Introduction

This ARFC proposes launching GHO, an Aave native stablecoin, with two initial facilitators: the Aave V3 Ethereum Facilitator and the FlashMinter Facilitator.

If this ARFC and the subsequent AIP are approved by the Aave DAO, GHO will become live on Ethereum Mainnet.

GHO Launch

After extensive community discussion, multiple phases of the Aave DAO governance process, and months of testing on Ethereum's Goerli Testnet, this ARFC proposes the introduction of GHO to Ethereum Mainnet with the Aave V3 Facilitator and FlashMinter Facilitator.

Following the approval of this proposal and subsequent AIP, users of Aave V3 on Ethereum will be able to mint GHO against their collateral, kickstarting a new era for the Aave ecosystem and the Aave DAO.

If approved, the introduction of GHO would make stablecoin borrowing on the Aave Protocol more competitive and generate additional revenue for the Aave DAO by providing to the DAO treasury 100% of the interest payments made on GHO borrows.

Following the introduction of GHO, the DAO will also be able to change GHO's interest rate, as necessary, over time through a governance process. GHO's financial framework will be managed by the Aave DAO in a decentralized way.

Facilitators At Launch

GHO introduces the concept of Facilitators. A Facilitator (e.g., a protocol, an entity, etc.) can generate (and burn) GHO tokens up to a certain bucket size. Two Facilitators, along with their initial parameters, have been approved at the TEMP CHECK phase by Aave Governance, the Aave V3 Ethereum Pool and the FlashMinter. This proposal combined these previously approved TEMP CHECKS into this ARFC for approval.

Aave V3 Ethereum Pool Facilitator

The Aave V3 Ethereum Pool Facilitator would allow depositors to borrow GHO against their collateral which is deposited in the V3 Ethereum Mainnet Pool.

After much community discussion, which can be found here, GHO's initial parameters for the Aave V3 Ethereum Pool Facilitator passed the following TEMP CHECK, with 440,000 votes in favour of Option A.

Option A provides the following parameters for the launch of GHO in the Aave V3 Ethereum Pool:

Parameter

Value

Borrow Rate

1.5%

Bucket Capacity

100M GHO

stkAAVE Discount Rate

30%

If this ARFC and subsequent AIP is approved by the community, GHO would launch with the above parameters for this Facilitator.

FlashMinter Facilitator

At launch, given community approval, GHO will have a second facilitator as discussed in this forum post.

FlashMinting provides the same functionality as a Flashloan, but instead of borrowing assets from a pool, users will be able to FlashMint GHO and repay in a single transaction. The FlashMinter would have a beneficial influence on GHO's ability to maintain its peg because, amongst other benefits, it enables more efficient arbitrage.

The TEMP CHECK approving the FlashMinter Facilitator and its parameters, with 679,000 votes in support, can be found

[here](#).

As a result of this TEMP CHECK, it is agreed by the community that the FlashMinter Facilitators initial bucket capacity will be 2,000,000 GHO and that there will be no fee paid to the Facilitators. In the early stages, GHO's ability to maintain its peg will be enhanced by low fees, which further incentivizes arbitrage.

Implementation

On an AIP level, this proposal initiates GHO, which consists of a set of actions:

- Deployment of GHO ERC20 and transfer control over the smart contract to the Aave DAO.

- Listing of GHO as a borrowable asset in the Aave Protocol.

- Enrollment of Aave V3 Ethereum Pool as the first Facilitator of GHO.

- Deployment of GhoFlashMinter and enrollment as the second Facilitator of GHO.

- Configuration of stkAAVE as discount token for GHO borrow rate.

In terms of relevant links, you can find a directory of GHO's smart contracts [here](#) and all audits of GHO's codebase, along with audits of the relevant Facilitators, can be found [here](#).

Conclusion and Next Steps

Once sufficient time has been given for final feedback, this ARFC will go to the AIP phase of the governance process where the DAO will be able to vote to launch the DAO's native stablecoin, GHO, with both the Aave V3 Ethereum Pool and the FlashMinter as its initial Facilitators.

Following the launch of GHO, a multi-chain strategy will be proposed to the community.