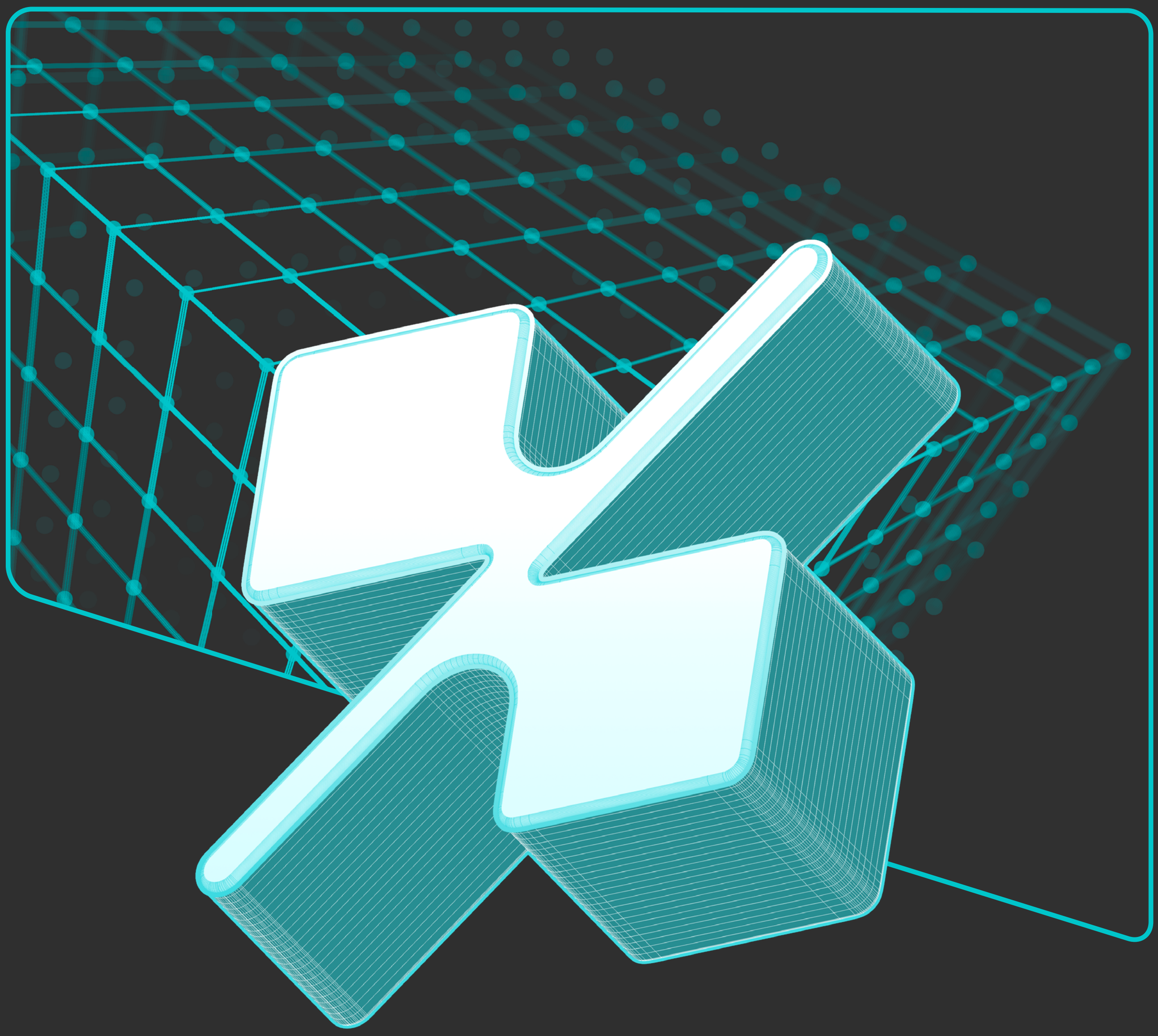


DLResearch × yieldbasis

YieldBasis

The Future of Bitcoin Yield

YieldBasis

The Future of Bitcoin Yield

Introduction

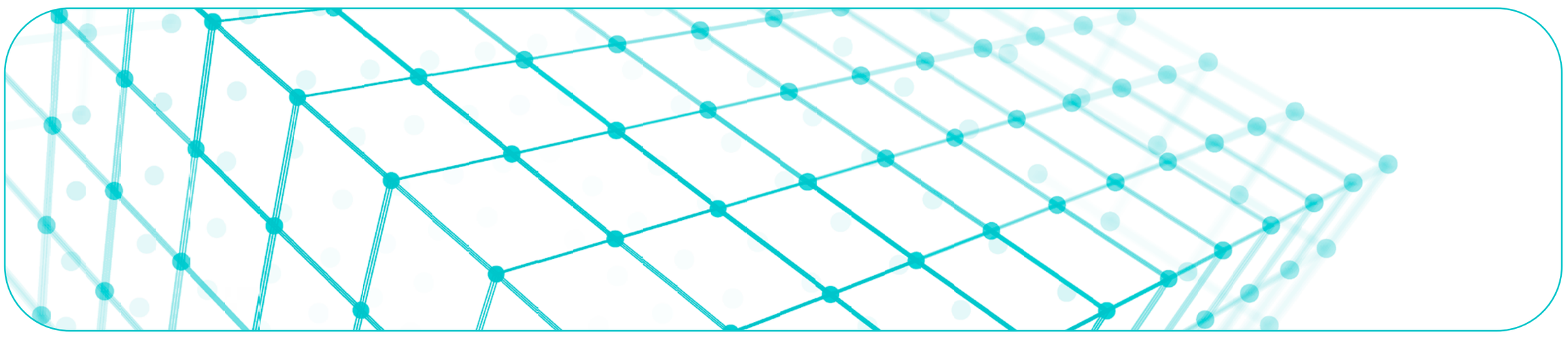
Decentralised exchanges are a critical component in DeFi, allowing assets to trade seamlessly without centralised order books. Yet despite their role as a foundational layer, automated market makers (AMMs) have struggled to scale as institutional-grade venues for liquidity. The structural cost of impermanent loss has consistently undermined returns, with empirical data showing that most liquidity providers underperform the simplest possible benchmark: holding their assets.

Many improvements have been attempted, such as concentrated liquidity strategies, which have improved efficiency at the margin but remain extremely complex to operate and still suffer from technical frictions like loss-versus-rebalancing (LVR).

In practice, most pools rely on incentive schemes to offset these structural losses. While incentives may temporarily compensate providers, they add yet another layer of risk: for retail users, the promise of double-digit yields is often tied to volatile assets, for protocols, subsidies become an ongoing expense to maintain liquidity and for institutional allocators, this model is fundamentally unacceptable. Capital cannot be deployed into structures that rely on external incentives while consistently lagging behind their benchmarks.

Here enters YieldBasis, a protocol designed to eliminate impermanent loss by restructuring how liquidity provision is built. Instead of requiring users to supply both sides of a pool, YieldBasis allows a single-asset deposit and automatically borrows the corresponding counter-asset to form a balanced position. The result is a systematically maintained leverage, ensuring that providers track the linear performance of the underlying asset while still earning trading fees.

In this report, we will explore why impermanent loss has remained the central barrier to capital deployment in AMMs and how YieldBasis proposes a structural solution. We then move from theory into practice, examining the mechanics of leveraged liquidity and its integration with Curve Finance. Building on this, we analyse the economic and governance design, assess the market potential across wrapped, restaked, and idle Bitcoin, and finally consider the key risks that must be addressed for institutional adoption.



The Problem: Impermanent Loss as a Barrier

Automated market makers (AMMs) have been a cornerstone of DeFi, providing continuous liquidity without centralised order books. But the very design that makes AMMs elegant also embeds a structural cost: impermanent loss.

For retail participants, impermanent loss often hides beneath the promise of double-digit yields. For institutional allocators, however, it is the single most important deterrent to deploying capital into liquidity pools. The inability to keep pace with simply holding the underlying assets has constrained AMMs from scaling as a serious venue for capital.

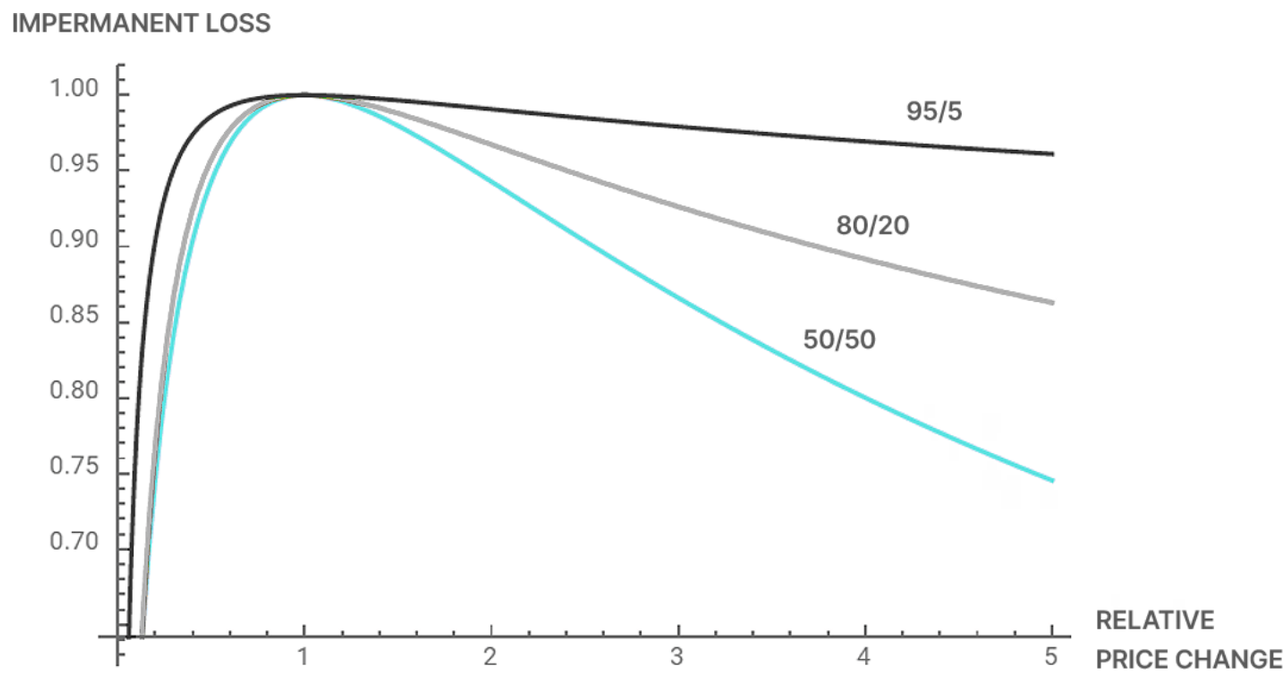
The Mechanics of Underperformance .

Impermanent loss (IL) occurs whenever the market price of assets diverges from the ratio held in an AMM pool. From that moment, the value of a liquidity provider's position underperforms in terms of its total value compared with simply holding the assets outright. This underperformance appears immediately once prices move away from parity, even if no further trades take place.

The cause lies in the design of AMM pricing curves. As prices shift, the combined value of assets in the pool increases less than it would through direct ownership, creating a structural shortfall for LPs. This is not the result of rebalancing or trading activity, but an inherent property of AMMs themselves. However, impermanent loss arises only when the pool moves away from parity, restoration of parity returns it to a state with no impermanent loss.

Because of this, impermanent loss is both unavoidable and persistent. It represents the built-in cost of providing liquidity: traders gain reliable access to markets, while liquidity providers accept the risk of underperformance.

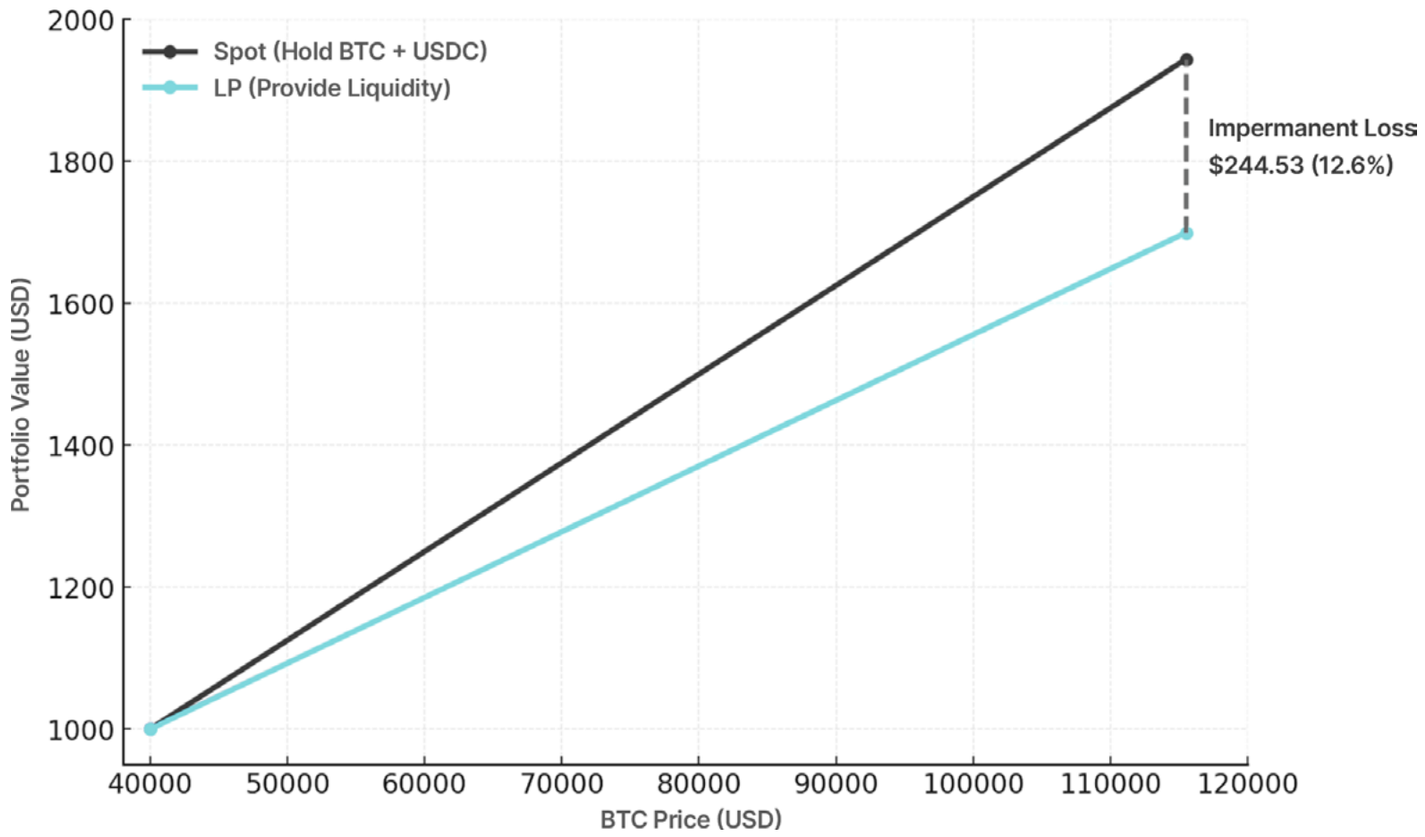
IMPERMANENT LOSS



Source: GoinGecko

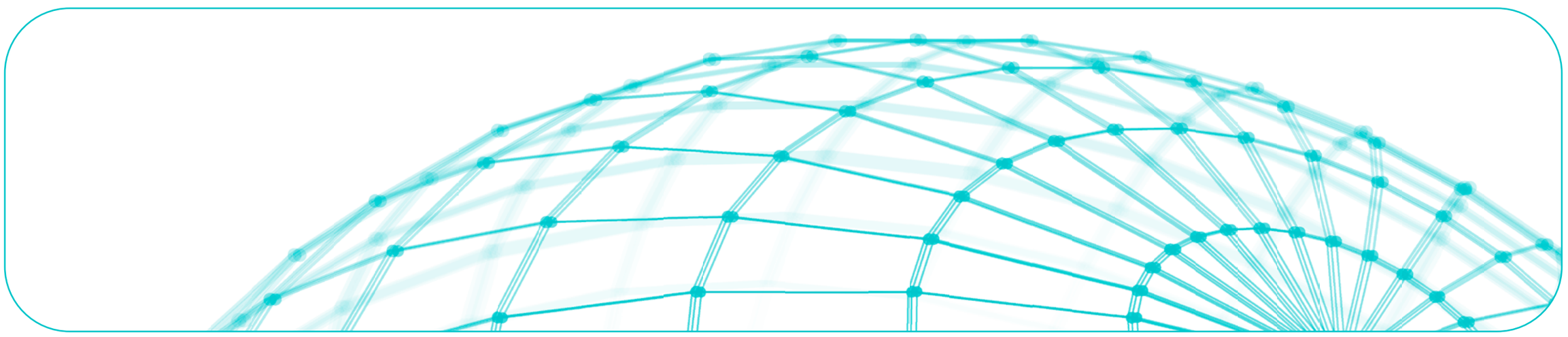
A simple example shows how this plays out. In January 2024, Bitcoin traded near $40,000. By September 2025, it had climbed to $115,508. An investor who deposited $500 of BTC (0.0125 BTC) and $500 of USDC into a BTC/USDC pool at the start of this period would now hold $1,699.32. If the same assets had just been held, the portfolio would be worth $1,943.85. The $244.53 difference, equal to a 12.6% shortfall, is impermanent loss becoming permanent underperformance.

