

Background

The stETH:ETH pair is the biggest pool on Curve with over \$1.76b in liquidity, which makes stETH one of the most liquid tokens in crypto. 76% of stETH supply and 96% of trading volume is allocated on Curve.

We have a price feed that works on top of the Curve pool price and the time-shifted price oracle.

We've had multiple parties (e.g. Chainlink engineers) confer that one source of liquidity is not something that sounds safe to them, even if it's a very deep market.

Problem

Currently, we have our own price feed based on Curve. Having only one liquidity pool and price feed based on it is a red flag for the DeFi protocols risk assessment teams. We need more liquidity pools for sustainable price feed.

Motivation

To make stETH/wstETH more productive we need more integrations in DeFi. To get more integrations we need to reduce market risks by diversifying liquidity to multiple liquidity sources.

Solution

Increase the number of liquidity pools that will allow getting sustainable and reliable price feeds including Chainlink, remove blockers for DeFi integrations, and increase stETH/wstETH productivity.

Proposal

We propose to kickstart several pools:

- 1inch - stETH to DAI
- Sushi - wstETH to DAI (to be converted to Kashi when there's a reliable price feed)
- Uni v3 - wstETH to ETH, using [David Mihal's](#) LP + incentive contract
- Uni v3 - wstETH to DAI, using [Omar Bohsali's](#) incentive contract
- Curve v2 stETH:wBTC:DAI

We propose incentivization with LDO and looking for co-incentivisation (values per month)

- Sushi - 200,000 LDO
- 1inch - 200,000 LDO
- Curve v2 stETH:wBTC:DAI - 100,000 LDO
- UniSwap v3 - 100,000 LDO each pair

Starting carefully with 100,000 LDO per month as the smart contracts for that are not yet battle-tested.

We propose to keep track and measure the effects of these pools to stETH trading volumes, peg and usage, to rebalance liquidity incentives to the most beneficial liquidity pools out there.

Some of the proposed venues are hanging on audits and deployments, so might come in production later after the vote.