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Solv Protocol

The Onchain Bitcoin Reserve

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Solv Protocol: The Onchain Bitcoin Reserve

Bitcoin, the largest and most globally recognisable cryptocurrency, has seen meteoric growth, more than doubling in the past year. Spot ETFs largely fueled this surge, which facilitated over $35 billion in net purchases from traditional financial giants like BlackRock, Fidelity, and others. This, coupled with a crypto-friendly administration set to take office in the US, has sparked widespread discussion about Bitcoin's role in institutional strategies.

The narrative of Bitcoin is also being reframed as an increasing number of companies start to recognise its value, incorporating BTC into their balance sheets as both a hedge against inflation and a potential growth asset. Beyond institutional and corporate interest, nations like the US and Russia are reportedly considering strategic Bitcoin reserves, while countries such as El Salvador and Bhutan have already taken steps toward adopting and even mining Bitcoin.

However, Bitcoin's limited scripting capabilities have traditionally constrained its use in staking and advanced DeFi applications, leaving an estimated $1 trillion worth of BTC idle and underutilised.

Solv Protocol transforms Bitcoin from a static asset into an interoperable financial instrument. SolvBTC and SolvBTC.LST allow Bitcoin holders to use their assets seamlessly across multiple chains and protocols, much like wBTC or cbBTC. More importantly, the Staking Abstraction Layer (SAL) creates a "highway" for BTC to move freely between ecosystems. SAL enables holders to stake their Bitcoin and earn yield rather than simply letting it sit idle.

Ryan Chow, Founder of Solv Protocol, envisions the platform as an 'onchain MicroStrategy.' Instead of top-down institutional accumulation, Solv Protocol leverages its global community to amass and actively earn yield on a significant reserve of Bitcoin. By integrating with diverse protocols and chains, Solv Protocol aims to unify fragmented Bitcoin liquidity and create accessible pathways for Bitcoin holders to generate yield.

The results speak for themselves: Solv Protocol has already attracted a global user base of over 510,000, with 42,000 actively earning yield. More than 10,000 BTC are now in Solv's Bitcoin reserve and an additional 15,000 as SolvBTC.LSTs, signalling its growing adoption and impact within the Bitcoin ecosystem.

The Team

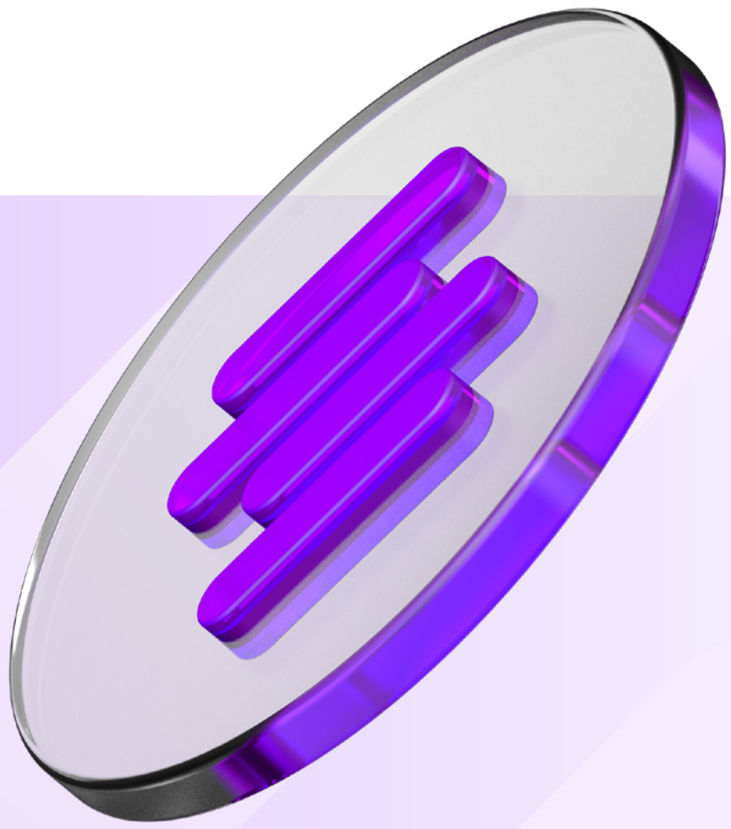
Solv Protocol's three co-founders collectively bring extensive experience in blockchain development, cryptography, and digital asset management.

Co-founder Ryan Chow focuses on enabling broader access to cryptocurrency investments, which led to the launch of Solv.

Co-CEO and co-founder Mike Yan (Yan MENG) is among the originators of the ERC-3525 token standard. His background includes roles as Deputy Director of the Chinese Institute of Digital Assets and senior manager in Strategic Communications at IBM, where he contributed to the rollout of blockchain strategies.

The third co-founder, known pseudonymously as Will42, also worked on the EIP-3525 proposal, introducing a 'semi-fungible' token model by combining properties of ERC-20 and ERC-721. Through its SLOT functionality, ERC-3525 reduces the need for multiple token contracts, supporting more flexible and customizable financial instruments in DeFi.

Solv has also received $23.8m in funding from a range of industry participants, including Blockchain Capital, Binance Labs, OKX Ventures, Laser Digital (Nomura Securities), UOB Venture Management, and Matrix Partners.



SolvBTC

SolvBTC acts as a unified reserve for native Bitcoin and other Wrapped Bitcoin products. The flexible, synchronous token is minted natively across ten different chains. This enables users to participate in DeFi while maintaining a strict 1:1 peg to their underlying BTC. The protocol incorporates a multi-layered system for custody, minting, and redemption, ensuring transparency, security, and utility.

The minting process consists of four steps:

1. Users initiate the process in two distinct ways. Users either interact with smart contracts on EVM-based chains or deposit Bitcoin directly on the BTC mainnet. For EVM chains, users interact with minting contracts, which handle deposits of wrapped BTC assets (e.g., wBTC, BTCb, cbBTC). For the BTC mainnet, users deposit Bitcoin into designated addresses, with wallet management handled by a trusted custodian or a trustless cross-chain bridge, depending on the configuration.

2. A light client or oracle system monitors the Bitcoin network to confirm transaction finality. It validates key details such as output scripts, block confirmations, and transaction integrity, ensuring deposits meet security requirements.

a. If the deposit is directly on Bitcoin, a light client may be used on the destination chain to ensure trust-minimized verification of the Bitcoin transaction.

b. If the deposit involves wrapped Bitcoin assets (e.g., WBTC), an oracle system may be used to relay deposit data from the custodial or wrapping service.

3. Once verified, the Staking Abstraction Layer (SAL) generates a ‘deposit proof.’ This proof encapsulates critical data, including the depositor’s transaction, the amount of Bitcoin, and the recipient’s address on the destination chain.

4. The deposit proof is relayed to the destination chain, where a minting smart contract verifies it against internal ledgers and reserve checks. After successful validation, the contract mints an equivalent amount of SolvBTC and assigns it to the user’s wallet.