SPOT VS LP OUTCOMES ON BTC/USD

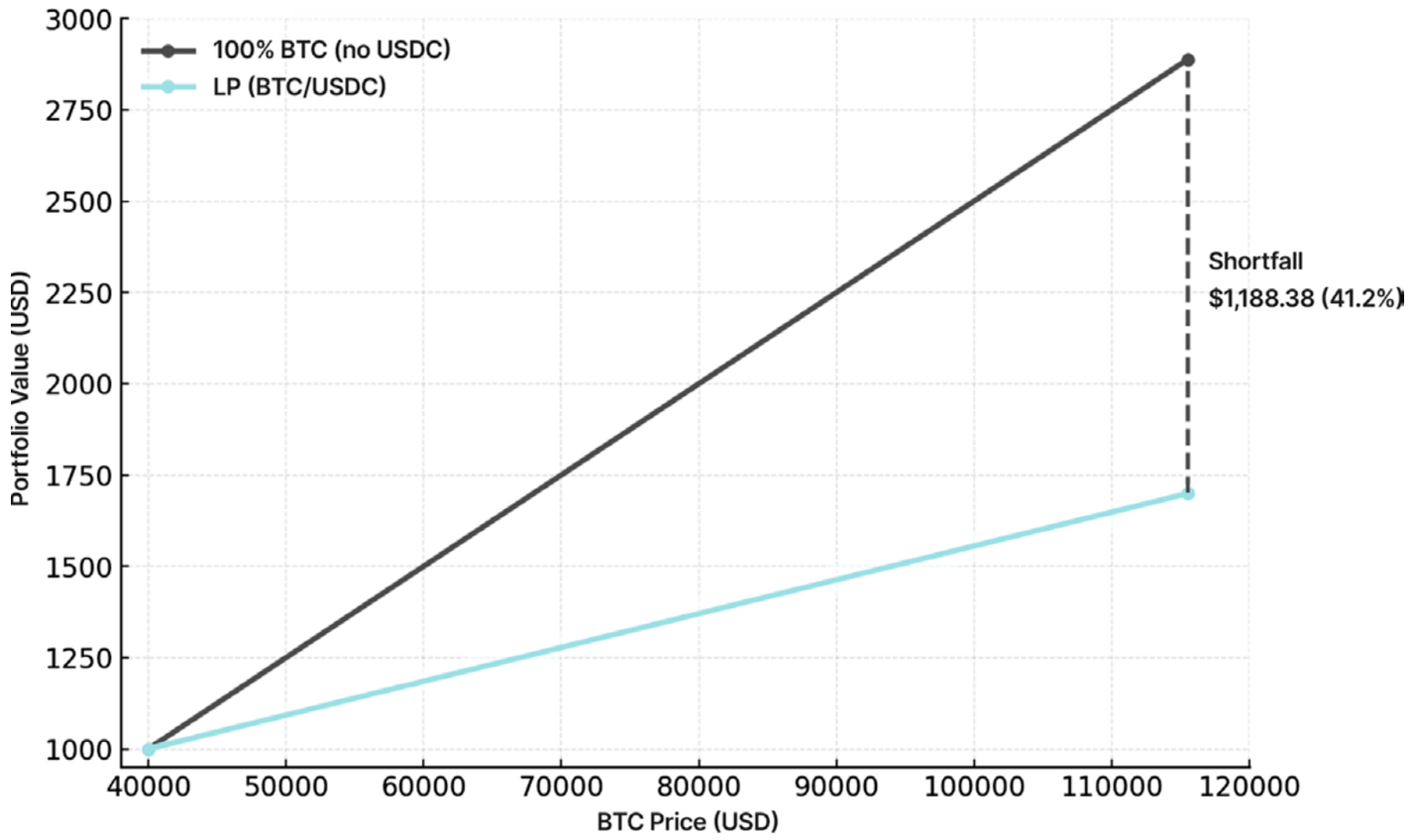


In theory, a pool that is perfectly balanced against the market shows no IL. In practice, though, this almost never happens. For most of the time, LPs face a shortfall: either they withdraw and lock in the underperformance, or they wait in the hope that the pool re-aligns. In this sense, IL behaves less like a temporary distortion and more like a persistent cost, one that fees must first cover before any real yield can be earned.

We can even go a step further. If instead of splitting between BTC and USDC, the investor had held the full $1,000 in Bitcoin, the position would now be worth $2,887.70. Against this outcome, providing liquidity looks even less attractive, with a shortfall of nearly $1,188, or more than 40%.



ALL-BTC VS LP OUTCOME ON BTC/USDC



Looking at current yield rankings for USDC/WBTC pools on DeFiLlama, it becomes clear how challenging this trade-off really is. Even the largest pools, such as Uniswap v3's WBTC–USDC 0.3% pair with over $100 million in TVL, offer base APYs in the range of 8–12%. At these levels, it would be nearly impossible to break even with the 12.6% shortfall from scenario one, let alone compete with scenario two, where holding all BTC delivered more than 40% superior performance.

YIELDS RANKINGS FOR TOP USDC/WBTC POOLS

Pool	Project	Chain	TVL	APY	Base APY
1 WBTC-USDC 0.3%	Uniswap V3		$116.2m	11.89%	11.89%
2 WBTC-USDC 0.05%	Uniswap V3		$3.27m	8.53%	8.53%
3 USDC-WBTC 0.3%	Uniswap V3		$2.7m	11.69%	11.69%
4 WBTC-USDC Uniswap	Beefy		$1.71m	17.47%	

Source: DefiLlama

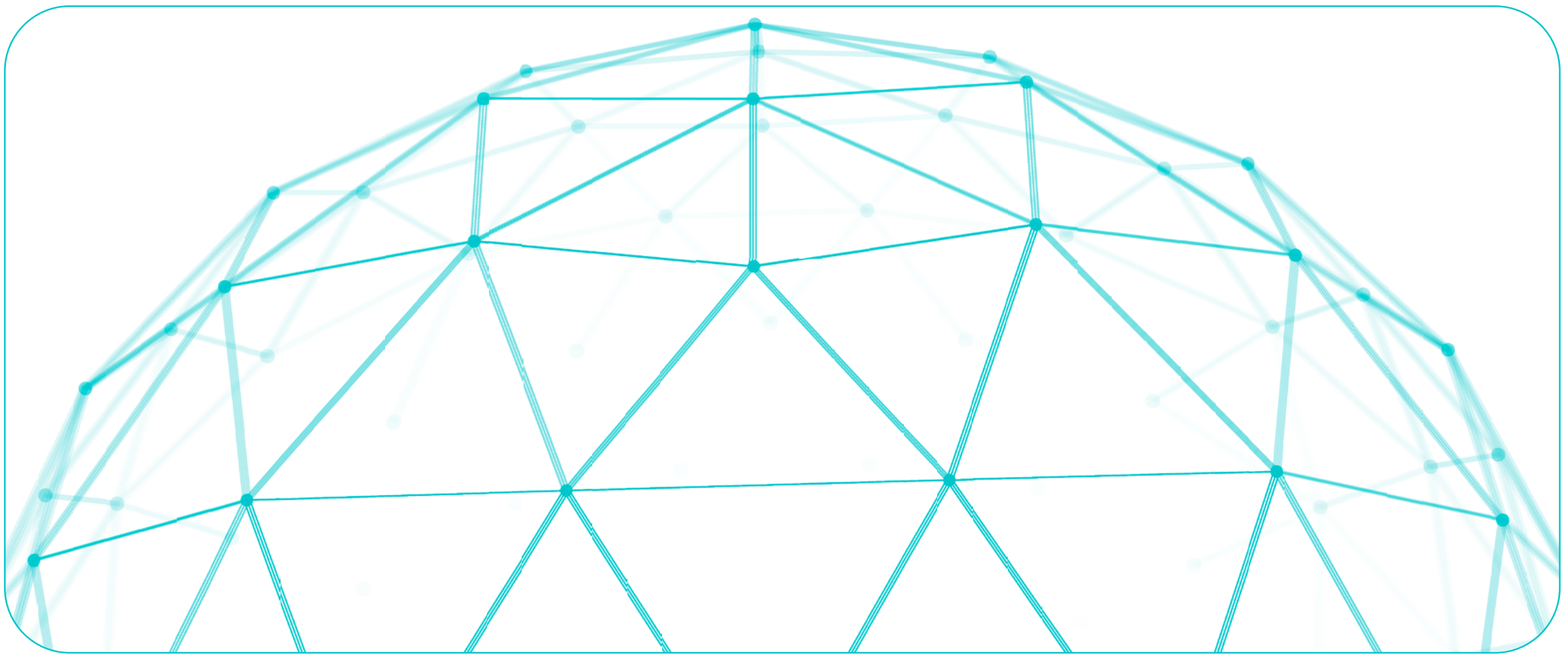
Empirical Evidence of Underperformance

And while you might think that the example above was just the result of cherry-picked data, you would be wrong. In fact, countless academic studies over the past few years have reached the same conclusion: for most participants, providing liquidity in AMMs has been an unprofitable business.

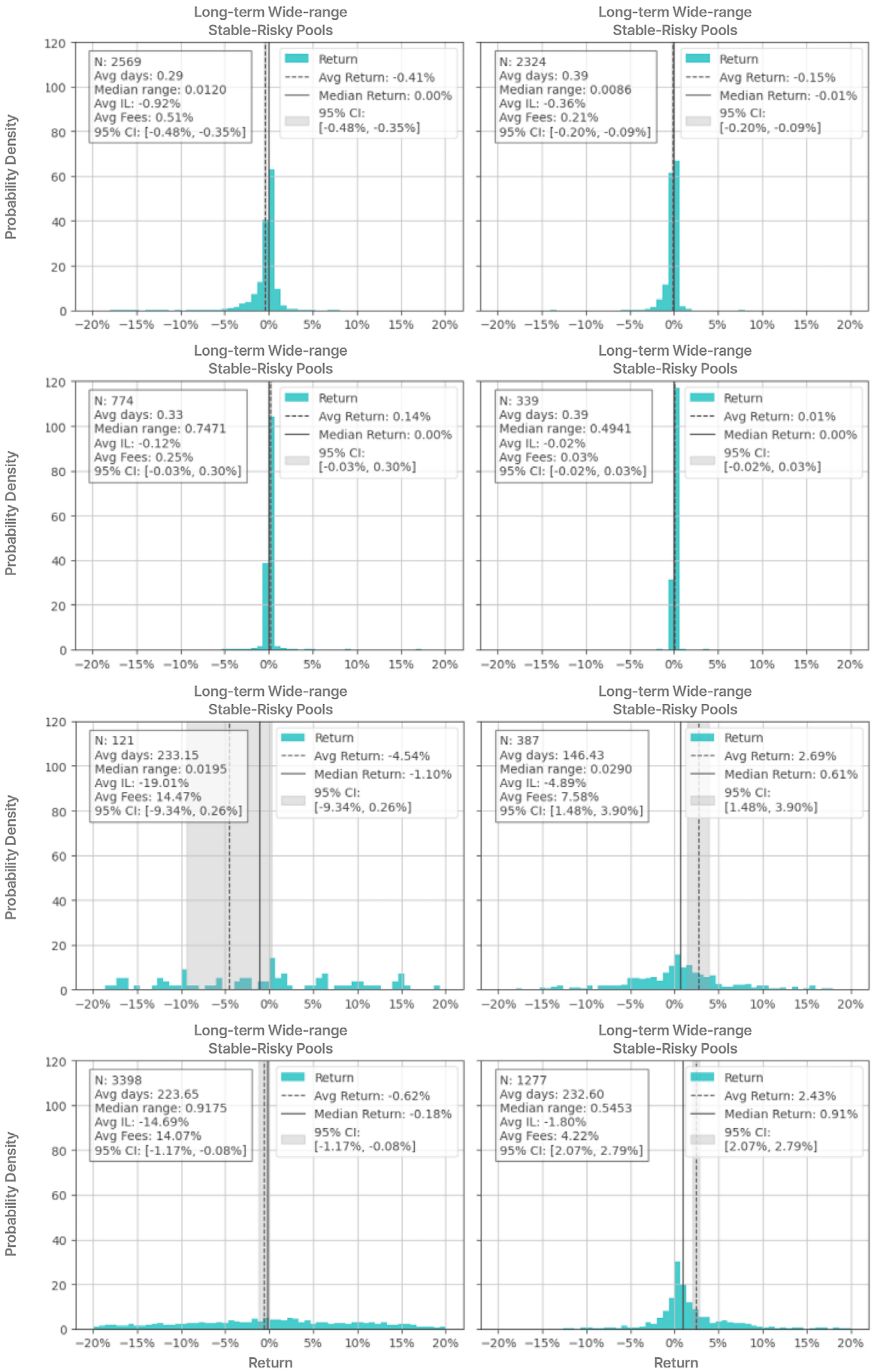
Drossos et al. (2025) analysed 700 days of Uniswap v3 data across nine pools to test whether liquidity provision beats simply holding the assets. Using a loss-versus-holding (LVH) framework, they compared impermanent loss (IL) to fee income across thousands of LP positions.

The results showed that most strategies failed. Nearly half of all positions (49.5%) generated negative returns, and the majority of outcomes clustered within a narrow band of –1% to +1%. On average, LPs realised an IL of –3.8% compared to a buy-and-hold portfolio, meaning that fee income rarely offset the losses from price divergence.

The figure below breaks down outcomes by strategy. Short-term narrow-range positions produced the steepest losses, while even long-term narrow-range approaches showed highly volatile and often negative results. Only certain wide-range strategies in correlated “risky-risky” pools managed to deliver small positive returns, averaging about 2–2.5%. Overall, the evidence is clear: for most providers, Uniswap v3 liquidity provision underperformed the simple act of holding the assets outright.



OUTCOMES BY STRATEGY



Source: Arxiv

Extending the horizon further, Falkenstein (2025) studied 22 pools between 2020 and 2024 and concluded that Uniswap v3 providers “have continually generated negative net profits since inception,” with average annual losses of around 10% compared to holding. Interestingly, earlier v2 pools occasionally managed modest profits, but v3’s greater capital efficiency only heightened exposure to price swings and arbitrage capture.

To measure this, Falkenstein introduced a simple but powerful benchmark: the ratio of impermanent loss (IL) to fee revenue. If the ratio is below 1, fee income outweighs IL and LPs make a profit. If it is above 1, IL dominates fees and LPs lose money. Applied across 22 pools, the results were unambiguous: v2 pools averaged an IL/fee ratio of 0.60 (profitable), while v3 pools averaged 1.16 (unprofitable).

LIFETIME AVERAGE MONTHLY IL/FEES BY POOL

IL and Fee data were first calculated by day, then monthly as the average of those days, and then the months were treated as observations for these pools

type	pair	fee	chain	count	IL/Rev	t-stat =1	ADV $MM
v2	ETH-USDC	30	Ethereum	60	0.51	-16.35	25.91
v2	ETH-USDT	30	Ethereum	38	0.51	-13.63	7.39
v2	PEPE-ETH	30	Ethereum	16	0.74	-3.79	7.01
v2	MKR-DAI	30	Ethereum	9	1.74	3.45	5.95
v2	ETH-USDC	30	Base	10	0.27	-8.76	1.73
v2			total	133	0.60	-10.81	48
v3	ETH-USDC	5	Ethereum	48	1.32	4.41	374.23
v3	ETH-USDC	5	Arbitrum	30	1.13	2.37	67.14
v3	BTC-ETH	5	Arbitrum	7	1.48	2.29	62.45
v3	ETH-USDC	30	Ethereum	48	1.16	3.85	57.49
v3	ETH-USDT	5	Arbitrum	8	1.20	2.59	54.61
v3	BTC-ETH	5	Ethereum	28	1.26	2.44	53.37
v3	ETH-USDC	5	Base	20	1.23	2.52	43.77
v3	ETH-USD	30	Ethereum	28	1.11	1.65	20.45
v3	AVAX-USDC	22	Avalanche	25	1.31	5.84	17.46
v3	BTC-ETH	30	Ethereum	28	1.23	3.28	14.57
v3	AVAX-USDC	6	Avalanche	5	1.63	7.07	12.27
v3	LINK-ETH	30	Ethereum	29	1.04	0.55	9.55
v3	UNI-ETH	30	Ethereum	16	1.12	0.68	7.36
v3	AVAX-USDC	5	Avalanche	22	1.26	2.56	6.98
v3	MKR-ETH	30	Ethereum	16	1.33	2.12	4.30
v3	PEPE-ETH	30	Ethereum	16	0.85	-2.08	4.01
v3	SHIB-ETH	30	Ethereum	25	0.63	-5.59	0.83
v3	ANYONE-ETH	100	Ethereum	10	0.70	-4.53	0.27
v3			total	409	1.16	6.91	811

Source: SSRN

Taken together, the evidence is overwhelming. The structural design of AMMs ensures that liquidity providers, more often than not, underperform the simplest possible strategy: just holding their assets.

