

# LSTs and LRTs: Is restaking the new staking?



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4<sup>th</sup> Annual CBER Forum Conference  
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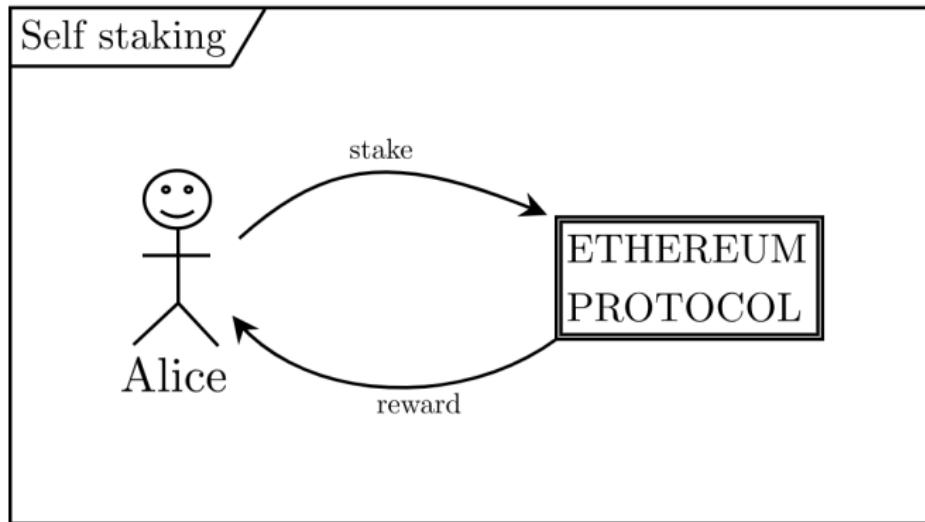
# Outline

- Staking
  - ◊ Self staking
  - ◊ Delegated staking
- Restaking
  - ◊ Self restaking (native)
  - ◊ Delegated restaking (native)
  - ◊ Self restaking (non-native)
  - ◊ Delegated restaking (non-native)
- Liquefaction
  - ◊ Slashing
  - ◊ Restaking & Slashing (reslashing?!)
  - ◊ Liquid Staking Tokens
  - ◊ Liquid Restaking Tokens
- Modern staking



# Staking

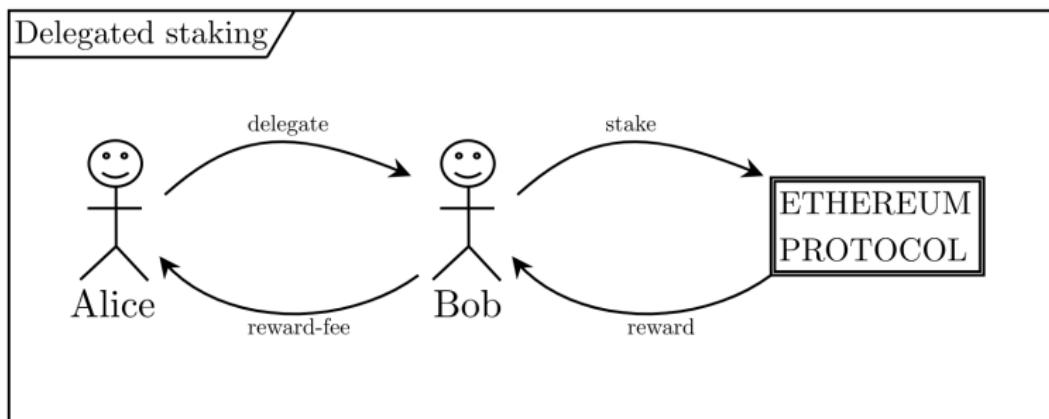
## *Self staking*



- Staking is (i) an anti-Sybil mechanism, and (ii) collateral-at-risk to enforce protocol rules.

