

Hello AAVEngers,

We, the contributors at Stake DAO, would like to propose that our yield-bearing token, xSDT, is listed on AAVE's Polygon marketplace as a collateral asset. We believe having xSDT on AAVE would open the door to several mutually beneficial and exciting opportunities for both AAVE and Stake DAO.

Stake DAO References

- Link to project: [Stakedao.org](https://stakedao.org)
- SDT token: 0x73968b9a57c6e53d41345fd57a6e6ae27d6cdb2f
- xSDT token: 0xaC14864ce5A98aF3248Ffbf549441b04421247D3
- Stake DAO Governance forum: <https://gov.stakedao.org/>
- Documentation: [Medium](#)
- Socials: [Twitter](#), [Telegram](#)
- Whitepaper: refer to Stake DAO's medium
- Source code for the system(s) that interact with the proposed asset,
- ChainLink Oracle: We have initiated the process to set up a ChainLink price feed for SDT and will update as soon as it is live.
- audits both procedural and smart contract focused: The Stake DAO contracts have been built and tested with the highest standards, but they have not been audited. The Stake DAO contributors have extensive experience building and auditing smart contracts.

Paragraph Summary

xSDT is the yield-bearing asset of the Stake DAO ecosystem, most similar to the xSushi token within the Sushi ecosystem. The xSDT token therefore benefits from the Stake DAO fees and increases in value against the underlying SDT token.

Due to its design, xSDT makes for a great collateral to borrow against. Allowing xSDT as a collateral asset on AAVE provides an additional utility to the Stake DAO community, benefits the AAVE platform with additional liquidity (TVL), and provides the opportunity of earning fees on borrowed assets with xSDT as collateral.

In terms of the immediate impact of providing support for xSDT on AAVE, Stake DAO would quickly attract a significant number of new users to the AAVE platform through its sizable and loyal community (known as The Herd

). The Herd is closely aligned with the AAVE community in their vision of DeFi and have expressed strong interest in collateralizing their assets through AAVE.

One of the key strengths of Stake DAO is the capacity to build safe strategies, which is why ; assuming xSDT is approved on AAVE, the DAO will create a strategy allowing users to deposit xSDT which will be then deposited into AAVE to safely borrow stablecoins. The Stake DAO infrastructure is designed to behave safely and will ensure that the position is not liquidated, gatekeeping the safety of AAVE.

In the long term, Stake DAO will work to aid AAVE in the mission to onboard new users into DeFi, aided by its native fiat-to-crypto onramp and native email-based onboarding.

Retail users will drive the next wave of DeFi adoption, and we look forward to accelerating this process by giving new users an even easier way to supply liquidity to Polygon, AAVE, and our upcoming v2.

Motivation

Short description of the proposed technical solution

A core motivation of Stake DAO is to democratise access to DeFi, building tools and features that make it easier than ever for new crypto users to participate. By incorporating email login functionality with a fiat on-ramp, simple token staking, and access to a range of investment strategies into one easy-to-use dashboard, we are offering the most intuitive entry point into DeFi, encouraging more people to take control of their assets and advancing the adoption of open finance. Users can seamlessly purchase a range of crypto assets from within the Stake DAO portal including ETH, DAI, and USDC, directly from their bank account or debit card with EUR, GBP, or USD, providing a seamless on-ramp to DeFi and the broader crypto economy. These assets can then be swapped in a couple of clicks into any one of the hundreds of tokens available through Stake DAO Swap.

Specifications

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

The authors of the AIP is a group of Stake DAO contributors.

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

Stake DAO offers an intuitive solution to the complexity and fragmentation of the DeFi (decentralised finance) ecosystem, allowing anyone — with any level of knowledge of crypto — to have easy access to the market's most competitive products and strategies. With Stake DAO, users can earn additional rewards choosing from the highest-yielding products, strategies, and staking blockchains, and seamlessly accessing them from our user-friendly portal.

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

Why xSDT on Aave matters

- SDT and xSDT have true utility (Strategy fees, Staking fees, The Sanctuary exchange token), and xSDT is one of the most liquid assets today on Polygon L2 (via ComethSwap).
- Upcoming synergies between AAVE (Project & token), strategies, and more.
- Integrations with other important Polygon projects such as AAVE and Comethswap.
- Upcoming integration and staking services of Polygon directly from the Stake DAO platform.
- Native onboarding of retail onto DeFi with direct on-ramp and integrated trustless email log-ins.

Benefits for Aave

- Additional liquidity and token opportunities on Layer2 for the AAVE Polygon Market.
- Aave would be the first platform to support xSDT, a yield-bearing asset.
- Future collaboration with Stake DAO ecosystem of products and partners.
- Support of a Polygon-native project with incentivised liquidity on Polygon.
- Support a community-led project.
- Provide a brief history of the project and the different components: DAO (is it live?), products (are the live?). How did it overcome some of the challenges it faced?

