Wintermute DeFi Governance Digest

January 2024 | Week 1

[Igor Igamberdiev](#)

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This week's proposals include activation of Interchain accounts on Celestia, and allocation of remaining KNC from the Kyber Ecosystem Fund to the project team; as well as votes from Synthetix to decrease the OI cap for TRB, PancakeSwap to decrease the maximum total supply of CAKE, and GMX to deploy the BNB market on Arbitrum.

Proposals

Celestia (TIA)

Proposal:

[Moving toward safer and more aligned TIA liquid staking](#)

Author:

aidangs

Summary:

The launch of Celestia was very successful in terms of price action, even though the projects using it have not yet switched to the mainnet. The presence of a safe LST opens the way, both in using TIA on other chains and in potential restaking. At the moment, ICAs for trustless LSTs are not enabled, the activation of these is the purpose of this proposal.

Key Points:

- The Celestia launch was one of last year's most interesting events, as it created an unprecedented load on the infrastructure of other Cosmos chains.

- Currently, 47% of TIA participates in network security and contributes 16.3% of APR.

- The presence of LSTs would make it possible to receive such yield and, at the same time, participate in the Cosmos DeFi ecosystem or projects on top of Celestia.

- Recently, MilkyWay ($9.7M TVL) was launched, which offers milkTIA through the use of multisig address on Celestia, which requires a certain level of trust.

- On the other hand, LSTs of other Cosmos chains use ICAs — addresses that are managed through IBC, and follow the logic of liquid staking zones.

- One of these liquid staking zones is Stride ($90M TVL), which is unable to launch on Celestia and other new chains without ICAs.

- When ICAs are enabled, Stride offers to choose how the validator set for Celestia will be selected.

- In addition to using its election process with veto power for stTIA holders, there is the option of copy-staking or the ability to select a set of validators through stTIA governance.

- In the future, Stride aims to achieve even greater trust-minimization using zero-knowledge tech.

Our Take:

The presence of LST opens up many opportunities, which can be especially good for modular blockchains. The current status quo with the use of multisig is far from ideal, so we expect the activation of ICAs on Celestia.