Hi Aave Community,

Since the launch of the second version of the Aave protocol ("V2" or the "Aave Protocol") in January 2020, the Aave ecosystem has seen amazing growth, with over $20 billion of liquidity in the protocol and nearly $10 billion of borrows as well as over 200 integrations. In addition, the Aave Protocol is completely run by the community ("Community Governance"), with all decisions and changes for the protocol being implemented by Community Governance—that is, the group of over 90,000 holders of $AAVE or $StkAAVE.

With so much at stake, assessing risk is critical for the continued success of the Aave Protocol. Upgrades, asset additions, and changing market conditions have the potential to impact the protocol and the Safety Module. For that reason, it is critically important for the Aave governance community to have access to all relevant information and thorough analysis to support sound decision making.

Risk assessment for the protocol and safety module can require advanced skills (such as a deep understanding of smart contracts and digital assets) as well as significant familiarity with the Aave Protocol. With these needs in mind, I'd like to propose the formation of a dedicated Aave Risk DAO to help support the community's stewardship of the Aave Protocol.

Risk DAO Overview

Aave already has an established risk framework, covering various aspects of the protocol including asset risk, liquidity risk, and technical risk. This Risk DAO will seek to build on this by supporting the Aave community in the following ways:

- Providing information and research for decisions on asset listing, liquidity provision, and other risk related matters

- Providing feedback and analysis on risk levels of forum and on chain proposals (ARCs and AIPs)

- Providing documentation on risks to the Aave protocol and related risk factors

- Engaging with third parties to better understand the Aave protocol's ecosystem and to gain additional expertise

- Providing independent assessment of AIPs priory to submission by community members, including technical and general risk analysis

- At member's discretion, submitting proposals to the Aave community to help address and mitigate risks

This will help give Aave governance greater information on (1) new asset additions and (2) technical upgrades that have the potential to increase protocol risk.

Through its various members, the Risk DAO will seek to provide coverage of the relevant risk areas in the Aave Protocol, including:

- Oracle risk

- Market risk

- Governance risk

- Technical risk

- Risks pertaining to real world / off chain assets

- Other risk related matters (including regulatory)

Members of the Risk DAO will dedicate 5-10 hours per week for a minimum term of one calendar quarter, with the ability for membership positions to be renewed subject to approval via governance. Applications are open and can be submitted as set out below.

Given the levels of expertise required, members will receive $100-500/hr monthly. Payment will be based on success metrics (level of participation, amount of reviews completed, etc). Reelected members should receive a bonus worth 10% of their previous quarter's compensation.

Initially the starting budget should be roughly $150,000 per quarter - this covers 5 members working 10 hours per week at an average of $200 per hour, along with a small contingency budget for additional expenses. Member compensation will be based on the specific skills provided so individual members may earn more or less than $200 per hour. Considering the size of this grant, I intend to request funding directly from the Aave governance treasury rather than the Grants DAO to ensure continued funding of other community priorities.

You can review the full overview of the Risk DAO scope and vision in this document:

Aave Risk DAO Document.pdf (133.3 KB)

Participating in the Risk DAO

Ideally the Risk DAO would be composed of experts from the Aave community as well as experts from the wider Ethereum ecosystem. If you are interested in being a Member of the Risk DAO or would like to nominate someone to be, please reply to this thread with basic info, including:

- Describe your/the expert's involvement in the Aave ecosystem and in the space more generally?

- What skills/experience do you/they bring?

- Can you commit ~5-10 hours a week?

I'll get in touch with applicants to discuss further, and hope to have an initial team and governance proposal in order in the coming weeks.

Feel free to post here if you have any general questions or comments about the Risk DAO as well!