

Wintermute DeFi Governance Digest — September 2023 | Week 1

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This week's proposals include Lido deploying wstETH on Cosmos, dYdX launching a Trading Incentives program for V4, Arbitrum launching a 75M ARB grants program, and MakerDAO exploring a fork of Solana's codebase and establishing a formula for a SparkDAO airdrop; along with votes from Aave to increase GHO's borrow rate, and dYdX adopting V4 as the next version of dYdX and DYDX as the L1 token of the dYdX Chain.

Proposals

Lido (LDO)

Proposal: Lido on Cosmos Initial Deployment

Author: Spaydh

Summary: This proposal outlines the implementation and roadmap of bridging wstETH to the Cosmos ecosystem.

Key Points:

- There has been notable demand for bridging wstETH to the Cosmos ecosystem which if not coordinated correctly, could lead to long-term issues for wstETH and Lido on Cosmos.

Specifically,

- Canto bridging wstETH via a custom fork of the Gravity Bridge
- Injective looking to bridge wstETH via Wormhole
- Osmosis and Axelar are planning to bridge wstETH via Axelar
- Such uncoordinated efforts could lead to vendor lock-in, liquidity fragmentation, technical debt, and uneven security.
- To solve these issues, Lido contributors are working with Hadron Labs (a core contributor to Neutron) to propose a unified bridging solution for wstETH to Cosmos.
- The initial bridge mechanism will use Axelar and a "wrapper contract" to handle the bridging of wstETH in Cosmos.
- The "wrapper contract" will allow bridge providers to be added, removed, or replaced upon the request of the Lido DAO to adhere to its security criteria and long-term bridging vision while avoiding liquidity fragmentation and technical debt.
- A multisig of Cosmos ecosystem contributors will initially own the contract until the contract's ownership can be transferred to the Lido DAO's Arragon smart contracts on Ethereum.
- This will happen once cross-chain governance has been implemented.

Our Take: Ensuring there is a single recognized and supported version of wstETH across Cosmos is super important for security, user experience, reduction in technical debt, and effectiveness of growth efforts.