Every SolvBTC token is backed by an equivalent amount of BTC or recognised BTC-pegged assets securely locked within Solv Protocol’s custody. Although it is not yet live, Solv Protocol is working with Chainlink to build a comprehensive Proof-of-Reserves system. Until complete, users can verify the reserve assets using onchain data and cryptographic proofs, or using open-source data sites like DefiLlama.

Solv’s reserves consist of two asset categories: core reserves and innovative reserves.

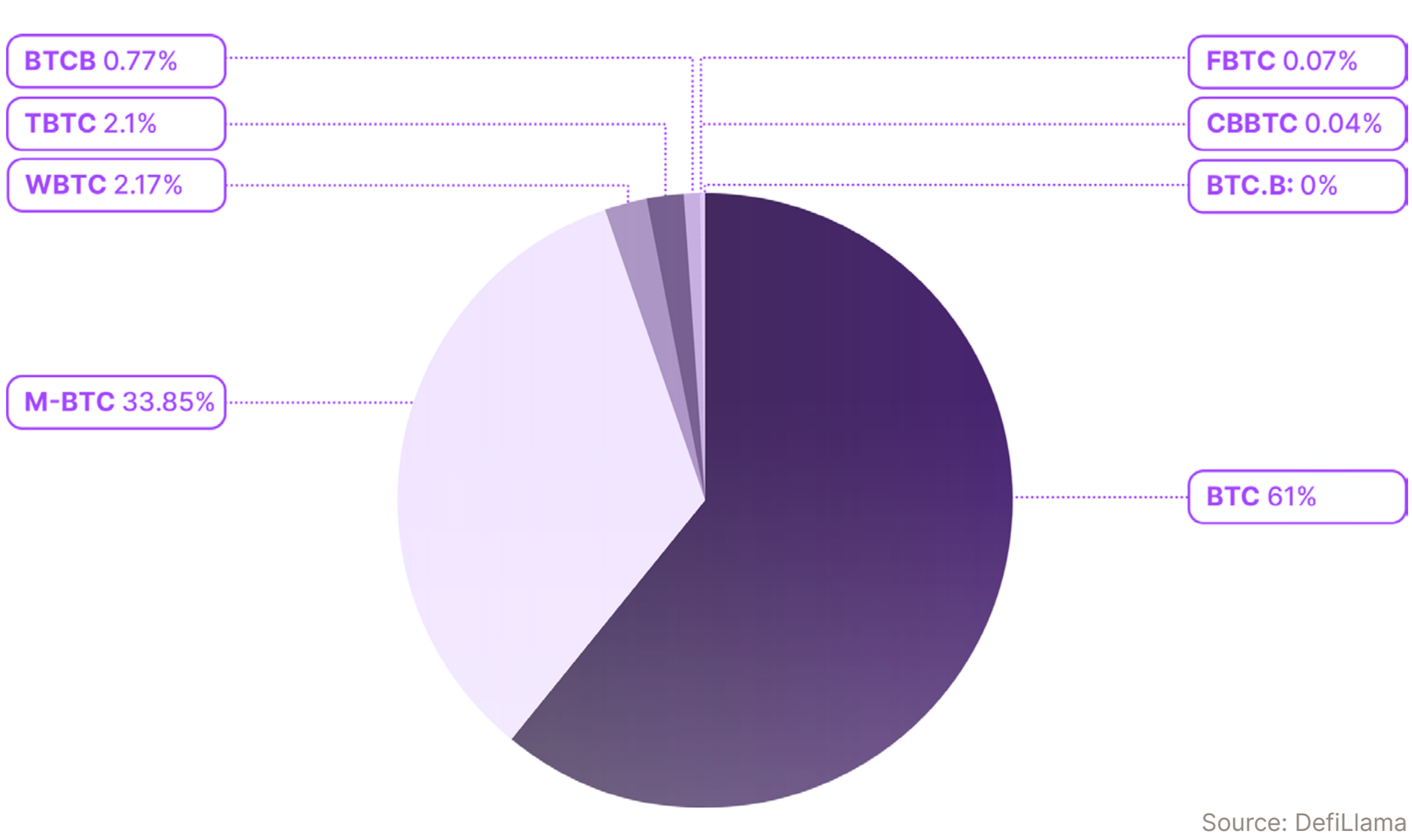
Core Reserves

These include native BTC, BTCB (Binance's wrapped Bitcoin), and cbBTC (Coinbase's wrapped Bitcoin). Chosen for their resilience, broad adoption, and strong liquidity profiles, these assets form the cornerstone of SolvBTC's value. Core Reserve Assets are exempt from minting caps or cross-chain rate limits.

Innovative Reserves

Innovative Reserves encompass newer or ecosystem-specific wrappers like wBTC, fBTC, BTC.b, and tBTC. Despite the potential for additional yield opportunities and broadening DeFi participation, they involve varying degrees of custodial and smart contract risk. To mitigate exposure, Solv Protocol imposes minting caps and cross-chain rate limits on these reserves. Governance by the SolvDAO will eventually decide adjustments to these parameters and determine whether any Innovative Reserves graduate to Core Reserve status.

GRAPH 1 **OVER 60% OF SOLVBTC'S BACKING IS NATIVE BITCOIN**



Source: DefiLlama

To withdraw from the protocol, users initiate a redemption request via a smart contract, specifying the amount and the destination Bitcoin address. Upon verification, the protocol issues an ERC-3525 redemption token, representing the user's claim on Bitcoin. This token serves as a transferable, semi-fungible asset, which users can trade or hold while waiting for settlement.

Redemptions are processed through a queue, minimising liquidity risks during large withdrawals. Once sufficient liquidity is confirmed, the redemption token is burned and the corresponding Bitcoin is transferred to the user's specified address. This mechanism ensures that the SolvBTC supply decreases proportionally, preserving its 1:1 peg. Built-in safeguards like time-delayed transactions and governance-based oversight further protect against system abuse.

Popular DeFi protocols are increasingly integrating SolvBTC, offering users diverse opportunities to maximise their assets. For instance, it can be supplied on leading lending platforms like Venus and Morpho to earn yield or serve as collateral. Additionally, SolvBTC can be paired with other assets on prominent DEXs such as Uniswap, Curve, and Aerodrome, among others. As adoption grows, SolvBTC's utility across the DeFi ecosystem continues to expand.

