

Proposal: Add Support for the Digital Singapore Dollar XSGD

Summary

The StraitsX team would like to submit the following proposal to add XSGD support by Aave.

XSGD is the first and only fully collateralised Singapore Dollar stablecoin, powered by open-source blockchain protocols. All XSGD tokens have 1:1 parity and convertibility with the Singapore Dollar.

References

- Official Website: [StraitsX by Xfers](#)
- Whitepaper: [StraitsX Whitepaper v1.1](#)
- Source Code: [StraitsX Github](#)
- Explorer: [Etherscan for XSGD \(ERC-20\)](#) | [Viewblock for XSGD \(ZRC-2\)](#)
- Community: [Facebook](#) | [Twitter](#) | [LinkedIn](#)
- Security Audit: Smart Contract Security Audit by Quantstamp

XSGD Background

XSGD is the first stablecoin initiative focusing on Southeast Asia. Today, most stablecoins in circulation are pegged to the U.S. Dollar. The StraitsX team believes that this current state is not representative of users' ultimate preferences, but rather the consequence of a lack of trusted and compliant alternatives denominated in other native fiat currencies. The XSGD token was designed by the StraitsX team for utmost efficiency and simplicity to empower both individuals and institutions in Southeast Asia.

Launched in October 2020, XSGD is backed 1:1 with the Singapore Dollar (SGD) and issued by Xfers, a Southeast Asia based payments leader holding a Major Payment Institution (MPI) license for e-money issuance under the Payment Services Act (PS Act) from the Monetary Authority of Singapore (MAS).

About Xfers

Founded in 2015, Singapore-based FinTech Xfers aims to accelerate financial access within Southeast Asia by enabling businesses to accept payments and send money seamlessly. Xfers is backed by Y-Combinator, Quest Ventures, Golden Gate Ventures and is a member of [Fazz Financial Group](#)

About StraitsX

StraitsX is the pioneering payments infrastructure for digital assets space in Southeast Asia developed by Xfers. StraitsX offers personal and business accounts to deposit, hold and withdraw funds through wire transfers and the Singapore Dollar-backed stablecoin, XSGD. Business accounts can also access B2B API-enabled payments rails enabling instantaneous settlement for funds collection and disbursements.

StraitsX currently provides the Singapore Dollar payment infrastructure for 18 digital assets platforms including Binance Singapore, Gemini, [Crypto.com](#), Liquid Exchange, Zipmex, [CEX.IO](#), Indodax among many others.

E-money Characteristics

According to the PS Act, e-money is defined as any electronically stored monetary value that is denominated in any national currency, for which a corresponding amount of fiat currency is stored in reserve with a Full Bank and which represents a claim on the issuer. As a digital representation of the single fiat currency, e-money encompasses the monetary value of the fiat currency, i.e. having a fixed exchange rate to the given fiat currency.

Under its MPI license for e-money issuance activity, Xfers can mint unlimited numbers of XSGD tokens while ensuring the corresponding fiat fund is safeguarded in segregated accounts with a fully regulated MAS-approved bank undertaking full liability for the safeguarded relevant monies. Each XSGD token is fully collateralized one-for-one by the Singapore Dollar (SGD).

Reserve Management

While all stablecoins aim for price stability, the mechanisms by which they achieve such stability are not necessarily created equal. XSGD's stability stems from a strong combination of StraitsX holding fiat money in its reserve for an amount equivalent to the number of tokens in circulation, one-for-one convertibility, availability, short settlement time, daily internal reconciliations, as well as a solid compliance infrastructure that operate together to create a digital token that represents one Singapore Dollar.

Minting XSGD can be done directly through the StraitsX platform. Users will be required to first top up their Xfers Account

with Singapore Dollar (SGD). Once funds are available in the account, a user may initiate a withdrawal for the desired amount of XSGD tokens. Minting and transfers through this channel will be processed every business day by the StraitsX team thus ensuring T+1 settlement.

