Hi Aave community, this is a proposal to onboard UST and serves as a follow up to the original proposal submitted on April 20th, 2021 by the Terra team [here.](#)

I'm resurfacing this proposal now because the Terra team has begun its migration away from its centrally held Shuttle Bridge to Wormhole's more decentralized solution (more references on Wormhole below). Wormhole operates as the decentralized, intermediary oracle network that observes and verifies messages on one chain and relays them to the other chain — relying on the consensus and finalization of the connected chains to ossify state changes conducted between interacting chains. Shuttle bridge will utilise Wormhole's token bridge as the back end infrastructure, while maintaining the same front end UI. The move to Wormhole should lower the risks associated with a centrally held bridge while also expanding UST's access to more chains and thus utility to Aave. Wormhole is connected to ETH, Terra, BSC, and SOL with Polygon and presumably more chains in the future.

I'll focus this proposal on UST with some information about Wormhole included for additional context.

Terra References

· [Terra](#)

· [Whitepaper](#)

· [Docs](#)

· [Terra github](#)

· [Etherscan](#)

· ChainLink Oracle: WIP

· Audits: [CertiK Security Leaderboard - Terra](#)

· Terra communities: [Telegram](#) [Discord](#)

· [About Terra's plans to migrate from Shuttle to Wormhole](#)

Summary

TerraUSD (UST) is an algorithmic, seigniorage-based stablecoin issued by Terraform Labs (TFL). Its market capitalization has grown to almost $2.8B (https://www.coingecko.com/en/coins/terra-usd) since its inception on October 1. UST is designed such that each UST can be redeemed for $1 of LUNA, and vice versa. This has kept the price close to the peg, which is essential for a stablecoin.

Motivation

The Terra community and use of UST has grown substantially since the original proposal was submitted a few months ago (swelling from a $1.8B market cap to $2.8B in that time). They're committed to a multi-chain strategy and as such are motivated to find vibrant borrowing/lending markets for UST on all of the chains where UST is supported. Eth continues to be the top destination for assets from the Terra ecosystem.

UST is supported by major dApps including Curve, Uniswap, Sushi onsen, Harvest, etc. UST can also be deposited into Mirror Protocol mAsset pools on Uniswap, and is depositable into Anchor via EthAnchor ([EthAnchor - Anchor Protocol](#)). We believe there will be sufficient demand for borrowing/lending given the variety of existing use cases.

Finally, as referenced earlier, Terra has begun its migration from its centrally held bridge to Wormhole. This move should lower the previous risks associated with UST while increasing its adoption case as it reaches more chains via Wormhole in the future.

About Wormhole

Wormhole References

· [Website, token bridge, and other helpful Wormhole links](#)

· [About Wormhole](#)

· [Wormhole's github](#)

· [Wormhole's discord](#)

· [Wormhole's Twitter](#)

· [Wormhole Stats](#)

· [Wormhole's Explorer](#)

Specifications

1. What is the link between the author of the AIP and the Asset?

I am a member of the Wormhole team.

1. Provide a brief high-level overview of the project and the token

Terra is the team behind Anchor Protocol and Mirror Protocol. UST has been live since October 2020, and has held peg well. The number of unique holders of UST has also grown substantially since the last post and we expect that figure to grow as UST launches on more chains.

Curve volume of UST has doubled since the April proposal.

1. Explain positioning of token in the AAVE ecosystem. Why would it be a good borrow or collateral asset?

As a stablecoin, it's maintained its peg, particularly over periods of market volatility. And as mentioned above, we believe there will be sufficient borrowing/lending demand for UST given there are a variety of existing use cases.

1. Provide a brief history of the project and the different components: DAO (is it live?), products (are they live?). How did it overcome some of the challenges it faced?

Terra is the team behind Anchor Protocol and Mirror Protocol. Mirror has $1.6B TVL, and does ~$11.2M in daily volume. Anchor has ~$5.1B TVL. KRT is Terra's oldest stablecoin which was launched in 2018, and has been able to maintain peg for the last 3 years.

1. How is the asset currently used?

UST can be used on most of the major dApps - including Curve, Uniswap, Harvest, Sushi, etc. as well as on Terra applications such as on Mirror mAsset pools and ethAnchor.

1. Emission schedule

There is no emission schedule. Whenever there is fluctuation in demand for UST that causes the price to go off peg, $1 LUNA can be swapped for 1 UST, and vice versa.

1. Token (& Protocol) permissions (minting) and upgradability

As referenced above, we believe the main concern with adding UST was its centrally held bridge solution. With the adoption of a decentralized bridge, UST should be a strong addition.

Given the history and robustness of Terra's stablecoins over the last 3 years, we believe that the addition of UST would pose low risk to the Aave ecosystem.

1. Market data (Market Cap, 24h Volume, Volatility, Exchanges, Maturity)

Market cap: $2.8B total, $412M on Ethereum: [$1.01 | Wrapped UST Token (UST) Token Tracker | Etherscan](#)

24 hour volume: $100M

Volatility: peg has maintained stability well

Exchanges: Curve, Sushiswap, Uniswap, Balancer, Kucoin, Bittrex, Terraswap, Coinbase, MEXC, Gemini, Bitfinex

1. Social channels data (Size of communities, activity on Github)

· Communities: 25k in [Telegram](#), 16k in [Discord](#)

· [Terra github](#)

1. Contracts date of deployments, number of transactions, number of holders for tokens

No. of transactions: 354,000

No. of holders: 17,816