Why Capital Stays Away

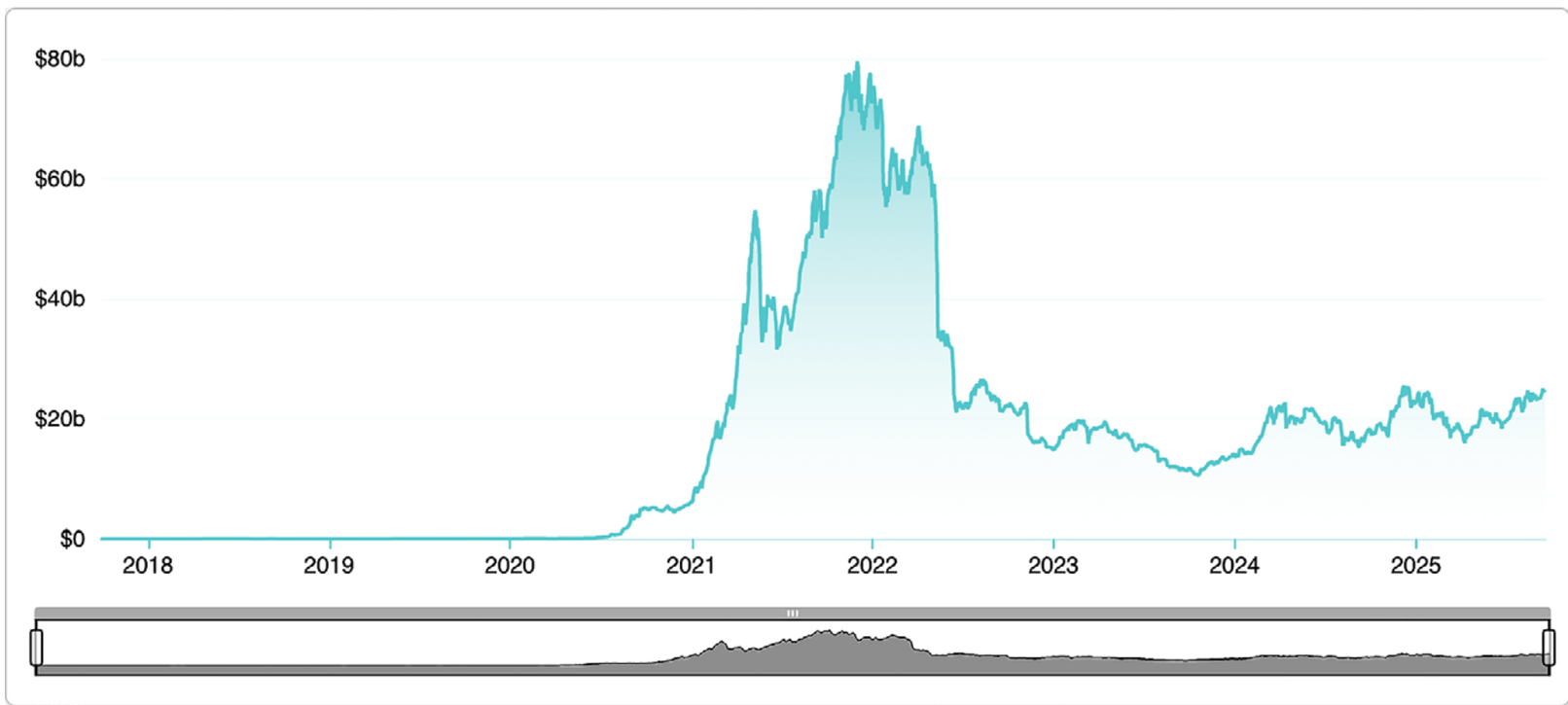
Retail providers often tolerate the structural drag of impermanent loss because they are lured by short-term incentives and high advertised yields. Larger capital allocators, however, cannot justify the economics. Their performance is benchmarked against simple holding strategies, and an allocation that underperforms Bitcoin by 12.6% over a cycle is untenable.

There are ways to hedge impermanent loss, but they are far from straightforward. LPs can, in theory, reduce their exposure by pairing positions with perpetual futures, rebalancing ranges, or using options to buy back gamma. Falkenstein (2025) also shows that LPs who run arbitrage strategies alongside their positions can capture the profits that normally leak to external traders, offsetting part of their losses.

The problem is that all of these methods introduce new costs, require active management, and demand a level of sophistication that most participants do not have. It is not realistic to assume that the average liquidity provider will be able to execute complex arbitrage programs or manage derivative overlays on top of their LP position. For the vast majority, impermanent loss remains a structural drag, which is why passive liquidity provision continues to underperform holding.

This difficulty in achieving consistent profitability also helps explain why DEX total value locked (TVL) has stagnated since the 2021–2022 peak. Despite market recovery in 2023–2025, DEX TVL remains well below its previous highs, while lending protocols and liquid staking have regained momentum.

DEXS TOTAL VALUE LOCKED



Source: DefiLlama

The inability of most LPs to outperform simple holding has constrained AMMs' ability to attract and retain capital at scale, leaving them lagging behind other sectors of DeFi in both institutional adoption and TVL growth.

The Solution: YieldBasis and Leveraged Liquidity

But would it not be nice just to provide liquidity and earn trading fees without having to deal with impermanent loss? YieldBasis thought the same thing and came up with a way to do this through what it calls leveraged liquidity.

To understand leveraged liquidity, recall how a normal AMM works. As soon as prices move away from parity, liquidity providers experience impermanent loss: the value of their position grows less than if they had simply held the assets outright. This shortfall appears immediately once the pool drifts from balance, even if no new trades occur. The reason lies in the AMM curve itself, where LP value grows sublinearly with price (following $\sqrt{p}$ rather than p in the case of CPAMM).

YieldBasis addresses this with compounding leverage. By borrowing against the pool position share, the system adds a controlled slice of extra exposure and continuously rebalances it to maintain roughly 2x effective exposure. Crucially, this mechanism eliminates IL without waiting for further trades: the shortfall is offset structurally as soon as prices move. Mathematically, when leverage is fixed at 2, the sublinear $\sqrt{p}$ curve is squared back into a linear p curve, so the LP's position tracks the asset directly. In practice, this is achieved through a dedicated special-purpose AMM that handles re-leveraging, implemented via Curve pools with crvUSD borrowing.

A simple example shows the effect. Suppose BTC is at $100k in a standard 50-50 BTC/USDC pool. If BTC doubles to $200k, holding 1 BTC plus $100k cash yields $300k. The standard AMM delivers only $282,843, a 5.7% underperformance from impermanent loss. YieldBasis, by contrast, maintains the 2x exposure dynamically. When prices rise, the added BTC offsets the curve's shortfall; when prices fall, exposure is reduced. The result is that the LP captures the full $300k in this scenario, plus accumulated fees.

COMPARING OUTCOMES ACROSS BTC PRICE MOVES

BTC MOVE	JUST HOLD 1 BTC + $100K	X•Y = K AMM (FINAL VALUE & IL)	YieldBasis (2× LEVERAGE)
-50%	$150,000	$141,430 (~ -5.7% vs. hold)	$150,000 (+ fees)
0%	$200,000	$200,000 (0% vs. hold)	$200,000 (+ fees)
+50%	$250.000	$244,949 (~ -2.02% vs. hold)	$250,000 (+ fees)
+100%	$300,000	$282,843 (~ -5.7% vs. hold)	$300,000 (+ fees)

Source: YieldBasis

How It Works: Mechanism in Practice

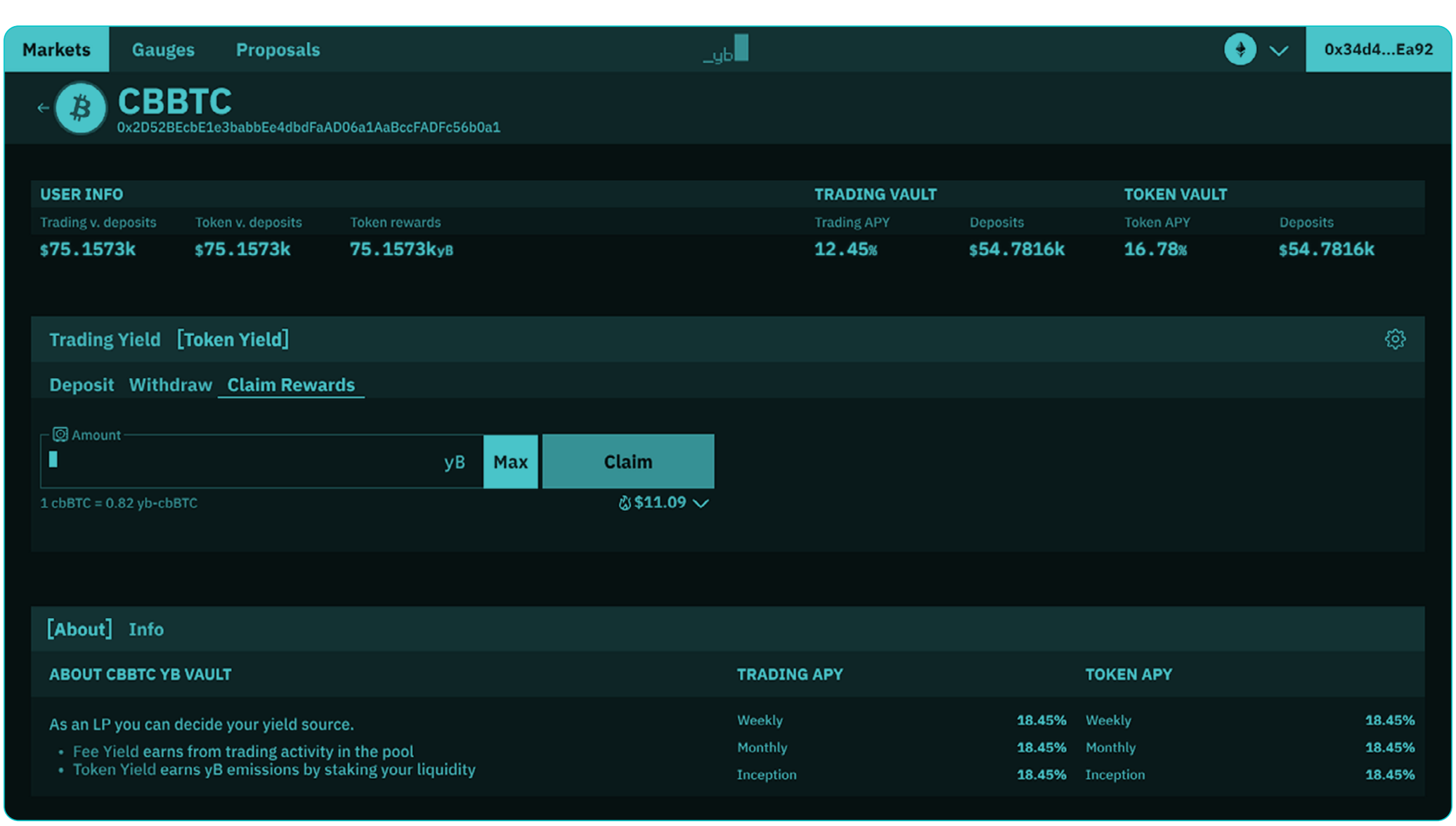
The previous section outlined how YieldBasis eliminates impermanent loss by maintaining linear price exposure for liquidity providers. This section shifts focus from theory to implementation, examining how the system actually operates in practice. We'll walk through the user experience, explore the underlying technical architecture, and analyze how the mechanics perform under real market conditions.

Overview and User Promise

To understand the mechanisms behind YieldBasis, it's good to first take a step back and look at what the user actually sees.

From the user's perspective, the interaction is remarkably straightforward. You visit the YieldBasis interface and connect your wallet. The main screen shows a simple deposit box where you can input the amount of Bitcoin you want to deposit. Below that, you see the current exchange rate between BTC and ybBTC, along with the current APR being earned by depositors. Once you confirm the transaction, your Bitcoin is converted into ybBTC tokens at a 1:1 ratio.

YIELDBASIS USER INTERFACE



Source: YieldBasis

Your ybBTC tokens then sit in your wallet like any other asset. You can see their value fluctuate in real-time alongside Bitcoin's price movements. The key difference is that your balance slowly grows over time as trading fees accrue to your position. This happens automatically without any action required on your part. You might deposit 1.0 BTC and receive 1.0 ybBTC initially, but over months of holding, you might find yourself with 1.0 ybBTC that's worth 1.05 BTC when you decide to withdraw.

The withdrawal process mirrors the deposit experience. You specify how much ybBTC you want to convert back to Bitcoin, confirm the transaction, and receive Bitcoin at the current market rate. The interface might show that your original 1.0 BTC deposit has grown to 1.05 BTC due to accumulated trading fees, representing your earned yield.

At no point do you interact with complex liquidity positions, manage debt ratios, or worry about rebalancing strategies. The entire experience feels like using a traditional savings product that happens to be built on sophisticated DeFi infrastructure.

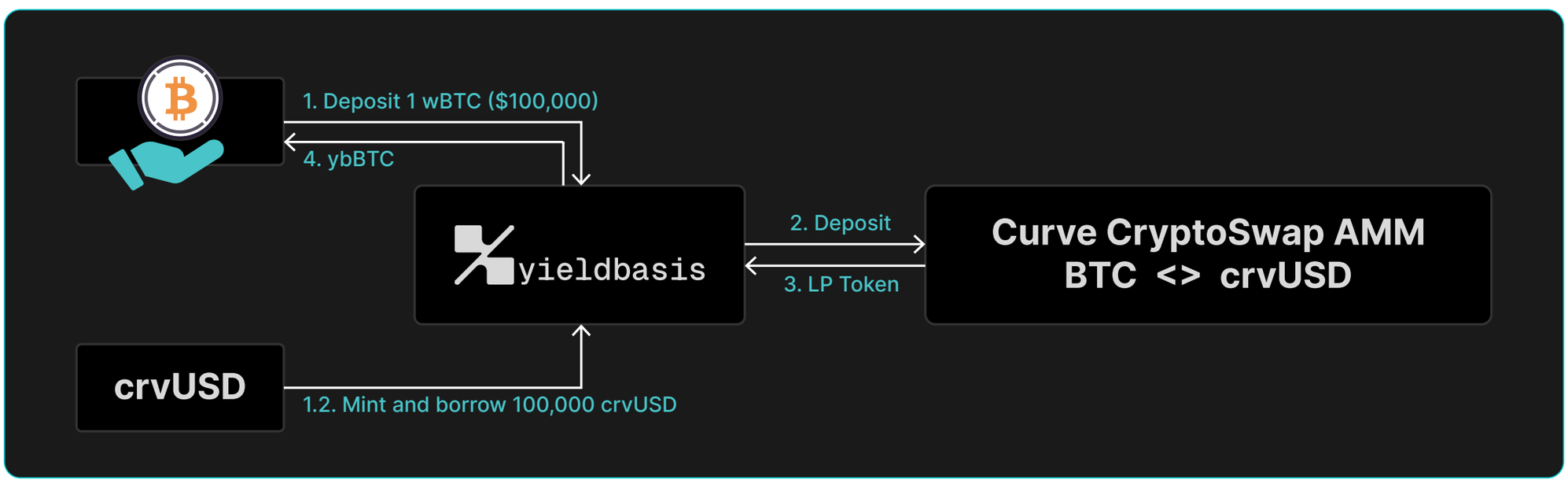
System Architecture and Leverage Maintenance

To understand the architecture of YieldBasis, it is best to look at it through the lens of five different layers that all support each other.

Layer 1: The Core Position Structure

YieldBasis creates a leveraged liquidity position for each user deposit. When you deposit 1 BTC worth $100,000, the system borrows $100,000 in crvUSD and deposits both assets into the Curve BTC/crvUSD pool. This generates LP tokens worth $200,000 for $100,000 of debt. The resulting position has exactly 2x compounding leverage on the underlying pool.

YIELDBASIS USER FLOW



Source: YieldBasis

This compounding leverage ratio eliminates impermanent loss because positions with compounding leverage scale differently than standard LP positions. While normal AMM values returns follow a square root function that underperforms holding, 2x leveraged positions grow linearly with the underlying asset price. When BTC doubles, your position doubles too, matching the performance of simply holding BTC while continuing to earn trading fees from the pool.

Layer 2: The Isolated Debt System

YieldBasis maintains this 2x leverage through a dedicated crvUSD borrowing line that operates independently from Curve's public lending markets. The protocol borrows against its LP token collateral at a governance-controlled interest rate, creating debt that must stay at exactly 50% of collateral value to maintain the target leverage.

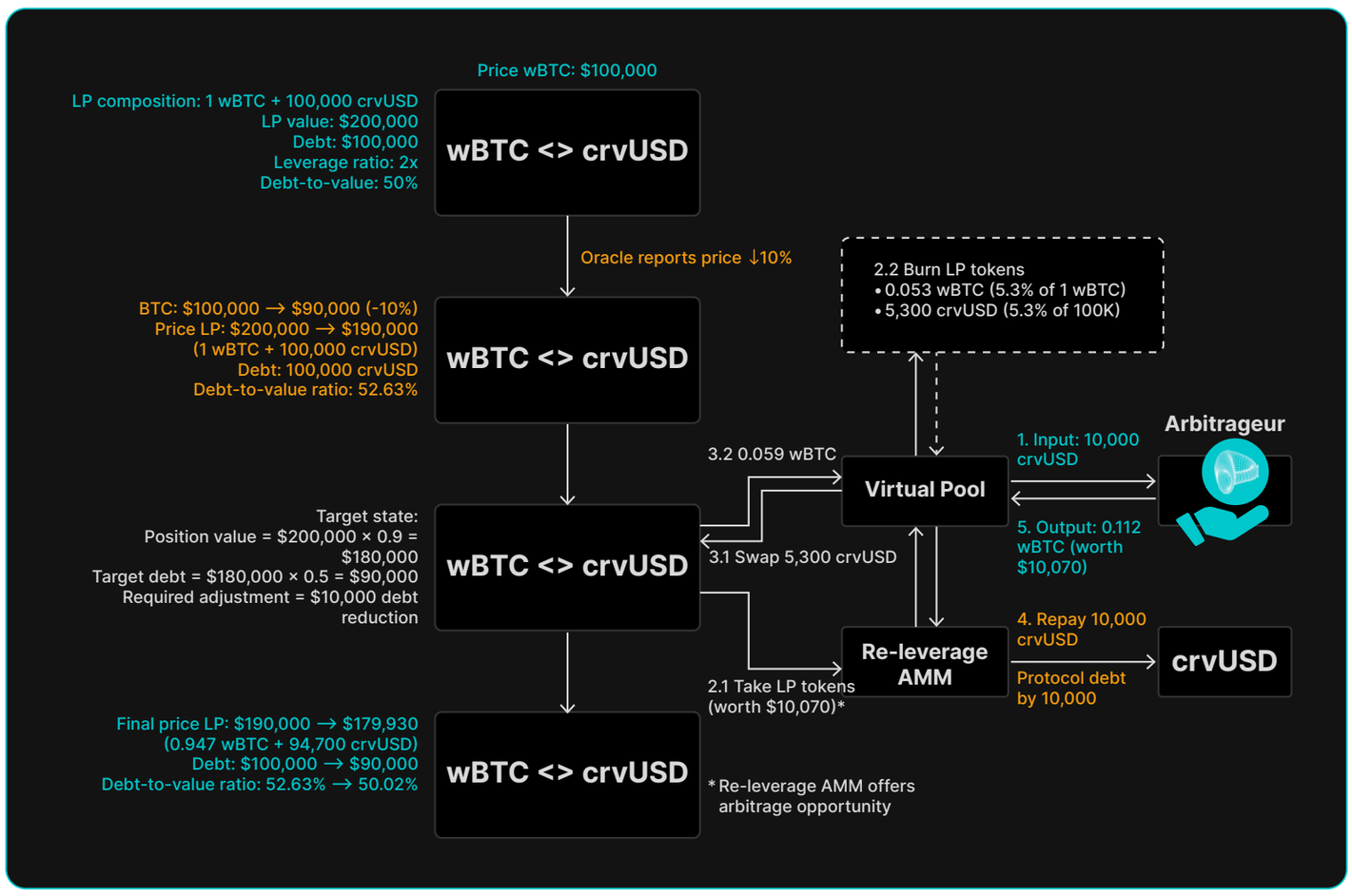
Critically, the interest paid on this debt doesn't leave the system. Instead, it gets recycled back into a rebalancing subsidy budget that helps fund the arbitrage mechanism. This creates a self-sustaining cycle where borrowing costs directly support the leverage maintenance system rather than being lost to external lenders.

