

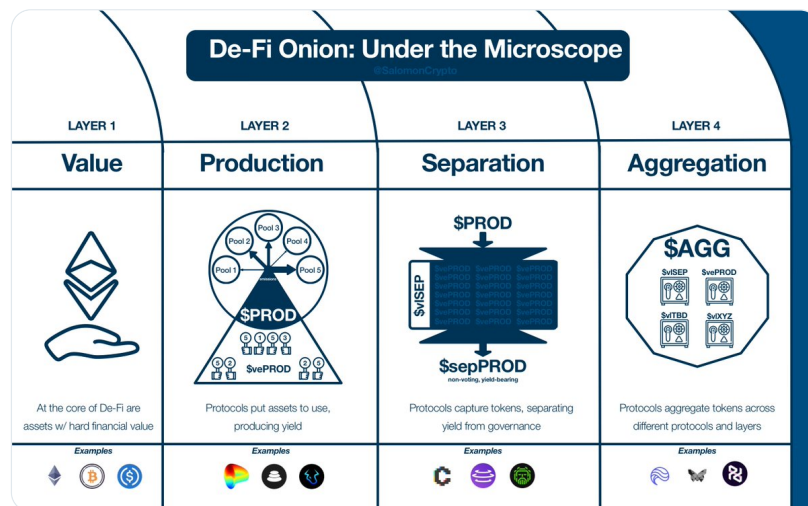


Haym Salomon @SalomonCrypto

Jun 24 · 10 tweets · [SalomonCrypto/status/1540424163713642496](https://twitter.com/SalomonCrypto/status/1540424163713642496)

(1/9) A couple a days ago I posted The De-Fi Onion as a metaphor for how De-Fi is organized.

Since then I've gotten a lot of requests to dig in. So let's take a look under the microscope!



(2/9) Check out the thread below to get caught up.

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

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

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



1:17 AM · Jun 23, 2022

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(3/9) Core of Value

At the core of De-Fi are assets with hard financial value. We've seen the consequences of building De-Fi without a basis in hard value; it does not end well ([@terra_money](#) 🙄)

