

Surplus Collateral

Ambient provides the ability for users to directly deposit tokens in the DEX contract in the form of surplus collateral. Unlike collateral provided to support LP positions, surplus collateral sits idle and is not tied to any specific liquidity pool. At this point surplus collateral provides no yield, and will stay stable at its deposited amount without any rebalancing or loss.

Surplus collateral can be thought of as a form of light-weight working capital, that's significantly more flexible and efficient than the traditional model of holding tokens outside the DEX. In instant settlement mode, a Ambient swap, mint or burn operation will directly pay or collect tokens from the user's wallet.

Surplus collateral allows for debits or credits to be paid to the user's balance held inside the DEX contract. This avoids any token transfer associated with the swap, mint or burn, and instead involves a simple update of a single counter inside the DEX contract. An active trader can consolidate what would otherwise be a large number of token transfers across many trades, into a single net settlement at their convenience.

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