Layer 3: The Automated Rebalancing AMM

YieldBasis operates a specialized AMM that uses a BTC/USD oracle price feed to maintain the target debt ratio. This AMM holds LP tokens as reserves and quotes trades between LP tokens and crvUSD, but its pricing curve is anchored to the oracle price rather than just the spot pool composition.

When the debt-to-value ratio drifts from 50%, the AMM automatically adjusts its quotes to make profitable the exact trades needed to restore balance. The oracle anchoring ensures that arbitrageurs can only profit by moving the system toward the correct leverage target, not by exploiting temporary price discrepancies.

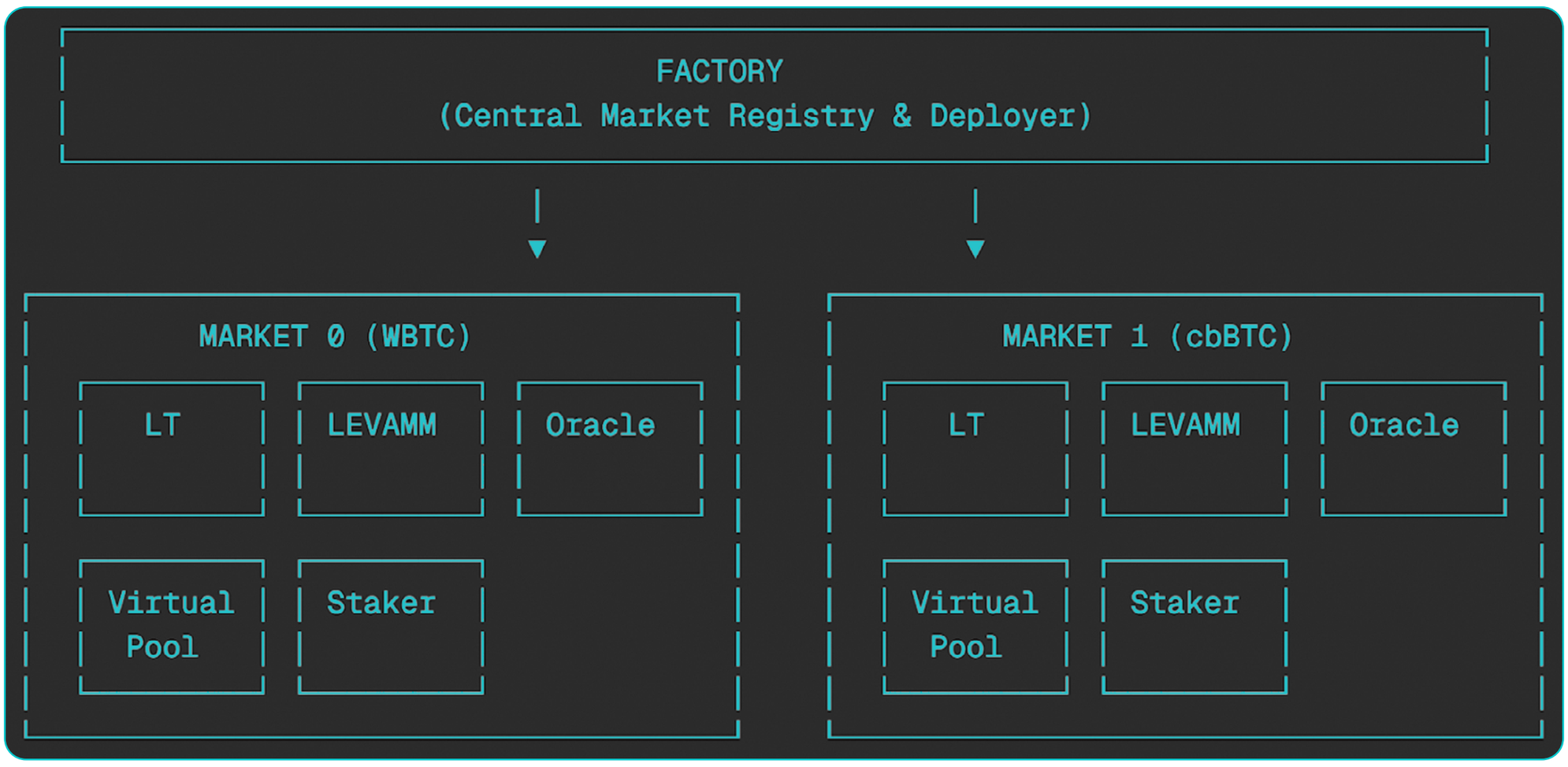
EXAMPLE ARBITRAGE FLOW



Source: YieldBasis

Layer 4: The Virtual Pool

Most arbitrageurs do not want to handle LP tokens directly, so YieldBasis provides a Virtual Pool contract that packages the complex rebalancing operations into simple crypto-to-crypto trades. The contract acts as a smart wrapper that uses flash loans for temporary liquidity, mints or burns LP tokens, and adjusts debt positions, all within a single transaction.



Source: YieldBasis

The Virtual Pool makes arbitrage opportunities accessible to standard trading infrastructure. Arbitrageurs only see familiar BTC/crvUSD price spreads and can capture them with a single function call, while the contract automatically manages the LP mechanics and leverage adjustments in the background.

Layer 5: User Token Accounting and Fee Distribution

To manage how value flows back to users, the protocol implements a layered reward system that channels trading fees and governance revenues into distinct streams. Rather than distributing fees in a single way, YieldBasis separates them across different user roles to balance yield, governance, and long-term alignment.

Participants interact with the protocol in three distinct ways, each tied to a different reward stream:

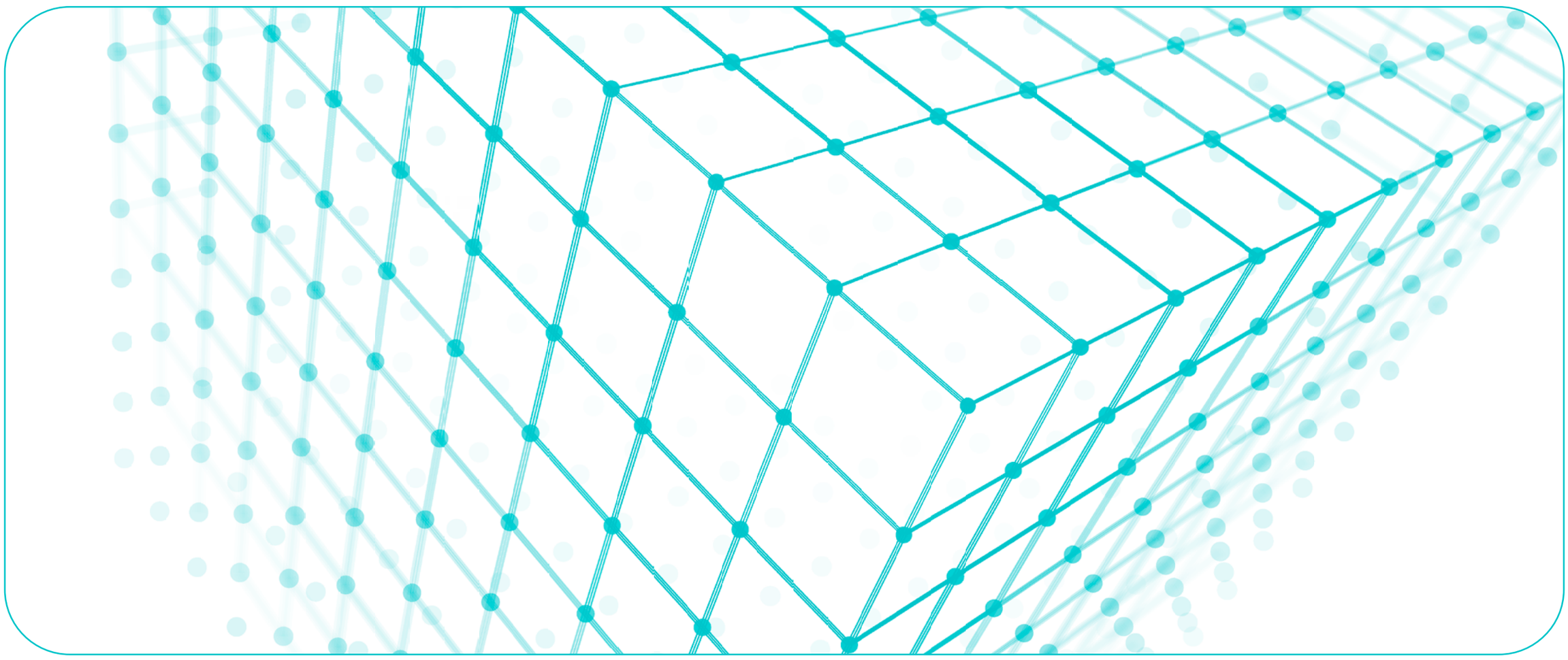
- Unstaked ybBTC holders earn BTC-denominated trading fees directly from the pool. Their yield is reduced only by a dynamic admin fee which redirects a portion of the rewards to governance (veYB holders).
- Staked ybBTC holders forgo these BTC fees in exchange for YB token emissions. This creates an opportunity for users to engage into Yield Basis governance by accumulating YB instead of BTC yield.
- veYB holders, who lock YB for governance, capture the protocol's admin fee revenues and direct its long-term development through voting rights.

FEE DISTRIBUTION AND INCENTIVES

ROLE	WHAT IS STAKED	WHAT IS EARNED	WHAT IS GIVEN UP
Unstaked LP	nothing	BTC-denominated trading fees	YB emissions
Staked LP	ybBTC	YB token emissions	Direct trading fees
veYB (governance)	YB (locked)	Share of admin fees	Liquidity flexibility

Source: YieldBasis

This tripartite structure is intentional. By requiring participants to choose between BTC yield, token emissions, or governance exposure, the design embeds an opportunity cost into every decision. Indirectly, this mechanism strengthens the value of YB.



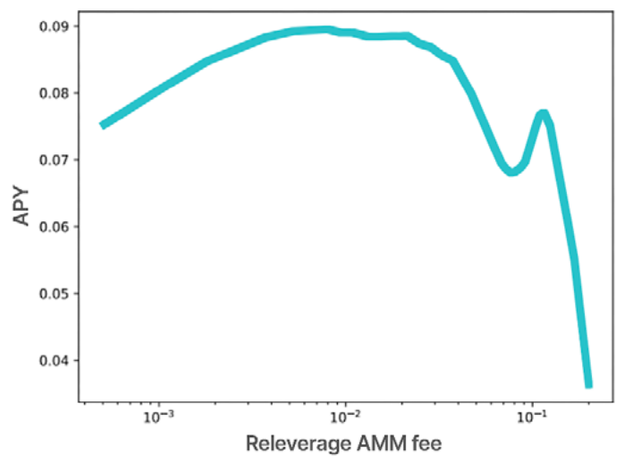
A Scenario in Practice

To see all five layers work together in practice, consider a depositor who provides one BTC when the market price is $100,000. The protocol borrows $100,000 in crvUSD, pairs it with the BTC in the Curve pool, and creates LP collateral worth $200,000. Against this collateral sits a $100,000 debt, fixing the debt-to-value ratio at exactly 50%.

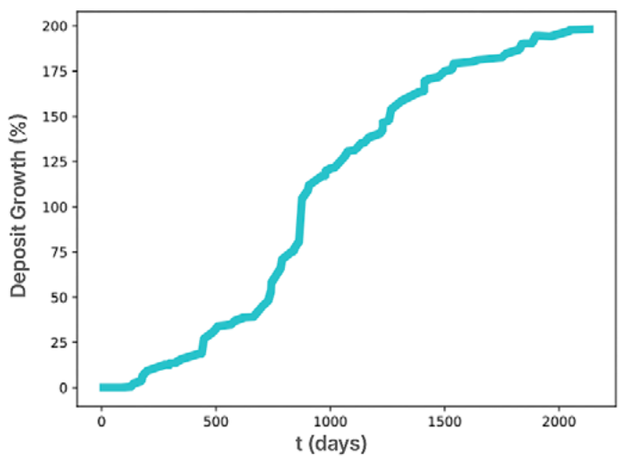
When BTC rises 10% to $110,000, the LP collateral increases to approximately $210,000 while the debt remains at $100,000. The leverage ratio drops to 47.6%, making the position under-leveraged. The rebalancing AMM detects this deviation and adjusts its pricing to make it profitable for arbitrageurs to sell crvUSD to the system, increasing the debt back toward the 50% target. As arbitrageurs execute these trades through the Virtual Pool, they capture the price spread while automatically restoring system balance. The ybBTC holder experiences the same 10% gain as holding Bitcoin directly, plus accumulated trading fees.

When BTC falls 10% to $90,000, the process reverses. LP collateral drops to around $190,000 while debt stays at $100,000, pushing the ratio to 52.6% and creating over-leverage. The rebalancing AMM now makes it profitable for arbitrageurs to buy crvUSD from the system, reducing debt back toward target. Again, arbitrageurs profit from the spread while the system self-corrects. The ybBTC holder tracks Bitcoin’s decline exactly, maintaining their intended exposure while continuing to earn pool fees.

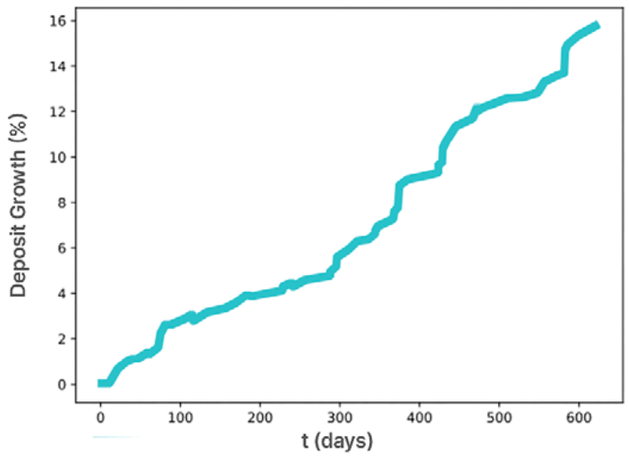
SIMULATION WITH RELEVERAGE AMM REMOVING IMPERMANENT LOSS



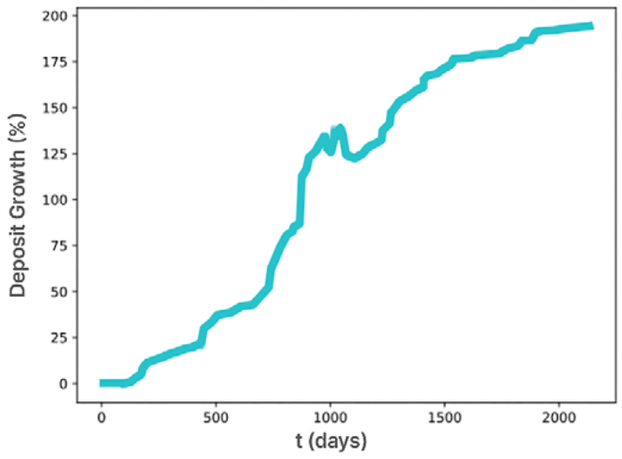
(a) Optimizing releverage AMM fee (optimal value: $f = 0.007$)



