

Proposal Name:

Fund ApeCoin community operations through loans on Fringe Finance

Proposal Category:

CORE: ECOSYSTEM FUND ALLOCATION

Author:

Konstantin Shirokov, Fringe Finance

Abstract

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

Recently Fringe Finance has integrated \$APE as a collateral asset on the platform that allows \$APE holders to access \$USDC loans while benefiting from the below described features of the Fringe Finance platform.

[Fringe Finance](#) is offering the ApeCoin DAO to open a line of credit on the platform with up to 515,253 ApeCoin tokens that will allow the DAO to access up to \$1,785,186 in \$USDC to be utilized at the discretion of the DAO.

Motivation

- Borrowing against ApeCoin to fund the DAO's operations instead of selling benefits all the holders by removing selling pressure and downside volatility.
- Liquidity locked by the ApeCoin team is a good signal to the community of the DAO acting in their interests by locking up ApeCoins.
- USDC is one of the most trusted stablecoins on the market with deep liquidity.

Rationale

Fringe Finance has already integrated ApeCoin as a collateral asset to borrow USDC.

Fringe Finance is providing a useful borrowing option that can be used by both retail users and the DAO's treasury.

The Ape community can utilize borrowed \$USDC funds elsewhere in the DeFi ecosystem without the necessity to sell ApeCoin tokens.

About Fringe Finance

We're partners with projects such as Polygon, Chainlink, REN, Elrond, Bancor, IoTeX, Lido, and others.

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

On Fringe, 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.

Specifications

- ApeCoin has been assigned a loan-to-value ratio of 0.6 on the platform. This means that for every \$1000 worth of ApeCoins a \$600 loan can be taken.
- The current borrowing interest is 8.46%/year, but the rate is floating.
- The borrowing limit for ApeCoin is currently \$1,785,186.

Steps to Implement

1. Up to 515,253 ApeCoin tokens are deposited on the Fringe Finance platform from the treasury.
2. The corresponding amount of PIT tokens representing the USD-denominated line of credit is issued.
3. Up to \$1,785,186 USDC loan can be taken and transferred to ApeCoin treasury.

#### Timeline

Can be implemented anytime after voting in favor.

#### Overall Cost

- Up to 515,253 ApeCoin tokens as collateral for taking an up to \$1,785,186 loan.
- ETH for any transaction fees that might result from using the platform in the Ethereum Mainnet.