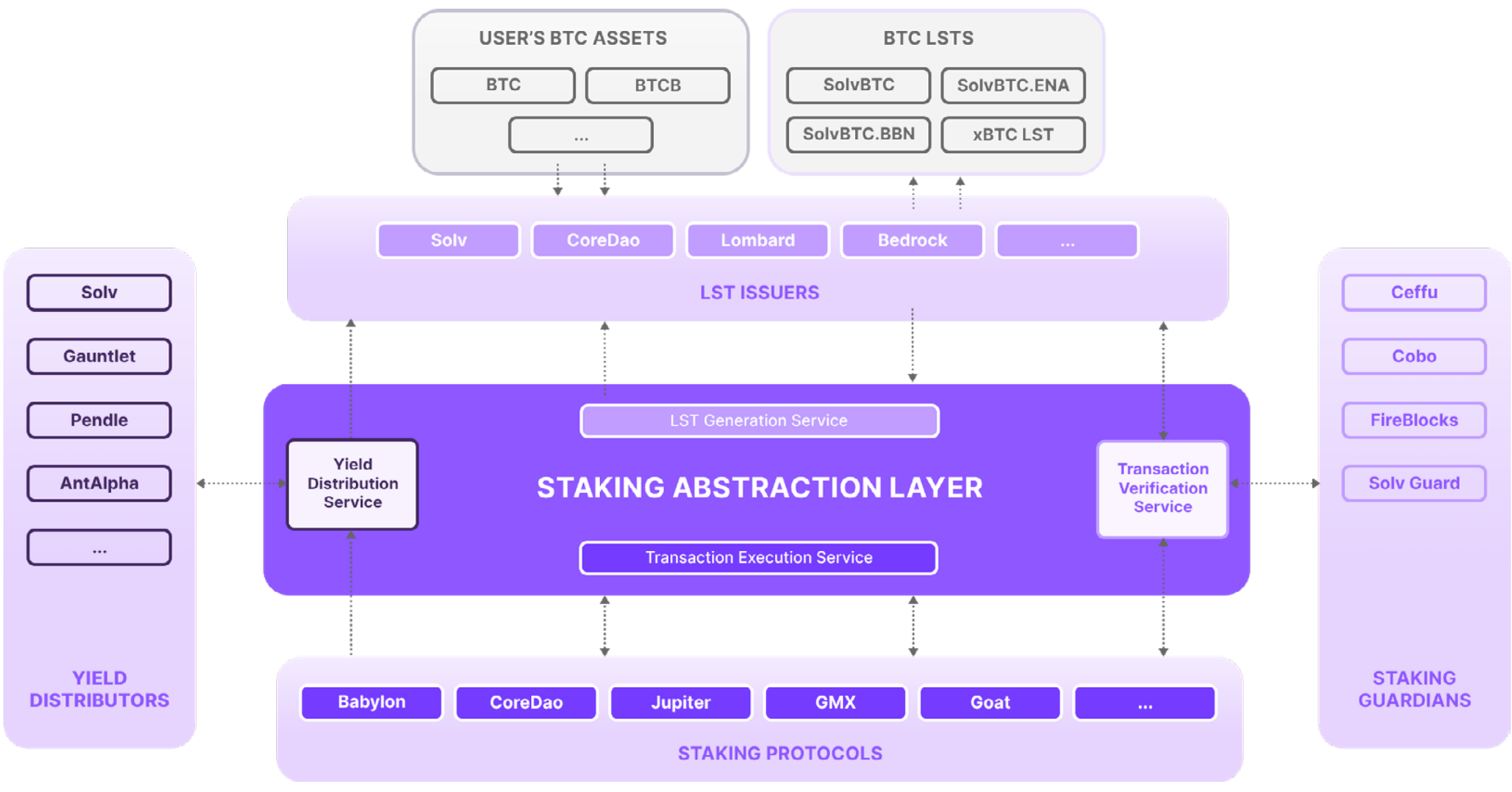
Staking Abstraction Layer

A crucial aspect of Bitcoin's ongoing evolution is the 'flywheel effect' created by aligning traditional finance (TradFi), centralised finance (CeFi), and decentralised finance (DeFi) under one cohesive framework. As more institutions and investors integrate Bitcoin into established financial products, its legitimacy grows; when user-centric CeFi features simplify that integration, even more adoption follows. This rising momentum feeds directly into DeFi yield innovations, creating a self-reinforcing cycle that boosts liquidity, strengthens market confidence, and paves the way for wider Bitcoin adoption.

Solv Protocol is accelerating this flywheel dynamic. By offering integrations with legacy financial tools, intuitive staking services reminiscent of CeFi simplicity, and cutting-edge DeFi yield strategies, Solv transforms Bitcoin from a passive balance sheet holding into a fully interoperable, yield-generating financial instrument. While SolvBTC has been successful in its own right, the truly unique selling point of Solv Protocol is the Staking Abstraction Layer (SAL).

At its core, SAL abstracts the complexities of staking Bitcoin across various platforms. Instead of requiring users to manually configure scripts or adapt to different blockchains, SAL provides a streamlined interface managing these processes. Users can deposit Bitcoin — or supported wrapped versions — and seamlessly participate in staking strategies via SolvBTC.LSTs, all without needing in-depth technical knowledge.

GRAPH 2 **SOLV PROTOCOL'S STAKING ABSTRACTION LAYER**



Diverse Yield Opportunities

One of SAL's key innovations provides access to a wide range of yield streams. These include validator rewards on Proof-of-Stake (PoS) networks, restaking opportunities that compound returns, and delta-neutral strategies designed to hedge risk while maximising returns. By integrating Bitcoin into these yield-generating mechanisms, SAL transforms Bitcoin from a store of value into an active, yield-bearing asset.

Modular Architecture and Staking Abstraction Matrix

SAL's modular design underpins its functionality, as the component plays a specific role in enabling staking operations. Central to this architecture is the Staking Abstraction Matrix (SAM), a comprehensive data model that standardises staking parameters, such as Bitcoin script configurations, transaction metadata, and reward distribution rules. This standardisation ensures consistency and interoperability across blockchains, allowing SAL to act as a bridge between diverse staking protocols.

Other critical modules include:

