

4 November 2024



Investment Thesis Lido DAO LDO

Basic Information

Token type	Governance Token
Price	\$0.93
GCCS Liquid Staking Classifcation	, Decentralized Finance, Governance Token
Sector	Decentralized Finance

Source: CoinGecko, Data as of November 4, 2024

Key Metrics

Price Range (1Y)	\$0.91 - \$3.78
All-Time High	\$7.30
All-Time High Date	August 20, 2021
Down From All-Time High	87.26%
Market Capitalization	\$1.11B
Volume (24h)	\$348.33M
Circulating Supply	895.72M LDO
Max Supply	1B LDO
Total Value Locked (TVL)	\$26.05B
Annualized Protocol Revenue	\$822M

Source: CoinGecko, DeFiLlama, TokenTerminal Data as of November 4, 2024

Overview

Lido DAO is a liquid staking protocol operating on various Proof-of-Stake (PoS) networks, including Ethereum and Polygon. Lido simplifies staking by allowing users to deposit any amount of native tokens (e.g., ETH, MATIC, SOL) in exchange for stTokens (e.g., stETH, stMATIC), which earn rewards and can be traded or used in DeFi applications, offering liquidity absent in traditional staking. Lido takes a 10% share of staking rewards, making the protocol self-sustaining. Ethereum is Lido's top priority, and the protocol supports decentralization with over 35 independent node operators across diverse setups. Lido secures about 32% of staked Ether, preventing excessive centralization by centralized exchanges. Its mission is to ensure staking is accessible, decentralized, and secure while maintaining Ethereum's resilience against censorship.

- October 2020: Konstantin Lomashuk, Vasiliy Shapovalov, and Jordan Fish introduced Lido as a liquid staking solution for Ethereum accessible to all, regardless of their capital.
- In **December 2020**, Lido launched on Ethereum. A month later, the LDO token was distributed to govern all network decisions.
- Lido expanded to Solana in **September 2021** and to Polygon in **March 2022**.
- In May 2023, Lido V2 went live, enabling stETH withdrawals.
- In October 2024, Lido launched its Community Staking Module, reducing the requirements to become a validator from 32 to 2.4 ETH, while simplifying the process of becoming a solo validator

Key takeaways

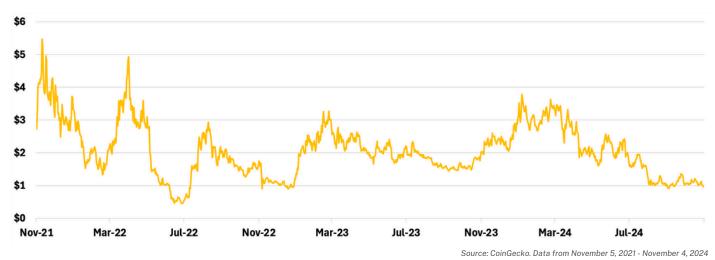
- Lido DAO dominates the liquid staking market, with a strong presence across multiple Proof-of-Stake networks.
- By offering stTokens (e.g., stETH, stMATIC) in exchange for staking, Lido combines staking rewards with liquidity, allowing users to trade or use their staked assets in DeFi applications, addressing the illiquidity of traditional staking.
- Lido supports decentralization through over 35 independent node operators and its recently introduced Community Staking Module, reducing barriers to becoming a validator to just 2.4 ETH.
- Lido charges a 10% fee on staking rewards to fund its operations, ensuring its sustainability and continued ecosystem growth.
- The May 2023 launch of Lido V2 introduced key features like direct stETH withdrawals and a streamlined validator onboarding process, making staking more user-friendly and flexible.

Risk factors

- **Centralization Risk:** Lido governs node operator onboarding via LDO token-holder votes, concentrating decision-making power and potentially hindering further decentralization.
- Principal-Agent Problem: Misaligned incentives between LDO token holders and stETH holders could create governance conflicts. The proposed LDO+stETH dual governance system may help address this issue, but it is not yet fully implemented.
- **Over-Reliance on Ethereum:** With Ethereum staking accounting for a significant portion of Lido's operations, the protocol's performance is tightly linked to Ethereum's success.
- **Regulatory Uncertainty:** The protocol faces potential scrutiny due to its dominance in Ethereum staking, which may draw regulatory attention.

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Price Performance



Total Value Locked



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