Title: [TEMP CHECK]: Onboarding weETH to Aave V3 Ethereum

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Summary

ether.fi is seeking community support for adding its Liquid Restaking Token (weETH) to Aave V3 Ethereum. In addition, anyone who deposits weETH into Aave will accumulate ether.fi and EigenLayer points to be used for future incentives.

Motivation

This move is intended to improve asset diversity on Aave and increase liquidity in the ecosystem.

ether.fi is the first decentralized, non-custodial delegated staking protocol with an LRT (eETH). One of the distinguishing characteristics of ether.fi is that stakers control their keys. Those who work on the protocol strive for the following:

1. Decentralization is the primary objective. ether.fi will never compromise on the non-custodial and decentralized nature of the protocol. Stakers must maintain control of their ETH.
2. The ether.fi protocol is a real business with a sustainable revenue model. The team is in this for the long haul. No ponzinomics f*ckery.
3. ether.fi will do the right thing for the Ethereum community, always. If and when the team messes up,ether.fi will own it and course correct quickly.

Staking Primitives

ether.fi is working to advance innovation in the space by incorporating staking primitives that reward users and uphold values of decentralization. Distributed Validator Technology (DVT) is a core feature of Operation Solo Staker, an initiative that ether.fi helped launch in April 2023. Along with Obol Labs, dappnode and Avado,ether.fi assisted with the first instance of a solo staker cluster using DVT on Mainnet in August 2023. More recently, ether.fi became the first LSP to natively restake on EigenLayer.

Tokenomics & Governance

eETH is an LRT that allows users to stake their ETH, accrue staking rewards, and receive additional rewards through native restaking on EigenLayer. As of February 3rd, approximately 290,310 ETH ($670M) in TVL has been deposited into the ether.fi protocol, and XX has been natively restaked in EigenLayer.

Users are given eETH on a 1:1 basis with a minimum deposit of 0.001 ETH. As mentioned above,ether.fi is also the first LSP to natively restake on EigenLayer — a move that helps improve network efficiency and provides stakers with additional rewards for their network contributions. ether.fi has also launched a series of partnerships with DeFi protocols to incentivize users and drive liquidity (weETH) to various platforms.

The goal of ether.fi is to make all aspects of the protocol 100% open sourced and ossify the smart contracts to prevent them from being upgraded. The protocol will eventually be governed by a DAO, and those who work on ether.fi have also committed to self-limiting the amount of ETH staked on the protocol to 25% of the total amount of ETH staked on the Beacon Chain.

Points System

Ether.fi has amassed a following by offering users points based on their activity. Those who stake with ether.fi have the opportunity to earn both ether.fi and EigenLayer points that will be used for future incentives.

On-chain Metrics

- As of February 3rd, 2024
- Total Value Locked (TVL): $669,826,357 (290,310.46 ETH)
- 24-hr trading volume (TV): $4,051,395
- Max daily deposit: 24,489 ETH (January 25, 2024)
- Unique eETH holders: 49,858
- Daily max weETH pools TV: Pendle ($10.33m), Curve ($811.70k), Uniswap ($1.88m), Balancer ($239.66k), Maverick ($4.18m) (January 29, 2024)

You can view additional ether.fi stats on Dune.

Risk mitigation

ether.fi's LRT eETH is 100% redeemable. Users who deposit ETH into the protocol can withdraw their stake at any time. The holdings are publicly auditable on-chain and the protocol retains healthy reserves to offset any losses.

Specification

Ether.fi site

Contract Address: 0x35fa164735182de50811e8e2e824cfb9b6118ac2

Useful Links:

Disclaimer:

This proposal is powered by Skywards. The Aave Chan Initiative is not directly affiliated with Ether.fi and did not receive compensation for creation this proposal.

The co-author is a team member Ether.fi

Next Steps

1. If consensus is reached on this [TEMP CHECK], escalate this proposal to the Snapshot stage.
2. If the Snapshot outcome is YAE, this proposal will be escalated to ARFC stage
3. Publication of a standard ARFC, collect community & service providers feedback before escalating proposal to ARFC snapshot stage
4. If the ARFC snapshot outcome is YAE, publish an AIP vote for final confirmation and enforcement of the proposal

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