

Table of Contents

Introduction	1
The Product	2
Go to Market Strategy	3
Competitive analysis	4
Proposal Details	4
Technical Overview	
Operator Selection	
Withdrawals	
SSV Payments	
Project Plan	6
Milestones	
Milestone Allocation	
Open Source	7

Dexponent <>SSV Grants Proposal

Status: Final

Last update: 2024/07/02

Slide deck: <https://docsend.com/view/hj567cyth9mf8bu6>

Slide password: alot@stake

[Dexponent] [DVT as service] Predefined Grant Application

Section 1: Introduction

Dexponent is an institutional liquid staking platform (LIDO for institutions with no counterparty risk). Liquid staking is a rapidly growing market and the most profitable products currently in the web3 ecosystem and will continue growing in step with the ETH and other PoS ecosystem growth.

With the innovative and compliant, cIEth liquid staking token, institutions can trade, borrow and restake across the web3 ecosystem while their staked ETH earns rewards by providing security to the ETH ecosystem. Dexponent takes away compliance risk, governance risk and to some extent the centralisation risk that protocols like LIDO contain.

Additional Info: We follow compliance standards set by FATF, MAS, FINMA and FSA around KYC and AML checks on connected wallets. The innovation in our LST is very similar to how USDC operates such that minting and redemption only happens at our smart contract and only for wallets/endpoints which have passed KYC/AML checks.

Founders are serial entrepreneurs (last exit to Klarna) who have been building in both Web3 and Traditional Finance, and have worked with institutions across Japan, UAE and SEA for the last several years. Due to their unique experience in both Web3 and traditional finance, and strong presence across Asia, they have a strong execution capability in this region and use that as a MOAT to capture markets and liquidity globally.

Additional Info: Currently there are 7 developers and our CTO building this product. The LinkedIn is updated for Biz Dev members as they are the ones generally facing clients and need to have LinkedIn updated.

Section 2: The Product

A user onboarding to Dexponent platform

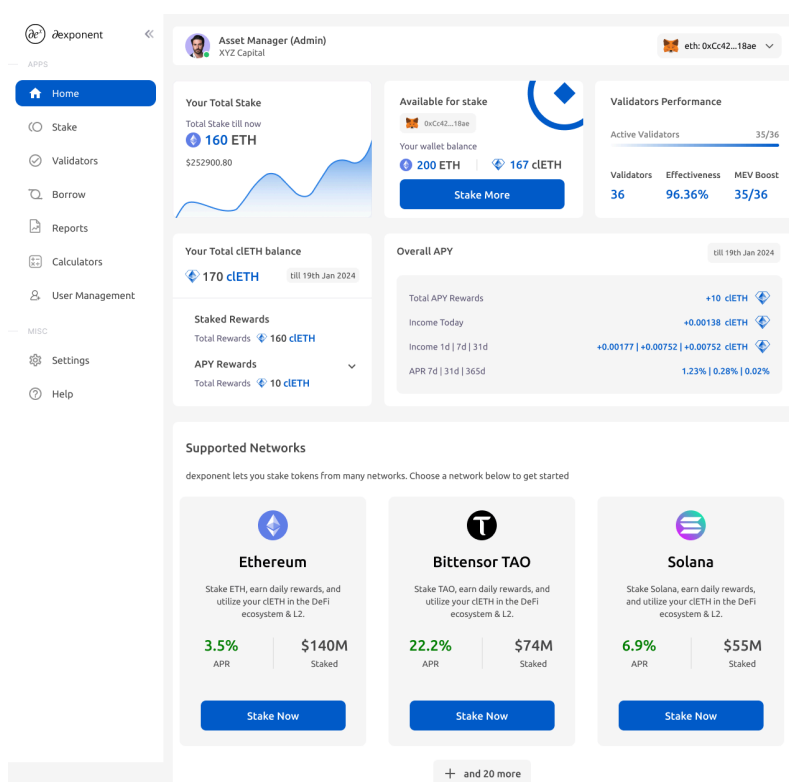
1. Easy KYC and onboarding
2. Connect wallet or custodian
3. Stake Eth with your chosen operator
4. Get cIEth tokens in your wallet
5. Trade, borrow, lend or restake eth

**cIEth is an interest bearing token based on claim mechanism

Additional Info: cIEth works very similar in its interest bearing mechanism to stETH. Rewards accrue in the form of cIEth (generated by the network APY), the longer cIEth is held in the user wallet. These are redeemed when the user redeems them using a claim.

