

Title: Aave Treasury Proposal: Onboard with OpenEden TBILL Vault to diversify and invest in RWA

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## Summary

This proposal requests for some of Aave Treasury's stablecoins to be invested safely in Real World Assets (RWA) using OpenEden TBILL Vault. This will help Aave earn returns on unused stablecoins, create a stable RWA foundation for the protocol, and enable the Aave DAO to gain experience in this area. The Aave Treasury will gain from diversifying its holdings beyond cryptocurrencies with uncorrelated assets.

The main results of this proposal:

1. Aave will onboard to OpenEden TBILL Vault to establish the legal foundation for the Aave treasury to invest in RWA.
2. Initially, Aave Treasury to allocate 100,000 USDC in short-duration U.S. Treasury Bills (T-Bills), with the goal of eventually allocating up to 30% of their stablecoin holdings to RWAs. They may also explore other investment opportunities in the future, pending approval from Aave's governance.

## Motivation

Aave has been a long-time supporter of Real World Asset (RWA) initiatives, and is now considering investing a significant portion of its treasury, primarily in USDC, into low-risk US Treasury assets, which could yield substantial annual revenue. This move represents a shift from focusing solely on crypto assets to exploring off-chain markets for increased returns and liquidity.

By allocating funds to these assets, Aave's treasury could generate approximately \$250,000 in annual revenue with just a 30% allocation of its current USDC balance. Additionally, this proposal aims to build internal expertise within the Aave DAO for engaging with RWA markets, facilitated by OpenEden, a platform designed for DAOs to access RWA assets efficiently and safely.

The OpenEden TBILL Vault is the first smart contract vault managed by a regulated entity (BVI registered professional fund) to offer 24/7 and direct access to T-Bills. Investors mint "TBILL" tokens instantaneously when they deposit USDC into the Vault, which are contractual representations of their interests to a proportionate share of underlying assets, which include USDC, fiat USD and T-Bills.

OpenEden has a proven history of working with DAOs to integrate RWA as collateral. Onboarding Aave to OpenEden is seen as the ideal approach for scaling and diversifying RWA involvement within the Aave community. This move will establish the necessary legal for interacting with RWAs, ultimately positioning Aave to leverage RWA collateral for long-term growth and generate immediate revenue from its stablecoin holdings.

## Specification

This proposal outlines the initiation of a legal structure, subject to ratification through a subsequent Aave community vote. This legal framework will integrate with DAO governance, enabling it to invest and manage assets on behalf of the DAO while granting legal recourse to the investments controlled by governance token holders.

The investment process will occur incrementally, with the community's approval, allowing Aave DAO to engage in cash management with OpenEden's TBILL Vault, which holds short-term US treasury bills, with potential opportunities to diversify yields in the future.

The Vault was launched in May 2023 and accepts USDC deposits. At the time of writing on 11 August 2023, the TVL of the Vault is approximately \$12.5 million and offers a net estimated yield of about 5.33% on invested assets, the highest among all other tokenised T-Bills offerings. The Vault has a minimum investment amount of 100k USDC, and 10k USDC on subsequent deposits. With fees being waived for the foreseeable future, OpenEden Labs's offering would offer the highest net and gross yield on that basis.

While the tokenized T-Bills market has seen several entrants with differing offerings, these are the key features of the OpenEden TBILL Vault which sets it apart from competitors:

1. Instant settlement on-chain: Interactions with the TBILL Vault are atomic. Subscription and redemption processes happen instantaneously in a DeFi-like transaction on-chain. By remaining aligned with how DeFi transactions happen, the TBILL Vault product offers familiarity and ease-of-use to DeFi-native investors.
2. Direct T-Bills exposure without intermediaries: The underlying assets of the TBILL Vault consist mainly of T-Bills that are purchased directly through a regulated and qualified broker. This approach offers holders of the TBILL tokens direct exposure to T-Bills, as opposed to ETFs. There are several benefits of having direct exposure to T-Bills. Investors would not incur additional charges like ETF management fees. There will also be no tracking error that may

arise from ETFs. These additional costs from ETFs will reduce the net yield received by investors. Furthermore, direct T-Bills exposure means having access to the highly-liquid T-Bills secondary market, which has an average daily volume of \$150 to \$200 billion as compared to Bond ETFs which trades less than \$400 million a day

3. Regulatory compliance: TBILL tokens are issued by a professional fund regulated by the BVI Financial Services Commission. Token holders' contractual rights are documented in the Private Placement Memorandum and Subscription Agreement. Furthermore, there are independent service providers engaged by the fund such as Fund Administrator, Fund Auditor, Legal Counsels, Regulated Custodians and prime brokers. The underlying assets of the TBILL Vault are held via a bankruptcy-remote special purpose vehicle, with fully segregated accounts in qualified custodians which are regulated. Assets held in segregated accounts cannot be used by the custodian to pay its own debt or obligations by regulation, and it must keep those assets separate to protect client interests. The portfolio of T-Bills are managed by a regulated investment manager in Singapore. TBILL tokens are available to all accredited investors, including those based in the U.S through SEC Reg D 506c.
4. Highly transparent: Transparency is at the core of the TBILL Vault. The Vault smart contract has been formally audited by Verichains. On the off-chain side, daily portfolio reports from the T-Bills' custodian, monthly attestations of the BVI fund's (Token Issuer) balance sheet conducted by a regulated public accounting corporation and monthly NAV report by the Fund Administrator are all uploaded to the portal for investors to view. A Chainlink Proof-of-Reserves is also currently being integrated into the Vault to provide another reliable source of on-chain and off-chain audit of the Vault's assets.

More information on the OpenEden TBILL Vault can be found at the [documentation site](#)

## Disclaimer

This proposal is written by a contributor to the OpenEden protocol. There will be no fees charged by OpenEden during the introductory phase. Fees structure may be initiated in the future after the induction period. Sufficient notification and alerts will be made to all existing clients of the TBILL Vault in ample time.

## Next steps

If the proposal is approved, the rollout will be gradual. We propose to start off with an initial deployment into our TBILL vault with an initial investment of 100,000 USDC and then slowly ramping up. This proposal will move to an off-chain snapshot vote in 7-14 days, and if successful, to an on-chain AIP immediately after. The OpenEden team is available for a community call to discuss this proposal, and other topics in further detail as requested by the Aave community.

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