

Following the [expressed need](#) of decentralized risk teams evaluating assets to be listed as collateral, here is an Aave Request for Comments (ARC) on a proposal to use the [Token² Curated Registry](#) as part of a due diligence process before listing new assets.

We propose to create two Aave badges (one for listing assets and another for listing them as collateral) on the [Token² Curated Registry](#). This registry will validate that assets requesting a listing satisfy Aave risk criteria. Assets getting an Aave badge can be put to vote on Aave governance for listing.

Abstract

Listing assets on Aave and in particular assets as collateral is an important part of protocol governance:

- Assets which can be borrowed on Aave. Those need to have smart contracts compatible with Aave and be of relative interest in order not to clutter the UI and use gas for nothing. They should also have enough liquidity to avoid huge price increases (drops are fine) in a short time period which would make some positions undercollateralized.
- Assets which can also act as collateral. Those are particularly critical to Aave. In case of rapid price change of the asset, some loans could end up undercollateralized which would lead to staked AAVE being auctioned to reimburse outstanding protocol debt. Even worse, in case the asset is compromised (either due to a smart contract bug or a misbehavior of an actor managing the system), all the money in Aave could be stolen.

The Aave team used to handle the listing process and had set up a risk team to do due diligence on assets to be listed on the protocol. With the value in Aave increasing and the listing process being transferred to the decentralized governance system, additional due diligence tools are needed to keep the system at the highest safety standards.

We propose to create two Aave badges on the [Token² Curated Registry](#) as an additional due diligence tool for token listing. Anyone will be able request an Aave badge for an asset by putting a deposit. Anyone would be able to challenge an Aave badge explaining why the asset risks exceed the acceptable risks as defined by the Aave risk methodology. In this case a Kleros dispute would be created. Unchallenged assets and assets who won their disputes can be put to vote for listing on Aave governance.

See full proposal:

docs.google.com

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(https://docs.google.com/document/d/1FOULAtWq0Q8ShxytdY6DsXEaW1f8_a2qAf5zNa_Dlvw/edit#heading=h.9jheeq642hr)

[Listing due diligence with the Kleros T2CR](#)

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