USP:

- Non custodial



- No counterparty risk
- KYCed fully compliant staking smart contracts
- Fully collateralized and insured(1cIEth=1Eth)

Section 3: GTM and Competitive analysis

Overall, our GTM strategy revolves around strategic partnerships, regulatory compliance, and enhancing the utility of our platform through integration with key players in the staking and institutional space. By executing on these initiatives, we aim to position ourselves as the preferred liquid staking platform for institutional investors in Asia, driving significant liquidity and growth in the process.

1. Partner with Core Custodians, VASPs, and Asset Managers:

We are establishing strategic partnerships with reputable custodians, Virtual Asset Service Providers (VASPs), and asset managers across Asia. These partnerships enable us to offer structured staking products specific to the needs of institutional investors. By leveraging the expertise and infrastructure of these partners, we can provide institutional-grade custody solutions, seamless staking operations, and access to a diverse range of staking assets.

2. Partnering with Local Validators and Infrastructure Companies:

In order to ensure regulatory compliance and localized support, we will collaborate with local validators and infrastructure companies in key Asian markets. By forming partnerships with these entities, we can facilitate the onboarding of institutional clients onto a regulated validator network. Additionally this positions Dexponent as a secure and reliable staking platform.

3. Increase Utility through Partnerships with RWAs, Tokenization Projects, and Stablecoin Issuers:

Expand the utility of cIEth token by forming strategic partnerships with Real World Asset (RWA) providers, tokenization projects, and stablecoin issuers. By integrating these partners' assets and services into our ecosystem, we can offer additional opportunities for staking and investment diversification

4. Core Protocol Integrations with MakerDAO, AAVE, etc.

To further enhance the utility and interoperability of our platform, we will pursue integrations with core DeFi protocols such as MakerDAO, AAVE, Compound. Integrating with these protocols, we can enable collateralized staking (e.g., cIEth) and provide institutional clients with access to additional liquidity and borrowing/lending opportunities.

Competitive analysis

At present we have one competitor- **Alluvial**(US and Europe focussed) which has raised \$12Mn.

Additional Info: *We found cbETH and uniETH as well. Both had lower adoption than LsETH. We also had feedback from asset managers and funds providing stETH strategies, that they were looking to switch to a more compliant solution and LsETH came up but was not suited for institutional users especially in Asia and MENA and they especially had compliance issues with its cToken model due to the price variation and lack of transparency.*

Target Audience: Alluvial offers API based solutions to clients which is complex to use for institutional investors. In comparison Dexponent, offers full tech stack as well a simplified UI to keep onboarding to DeFi products easy for users. Additionally, Alluvial operates primarily in the US market and Dexponent caters to institutional investors in APAC

Additional Info: *There is an API offering by Dexponent and our partners are currently using it as well. Documentation is underway but currently we are working closely with the partners so hasn't been an immediate priority.*

Differential Core Offerings: Unlike Dexponent, Alluvial does not offer money market solutions and restaking opportunities which limits the utility of Alluvial to staking and limited returns.

Risk Mitigation: Alluvial uses high risk cToken model instead of our aToken model which is 1:1 ETH pegg

Additional Info: *Institutions prefer 1:1 ETH pegged LST similar to Lido due to its transparency and easy accountability. Also, institutions don't care for a new token with new risks, and having a aToken model helps them earn the rewards in ETH rather than a new token with a rebase model and difficult to predict rewards.*

Section 4: Proposal Details

We are primarily interested in SSV's DVT's based node operations. We are proposing to integrate Distributed Validator Technology to our institutional clients for completely non-custodial, distributed risk and slashing risk free staking operations. This impacts in optimizing investment returns for clients and in return helps bring in liquidity, increasing TVL on SSV network

Technical Overview:

Part 1: User Onboarding on Dexponent

1. Login to Dexponent platform and connects wallet
2. Completes KYC Verification process
3. Complementary SSV tokens credited to user wallet by Dexponent
4. Wallet contains required Eth to stake+SSV tokens in his wallet

Additional Info: As the user has to have SSV tokens for selecting the validators the first time with SSV DVT enabled, Dexponent will be pre-funding their wallets for a smoother user experience. It also happens inside the Dexponent Dapp.

