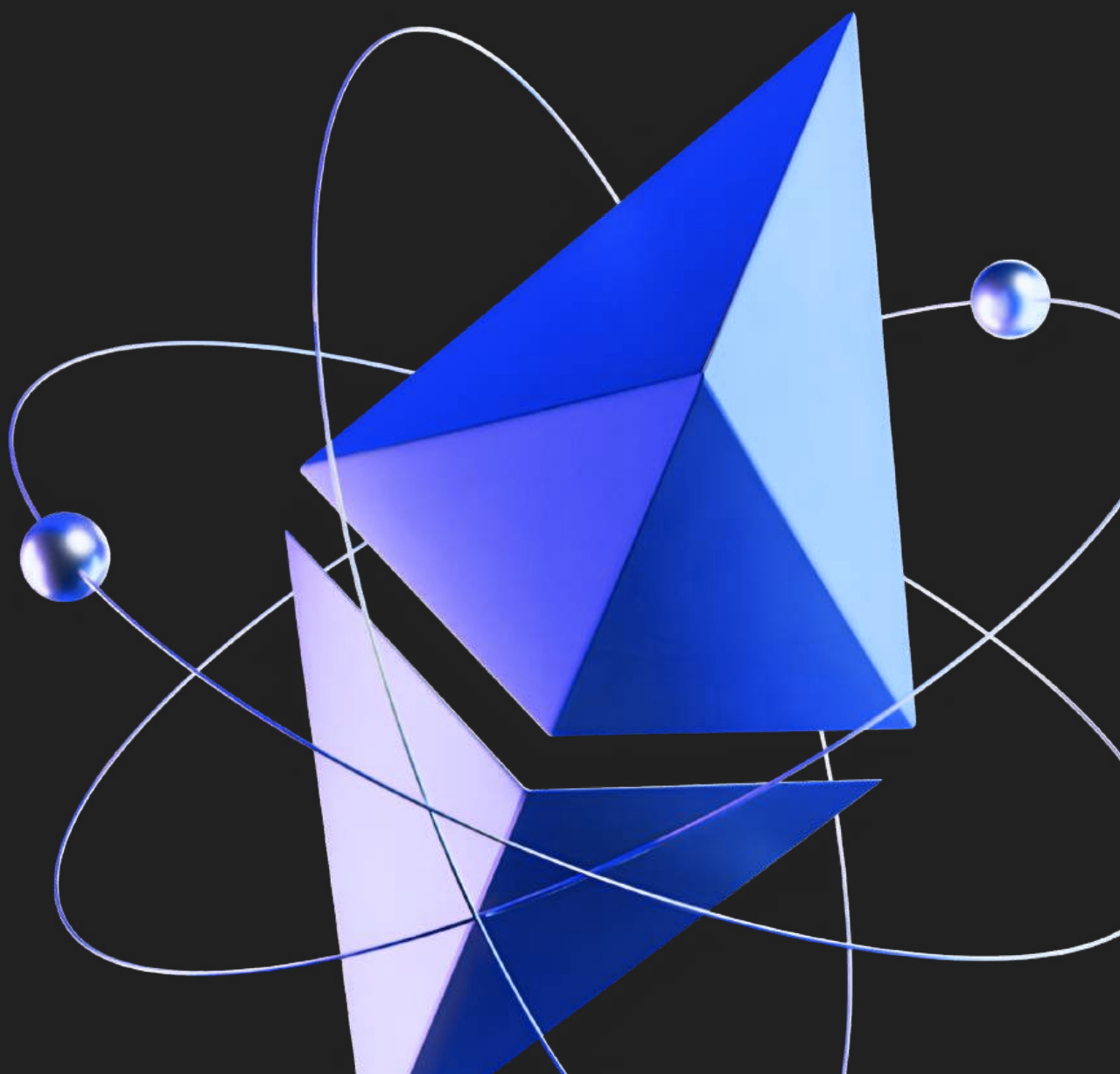


Challenges for the Institutional Adoption of Restaking

Cointelegraph Research Report



Content

TLDR.....	03
Introduction.....	04
Why Adoption of Restaking is Lagging	05
Foundations of Restaking.....	05
Understanding the Risks of Restaking.....	07
Restaking's Current Phase	10
Distributed Validator Technology.....	13
The Benefits and Drawbacks of Different Control Models in Restaking	15
Self-Controlled Restaking.....	16
Curated Vaults	16
Liquid Restaking.....	19
Institutional Challenges in Crypto Yield Generation	20
Opportunities in Restaking for Institutions.....	22
How Institutional Restaking Mirrors Ethereum's Staking Path	22
Restaking in Institutional Product Suites.....	24
How P2P.org Powers Institutional Access to Restaking	25
Conclusion.....	28
Disclaimer.....	30



TLDR

- ◆ Restaking represents a \$40 billion opportunity that enables staked assets to secure multiple protocols simultaneously, but institutional adoption remains slow due to unclear risks, immature slashing mechanisms, and operational complexity.
- ◆ While liquid restaking protocols captured retail attention through airdrops and points, institutions require more sophisticated solutions that balance control, compliance, and sustainable yields beyond token incentives.
- ◆ Native staking enhanced with DVT emerges as the overlooked middle path that eliminates single-point failures and preserves direct institutional control over validators and AVS selection, without the protocol fees and smart contract risks of tokenized alternatives.
- ◆ [P2P.org](#) has established itself as the dominant institutional gateway to restaking, managing over \$1.5 billion in restaked assets on EigenLayer and Symbiotic. It is pioneering the industry's first Restaking API and DVT-powered solutions, which have already been adopted by major institutions such as Matrixport.
- ◆ As restaking matures from speculative experiment to core infrastructure, [P2P.org's](#) combination of proven security ([SOC 2](#) compliance), comprehensive multi-protocol support, and focus on sustainable institutional-grade solutions positions them as the clear long-term winner for institutions seeking to capture restaking yields without compromising control or security.



Introduction

Restaking is a recent innovation that introduced the ability to secure multiple protocols simultaneously with a single staked asset. This change has improved the capital efficiency and composability of DeFi yield farming strategies through layered returns. Restaking is likely to follow a similar trajectory to Ethereum staking in its adoption, moving gradually from DeFi-native applications to institutional platforms.

However, several factors still hinder this institutional adoption of restaking, including the lack of standardized risk assessment methods, immature slashing enforcement mechanisms, and the operational complexity associated with validator and protocol management. Once these factors are in place, institutional adoption will accelerate. For now, most of the Actively Validated Services (AVSs) supported by the restaking infrastructure do not yet have sustainable revenue models. Therefore, EigenLayer does not distribute actual restaking APY, but relies on token incentives for restakers at the time of writing.

This report outlines the development path of restaking and argues that the eventual institutional integration of restaking products is inevitable. It explores the core risks associated with restaking and examines the emerging frameworks designed to mitigate them. We examine restaking from the standpoint of institutions, primarily intermediaries such as centralized exchanges, custodians, wallets, and asset managers that serve end-users. We analyze three distinct models of control, each offering different tradeoffs between oversight and operational complexity: native restaking, curated vaults, and liquid restaking. We discuss the evolution of native restaking through distributed validator technology, a critical development that institutions should not overlook in their long-term restaking strategies.



Why Adoption of Restaking is Lagging

Foundations of Restaking

Restaking extends the utility of staked assets by securing additional protocols beyond their original chain. It lets idle capital, such as staked ETH or staked SOL, and even proof-of-work assets, such as BTC, be reused to secure additional Actively Validated Services. This unlocks incremental yield without requiring new capital. From a technical perspective, restaking aggregates fee and reward streams from multiple networks into the same base staking asset, which enhances capital efficiency and composability across chains.

[EigenLayer](#) became the pioneer of restaking by introducing a shared security layer for Ethereum. It allows ETH stakers or holders of Liquid Staking Tokens (LSTs) to delegate their assets to operators that validate not just Ethereum, but also additional AVSs. The protocol acts as middleware between suppliers and consumers of capital-based security. It provides slashing enforcement and delegation infrastructure for AVSs to bootstrap security without new consensus networks.