Supported Blockchains

XSGD is available on both Ethereum (as an ERC-20 Token) and Zilliqa (as a ZRC-2 Token) blockchain protocols. It is currently the largest stablecoin by market capitalization issued from Asia Pacific.

XSGD Ecosystem

As of May 2021, XSGD is strategically supported by a versatile ecosystem of 18 digital asset platforms ranging from non-custodial wallets to institutional custody solutions, exchanges, DeFi platforms, and Blockchain analytics tools. For a complete list of StraitsX partners, please visit <https://www.xfers.com/sg/straitsex>.

Decentralised Exchanges include Uniswap, DFX Finance and Zilswap. Centralised Exchanges include Liquid Exchange, [Crypto.com](https://crypto.com), Indodax, Tokenize Exchange, [CEX.IO](https://cex.io), Xanpool, Coinut with the potential for many more to come in the future.

StraitsX Team

As of May 2021 The StraitsX team comprises 40 team members while Xfers is 150+ strong.

The spokesperson for StraitsX is Aymeric Salley, Head of StraitsX. Prior to Xfers, Aymeric was leading Digital Assets initiatives at Paxos, and in Financial Services at PwC.

The author of the AIP will be the Head of StraitsX Engineering, Jun Hao Yap.

XSGD Market Data

XSGD is listed on [CoinMarketCap](https://coinmarketcap.com), [Coingecko](https://coingecko.com) and [Coinpaprika](https://coinpaprika.com) among other analytic platforms.

As of 28 May 2021, XSGD has been transacted over 76,000 times, amounting to 676M USD, with over 4600 active addresses. XSGD's Market Capitalisation stands at 33.5M USD.

Visit xfers.com/sg/straitsex for the latest information on market data.

Risk Analysis

The StraitsX Team applied Aave's Risk Framework to XSGD leading to an overall risk rating of C.

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Screenshot 2021-05-29 at 12.35.45 AM

1202x94 14.6 KB

](<https://europe1.discourse-cdn.com/business20/uploads/aave/original/1X/874f41266bfcf8155f43a5762332fcfd8c167a74.png>)

XSGD Smart Contract Risk: C

The first XSGD Smart Contract was deployed on Github on 12 March 2020. Since its inception, XSGD has recorded over 76,000 transactions on-chain.

XSGD Counterparty Risk: C

XSGD has an estimated 4600 holders and it is a centralised and regulated stablecoin.

Each XSGD token is backed by one Singapore Dollar that is being held and safeguarded in segregated accounts with a licensed financial institution.

Market Capitalization: C

XSGD is the largest Stablecoin by Market Capitalization in Asia Pacific. The Digital Asset landscape is growing at an exponential rate in the region and we believe that getting on Aave would be the catalyst to accelerate this growth.

Average Volume 1M: C-

XSGD users are currently concentrated in Singapore. StraitsX is working closely with partners globally to expand support for XSGD. XSGD is currently listed on regional exchanges like Indodax and [CEX.IO](https://cex.io). With more partners supporting XSGD, StraitsX believes that XSGD is a viable alternative to USD stablecoins, leveraging on the strength and stability of the Singapore Dollar.

Normalised Volatility 1M: B+

XSGD has maintained its peg to the Singapore Dollar with great consistency, hence exhibits low normalised volatility.

Benefits for Aave

- With most active stablecoins currently denominated in USD, StraitsX believes that this state is not representative of users' ultimate preferences but rather due to a lack of trusted and compliant alternatives denominated in other fiat currencies. With Singapore ranked consistently as one of the [world's easiest places to do business by the World Bank](#), StraitsX believes that there is a desire for businesses in Asia and beyond to transact in a Singapore Dollar denominated stablecoin.
- XSGD will be the largest Asia Pacific issued fiat-backed stablecoin on the Aave protocol.
- XSGD presents an opportunity for users to hedge the Singapore Dollar against other assets.
- Add XSGD
- Don't add XSGD

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voters