Summary

OHM is an independently-valued algorithmic currency that is backed by assets held in the Olympus treasury. The treasury accrues value using a novel bonding mechanism to offer OHM at a discount in exchange for assets (ex: DAI) and the protocols' own liquidity (ex: OHM-DAI SushiSwap LP tokens). Profits accrued by the treasury when OHM trades above intrinsic value are redistributed to stakers for keeping OHM off the market during its initial growth phase. In the long run, OHM aims to be a free-floating currency that preserves value for its holders in contrast to traditional stablecoins denominated in USD which are subject to inflation. This proposal aims to introduce OHM to the Aave community and add OHM/sOHM to the Aave lending market.

Background on OHM and Bonding/Staking

Olympus launched OHM in March and has accumulated more than $60M in PCV, consisting of DAI, FRAX and OHM-DAI/FRAX liquidity pool tokens. Of the PCV, the non-OHM assets are considered the treasury's risk-free value (RFV), currently worth $20M.

Treasury market operations consist of bonding, staking, and OHM repurchases. When OHM trades above its intrinsic value, Olympus sells OHM bonds at a discount to be redeemed over a 5-day vesting period. Bonding is an active, short-term strategy for market participants

. Bonds allow Olympus to accumulate assets for backing OHM, as well as OHM's own liquidity. Since the protocol owns its own liquidity, it provides implicit guarantees that liquidity will be available regardless of market sentiment. When OHM trades below its intrinsic value, the treasury buys back OHM using DAI. In this way, the treasury always positions itself to profit from market conditions and ensure liquidity for OHM.

Staking is the primary value accrual strategy for Ohmies. Stakers take their OHM off the market and in return receive a portion of the treasury's profits earned on OHM sold through bonds. Stakers receive those profits through rebases to the sOHM token, which allows auto-compounding yield. Staking is a passive, long-term strategy

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Motivation

Integrating OHM in blue-chip DeFi protocols like Aave is a key milestone in the vision for OHM to become a dominant currency. Stablecoins are useful in their utility and for users' familiarity with the US dollar, but will lead to a loss in value for users in the long-term. Aave's lending protocol will provide an alternative source of yield for users' OHM, as well as hedging strategies for Olympus bond buyers.

Benefits to Aave Community

- Increased TVL - current Market Cap of OHM is $380M

- Increased diversity of borrowing options

- Synergies with the Olympus community

TL;DR

Add OHM/sOHM as collateral on Aave lending markets because Ohmies

(3,3)

Specifications

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

Tex is a member of the OlympusDAO Partnerships Team, who is also the proud owner of a modest amount of AAVE.

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

OHM is a floating currency backed by assets including its own liquidity which is intended to maintain purchasing power for its holders.

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

OHM provides an alternative to stable assets denominated in USD. OHM is desirable for users to borrow and stake to earn staking rewards. Additionally, the treasury's RFV provides a key metric that is available on-chain to gauge risk for OHM as collateral. Enabling OHM as collateral also provides a hedging mechanism for users participating in Olympus bond purchases.

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?

Olympus launched OHM in March and has since accumulated $60M of treasury assets, including $20M of risk-free value (DAI/FRAX) and $40M of liquidity (OHM-DAI/FRAX). Since launch, Olympus has moved to a DAO governance-model with one of the larger active communities in DeFi.

1. How is the asset currently used?

OHM is currently being used to stake and redistribute profits from treasury open-market operations. These operations consist of selling bonds at a discount for assets and liquidity. OlympusDAO is actively launching community projects and exploring integrations with other protocols to expand OHM's utility within DeFi. In addition to staking and bonding, sOHM deposits are available on Olympus' Fuse pool as collateral.

1. Emission schedule

There is no capped emission schedule for OHM as a currency. Instead, OHM supply is controlled through policy parameters that adjust bond issuance. These parameters are adjusted by the DAO Policy Team (FOHMC) in response to market conditions. In this way, Olympus aims to be a Decentral Bank for DeFi.

1. Token & protocol permissions and upgradeability

Currently, the core Vault contract that manages assets which back OHM in circulation is non-upgrade-able. Staking, Treasury, and Allocator contracts are controlled by a multi-sig wallet (2/3, soon to be 3/5) controlled by the Core Team. The Distributor and Bond contracts which manage the protocol's policy are under a separate multi-sig (3/5, soon to be 4/6) controlled by the DAO Policy Team.

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

Market Cap:

$380M

24h Volume:

$10M

Exchanges:

SushiSwap (OHM-DAI) and Uniswap (OHM-FRAX)

Volatility:

0.0862/0.113 (30D/90D volatility based on log-adjusted daily returns)

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

Twitter:

16k followers

Discord:

11k members

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

Contract date:

Deployed on March 17th, 2021

# of txns for OHM:

155,121

# of txns for sOHM:

52,751

Holders of OHM & sOHM:

7712

Risk Assessment

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image

1025×103 5.15 KB

](https://europe1.discourse-
cdn.com/business20/uploads/aave/original/2X/2/22ed1e935a5c27b13e4246292256c8e159f0aec0.png)

References

Olympus Website - https://www.olympusdao.finance

App Interface - https://app.olympusdao.finance/#/dashboard

Documentation - https://docs.olympusdao.finance

Github - OlympusDAO · GitHub

Audits - 1st Audit (Peckshield), 2nd Audit (Omniscia)

Governance - Scattershot (fork of Snapshot)

Community Discord - Olympus

DAO Discord - Olympus DAO Server

Twitter - https://twitter.com/OlympusDAO

Should sOHM be added?

- Add sOHM

- Do not add sOHM

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voters