

Summary

Stader proposes addition of MaticX as collateral to Aave v3 Polygon market. Here's why Matic X will be a strong addition to the Aave v3 Polygon market:

1. About Staderlabs: MaticX is built by Staderlabs, a multi-chain staking infrastructure provider with ~900mn \$ in assets with 40k+ users staking with us across Terra, Polygon, Fantom and Hedera
2. About MaticX:
 - a. MaticX is an ERC20 token that represents the user's staked assets and accrued rewards. Matic X increases in value relative to Matic as staking rewards accrue
 - b. MaticX has been audited by top security audit firms Halborn and Immunebytes
 1. Liquidity for MaticX:
 - a. MaticX has high liquidity on Polygon, with ~3.7 mn\$ of liquidity for our Matic <> MaticX pool on Quickswap, within days of LP launch. LPs on more DEXs coming in the next couple of weeks
 1. Benefits to AAVE and Polygon:
 - a. With MaticX, Matic holders can participate in both staking and Defi, unlocking new liquidity from staking for Defi, including Aave
 - b. Matic holders will be able to promote decentralization of Polygon by staking with multiple high performing validators
 - c. We expect staking participation of the community to increase as we launch a solution to stake directly on the Polygon mainnet in the coming fortnight
 1. Proposed parameters for MaticX:
 - a. Max LTV has 55%
 - b. Liquidation threshold of 60-65%
 - c. Liquidation penalty of 10-15%

Background about Stader

[StaderLabs](#) is a multi-chain staking infrastructure provider. We are live on 4 blockchains including Terra, Polygon, Fantom and Hedera.

Within a few months of launch, Stader has more than 900 Mn USD of total assets staking on the platform.

1. ~\$850 M+ Luna staked
2. \$65 M+ HBAR staked
3. Over 40k+ users staking with Stader smart contracts

Adding MaticX to Aave v3 Polygon market

MaticX is an ERC20 token that represents a user's share of the staked Matic assets with Stader. It is a token that increases in price as the staked MATIC accrues staking rewards and these rewards are compounded i.e. MaticX simply becomes more expensive over time relative to MATIC.

Safety and security are paramount for Stader and we do multiple audits of our smart contracts to safeguard user's funds. MaticX contracts have been audited twice by reputed audit firms Halborn and Immunebytes. Here are the links to the two Audit Reports: [Report 1](#) & [Report 2](#).

You can explore Stader's Liquid Staking for Polygon by going over to the Stader Dapp: <https://polygon.staderlabs.com/liquid-staking/maticx>

MaticX is available on Polygonscan at the address: 0xfa68fb4628dff1028cfec22b4162fccd0d45efb6

MaticX Liquidity Pools

1. The MaticX <> Matic LP is live on Quickswap
2. LP size ~3.7 Mn USD (within a few days)
3. Expect to significantly increase with dual rewards available for the pool

4. We are launching staking on the Polygon Mainnet in a few days and this will amplify the MaticX TVL and the LP size manifold (Polygon's staking protocol is native to Ethereum, so Stader Polygon v1 only supports staking Matic on Ethereum.)
5. We will also be creating LPs, and incentivising them across other Polygon DEXs

Benefits to Polygon & Aave Community

We believe MaticX will be a great addition to Aave v3 Polygon markets as it will unlock several borrowing use cases including leveraged staking, borrowing other assets with MaticX and potentially several DeGen strategies.

Stader's selection of validators is transparent ([here](#)) and centered around generating highest staking returns for delegators and encouraging decentralization of Polygon.

1. High performing validators (100% of last 200 checkpoints, >98% checkpoints in last 90 days)
2. Commissions (<=5%)
3. Preference to lower voting power

We expect MaticX to continue to grow in demand as we integrate across more ecosystem partners and also increase overall staking participation in Polygon (currently only 14,000 wallets of total of 140m active wallets stake on Polygon). Aave would be one of the first protocols to offer significant lending offerings for MaticX driving a lot of Matic community to Aave.

Parameters

Based on the updated WMATIC risk parameters, we propose the following risk parameters for MaticX as MaticX is backed by Matic staked via Stader's contract.

1. Max LTV of 55% for MaticX (compared to 65% for WMATIC)
2. Liquidation threshold of 60-65% for MaticX (compared to 70% for WMATIC)
3. Liquidation penalty of 10-15% for MaticX (compared to 10% for WMATIC)

We would like to hear feedback and update any specific information/ parameters as suggested by the Polygon and Aave community.

Update (July 1, 2022)

Adding a small section to update on all the developments from the time of original proposal being published.

1. Traction

: More than 13 million Matic by 1.4k+ unique wallets already staked with Stader for MaticX. We launched the ability for Polygon community to stake directly on Polygon in early May without having to bridge to Ethereum enabling cheaper, faster transactions and have seen strong adoption

1. Liquidity

: We have ~10 mn \$ in liquidity across DEXs, with a ~5.4 mn \$ on Balancer metastable pool (suited for low slippage) On Polygon, currently in Top 2 pools by liquidity size on Balancer Polygon

1. Chainlink price feed

: Our calculated price feed for MaticX from Chainlink is in testing phase and expected to be live in the week starting July 11

1. Defi and Lending

: On lending, we have ~1 mn \$ of MaticX already being lent on Polygon Defi (primarily on Meshswap single sided lending). We have also forged strong partnerships across Polygon Defi, including

a) Balancer Labs, Quickswap, Meshswap in DEXs,

b) Beefy Finance, Autofarm, Harvest Finance in yield optimizers, Meshswap and

c) Meshswap, Market XYZ in lending

1. MaticX can be redeemed for the underlying Matic with an unbonding period of ~3 days (80 checkpoints as per Polygon native staking contract) mitigating depeg risks

Look forward to bringing MaticX to the AAVE and Polygon communities.

Note: Stader's overall now stands around 50 mn \$ compared to the 900 mn \$ at the time of original proposal due to the unfortunate Terra crash, where a large % of our TVL was.