At the core of restaking are Actively Validated Services, networks or applications that require external validation to function securely. These include oracles, bridges, data availability (DA) layers and interoperability networks. EigenLayer currently [supports over 190 AVSs in development](#), with 40+ live on mainnet. The largest by restaked value is [EigenDA](#), a high-throughput DA layer designed for modular layer 2 chains. Another example of an AVS is [Hyperlane](#), a crosschain messaging protocol that spans EVM and Cosmos ecosystems. Other AVSs cover use cases from ZK-proofs to MEV minimization.



Revenue generation remains the ecosystem's Achilles heel. EigenDA, the flagship AVS, is only planning to launch payments for its data availability layer later in 2025 after reducing prices by 10x. Most AVSs currently rely on token incentives. For example, EigenDA started with just 10 ETH per month in base rewards. Another popular AVS, ARPA, distributes its own tokens to restakers. The programmatic incentives program has distributed 24.4 million EIGEN tokens since October 2024, but this represents subsidization, not organic demand.

The number of AVSs with an active revenue model remains modest. MEV-commit, a platform that facilitates interactions and coordination between MEV actors and execution providers, has processed 58.9 ETH in bid volume, averaging just 0.02 ETH per validated block. This fundamental mismatch, where significant staked capital is chasing limited quality yield opportunities, questions the sector's long-term sustainability.

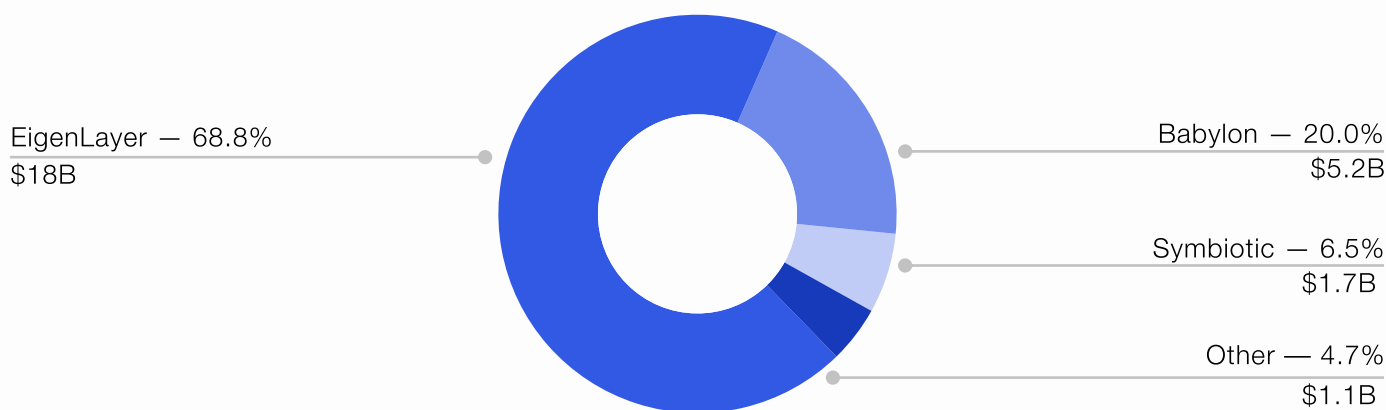
Revenue generation is one of restaking's most concerning sustainability questions. Even Vitalik Buterin has warned about stakers becoming polyamorous and the danger that this may pose to Ethereum's economic security. As one industry expert noted, restaking could potentially lead to cascading liquidations. For restaking to compete, it must prove genuine utility beyond token incentives and demonstrate clear value propositions that justify its complexity.

Native restaking is managed on three layers: smart contract administration, AVS selection, and node operation. Smart contract administration determines who has authority over the configuration, permissions, and upgrade logic of the vaults managing restaked assets. AVS selection defines which external networks or services the capital helps secure. Node operation refers to who is responsible for running the validator infrastructure that enforces the AVS rulesets.

Together, these layers create a more complex governance model compared to traditional staking. For institutions and intermediaries, managing these layers requires clear custodial policies, risk controls, and operational transparency to align with internal compliance frameworks.

The restaking ecosystem now commands approximately \$26B in total value locked across all protocols. EigenLayer maintains dominance with almost \$18B TVL, down from its \$21B peak in December 2024. However, new entrants have recently begun to gain traction: Symbiotic holds \$1.7B, and Babylon has secured over \$5.2B in Bitcoin (*Figure 1*).

Figure 1: Total Value Locked In Restaking Protocols



Source: [DefiLlama](#)

Understanding the Risks of Restaking

For institutions, yield is only relevant when evaluated against clearly measurable risks. Restaking introduces new risk vectors, which are difficult to quantify, especially in an ecosystem without historical slashing data or standardized failure modes. Apart from exogenous risks, such as smart contract vulnerabilities or market volatility, the most direct and material risk is slashing.

Slashing occurs when a validator or operator violates the rules defined by an AVS, whether through a deliberate attack or an unintentional failure. In theory, slashing is designed to deter valid economic attacks, where a set of operators controlling sufficient stake corrupts services in a way that yields more profit than the value of their slashed stake. However, such coordinated attacks remain largely theoretical because they are usually economically unviable. In practice, slashing is more likely to be triggered by technical failures, such as misattestation of data, double-signing, operational downtime, or incorrect computation output.

What makes restaking even more challenging is its exposure across multiple networks. Unlike traditional staking, restakers delegate assets to operators that may simultaneously secure several AVSs (*Figure 2*). Each AVS brings its own set of technical, economic, and slashing risks, and even small risks from individual protocols can compound across the portfolio.

Slashing can be triggered without an operator's fault if an AVS enforces faulty rules, misinterprets validator behavior, or suffers a smart contract bug that falsely submits slashing evidence.

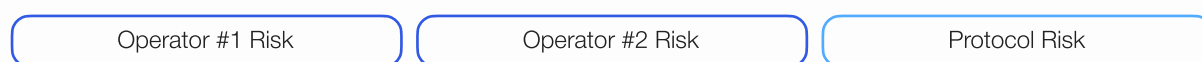


As the number of AVSs increases, the aggregate protocol risk can become significant, regardless of operator performance. This makes rigorous network evaluation essential for restakers, especially when assessing slashing exposure and long-term capital preservation.

This makes slashing risk one of the most critical variables in restaking. Selecting reliable node operators becomes essential, as their performance directly affects capital preservation. Additionally, each AVS defines its own slashing conditions and enforcement mechanisms, which must be assessed individually. Some may have minimal slashing risk, while others may penalize even minor faults. As a result, evaluating both operator track records and AVS-specific slashing logic is a necessary step in any institutional restaking strategy.

Figure 2: Staking Vs Restaking Risks

Staking Risk



Restaking Risk



Source: [Pavel Yashin](#)

Efforts to reduce slashing risk were already eminent in the pre-mainnet implementation of EigenLayer. In the initial implementation, an operator who opted in to secure multiple AVSs faced all-or-nothing slashing exposure to each of them. This necessitated cumbersome safeguards such as a protocol-wide veto committee to prevent catastrophic slashing. The veto mechanism was implemented via a centralized Slashing Veto Committee.

This committee consisted of a small group of reputable members of the Ethereum and EigenLayer community that collectively operated a multisignature contract. Any AVS smart contract that intended to slash an operator's stake had to submit the slashing request to the committee first. The committee would then review evidence of the alleged fault and decide whether the slashing was legitimate. Only if the committee did not veto would the affected funds be slashed. This process effectively inserted a human governance checkpoint before any slash became final.



Since then, engineers have iterated on the technology to decentralize the slashing mechanism. EigenLayer's [new stake mechanism](#), which was [rolled out with the first mainnet release](#), lets operators allocate a portion of their stake to each service. This reduces the maximum loss on any single AVS and gives participants finer control over how much risk they take for a given reward. Moreover, EigenLayer [suspended](#) the global veto committee in the most recent security model to make the protocol more permissionless for AVSs. EigenLayer gives unlimited flexibility to AVS in the design of slashing conditions, though they still [encourage](#) networks to establish their own Slashing Veto Committees.

Slashing only [became active](#) on EigenLayer's mainnet in April 2025. While this marks a critical step toward protocol maturity, the enforcement and frequency of slashing events are therefore still unexplored. There are no major slashing events or historical benchmarks, which leaves actual risk exposure difficult for stakers and operators to assess. Institutions cannot accurately assess worst-case outcomes or model validator behavior under stress.

