to help facilitate this functionality. We have integrated with xToken Terminal's contracts in a new innovative way to enable this functionality.

Flashstake would like to request 200,000 ARB tokens to incentivise liquidity providers via xToken Terminal liquidity mining. These incentivised liquidity providers would be paying users upfront yield through v3 liquidity pools which would allow all future fees associated with Flashstaked liquidity to drip into the associated yield pool.

Example:

- Bob currently holds 500 UNI-V2 tokens associated with the USDC/DAI pool. It is expected that this would yield 35% APR (after 1 year in fees)
- Bob Flashstakes 500 UNI-V2 tokens for 365 days and receives 500 fy-USDC/DAI tokens
- Alice is currently providing liquidity on Uniswap V3 (via xToken Terminal) for the token pair fy-USDC/USDC within the 0.1 to 0.25 range which roughly translates to upfront yield of 10% to 25% for Bob
- Bob effectively gives up all rights to future yield on his LP tokens accepting an upfront yield rate of 25%
- Alice now holds 500 fy-USDC/DAI tokens which can be redeemed at any point in time for proportional ownership of the yield pool. In an efficient market, Alice would choose to redeem these in 365 days. If the yield rate remains at 35% or increases, Alice would earn the difference.

Note: I have highlighted the section within the example above

showing where these ARB tokens would be spent.

Note: Bob could Flashstake UNI-V2 OR choose to deposit USDC and DAI (in the correct proportions) into xToken which then gets Flashstaked. A lot of this complexity would be abstracted away within our front end (in the simple mode).

Flashstake has already been using xToken Terminal for liquidity mining towards concentrated liquidity positions in the same way explained above (for existing Flashstake Strategies). The most recent examples of these pools can be found [here](#), [here](#) and [here](#). More information on these campaigns can be found on this [tweet thread](#).

To date, Flashstake has run these xToken campaigns between 1 to 4 weeks (due to limited resources) but we believe less tokens can be spent if these campaigns run for a longer duration which would give liquidity providers more certainty. We would like to run these campaigns for between 1 to 3 months giving each Flashstake Strategy the best opportunity to succeed.

Benefits to Uniswap:

- Sticky Uniswap TVL - The more we can incentivize our yield LPs, the more volume and TVL passes through these Flashstake Strategies which in turn leads to larger amounts of liquidity locked in for extended periods of time. (Bob Flashstaking for 365 days means this liquidity is locked for 1 year)
- Migrate liquidity from UniV2 to UniV3 - The more attractive Flashstake is for liquidity providers, the higher the chances they use Flashstake. Since Flashstake will support UniV2 tokens and will deposit this liquidity into UniV3, this would help migrate liquidity away from UniV2
- Additional functionality for existing Uniswap V2 and V3 liquidity providers - The ability to Flashstake to earn instant upfront yield

Path to Sustainability

It is important to highlight, rewards given to liquidity providers which allow for upfront yield in the early stages of a strategy, are temporary. As more capital enters the system, the yield generated increases with each block (based on trading fees), contributing to the growth of the yield pool.

Once the yield pool has reached a sufficient level, we expect the majority of all future Flashstakes to receive upfront yield directly from the protocol, without the need for additional incentives.

This means once a Flashstake yield pool becomes self-sufficient, it creates a constant activity of locked-up LP tokens for Uniswap pools.