

Title:

Aave Treasury Proposal: Onboard with Maple Finance to Diversify Existing RWA Holdings

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Summary

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Maple Finance would like to propose that Aave's Treasury allocates stablecoins into Maple Finance's cash management pool to earn the risk-free rate on-chain, further diversifying their existing and future RWA holdings.

The main results of this proposal will be:

1. Aave will onboard with Maple Finance to enable the treasury to allocate to RWA strategies on the platform.
2. Aave Treasury to allocate to Maple's Cash Management pool, with an initial investment of 1M USDC, with the goal to increase this allocation over the course of time.
3. As the Aave community gains comfort in the Maple platform, the treasury will explore investment opportunities into other Maple RWA pools, pending approval from Aave's governance.

Motivation

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Shifting away from an exclusive focus on crypto assets, Aave is now exploring off-chain markets, particularly Real World Assets (RWA). This strategic move holds the promise of diversified treasury management, achieved through a thoughtful percentage allocation of Aave's current USDC balance. This forward-thinking approach positions Aave to leverage RWA collateral for long-term growth, whether by enhancing liquidity, diversifying revenue streams, or capitalizing on earnings from dormant stablecoin assets.

Maple Direct is excited to introduce the Cash Management Pool (MPLcashUSDC) to the Aave community. Since launching in May 2023, Maple's Cash Management Pool has attracted >60M USDC in total deposits and generated >500k USDC in accrued interest for lenders. The Pool is permissioned and available to accredited investors who complete a KYC and AML onboarding process with Maple, with more than 50% of current lenders either DAOs or web3 corporate treasuries. Backed by short-term US Treasury bills and overnight repos, the Pool targets a net APY of the current Secured Overnight Financing Rate as reported by the Federal Reserve Bank of New York, less 50bps of annualized fees and expenses. At current rates, the spot net APY of MPLcashUSDC is approximately 4.8%.

Maple's Cash Management pool is highly differentiated from competitors, including the following benefits:

- Direct Asset Security:

Actively managed and directly backed by US Treasury bills held in a standalone SPV.

- Daily Liquidity:

Withdrawal function offering daily liquidity on US banking days, automated through smart contracts to ensure limited reliance on third parties.

- Short Duration:

Weighted average maturity of the Pool's assets is capped at 30 days – this restriction materially mitigates interest rate risk and ensures reliable access to daily liquidity for lenders.

- Yield Efficiency:

Upon a new deposit, an LP token (MPLcashUSDC) is atomically transferred to the lender's wallet and yield starts accruing immediately. Lenders continue earning interest up until the moment their LP tokens are redeemed from the pool for USDC. Fees and expenses total 0.5% annualized and there are no upfront subscription or redemption costs.

- On-Chain, Verifiable Position:

Maple's smart contract infrastructure has been built out over the last 3 years and one of the major benefits it provides is a constant, verifiable Net Asset Value (NAV) for lenders. Using the ERC-4626 standard each lender can verify the value of

their holdings directly on-chain and the yield that they have earned to date. Importantly, this value is generated block by block through the smart contracts and is not subject to any manual manipulation or input.

- Regulated Counterparties:

Custodial risks are minimized by partnering with established and regulated counterparties. The Pool's prime broker is StoneX, a SEC and FINRA regulated broker dealer. BNP Paribas, the fifth-largest global custodian with over \$10 trillion in assets under custody, is the underlying custodian for the StoneX account.

- Fully Ringfenced:

As with all pools on Maple, the Cash Management Pool represents a distinct smart contract and Lenders are ringfenced from credit risk in other pools on the Maple platform. Lender deposits in the Pool are held in a non-custodial smart contract and Maple never takes possession.

#### Specification

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If the proposal is approved, Maple Direct is prepared to work hand in hand with the Aave DAO to engage counsel and determine the appropriate legal structure for the DAO to access KYC permissioned defi, including the Cash Management pool (and other alternatives on the platform). Maple would be responsible for onboarding the eventual legal entity associated with the Aave DAO, and would draw upon experience working with other DAOs in the space to complete KYC in a compliant manner.

The investment process will be gradual and thoughtful, with community approval sought for each stage after the endorsement of this proposal. Initially we propose a 1M USDC deployment in the Maple's Cash Management Pool. In subsequent stage, we believe the Aave DAO should consider higher yielding opportunities, including the various offerings on Maple as well as other defi platforms.

Maple Direct stands ready to assist the Aave DAO in allocating across various credit opportunities, fostering flexibility and strategic decision-making.

#### Pool

##### Collateral

##### Target Return

##### Cash Management

Secured lending backed by U.S. Treasury bills with daily liquidity.

SOFR less 50bps (~5%)

##### Secured Financing

Secured lending to institutions overcollateralized by digital assets.

SOFR+300-400bps (~8-9%)

##### Web3 Opportunistic

Other high yield lending strategies to institutional web3 borrowers.

~10%+

##### Real World Assets

Secured lending to off-chain originators and corporates.

~12%+

We believe it is in the best interest of the community to start with an initial investment and gain familiarity with the Maple Platform. As the relationship strengthens after initial deployment, we will seek investment into other Maple pools. A timeline of events can be seen below:

#### Phase

##### Legal Setup/Onboarding

Maple Direct team to work with the DAO to finalize appropriate legal structure and onboard an entity to the Maple Platform

1 Month

Initial Deployment

DAO deposits \$1M in USDC into the Maple Cash Management Pool. Interest accrual is immediate and block by block

1 Month

Subsequent Deployment

Maple will submit a proposal to deploy further capital into Cash Management or other RWA asset pools on the platform, pending governance approval

After 3 Months

The fee structure for the Cash Management pool is 0.5% annualized.

Additional information covering the Cash Management Pool, including lending, withdrawing, and risks is detailed on [GitBook](#) as well as the other materials linked in Key Documents below.

- [Pool Factsheet](#)
- [WebApp](#)
- [Lender Presentation](#)
- [MPLcashUSDC Contract](#)

Disclaimer

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The forward-looking statements in this proposal are subject to numerous assumptions, risks and uncertainties which are subject to change over time. There are many risk factors, including those relating to blockchain technology generally; the development of decentralization; the uncertain regulatory environment; and Maple specifically, that could cause actual results or developments anticipated by us not to be realized or, even if substantially realized, to fail to achieve the benefits that could be expected therefrom. We reserve the right to modify our plans and intentions without prior public notice.

Next Steps

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This proposal will move to an off-chain snapshot vote in 7-14 days, and if successful, to an on-chain AIP immediately after. The Maple Finance team is available for a community call to discuss this proposal, our platform, and other topics in further detail as requested by the Aave community.

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