Furthermore, slashing events are expected to be rare, and AVSs may change significantly after each failure. This makes historical data insufficient and often unreliable for future risk assessments. Without such information, the evaluation of restaking products within traditional risk-adjusted return models becomes impossible, mostly because they are [based on empirical data and statistical models](#).

Given the layered and often opaque nature of restaking risks, institutions cannot rely on intuition or unstructured analysis. Detailed risk disclosures, slashing recovery mechanisms, and frameworks for onchain insurance or loss mitigation are necessary for the institutional adoption of restaking. Until protocols provide reliable ways to isolate and price these risks, institutional allocation will grow slowly. Researchers Pavel Yashin and Bernardo Vicente proposed a [network-level risk evaluation framework](#) to this end. Their model assigns scores to core risk factors, such as execution architecture, consensus design and the maturity of slashing conditions.

When historical data is not available, the framework applies expert assessments to estimate potential losses from protocol failure. [Re7 Labs](#), a restaking vault curator on Symbiotic, uses a different, more qualitative approach. They distinguish four key categories of risk (*Table 1*), which provide suggestions for how to evaluate related risks, and suggest actions that help to mitigate them on an operational level.



Table 1: Re7 Restaking Risk Framework

	Description	How To Review	Mitigations
Operator	Risks from operation and management of staking services	Run operators through a formal due diligence process, covering off on main risks and planned mitigations	Operator track records, insurance
Network	Risks from software, consensus, and new implementations	Audits, technical review of network, software and validator rules	Well-understood validator rules on tested networks that use slashing minimization
Opportunity costs	Risks from limited capital and availability to delegate	Use framework to compare networks	-
Economic	Risks from long-term lower expected returns because of yield and performance vs peers	Use framework to compare long-term prospects of networks	-

Source: [Re7 Capital](#)

Restaking's Current Phase

Despite significant total value locked (TVL), restaking is currently at the early stage of its adoption. The first products to hit the market gained significant TVL in a relatively short time, above all, EigenLayer, which saw explosive [growth throughout 2024](#). The protocol attracted over \$20 billion in ETH and began restaking its assets by late 2024, recently stabilizing near \$18B (*Figure 3*). At this stage, restaking products offered a simple UX and are being integrated into the DeFi ecosystem.

Liquid restaking protocols have thus experienced rapid growth, largely driven by retail participation that was incentivized through points systems and airdrop campaigns. [Ether.fi](#), the largest liquid restaking protocol, reached a TVL of \$4.5 billion by Q2 2025. Protocols such as [Renzo](#) and [Swell](#) have also attracted users by offering similar airdrop systems with point rewards.

This type of growth, while impressive in headline metrics, often reflects speculative positioning of airdrop farmers rather than a sustained supply of capital. To chart the long-term trajectory of inflows, more clarity about the prospective yields derived from AVSs needs to be created.



Figure 3: Total Value Locked In EigenLayer



Source: [Defillama](#)

During 2024, points reward systems became the dominant strategy to attract users to new restaking protocols. While effective at bootstrapping TVL in the short term, their long-term reliability remains questionable. For users, only the first airdrop batches brought meaningful rewards, while later seasons often ended in disappointment, and users chased the next opportunity.

This short-termism fuels mercenary capital rotation and undermines user retention. On the protocol side, the model has shown significant drawbacks: the points collection systems attract bots and Sybil activity, inflate usage metrics, and complicate user segmentation. Throughout the year, [frustration](#) with airdrop-driven speculation continued to rise. Restaking protocols will need to shift toward real, sustained rewards, ideally tied to AVS-generated revenues, to build long-term user alignment and defensibility.

However, restaking remains experimental and at an early stage. While several AVSs have [launched](#) on EigenLayer since its mainnet release in April 2024, and [Symbiotic](#) [activated](#) its mainnet with integrated AVSs in early 2025, most of these services have limited adoption or proven economic activity.

Restaking protocols continue to rely heavily on incentives, airdrops, and point systems to attract capital. This makes the long-term sustainability of validator incentives unclear and raises questions about demand-side strength once these rewards fade.



The narratives around restaking have shifted from unbridled optimism to cautious scepticism. Industry veterans increasingly view restaking as a rehypotheation scheme that creates systemic risk through asset reuse across multiple protocols. Performance data tells a sobering story: staking and restaking tokens averaged -16% returns in 2024, while AI-related tokens delivered 84% gains.

Restaking faces fierce competition from simpler, more accessible crypto narratives. AI agents have emerged as crypto's dominant story, with over 11,000 agents launched and a \$13.5 B market cap that has delivered 186% returns. These agents offer viral potential that complex DeFi primitives cannot match. Traditional finance narratives around RWA tokenization also achieved 29% returns with clearer institutional appeal, while Bitcoin-related innovations benefit from mainstream recognition. Memecoins, which captured 7 of the top 10 performing tokens in 2024, also demonstrate the market's preference for accessible narratives over complex infrastructure plays.



Distributed Validator Technology

Distributed Validator Technology (DVT) was conceived to tackle operational challenges in Ethereum staking. DVT is an approach to validator security in which key management and signing responsibilities are spread across multiple parties. By allowing a single validator to be operated across multiple independent nodes, DVT reduces the risk of slashing or compromised validator keys.

This is achieved by generating a validator key from several independent cryptographic key shares that are distributed across different nodes in a cluster. The federated signing process is handled through multiparty computation (MPC). DVT-enhanced native restaking can help institutions reduce operational complexity without losing staking rewards. This can be achieved because they can maintain direct relations with AVSs. Additionally, DVT can help institutions maintain custom compliance and reporting configurations.

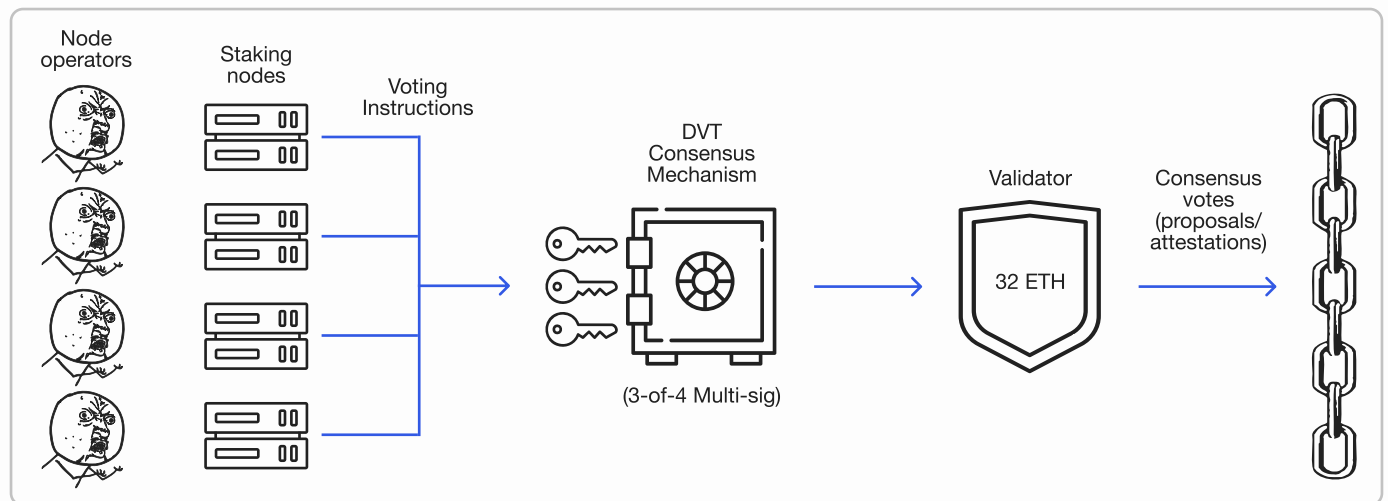
No single node holds the entire key, which means no operator can unilaterally control the validator or compromise its key. Instead, validator duties, such as attestations and block proposals, are performed collectively: the nodes must cooperate to produce valid signatures. Typically, a threshold of the key shares, e.g., 3 out of 4 shares, is required to reconstruct a full signature for a block.

