

Proposal Name:

Development of Staking Service Maximizing Ape Staking Rewards and Flexibility

Proposal Category:

Ecosystem Fund Allocation

Abstract | Two or three sentences that summarize the proposal.

This proposal presents Pawnfi's Ape Staking solution, designed to enable users to simultaneously receive upfront payment while selling BAYC, MAYC, BAKC, and stake \$APE with compounded rewards. Moreover, beyond the \$APE rewards, NFT holders will be able to capitalize on their NFT value by generating additional passive income. This innovative approach provides a more flexible and profitable staking experience for users in the ApeCoin community.

Author & Team Description (mandatory if the AIP is requesting funds) | A brief background of yourself

Wesley

- Pawnfi Team
- BAYC/ ApeCoin DAO member
- Previously in charge of security lending business in one of the biggest banks in Asia
- CFA Charterholder and crypto investor since 2016

Guy

- Pawnfi Team
- Crypto investor since 2014
- Former quant trader from one of the biggest international hedge funds in Boston
- More than 7-year development experience of structured products

Motivation | A statement on why the APE Community should implement the proposal.

A few months after the introduction of Ape Staking, numerous \$APE holders continue to face the loss of staked tokens when their paired Bored Apes are sold. This issue stems from the design of the Horizen Labs Contract, which unfortunately leaves the holders to bear the loss.

<https://www.theblock.co/post/192598/apecoin-holders-losing-staked-tokens-bored-ape-nft>

<https://forum.apecoin.com/t/stay-safe-any-staked-ape-that-get-listed-for-sale-will-lose-the-staked-ape/9785>

This process is not only time-consuming but also requires a significant amount of energy and incurs substantial gas fees.

As it stands, earning \$APE Staking rewards and capitalizing on the appreciation value seem mutually exclusive. Additionally, apart from \$APE rewards, the Bored Ape NFTs are not generating any extra cash flow, resulting in a situation of low capital efficiency. The community must address these challenges to enhance the user experience and promote the sustainable growth of the ApeCoin community.

Rationale | An explanation of how the proposal aligns with the APE Community's mission and guiding values.

Ape Staking has proven to be an excellent feature, creating Ape Coin stickiness and incentivizing diamond hands. However, during bear markets or unpredictable situations, holders may need to cash out their NFT holdings. To address the drawbacks in Horizen Labs' design, Pawnfi is developing an Ape Staking Smart Contract that enables users to not only perform Ape Staking with automatic reinvestment but also to borrow against their NFT or list it for sale with upfront income.

This innovative solution ensures that NFT owners can still generate cash flow or capitalize on their NFT's appreciation value even during Ape Staking. Most importantly, when the ownership is transferred (whether through liquidation or sale), the staked \$APE will remain with the stakers, eliminating the risk of loss. This approach enhances the Ape Staking experience and provides greater flexibility for NFT owners in various market conditions.

Key Terms (optional) | Definitions of any terms within the proposal that are unique to the proposal, new to the APE Community, and/or industry-specific.

N/A

Specifications | A detailed breakdown of the platforms and technologies that will be used.

Pawnfi introduces an All-In-One model optimized for \$APE staking, offering numerous benefits to NFT holders. By staking their NFTs and \$APE through Pawnfi, users will not only receive staking rewards from the Horizen Labs Contract but also enjoy additional advantages:

1. Auto-compounded rewards:

In the case of the BAYC pool, users typically earn linear \$APE rewards since the maximum amount of deposited \$APE is 10,094, meaning that a longer staking period does not generate a higher APY. However, Pawnfi's Ape Staking will regularly claim \$APE rewards on behalf of stakers and deposit them into the \$APE Pool. As a result, stakers can simultaneously earn rewards from both the BAYC pool and the \$APE pool, with the deposited amount in the \$APE pool continually increasing. This approach maximizes staking rewards from the Horizen Lab Contract and Pawnfi will cover the gas cost due to auto reinvestment.

1. Greater flexibility:

When staking through Pawnfi, NFT holders can borrow against their staked NFT, list it for sale on Pawnfi with upfront income, or other NFT marketplaces (with further integration to be delivered). This flexibility caters to NFT owners with varying cash flow needs. In the event of liquidation or an NFT purchase, the Pawnfi Ape Staking Contract will claim back staked \$APE for the original owner and complete the ownership transfer, ensuring a seamless process. Pawnfi will not charge additional fee for NFT owner utilize these functionalities.

1. Additional passive income:

As NFTs are held in Pawnfi's Ape Staking Smart Contract, Pawnfi will leverage their value to generate further passive income for NFT stakers through Pawnfi's lending market. This means that, in addition to the regular \$APE rewards and compounded interest, NFT owners will earn extra cash flow when staking via Pawnfi. The smart contract ensures that these profits remain protected even if the ownership transfer occurs during staking.

1. Benefits for non-NFT holders:

If you do not own any NFTs but still want to maximize your Ape Staking profits, you can stake your \$APE through Pawnfi. Similar to point 1, while normal staking only generates linear \$APE rewards due to the fixed deposited \$APE amount in the \$APE pool, Pawnfi's Ape Staking will regularly claim \$APE rewards on behalf of stakers and deposit them back into the \$APE Pool. This continuous increase in the base amount maximizes the APY for stakers.

By offering these additional advantages, Pawnfi's Ape Staking model further enhances the staking experience and caters to a wider range of users, including both NFT holders and non-holders seeking to maximize their returns and protect capital gains.

Steps to Implement | The steps to implement the proposal, including associated costs, manpower, and other resources for each step where applicable.

1. UX/UI Design and Development → 2 weeks (completed)
2. Technical POC on Testnet → 2 weeks (completed)
3. MVP → 1 weeks (completed)
4. Code Audit → 2 weeks (first version completed)
5. Release → 1 week (planning)
6. Mainnet UAT → 1 week (planning)

Timeline | Relevant timing details, including but not limited to start date, milestones, and completion dates.

1. UX/ UI optimization and code audit are currently in progress
2. Release & Mainnet UAT @ Mid May
3. Go Public @ End May

Overall Cost | The total cost to implement the proposal.

Breakdown of total 10,000 APE cost

- Code Audit: 5,000 APE
- UX/ UI Design: 1,500 APE
- Development: 2,500 APE
- Future Gas Cost: 1,000 APE