The idea of Stake DAO arose in 2018, the development happened mostly in 2020 and the DAO was launched in January 2021 with 4 strategies currently live.

1. How is the asset currently used?

xSDT Tokenomics

SDT is the governance token of Stake DAO, earned by users who deposit their tokens into the DAO. SDT tokens are disbursed to all users in proportion to the fees that their deposit generated for the DAO. SDT holders can then stake their earned SDT to receive xSDT.

xSDT automatically earns all fees imposed by the Stake DAO platform — the 15% performance fee on all strategies, and up to 0.5% in withdrawal fees, effectively producing yield for users staking their SDT. In the future, xSDT will earn from additional revenue streams including staking, additional strategies, and more.

xSDT currently yields around 30-40% APY with over 13m\$ locked in the Sanctuary, making it an ideal productive asset as collateral. Finally, xSDT enables its holders to participate in DAO governance, a critical function of the Stake DAO ecosystem.

1. Emission schedule

The current emission schedule is 5 SDT/block as protocol incentives, which is controlled through the DAO's governance.

1. Token (& Protocol) permissions (minting) and upgradability

The xSDT token can only be minted by depositing SDT inside the Sanctuary contract.

The SDT token can only be minted by the masterchef contract as rewards to governance participants.

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

Data

- [Dune Dashboard](#)
- [Debank](#)

KPIs

- We have reached more than 120M TVL since our launch on the 21st Jan 2021
- We have generated more than \$1M profit for our stakers since launch.
- We have onboarded more than 6,011 people via our email login solution.
- We have processed more than €100k via our on-ramp solution
- Fully Diluted MarketCap of SDT (as of April 5th): \$637M
- Over \$2M in xSDT + SDT liquidity on ComethSwap
- Social channels data (Size of communities, activity on Github)
- 3,577 members on Telegram
- 55,500 total messages on Telegram
- 1,197 members on Discord
- 78 communicators on a weekly basis on Discord
- 614 weekly messages on Discord
- 6,773 Follower on Twitter
- 39 monthly Tweets
- 450,000 monthly Tweet-Impressions
- Contracts date of deployments, number of transactions, number of holders for tokens
- SDT smart contract: 0x73968b9a57c6e53d41345fd57a6e6ae27d6cdb2f
- xSDT smart contract: 0xac14864ce5a98af3248ffbf549441b04421247d3

Technical Specifications

Security Considerations

Stake DAO currently operates under risk-mitigating measures by collaborating with top projects in the ecosystem such as Curve, SushiSwap, Aave, Paraswap, rekt.news, Pickle.finance, 1inch, BadgerDAO, Archer, APWine, xToken, Dev Protocol and Oiler.

The products implemented and going live on Stake DAO are already been audited by the project collaborating with, representing a reduced risk for Stake DAO. In the near future, specially created strategies are going to be developed by the Stake DAO core team where high-security measures will be taken in terms of security audits. The team is composed of core contributors from Stake Capital, Aave, Archer DAO, Sushiswap, Maker, rekt.news, Consensys, Ethereum_France, APWine

Risk Assessment

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1600×220

](https://lh4.googleusercontent.com/1zcGicAKYvWaCCIL_NzeUXDJh14FbE5-FIWasgQhWYYftWVpHe10Exuw0QBQJ-qrAGHTTCL9vC7TpQ-CnOvPssYF-yX3-wqiN6Amm4J5rA5ddkrwWDKYAjAo0ojytBHU80EnfsXn)

SDT Smart contract Risk: C+

SDT was launched in January. The SDT to xSDT contract is a modified version of the Sushibar contract from Sushiswap, an approved asset on AAVE. The other key contracts on Stake DAO are industry standards, which have either been audited or control multi-billion in TVL. Due to the fact that no audit was performed on the Stake DAO smart contracts, we are giving a score of C+, but we expect that the fair grade would be higher.

SDT Counterparty Risk: B-

Stake DAO is a permissionless blockchain protocol where token holders vote on incentives and upgrades. The number of holders could be higher, which is why we are assigning a higher than average centralisation risk.

SDT Market Risk: C-

SDT has an average market capitalisation with a high volume with respect to its market cap, with approximately the entire market cap being traded on a monthly basis. The price has suffered from some volatility since inception, hence the C-overall grade.

Risk Parameters

LTV 20%

Liquidation Threshold 45%

Liquidation Bonus 15%

Reserve Factor 35%

Poll

Please delegate some proposal power with your AAVE or stkAAVE to this address:
0xA7499Aa6464c078EeB940da2fc95C6aCd010c3Cc

ENS: bneiluj.eth

The Herd

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StakeDAO smoker

1000×1500 174 KB

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