The cluster runs an internal consensus mechanism where one node is designated to propose a block, and the others add their partial signatures, which collectively aggregate to a regular Ethereum BLS signature. As far as the underlying PoS chain is concerned, the cluster operates as a validator, but under the hood, multiple distributed nodes contribute. This threshold signature design provides built-in fault tolerance: even if some nodes go offline or malfunction, the remaining nodes can continue the validator's operation without interruption (*Figure 4*).

One prominent implementation of DVT is the SSV (Secret Shared Validator) Network SSV originated from an Ethereum Foundation research initiative to develop DVT. Launched on mainnet in early 2023, the SSV Network allows an Ethereum validator to be operated by multiple machines (node operators) in a distributed cluster, exactly as described below.



Figure 4: DVT Working Mechanism



Source: [Panther Protocol](#)

*Diagram is oversimplified for illustrative purposes

It also provides a permissionless marketplace for validator services. Over 200 independent node operators globally are participating and collectively run thousands of distributed validators. A validator registered through SSV is split among four or more operators who coordinate to perform duties. If any operator fails or disconnects, the others can continue, so the validator stays online and secure.

SSV Network has become one of the key enablers for liquid staking and restaking applications on Ethereum. DVT technology is rapidly being adopted by major staking and restaking platforms. Notably, Lido, the largest liquid staking provider, is [integrating DVT](#) via SSV to expand its node operator set and improve redundancy. Lido's upcoming "Simple DVT" module will use SSV to onboard new node operators to reduce Lido's reliance on a small set of operators. Similarly, [P2P.org](#) [partnered with SSV network in 2024](#) to integrate DVT in their restaking offering and boost institutional appeal.

[P2P.org](#) has quietly built the infrastructure that makes this approach practical for institutions. Their DVT implementation through SSV Network, combined with institutional-grade APIs and monitoring tools, bridges the gap between complex configuration and the complete renunciation of control. The successfully passed [SOC 2](#) compliance audit confirms that the key security and data handling practices of [P2P.org](#) meet established industry standards. For institutions with longer investment horizons that do not require daily liquidity, native restaking with DVT can deliver superior risk-adjusted returns.



The Benefits and Drawbacks of Different Control Models in Restaking

Control in restaking refers to the level of influence a staker has over three core elements: smart contract administration, AVS selection, and node operator delegation (*Table 2*). These control points determine who manages the infrastructure, which services staked assets secure, and how risk exposure is configured. Stakeholders delegate not only capital but also trust across multiple services.

Some users opted for self-staking with full validator control, while others chose pooled or liquid staking for convenience and reduced operational complexity. In both staking and restaking, control shaped the tradeoff between security, flexibility, and yield. The position of a restaking product on the control spectrum reflects its risk profile and determines how much influence a user retains over key decisions. This is especially critical in the presence of slashing risk.

Table 2: Spectrum Of Control In Restaking

	Self-management	Private curated vaults	Public curated vaults	LRT Liquid Restaking Token
Smart contract administration	-	User	Curator, possible changes are limited	LRT foundation
AVS selection	User	Curator, limited by user custom settings	Curator, changes can be rolled back by users	LRT foundation
Node operator selection	User	Curator, limited by user custom settings	Curator, changes can be rolled back by users	LRT foundation

Source: [P2P.org](https://p2p.org)

Control in restaking becomes a critical factor for institutional participants. Institutions must align restaking strategies with internal compliance, liquidity needs, and operational risk limits. Greater control allows institutions to enforce due diligence, customize AVS participation, and maintain oversight of smart contract permissions. On the other hand, lower-control models offer convenience but require trust in third-party operators and risk frameworks.



Self-Controlled Restaking

Self-controlled restaking offers maximum control over how restaked assets are deployed. Users operate their own infrastructure, select which AVSs to support, and manage delegation directly. They retain full authority over node operators, validator performance, and slashing conditions. This model is closest to traditional self-staking and offers complete autonomy.

The primary benefit of self-management is transparency. Institutions can perform their own risk assessments, enforce internal controls, and avoid reliance on third-party protocols. This helps to align with compliance and allows for custom governance and security standards.

However, the model comes with high operational costs. Running a secure validator setup, managing AVS integrations, and monitoring slashing risk require significant technical expertise and internal resources. It is not easily scalable and limits participation to only the most sophisticated entities.

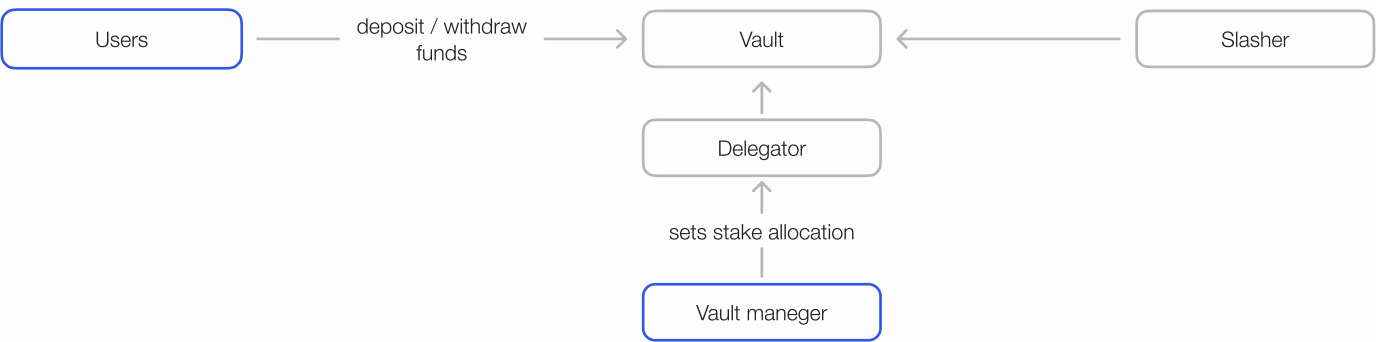
Curated Vaults

Symbiotic first [introduced restaking vaults](#) through its modular infrastructure. Symbiotic vaults are smart contracts that coordinate capital between restakers, operators, and AVSs (*Figure 5*). Vault creation is permissionless, and the creator can configure key parameters such as slashing governance, withdrawal timelines, and delegation strategy. Since Symbiotic supports multiple operators, vault managers can diversify delegation across several operators to reduce exposure to individual operator failure. Additionally, vaults can be configured to restake across multiple networks simultaneously, which helps maximize capital efficiency. Each network must conform with the vault's security model, including its slashing conditions and resolver setup, before receiving stake.

Vaults can be designed to be private, where [a curator](#) manages the vault and [selects](#) various settings, and more, or public, where multiple users delegate to a shared strategy under preset conditions. Private curated vaults are particularly well-suited for large-scale institutional participants.



Figure 5: Structure Of Symbiotic Vaults

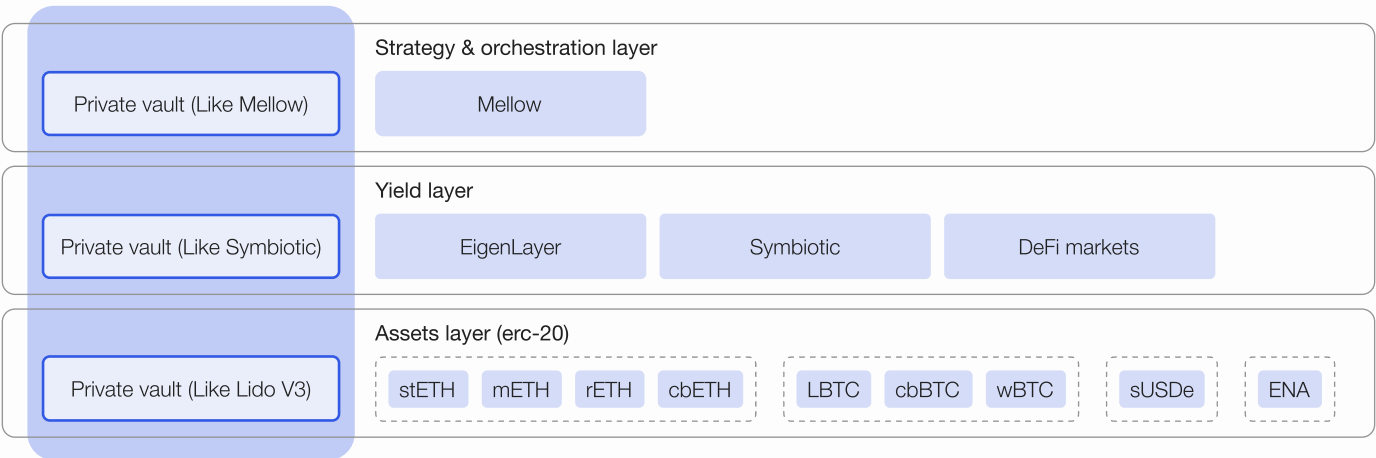


Source: [Symbiotic](#)

Vault creators define the risk boundaries, governance rules, and permissions, which help ensure compliance, such as optional KYC. Selected functions, such as validator management, risk oversight, and AVS integration, can still be delegated to trusted curators or automated systems.