# Staking

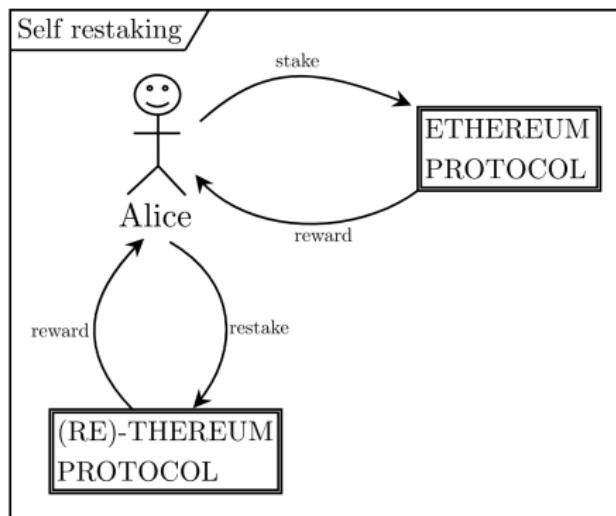
## Delegated staking



- Alice *delegates* the task of interacting with the protocol to Bob, who does so for a fee.
- There exist many “modes” of delegation with different levels of trust: e.g., (i) custodial, (ii) non-custodial but DAO-governed, (iii) trust-minimized.

# Restaking

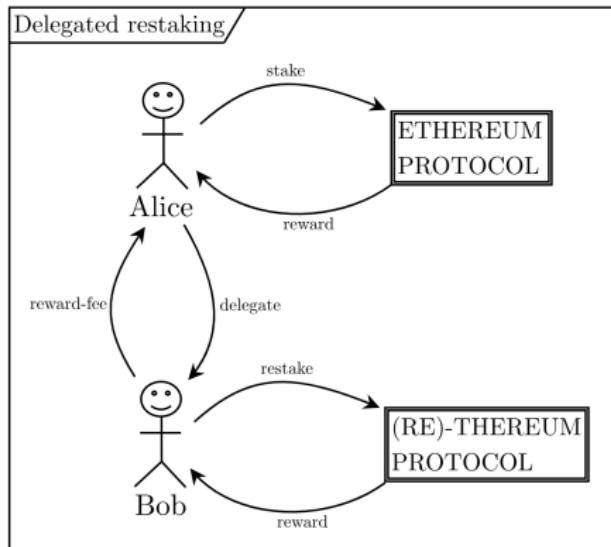
## *Self restaking (native)*



- “Restaking”, as originally defined, reuses the same capital in another protocol – e.g., (RE)THEREUM.
- The capital is further “encumbered” by additional protocol rules.

# Restaking

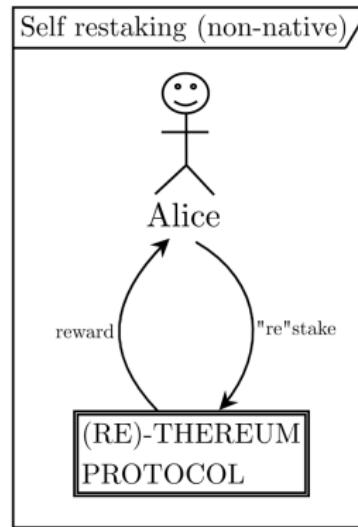
## Delegated restaking (native)



- Under delegated restaking, the stake is accountable for the actions of *two* people under *two* different protocol rules.
- This model is dubbed “native” because Alice is still interacting with Ethereum directly (... \*hint hint\*).

# Restaking

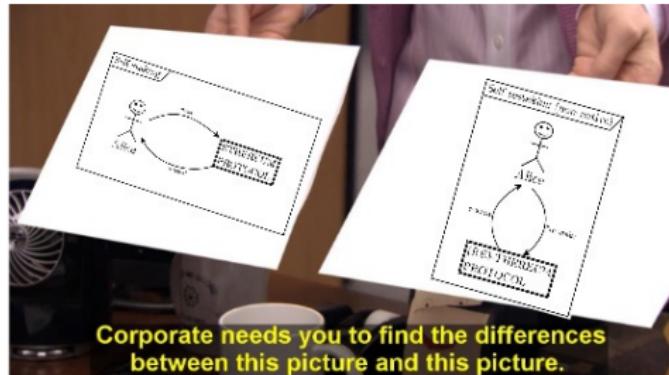
## *Self restaking (non-native)*



- Alice could just “re” stake non-native tokens directly with (RE)-THEREUM.
- Now a restaking platform becomes a “marketplace for decentralized trust” (a.k.a. a place to buy & sell stake).