(b) Simulation from Jan 2019 till Oct 2024: average APR = 20%



(c) Simulation from Jan 2023 till Oct 2024 (tail of Fig. b): average APR = 9%

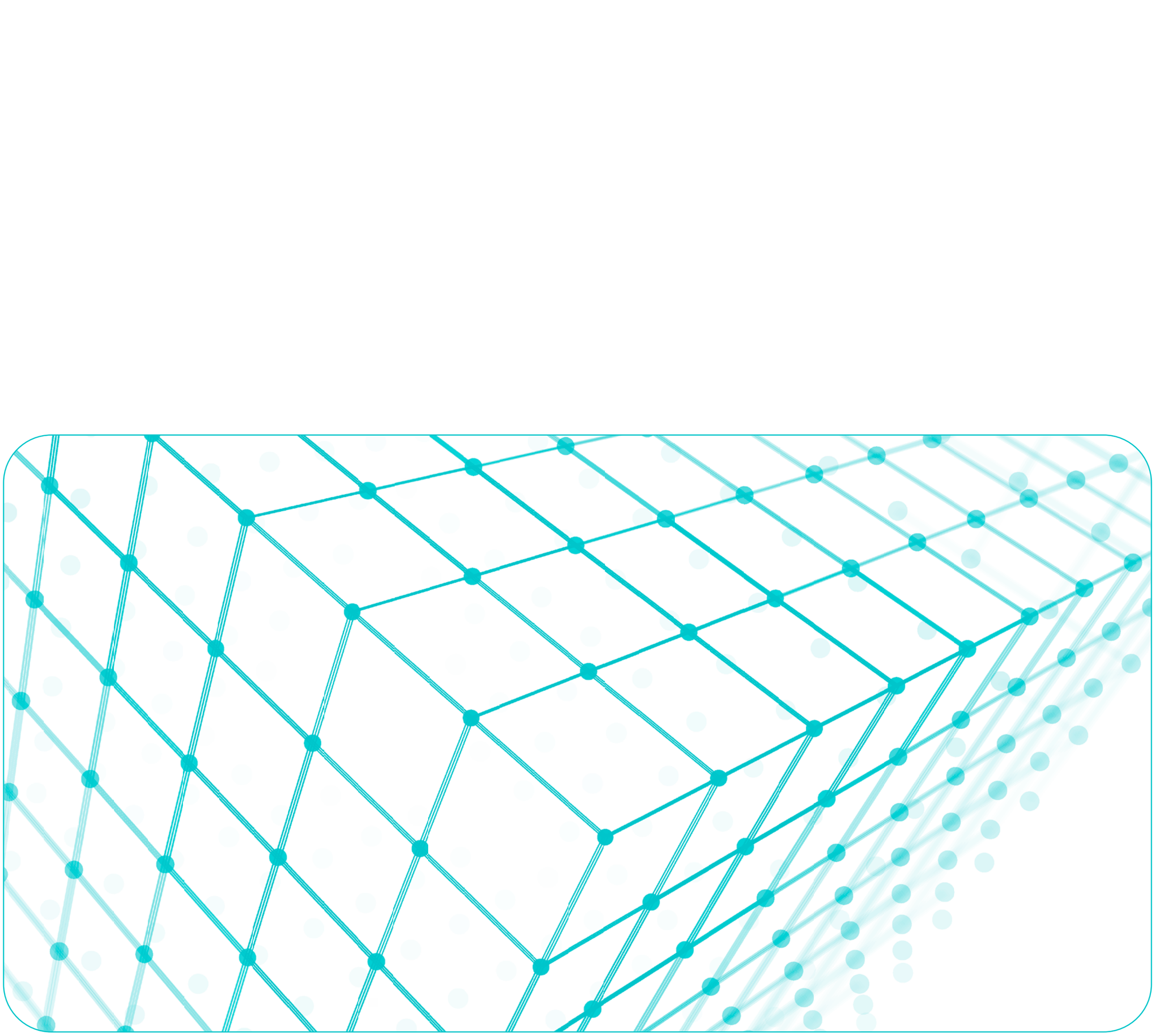


(d) Example of too aggressive parameters ($A = 4.8$ instead of $A = 4.13$). Partial loss is visible (in year 2021), however average APR is approximately the same

Source: Github

Throughout these price movements, the depositor sees only their ybBTC balance tracking Bitcoin directly. All the complexity of debt adjustments, leverage management, arbitrage incentives, and LP token mechanics happens in the background. For the user, the outcome is simple. They hold an asset that moves like BTC but also generates yield.

Importantly, simulations of this design conducted over six years show that BTC/USD positions earned an average annual return of around 20% . In periods of high volatility, returns peaked above 60%, while in calmer or bearish conditions they were closer to 9 to 10%. These are simulation results rather than live performance, but they highlight the potential yield that can be layered on top of one-to-one Bitcoin exposure.



Curve Finance Connection and Ecosystem Impact

YieldBasis is deeply integrated into Curve Finance. Its design depends on Curve cryptopools and on crvUSD as a funding mechanism, and in return it channels new volume, demand, and stability back into the Curve ecosystem. The relationship is mutually reinforcing: YieldBasis grows by unlocking BTC liquidity, while Curve benefits from higher fees, stronger stablecoin liquidity, and deeper integration across DeFi.

Unlocking BTC Liquidity

Despite Bitcoin's position as the largest crypto asset by market cap, it remains significantly underrepresented in DeFi liquidity pools. WBTC accounts for just 2.25% of Curve's total value locked, approximately $45 million across the entire DEX. This underrepresentation reflects a broader pattern where Bitcoin liquidity has remained idle, with institutional allocators finding little compelling reason to deploy BTC into AMM pools.

For Curve, this represents a fundamental opportunity. The protocol's Bitcoin pools currently suffer from shallow liquidity that creates wide spreads and limits trading sizes. By removing the primary barrier that has kept Bitcoin capital away, YieldBasis has the potential to concentrate significant Bitcoin capital into Curve pools across WBTC, cbBTC, and tBTC, transforming these from minor pools into major liquidity venues. Deeper pools mean tighter spreads, which attracts more sophisticated traders and institutional flow, creating a flywheel where better pricing draws more volume and generates more fees for the entire ecosystem.

The scale could be transformative. Even modest success in attracting Bitcoin capital could multiply Curve's BTC-related TVL several times over, making it the dominant venue for Bitcoin trading in DeFi rather than a minor participant competing with centralized exchanges and other protocols.

crvUSD Demand, Fee Flows, and Network Effects

YieldBasis creates a unique relationship with crvUSD that addresses a fundamental challenge facing CDP-based stablecoins. When YieldBasis borrows crvUSD to maintain its leverage positions, it simultaneously creates natural demand for that same crvUSD by pairing it with BTC in Curve pools. This dual role as both borrower and holder inverts the typical dynamic where borrowing creates selling pressure on the stablecoin.

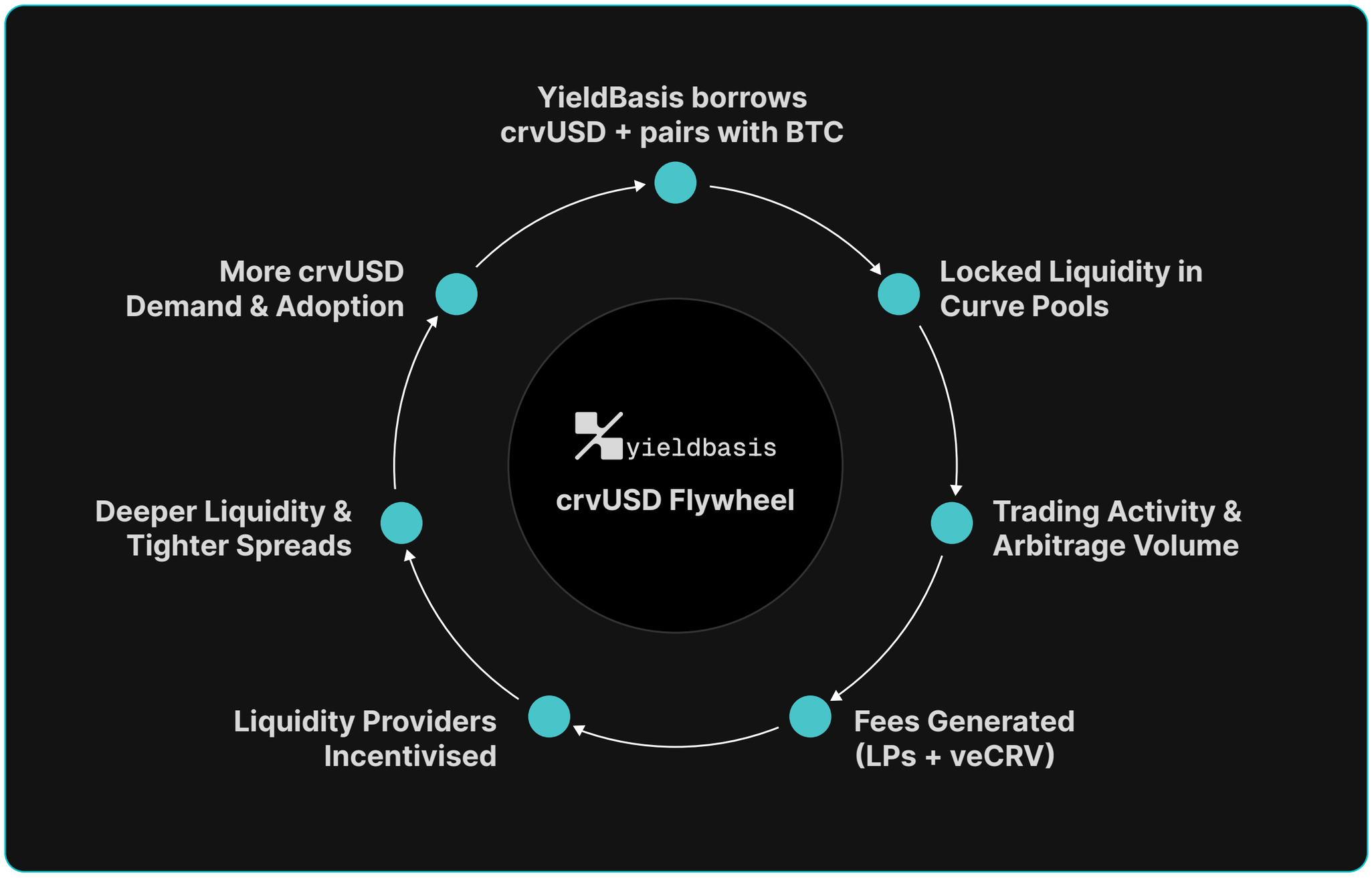
The mechanism works because every dollar of crvUSD borrowed gets immediately deposited into a Curve cryptopool alongside an equivalent dollar amount of BTC. The borrowed crvUSD never hits the open market as sell pressure. Instead, it becomes locked liquidity that supports trading activity and generates fees. As YieldBasis TVL grows, more crvUSD gets borrowed but also more gets permanently committed to pool liquidity, creating a natural supply sink that supports the peg.

This structure generates compounding benefits throughout the Curve ecosystem. Every trade that rebalances YieldBasis positions flows through BTC/crvUSD cryptopools, creating guaranteed volume. These trades then connect to broader arbitrage paths where crvUSD flows into stableswap pools against USDC, USDT, and other assets. Each hop generates trading fees, with half flowing to liquidity providers and half to veCRV holders.

The fee flows make crvUSD pools more attractive to liquidity providers, which deepens the stablecoin's liquidity and strengthens its utility as a settlement asset. Better liquidity creates tighter spreads, which attracts more trading volume, which generates more fees in a self-reinforcing cycle. YieldBasis effectively becomes an engine that drives crvUSD adoption while simultaneously creating the infrastructure to support that adoption.

Because Curve serves as the foundational liquidity layer for much of DeFi, these benefits cascade outward. Lending protocols that use Curve pools for liquidations benefit from deeper liquidity. Derivatives platforms that settle in crvUSD gain access to better pricing. Other stablecoin issuers that depend on Curve for secondary market liquidity see improved stability. YieldBasis strengthens not just Curve but the entire network of protocols that depend on Curve's infrastructure, making it a positive-sum addition to the ecosystem rather than just another competitor for liquidity.

LIFETIME AVERAGE MONTHLY IL/FEES BY POOL



Credit Lines, Revenue Sharing, and Rollout

Yield Basis has formally submitted, and Curve DAO has since approved, a governance proposal to provide a 60 million crvUSD credit line to launch its first three BTC pools. This step bridges the theoretical design of Yield Basis with live deployment, making the Curve integration both strategic and operationally essential.

Create a crvUSD credit line to Yield Basis

Proposals

michwill Curve Team 5 Aug 18

Summary

Yield Basis 57 removes impermanent loss in Curve cryptopools by automatically keeping constant leverage via a special-purpose AMM 48 .

For operation, Yield Basis needs a credit line (implemented as a pre-mint allocation) of crvUSD, similarly to how crvUSD mint markets and PegKeepers operate. I propose to start from **60M crvUSD** credit limit which will be enough to safely create 3 pools - for WBTC, cbBTC and tBTC capped for deposits up to $10M worth of BTC each. This is a comfortable minimum to have pools operating well on Ethereum mainnet.

The proposal below shows that:

- Yield Basis does not require any supply sinks for crvUSD (it is a supply sink for itself);
- Yield Basis returns value equal to 35%-65% of what veYB is getting back to Curve / veCRV;
- An efficient use for YB tokens granted to Curve is proposed (vote incentives for crvUSD stablecoin pools).

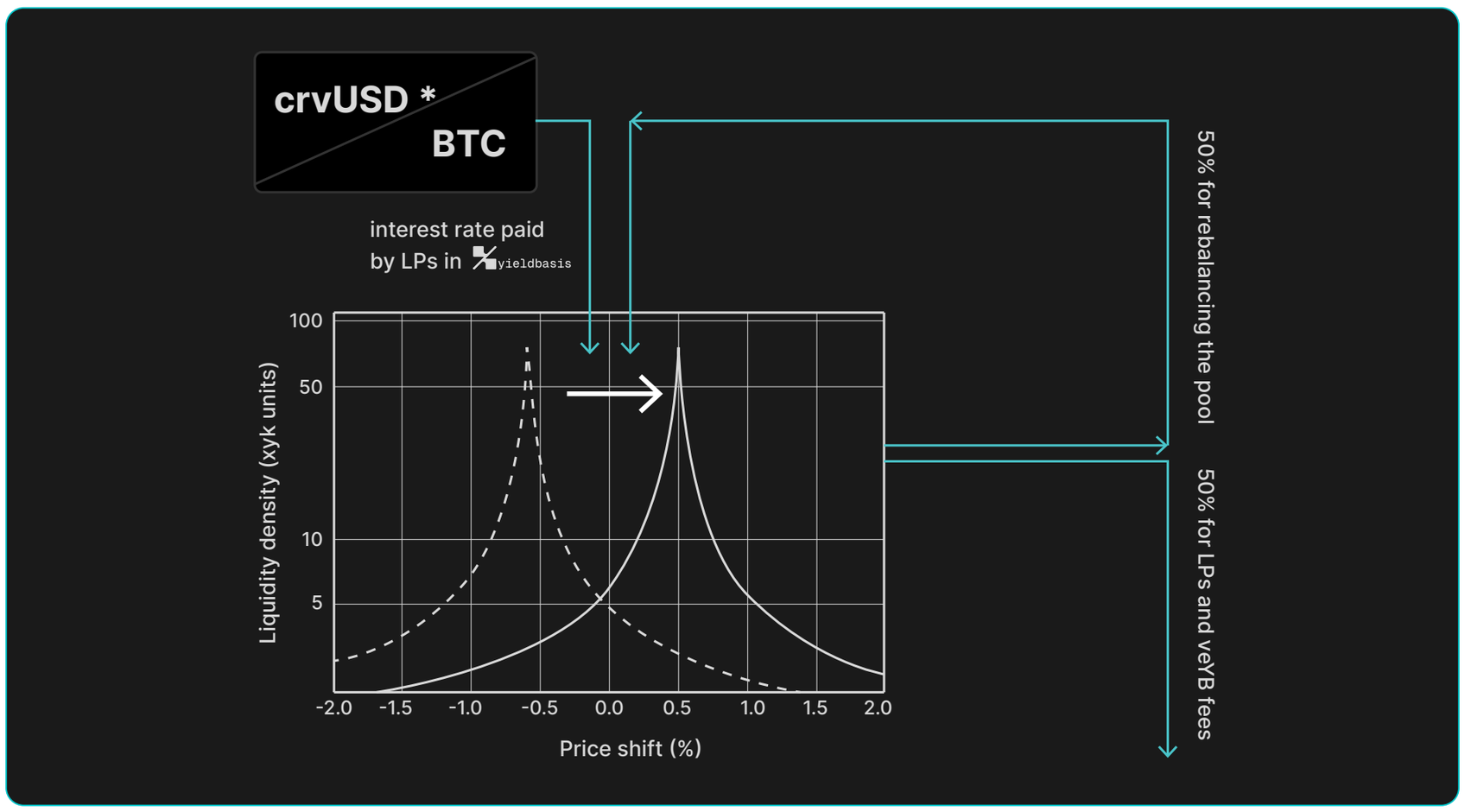
Source: Curve

The credit line supports WBTC, cbBTC, and tBTC pools. Each pool is ultimately designed for deposits of up to 10 million USD worth of BTC, but initial allocations were rolled out more conservatively. In the opening phase, Yield Basis seeded just 2 million crvUSD per pool, giving arbitrageurs and LPs time to integrate the system safely. Capacity will then scale upwards in phases, with the final target of 60 million across all three pools.

Unlike traditional borrowing structures, Yield Basis acts as its own supply sink. Borrowed crvUSD is paired directly with BTC in Curve cryptopools, creating natural demand for the stablecoin rather than external selling pressure. This design allows TVL and debt to expand without undermining the crvUSD peg.