Curated vaults are also a middle ground between self-management and Liquid Restaking protocols. They balance autonomy and outsourced operational execution by allowing institutions to retain strategic decision-making authority while delegating complexity to trusted partners. This model fits into a layered architecture where assets, yield sources, and orchestration strategies are modularized. By segmenting responsibilities across these layers (*Figure 6*), curated vaults offer institutions clearer control over how and where their capital is deployed.

Figure 6: Private Restaking Vault Layers



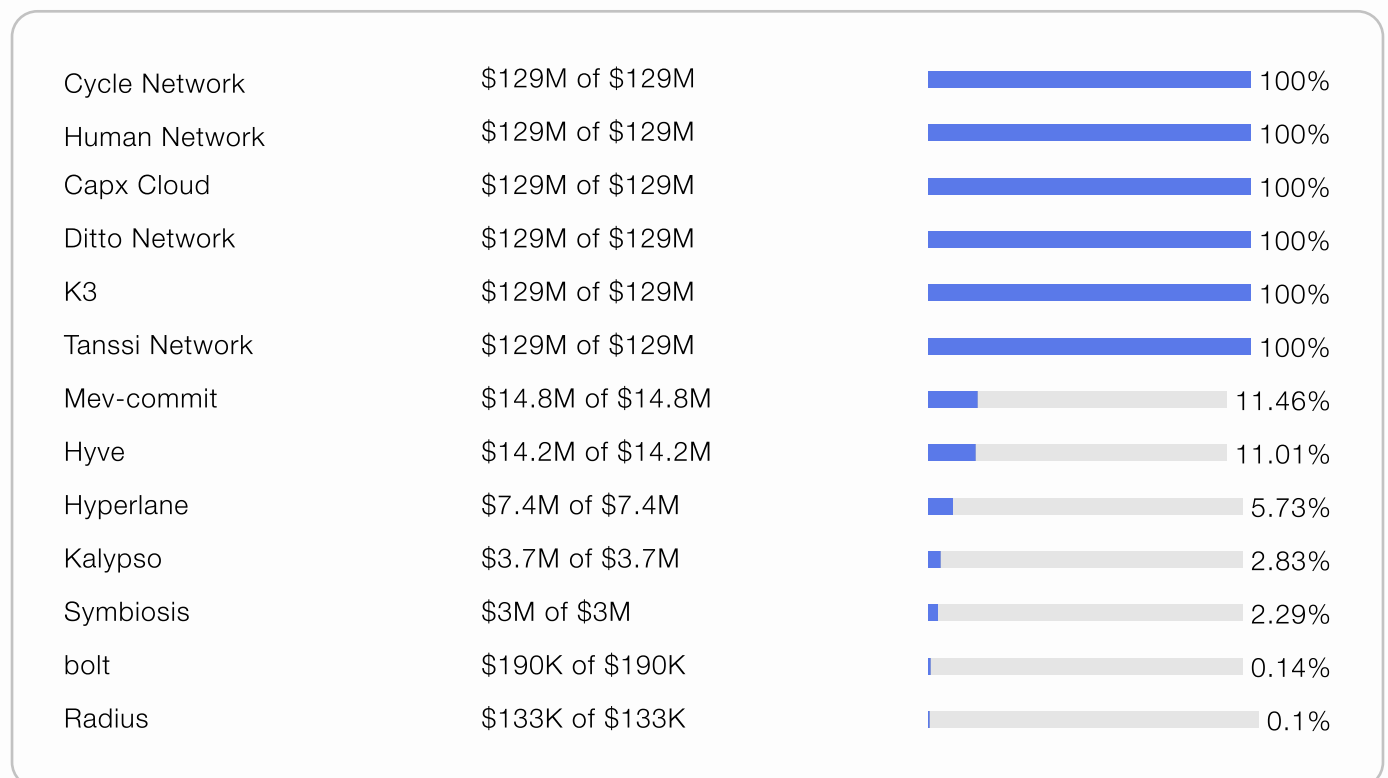
Source: [P2P.org](#)



Protocols such as [Mellow](#) are building modular platforms that support permissionless curated vaults, which combine liquid restaking tokens, reward routing, and customizable risk profiles. These systems allow institutions and intermediaries to manage complex multilayer strategies while isolating risk at the smart contract level. With Mellow vaults, intermediaries retain the power to define the rules of engagement with smart contracts. Meanwhile, operational responsibilities, such as AVS selection and node operation, remain with the vault curator.

An example of a private curated vault on Mellow is the [Restaking Vault ETH](#) curated by [Re7 Labs](#). In this vault, Re7 manages AVS selection and strategy design, while P2P.org acts as a node operator within the vault's smart contract framework. The vault currently holds nearly \$129M worth of ETH and uses this capital to secure 13 networks (*Figure 7*).

Figure 7: Secured Networks Of Restaking Vault ETH



Source: [Mellow Finance](#)

