Hi Aave community, I'm Spadaboom a long term contributor to Badger DAO and excited to discuss onboarding BADGER onto Aave v3 with everyone.

Rational

This proposal presents the Aave community with the opportunity to onboard BADGER onto the Aave v3 Ethereum Liquidity Pool.

References

The below list of links provide context in supporting the ARC.

- Official: https://badger.com/
- Docs: Badger's Gitbook - Badger Finance
- Token Contracts: Mainnet, Arbitrum, Polygon

More generally, all Badger related contract addresses can be foundhere.

- Smart contracts/Code: Badger Github
- App: https://app.badger.com/
- Governance forum: https://forum.badger.finance/
- Snapshot: Snapshot
- Twitter: https://twitter.com/BadgerDAO

Badger has two Chainlink feeds on Ethereum mainnet forUSD and ETH, but no price feed on Arbitrum. This proposal intends to utilize the BADGER/USD Chainlink Oracle.

Summary

Badger is a DAO focused on building the products and infrastructure necessary to accelerate the growth of Bitcoin in Decentralized Finance across multiple blockchains. The BADGER token is a non-upgradeable governance token with the added utility of boosting user returns when funds are deposited into the protocol's Sett Vaults.

Motivation

The BADGER token is already on Euler Finance. By listing BADGER, Aave is positioned to benefit from the first mover advantage by enabling users to deposit BADGER as collateral or borrow BADGER to participate in governance and/or earn boosted returns on Badger Setts.

The BADGER token has been audited and is supported by two Chainlink Oracles. There are several liquidity pools on Decentralized and Centralized Exchanges such as Uniswap v3 and Coinbase.

Audits:

- Quantstamp: badger-rewards-manager/Badger RewardsManager - Post Audit Quantstamp.pdf at main · Badger-Finance/badger-rewards-manager · GitHub
- Code4rena: https://code4rena.com/reports/2022-06-badger
- Immunefi: Badger DAO Bug Bounties | Immunefi

Ethereum Chainlink Oracles:

BADGER/USD - [https://data.chain.link/ethereum/mainnet/crypto-usd/badger-usd

](https://data.chain.link/ethereum/mainnet/crypto-usd/badger-usd)BADGER/ETH - [https://data.chain.link/ethereum/mainnet/crypto-eth/badger-eth

](https://data.chain.link/ethereum/mainnet/crypto-eth/badger-eth)The main sources of DeFi liquidity are shown below.

Pool Composition

Protocol

Liquidity ($M)

B-80BADGER-20wBTC

Balancer v2

7.67

BADGER/wBTC

Uniswap v3

6.10

BADGER/wBTC

Curve v2

2.50

BADGER/wBTC

Sushiswap

1.06

BADGER/wBTC

Uniswap v2

0.79

Badger/FRAXBP

Curve v2

0.52

Total Liquidity

18.64

Specifications:

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

@Llamaxyz is supporting BadgerDAO in navigating Aave's governance process, providing necessary proposal power, and writing the v3 payload required to list BADGER on the Ethereum Liquidity Pool. This initiative falls outside of the recently agreed Aave DAO funded work scope between Llama <> Aave DAO and is funded by Badger DAO.

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

The Badger protocol is a yield optimizer deploying vaults to which users can deposit funds to earn a yield. Badger has released strategies using Yearn Finance, Curve Finance, Convex Finance, Balancer, Aura Finance and Sushiswap. The BADGER token is an ERC20 and was deployed on 28th November 2020 with a total supply of 21,000,000.

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

An Aave listing would be the first major lending protocol listing for BADGER and Aave would benefit from the first mover advantage. Similar to 1INCH, the BADGER token has added utility. Users can borrow BADGER to participate in governance and Badger's tokenomics model. Onboarding Badger as collateral on V3 Mainnet would also increase the asset diversity on this market and grow the Reserve Factor.

1. Provide a brief history of the project and the different components: DAO (is it live?) products (are they live?).

The Badger protocol was launched in December 2020 on Ethereum focusing on creating yield for BTC derivatives. Since then, Badger has launched on Arbitrum (September 2021), and expanded its product offering to to include other types of pools (stables, pegged assets etc). TVL across Ethereum and Arbitrum is $86.4m, of which $84.1m is on Ethereum and $2.3m on Arbitrum. Badger is also live on Polygon and Fantom, but has less than $10k TVL on these networks.

1. How is the asset currently used?

The BADGER token is primarily used for DAO's governance coordination via Snapshot and also provides boosted rewards to users who deposit in Sett Vaults.

With the introduction of the boost model, users who deposit funds in Badger Setts receive boosted rewards based upon their share of native and non-native assets on the protocol. The higher the ratio of the native balance (like BADGER or a DIGG LP) compared to non-native balance (funds deposited into BTC vaults), the higher the BADGER token rewards you receive on your non-native vault positions. The boost formula is the following: :

Stake Ratio = [$ value of BADGER balance + $ value of DIGG balance] / [$ Value of non-native staked Sett positions].