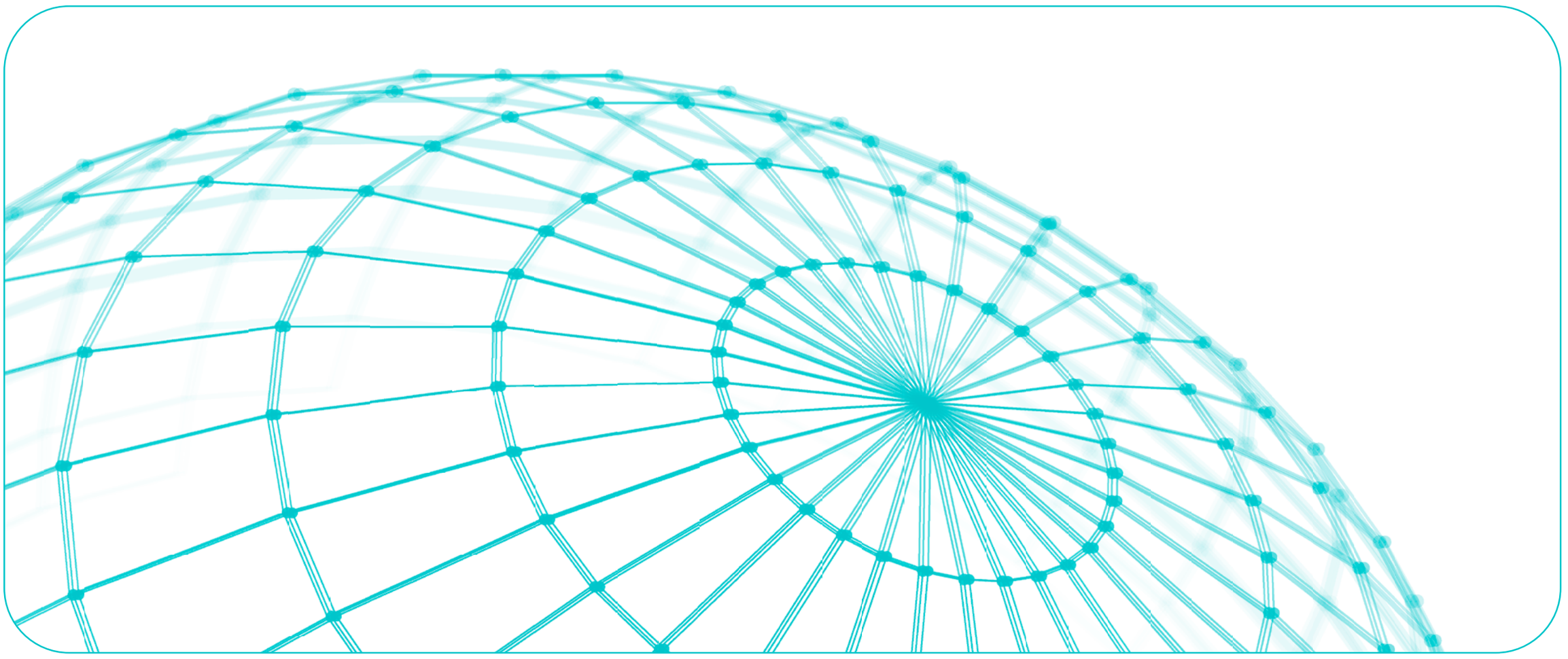
The economics reflect a mutual-benefit model. 100% of borrowing fees are recycled into Curve pool rebalancing budgets, and 50% of trading fees are directed there as well. The other 50% of trading fees accrue to Yield Basis LPs and governance participants. Curve additionally receives a 25% allocation of YB tokens distributed to liquidity providers, earmarked to incentivise votes for crvUSD pools and strengthen the stablecoin’s liquidity.

INTEREST RATE PAID BY LPs IN YIELD BASIS



Source: Curve

The proposal passed with strong backing from the Curve DAO community, reaching 80.72% quorum (well above the 30% minimum) and 96.94% support. With this approval, Yield Basis went live on September 24th, with deposit caps quickly filled as more than 27 BTC was deposited, roughly 9 each via wBTC, cbBTC and tBTC.



Economics and Token Design

The economics of YieldBasis are designed to be both self-sustaining and balanced. Unlike protocols that rely heavily on subsidies, YieldBasis is backed by real fees generated by the BTC-crvUSD pool, complemented by a controlled system of YB emissions.

Participants must make an explicit choice for how they want to receive rewards: they can opt for immediate BTC-denominated yield, accept YB emissions instead of fees, or commit YB to long-term governance.

Importantly, the system features a dynamic fee model that automatically adjusts incentives, ensuring that neither side is over-rewarded and that equilibrium is maintained across participants.

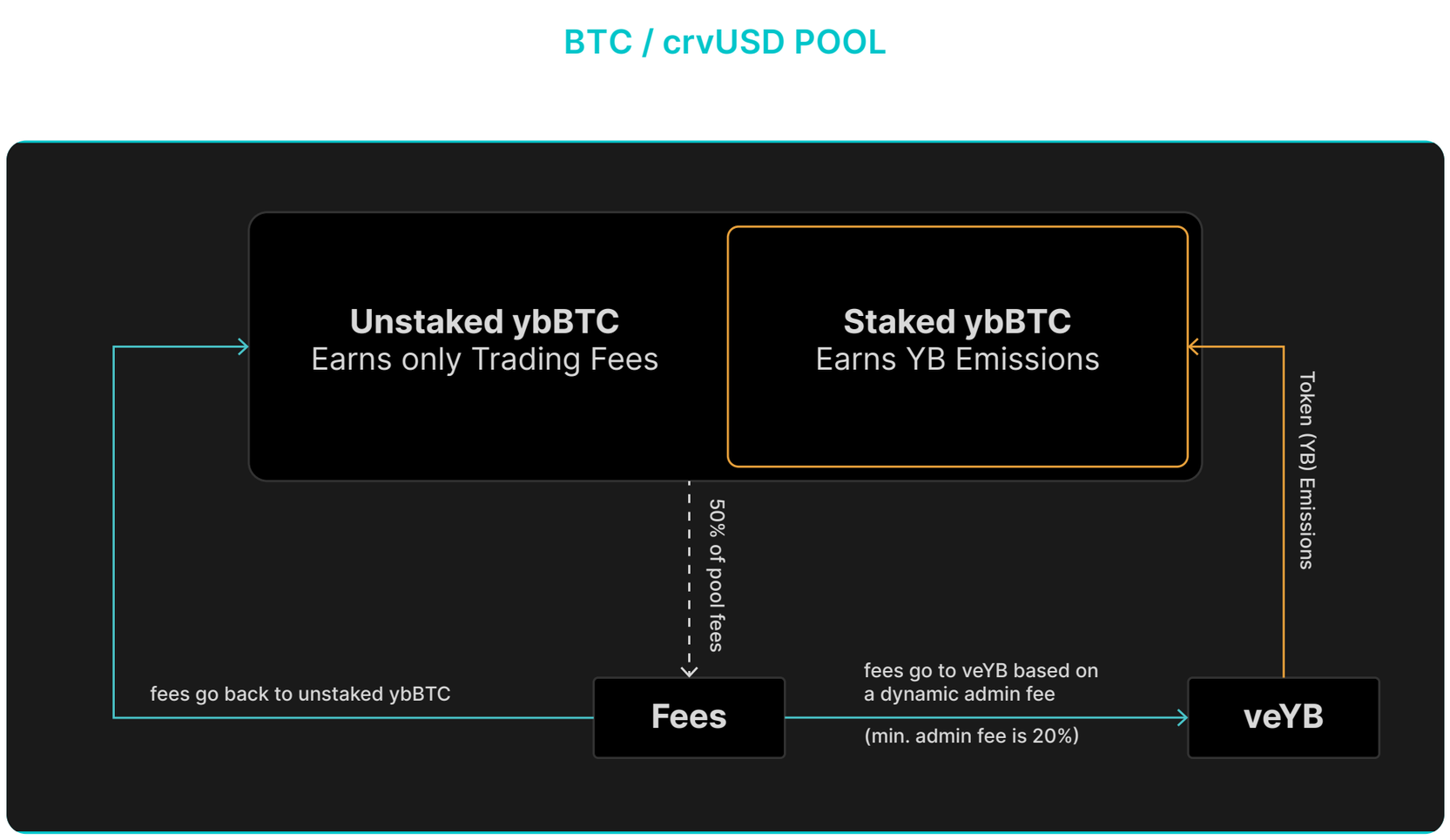
This section explores all of these dynamics in detail.

Fee Generation and Distribution

The foundation of the model lies in trading activity. Every swap in the BTC–crvUSD pool generates fees, which YieldBasis harvests and redistributes.

Half of these fees are reinvested into rebalancing the leveraged liquidity position, ensuring the pool remains stable. The remaining half is distributed to participants, split between unstaked ybBTC holders and veYB holders according to the dynamic admin fee mechanism.

This direct link between pool activity and protocol rewards grounds the system in real cash flow.



Source: YieldBasis

Dynamic Fee Balancing and Emissions

The challenge in such a system is to balance the interests of users who seek BTC yield with those of long-term participants who support the protocol's growth through governance. In many protocols, this balance breaks down, leaving some stakeholders over-incentivised while others receive too little, which creates a gap between participants. YieldBasis addresses this through a dynamic admin fee that automatically adjusts with staking participation, alongside a specific emission distribution scheme directly tied to staking levels.

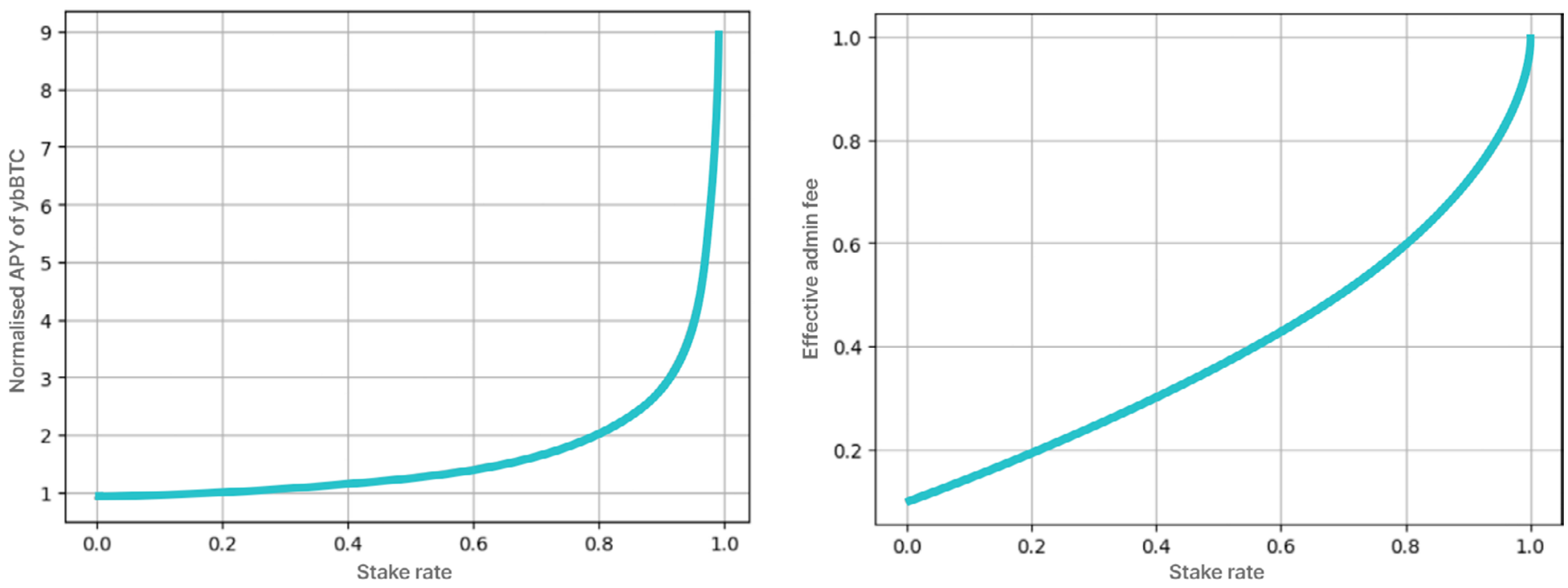
The dynamic fee follows the formula below, with s being the ratio of staked ybBTC and A the minimal fee:

$$f_{admin} = 1 - (1 - A) \cdot \sqrt{(1 - s)}$$

Emissions, on the other hand, follow the distribution outlined below:

$$E = E_{max} \cdot \sqrt{s} \text{ with } E_{max} = remaining\ LMSupply/4years$$

NORMALISED APY OF YBBTC EFFECTIVE ADMIN FEE

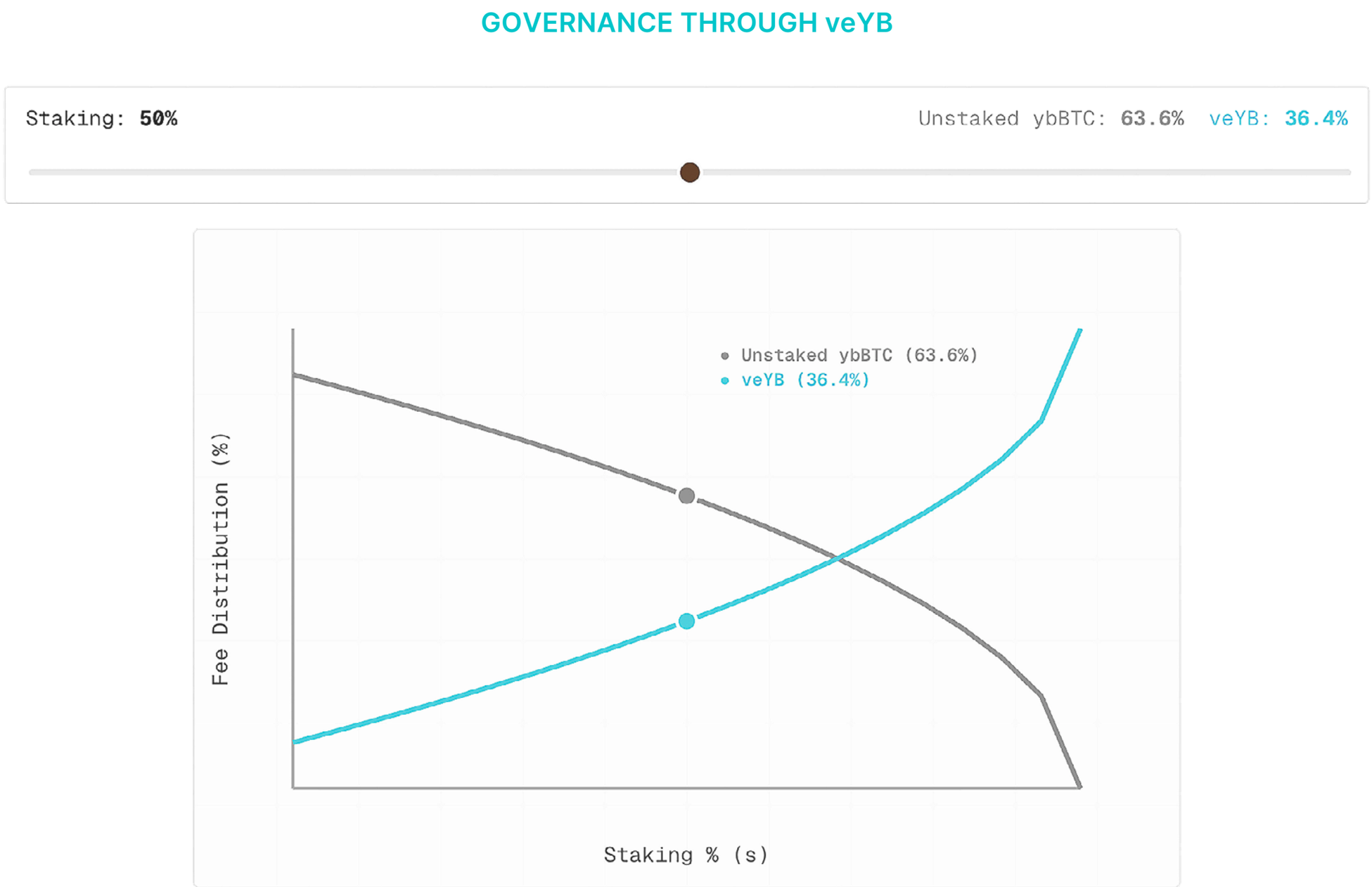


Source: YieldBasis

When only a small portion of ybBTC is staked, the admin fee remains close to its minimum, allowing unstaked holders to capture most of the trading fees while the few stakers benefit from a concentrated stream of YB emissions. As more ybBTC are staked, the admin fee rises non-linearly, diverting a greater share of fees to veYB holders. Although holders of unstaked ybBTC receive a smaller portion of the distributed fees with the growth of stake rate, the smaller number of eligible tokens means that the per-token yield remains meaningful. At the same time, stakers see their emissions diluted across a larger base.

The key dynamic is that rewards and recipients do not decline at the same speed. Trading fees to unstaked holders shrink sublinearly compared to the number of tokens eligible to receive them, which means that as the pool of unstaked tokens gets smaller, the APR per token actually increases. Conversely, YB emissions are distributed more linearly across all staked tokens, so APR for stakers falls as more participants join. This divergence in reward dynamics is what creates a natural balance: unstaked holders enjoy higher BTC yields when staking rises, while stakers face greater dilution and governance absorbs a larger share of fees.

This mechanism ensures that neither strategy becomes dominant and that participants are rewarded in a fair and sustainable way, without any group being consistently under- or over-compensated.