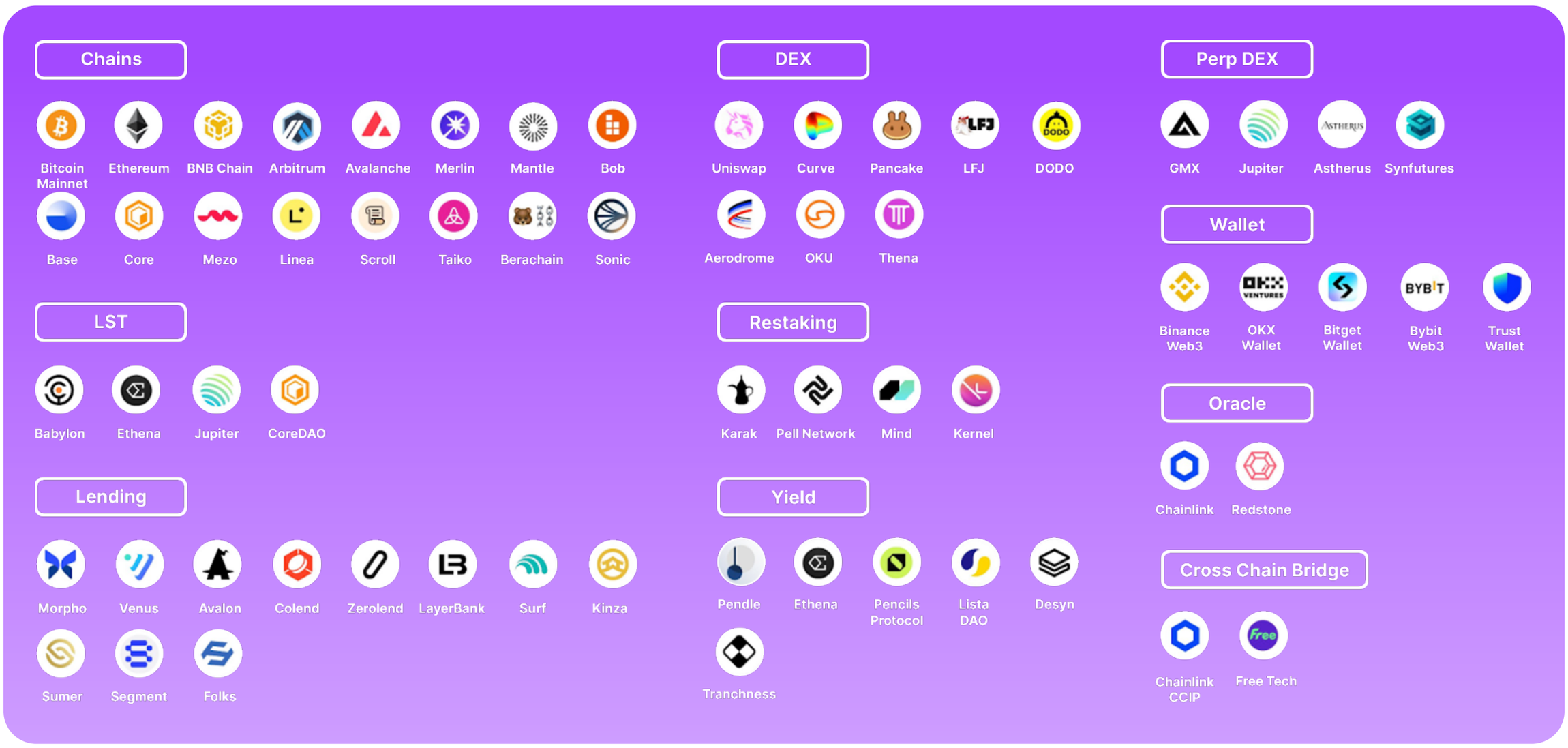
- LST Issuance Services mint liquid staking tokens that represent staked Bitcoin.
- Staking Verification Services validate transactions and ensure they align with user-defined configurations.
- Transaction Building Services automate the creation and submission of staking transactions to participating protocols.
- Yield Distribution Services ensure transparency and efficiency while managing the allocation and distribution of staking rewards.

The Staking Abstraction Layer represents a critical advancement in the usability and composability of Bitcoin within DeFi. By abstracting technical complexities and providing a unified staking framework, SAL enables Bitcoin holders to maximise their assets' utility without sacrificing security or liquidity. SAL's modular design, diverse yield opportunities, and focus on transparency and user control position it as a foundational layer for the next generation of Bitcoin-focused DeFi innovations.

SolvBTC.LSTs

SolvBTC's liquid staking tokens (LSTs) unlock multiple avenues for Bitcoin holders to earn yield across diverse strategies and ecosystems. These strategies tap into different sources of yield generation, including restaking, validator rewards, and trading strategies.

GRAPH 3 **SOLV PROTOCOL'S ECOSYSTEM**



Restaking Yields

Restaking protocols like Babylon, EigenLayer, and Symbiotic represent a cornerstone of SolvBTC's yield-generation capabilities. These protocols leverage staked Bitcoin to secure additional networks or participate in decentralised consensus mechanisms, rewarding users with native tokens. For instance, SolvBTC.BBN, the protocol's largest LST to date, has staked over 10,000 BTC, enabling users to earn Babylon staking yields, Babylon points, and Solv XP.

Validator Rewards

Validator networks such as CoreDAO, Stacks, Botanix, and Mezo offer real-yield opportunities for Bitcoin holders staking their assets. SolvBTC.CORE, one of the most active LSTs in this category, offers an annual percentage yield (APY) of 2-4% paid in CORE tokens, with seasonal incentives pushing APY up to 10% and early adopters earning as much as 50% APY during promotional phases. Validator-based yields offer a stable return for users while aligning with Bitcoin's security and decentralisation ethos.

Trading Strategy Yields

Trading strategy-based yields offer another lucrative avenue, particularly in bullish market conditions. These strategies generate BTC-denominated returns, allowing users to 'stack sats' through innovative deployment. SolvBTC.Ethena, for instance, employs a basis trade where users collateralise Bitcoin, borrow stablecoins, and deposit them into Ethena to earn the staked USDe rate. This approach preserves Bitcoin exposure while unlocking additional yield streams. Similarly, SolvBTC.JUP taps into Jupiter's liquidity pool (JLP) to deliver returns from trading fees. During bull markets, JLP yields have exceeded 60%, with Solv Protocol hedging open interest on centralised exchanges to stabilise returns.

Bridging and Cross-Chain Expansion

SolvBTC's flexibility extends to its integration across multiple chains. Chainlink's Cross-Chain Interoperability Protocol (CCIP) supports transfers across Base, Avalanche, Arbitrum, Ethereum, BNB Chain, and Linea. Complementing this, Free.tech bridges support even more ecosystems, including newer chains like Scroll and Sonic. Initially, Solv employed a lock-and-mint bridging model with Free.tech. However, it has transitioned to a burn-and-mint framework to eliminate risks of double-counting and ensure accurate supply accounting.

As the protocol expands, new integrations with bridging solutions such as LayerZero and Wormhole are expected to bring SolvBTC to additional chains. These advancements align with the protocol's commitment to enhancing accessibility and liquidity for Bitcoin holders, enabling seamless movement and deployment of assets across ecosystems.

Onchain Microstrategy?

Michael Saylor's transformation of MicroStrategy into a major Bitcoin holder exemplifies how corporate treasuries can leverage BTC for both capital appreciation and brand visibility. By raising nearly $20bn through convertible bond and equity sales, MicroStrategy acquired over 2% of Bitcoin's total supply – an investment that propelled the firm's stock price more than 400% in 2024. Though widely regarded as visionary, Saylor's top-down, debt-fueled strategy entails significant leverage, exposing the company to potential volatility if Bitcoin's price retreats.

Solv Protocol's co-founder, Ryan Chow, seeks to replicate this success onchain, calling his initiative the 'first-ever Onchain MicroStrategy.' Rather than relying on a single corporate balance sheet, Solv Protocol aggregates BTC from multiple participants, issuing SolvBTC — a multi-chain, yield-capable representation — rather than letting Bitcoin lie dormant. By tapping into DeFi and permissionless liquidity, Solv aims to democratise what Saylor accomplished, enabling a wider pool of users to benefit from Bitcoin-based yield while preserving BTC exposure.

Although more than 10,000 BTC have been deposited into SolvBTC, the protocol lags behind MicroStrategy's scale, which sits above 2% of Bitcoin's total supply. Continued growth of reserves will likely signal institutional and retail confidence, particularly if Solv consistently provides stable yields.

