

Title:

Treasury Proposal: Onboard DigiFT to invest in RWA (single U.S. treasury bills and corp bonds with high liquidity)

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Data:

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## Summary

This proposal kindly offers Aave an option to allocate a portion of its treasury's stablecoin holdings to low risk RWAs, which is U.S. treasury bills/notes, through DigiFT.

Aave has consistently expressed its interest in expanding into RWA area, especially after the launch of the native stable coin GHO. For both stable coin GHO and community treasury management, it's important to investigate off-chain asset/real world asset to diversify the portfolio and to mitigate the risk brought by high-volatile crypto assets (and unfortunately most of Aave's exposure are crypto assets) .

In the community treasury, stablecoins are not generating yield if stay idle in the treasury wallet. Now according to the data dashboard, more than 9M USDC in Aave community treasury is idle. While investing in short-term U.S. treasury bills are considered as risk-free and investing via DigiFT, a DEX that is compliant with Singapore's Securities and Futures Acts, will guarantee investors with T+3 settlement and enough liquidity due to the liquid T-bill secondary market, it's good idea to allocate part of the treasury, for example 3M USDC, into short-term U.S. treasury bills for liquidity management purposes. In the future, high-quality RWA assets like T-bills are also fit to be collateral for stable coin GHO.

## Specification:

The DigiFT U.S. Treasury Token, also known as the DUST token, is a fully regulatory-compliant U.S. T-bill token.

It's a series of tokenized US T-bills. Unlike other tokenized T-bill, which are backed by U.S T-bill ETF or a portfolio of T-bills/T-notes, the first DUST token, DUST1223 is 1:1 backed by single US T-note with maturity at end of December, 2023 (ISIN: US91282CDR97). Other future DUST products will have different maturities.

Aave communities can choose which specific T-bill they are willing to invest or can choose to allocate to a basket of T-bills with different maturity. Investors will be able to redeem during the remaining tenure of the T-bills or hold to maturity. At maturity, the par value together with accrued interest will be transferred to investor's wallet in USDC or fiat. Given the nature of a single T-bill, the Aave community will have certainty on the exact USDC amount invested and earned through DUST token, and not incur redemption fee, when holding the token to maturity. Thus, unlike investing in other fund-like products, investing in single US T-bills can help the community better manage the fund in treasury, and it's suitable for short-term cash management.

DigiFT is offering the product in a regulatory-compliant way, partnering with licensed financial institutions in Singapore. Some of the benefits of considering DUST:

- Liquidity up to T+1~T+3
- Simple, transparent structure
- Regulatory compliant offering, less regulatory uncertainty
- Daily proof of reserve
- Use USDC/USD for subscription/redemption
- Can trade by OTC and P2P

Besides DUST, DigiFT is also offering other fixed-income products, for example, high-quality bank bonds.

## Main results of the proposal:

From the previous discussion in the forum, we are delighted to see that Aave is setting up a legal structure to support RWA investments.

It will be beneficial to all the Aave communities to try diversification of RWAs. Also investing in single short-term T-bill will guarantee liquidity and final payment transparency at the time of maturity, giving the community treasury more certainty to plan the budget. For example, the community can decide to allocate into DUST with 3 months' maturity each time to get cash back every 3 months before considering the next allocation.

In all, we think that the community will benefit by onboarding DigiFT platform and allocate part of the treasury USDC to DigiFT's DUST.

### **Fees:**

0.3% subscription fee and 0.15% redemption fee. If hold to maturity, then there's no redemption fee.

### **Amount:**

A comfortable amount shall be discussed with the Aave Community. Here we proposal the amount to be 3M USDC.

### **Next Step:**

Feel free to leave comments or email [partnership@digift.com.sg](mailto:partnership@digift.com.sg)

DigiFT team is available for a community call to discuss this proposal and other related topics in details, for example, using RWA as collaterals for the stable coin, GHO.

### **Intro of DigiFT**

Founded in 2020, DigiFT is the first and only DEX enrolled within the Monetary Authority of Singapore (MAS) FinTech Regulatory Sandbox. Built on the Ethereum blockchain, DigiFT provides regulatory-compliant services for primary market origination and distribution as well as secondary market trading of asset-backed tokens. The assets backing these tokens include digital assets and real-world assets like bonds, equities, and units in collective investment schemes. DigiFT's DEX provides liquidity through various channels, including the innovative Automatic Market Maker (AMM) trading mechanism.

Websit:

[Security Token DEX: Bridging Traditional Finance and DeFi \(digift.sg\)](https://digift.sg)

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