Liquid staking

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Chapter II introduced staking and Chapter III classified the receipt tokens. The DeFi dimension is that liquid staking protocols, led by Lido, aggregate ETH from thousands of depositors, stake it across a set of node operators, and issue stETH which trades freely and is used as collateral throughout DeFi. By 2026 Lido alone controlled roughly a quarter of all staked ETH, which has raised concerns about concentration of validation power that both regulators have noted.[1]

The legal structure is a pool of assets, a set of operators selected by a governance body (the Lido DAO) and a transferable receipt. Lido's governance can change operators, set fees and alter parameters. On the Federal Council's analysis this is a protocol with an operator in substance. The author's view is that stETH is a unit in a collective investment scheme under Swiss law if the governance body is treated as the manager. Lido's documentation asserts that the DAO is not a manager and that stETH holders retain control, which is the standard position of protocol teams and should be read as advocacy. Singapore's SFA analysis is parallel: a pooled arrangement, managed by others, with participants lacking day-to-day control, is a CIS unless an exemption applies. No regulator has taken enforcement action against a liquid staking protocol as of the cut-off date, so the question remains open.

Notes

1. Lido share of staked ETH from public dashboards (Dune Analytics, rated.network) as at June 2026, approximate; on concentration risk see FSB, The Financial Stability Risks of Decentralised Finance, 16 February 2023, section 3.

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