Securing broad adoption in DeFi is similarly crucial. Just as MicroStrategy's stock acts as a BTC proxy in traditional markets, SolvBTC must gain traction on decentralised exchanges and lending platforms to entrench itself in the crypto ecosystem. This will require transparent governance, a robust proof-of-reserve model, and strong security measures to mitigate any concerns about de-pegging or mismanagement.

GRAPH 4 **BTC WHALE WATCH: RANKING THE BIGGEST BITCOIN HOLDERS**

Source: Solv Finance

Solv Protocol will conduct three Bitcoin Reserve Offerings (BROs) in Q1, Q2, and Q3 of 2025, each minting 42 million SOLV tokens for convertible note sales. The proceeds from these sales will be used to acquire BTC for the protocol-owned reserve, with the notes maturing after one year and SOLV tokens becoming claimable in Q1, Q2, and Q3 of 2026, respectively. The acquired Bitcoin reserves may be deployed into cross-chain lending, liquidity farming, or staking through the Staking Abstraction Layer (SAL), with generated yields helping to offset the costs of the initially distributed tokens. If executed successfully, this approach could significantly amplify SolvBTC's liquidity and SOLV's market presence, echoing the kind of capital appreciation and brand visibility seen with MicroStrategy.

However, these plans also come with notable risks. Timing and scale of token sales require careful governance to maintain stable market conditions and preserve the protocol's broader stability. DeFi yield fluctuations could complicate repayment schedules, and the interplay between BTC and SOLV prices may introduce additional volatility. Future expansions of the Bitcoin reserve will be determined under DAO governance, potentially involving adjustments to the SOLV token supply. Nonetheless, if governed transparently and managed prudently, this strategy could accelerate Solv Protocol's standing in the Bitcoin market.

Security

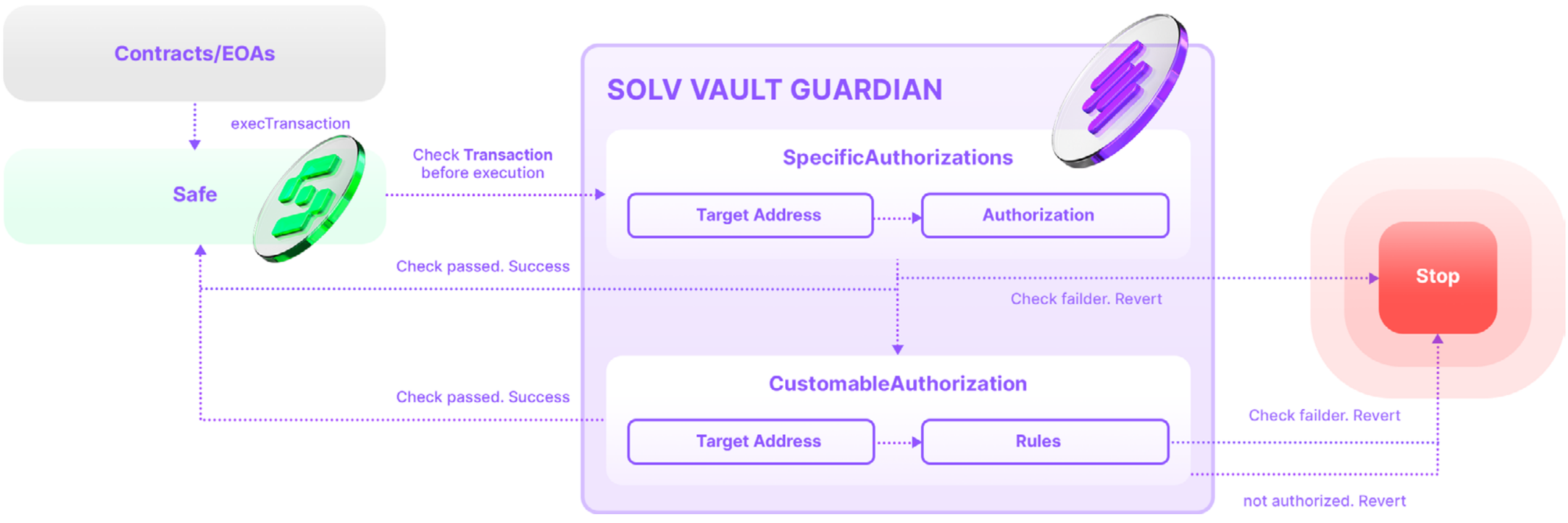
Security underpins every aspect of Solv Protocol's design, encompassing technical safeguards and procedural checks to protect user assets. To maintain a robust custody framework, Solv has partnered with industry leaders such as Ceffu, Cobo, and Fireblocks. It is also collaborating with Chainlink to build a comprehensive proof-of-reserve system. In parallel, audits by reputable firms — including Quantstamp, Certik, SlowMist, Salus, and Secbit — regularly evaluate Solv's smart contracts. Over the past three years, Solv has adapted to a constantly evolving DeFi landscape by iterating on its yield vault products to balance higher returns with a greater emphasis on safe asset management.

Solv Guardian

To provide an additional layer of security beyond standard smart contract protections, Solv Protocol has introduced 'Solv Guardian.' Built on top of Safe, formerly known as Gnosis Safe, Solv Guard constrains the multi-signature functionality inherent in Safe according to a predefined set of permissions and transaction limits.

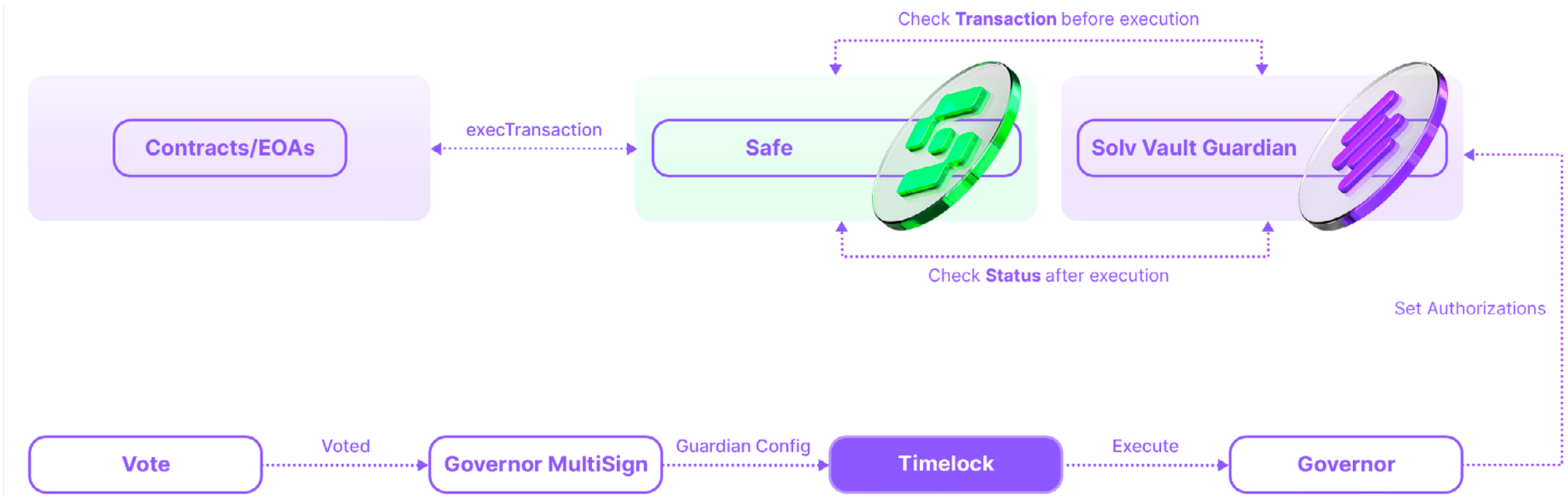
By configuring a Vault Guardian and tailoring operations to specific DeFi protocols — such as Uniswap, GMX, or Lido — Solv can precisely regulate where and how funds move. If, for instance, an asset manager seeks to deposit capital in a liquidity pool the Solv Guardian only grants access to authorised addresses and token pairs, thereby preventing misuse or unauthorised interactions. This arrangement acknowledges the rise of 'active asset management' in DeFi, where strategies often require some degree of human intervention and higher complexity than purely algorithmic protocols. Solv Guardian's role is to preserve user safety by applying a set of carefully defined guardrails for each yield vault.

