We propose to replace MIM in GLP with VST - an Arbitrum native, capital efficient USD-pegged stablecoin that could be minted with a variety of collaterals.

Background

VST (Vesta Stable) is an ERC20 token issued by Vesta. Vesta is a stablecoin-issuing lending protocol that garnered $50M TVL in 12 hours and currently sits at $58M TVL. Vesta's novel liquidation mechanism ensures instant liquidation, and allows high loan to value ratios for collaterals, making it one of the most capital efficient lending protocols.

Users may collateralize a wide variety of collaterals. For now, the types of collaterals supported at Vesta include ETH, renBTC, and gOHM. The supported collaterals will increase overtime as Vesta ramps up on its partnership effort with other protocols on the Arbitrum ecosystem. Vesta is a L2-first project and has been one of the first native lending protocols live on the Arbitrum mainnet. VST aims to be one of the cornerstone stablecoins for trading on L2s.

VST's price history is viewable on CoinGecko. Historically, VST has kept its peg true to the dollar. Vesta's redemption (please see [Redemption - Vesta Finance](#)) feature serves as VST's price floor as users can always redeem VST for the underlying collateral, and the collateralization ratio of 110% on ETH serves as a price ceiling. These two mechanisms ensure VST's peg to the dollar.

VST's main liquidity pool is VST-FRAX on Arbitrum Curve. The pool previously reached $35M TVL, and currently sits at $24M TVL, and it is one of the deepest liquidity pools on Arbitrum Curve.

References/Useful links:

Website: http://vestafinance.xyz/

Token Address: 0x64343594ab9b56e99087bfa6f2335db24c2d1f17 on Arbitrum

Twitter: @vestafinance

Medium: @VestaFinance

GitHub: vesta-finance

Abstract

Listing VST would diversify the stablecoin holdings of GLP and allow users to use it as collateral for leverage positions.

If VST are added, a possible updated weightage would be:

- 30% USDC
- 9% USDT
- 10% DAI
- 3% VST
- 2% FRAX

As VST is fully collateralized, VST could take up a heavier weight compared to its predecessor.

Vesta is open to conduct co-marketing with GMX and potentially DAO-to-DAO token swap in the future. Listing VST in GMX could push GMX to become one of the main venues for utilizing VST. Doing so ultimately pushes heavier trading volume to GMX as VST is currently one of the cheapest and safest stablecoin to mint.

The token will be listed if it gets more Yes votes than No votes.