dLP ZERO

The dynamic Liquidity Provision (dLP) model for ZERO is specifically designed for users who contribute to liquidity pools. When users stake dLP tokens, consisting of 50% ZERO and 50% of a partner token like ETH, their ZERO portion is effectively doubled in value for staking purposes.

Enhanced Weighting for ZERO

A distinctive feature of the dLP ve-staking model is the enhanced weighting given to ZERO tokens at the time of staking. When calculating the value of a user's contribution to the liquidity pool, the ZERO component is effectively considered double its presence in the pool.

Example: If a user's liquidity pool token consists of 50% ZERO and 50% ETH, the weighting mechanism acknowledges the ZERO component as if it were 100% of the contribution.

When staking is locked, the dLP weighting for ZERO is counted as double its amount in the liquidity pool token.

Calculation Method

veZERO earned is the product of the quantity of dLP tokens staked and a locking factorL d L P L_{dLP} L d L P . As mentioned already, ZERO tokens in the dLP stake are given double weight. Hence,(2 ×

ZERO) (2 \times \textrm{ZERO}) (2

× ZERO) .

veZERO

d L P × L d L P \textrm{veZERO} = dLP \times L_{dLP} veZERO

= d L P

× L d L P veZERO = (2 ×

ZERO 2) × L d L P \textrm{veZERO} = (2 \times \textrm{ZERO}2) \times L{dLP} veZERO

= (2

× ZERO 2)

× L d L P

Time-Locking Coefficients

Another distinctive feature of the dLP ve-staking model is time-locking coefficients. ZeroLend modifies the time-locking coefficients for dLP stakes to suit the unique risk profile of liquidity pool tokens. The following is the time-scale for dLP:

Time Lock L_dLP - Value 1-Months 0.0625 3-Months 0.25 6-Months 0.5 12-Months 1.0 This adjusted time-scale reflects the nuanced differences in risk profile compared to staking single assets.

Practical Example

A user staking 10,000 dLP tokens, split into 5,000 ZERO and an equal value of ETH for a 6-month period, will be allocated 5,000 veZERO.

Formula for veZERO Allocation:

The total veZERO a user receives is determined by:

veZERO

ZERO × L Z E R O + d L P × L d L P \textrm{veZERO} = \textrm{ZERO} \times L_{ZERO} + dLP \times L_{dLP} veZERO

= ZERO

× L ZERO

+ d L P

× L d L P In this equation:

- L
- Z
- E
- R
- O
- L_{ZERO}
- L
- ZERO
-
- andL
- d
- L
- P
- L_{dLP}
- L
- d
- L
- P
-
- represent the time-locking coefficients for single-asset ZERO and dLP stakes, respectively.
- d
- L
- P
- dLP
- d
- L
- P
- is valued as twice the amount of ZERO present at the time of staking.
-

To clarify, the formula accounts for the different quantities of ZERO in single and dLP stakes:

veZERO

ZERO 1 × L Z E R O + (2 ×

ZERO 2) × L d L P \textrm{veZERO} = \textrm{ZERO}*1 \times L*{ZERO} + (2 \times \textrm{ZERO}*2) \times L*{dLP} veZERO

= ZERO 1

× L ZERO

+ (2

× ZERO 2)

× L d L P Here,ZERO 1 \textrm{ZERO}_1 ZERO 1 andZERO 2 \textrm{ZERO}_2 ZERO 2 denote the respective amounts of ZERO in single staking and within the dLP.