GRAPH 5 **SOLV PROTOCOL'S VAULT GUARDIAN ARCHITECTURE**



On the governance side, Solv Guardian separates upgrade authority from operational control. A Governor entity retains the power to modify settings or initiate upgrades, while the Vault Guardian administers day-to-day transactions. This bifurcation lets the Governor act to promptly address emergent threats, aided by time-locked operations that allow users to observe impending changes before they take effect. Additionally, Solv Protocol leverages OpenZeppelin's upgradeable contracts and role-based access controls, assigning privileged operations, such as parameter adjustments or cross-chain mint/burn permissions, to multi-signature wallets.

GRAPH 6 **SOLV PROTOCOL'S GOVERNANCE-USAGE SPLIT**



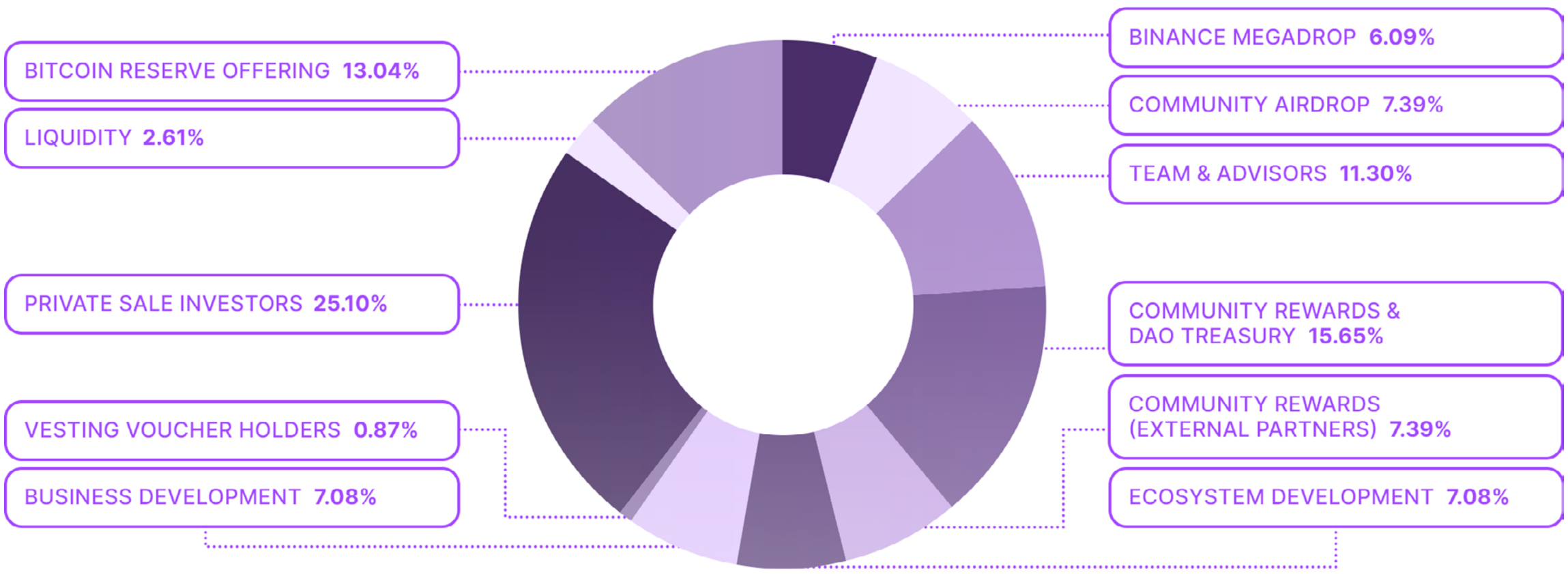
By embedding checks at every tier of the system, from custodian-level security to onchain permissions and community oversight, Solv Protocol strives to offer a mature, multi-layered defence for decentralised asset management.

Tokenomics

The SOLV token underpins the Solv Protocol, with a maximum supply capped at 9,660,000,000 SOLV, subject to potential increases via network governance to support the Bitcoin Reserve Offering.

At genesis, the total supply is 8,400,000,000 SOLV (86.96% of the max supply), while the circulating supply at the time of listing on Binance is 1,482,600,000 SOLV, representing 17.65% of the genesis supply and 15.35% of the maximum supply. Trading for SOLV opened on January 17.

