

## Summary:

This is a proposal for adding borrow/lend support for the 1inch token (1INCH) on Aave

## Background:

The 1INCH token will be used to govern all 1inch network protocols, taking governance in the DeFi space to a new level. DeFi is a rapidly evolving space, but most governance modules are not designed to upgrade and change protocols quickly to respond to changes in the market. Therefore, we are introducing what we call the instant governance feature, which enables the community to vote for specific protocol settings under the decentralized autonomous organization (DAO) model, in a transparent, user-friendly and efficient way.

In the 18 months that the 1inch aggregator protocol has been live, it has processed over \$12B in volume. Moreover, 1inch's latest protocol has a TVL of over \$700M.

The 1inch Foundation, located on the Cayman Islands, can mint new tokens, based on proposals made via DAO governance. Once a more advanced DAO governance functionality, which similar to that of Compound, has been implemented, only the DAO will have the authority to issue new tokens.

## Why a1INCH:

1INCH, the native token of our platform, is already a well-traded asset with an average daily trading volume in excess of \$100M and tradable on most major exchanges, including Binance, Huobi, OKEX, Poloniex and Coinomi.

Our community consists of experienced DeFi traders and amasses over 90,000 active wallets that use our smart contracts. We believe that the addition of our token to Aave will step up activity on the platform and provide a vast number of opportunities to the communities of both products. A natural next step is to now create a lending market, and we can't think of a better place to do that than the Aave community. Being able to borrow and lend 1INCH tokens would facilitate:

- users' increased exposure to synth assets and their market presence.
- creating interest bearing a1INCH, which can be both staked in other protocols and loaned out to DAOs with unsecured loans via Credit Delegation.
- creating leveraged 1INCH trades.

## Benefits for Aave:

- 1inch has a very active community which would bring more users and liquidity to Aave.
- 1inch earns native yield through liquidity mining on the 1inch exchange.
- With deposit rates so high, it becomes financially attractive for people to borrow funds with 1INCH as collateral.
- More multi-platform initiatives in the future between our protocols. The 1inch aggregator already supports liquidations from Aave and synth assets swaps.

## Extra:

Aave platform could stake 1INCH tokens in st1INCH, same way as stored DAI inside CHAI a while ago. This would allow to have additional earnings for liquidity providers.

## Sources:

- [Coingecko](#)
- [Twitter](#)
- [Website](#)
- [Token Announcement](#)