

Our Proposal

We are thrilled to introduce Glass Markets, a dynamic company that brings together a team with extensive experience from prominent institutions such as Flow Traders, Galaxy Digital, Altonomy, Coinmetrics, and others. Our team's diverse trading and data expertise uniquely positions Glass Markets to effectively monitor and assess the liquidity of Lido Staked Ether, known as \$STETH.

Glass Markets will analyze the centralized exchange ("CEX") trading activity of \$STETH and \$ETH across key metrics such as orderbook depth, spreads, trading volume, and uptime and work alongside the Lido core team to make a concise recommendation to improve the liquidity of \$STETH.

About Glass Markets

Founded by institutional crypto traders, Glass Markets is an analytics platform built for monitoring exchange liquidity. Glass Markets works with 25+ token foundations to track market data and token performance. Glass Markets also uses comparable data analysis and quantitative modeling to think through liquidity and general market making strategies. More info can be found at glassmarkets.io and [@Glass_Markets](https://twitter.com/Glass_Markets) on Twitter.

Key Objectives

As it is in the best interest of the Lido DAO to improve \$STETH liquidity and allow \$STETH to reach bigger audiences, Glass Markets would like to build out a centralized exchange liquidity monitoring dashboard for the Lido core team to evaluate exchange and market making performance. Additionally, Glass Markets will post weekly snapshots in the Lido DAO Forum for \$STETH liquidity analytics. Currently \$STETH is listed on a few centralized exchanges including Bybit, OKX, Huobi, Gate, and MEXC across stablecoin and \$ETH base pairs. The focus will be tracking both \$STETH and \$ETH stablecoin pairs across centralized exchanges that comprise greater than 90% of the aggregate \$ETH stablecoin pair and greater than 90% of the aggregate \$STETH stablecoin pair trading volume respectively. Additionally, comparisons will be made between \$STETH to stablecoin pair volume and \$ETH to stablecoin pair volume to figure out the best plan for \$STETH to improve its market share relative to \$ETH trading volume.

For Lido Staked Ether specifically, centralized exchange liquidity matters because it facilitates the access for new holders willing to convert their holdings from fiat or other tokens to \$STETH. At the same time, sufficient liquidity allows \$STETH holders to easily convert their tokens back to \$ETH or other assets seamlessly whenever they want to exit their staking position and utilize their funds elsewhere which boosts \$STETH attractiveness. It provides flexibility and accessibility, ensuring that \$STETH remains a liquid and valuable asset within the broader cryptocurrency market. Liquidity additionally matters for proper price discovery, oracle price feeds, and using \$STETH as collateral for other DeFi use cases.

The Lido core team can use data from the Glass Markets platform to regularly update the community on \$STETH token liquidity. This will help monitor exchange performance on a per pair basis and also in aggregate across all active trading pairs on centralized exchanges. Additionally, the Glass Markets team will work alongside the Lido core team to evaluate how \$STETH trades relative to \$ETH.

Specification

Phase 1: Develop An Institutional Portal To Track \$STETH & \$ETH

Glass Markets will design and provide private login access to the Lido core team to track the following information:

- \$STETH trading activity on CEXs: OKX, Bybit, Huobi, Gate, MEXC on stablecoin pairs
- Additional CEX support to be added upon further listings to maintain 90%+ coverage of the total \$STETH stablecoin pair trading volume with Glass Markets' analytics
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- \$ETH trading on activity on stablecoin pairs on the same exchanges as \$STETH plus major trading venues where \$STETH is not listed: Bybit, Huobi, Gate, MEXC, Binance, Coinbase, Kraken, etc. on stablecoin pairs with the aim to keep 90%+ coverage of the total \$ETH stablecoin pair trading volume with Glass Markets' analytics
- Real-time and historical metrics on a per pair and aggregate orderbook basis tracking metrics for \$ETH and \$STETH including:
 - Price Feeds: Time-Weighted Average Price ("TWAP") & Mid-Price
 - Liquidity depth across different orderbook intervals
 - Top of book size: Bid best and best ask

