

Topic

ARC: Add support for sAVAX (BENQI Liquid Staked AVAX)

References

- Project: <https://staking.benqi.fi/>
- Document portal: <https://docs.benqi.fi/>
- Ethereum addresses contracts: [Staked AVAX \(sAVAX\) Token Tracker | SnowTrace](#)
- ChainLink Oracle: [0x2854Ca10a54800e15A2a25cFa52567166434Ff0a](#)
- Audit: https://162914606-files.gitbook.io/~files/v0/b/gitbook-x-prod.appspot.com/o/spaces%2F-MViz_ikDZy4OemUj_VI%2Fuploads%2Fsjpgc2u859ZnLjsedBuel%2FBenqi_LiquidStaking_Smart_Contract_Security_Audit_Report_Halborn_Final.pdf?alt=media&token=6b646d03-5123-42cd-b210-2238f8d0242b
- Formal Verification: <http://certora.com/wp-content/uploads/2022/04/benqiApril2022.md-Grip.pdf>
- Twitter: <https://twitter.com/BenqiFinance>
- Telegram: <https://t.me/BENQIFinance>

Summary

The community would like to ask for your support in listing sAVAX as a collateral asset. sAVAX is the Liquid Staking token from BENQI protocol.

Motivation

sAVAX is a Liquid Staking token that allows a user to unlock liquidity while participating in securing the Avalanche network. As sAVAX constantly increases in value from network validation reward, listing sAVAX would allow users to unlock liquidity as a collateral for loans and in turn generate revenue to AAVE. Revenue in the form of sAVAX will always grow from the said network validation reward.

sAVAX is the largest Liquid Staking token on Avalanche and has over 2M sAVAX in circulation with deep liquidity in AMMs to support a healthy lending market ecosystem.

Specifications

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

The author of the AIP is a representative of the BENQI team.

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

BENQI Liquid Staking solution that allows a user to stake AVAX to receive sAVAX. AVAX that is staked will then be delegated to nodes to run network validation that generates approx 7.20% APR.

sAVAX can be redeemed back for AVAX after a 15 days cooldown period in a 2 days redemption window. If unredeemed, the sAVAX will be restaked into the protocol and continue to secure the network, generating reward and can be unstaked again at any time after.

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

sAVAX is a yield bearing asset as validation reward is accrued and realised upon redemption for AVAX. Using a yield bearing asset as a collateralised asset would increase the interest earned on supplying and reduce the cost of borrowing.

As sAVAX has multiple integrations with Anchor, Kyber, Trader Joe, Ribbon, Platypus (TBA) we expect to see sAVAX being borrowed to facilitate some of these use cases for borrowing.

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?

BENQI started off as the first lending protocol on Avalanche when there were few builders on the network when it first launched in 2020. Identifying a need for a base layer of DeFi primitive, BENQI's lending protocol was officially launched in 2021.

As DeFi activity on the Avalanche network grew, it was ripe to support another layer of DeFi primitive, Liquid Staking. With over [270m AVAX \(\\$21 bn\)](#) staked in the P-chain (platform chain where validating nodes live), there is a great opportunity for users to participate in securing the network and receiving validation rewards and use sAVAX as collateral on AAVE.

1. How is the asset currently used?

There is over 2M AVAX (~ \$160M) being staked via BENQI and over \$170M of liquidity across AMMs. sAVAX is integrated by protocols such as Anchor, Ribbon Finance, More Money, Trade Joe, Kyber and Pangolin.

1. Emission schedule

No emission schedule

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

sAVAX cannot be minted without staking AVAX in the contract. A multisig is currently the owner of the minting contract of BENQI's core team.

As delegation requires an EOA, sAVAX's delegating EOA ownership is in the process of being transitioned to a MPC (multi-party computation) model that decentralizes the process of delegating AVAX to nodes.

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

Market Cap: \$168M

24hr Volume: \$2.2M

Exchanges: [Trader Joe, Kyber, Pangolin

](<https://snowtrace.io/token/0x2b2C81e08f1Af8835a78Bb2A90AE924ACE0eA4bE#tokenExchange>)CoinGecko:
[<https://www.coingecko.com/en/coins/benqi-liquid-staked-avax>

](<https://www.coingecko.com/en/coins/benqi-liquid-staked-avax>)

1. Social channels data (Size of communities, activity on Github)

Twitter: [62.9k](#) followers

Telegram: [13.35k](#) followers

1. Contracts date of deployments, number of transactions, number of holders for tokens

Date of deployment: 27 January 2022

Number of transactions: [59902](#) tx

Number of holders: [4070](#) holders

Technical Specifications

sAVAX uses a pool share system in which the token increases in value due to the increasing AVAX balance in the pool. Staked AVAX is withdrawn from the C-chain smart contract and imported into the P-chain for delegation. The withdrawal and delegation process is currently protected in a hardened memory-only runtime environment with no remote access and extremely restricted physical access. AVAX is delegated to reputable validators randomly to ensure reliable performance and validation rewards. When delegations expire, the rewards are added to the pool and redelegated alongside the principal amount to compound rewards.

The architecture is currently transitioning into a distributed, multi-party computational system which ensures that the private key of the off-chain bot is not known to any entity at any time. For transactions to be executed, multiple wardens must be in consensus regarding the transaction validity, and the wardens have to sign the transactions independently using their own keys. Only when all wardens agree and have signed the transactions can the final transaction be constructed for execution.

It is suggested that the AIP only be implemented once the transition is complete.

Proposed Technical Parameters

sAVAX is proposed to start with 50% LTV and a \$10m borrow cap in an isolated pool with AVAX and stablecoins USDC and USDt.