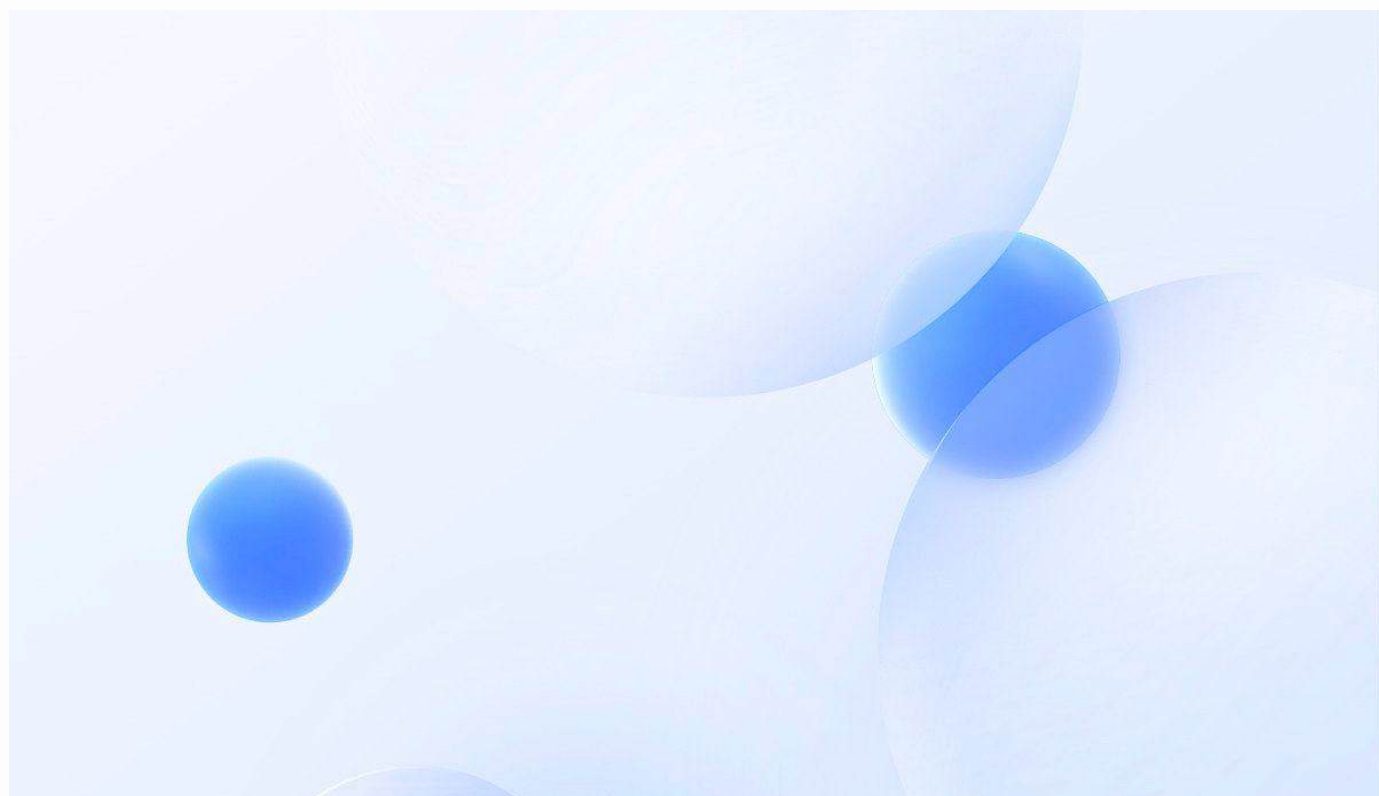


Liquid Restaking

Liquid restaking protocols offer the most accessible entry point into restaking by abstracting away all operational complexity. Users deposit their staked ETH into a protocol and receive liquid restaking tokens in return. The protocol then restakes assets across AVSs and manages validator and operator selection on behalf of users.

This model prioritizes liquidity and user convenience. LRTs can be traded, used in DeFi, or just held passively, which allows users to earn additional rewards without direct interaction with the underlying infrastructure. The responsibility for LRT adoption and ecosystem development, such as DeFi integrations, rests with the protocols themselves.

However, these benefits also come with a loss of control. Users cannot select AVSs, choose which networks to validate, or customize how their stake is allocated across services. They also cannot influence how the slashing risk is managed. This lack of oversight poses challenges, as risk is pooled and often not clearly disclosed, which makes performing due diligence more difficult for institutions. LRTs could be an ideal choice for retail users due to their low burden and high integration in DeFi.

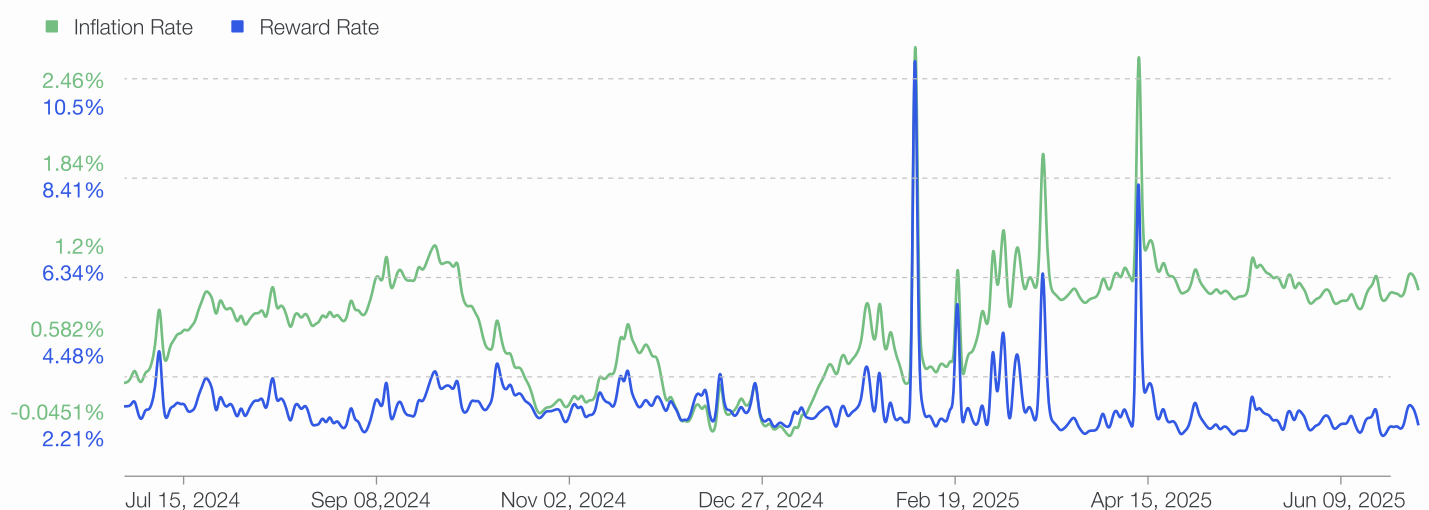


Institutional Challenges in Crypto Yield Generation

In the constantly evolving crypto market, the search for sustainable yield never stops. Staking yield has proved to be one of the most sustainable forms of yield besides yield from tokenized real-world assets. However, the increased competition between blockchains showed that even staking yield is not sustainable or predictable enough. For example, last year, most of the user and application activity took place on trending chains, particularly Solana and some layer-2 blockchains, leaving Ethereum in the dust. This resulted in an increased inflation rate (Figure 8) and relatively weak onchain performance.

Over the past year, Ethereum's nominal staking reward rate has declined from around 3.5% to just under 2.9%, while the net inflation rate has risen from approximately -0.2% to over 1.2% (Figure 8). Though the staking reward rate has remained relatively stable in nominal terms, its real yield continues to erode when adjusted for inflation and volatility. However, certain risk factors, such as volatility, could potentially be mitigated through strategies, such as the Ethena-style carry trade. As a result, ETH staking has become one of the most customizable and adaptive yield mechanisms in the crypto market.

Figure 8: Ethereum Staking Reward Rate And Inflation Rate



Source: [Staking Rewards](#)



Similarly, most other blockchains also show a decline in real staking APY. The reward rate adjusted for token inflation remains low on many networks. [Solana](#) offers nearly twice the base yield of Ethereum, but its inflation-adjusted staking APY remains at a similar level due to higher inflation (*Table 3*). On some networks, such as [Sui](#) and [Aptos](#), inflation fully offsets staking rewards, which results in negative inflation-adjusted returns. For institutions, this trajectory highlights the diminishing risk-reward appeal of traditional staking and the need for more modular, capital-efficient yield strategies. Restaking offers a potential way to address these limitations. It allows staked assets to secure additional services without the need to withdraw or unbond ETH from the base staking layer. Thus, restaking introduces new sources of yield while preserving exposure to the base yield.

Table 3: Real Reward Rate Of The Ten Largest Staking Assets

Asset	Reward Rate	1-Year Change	Staking Market Cap	Real Reward Rate	1-Year Change	Rewards Per Year	1-Year Change	Staking ROI
Solana	7.5%	+0.55%	\$74.2 B	2.41%	+1.23%	\$5.56 B	+18.1%	+6.76%
Ethereum	3%	-0.28%	\$130.3 B	2.24%	-0.37%	\$3.93 B	+8.22%	+3.32%
Sui	2.2%	-1.18%	\$27.6 B	-3.31%	+12.5%	\$432 M	-5.9%	+3.01%
TRON	3.4%	-0.75%	\$12.3 B	5.26%	-2.85%	\$442 M	+77.2%	+4.49%
Cardano	2.5%	-0.38%	\$17.8 B	0.6%	+0.1%	\$432 M	+57%	+2.71%
BNB Chain	1.9%	-1.03%	\$22.6 B	6.15%	-1.61%	\$426 M	-22.3%	+4.3%
Hyperliquid	2.27%	-0.04%	\$18.4 B	N/A	N/A	\$416 M	N/A	+2.28%
Avalanche	7.3%	-0.71%	\$5.6 B	3.08%	+0.48%	\$406 M	-34.5%	+7.68%
Hedera	12%	-0.17%	\$3.54 B	0.03%	-0.14%	\$348 M	-59.7%	+0.1%
Aptos	7%	+0%	\$4.05 B	-2.16%	+3.17%	\$286 M	-33.7%	+7%

Source: [Staking Rewards](#)

Aside from yield-related considerations, native staking and restaking also introduce liquidity constraints that limit capital efficiency. Most proof-of-stake blockchains use [unbonding periods](#) for security reasons, which typically range from 3 to 28 days. This helps secure the protocol with a time buffer during which a validator's funds remain at risk of slashing. Moreover, [native restaking has its own additional unbonding period](#).