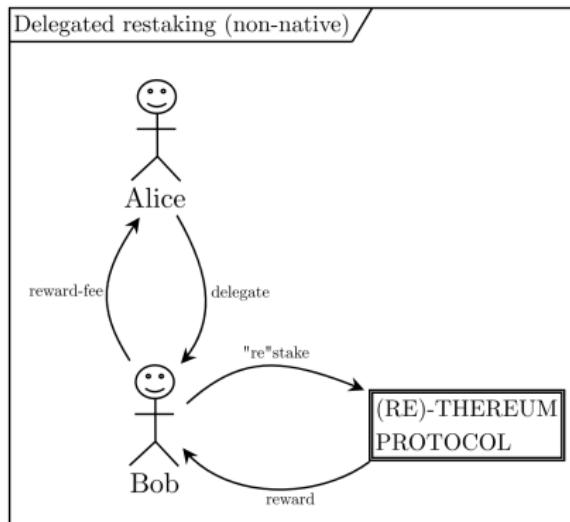
# Restaking

*meme*



# Restaking

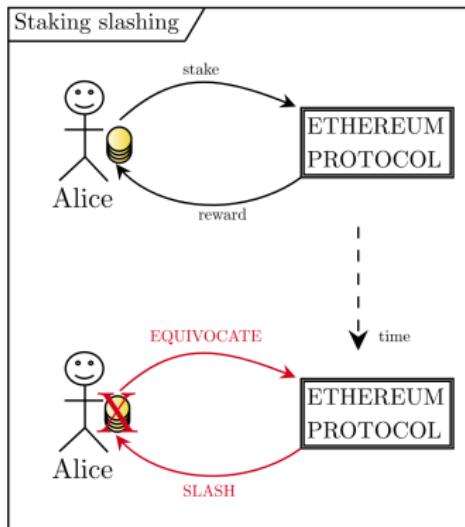
## *Delegated restaking (non-native)*



- o ... this looks a lot like regular delegated staking.

# Liquefaction

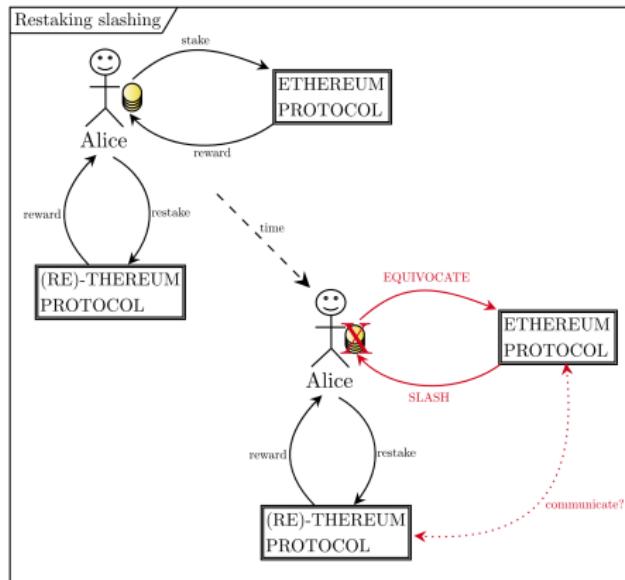
## *Slashing*



- Recall that stake is “collateral-at-risk” to provide *accountability* (the protocol’s “stick”).
- Under normal staking, slashing is quite well understood.

# Liquefaction

## Restaking & Slashing (re slashing?!)



- Even in the simplest restaking model, slashing can get quite tricky...
- Especially when “slashing violations” are not necessarily objective.

