Summary

Proposal by Karpatkey DAO team

This is a proposal to add GNO, the Gnosisdao's governance token, as collateral in the Aave v2 protocol.

Gnosisdao is a collective that uses GNO to transparently guide decisions on the development of Gnosis products. It has produced solutions which are widely adopted in our ecosystem, such as the Gnosis Safe multisignature wallet, Zodiac (DAO tooling consisting of Avatars, Modules, Modifiers, and Guards architecture), Gnosis Auction (a platform for conducting fair, transparent, and decentralized batch auctions) and Cowswap (which allows anyone to buy and sell tokens using gas-less orders that are settled peer-to-peer among its users or into any on-chain liquidity source while providing MEV protection), among others.

The GNO token allows its holders to be validators and boost their rewards on the Gnosis Chain network (formerly the xDai Chain). The Gnosis Chain provides stability and scalability. It is a stable EVM (Ethereum Virtual Machine) blockchain designed for fast and inexpensive transactions. The Gnosis Chain currently has a TVL of $290M, with 130k+ transactions a day, an average block time of 5 seconds, and holds over 6.1M wallets.

Useful Links

- Gnosis Chain: [EVM](#)

- Gnosisdao: [Gnosis GnosisDAO](#)

- Governance forum: [GnosisDAO - Gnosis](#)

- Gnosis Chain Information & Resources: https://gnosischain.world/

- Gnosis Blog: https://blog.gnosis.pm/

- Gnosis Docs: [Gnosis Developer Portal Gnosis Protocol · Gnosis Protocol](#)

Motivation

The community has shown increased interest in using GNO to earn additional yield without exposing it to significant risk. This is evident through the growth of GNO pools on the following protocols, with an aggregated TVL of $108M+, making it a significantly liquid token:

Mainnet: $82.8M Total

Balancer v2: $53.7M Total

- GNO + WETH: $50.3M

- GNO/COW: $3.4M

Uniswap V3: $29.11M

- GNO + WETH: $28.2M

GNO/COW: $0.91M

Gnosis Chain: $25.42M Total

SWAPR: $7.02M Total

- WETH/GNO: $4.84M

- GNO/WXDAI: $2.18M

Honeyswap: $7.07M Total

- WETH/GNO: $4.46M

- GNO/WXDAI: $1.42M

- GNO/NODE: $0.43M

- CRV/GNO: $0.42M

- GNO/FLX: $0.34M

Sushiswap: $4.5M Total

- WETH/GNO: $4.5M

Symmetric: $5.73M Total

- GNO + WETH: $3.25M

- GNO + WXDAI: $2.48M

Elk: $1.1M Total

- WETH + GNO: $1.1M

There is also $7.8M GNO supplied as collateral in Unit Protocol, a Makerdao-like protocol. It has consistently been used at the collateral cap, which shows interest of the community to use it as a quality collateral.

Risk Mitigation

Here is an analysis based on [Aave's Asset Risk Framework 20](#) to quantify GNO's risks and the resulting model parameters suggestions.

GNO's Overall Risk is B

Risk Type

Risk Factor

Measure Unit

Value

Source

Risk Rating according to Aave Criteria

Smart Contract

Maturity

Days

1.809

[Compare Cryptocurrencies Ethereum vs Gnosis](#)

A+

Smart Contract

Transactions

units

280.814

C+

Counterparty

Holders

addresses

15.463

[Precio, gráficos, capitalización de mercado de Gnosis (GNO) | CoinMarketCap](#)

C+

Counterparty

Permission

Centralized with Audit

[Gnosis](#)

D+

Market

Market Cap

10^6 USD

649

B+

Market

Average Volume 1M

10^6 USD

12

Calculated with data from coingecko.com

C

Market

Average Volume 3M

10^6 USD

5

Calculated with data from coingecko.com

C

Market

Normalizaed Daily Volatility 1M

%

0,0594

Calculated with data from coingecko.com

B-

Market

Normalizaed Daily Volatility 3M

%

0,0552

Calculated with data from coingecko.com

B-

Market

Normalizaed Daily Volatility 6M

%

0,0574

Calculated with data from coingecko.com

B-

Support document: GNO Token Risk Matrix - Google Sheets

Specifications

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

Karpatkey DAO provides treasury management solutions for DAOs and currently manages Gnosis DAO's treasury initiatives.

