Discussion

sUSD liquidity on AAVE is thin compared to other stablecoins due to the facts that;

1. its not enabled as a collateral asset

2. not included in the current liquidity mining program

In regards to 1), we are in the process of submitting an AIP with the necessary proposition power to meet PROPOSITION_THRESHOLD for Executor(short), to enable sUSD as collateral.

This ARC is aimed at raising a discussion around 2), and the idea of being more inclusive with sUSD in AAVE liquidity mining and the lending protocol as a whole.

sUSD has been on AAVE for a long time now and has a proven record of liquidity even in extremely volatile market conditions. There have been some instances of peg deviation from $1 USD but the depth of sUSD liquidity and the low interest rates of multi-collateral loans (currently 2%) make the peg risks lower than they have ever been.

The Synthetix community feels that they deserves to take part in this opportunity to mine AAVE with synths, given Synthetix's major role in the defi landscape and the massive amount of Synth liquidity in Curve.fi (which supports an sAAVE pool). We expect AAVE liquidity mining to bring major attention to the DeFi space and its an equally good opportunity to spotlight a fully decentralized-collateral backed stable coin $sUSD, in the process. It is no secret there is major overlap between the AAVE and SNX communities and the inclusion of sUSD in the liquidity mining program is mutually beneficial for Aave markets, Synthetix and the DeFi ecosystem as a whole.

Specifications

No changes to the reward supply for the current liquidity mining program are being proposed in this ARC. The only change being proposed is the addition of sUSD to the current rewards distribution strategy for the stable coin market (50/50 allocation to lenders/borrowers, based on borrow demand).

For a technical reference to this ARC please read:

ARC: enable sUSD as collateral

- FOR : Include sUSD in AAVE liquidity mining

- AGAINST : Do nothing

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voters