

Proposal to Incentivize wstETH listing on Liquee for further integration

It's quite frustrating that so far there is no lending protocol supporting stETH or wstETH, though I noted a few already in the progress. More importantly, Lido is subsidizing the liquidity pool by spending \$250m of LDO per year, to support a turnover of 0.1% of liquidity on Curve. We don't need that much liquidity in Curve pool, in line with our liquidity diversification strategy, Lido should definitely incentivize other lending protocol to support stETH/wstETH as collateral.

Here is what I propose as new lending venue specifically for liquid staking tokens.

[Liquee](#) is the world's first lending protocol for liquid staking assets (PoS staking tokens, DeFi staking tokens, etc).

They are currently deployed on Ethereum and BSC and is looking to expand into Arbitrum.

Basically, this is the go-to-place for liquid staking tokens, now they mainly support rToken from StaFi, which have rETH (similar to stETH, but it's cTokenmodel not rebase model) and also rATOM and rDOT. The platform already command \$20m assets. The benefit of Liquee is that it basically allow people to take recursive leverage, i.e assuming wstETH are listed there, you are able to use wstETH and borrow ETH with 3.5-5x leverage, substantially enhanced your underlying yield, they are generating very decent yield for underlying tokens (this is on Binance Smart Chain) (picture on top). They are also running liquidity mining incentives with StaFi:(Picture on bottom)

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image

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I think Liquee is great fit for wstETH

I propose the following integration plan:

Proposing to have Liquee to list wstETH as collateral on their market (Etheruem, and possibly launch on Arbitrum? To minimize gas cost), there is already a community [post](#) there to propose this and Lido could provide some a grant of \$50,000 (in LDO tokens) a week from the Lido Ecosystem Grant Organization for lending mining rewards for bootstrapping wstETH's liquidity there.

So, the recap, the value props are that

1. we shall incentivize more protocol support, particularly lending protocol support;
2. Liquee has intimal traction and good security practice and StaFi's rToken are already proving success (95% rATOM, rDOT and growing rETH are supplied on Liquee for leveraged lending) .
3. stETH need to find more adoption and use case, lending particularly leveraged staking lending is the must-go place; and general lending protocol (given their risk appetite is very low) won't be able to help much that.