

Vesq request signalling for \$VSQ in an Aave (Polygon Network) Isolated Lending/Borrowing Market

A. Summary

Vesq requests for signalling from the Aave community to onboard \$VSQ in an isolated lending/borrowing market on Aave on the Polygon network.

B. Proposer

Vesq is a decentralized reserve currency protocol available on the Polygon network based on the \$VSQ token. Each \$VSQ token is backed by a basket of assets (e.g. \$Aave, \$amDAI, and \$amwETH) in the Vesq treasury. \$sVSQ is the staked version of \$VSQ, while \$wsVSQ is the index-adjusted wrapper for staked \$VSQ.

Our goal is to build a policy-controlled currency system, in which the behavior of the \$VSQ token is controlled at a high level by the DAO. In the long term, we believe this system can be used to optimize for stability and consistency so that \$VSQ can function as a global unit-of-account and medium-of-exchange currency. In the short term, we intend to optimize the system for growth and wealth creation.

Current status of Vesq: After launching on the 1st of January 2022, Vesq has a treasury balance of ~\$6,408,505, allowing each \$VSQ to be backed by ~\$21.56 in assets. \$VSQ is currently priced at ~\$29 with a market cap of ~ \$8,773,733.

C. Rationale: Benefits To Aave Community

1. High demand for borrowing/lending & increased user-base for Aave
2. The Vesq community is active and growing very quickly. Currently, \$VSQ has 3394 users DeBank, 6k Twitter followers, and 5.7k Discord members. A popular request from the community is for lending/borrowing to be made with \$VSQ in a strategy to maximize returns from token rebases, popularly known as the (9,9) strategy.
3. Currently, there isn't a marketmaker with \$VSQ enabled as collateral. Therefore, the Aave community can expect to make new clients out of our entire community and find a significant portion of Vesq's current ~ \$8,773,733 market cap on the Aave protocol.
4. Additionally, we will be releasing a learn to earn program in order for our community to be educated on managing the risks associated with leverage. This will reduce the risk of liquidations and ensure that this strategy remains popular throughout the duration of our partnership.
5. Association to a protocol that prioritizes security and safety of its funds
6. Investors in decentralized finance have to manage the risk of hacks and rugs. Thus, Vesq is uniquely positioned to address this concern. Protocol safety and security is prioritized at Vesq, as our founders envision the protocol eventually holding billions in TVL.
7. Prior to launch, a protocol-wide audit was carried out by Paladin Blockchain Security and all vulnerabilities were fully-addressed.
8. Chainlink Price Feeds and Chainlink Keeper are integrated to secure the bonding and rebasing mechanisms.
9. Our multisig treasury requires the signatures of both founders with more signatories to be added later.
10. Both founders are doxed.
11. Finally, our Genesis DAO governance allows Vesq to be sufficiently decentralized.
12. Thus, the Aave community benefits from being associated with a project with a reputation for security and safety, which is rare in decentralized finance.
13. \$wsVSQ allows Aave's TVL to automatically grow over time
14. Staked \$VSQ tokens receive rebases 3 times a day at the current annual APY of ~85,000% (set to be reduced). When deposited into the Aave protocol, both Aave and the holder of the asset enjoy the gains. Growing both Aave's TVL as well as the LTV health ratio of the holder.
15. Why is signalling necessary? Consistent with the ethos of the Aave ecosystem, Vesq believes that all deployments of the Aave protocol should be voted on – and accepted by – Aave governance prior to deployment.
16. Deploying Vesq in the Aave protocol on the Polygon network will support growth and synergies between the communities, ultimately leading to a stronger DeFi ecosystem.

D. Next Steps

- Creation of a Snapshot vote for the Aave community to signal YES/NO to onboard \$VSQ in an isolated

lending/borrowing market on Aave on the Polygon network.

- After the Acceptance of the onboarding of Vesq to Aave by the community, we would like to proposed the following risk parameters:
- LTV: 50%

Liquidation Threshold: 60%

Liquidation Bonus: 8%

Reserve Factor: 20%

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Liquidation Threshold: 60%

Liquidation Bonus: 8%

Reserve Factor: 20%

E. Resources

- vesq.io
- discord.gg/vesq
- [@vesqhq](https://twitter.com/vesqhq)
- vesq.medium.com
- vesq.gitbook.io
- github.com/vesqhq