Unification (FUND) Liquid Staking Derivating Grant Proposal - Phase 1

Authors

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Summary

Creation of a liquid staking derivative for FUND on Ethereum. This would bring staked FUND to ETH as an ERC20 token that could be traded on Curve.

Background and Motivation

As the validator with the largest stake on Unification, I am very interested in increasing the reach and liquidity of our network. Recently, the gravity bridge has enabled trustless transfers to ETH, with liquidity making it the best place to buy and sell on any exchange.

However, all of this FUND is unstaked, cannot take part in governance and is not earning yield.

Objective:

My goal is to create a new Ethereum based liquid staking derivative for **FUND** using the same model that Frax has used to great success. This would create two new assets **aFUND** and **sFUND**.

aFUND is a stablecoin pegged to **FUND**. It receives no staking rewards, however, it does receive incentives distributed through Curve by providing liquidity to the **FUND/aFUND** pool.

sFUND is received by depositing **aFUND** in an ERC-4626 vault. All of the native staking rewards go to **sFUND**.

90% of all **FUND** that is swapped into **aFUND** is transferred back to the native network and delegated to a new Big Boss Capital validator node. The node will charge a 30% commission fee. 20% or ⅔ of the commission rewards will be distributed to Curve LPs. 8% or ⅓ of the commission rewards will be considered revenue and used to maintain the LSD functionality and pay for continuous audits. 2% will go towards an insurance fund. The remaining 70% earned by the validator is distributed to the **sFUND** vault.

The 10% remaining **FUND** not used for staking is added to Curve with **aFUND** to create liquidity.

We will create a new validator for the project, to be named. The maximum delegation for any 1 validator will be 2.5m FUND. New validators will be added once the cap is hit.

More information can be found in the Frax Docs.

Project development will be split into 3 parts.

Phase 1 - Development and deployment of contracts to test and mainnet

Phase 2 - Auditing + Legal

Phase 3 - Launch + Incentives

Goals/Deliverables

- Create liquid staking derivative for FUND.
- Create FUND/aFUND LP pair on Curve and apply for Curve/Convex gauges

Additional goals

These are goals which require integration into other DeFi apps, and which can be supported by the FUND community as a whole:

- aFUND/sFUND added to lending protocol
- Unlocking external opportunities through interoperability

Team

Samuel McCulloch - Big Boss Capital validator
Jack Corddry - Frax Core Dev responsible for FrxETH creation
Steven D'Agostino - Founder responsible for Marketing and Team Operations
Joshua Satterfield - Co-Founder | All things development & design
Ben Foley - Co-Founder | Developer & product manager
Sam Latouf - Partnerships & BD

Budget

Phase 1 - 25,000 FUND

Phase 2 - 40,000 FUND

Phase 3 - TBD

To prevent any sell pressure on FUND, the grant will be converted using a 1 tick wide Uniswap V3 LP. FUND will be added single sided and the LP will be removed once it's fully swapped to ETH or USDC.

Proposal

Yes - Authorize Big Boss Capital 25,000 **FUND** from community treasury to build FUND LSD
No - Do Nothing