Some restaking products offer mechanisms to mitigate these issues. For example, investors in LRTs can avoid unbonding delays in the same way LSTs do, by enabling immediate liquidity through tokenized representations of their staked positions. While LRTs thus largely mitigate this issue, they can depeg during periods of systemic liquidity stress.



Opportunities in Restaking

for Institutions

How Institutional Restaking Mirrors Ethereum's Staking Path

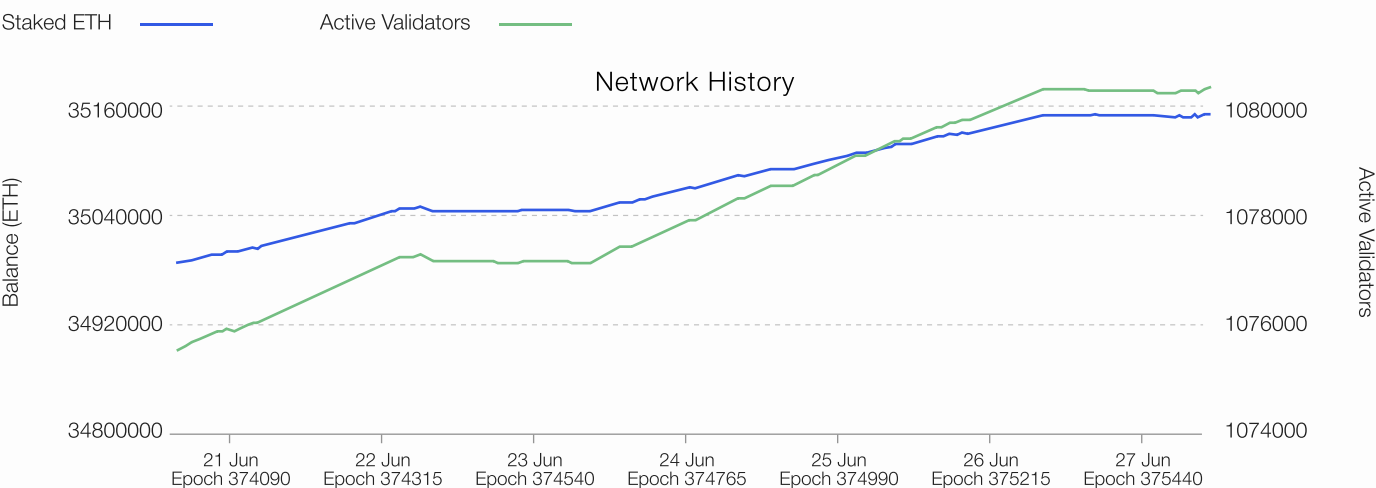
The adoption path of Ethereum staking provides a useful blueprint for understanding how restaking is likely to reach institutional-grade maturity. Staking on Ethereum launched nearly four and a half years ago and has now reached maturity. In June 2025, the quantity of staked ETH reached a new all-time high of 35.2 million ETH (Figure 9), or 29.4% of the total supply. Validator participation also remains strong, as over 1.08 million active validators secure the network. This continued growth in validator count and staked capital reflects Ethereum's evolution into a yield-bearing base layer trusted by both retail and institutional participants.

Ethereum's transition to proof-of-stake initially demanded complex technical setups that posed a barrier to institutional adoption. Running validators required 24/7 operations, secure key management, and navigating withdrawal lockups – challenges that early institutional stakers often could not tackle alone. Over time, the ecosystem responded with custodial staking services and dedicated staking providers that abstracted away this complexity. [A recent industry survey](#) found that about 60% of institutions use third-party staking platforms to overcome “technical complexity” and “low capital efficiency” when staking independently. These intermediaries handle the node operations and provide compliance reporting, making staking more accessible.

In parallel, liquid staking tokens emerged to improve capital efficiency by keeping staked ETH liquid and usable. LSTs allow institutions to earn network rewards while retaining a tradable asset, ensuring staked capital can be reallocated or used in DeFi strategies if needed. This innovation mitigated the opportunity cost of staking and unlocked liquidity for investors. Just as LSTs unlocked capital efficiency in staking, LRTs are emerging as the analogous instrument for restaking, which offer institutions liquidity, yield, and simplified DeFi integrations.



Figure 9: Number Of Validators And Their Staked Balance On Ethereum

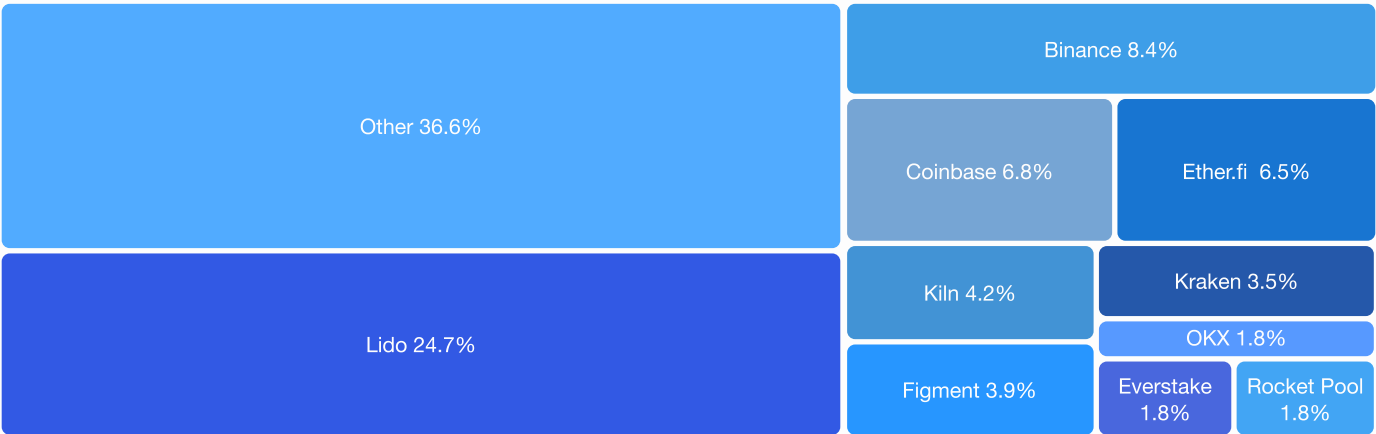


Source: [Beaconcha.in](https://beaconcha.in)

[Lido](#) led the first wave, rapidly becoming the largest staking protocol and maintaining its position with a 25% market share (*Figure 10*). Its success was driven by an innovative design: Lido’s Liquid Staking Token (LST), stETH, which represents staked ETH, integrated seamlessly into the existing DeFi ecosystem. This approach addressed capital inefficiency from staking lockups and set a new standard, later adopted by staking protocols across other blockchains.

Centralized exchanges leveraged user trust and contributed to the ease of staking. Their one-click staking features significantly lowered the barrier to entry and boosted adoption among retail users. Today, [Binance](#) and [Coinbase](#) rank as the second and third largest ETH stakers, holding 8.4% and 6.8% of the market, respectively (*Figure 10*).

Figure 10: Top 10 Largest ETH Stakers



Source: [Dune](#)



The Merge and Shapella upgrades significantly accelerated the growth of Ethereum staking. The Merge boosted staking rewards by incorporating transaction fees and MEV, with yields stabilizing around 4–6% for some time. Shapella introduced the ability to withdraw staked ETH, which reduced liquidity lockup risk and accelerated staking activity.

To further reassure institutions, providers introduced risk controls, such as slashing insurance and performance reporting. For example, enterprise-focused protocols have built-in slashing coverage programs to protect stakers against validator penalties. Such measures, along with transparent monitoring tools, have helped institutions confidently onboard into Ethereum staking by reducing operational risk and safeguarding staked assets.

A similar adoption trajectory is now unfolding for restaking products on Ethereum. Initially an experimental concept embraced by crypto-native users, restaking is rapidly maturing into an institutional-grade offering.

Restaking in Institutional Product Suites

As restaking infrastructure and risk frameworks mature, institutional interest in integrating restaking products continues to grow. The success of first-wave products has already demonstrated strong demand among retail users. For institutions and intermediaries, restaking represents more than just a new source of yield – it also serves as a lever for client acquisition and retention.