Examples: \$ETH, \$WBTC, (some) stablecoins





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

Examples

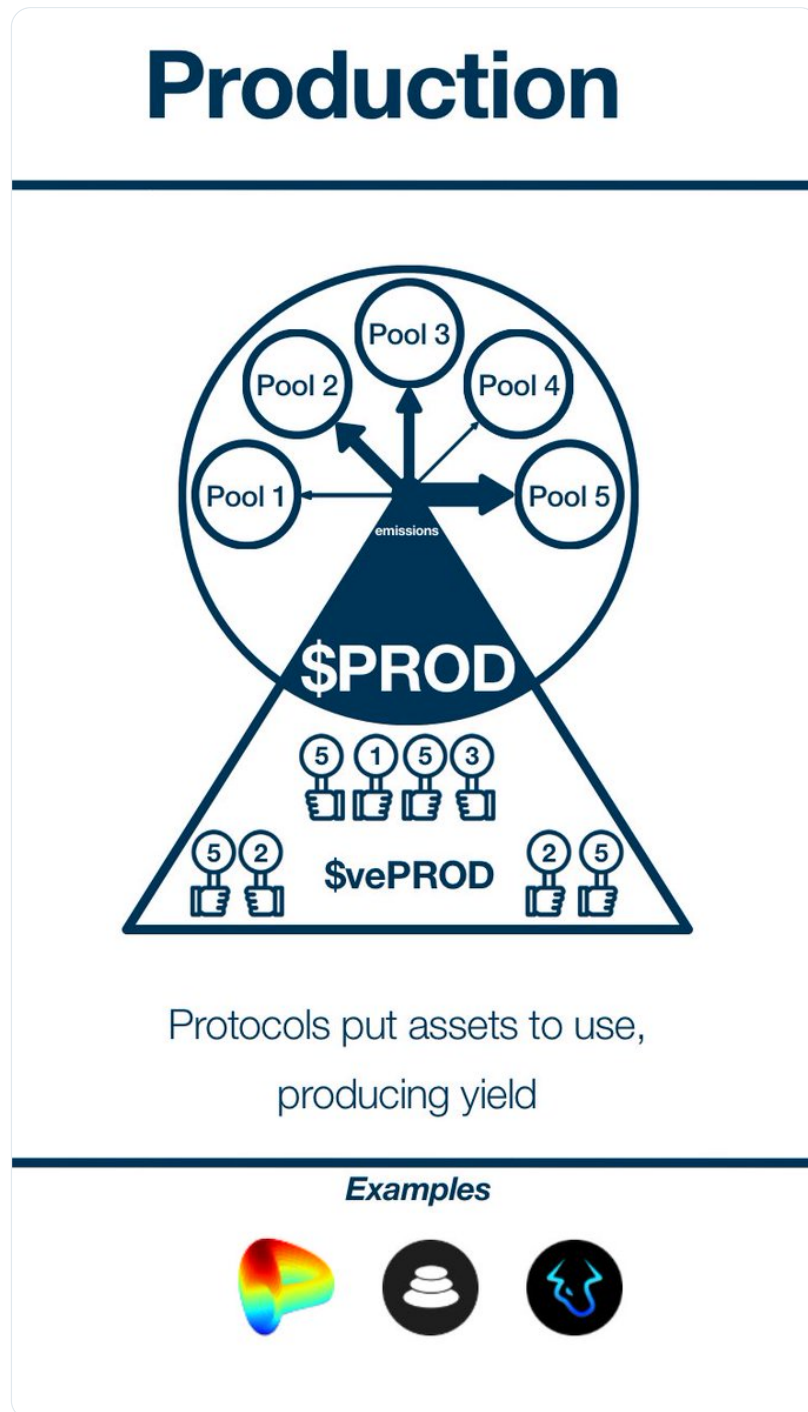


(4/9) Layer 2 - Production

Protocols put assets to use, producing yield. These can be DEXs, derivatives marketplaces, borrowing apps, etc.

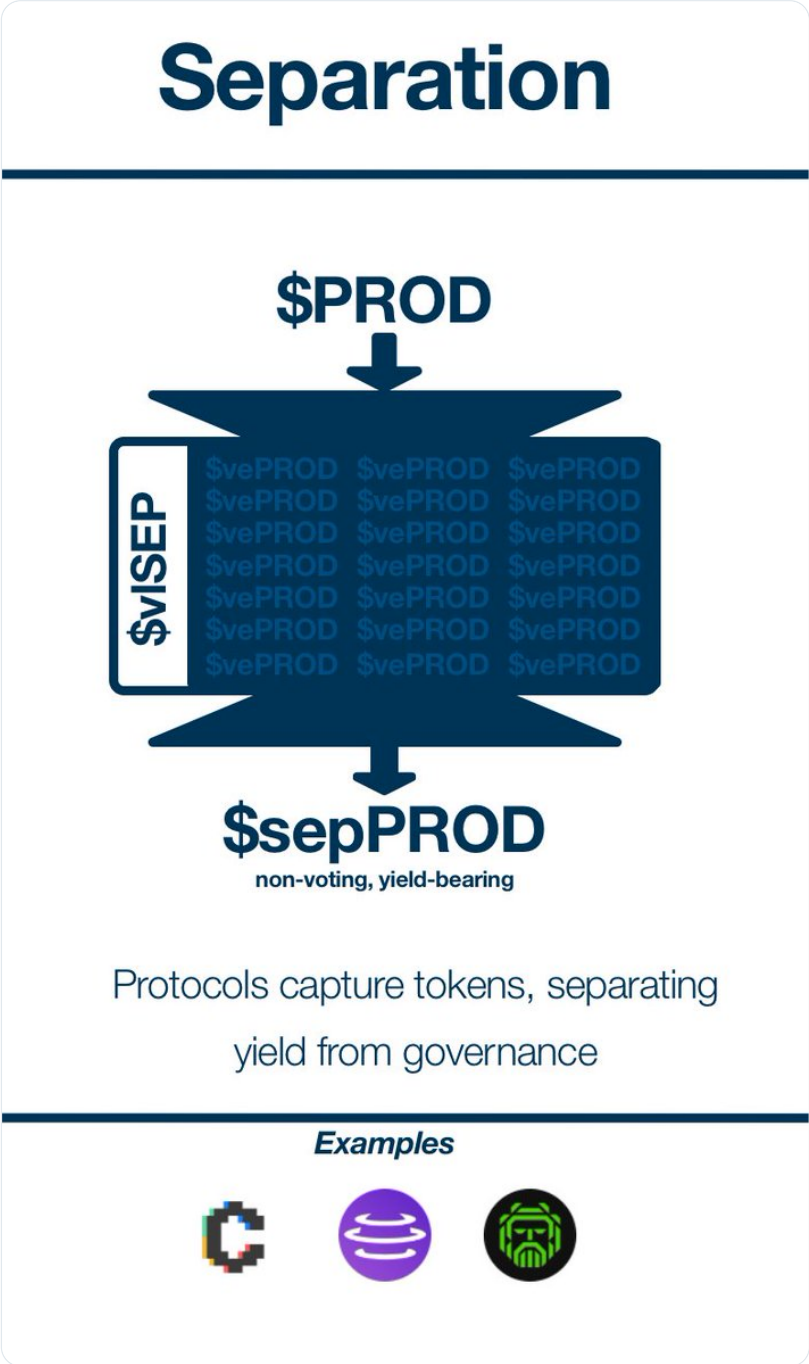
Production protocols emit tokens; tokens can be locked to vote on where emissions go.

