

Summary

1inch is a network of decentralized protocols designed to provide the fastest and most efficient operations in the DeFi space. 1inch Network was launched in May 2019 with the release of its Aggregation Protocol V1. Since then, 1inch Network has developed additional DeFi tools such as the Liquidity Protocol, Limit Order Protocol, P2P transactions, and 1inch Mobile Wallet.

This proposal seeks to onboard the 1inch Network token (1INCH) as a collateral asset in Aave.

Motivations

Launched in 2019, and with over [60% of the market share](#), the 1inch Aggregation Protocol is both the oldest and most trusted DEX aggregator in the DeFi space. The 1inch Network's metrics are below ([source](#)):

- Total trading volume:

\$160B

- Total swaps:

5.91M

- Total users:

1.25M

1INCH token is the governance and utility token for the 1inch Network. 1INCH has a circulating market cap of [\\$500M](#), a daily trading volume of \$50M+, and is currently listed on highly liquid centralized exchanges including Coinbase, Binance, FTX, Gemini, and Kraken. In addition to the spot markets, 1INCH also has perpetual markets on the centralized Binance and FTX exchanges, as well as the decentralized dYdX exchange.

The mint function for 1INCH was recently [burned](#) by the 1inch Foundation – the future supply of 1INCH will not exceed the 1.5 billion amount described in the original [distribution schedule](#).

In December of 2021, 1inch Labs completed a [\\$175M funding round](#) for 1inch Network Pro development. This was done via a direct token sale to accredited and institutional investors.

Benefits to Aave Community

- 1INCH is highly liquid.
- 1INCH is not yet listed on any decentralized lending platforms, so Aave will have a first-mover advantage.
- 1INCH is listed on several perpetual markets – there are robust centralized and decentralized price oracles for 1INCH.
- 1INCH has a wide set of token holders ranging from early adopters, who were airdropped the token for free back in December 2020, to accredited and institutional investors, who bought the token in the subsequent funding rounds.

Resources

- Website: 1inch.io
- Token: [0x111111111117dc0aa78b770fa6a738034120c302](https://etherscan.io/address/0x111111111117dc0aa78b770fa6a738034120c302)
- [Governance Forum](#)
- [Discord Chat](#)
- [Github](#)
- [Documentation](#)
- [Blog](#)
- [Twitter](#)
- [Coingecko](#)
- [Dune analytics](#)

Specification

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

RoundElephant is a community and governance Core Contributor for the 1inch Network.

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

1inch Network is a decentralized set of protocols that aim to improve the efficiency of the DeFi space. The 1INCH token is used to govern the protocols and is also in control of the protocols' revenue stream. 1INCH has the added utility of providing stakers with subsidized transactions via the [gas refund program](#).

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

1INCH governs the largest aggregation protocol in the EVM space.

1INCH is highly liquid in the spot market and has perpetual markets on Binance, FTX, and a decentralized perpetual market on [dYdX](#).

1INCH has a wide set of token holders ranging from early adopters, who were airdropped the token for free back in December 2020, to accredited and institutional investors, who bought the token in the subsequent funding rounds. Currently, none of these holders have a way of tapping into their equity without selling.

On the demand side, users can borrow 1INCH to participate in the gas refund program, or support specific governance proposals.

4. 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?

The 1inch Network was founded by Sergej Kunz and Anton Bukov over the course of the ETHGlobal New York hackathon in May 2019 with the release of its Aggregation Protocol V1. Since then, 1inch Network has developed additional DeFi tools such as the Liquidity Protocol, Limit Order Protocol, P2P transactions, and 1inch Mobile Wallet.

- 1inch Aggregation Protocol:

The 1inch API v4, Pathfinder, is a cutting-edge discovery and routing algorithm, which offers asset exchanges at the best rates on the market. Pathfinder finds the most efficient paths for a token swap, able to split between different protocols and even different market depths within one protocol in the shortest possible time.

- 1inch Liquidity Protocol:

1inch Liquidity protocol (previously called Mooniswap) is an AMM that aims to offer capital-efficient liquidity positions while protecting users from front-running.