Part 2: Staking and set up validator node

5. Select amount of Eth to stake
6. Choose DVT service for selecting validator (SSV, by default)
7. Select the cluster of operators to manage your validator.
8. Add SSV tokens credited by Dexponent to your account to facilitate transaction fees
9. Provisioning and funding request by SSV followed by generating validator keys
10. Splitting validator key amongst cluster of selected operators
11. Retrieve cluster's latest snapshot data.
12. Signal cluster to operate by registering validator to the network
13. cIEth tokens in 1:1 of Eth deposited in user wallet
14. Starts accruing rewards for validator task and cIEth utility

Additional Info: For some of the existing node operators, we can't enforce SSV selection due to the SLA and institutional approvals required. SSV will be offered as the default on our dapp for DVT and DKG. We will commit to DKG for Key generation and key security

Part 3: Rewards generation and transaction/ gas fees

User generates rewards via

- 1) Via trading, borrowing, lending cIEth token- cIEth tokens accrued in user wallet
- 2) Via transactions validated on Ethereum network: Eth rewards accrued in user wallet

Fees

- 1) Validator's operational costs- Paid in SSV
- 2) Network Fees- Paid in SSV

Wallet Balance: $\text{Eth(staked)/cIEth(staked)+rewards(cIEth+Eth)-costs(network+operator)}$

Part 4: cIEth and SSV conversion using oracle price feeds

cIEth is pegged to Eth in 1:1. Swapping cIEth and SSV tokens would enable user to top up SSV for maintaining balance to cover operational costs and network fees or, if the user chooses to convert SSV rewards to cIEth

Part 5: Unstaking/withdrawal and settlement- From user POV

1. User triggers request to withdraw staked Eth in his/her Dexponent account
2. Dexponent's smart contract triggers SSV's smart contract for withdrawal request
 **(While the withdrawal requested amount is settled to user by Dexponent upfront, the settlement flow between SSV and Dexponent is explained in Part 6)
3. Balance amount is calculated as, $w=\text{Eth(deposited)+Eth(rewards)+cIEth+SSV}$
4. Swap SSV to cIEth
5. Dexponent burns cIEth and unlock staked Eth

6. Liquidity partners transfers Eth to user wallet

Part 6: Post user withdrawal settlement between SSV and Dexponent

1. User triggers "Balance" withdrawal request on Dexponent account
2. Dexponent's smart contract triggers SSV's smart contract for withdrawal request
3. SSV's smart contract deposits staked Eth in the Dexponent's smart contract wallet

Partnership to have a few select Operators for testing and reward them with cIEth

Additional Info: *This is regarding the partnerships with the local validators and Asian infrastructure providers. We have MoUs with several of these providers and system integrators in Japan, UAE, UK and Hong Kong at the moment.*

Answered in Tech Overview

-Operator Selection: Describe how you plan to select the operators to manage the service's validators.

-Withdrawals: Describe how you plan to handle user withdrawals (pre and post withdrawals are enabled).

-SSV Payments: If relevant, outline how you plan to manage the facilitation of fees charged by the network and its operators.

Section 5: Project Plan

Outline your project milestones with a breakdown of objectives and deliverables - please include references to your integration phases of SSV **testnet** and **mainnet**.

Milestones			
1	MVP Design + UX	<ul style="list-style-type: none"> • Low-Level technical specifications document • Frontend UI mockups 	Already done, UI needs to be updated with SSV DVT options
2	Testnet Integration	<ul style="list-style-type: none"> • Dapp frontend • Contracts deployment on Goerli • SSV testnet integration 	3 weeks
3	Mainnet Integration	<ul style="list-style-type: none"> • Smart contract audit 	2~4 weeks
4	TVL target reached	<ul style="list-style-type: none"> • Documentation • SSV mainnet integration • Product launch • Business Development and Marketing to attract liquidity and increase awareness 	6 weeks

Additional Info: *We have ongoing conversations at the moment for smart contract audits. Estimated times are from our partner company.*

Payments State the total sum of funding you are requesting to develop this grant.

Terms: Grants are paid 100% in SSV on a 7-day moving average. **\$ 50K**

Milestone Allocation Outline payment allocation per each milestone. *Please note that the mainnet milestone must represent at least 30% of the funding allocation.*

Milestone	Amount	Date
<i>Testnet Integration</i>	<i>\$10,000</i>	<i>30th March, 2024</i>
<i>Mainnet Integration</i>	<i>\$15,000</i>	<i>10th May, 2024</i>
<i>TVL target reached</i>	<i>\$25,000</i>	<i>30th June, 2024</i>
Total	\$50,000	

Section 6: Open Source

Indicate which components of your product will be open source and under which license (e.g. MIT).

All our smart contracts will be open source and MIT licensed for all blockchains

Feedback from the committee

The grant committee approved our proposal after several clarifications mentioned as Additional Info in the document and found our proposal very professional, on-point, and in our vision's sole interest. Both the committee are very excited about our project and our future collaboration.