

## Sentence Rational

Paxos Standard (PAX) is the 5th largest USD backed stablecoin, is highly trustworthy and regulated by the NYDFS and is the only coin to have received a successful SOC-II audit. Adding PAX to Aave will provide users another, trustworthy alternative to post collateral and borrow.

## References

Link to:

- [project](#),
- [Whitepaper](#)
- document portal,
- N/A
- N/A
- [source code for the system\(s\) that interact with the proposed asset](#),
- [Ethereum addresses contracts](#),
- [ChainLink Oracle](#),
- Audits
- [Smart Contract](#)
- SOC 2 Type 2
- [Attestations](#)
- [Smart Contract](#)
- SOC 2 Type 2
- [Attestations](#)
- Communities
- N/A
- N/A

## Paragraph Summary

Paxos Standard (PAX) was launched in 2018 and is a USD stablecoin that is 100% backed by US dollars held bankruptcy remote. Paxos issues PAX and both the company and token are regulated by the NY DFS. Full PAX attestations are completed monthly and posted to [www.paxos.com/attestations](https://www.paxos.com/attestations).

PAX is used in a variety of use cases including a means of payment for other blockchain - based assets, trustworthy store-of-value, settlement of assets with fiat currency outside of traditional banking hours, and being lent / borrowed on known CeFi institutions like BlockFi and Celsius. Paxos would like to extend the functionality to the DeFi space through listing on Aave.

## Motivation

Only PR commits are to list PAX asset.

## Specifications

1. What is the link between the author of the AIP and the Asset?

The AIP submitter, Paxos Trust Company, is a qualified custodian and trust company regulated by NY DFS and is the sole issuer of the PAX token.

1. Provide a brief high-level overview of the project and the token

PAX is the most secure, highest regulated stablecoin available. Token was launched in 2018 to facilitate many blockchain-based use cases such as payments, stable digital storage, and trustworthy collateral.

1. Explain positioning of token in the AAVE ecosystem. Why would it be a good borrow or collateral asset?

PAX is an excellent source of collateral because it is the most reliable, regulated stablecoin. PAX is valuable to borrow due to its trustworthiness and range of use cases including store of value, settlement, collateral, trading, and peer to peer transfer.

1. Provide a brief history of the project and the different components: DAO, products; and how it overcame stressed conditions

PAX is included in Maker DAO's pool and available for trading on DeFi Apps Curve and Uniswap, as well as traded on many different centralized exchanges.

1. How is the asset currently used?

Typical use cases for USD stablecoins

1. Emission schedule

PAX tokens are minted/burned based on client demand. The process for minting and burning has been approved by the NYDFS and is regularly audited by a third party. Full monthly attestations available on the paxos website. Market cap fluctuates as users purchase and redeem PAX.

1. Token permissions and upgradability
2. Note that all of the following roles are held by multi-sig addresses.
3. Controlling the token supply - The supplyController address can mint and burn the token based on the actual movement of USD in and out of the reserve based on requests for the purchase, conversion and redemption of PAX.
4. Contract Owner - Can pause/unpause the contract and propose a new owner.
5. Asset Protection Role - As required by our regulators, we have introduced a role for asset protection to freeze or seize the assets of a criminal party when required to do so by law, including by court order or other legal process.
6. Upgradeability Proxy - To facilitate upgradeability on the immutable blockchain we follow a standard two-contract delegation pattern: a proxy contract represents the token, while all calls not involving upgrading the contract are delegated to an implementation contract. The proxy used here is AdminUpgradeabilityProxy from ZeppelinOS.
7. Market data (Market Cap, 24h Volume, Volatility, Exchanges, Maturity)
8. [Market Cap](#) = ~\$1B
9. [24hr trading volume](#): \$75 - \$150M
10. [Exchanges](#): Binance, itBit, Bitfinex, Coinsbit, Atomars, etc
11. Social channels data (Size of communities, activity on Github)

Paxos Twitter: 16k followers

1. Contracts date of deployments, number of transactions, number of holders for tokens
2. Deployed on Sep-08-2018 03:30:23 PM +UTC

As of 4:46EST on April 20, 2021

Transactions: 3,131,643

Holders: 108,548

RISK

Below is the Risk Analysis for PAX based on Aave's Risk Methodology. By these standards PAX received an "A-" risk rating. A few caveats/notes

- Paxos Standard is regulated by the NY Department of Financial Services (DFS)
- The OCC granted a national trust bank charter to Paxos with preliminary conditional approval
- There is no other stablecoin with the level of product & company regulation than PAX & Paxos.

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