- 1inch Limit Order Protocol:

1inch limit order protocol is a set of smart contracts that allows users to place limit orders, and RFQ Orders, which later can be filled on-chain. Both types of orders are a data structure created off-chain and signed according to EIP-712. Key features of the protocol are extreme flexibility and high gas efficiency.

- P2P Transactions:

1inch Peer-to-Peer allows two users to make an over-the-counter style trade of any ERC20 token.

- 1inch Mobile Wallet:

The 1inch Mobile Wallet is a fast and secure crypto wallet with a built-in DEX aggregator and an easy interface for secure storage and transactions.

- Supported Networks:

1inch protocols are deployed on the following EVM networks: Ethereum, Binance Smart Chain, Polygon, Arbitrum, Optimism, Gnosis chain, Avalanche, and Fantom.

5. How is the asset currently used?

1INCH is currently used as a governance and utility tool for the 1inch Network. Since November 2021, all revenue collected from the 1inch Aggregation protocol is sent to the [1inch DAO Treasury](#). The 1inch DAO has full control over the treasury and the 1INCH token is used to govern the decisions made by the DAO.

Holders of the 1inch Network token may stake it in the 1inch DAO governance contract and participate in [general proposals](#), [Instant Governance](#), or benefit from the [gas refund program](#).

6. Emission schedule

The 1INCH distribution and token unlock schedule can be seen [here](#).

Of the 1.5B total future supply, 415M 1INCH are currently in circulation. The remaining tokens will be gradually unlocked until December 2024 (when the maximum supply of 1.5B is reached).

Uncirculated 1INCH is held in on-chain vesting contracts. [v1INCH](#) is the non-transferable ERC-20 which represents 1INCH tokens currently locked in the vesting contract. There are 1.07B v1INCH (these are included in the 1.5B total future supply).

7. Token & protocol permissions and upgradability

The smart contracts of 1inch Network are immutable and cannot be upgraded – new versions of protocols require the deployment of new contracts. Specific protocol parameters can be dynamically changed by DAO participants via Instant Governance.

The 1INCH token is non-upgradable. The token's mint function, previously controlled by a multi-sig, was recently [burned](#) – there will never be more than 1.5B 1INCH.

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

- Market Cap:

\$548M circulating, \$1.98B FDV

- 24h Volume:

\$50M

- Exchanges:

[CoinGecko](#) | [CoinMarketCap](#) * DEX:

- [Uniswap V3](#) | \$9.9M TVL | \$176k 24h Trading Volume
- [1inch Liquidity Protocol](#) | \$3.4M TVL
- [Uniswap V2](#) | \$0.5M TVL
- [Uniswap V3](#) | \$9.9M TVL | \$176k 24h Trading Volume
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- [1inch Liquidity Protocol](#) | \$3.4M TVL
- [Uniswap V2](#) | \$0.5M TVL

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

- [Twitter](#): 1.0M
- [Discord](#): 15.8k
- [Telegram \[EN\]](#): 25.9k
- [Reddit](#): 7.9k

- [Github](#)

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

- Date of Deployment ([Token](#)): Dec-23-2020
- Number of Transactions: 580k+
- Number of Holders: 87k

Risk Factors

A comprehensive list of 1inch Network smart contract audits can be seen [here](#).

Risk Quantification

Edit

: [@Governance_House](#) performed a more detailed risk assessment than the one I initially had here:

[ARC: Add 1INCH as collateral](#) [New Asset

]/(c/governance/new-asset/9)

1INCH - Risk Assessment

Smart Contract Risk Counterparty Risk Market Risk Overall Risk [\[image\]](#) General The 1inch Network was launched at the ETHGlobal New York hackathon in May 2019 with the release of its aggregation protocol v1. Since then, the 1inch Network has also launched the Liquidity Protocol, Limit Order Protocol, P2P Transactions and 1inch Mobile Wallet. The 1inch Network is composed of three independent entities, the 1inch Foundation, 1inch Core Contributors and 1inch DAO that ea...

Temperature Check Poll

- (YES) – Add 1INCH as collateral
- (NO) – Do not add 1INCH as collateral

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voters