

## Summary:

[Fringe Finance](#) is a decentralized money market designed to unlock the capital spread in crypto assets regardless of their capitalization and supported networks.

Fringe Finance is offering the Lido DAO to use LDO tokens as collateral to borrow up to \$617,239 in USDC to be utilized at the discretion of the DAO.

## Motivation:

- Borrowing against LDO to fund the DAO's operations instead of selling benefits all the holders by removing selling pressure.
- The Lido DAO borrowing against its LDO holdings, rather than selling them, both signals alignment and better align its interests with those of LDO holders.
- Fringe Finance has integrated LDO as a collateral asset to borrow USDC.
- USDC is one of the most trusted stablecoins on the market with deep liquidity.
- Fringe Finance provides added utility for all holders of LDO including the Lido DAO by allowing them to borrow USDC against their LDO.
- The LDO community can utilize borrowed USDC funds elsewhere in the crypto ecosystem without the necessity to sell LDO tokens.

## Specification:

- LDO has been assigned a loan-to-value ratio of 50% on Fringe Finance. This means that for every \$1000 worth of LDO collateral a \$500 loan can be taken.
- The current borrowing interest is 2.34%/year, but the rate is currently floating(\*).
- The borrowing limit for LDO on Fringe Finance is currently \$617,239.

## Steps:

1. Deposit sufficient LDO token collateral on the Fringe Finance platform from the treasury.
2. The corresponding USD-denominated line of credit is issued.
3. Up to \$617,239 USDC loan can be taken and used by the Lido DAO.
4. Announce the taken loan on social media and official blog.

## Benefits:

- Reduced selling pressure on the market
- Signals the additional utility to LDO holders in that they can access stablecoin loans
- Fund DAO operation by locking LDO tokens and increasing cash flow

## About Fringe Finance:

Fringe Finance and Lido have already announced the integration via official Twitter accounts.

Fringe Finance is also the official partner with projects such as Polygon, Chainlink, REN, Elrond, Bancor, and IoTeX.

Fringe Finance has twice been audited by respected [firms](#).

On Fringe Finance borrowers deposit collateral against which they may take out loans in a select set of the most liquid and reliable USD stablecoins. The resultant benefit for borrowers on Fringe Finance is that they have access to deep, unfragmented capital pools from which to borrow. This significantly reduces both the interest rate slippage they can expect when taking out a loan, in addition to reducing interest rate volatility over the course of their loan.

Fringe's depth and concentration of lending capital liquidity also benefit lenders, as it similarly reduces the interest rate slippage they can expect to experience when depositing capital as well as reducing fluctuations in the interest paid on their capital. This indirectly benefits borrowers, as lending on Fringe becomes more attractive, resulting in more capital being available at lower interest rates.

An additional indirect benefit for borrowers is that Fringe's platform employs empirically sound custom algorithms to determine lending parameters so as to maximize platform stability. This attracts lenders to the platform and therefore results

in greater capital available for borrowers.