(The examples included therein illustrate an idea of possible use cases of rETH. Keep in mind that these are currently only hypothetical ideas, and it is quite possible that some ideas are realistically impossible to implement)

**GM**

RocketPool is the most decentralized and trustless staking protocol ever built on Ethereum. As opposed to staking the default way; RocketPool has a lower financial barrier to entry and users receive the staked ETH wrapper token rETH which is fully composable in the wider DeFi ecosystem, while accruing value from ETH earned through ETH2 staking.

Compared to other staking protocols like Lido Finance and centralized staking-as-a-service (SaaS) providers like Coinbase, the rETH wrapper token is a trust and risk minimized,natural building block for the next evolution of Ethereum.

**What rETH is and Why It Is Good For You**

Users that stake with Rocketpool receive rETH, which is Rocketpool’s liquid token equivalent of staked Ethereum.

rETH can be traded back for ETH + rewards at any time if there’s liquidity in the deposit pool, even before withdrawals are enabled on ETH2!

Just by holding rETH, you automatically accrue staking rewards based on the performance of the Rocketpool protocol which; due to the Rocketpool tokenomics, gives you more rewards than if you were to run a native ETH2 validator. Due to these increased incentives; on a long enough time frame it is safe to assume staked ETH on Rocketpool will comprise a vast majority of the validators on the consensus layer.

In such a scenario rETH would be the default wrapper token to be utilized in DeFi due to the inherent reward mechanism baked into the protocol, and it’s trustless nature.

The beauty of our beloved wrapper token is that you can participate in Ethereum consensus while still being liquid. Therefore, users can use rETH in DeFi the same way that ETH can be used, but with the added value that comes from staking.

Moreover, it doesn’t have the disadvantages of being an ETH2 validator (Apart from the great POAPs), as you have no hardware to maintain and data connectivity you have to worry about.

rETH can be used in dApps from lending protocols and decentralized exchanges, to yield aggregators, and even derivatives on platforms that haven’t even been conceived yet. Let’s start with…

**Liquidity Pools(Yield on Yield on Yield)**

\*xzibit meme here\*

One of the main ways in which stakers can use rETH is to combine it with the normal ETH token in a liquidity pool through a dApp such as Curve Finance or Sushiswap, which would allow liquidity providers to simultaneously accrue trading fees, liquidity mining rewards, as well as base rETH staking rewards.

Any LP APY would have to be at the bare minimum as much as the base staking rewards and with incentives could even be multiples of what you would otherwise get running an Ethereum validator.

**Lending Protocols (Enabling Max Degeneracy)**

rETH permits users to borrow assets while simultaneously accruing ETH2 rewards while being staked as collateral on lending protocols such as MakerDAO or Aave.

This could allow users to take out a loan that is, in essence, constantly paying off itself. If there is disproportionate demand to borrow rETH, suppliers can also earn yield on their rETH as well, earning the Eth2 rate simultaneously with the variable lending rate.

**How does this work?**

To be used as collateral, ETH must be wrapped, opening up an added layer of efficiency and DeFi composability in relation to yield farming and borrowing.

Using rETH as collateral allows for advanced composable yield farming strategies where a natively yield bearing asset can be used as collateral for an ETH loan.

The ETH can be swapped right back for rETH to add to the existing collateral as a sort of leveraged long position with self repaying margin fees.

Price fluctuations of the underlying collateral asset will still play a large role in determining a user's health ratio and liquidation risk. Although, this *theoretically* allows users - who stake rETH as collateral while borrowing a position - to gradually improve their position’s health ratio while diminishing the possibilities of any unwanted liquidations.

**Yield Aggregators**

Aggregators like Yearn and Harvest can use rETH in their yield farming strategies as an additional yield layer on top of their current yield farming to obtain the highest yield possible for their users.

These strategies can utilize a variety of other protocols to generate this high yield, such as farming through liquidity mining incentives, earning yield through lending protocols (discussed above), earning yield through native protocol staking, etc.

**Derivatives**

Synthetic-issuing protocols may allow rETH to be used as collateral to mint derivatives, similar to how lending protocols function. In this case, users will mint a synthetic liquid asset that tracks the performance of the underlying asset that can even be unrelated to DeFi (eg. Gold, Carbon Credits, TSLA).

Since synthetics have infinite liquidity, synthetic ETH can be pooled with rETH to allow for low slippage trades between the two assets. Synthetic swaps would allow for cross-asset trades between rETH to any supported derivative, with maintenance fees taken out of the base reward.

**Moving Forward**

Through the incentives given to stakers by Rocketpool, and future versions of zk-rollups where tx fees can be denominated in ERC-20 tokens, rETH may very well become the primary base token for DeFi when considering it’s advantages over plain ETH or WETH; both as a yield bearing asset, and as a tool to increase efficiency in other protocols.