

After the success of AIP-1 and already more than a third of the LEND supply upgraded to the AAVE asset, the community governance can now focus on the next improvement for the Aave Protocol.

This topic focuses on new asset additions to the main Aave Market that have been debated in other threads.

The most efficient way to host constructive debates and gather feedback on community sentiment is to narrow the discussion focus on reasonably sized batches of assets.

This first batch is composed of 3 assets: AAVE, UNI and GUSD

. The other assets currently discussed in the governance forum will have their time to shine in the following batches.

AAVE

The first asset is AAVE, the center of gravity of the Aave Protocol governance.

The AAVE asset is fairly new, but already has a decent amount of decentralized liquidity in Uniswap, Balancer, and Sushiswap with clear CeFi Announcements of migration support and AAVE listing such as on Binance ([Blogpost](#))

The addition of the token AAVE into the main market will allow the creation of an end -> aAAVE “collateral swap” feature, allowing current aLEND holders to migrate without being forced to close their current position.

There’s currently 187M aLEND in the Aave Protocol, ~15% of the total supply.

The recommendation of the Risk team would be to keep the LEND risk parameters:

LTV

Liquidation threshold

Liquidation Bonus

50%

65%

10%

UNI

UNI is the governance token of Uniswap Protocol, the DEX with the highest volume. It was distributed to users and liquidity providers gathering a diverse crowd of governors. The Uniswap DAO is now the DAO with the highest value under management.

UNI is supported by the platform Compound with a 65% collateral factor.

Given the short existence of UNI on the market and the current volatility,

the Risk team recommends a slightly more conservative set of parameters:

LTV

Liquidation threshold

Liquidation Bonus

40%

65%

15%

Please consider the details of the Risk team’s opinion below :

UNI Smart Contract Risk: B-

The UNI token is audited and has been impressively battle-tested, with nearly 800k transactions for such a short life of 21 days. The smart contract uses some of COMP’s token code which has been tested by the markets.

UNI Counterparty Risk: B+

UNI is a permissionless token launched in some of the fairest ways witnessed. The Uniswap team, which has an impressive track record, will be giving up power over the protocol gradually over the next 6 months.

UNI Market Risk: B-

The UNI token has been really well received by the community. The price quickly increased from nothing to around \$3, leading to high volatility but also growing the market capitalization.

GUSD

GUSD is issued by Gemini Trust Company. It has been created for practical use in innovative applications, which facilitate Gemini's institutional solutions and exchange operations.

GUSD addition would create more bridges between CeFi and DeFi and can be one more step towards successful synergies between the Aave community and the Gemini ecosystem, especially with features such as Credit Delegation.

Being a Centralized Asset with an emerging presence in the DeFi ecosystem, the recommended risk parameters are to allow GUSD as a borrowable currency, but not as collateral.

Please consider the following Risk team opinion about GUSD below:

GUSD Smart contract Risk: C-

GUSD was launched in September 2018 – at the same time as USDC – yet it has just under 100k blockchain transactions. The token is mostly used within the centralized Gemini environment.

GUSD Counterparty Risk: B- cannot use as collateral

As it is backed by real US dollars, GUSD is centralized. An independent accountant's audit report is published at the end of each month on the website. Furthermore, GUSD is regulated bringing trust to the token. Still, the infrastructure is based on the Ethereum blockchain where regulators have little power.

GUSD Market Risk: B

GUSD has a small market capitalization of \$11m with one of the smallest trading volumes among stablecoins. It is backed by real USD and has managed to keep its peg well showing little volatility.

The poll in this thread is a community sentiment poll in order to centralize the opinions of the community and easily identify strong support or opposition about an asset.

Feel free to express your voice by voting and feel free to express your constructive opinion in this thread.

Community sentiment on Assets

- AAVE - Yae
- AAVE - Nay
- UNI - Yae
- UNI - Nay
- GUSD - Yae
- GUSD - Nay

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voters