

Abstract:

Aave and Curve are two of the main DeFi protocols in constant evolution and growth with synergies between. One way of increasing these synergies would be to give each protocol some voting power in the other governance.

A few weeks ago, i posted an ARC about a strategy using Curve to increase the revenues earned by Aave DAO. However, to benefit from the Curve system in the most efficient way, it requires to lock CRV.

Aave DAO is accumulating some CRV with the ecosystem collector, but not enough to boost the treasury from the ecosystem collector considering it's now around 11.8M\$ (or 753.3M\$ including the ecosystem reserve). So how could the DAO get more CRV?

- Buy CRV using part of the funds from the ecosystem collector, but this would require approximately 850k\$ to get the maximum boost on the Curve pools.
- Propose a token exchange between AAVE and CRV that increase the synergies created between both communities over the last year.

I would like to support the second option, especially because it would allow both communities to diversify their treasury without selling either Aave & Crv or spending additional stablecoins for this deal.

Treasury state:

AAVE:

- Stablecoins: 1.3% of the DAO treasury worth 9.8M\$
- Ecosystem Reserve: 98.4% of the DAO treasury worth 741M\$ in AAVE tokens
- ETH/BTC & Governance tokens earned with the ecosystem collector including: 0.23% worth 2.05M\$ (including CRV: 0.007% of the treasury worth 53K\$)

CURVE:

Curve DAO also mostly hold \$CRV with 123.9M tokens worth 191M\$, there is probably other addresses with stablecoins & other tokens, but I couldn't find it.

If Aave DAO propose to exchange 2M of CRV (currently worth 3.06M\$) it would cost around 10710 \$AAVE from the ecosystem reserve (0.41% of the ER) at the current rates.

Purpose:

Aave and Curve are two main protocols in Defi. Both communities have aligned interests to see this exchange approved:

- Collaborate on a shared vision through governance in each other's communities: The token exchange makes Aave and Curve governance stakeholders in one another's communities. Each community will have influence in the other's governance process, enabling them to best represent their interests and to collaborate
- Develop synergistic features: This could help create new Aave pools on Curve for the other money markets and using Curve pools as a collateral on Aave while earning Curve rewards for example.
- Positive alliance: This exchange can increase the synergies, the TVL and the revenues for both protocols. If Aave can vote to get more CRV distributed to Aave pools through the gauges, it should raise the Aave pools APR and so, increase the capital deposited in the pool which increase Curve revenues. Adding AAVE to the Curve war would also increase the difficulty for other players to increase their gauges.

Benefits for AAVE:

- Be a part of Curve governance (Vote on governance proposals, gauges vote to increase the CRV distribution on Aave current and future pools)
- Increase Aave DAO revenues by using Curve to deposit the treasury on boosted pools
- Earn trading fees in 3CRV tokens by locking CRV 4 years
- Earn EPS & other airdrops for veCRV holders
- Diversify the treasury

Benefits for CURVE:

- Be a part of Aave governance (Vote on governance proposals, create AIPs)

- Support of the “CRV lockening” by AAVE → Increase % of locked supply
- Possibility to earn more AAVE (+BAL) by staking on the safety module
- Opportunity to create a pool AAVE/StkAAVE or AAVE/sAAVE/StkAAVE
- Use the AAVE tokens as a collateral
- Diversify the treasury

What think the community about this?

Please share your opinions in the comments below & vote on snapshot (vote start a few hours after the post) [Snapshot](#)

If Aave DAO support this proposal and think we should propose it to Curve DAO, I will post this on Curve forum to get a feedback from their community.