Note: Not all non-native assets positions can be boosted. The current boosted vaults are cvxCRV and ibBTC/crvsBTC.

1. Emission schedule

The BADGER token is a MiniMe token with balance checkpoint functionality (balances can be checked on-chain for any given block. Minting and burning is managed via the controller contract

. The owner (Badger governance multisig), can mint and burn tokens to its own address.

1. Token (& Protocol) permissions (minting) and upgradability. Is there a multisig? What can it do? Who are the signers?

The token contract is not upgradable. The controller contract is upgradeable via Badger governance, using a two day timelock. It allows the owner to transfer ownership, and permanently disable minting / burning functionality.

There are several Badger multi-sigs:

- Dev Multisig (dev.badgerdao.eth)
- Main multisig which has governance/admin rights. It's the controller contract owner and can set parameters on vaults and strategies, queue/execute timelocks, and implement votes by Badger holders. This multisig holds a relatively small amount of funds (~$125k).

This multisig is secured by 3/5 anonymous signers who are proven contributors. The track record of this multisig shows commitment to the DAO with years of operation, with 98 BIPs executed upon snapshot approval. This commitment is especially strong in crisis situations, leading to proposals like BIP-76 to upgrade the contracts, BIP-77 to reactivate smart contracts and recover funds, and BIP-78 to return recoverable tokens, following the Badger hack last year.

- TechOps Multisig (techops.badgerdao.eth)
- Controller for the DAO. This multisig can call internal system functions such as sweepRewardToken(reward token address) every two weeks on the bveCVX strategy. This call is executed atomically along with the usual call of claimBribeFromVotium(). As the name suggests, the sweeping function will transfer all rewards (cvxFXS for instance) into the hardcoded BribesProcessor. It can also set emission schedules.

This multisig is secured by 3/7 anonymous signers (members of the internal technical team).

- Treasury Vault Multisig (treasuryvault.badgerdao.eth)
- This multisig is for the treasury's long-term holdings: Bitcoin, Ether (gas), POL, farming positions, and uncirculating BADGER. It holds the largest part of Badger treasury ($31.7m+), including $9.4m worth of Badger/WBTC liquidity, so 50% of the total liquidity as protocol owned liquidity.

This multisig is secured by 5/13 signers including the signers voted onBIP-89 and part of dev multisig signers.

- Treasury Ops Multisig (treasuryops.badgerdao.eth)
- This multisig is used for short-term treasury holdings and is the beneficiary of the DAO's fees and the treasury's yield. This multisig processes incoming tokens into long-term holdings for the treasury vault. It holds part of the Badger DAO treasury (~$900k).

This multisig is secured by 3/8 signers (members of the internal technical team).

- Treasury Voter Multisig (treasuryvoter.badgerdao.eth)
- This multisig executes the Convex voting weight allocated to the treasury as perBIP 87. It holds bveCVX and vlAURA.

This multisig is secured by 5/13 anonymous signers (members of the internal technical team).

- Payment Multisig
- This multisig is used to execute financial transactions, such as payments to contractors, contributors, expenses,

bounties, advisors, etc. It holds $2.8m, including $1.8m of Badger (2.5% of supply).

This multisig is secured by 3/7 anonymous signers (members of the internal technical team).

- ibbtc Multisig (ibbtc.badgerdao.eth)
- This multisig is an internal wallet which claims yield on behalf of theibBTC contract, only to redistribute it again as emissions. It currently holds $310k of funds.

This multisig is secured by 3/6 anonymous signers (members of the internal technical team). .

More information about the Badger multisigs can be foundhere and here.

1. Market data (Market Cap, 24h Volume, Volatility, Exchanges, Maturity)
2. Market Cap: $56.7 circulating
3. Fully Diluted Valuation: $75.19m
4. 24h Volume: $2.55m (from Coingecko)
5. Volatility: Low
6. Maturity: Medium
7. Centralized Exchange Listings: Binance, Coinbase, Crypto.com, FTX, Kucoin, Kraken, and Huobi, plus others.

Souurce: Badger DAO Price in USD: BADGER Live Price Chart & News | CoinGecko

1. Social channels data (Size of communities, activity on Github)
2. Discord: 11.73k members: Badger
3. Twitter: 45k followers: https://twitter.com/BadgerDAO
4. Contracts date of deployments, number of transactions, number of holders for tokens

On mainnet:

- Date of deployment: December 3rd, 2020
- Number of transactions: 174,224 transactions and 524,669 transfers
- Number of holders for token: 30,768

On Arbitrum:

- Date of deployment: September 2021
- Number of transactions: 1,454 transactions and 11,122 transfers
- Number of holders for token: 815