



Liquid Staking on Solana & Ethereum

Liquid staking has become a cornerstone of modern crypto investing, blending the benefits of staking rewards with the utility of decentralized finance (DeFi). In this article, we will explore what liquid staking tokens (LSTs) are, compare the leading protocols on Solana and Ethereum, and help you understand when and how to use them effectively.

What Is Liquid Staking?

Traditional staking requires you to lock up your crypto assets for a period of time, making them inaccessible. Liquid staking solves this by allowing you to stake assets like ETH or SOL while still keeping them usable. When you stake through a liquid staking protocol, you receive a liquid staking token (LST) in return. This token:

- Accrues rewards automatically;
- Can be traded, used in DeFi, or swapped back to the original asset;
- Keeps your crypto **liquid and usable**.

When to Use Native Assets vs. LSTs

If your only goal is long-term holding without needing access to liquidity or additional yield opportunities, using native assets like ETH or SOL directly might suffice. However, if you want to earn passive rewards without locking your assets, liquid staking tokens are a better fit.

LSTs are especially useful when you want to participate in DeFi. They can be deposited into lending platforms, used as collateral for borrowing, or supplied to liquidity pools to earn additional yield. More advanced users even use LSTs in leveraged strategies or restaking layers to maximize rewards.

Ethereum Liquid Staking: Key Players

Ethereum has a well-developed liquid staking ecosystem. Some of the leading protocols include:



Lido (stETH): The most widely used LST on Ethereum. It offers approximately 3.5% APY and is supported across many DeFi platforms.

Rocket Pool (rETH): A decentralized alternative to Lido, offering a roughly 3.2% APY and lower barriers to entry for node operators.

Frax ETH (sfrxETH): A more DeFi-optimized option, offering between 4–5% APY with boosted yields in certain protocols.

EigenLayer (via LRTs): While not an LST in the traditional sense, EigenLayer allows restaking of ETH and LSTs for additional rewards, typically offering between 6–8% APY. It represents the cutting edge of Ethereum staking innovation.

Solana Liquid Staking: Top Protocols

Solana's LST landscape is also growing rapidly, with high yields and active DeFi integration. The top options include:

Jito (JitoSOL): Offers around 7–8% APY + MEV rewards. Its standout feature is the integration of MEV (Maximum Extractable Value) rewards, making it one of the highest-yielding and most DeFi-compatible options on Solana.

JPool (JSOL): Offers around 7–8% APY. It offers a variety of liquid staking options to suit different needs and preferences, potentially increasing APY.

Marinade (mSOL): In the 6–7% APY range, Marinade offers broad DeFi support and is known for distributing stake across many validators, promoting decentralization.

Security Precautions for LSTs

As with any financial instrument in crypto, liquid staking involves risks. The main concerns and how to manage them:

- **Smart Contract Risk:** Use only reputable and audited protocols.
- **Validator Slashing Risk:** Choose LSTs that spread stake across multiple validators.



- **Depegging Risk:** LSTs can diverge from the price of the underlying asset.
- **Platform Risk:** Be cautious with DeFi platforms that lack transparency or audits.
- **Wallet Security:** Always use secure wallets, preferably hardware wallets, and avoid automatically signing transactions.

DeFi Use Cases for LSTs

LSTs become particularly powerful when used within DeFi protocols. Here's how:

- **Lending:** Deposit LSTs into platforms to earn lending interest;
- **Borrowing:** Use LSTs as collateral to borrow assets like USDC for leverage or liquidity needs;
- **Liquidity Providing (LP) and Yield Farming:** Pair LSTs with other assets in liquidity pools to earn swap fees and farming rewards.
- **Leveraged Strategies:** Some advanced users loop LST deposits and borrowings to boost yield, though this carries significant risk and is only recommended for experienced users.

Final Thoughts

Liquid staking is a critical innovation that bridges the gap between passive staking rewards and active DeFi participation, offering a flexible way to earn rewards without compromising liquidity.

As the ecosystem evolves, new restaking layers and DeFi integrations will continue to emerge. Users should carefully assess their own risk tolerance, technical comfort, and financial goals before choosing a liquid staking strategy.

Liquid staking is not just about yield. It's about choosing how you want to participate in the evolving landscape of decentralized finance — with control, flexibility, and strategy.