Source: YieldBasis

Governance through veYB

Governance is the final layer of YieldBasis. YB earned through staking can be locked into veYB, granting both voting power and a share of the protocol's BTC-denominated admin fees. Lock duration determines weight: the longer the commitment, the greater the governance influence, with a four-year maximum lock providing full voting rights and revenue share. This mechanism encourages long-term alignment between participants and the protocol.

veYB holders guide the system through a structured governance process. Proposals may cover:

- **Adjusting protocol parameters** (e.g., minimum admin fee, emission caps, fee formulas)
- **Allocating YB emissions** across liquidity pools via the gauge system
- **Approving deployment** to new networks
- **Enabling** or modifying smart contract features

Governance votes last seven days. To prevent last-minute manipulation, votes cast after the midpoint of the voting period gradually lose weight through a “vote decay” mechanism. This ensures that decisions reflect sustained support rather than sudden swings.

All approved proposals are executed automatically through smart contracts, removing reliance on external actors for enforcement. In this way, veYB not only provides governance power but also secures a fair and efficient process for directing emissions, evolving protocol parameters, and shaping YieldBasis over time.

GOVERNANCE THROUGH VEYB

LOCK DURATION	veYB Received (per 1YB)
4 years	1.00 veYB
2 years	0.50 veYB
1 year	0.25 veYB
1 week	~0.005 veYB

Source: YieldBasis

Final Thoughts : A Balanced Economic Model

YieldBasis brings together fee generation, emissions, and governance into a coherent and self-sustaining model. By requiring liquidity providers to choose between immediate BTC yield or YB emissions, the protocol embeds opportunity costs that reinforce the value of the YB token. The YB token holders in turn can decide between governance participation/fee receiving and holding without a lock (that doesn’t offer any kind of utility) waiting for the higher token value to increase yields generated from Bitcoin via token emissions generation. The dynamic admin fee further maintains balance between stakeholders, ensuring that rewards are distributed fairly and that no group dominates. The result is an economic system designed for durability rather than short-term subsidy.

Market Potential: Wrapped BTC, Restaked BTC, Idle BTC

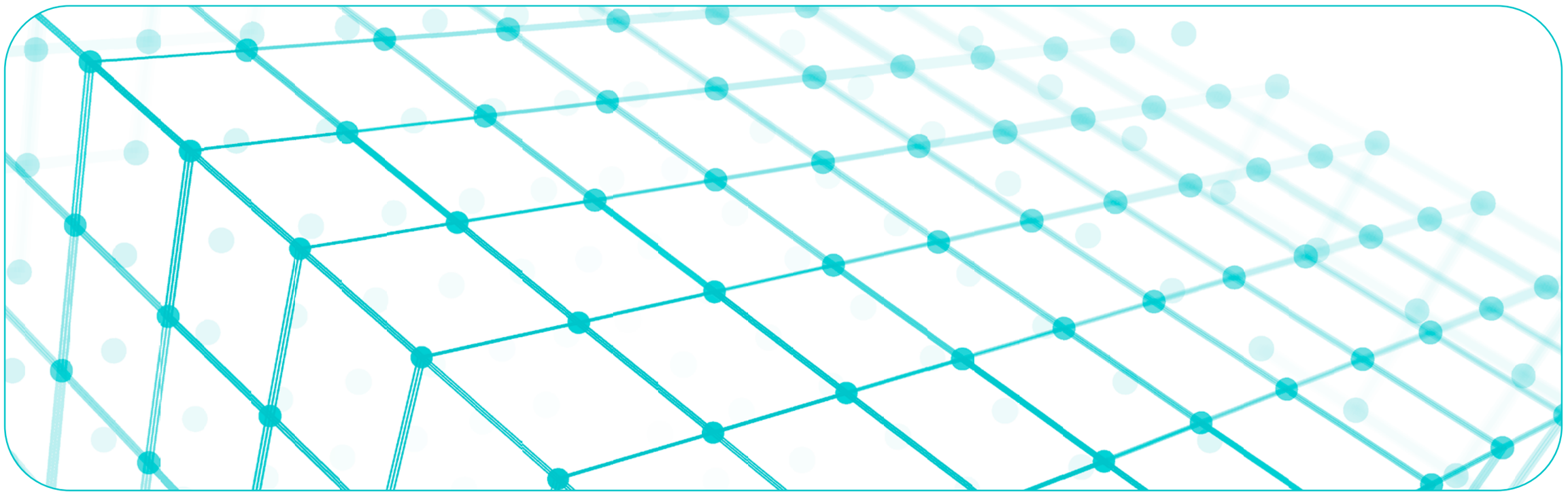
To understand the potential of YieldBasis, it is necessary to zoom out and consider the total addressable market for BTC yield. Bitcoin remains the largest and most liquid digital asset, but its deployment into productive uses has been limited. By segmenting the market into three buckets, wrapped BTC, restaked BTC, and idle BTC,it becomes clear that YieldBasis is positioned to address each category in a way few protocols can.

Wrapped BTC: Unlocking Capital Efficiency

Wrapped assets already represent a sizeable pool in DeFi, with WBTC at around $15 billion, cbBTC at $7 billion, and SolvBTC close to $1 billion. Together, this creates more than $23 billion of wrapped Bitcoin deployed onchain. Despite this scale, the actual use of wrapped BTC within DeFi remains limited. For most holders, wrapping serves primarily to facilitate trading between BTC and other assets, rather than to access yield opportunities.

A closer look at DeFi data highlights why. Yields on wrapped BTC pools are consistently low, which is not surprising due to the nature of Bitcoin. Lending has become the dominant venue, absorbing close to 30% of the circulating supply of wrapped BTC and representing nearly 90% of the wrapped assets deployed in protocols. Liquidity pools, in contrast, remain relatively small compared to the overall market size. This reflects a lack of enthusiasm from liquidity providers, driven largely by the risks of impermanent loss.

YieldBasis provides a way to unlock this capital more efficiently. It offers wrapped BTC holders an alternative to parking their assets in underperforming lending markets or exposing themselves to impermanent loss in AMMs.



YIELD RANKINGS

1	WBTC	Aave V3		$5.057b	0.01%
2	CBBTC	Aave V3		$1.807b	0%
3	WBTC	Aave V3		$304.48m	0.01%
4	WBTC	Compound V2		$270m	0.01%
5	CBBTC	Aave V3		$268.71m	0.04%
6	CBBTC	Kamino Lend		$231.13m	0%
7	WBTC	Aave V3		$119.4m	0%
8	WBTC-USDC 0.3%	Uniswap V3		$116.6m	10.86%
9	WBTC	SparkLend		$111.16m	< 0.0001%
10	WBTC-WETH 0.3%	Uniswap V3		$110.13m	3.57%
11	WBTC.B-USDC	GMX V2 Perps		$90.22m	8.95%
12	WBTC	Aave V2		$74.52m	0%

Source: DefiLlama

Restaked BTC: A Complementary Alternative

A second pool of users are those already accustomed to deploying their BTC in DeFi through venues such as restaking. These participants are not hesitant to put their assets to work, but restaking remains suboptimal. Rewards are typically distributed in tokens that many holders have little interest in, overall yields are modest, and protocol-level risks such as slashing or governance failures persist.

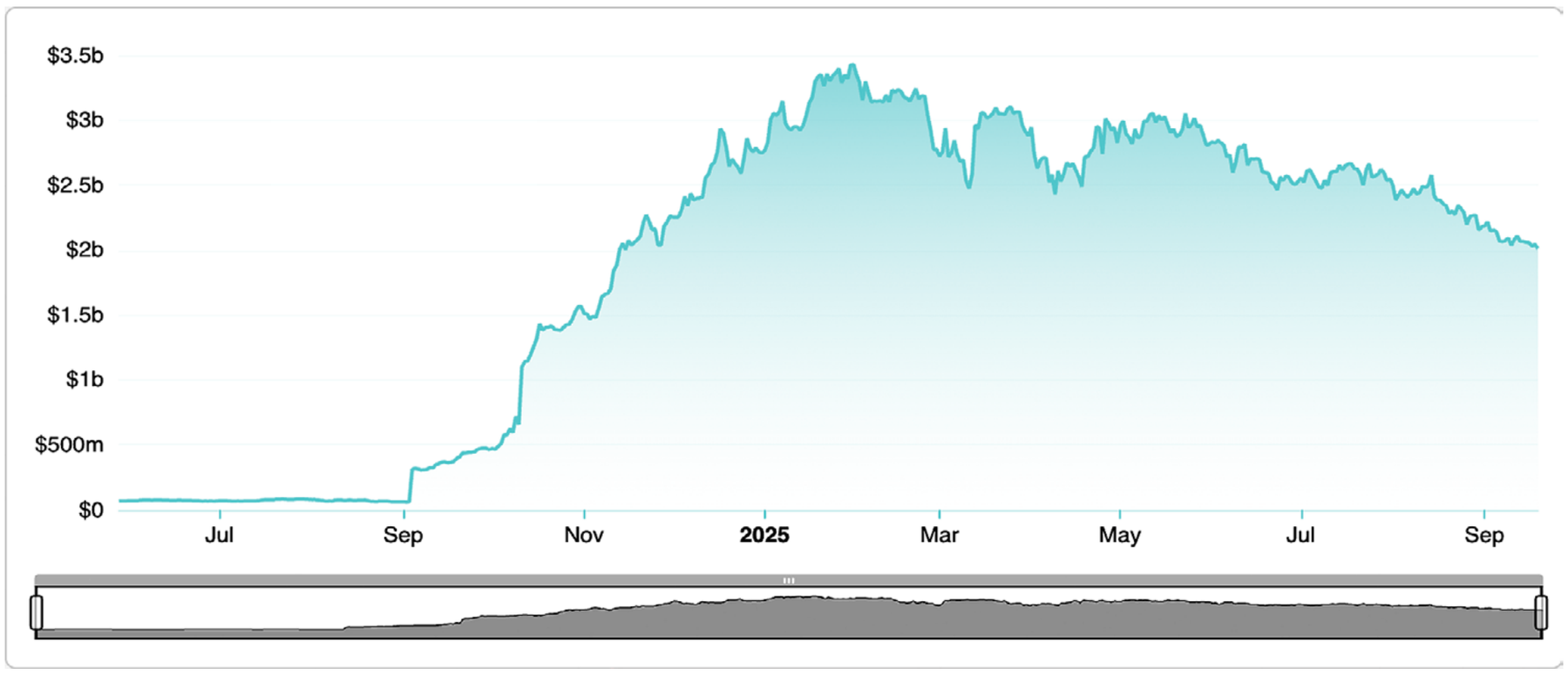
The market for BTC staking is nonetheless expanding again. After plateauing at around $5 billion since the beginning of the year, it has recently grown to approximately $7 billion, led primarily by Babylon. At the same time, liquid restaking solutions have emerged to facilitate trading, though TVL in this segment remains in decline. Even so, with close to $2 billion still active, it represents a meaningful pool of capital where YieldBasis can position itself as both a facilitator and a catalyst for renewed interest.

TVL : BABYLON TVL

Source: DefiLlama

A closer look at current DeFi usage shows that opportunities for BTC holders remain limited. Pools are fragmented, TVL is thin relative to the size of the market, and yields are low across the board,factors that have discouraged broader adoption.

TVL: BTC LIQUID RESTAKING



Source: DefiLlama

YieldBasis does not compete directly with restaking but offers a complementary, fee-based alternative. By grounding returns in trading activity and paying them in BTC, it allows these users to diversify their yield exposure without taking on additional governance or consensus risk.

YIELD RANKINGS

Pool	Project	Chain	TVL	APY
1 SOLVBTC	Venus Core Pool		$231.75m	< 0.0001%
2 SOLVBTC.BNB For...	Pendle		$146.84m	0.99%
3 SOLVBTC.BNB For...	Pendle		$146.84m	2.32%
4 LBTC	NAVI Lending		$70.6m	0.99%
5 SOLVBTC.M	Colend Protocol		$63.99m	0%
6 KODISOLVBTC.BNB-S	BeraPaw		$57.71m	3.17%
7 SOLVBTC-XSOLVBTC	Uniswap V3		$37.11m	< 0.0001%
8 LBTC-CBBTC	Fluid DEX		$35.64m	0%
9 ENZOBTC Takara L...	Takara Lend		$31.55m	2.67%
10 SATSOLVBTC.BERA	BeraPaw		$31.05m	2.48%
11 WBTC-LBTC	Fluid DEX		$24.33m	0.46%
12 WBTC-LBTC 0.05%	Uniswap V3		$20.7m	0%

Source: DefiLlama

Idle BTC: The Largest Pool

The largest bucket, however, remains idle BTC. More than 14 million BTC sits in wallets with little to no spending history, effectively out of circulation and unproductive. Even after adjusting for permanently lost coins, this pool still represents trillions of dollars in nominal value.

Yet it is also the most difficult segment to activate. Many of these holders are committed to a “do not touch Bitcoin” mindset, viewing their BTC as a store of value rather than a productive asset. Others are sceptical of DeFi altogether, deterred by the risks of impermanent loss, bridge exploits, or the complexity of wrapped tokens.

YieldBasis offers a pathway to overcome these barriers. Because it is non-custodial, with a yield denominated in BTC, and free from impermanent loss, it provides an entry point that aligns with the priorities of conservative holders: security, simplicity, and direct exposure to Bitcoin. This framing makes it uniquely positioned to unlock a portion of the vast idle BTC reservoir, tapping into capital that has so far remained off-limits to DeFi.

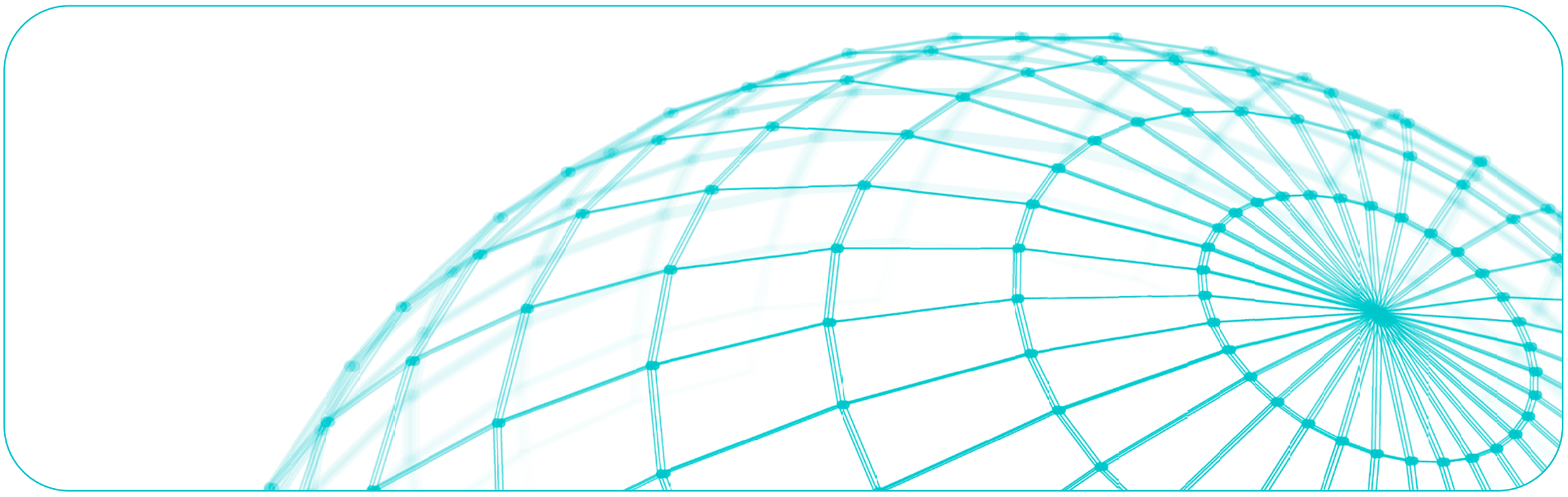
Beyond BTC: Expanding the Model

While BTC is the immediate focus, the architecture of YieldBasis is not Bitcoin-specific. The same mechanism can be extended to other assets. ETH, already the backbone of DeFi, is a natural candidate, as is tokenised gold, which is emerging as a blockchain-native reserve asset.

By applying the YieldBasis model to these markets, the addressable opportunity expands significantly, transforming the protocol from a BTC-focused yield layer into a cross-asset infrastructure for sustainable returns.

Across wrapped BTC, restaked BTC, and idle BTC, the total addressable market is vast. YieldBasis is the first protocol that can realistically engage with all three buckets: unlocking capital efficiency for wrapped BTC, complementing restaking programmes with a fee-based alternative, and mobilising the enormous reservoir of idle BTC.

With a design that can also extend to other chains and assets, the market potential of YieldBasis is measured not just in billions but in trillions of dollars of underutilised capital.



Risks and Considerations

We have identified five main risks that need to be taken into account when evaluating YieldBasis. However, most of these do not differ highly from risks you see in other DeFi protocols:

Technical and Smart Contract Risks

YieldBasis involves multiple interacting contracts across oracle feeds, AMM mechanisms, flash loan systems, and debt management. This complexity increases potential attack surfaces compared to simpler DeFi protocols. The project has undergone extensive auditing with seven security reviews, and emergency controls remain with established entities like Curve's multisig. However, smart contract risk cannot be eliminated entirely.

Market and Volatility Risks

The rebalancing mechanism is designed to handle normal market fluctuations but may face challenges during periods of extreme volatility. Rapid price movements in short timeframes can temporarily create wider spreads before arbitrageurs restore balance. While daily volatility is generally manageable when distributed evenly, sudden price swings within minutes present the greatest operational challenge. Historical simulations demonstrate resilience across various market conditions, though perfect tracking cannot be guaranteed during exceptional market stress.

Scale and Concentration Risks

Large deposits or rapid growth could test the system's capacity to maintain tight spreads and efficient rebalancing. The proposed phased rollout with initial caps helps manage these risks, but eventual scale will depend on how well the mechanism performs under increasing size and complexity.

Oracle and Price Feed Risks

The system relies on accurate BTC/USD price feeds to anchor the rebalancing AMM and determine target debt levels. Oracle failures, manipulation attempts, or significant delays in price updates could cause the leverage ratio to drift from its target or create arbitrage opportunities that work against the system rather than for it.