- Bid/ask spreads
- Price Impact: Estimated price slippage on orders of: \$1k, \$10k, \$100k, \$1m, \$10m
- Orderbook spread and depth uptime across specific metrics
- Current and historical trading volume
- Comparative trading volume analysis of \$STETH versus \$ETH
- Price Feeds: Time-Weighted Average Price ("TWAP") & Mid-Price
- Liquidity depth across different orderbook intervals
- Top of book size: Bid best and best ask
- Bid/ask spreads
- Price Impact: Estimated price slippage on orders of: \$1k, \$10k, \$100k, \$1m, \$10m
- Orderbook spread and depth uptime across specific metrics
- Current and historical trading volume
- Comparative trading volume analysis of \$STETH versus \$ETH
- Assess trends in \$STETH and \$ETH liquidity over time across all markets in aggregate and on a per pair basis, with liquidity metrics including price feeds, volume, depth, spread, and uptime
- Compare and contrast trends in \$STETH vs. \$ETH liquidity to determine certain target exchanges for \$STETH listings
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- Coverage across 25 trading pairs for 12 months of data access
- Estimated development timeline before data access: 2-3 weeks
- The foregoing data will be found at app.glassmarkets.io with private logins for up to 5 users in addition to private API key access for a few calls a day

Phase 2: Research Report for Lido Core Team Analyzing \$ETH & \$STETH Liquidity With Action Plan Recommendation

Glass Markets will analyze \$ETH and \$STETH across different trading pairs, prepare one (1) concise report with summarized and more granular trends for \$ETH and \$STETH liquidity, present insights on how \$ETH trades in comparison to \$STETH, and make a recommendation on how \$STETH can improve trading activity.

Lido's core team will work alongside Glass Markets to determine specific metrics points to track that will be relevant for the report. These metrics may include certain spread intervals, depth intervals, exchange venues, and comparables to track. The report will include data-driven strategies Lido could implement for \$STETH to potentially improve trading performance. As crypto and DeFi are still nascent and experimental markets, Glass Markets cannot and does not make any guarantees, warranties, or representations of any kind regarding the efficacy or success of any potential strategies included in this report and action plan.

Phase 3: Implementation of suggested action plan alongside Lido Core team

Based on the analytics and research report from Phases 1 and 2, Glass Markets will propose potential solutions and work alongside the Lido core team to attempt to improve \$STETH liquidity. For example, this could include building out a market making program and targeting listings on particular exchanges with the goal to boost trading activity.

Additionally, the institutional portal analytics that Glass Markets measures will be used to continuously monitor liquidity and potential market making program key performance indicators ("KPIs") including spread and depth uptimes across multiple venues. Glass Markets will regularly report to the Lido core team with insights and recommendations, as requested by the Lido core team, over the course of the engagement based on data driven analysis.

Commercial Terms

20,000 LDO total over 12 months, paid upfront on a quarterly basis beginning [October 1, 2023] and ending [September 30, 2024].

To cover all 3 phases, Glass Markets requests 20,000 LDO over a period of 12 months, paid upfront on a quarterly basis

with the first payment to be made within 30 calendar days from the start of data access. These funds will be used to finance the cost of 1 project manager, 1 data scientist, and 1 frontend developer.

Payment of the 20,000 LDO shall be paid to Glass Markets' ETH wallet address:
0x78A8AE116443B61Dadb88D186A0d9d6630F61259 or glassmarkets.eth

Final Thoughts

Glass Markets is excited to potentially contribute to the development of a data driven analysis towards increasing \$STETH trading liquidity on centralized exchange venues. This opportunity signifies an important initial phase in establishing a mutually beneficial long-term partnership that could later be used for liquidity strategies for other staked Lido assets. We eagerly await the input and feedback from the community and stand ready to address any inquiries.