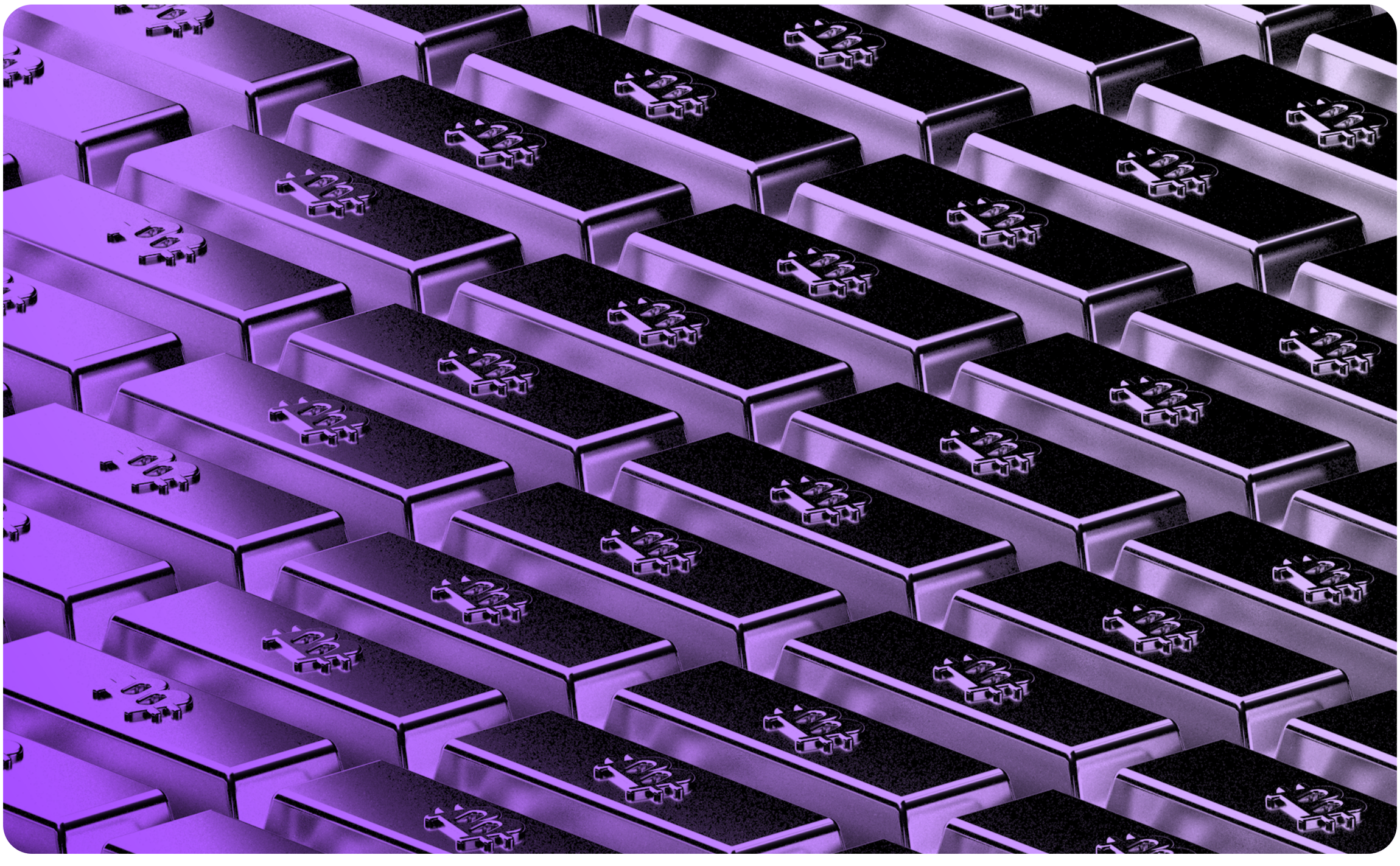
GRAPH 7 **SOLV TOKEN ALLOCATION OF MAX SUPPLY**



- **Binance Megadrop:** 588,000,000 SOLV
- **Community Airdrop:** 714,000,000 SOLV
- **Team & Advisors:** 1,092,000,000 SOLV
- **Community Rewards & DAO Treasury:** 1,512,000,000 SOLV
- **Community Rewards (External Partners):** 714,000,000 SOLV
- **Ecosystem Development:** 684,000,000 SOLV
- **Business Development:** 336,000,000 SOLV
- **Vesting Voucher Holders:** 84,000,000 SOLV
- **Private Sale Investors:** 2,424,240,000 SOLV
- **Liquidity:** 252,000,000 SOLV

Additionally, 13.04% of the maximum supply has been reserved for future Bitcoin Reserve Offerings, ensuring the protocol's treasury can adapt and grow alongside its ambitions.

The SOLV token is integral to the bottom-up approach championed by founder Ryan Chow in his "onchain MicroStrategy" thesis. By decentralising decision-making through community governance, SOLV token holders directly influence critical parameters such as reserve management, minting caps, and protocol integrations.



Roadmap

The Solv Protocol is set to achieve several major milestones in 2025, with an emphasis on expanding integrations, launching innovative offerings, and solidifying its role as a key player in the Bitcoin and DeFi ecosystems.

Looking toward the first half of 2025, Solv Protocol anticipates ten major milestones:

- **CEX and DEX Listings:** SolvBTC and its Liquid Staking Tokens (LSTs) will expand their presence across centralised and decentralised exchanges.
- **Ecosystem Integrations:** SolvBTC and SolvBTC.LSTs will integrate with emerging ecosystems such as BeraChain, HyperEVM, Sonic, zkSync, Soneium, and Sei, enhancing cross-chain accessibility and interoperability.
- **New Campaigns:** Launch of Exchange Earn campaigns and the second SOLV Points Campaign to drive adoption and incentivise participation.
- **Bitcoin Reserve Offering:** The protocol will debut its first Bitcoin Reserve Offering, leveraging network governance to enhance reserves and utility.
- **SolvBTC.RWA:** Introduction of SolvBTC for Real-World Assets (RWA), further diversifying its utility.
- **Second Bitcoin Reserve Offering:** A follow-up to the initial offering, reinforcing the protocol's financial resilience.
- **Solv Foundation Launch:** Establishing decentralised governance to empower community decision-making.
- **BTC ETFs and Core Reserves:** Integration of Bitcoin ETFs into SolvBTC's Core Reserve, increasing institutional-grade backing for the token.
- **LST Expansion:** Launching additional SolvBTC Liquid Staking Tokens to accommodate diverse staking strategies.
- **ETF Tokenization:** Broadening the protocol's reach into traditional finance by tokenizing ETF products.

These milestones reflect Solv Protocol's vision for 2025, driving innovation across DeFi while enhancing Bitcoin's utility and accessibility. However, this may only scratch the surface of what's to come. Further details on the roadmap for Q3 and Q4 2025 will be shared later this year.