[https://github.com/Layr-Labs/whitepaper/blob/master/EIGEN\\_Token\\_Whitepaper.pdf](https://github.com/Layr-Labs/whitepaper/blob/master/EIGEN_Token_Whitepaper.pdf)

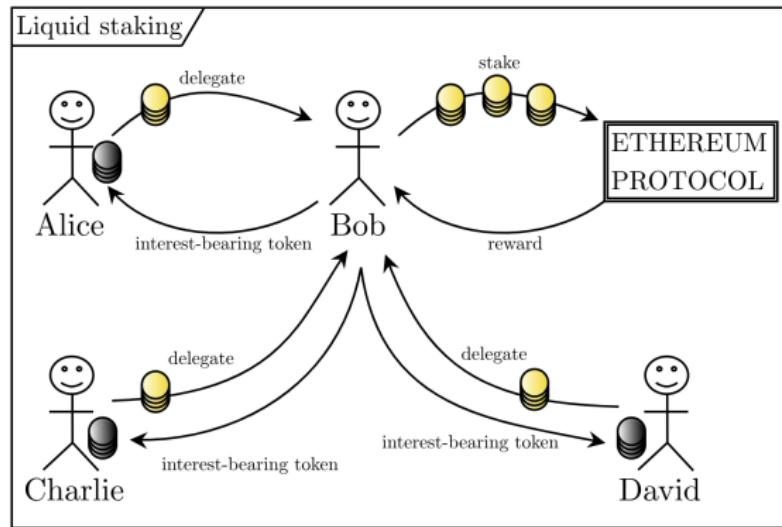
## Meme 2

no



# Liquefaction

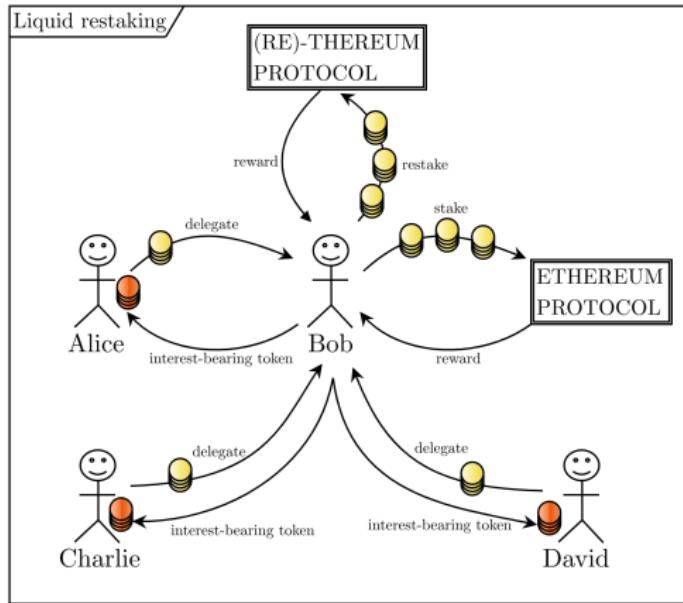
## Liquid Staking Tokens (LSTs)



- Bob issues interest-bearing tokens to those delegating; the fungibility of this token depends on Bob's actions (the slashing risk is spread across holders (and anyone who relies on the value of the liquid derivatives (e.g., someone who issues a loan against them))).

# Liquefaction

## Liquid Restaking Tokens (LRTs)



- Bob issues interest-bearing tokens to those delegating; he still underwrites the fungibility but now the stake is encumbered by multiple sets of slashing conditions.

# Modern Staking

## *State of Staking*



- 26.5% of the Ether supply staked ( $\approx 32 \text{ mm ETH} \approx 100 \text{ bn USD}$ ).
- $\approx 50\%$  stake share for top 5 entities.
- 40% of ETH in LSTs/LRTs, 71% of LST share in Lido.
- $\approx 16 \text{ bn USD}$  in Eigenlayer (5/8 of which is in LRTs).

thanks! :-)