Governance and Systemic Risks

The interconnection between YieldBasis and Curve means that governance decisions or operational challenges in either protocol may impact the other. The proposed YB token allocation to Curve creates ongoing coordination requirements and potential conflicts of interest. Should YieldBasis experience significant operational problems, the effects on crvUSD markets and the broader Curve ecosystem could be substantial given the depth of proposed integration.

Conclusion

Automated market makers have provided the foundation for decentralised trading but have been held back by a structural weakness: impermanent loss. This design flaw has consistently eroded returns and, despite various attempts at improvement, has prevented liquidity provision from becoming an attractive venue for either mainstream or institutional capital.

YieldBasis offers a structural solution. By combining single-asset deposits with automated borrowing of the counter-asset, it creates a balanced position that maintains linear exposure to the underlying while still capturing trading fees. The mechanism of leveraged liquidity removes the drag of impermanent loss and reframes liquidity provision into a model that can compete directly with simple holding. Through its integration with Curve Finance, YieldBasis also strengthens the broader ecosystem, reinforcing crvUSD demand, deepening Bitcoin pools, and generating sustainable fee flows that benefit both protocols.

Unlike models dependent on heavy subsidies, YieldBasis grounds returns in real trading activity and redistributes them in a way that maintains balance across stakeholders. Importantly, the economic design aligns participants by embedding trade-offs between BTC yield, YB emissions, and long-term governance.This creates a framework that is durable rather than extractive.

Looking forward, the opportunity is significant. YieldBasis is positioned to unlock three major pools of Bitcoin capital: wrapped BTC active in DeFi, restaked BTC seeking diversification, and idle BTC that has so far remained untouched. Together, these represent trillions of dollars in underutilised value, with further scope to extend the model to ETH and tokenised reserve assets. If successful, YieldBasis could mark the beginning of a new phase in DeFi where liquidity provision becomes both sustainable and institutionally scalable.

However risks remain. Technical complexity, oracle dependence, and governance interdependencies with Curve require careful management, and extreme market volatility will always test system resilience. Yet these challenges are not unique to YieldBasis and are partially mitigated by audits, phased rollout, and established governance safeguards.

In the end, YieldBasis represents more than just another liquidity product. It demonstrates how DeFi can evolve beyond incentive-driven models into structures capable of aligning users, protocols, and institutional allocators. By solving the problem of impermanent loss, YieldBasis opens the door to a future where decentralised liquidity is not only efficient but also a credible destination for long-term capital.

Executive Summary

Decentralised exchanges have transformed how assets trade onchain, replacing centralised order books with automated market makers. Yet the very mechanism that makes AMMs functional has also limited their long-term scalability: impermanent loss. For liquidity providers, IL is not a temporary inconvenience but a structural drag that has consistently eroded returns. Numerous academic studies confirm that, over time, most LPs underperform the simple act of holding the underlying assets. This problem has persisted despite design upgrades and has proven particularly unacceptable for larger, performance-driven allocators.

Concentrated liquidity strategies were introduced as a partial remedy. By narrowing ranges, LPs can theoretically deploy capital more efficiently. However, these strategies are extremely complex to operate in practice and still suffer from technical frictions such as loss-versus-rebalancing (LVR).

Rather than solving the problem, they have often shifted risk onto participants who lack the tools or sophistication to manage it. As a result, most pools have resorted to incentive programmes designed to compensate providers for their losses. These incentives may attract short-term capital, but they introduce further inefficiencies: users chase volatile double-digit yields, protocols bear heavy expenses to maintain liquidity, and institutions are not attracted at all.

This dynamic explains why DEX liquidity has stagnated even as DeFi activity has recovered in other areas such as lending and staking. Without a structural solution to IL, AMMs remain subsidy-dependent and unsuitable for institutional-scale liquidity.

YieldBasis: A Structural Solution

YieldBasis has been designed to address this problem directly. Its model of **leveraged liquidity** combines single-asset deposits with automated borrowing of the counter-asset, creating a balanced 2x compounding leverage position.

This ensures that LPs track the linear performance of the underlying asset, such as Bitcoin, while simultaneously collecting trading fees from the pool. Arbitrage-driven rebalancing maintains the target leverage automatically, removing the need for users to manage debt ratios, rebalance ranges, or operate derivative overlays.

For users, the interface is simple. Bitcoin deposits are converted into ybBTC, a tokenised position that mirrors BTC price movements while steadily accruing yield from trading fees. Over time, ybBTC holders gain both the asset appreciation of Bitcoin and additional returns from liquidity provision, without the structural underperformance of impermanent loss.

Ecosystem Integration

YieldBasis is deeply embedded in the Curve Finance ecosystem. Its pools depend on Curve cryptopools and crvUSD as a borrowing mechanism, while in turn providing liquidity depth, trading volume, and stability back into Curve.

Unlike typical CDP-based borrowing, where stablecoin issuance often creates sell pressure, every crvUSD borrowed by YieldBasis is simultaneously paired with BTC in Curve pools. This structure creates natural demand for crvUSD, reinforcing its peg while increasing stablecoin liquidity.

The integration is further supported by a governance proposal for a 60 million crvUSD credit line, with phased rollout across BTC pools. YieldBasis also recycles its borrowing costs and a share of trading fees into Curve's rebalancing budgets, ensuring that both ecosystems benefit from aligned incentives.

The relationship is therefore symbiotic: YieldBasis gains the infrastructure to operate, while Curve strengthens its position as the primary venue for Bitcoin and stablecoin liquidity.

Economics and Token Design

The YieldBasis framework is built for sustainability rather than short-term subsidies. Participants can choose between three reward pathways, each with distinct trade-offs that embed opportunity costs into participation and prevent any single group from dominating rewards.

- **Unstaked ybBTC holders earn BTC-denominated fees directly,** appealing to those who want straightforward yield in the same asset they deposited.

- **Staked ybBTC holders instead receive YB emissions**, positioning themselves for longer-term upside tied to protocol growth.

- **Finally, YB can be locked into veYB**, where holders capture a portion of the protocol's BTC-denominated admin fees while also directing its development through voting rights.

On top of this tripartite structure, a dynamic fee model automatically rebalances rewards between unstaked ybBTC holders and veYB. When only a small share of ybBTC is staked, the admin fee stays near its minimum, allowing unstaked holders to capture most trading fees while a few stakers enjoy a concentrated stream of YB emissions. As staking participation grows, the admin fee rises non-linearly, redirecting a greater share of fees to veYB holders. This mechanism ensures that neither strategy becomes dominant and that participants are rewarded in a fair and sustainable way, without any group being consistently under- or over-compensated.

Regarding governance, veYB plays a crucial role in platform development. Holders influence the allocation of YB emissions across pools, shaping where liquidity incentives flow and guiding how the protocol expands. The

system is deliberately designed to reward longer commitments: maximum locks grant the highest governance weight and revenue share, while shorter locks receive proportionally less influence.

Taken together, the trade-offs embedded in the reward pathways, the governance structure centred on veYB, and the dynamic fee model make YieldBasis economic design both balanced and durable.

Market Opportunity

YieldBasis initial focus is on Bitcoin, a multi-trillion-dollar market,where the opportunity extends across three distinct pools of capital

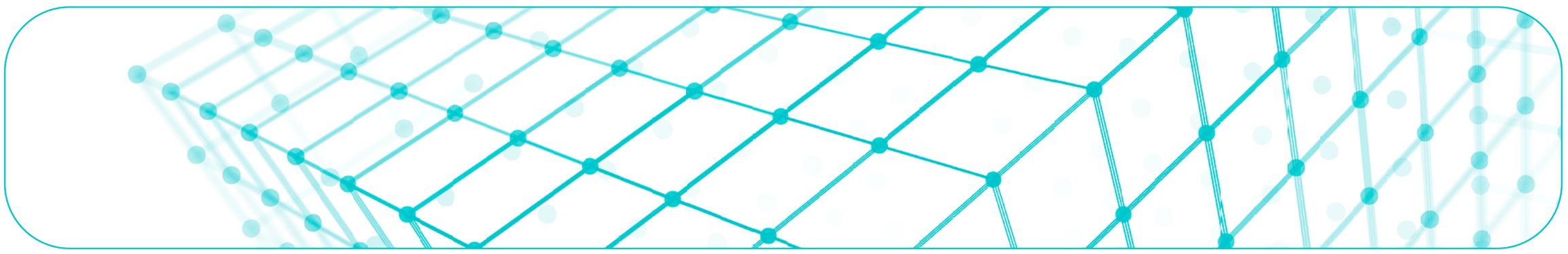
- **Wrapped BTC**, worth more than $23 billion onchain, is mostly parked in lending markets or low-yield pools, with impermanent loss deterring deeper liquidity.
- **Restaked BTC**, a $7 billion segment, offers modest rewards but exposes participants to governance and slashing risks, leaving many users undercompensated.
- **Idle BTC**, over 14 million coins and trillions in value, remains untouched due to security concerns and unattractive

YieldBasis provides a credible pathway into each pool by offering organic yield without impermanent loss. Over time, the same architecture can extend to ETH and tokenised reserve assets such as gold, broadening the addressable market well beyond Bitcoin.

Risks and Considerations

No protocol design is without risks. YieldBasis faces challenges typical of sophisticated DeFi systems, including smart contract complexity, reliance on oracle price feeds, and exposure to extreme volatility during periods of market stress. Its deep integration with Curve also creates interdependencies that require ongoing coordination.

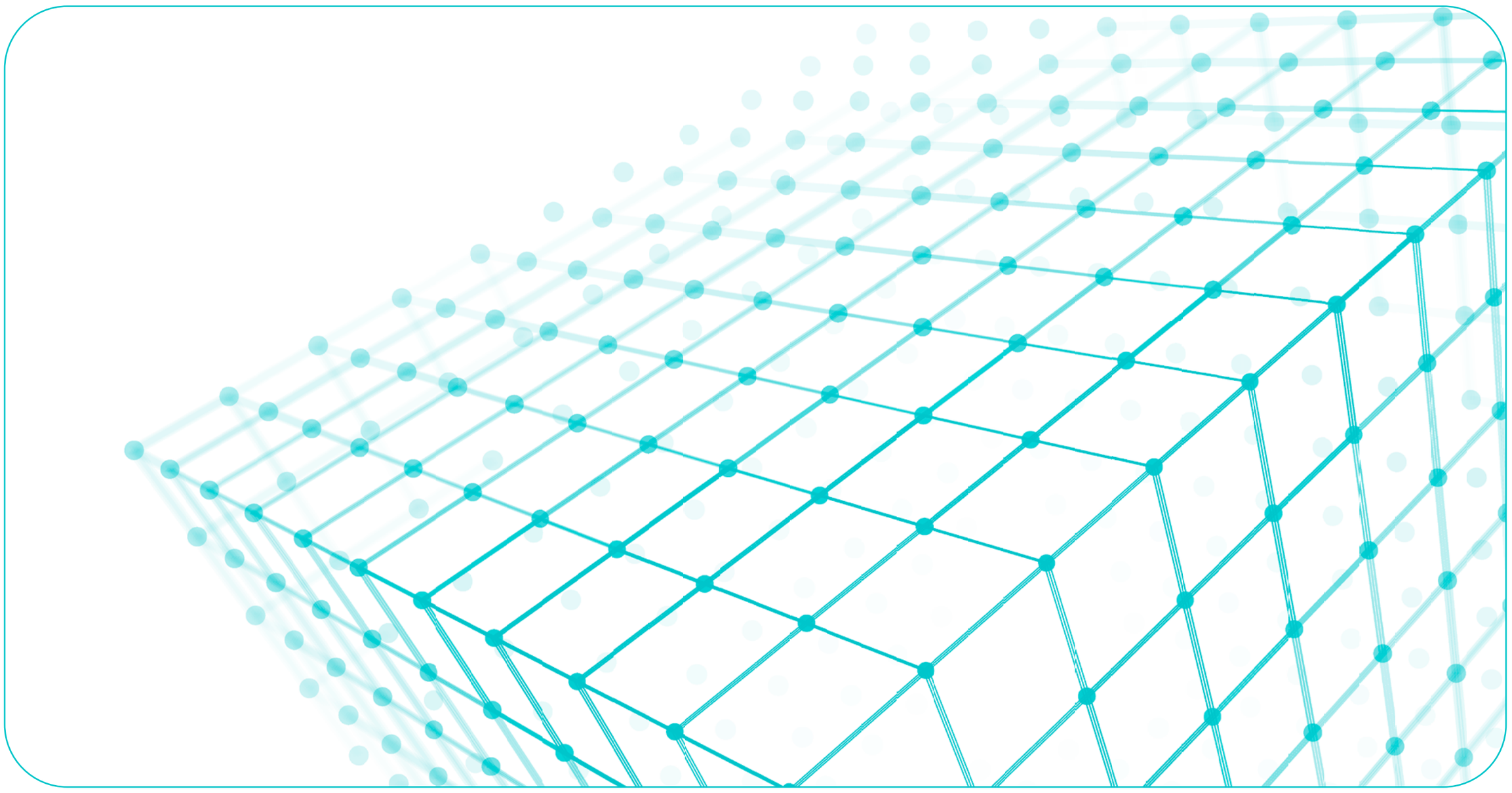
These risks are partially mitigated through phased rollout, extensive security audits, and governance safeguards, but they remain important considerations for allocators evaluating exposure.

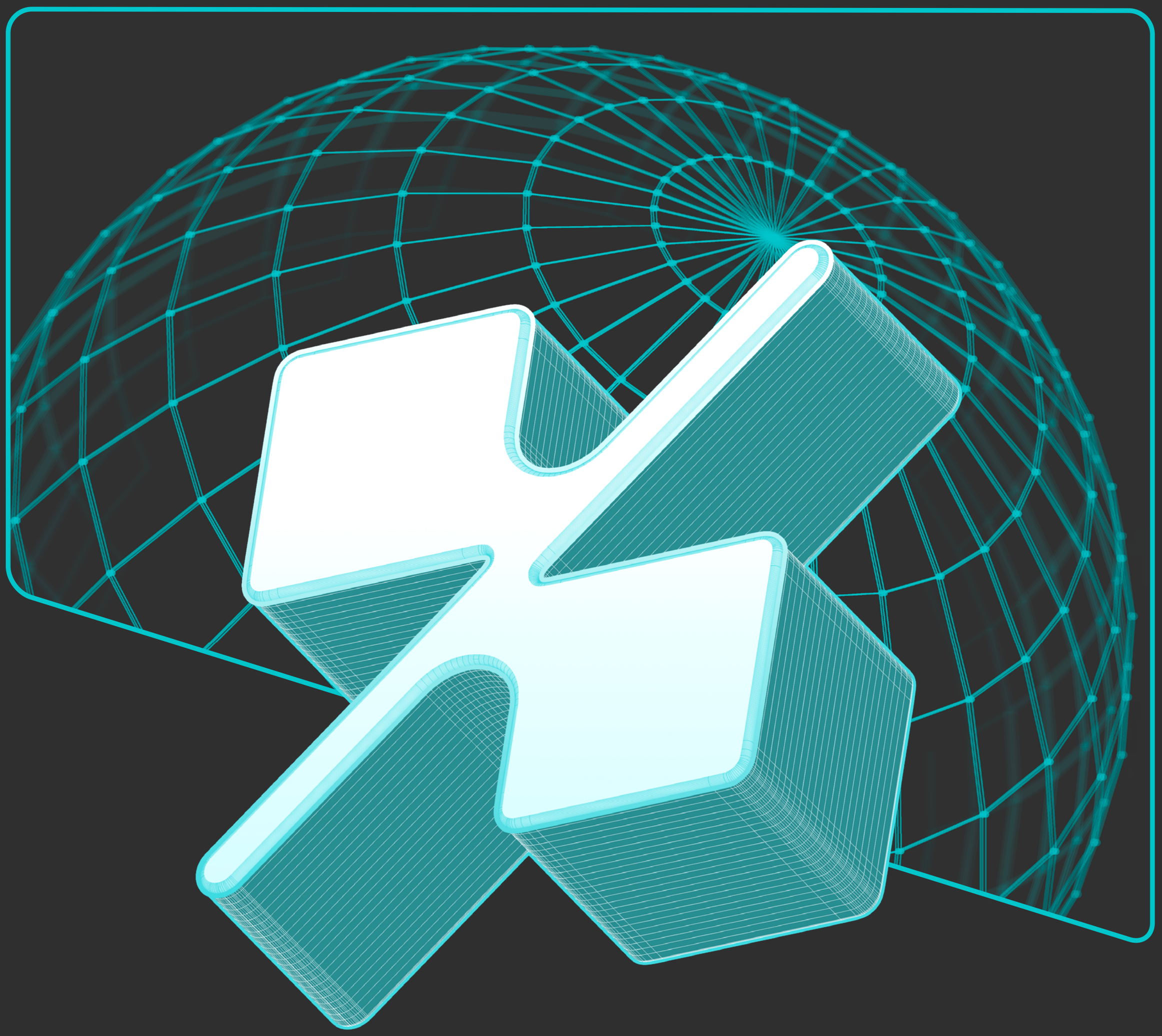


Final Thoughts

YieldBasis offers a structural solution to impermanent loss by reframing liquidity provision around compounding leverage and a streamlined user experience. It allows liquidity providers to earn trading fees without underperforming simple asset holding.

Through its integration with Curve, the protocol reinforces both ecosystems, while its economic model maintains balance across participants to ensure no single group becomes dominant. With the capacity to activate wrapped, restaked, and idle BTC, and ultimately expand beyond Bitcoin, YieldBasis positions itself as a global solution for institutional-grade liquidity provision in DeFi.





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