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

Please refer to the summary above.

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

GNO's liquidity is comparable or better than the top 3 DeFi protocol tokens listed on Aave by total supply (AAVE, LINK and MKR). This means it can be sold at large quantities with lower price impact, resulting in a better quality collateral for liquidations. Also, a more liquid asset tends to be less volatile than an illiquid one.

The GnosisDAO community and treasury would be the main interested parties in depositing GNO and borrowing stablecoins, increasing the Ethereum Reserve Factor.

It would set a good precedent to continue working with other GnosisDAO products for tighter Aave integrations, like v3 for Gnosis Chain and Safe apps for multisig users.

1. 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?

Gnosis was founded in 2015 by Martin Koppelmann and Stefan George under ConsenSys, an Ethereum venture production studio. On 23-Nov-2020 GnosisDAO was born, a prediction market-driven collective, stewarding the Gnosis ecosystem through futarchy: governance by prediction markets. Gnosis' products are the following:

Gnosis Auction: Gnosis Auction is a platform for conducting fair, transparent, and decentralized token price discovery. Batch auctions set the price exactly where supply and demand meet. This ensures the same fair price for all participants. Also, timed batches protect the users from frontrunning.

Zodiac: a collection of tools for DAOs, built according to an open standard, which enables DAOs to act more like constellations, connecting platforms, protocols, and chains, no longer confined to monolithic designs.

Conditional Tokens Framework: powering decentralized prediction markets like the Omen platform.

Gnosis Protocol V2: leveraging batch auctions to offer MEV protection, plus integration with liquidity sources across DEXs to provide traders with the best prices. Within the Gnosis Protocol V2, the proof-of-concept CowSwap DEX was born, as well as the Balancer-Gnosis partnership integration, aiming to build a stable version of GPv2 on top of the Balancer V2 vault.

Gnosis Safe: The most trusted platform to manage digital assets on Ethereum, with over 107 billion USD worth of digital assets securely stored. It has web, desktop and mobile versions. Supporting multi-signature, DeFi integrations, enhanced privacy, NFTs storage, gasless signatures. The Gnosis Safe is open source and has been formally verified.

1. How is the asset currently used?

GNO is used in the following ways:

- Prediction market-driven governance token

- As the asset required to validate on the Gnosis Chain

- Yield compounding strategies in DeFI (e.g. Balancer, Uniswap, Sushiswap, etc.)

- Decentralized borrowing (e.g.: Unit Protocol)

- As a productive asset (e.g.: part of Balancer Protocol's token swap strategy)

- Emission schedule: There is no emission schedule, the total supply of 10M GNO with most of the supply in the vesting contract locked for 8 years. The total supply will likely be drastically reduced , check the ongoing governance process

[Should we burn 68% of the total GNO Supply? - GnosisDAO - Gnosis](#)

- Token (& Protocol) permissions (minting) and upgradability. Is there a multisig? What can it do? Who are the signers?

No additional GNO can be minted.

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

Market Cap: $655,513,507

24h Volume: $4,483,973

Exchanges:

1. Uniswap (v3)
2. Binance
3. Bitvavo
4. [XT.COM](#)
5. Digifinex
6. Kraken
7. [Gate.io](#)
8. BTCEX
9. Bitfinex
10. Bancor Network
11. LATOKEN
12. CoinEx
13. Bittrex
14. AscendEX (BitMax)
15. Balancer (v2)
16. Nominex
17. Uniswap (v2)
18. NiceHash
19. Honeyswap
20. WazirX
21. ZB
22. HitBTC
23. Sushiswap
24. Balancer (Arbitrum)
25. Social channels data (Size of communities, activity on Github)
26. [Twitter](#): 120.1K
27. Discord: 9.7K
28. Telegram: 17.9K
29. Telegram announcement: 2.6K

Newsletter: ~10K