Summary

This proposal suggests deploying a World Liberty Financial Aave v3 instance focused on:

1. Providing stablecoin liquidity for ETH and WBTC

2. Growing the Aave protocol user base

This proposal is subject to both AaveDAO governance approval and World Liberty Financial community approval.

Motivation and Value Proposition for Aave Protocol and DAO

World Liberty Financial ("WLF") is a nascent DeFi protocol that will use Aave v3 to provide liquidity for Ethereum, Wrapped Bitcoin, stablecoins, and potentially other digital assets, as determined by WLF governance. WLF intends to:

- Promote DeFi to a wider audience through its marketing efforts

- Introduce a new class of users to over-collateralized borrowing and lending

- Onboard new users into DeFi by providing seamless user experiences for supplying and borrowing against digital assets

Benefits for Aave

- Bring a significant number of new users and new liquidity to Aave

- Build brand loyalty and recognition among first-time DeFi users

- Help maintain Aave's position as a market leader in digital asset borrowing and supply

Proposal Details

1. Initially, WLF's Aave v3 instance will allow USDC, USDT, ETH, and WBTC deposits

2. Users can deposit these assets as collateral and borrow the same assets

3. WLF will utilize the same reserve factor system as the main Aave instance

4. AaveDAO will receive:

5. 20% of the protocol fees generated by the WLF Aave v3 instance

6. Approximately 7% of the total supply of $WLFI tokens for:

7. Participation in WLF Governance procedures

8. Liquidity mining

9. Promoting decentralization of the WLF platform

10. Participation in WLF Governance procedures

11. Liquidity mining

12. Promoting decentralization of the WLF platform

13. Revenue split will be set up using a trustless smart contract

Future Vision

WLF foresees onboarding assets that may not be compatible with the main market on Ethereum Mainnet, leveraging its ties to traditional finance and institutional investment.

Specification

The proposed WLF Aave v3 instance will implement the following:

1. Market inclusion: USDC, USDT, ETH, and WBTC

2. E-Mode: Initially disabled, but may be enabled or disabled through WLF governance

3. Risk management: Dynamic adjustment of ETH and WBTC supply caps based on stablecoin liquidity

4. User incentives: $WLF tokens for participating in the WLF Aave v3 pools

Next Steps

1. If consensus is reached on this [TEMP CHECK], escalate to the Snapshot stage

2. If Snapshot outcome is Yae, escalate to the ARFC stage

3. Publish a standard ARFC and collect community & service provider feedback

4. If ARFC snapshot passes, publish an AIP vote for final confirmation and enforcement

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