A growing number of institutional platforms are embedding restaking into their product suites, which signals a shift toward broader institutional adoption. For example, Anchorage Digital, a US federally chartered digital asset bank, integrated EigenLayer, allowing its institutional clients to confidently restake ETH with a trusted custodian. Anchorage highlighted that through their platform, institutions can maximize their rewards while maintaining the highest levels of security and regulatory compliance. Similarly, Canada's Balance Trust launched EigenLayer support, framing it as a new frontier for institutional restaking adoption in North America. BitGo has also integrated EigenLayer into their platforms, allowing clients to opt into restaking under secure custody. This gives institutions a compliant environment to extend Ethereum's security to new applications while maximizing returns "in a secure and compliant environment...reducing risk".



Major exchanges [are following suit](#). For instance, Kraken's integration with EigenLayer now offers restaking to users directly through its exchange interface. [Coinbase Prime custody added support](#) for EigenLayer restaking, so that Prime clients can stake and delegate to EigenLayer operators directly from their custodial accounts. These integrations are significant growth enablers: they reduce technical barriers and reassure compliance teams, making restaking as easy as regular staking from a user perspective. Providers and infrastructure partners [have rolled out slashing insurance guarantees](#) to cover restaking-related penalties, giving institutions an extra layer of protection.

Visibility into validator performance, protocol risk, and yield attribution is critical for institutional adoption. User-friendly dashboards and APIs are also being introduced for oversight, often in collaboration with staking specialists. For example, [P2P.org](#) [offers](#) tools and delegation services to access restaking technology and participate securely. Together, these developments show that restaking transforms from a niche, technically demanding practice into a broadly accessible, professionally managed strategy for institutions seeking to compound staking yields in a secure manner.

How P2P.org Powers Institutional Access to Restaking

As the restaking ecosystem evolves from speculative hype to institutional infrastructure, [P2P.org](#) has established itself as the dominant professional operator and primary institutional gateway. With over \$540 million in restaked collateral, [P2P.org](#) is the largest operator on EigenLayer. It is managing \$10+ billion in total value locked across 40+ networks with 90,000+ delegators globally.

[P2P.org's](#) leadership extends beyond scale. The company distributed \$2.2 million to delegators in EigenLayer's Season 2 airdrop, the largest operator allocation share. Operating validators since 2013, [P2P.org](#) combines deep technical expertise with institutional focus. By mid-2024, P2P had become the single largest EigenLayer operator by market share, handling about 12% of all natively restaked ETH. Today, P2P's restaking offerings support EigenLayer, Symbiotic and other restaking protocols (*Table 4*).



Table 4: Restaking Infrastructure Providers Leaderboard

Position	EigenLayer	Symbiotic
1	Kraken	P2P.org
2	P2P.org	Pier Two
3	Luganodes	Chorus One

Source: [Rated Explorer](#), [Symbiotic](#), [Babylon](#)

In March 2024, [P2P.org](#) launched the industry's first Restaking API for EigenLayer, a streamlined and efficient way to harness the full potential of Ethereum restaking for businesses. Through this API, any exchange, wallet, or fintech platform can plug into EigenLayer. This allows their users to create EigenPods and delegate to restaking services seamlessly. Such a plug-and-play integration dramatically lowers barriers for institutional platforms and lets them offer restaking services to their clients without building expertise in-house.

The company's innovations also include a [Staking-as-a-Business](#) model, which targets institutions with a potential 10-20% revenue contribution, and the [Lambda](#) data platform, which provides real-time API endpoints for ecosystem builders. This technical excellence is backed by a robust security infrastructure and advanced key management.

In April 2024, [P2P.org](#) unveiled a restaking product that merges DVT (via the SSV Network) with EigenLayer's capabilities and explicitly targets institutional clients. DVT increases fault-tolerance by spreading validation duties across multiple nodes, minimizing slashing risk, a critical assurance for risk-averse institutions. By combining DVT with EigenLayer restaking, [P2P.org](#) offers institutions a way to tap additional yield (potentially over 5.6% APR) without operational complexities or increased risks.



This innovation was quickly embraced by the market: Matrixport, a large Hong Kong-based crypto financial services firm, [became the first major client to adopt P2P's DVT-powered restaking service](#). Strategic partnerships span major exchanges, such as [OKX institutional services and \\$23 million Bybit investment](#). It has also become an [EigenLayer Community Multisig member and integrated SSV.network one-click staking](#). In addition, [P2P.org](#) partners with custodians such as [Copper](#) and [Fordefi](#) and works with [Renzo](#) on liquid restaking initiatives.

The key focus of [P2P.org](#) is sustainable staking and restaking infrastructure. As restaking matures from experiment to infrastructure, [P2P.org's](#) comprehensive platform, proven institutional relationships, and first-mover advantages create significant competitive barriers. The company exemplifies how professional operators can navigate the transition from speculative growth to sustainable, institutional-grade services.



Conclusion

Restaking represents a fundamental shift in how capital can be deployed onchain. Its ability to layer yield, increase capital efficiency, and extend staking utility beyond consensus makes it one of the most promising new sources of yield of this cycle. For institutions, restaking offers a blueprint for more modular, composable yield exposure aligned with risk-managed strategies.

Traditional staking often forces institutions to choose between liquidity, security, and returns. Restaking challenges this tradeoff by unlocking new layers of yield on top of existing positions without requiring unbonding or reallocation. Restaking products, such as curated vaults, introduce structural advantages that can help institutions respond to operational constraints, regulatory mandates, and changing market conditions, such as composability, optionality, and better capital efficiency.

Still, the institutional adoption curve remains slow. Despite growing retail participation, many institutions are waiting on the sidelines due to the challenges that integration of restaking introduces. These challenges include no slashing history, unclear AVS economics, and the absence of standardized risk frameworks. Without predictable downside modeling and operator guarantees, restaking remains unfit for broader institutional adoption.

Another notable constraint is regulatory uncertainty. The [SEC's May 2025 guidance](#) dealt a significant blow to the institutional ambitions of the restaking sector. The guidance explicitly excludes liquid staking, restaking, and liquid restaking from the safe harbor provisions that apply to traditional staking. This creates a regulatory gray area where restaking faces potential securities law application due to the entrepreneurial efforts involved in these complex arrangements.

Compliance challenges multiply with restaking's complexities, such as management of systemic risk from LRT interdependencies, enhanced disclosure requirements for slashing risks, and unclear tax treatment of point-based rewards. The restriction prevents US ETH ETFs from staking and eliminates a major source of potential institutional capital. This regulatory overhang, combined with operational complexity and sustainability concerns, explains why institutional adoption has lagged despite impressive TVL growth.



Private curated vaults offer the clearest path forward. They allow institutions to retain control over custody and delegation while outsourcing operational and risk management within predefined parameters. These vaults can meet compliance needs, reduce technical burden, and align restaking exposure with institutional mandates. As restaking infrastructure matures, curated vaults are likely to become the default gateway for institutions to offer restaking products to their clients.

However, institutions should not overlook native restaking enhanced with DVT as a compelling long-term alternative. While liquid restaking and curated vaults capture immediate attention, native staking with DVT offers a sustainable path for institutions that view restaking as core infrastructure rather than a tactical yield play.

The combination of direct control, eliminating single-point failures through distributed validation, and the absence of protocol intermediation fees creates a compelling value proposition for patient capital. However, DVT still requires more involvement than buying liquid tokens, and the initial setup demands technical coordination. As the restaking ecosystem matures, we expect more institutions to recognize that control over the restaked assets is not a binary choice and that there are sophisticated middle paths that combine the best of both worlds.

[P2P.org](#)'s proven infrastructure in this space demonstrates that institutions can achieve institutional-grade security and compliance without sacrificing the benefits of direct participation. As the restaking ecosystem matures beyond its current experimental phase, we expect more institutions to recognize that the optimal long-term strategy may not be the most liquid one, but rather the one that provides the greatest control and alignment with their strategic objectives.

The future of institutional restaking and crypto yield products looks increasingly promising and concrete. The convergence of clearer regulations, proven security mechanisms (such as slashing and DVT), and user-friendly integration is transforming restaking from a niche experiment into a viable component of mainstream crypto portfolios.

Institutional and retail investors globally can expect a growing menu of yield-bearing products, from straightforward restaking enhancements to complex multilayer yield strategies, delivered via familiar, trusted platforms. The challenge will be maintaining the delicate balance between innovation and risk management.



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