

ARC: Add ENS as collateral

Summary

ENS (Ethereum Name Service) is a critical piece of infrastructure for the Ethereum ecosystem with over 400,000 names registered and hundreds of integrations across the ecosystem.

\$ENS is the governance token providing ownership over the ENS protocol. \$ENS governs the direction of the ENS treasury as well as controlling crucial protocol parameters via the ENS registrar controller.

This proposal looks to onboard \$ENS as a collateral asset to Aave.

Motivation

Following conversations with Aave and ENS core team members, we've found that ENS is a prime candidate for Aave, already having gathered over \$1B in circulating market cap and millions of dollars in liquidity across the ecosystem.

The addition of ENS to Aave lending markets will unlock additional liquidity and optionality for all ENS holders.

Benefits to Aave Community

ENS is a highly reputable multi-billion dollar protocol with a significant amount of liquidity on Ethereum. The addition of ENS will provide Aave with an increase in bandwidth and utility for the protocol.

In addition, the Aave community should be aligned with the addition of ENS token given a significant amount of the Aave community also hold ENS names (and ENS tokens as a result of the retroactive distribution).

Resources

- [Website](#)
- [Twitter](#)
- [Mirror](#)
- [Docs](#)
- [Github](#)
- [Token Contract](#)

Specification

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

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has worked alongside both the Aave core team and ENS core contributors. We believe that this proposal will further cement the meaningful relationship that has developed between Aave and ENS, with further integrations to come in the future!

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

ENS is a web3 domain name service. The ENS token is the ownership and governance mechanism which controls both ENS protocol parameters, and the ENS DAO treasury.

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

ENS has gathered millions in organic liquidity with a \$5B fully diluted market cap. It governs one of the most integral pieces of infrastructure in the Ethereum ecosystem where the token represents ownership in the ENS protocol. ENS had no investors and its core contributors hold 25% of the total supply vested over 4 years.

For this reason, we believe that both the liquidity and value of ENS hold an attractive opportunity for the Aave protocol.

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?

Built in 2016 and launched in 2017, ENS has experienced multiple upgrades while the core contract architecture is widely regarded as some of the most secure and battle-tested in the Ethereum space. The ENS token launched on November 8th,

via an airdrop of 25% of the total supply to all addresses which have ever held an ENS name. The ENS DAO is live and is currently deliberating on the first [proposal](#).

1. How is the asset currently used?

ENS is currently used as the governance and ownership mechanism of the ENS protocol and DAO.

1. Emission schedule

25% of ENS total supply is either liquid in the hand of the community or available to be claimed. The tokens will be available to claim until May 2022. 50% of the total supply is held by the ENS DAO in the community treasury to be distributed under the social contract establish the the [ENS constitution](#), with 10% unlocked on day one and the remainder becoming claimable on a linear basis over the next four years. 25% of ENS was allocated to past and future contributors of ENS. The contributor allocation is locked on a four year vesting schedule, with a 6 month cliff.

1. Token & protocol permissions and upgradability

The ENS core contracts are mostly immutable while there are various parameters which can be modified via ENS DAO governance such as name registration fees, ETH/USD price oracles, etc. The ENS token is non-upgradable. The ENS root key is held by the community multisig, with the intention of handing over to the DAO once governance has proven itself to be stable and resistant to any form of capture.

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

- Market Cap

: \$920m circulating, \$4.8B FDV

- 24h Volume

: \$183m

- Volatility

: Moderate

- Maturity

: Early

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

150k addresses which hold ENS names, 112k Twitter followers, Significant and ongoing activity on Github.

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

- Date of Deployment ([Protocol](#)): Mar-10-2017

- Date of Deployment ([Token](#)): Nov-08-2021

- Number of Transactions: 263,000+

- Number of Holders (Names): 150,000+

- Number of Holders (ENS Token): 59,000

Proposed Risk Parameters

- LTV: 50%
- Liquidation Threshold: 60%
- Liquidation Bonus: 8%
- Reserve Factor: 20%