

Saucier

Auction Escrowed MNDE (aeMNDE)

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Abstract

MNDE is a governance token for Marinade Finance DAO. MNDE is used for voting for proposals, liquidity gauges, and validator gauges. Protocols can advance veMNDE in order to take more stake in liquidity gauges, which is likely to attract more liquidity to the protocol. Validators can take more SOL staked on Marinade Finance by voting on validator gauges. As mentioned, MNDE can be used for protocol and validator's goods, but as there are no staking emissions or revenue-sharing models, it is often neglected by users. Saucier allows users to swap MNDE to aeMNDE (irreversible) to earn bribes from protocols, which would allow users to earn yields on MNDE.

1. Introduction to Saucier

Saucier is a vote auction protocol which allows protocols to participate in an auction to take more votes to their liquidity gauges/validators. This allows users who stake aeMNDE (Auction escrowed MNDE) to earn yields, which is not possible currently.

The steps for users are as follows.

1. Mint aeMNDE with MNDE (1:1 ratio. irreversible)
2. Stake aeMNDE and earn daily rewards
3. To exit, unstake aeMNDE and swap to MNDE on DEXs

Swapping aeMNDE back to MNDE is impossible on Saucier, therefore users have to exchange on secondary markets (Lifinity, Orca, Raydium, etc.)

As soon as a user mints aeMNDE, provided MNDE is locked as NFT, which can be used for casting votes.

2. Saucier Auctions for Protocols and Validators

Protocols can easily participate in auctions to take more votes for their liquidity gauges.

2.1 Protocol Auctions

Auctions are held every 14 days. Protocols should stake the tokens they are willing to provide as a bribe for 14 days prior to 12pm UTC auction day. Here are the steps of protocol auctions.

1. Protocols deposit bribe tokens, which would be provided for 14 days to aeMNDE staking pool.
2. The protocol with the largest bid (USD) is determined at 12pm UTC, auction day.
3. The auction winner cannot withdraw the bid amount.
4. 90% of tokens used for bids are distributed to aeMNDE staking pool for 14 days.
5. 95% of MNDE is used to vote for the winner's gauge for two epochs.

Protocols are allowed to stake more tokens regardless of the voting period. The highest bid is simply determined every auction period.

2.2 Validator Auctions

Validator auctions are separate from protocol auctions. Validators should provide mSOL to the staking pool to bribe. Here are the steps of validator auctions.

1. Validators deposit mSOL, which would be provided for 4 months.
2. The validator with the largest bid is determined every 4 months, on the first day of each month.
3. The auction winner cannot withdraw the bid amount.
4. 90% of mSOL is distributed to aeMNDE staking pool for 4 months.
5. 95% of MNDE is used to vote for winner's validator gauge for 4 months.

3. aeMNDE Liquidity Providers

aeMNDE is irreversible, which means users can mint aeMNDE with MNDE but it is not possible to redeem MNDE using aeMNDE. As users have to swap on secondary markets, it is important to have sufficient liquidity to make it possible.

3.1 Bribe Incentives

10% of provided bribes from protocol and validator is distributed to LPs. Users who stake aeMNDE - mSOL LP token on Saucier would receive the rewards. By doing so, users would be able to swap aeMNDE and MNDE easily.

3.2 Liquidity Gauge Incentives

On top of bribe incentives, aeMNDE - mSOL LPs can earn MNDE from liquidity gauges. 5% of votes are casted to aeMNDE - mSOL LP, which allows LPs to earn more rewards, stabilizing the pool.