

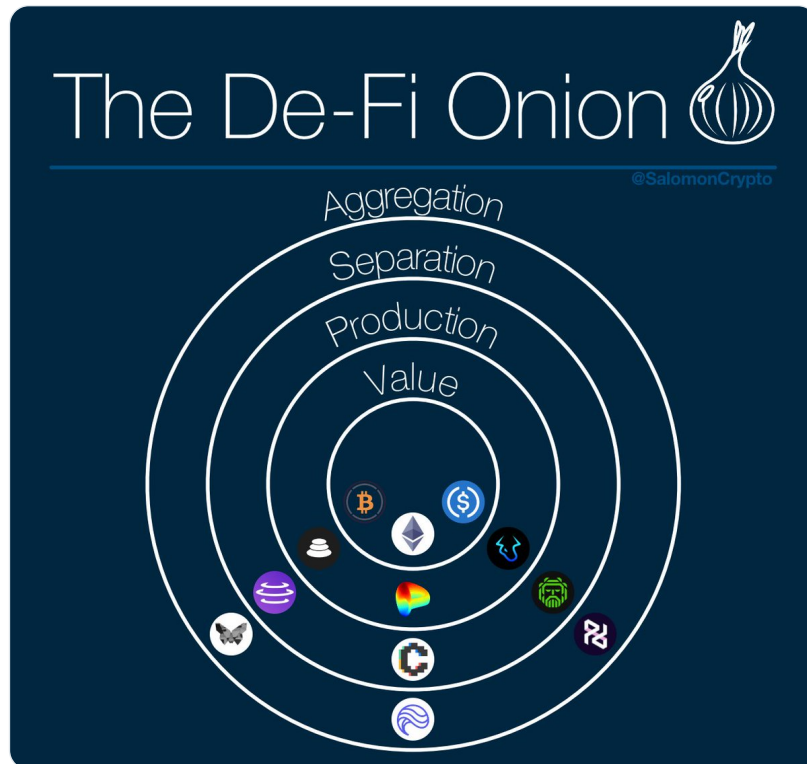


**Haym Salomon** @SalomonCrypto

Jun 23 · 11 tweets · [SalomonCrypto/status/1539779636803997696](#)

(1/10) De-Fi is getting complex. Really really complex.

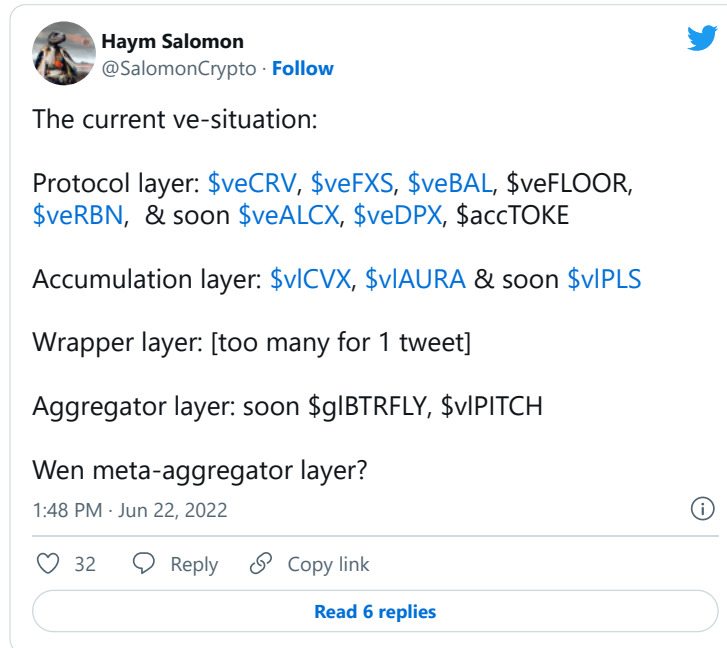
Let me introduce you a new framework to help you understand De-Fi:



(2/10) This morning I made this low-effort Tweet, to which [@DAdvisoor](#) replied "Hope you expand on this one soon."

Well, he got me thinking. All day I've been walking around trying to figure it out...

And then suddenly it hit me!



(3/10) Onions have layers. De-Fi has layers. De-Fi is like onions!!!

Ladies and gentlemen, The Onion Theory of De-Fi:



(4/10) Core of Value

At the core of De-Fi are assets with hard financial value.

Examples: \$ETH, \$WBTC, stablecoins

(5/10) Layer 2 - Production

Protocols put assets to use, producing yield.

Examples: [@CurveFinance](#), [@BalancerLabs](#), [@dopex\\_io](#)

(6/10) Layer 3 - Separation

Protocols capture tokens, separating yield from governance

Examples: [@ConvexFinance](#), [@AuraFinance](#), [@PlutusDAO\\_io](#)

(7/10) Layer 4 - Aggregation Layer

Protocols aggregate tokens across different protocols and layers

Examples: [@Pitch\\_Money](#), [@redactedcartel](#), [@PrimeDAO](#)

(8/10) Wrappers are like cells, providing a protective shell for value to move easily and safely across layers

Examples: \$cvxCRV, \$auraBAL, \$pitchFXS

(9/10) As De-Fi becomes more complex, it will become more important to help conceptualize and communicate what's happening.

The De-Fi Onion will help us understand this intricate system, onboard new builders and creating new innovations.



(10/10) Thank you for coming to my TED talk.

Here's a summary on your way out.





## 1) Core of Value

At the core of De-Fi are assets with hard financial value

Examples: ETH, WBTC, stablecoins

## 2) Production Layer

Protocols put assets to use, producing yield

Examples: Curve, Balancer, Dopex

## 3) Separation Layer

Protocols capture tokens, separating yield from governance

Examples: Convex, Aura, Plutus

## 4) Aggregation Layer

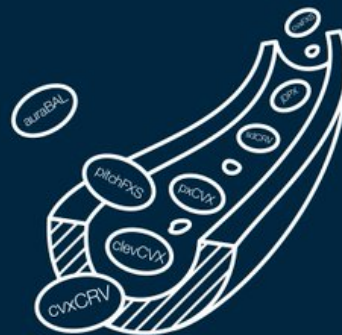
Protocols aggregate tokens across different protocols and layers

Examples: Pitch, [redacted] Cartel, PrimeDAO

## Transporting Value Between Layers

Wrappers are like cells, providing a protective shell for value to move easily and safely across layers

Examples: cvxCRV, auraBAL, pitchFXS



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 **Haym Salomon**  
@SalomonCrypto · [Follow](#)

(1/10) De-Fi is getting complex. Really really complex.

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1:17 AM · Jun 23, 2022

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