

bdUSD (Stablecoin) Vault

Delta neutral USD yield on Ethereum · August 2026

What it is

A dollar denominated yield product targeting **8%+ net APY on USDC** through a 2x leveraged position in sBTCD, the yield bearing Bitcoin Dollar staking token. The position is BTC neutral: depositors hold dollar exposure only. Built for allocators seeking transparent on-chain USD yield without directional Bitcoin risk.

Target structure

Parameter	Value
Deposit asset	USDC
Network	Ethereum mainnet
Target net APY	8%+
Yield engine	2x leveraged sBTCD position
Execution	Morpho isolated lending pools, flash loans
Rebalancing	Passive via internal RFQ / Coincidence of Wants
Vault wrapper	IPOR Fusion

How it works

- ▶ **1.** User deposits USDC into the USD Vault.
- ▶ **2.** Vault mints or swaps USDC into sBTCD, backed by a portfolio of roughly 50% BTC and 50% USD assets.
- ▶ **3.** sBTCD is deposited as collateral into a Morpho isolated lending pool.
- ▶ **4.** Vault borrows wBTC against that collateral at a 50% loan to value target: \$100 of BTC debt against \$100 of initial sBTCD collateral.
- ▶ **5.** Borrowed wBTC is swapped into additional sBTCD and deposited as additional collateral.
- ▶ **6.** Final position: roughly 2x sBTCD exposure, roughly 1x wBTC debt, at 50% LTV.

Why USD neutral

sBTCD itself holds approximately 50% BTC and 50% USD. The vault's debt is denominated entirely in BTC (wBTC). These two exposures offset: the BTC component of the collateral is matched by BTC denominated debt, leaving the net position USD denominated with no directional Bitcoin price risk.

Withdrawals are atomic: a single transaction flash loan unwind repays debt, releases collateral, retires sBTCD, and returns USDC. No cooldown.

Key risks

- ▶ **Liquidation:** A large, sudden BTC move could push LTV past safety bands before rebalancing; Morpho liquidation would impose a penalty. Wide tolerance bands and the internal RFQ are designed to minimise this.
- ▶ **Interest rate:** wBTC borrow costs fluctuate with utilisation. A sustained rise above leveraged sBTCD yield compresses the carry and would require deleveraging.
- ▶ **Asset and oracle:** sBTCD depends on the BTCD Portfolio's underlying strategies; wBTC and USDC carry custodian and de-peg risk; oracles can print stale during volatility.
- ▶ **Smart contract:** Morpho isolated pools, IPOR Fusion, and BTCD contracts each carry contract risk. BTCD is audited; reports at docs.btcd.fi/security-and-audits.

Resources

Whitepaper and other Documentation available at docs.btcd.fi.

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