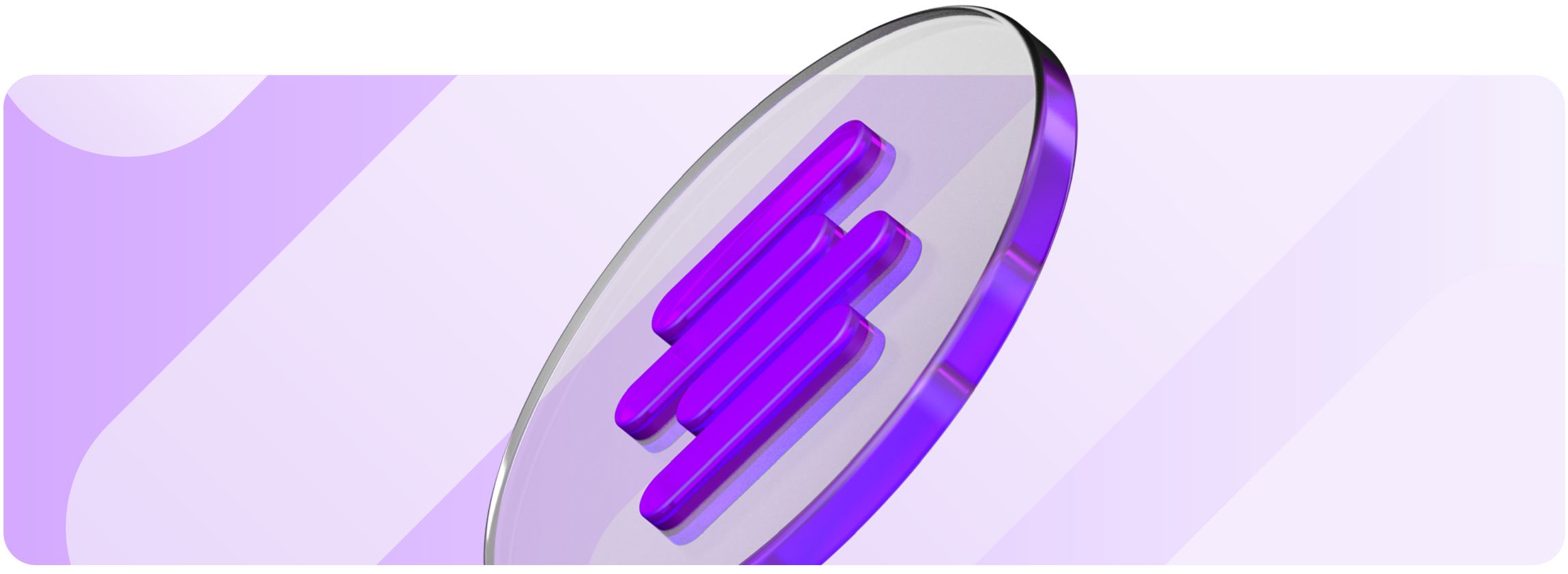
Final Thoughts

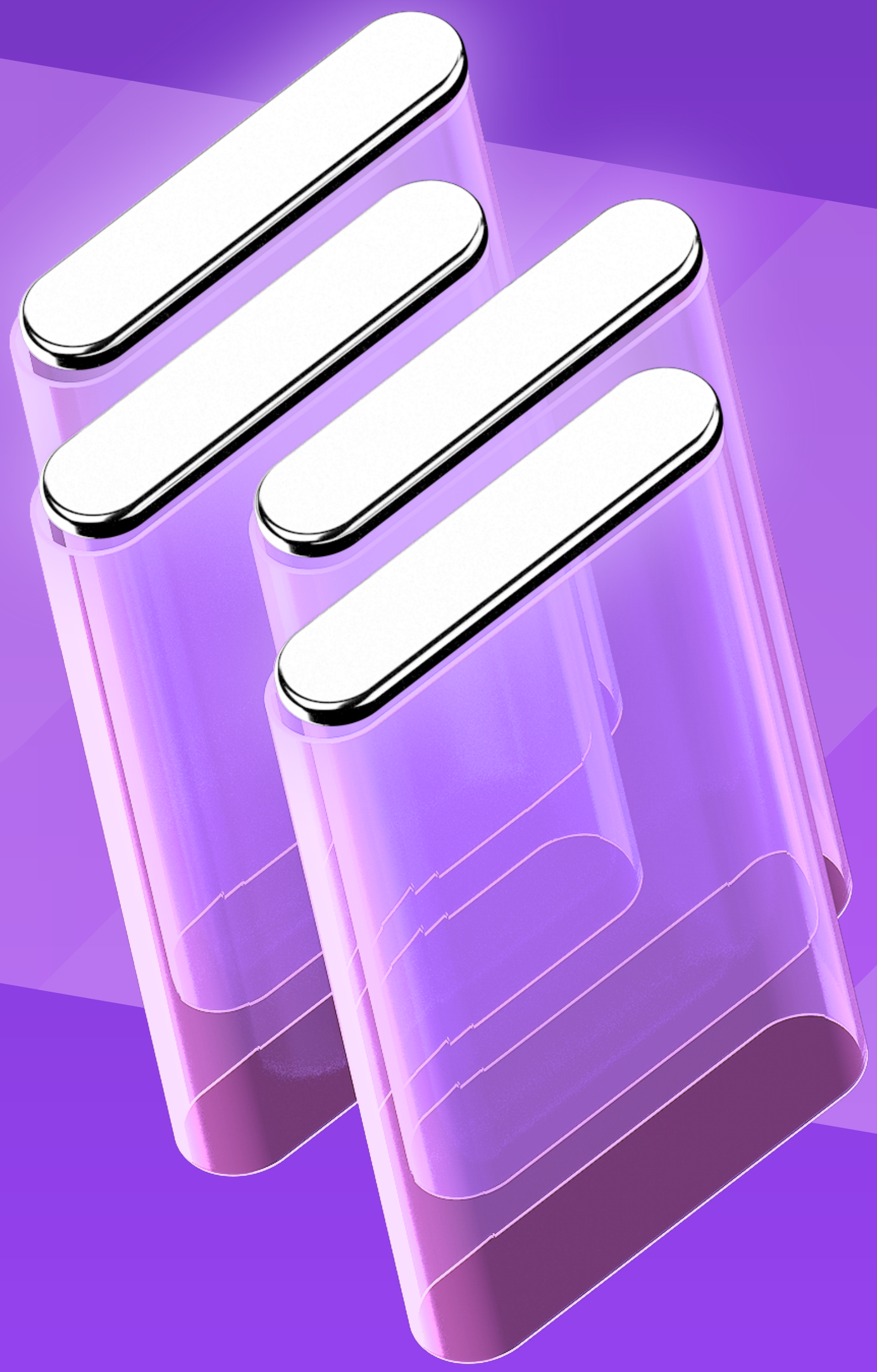
Solv Protocol is poised to transform Bitcoin from a passive store of value to a dynamic, yield-generating asset. By addressing Bitcoin's historical limitations in staking and DeFi applications, SolvBTC and its Liquid Staking Tokens unlock significant utility for the massive amount of untapped Bitcoin liquidity.

The Staking Abstraction Layer (SAL) introduces a transformative approach. It connects Bitcoin to a wide array of blockchains and yield opportunities while streamlining the staking process for users. Paired with SolvBTC's cross-chain versatility and advanced security infrastructure, SAL lays the groundwork for Bitcoin's expanded role within DeFi markets.

Looking ahead, Solv Protocol's roadmap reflects its ambitious vision for 2025. Ecosystem expansions, governance decentralisation through SolvDAO, and the launch of Bitcoin Reserve Offerings to reinforce its reserves lie in Solv Protocol's near future. Notably, the introduction of SolvBTC for Real-World Assets (RWA) and the tokenisation of ETF products signal its intent to bridge the gap between traditional finance and decentralised ecosystems.

As institutional and retail interest in Bitcoin grows, catalysed by developments like Bitcoin ETFs and increasing state-level adoption, Solv Protocol is uniquely positioned to capitalise on this momentum. By transforming Bitcoin into a flexible, yield-generating, and interoperable asset, it aims to redefine its role in the global financial system. Solv Protocol is paving the way for a new era of Bitcoin utility and innovation.





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