

I'm [@EIP\\_Medusa](#), a contributor to the unshETH team and proposing on behalf of the unshETH DAO

Proposal to make the unshETH Ether token available for restaking with EigenLayer

What is unshETH?

The unshETH protocol is a novel DeFi primitive that promotes validator decentralization by fostering competition among ETH liquid staking protocols to bring the best ETH staking experience to millions of users. The unshETH Ether token represents a diversified liquid staked ETH basket that earns both Ethereum staking rewards and swap fees generated by the unshETH vdAMM, all wrapped in a single ERC-20 token. unshETH Ether is also an Omnichain token that can be transferred for free across ETH Mainnet, BNB Chain, and Arbitrum via Stargate.

How does unshETH work?

Users can mint unshETH Ether by depositing any whitelisted ETH liquid staking token (LST), and can redeem unshETH Ether for the basket of underlying LSTs. unshETH protocol currently supports 6 LSTs: wstETH, cbETH, rETH, sfrxETH, ankrETH, swETH; with plans to support more. USH, the unshETH DAO governance token, is the incentive layer for unshETH and is used to determine the basket composition and parameters via [DAO governance](#).

unshETH Index Parameters:

The unshETH protocol has configurable target weights and risk caps for each supported LST. This feature allows the protocol to curb risk exposure in the event of an LST becoming unfavorable, de-pegged, or even slashed. Target weights are determined by a combination of protocol risk framework and decentralized token governance.

Additional Information:

unshETH protocol also serves as a liquidity hub for LSTs via the protocol's internal vdAMM. This vdAMM allows users to swap between any LSTs within the basket up to their maximum weighting from one convenient user interface. With unshETH protocol's novel design - users and LST protocols no longer have to choose between pursuing industry-leading ETH staking yield, swap fee APR, or DeFi utility. Read more [here](#).

Useful Links:

- Website - <https://unsheth.xyz/>
- Documentation - <https://docs.unsheth.xyz/>
- Github Page - [UnshETH · GitHub](#)
- Discord - [unshETH](#)
- Twitter - [https://twitter.com/unshETH\\_xyz](https://twitter.com/unshETH_xyz)
- Dune Dashboard - <https://dune.com/unsheth/unshethxyz>

unshETH protocol plays a pivotal role in promoting the core values of the Ethereum ecosystem, driving validator decentralization by helping scale smaller and newer LSTs. unshETH protocol pioneered a whole new category of DeFi protocols building on top of LSTs colloquially called "LSDFi" or "LSTFi". The unshETH DAO marketing team (co-)hosts weekly spaces with major LST protocols, LSTFi protocols, DeFi protocols, as well as infra layer protocols like LayerZero and Eigenlayer. Moreover, the unshETH DAO actively supports the Ethereum community by sponsoring events like the ETHGlobal Waterloo hackathon, aiming to nurture and inspire the next generation of builders.

More on the unshETH DAO and/or protocol's collaborators below:

- LayerZero, Stargate - bridge provider
- Lido, Frax, Coinbase, Rocketpool - issuers of the initial LST's supported by the unshETH index
- Swell, Ankr - newer LST protocols that have been voted into the unshETH index through DAO governance
- Balancer/Aura, PancakeSwap, Camelot, SushiSwap, Maverick - dex hosting co-incentivized unshETH or USH token liquidity

Press

[Nansen](#) - unshETH: Exploring Shared Liquidity and Trading Efficiency for LSDs

[Podcast with Daily Bread](#) - The Future of LSDfi on Ethereum w/ unshETH Co-Founder Alta1r

[Messari](#) - Weekly Recap: Bitcoin Stamps, OpenSea Pro, and Astria

[Binance Research](#) - LSDfi: When Liquid Staking Meets DeFi

Metrics (June 16, 2023)

#### Highlights

- unshETH real yield is consistently beating ETH Staking yield
- unshETH on-chain DEX liquidity is consistently growing with >\$1M in concentrated liquidity locked in ETH and BNB chain
- The unshETH vdAMM supports over 42 swap routes while still earning ETH staking yield
- Arbitrum liquidity mining “farm” launched this week with >\$1M in unshETH TVL

#### Key Metrics

- [ETH Staked TVL](#): \$30M
- [unshETH DEX Liquidity](#): \$1M
- [Avg unshETH trading volume](#): \$200-500k/day
- [vdAMM LST-LST Volume](#): \$17M
- [USH Holders](#): \$2,495

Note: More metrics can be found on our [Dune Dashboard](#)

#### Conclusion

With EigenLayers’ initiative to increase the ability for protocols to utilize the security of the ETH network to secure their own chains (shared-security), a partnership with the unshETH protocol will provide users with the capability of depositing an additional asset as collateral. With the unique profile of the unshETH token - a stable token composed of an index of LSTs with the goal of promoting validator decentralization - we believe these synergistic effects will provide enhanced capabilities for millions of users and the Ethereum ecosystem more broadly.