Examples: [@CurveFinance](#), [@BalancerLabs](#), [@dopex_io](#)



Protocols capture tokens, separating yield from governance. Yield is returned back to the market via wrapped tokens. Governance is concentrated and controlled by separation protocol tokens.

Examples: [@ConvexFinance](#), [@AuraFinance](#), [@PlutusDAO_io](#)



(6/9) Layer 4 - Aggregation Layer

Protocols aggregate tokens across different protocols and layers. This layer is very much in development and we haven't seen many products built at the aggregation level

Examples: [@Pitch_Money](#), [@redactedcartel](#), [@PrimeDAO](#)

Aggregation



Protocols aggregate tokens across different protocols and layers

Examples



(7/9) Note 1 - Aggregation Layer refers to the aggregation of many layers of governance tokens, not a protocol that services many other protocols. For example, [@redactedcartel](#) belongs in aggregation for its treasury and future plans for \$glBTRFLY (and not [hiddenhand.finance](#))


(8/9) Note 2 - Some of the distinctions between the layers are starting to break down. For example, [@PlutusDAO_io](#) is playing a Convex-like role for [@dopex_io](#), but it is also gathering \$JONES, \$SPA and is already talking about expanding.

Separation layer? Aggregation Layer? 🤖

(9/9) Alright, this has been another edition of "wtf is Haym thinking."

Under the Microscope summary chart at the top of the thread. De-Fi Onion summary chart linked below!

Do you like this kind of content? Let me know!

 **Haym Salomon**
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Replying to @SalomonCrypto

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

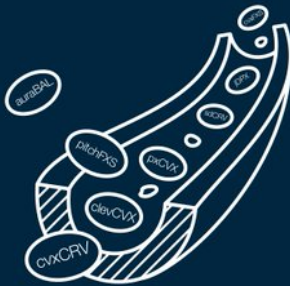
Here's a summary on your way out.

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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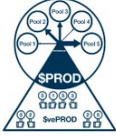






Like what you read? Help me spread the word by retweeting the thread (linked below).

Follow me for more explainers and as much alpha as I can possibly serve.

Haym Salomon
@SalomonCrypto · Follow

(1/9) A couple a days ago I posted The De-Fi Onion as a metaphor for how De-Fi is organized.

Since then I've gotten a lot of requests to dig in. So let's take a look under the microscope!

LAYER 1	LAYER 2	LAYER 3	LAYER 4
Value	Production	Separation	Aggregation
 At the core of De-Fi are assets w/ hard financial value	 Protocols put assets to use, producing yield	 Protocols capture tokens, separating yield from governance	 Protocols aggregate tokens across different protocols and layers
Examples 	Examples 	Examples 	Examples 

7:58 PM · Jun 24, 2022

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