

# RWA Market's road to decentralisation

Hello Aave Community,

I'm Mike, an active contributor who helped design the RWA Market. I am also the Founder of DeFi Capital Markets, an entity focused on building the decentralized future of capital markets through bringing institutional investors, assets and infrastructure to the DeFi ecosystem. Previously, I was a core member of the Centrifuge team. We at DeFi Capital Markets are currently contributing to the Centrifuge, RWA Market (Aave) and MakerDAO ecosystems. I have been working on creating a governance process for the RWA Market that I wanted to share below.

After a successful launch at the start of the year, the RWA Market continues to grow. At the time of writing this the total market size has now topped 19M USDC! As we enter the post-launch phase we believe it's important to implement a robust governance process for adding new collateral so the RWA Market can continue to grow in a safe manner.

We propose to start the process of decentralizing the RWA Market by giving Aave community members direct control through off-chain snapshot voting for any prospective changes to the market or ecosystem. These include but are not limited to; adding new collateral, future integrations, and governance parameters.

Governance on L1 can be expensive and the goal is to enable as many people as possible to vote by keeping the costs low. Another goal is to be able to vote without locking any Aave tokens, just by having them in the wallet address when the proposal vote starts is enough. Ideally, it will also unify the point of interaction with proposals via Snapshot, compared with the current fragmentation between Snapshot (off-chain) and on-chain votes. The transition could happen in phases.

In the second phase, the RWA Market is planning to add more members to the RWA Multisig, preferably long-term Aave community members and token holders, RWA Market enthusiasts and Real-World Asset specialists.

In the first phase, governance of the RWA Market could be coordinated off-chain. New collateral could give an intro to the Aave community through the Aave forum followed by a risk assessment by Centrifuge Credit Group.

Followed by Q&A in the comments a yes/no vote could be used. When the proposal has passed the first vote (>51% of yes votes), a snapshot voting can happen. The snapshot vote will pass if the majority (>51%) of the token holders vote in favour of the proposal. The RWA Market multisig executes the proposed changes onchain.

## Governance process proposal

1. New collateral intro followed by a post a risk assessment in the Aave Forum. Each voter may select a yes or no to give his total voting power to.
2. Yes/No voting in the forum
3. Submit proposal via Snapshot
4. Each voter may select a yes or no to give his total voting power to.
5. Aave token holders vote via the Snapshot user interface, wallets with valid voting assets on Ethereum can submit their votes by sending the proposal id, vote type (YES/NO), voting balance (e.g. 10 AAVE) and a storage proof that will allow to verify that the signing wallet effectively held that voting balance at the moment when the vote started.
6. When there is a majority yes vote, the proposal will be forwarded.
7. Vote ends
8. Sign transaction to add new pool to the RWA Market
9. 3 out of 5 people confirm the transaction. Proposal will be executed.

The final phase could be the transition to the on-chain Aave governance process and the introduction of a DAO functionality by providing the community direct control over extended governance mechanisms. The end-goal of this stage is for the RWA Market to be completely decentralized, owned and governed by the DAO. In the long run the market admin will be given to AAVE holders.

In summary, I would like to gauge support for this governance proposal from the community.