

With the conclusion of the [TEMP CHECK](#) for our recent proposal ([Aave Treasury Proposal: Onboard with Centrifuge Prime to invest in RWA](#)) we wanted to continue the discussion and address many of the questions and feedback we received.

RWAs are a complex topic that all serious DeFi projects must gain expertise on now.

We want to use this post and the time before the ARFC to discuss the most commonly asked questions and provide guidance based on our experience working with RWAs. We encourage others to use this forum post as an opportunity to ask more questions about Centrifuge, Centrifuge Prime, and the approach taken for this proposal.

We will be hosting a community call to do a live Q&A and discuss these topics further, this Friday at 9am EST / 3pm CET.

You can join our Twitter space [here](#)!

## Frequently Asked Questions

### 1. What is the legal setup in more detail and why is it important?

The legal framework provides a dedicated entity, controlled by the DAO, to handle the investment and operation of key services and functions related to RWA investments. This framework is the [structure](#) in use by Blocktower with MakerDAO, where it supports a debt ceiling of >1B USD and currently deployed capital of >600M USD. The documents that underlie that legal structure are public and can be found on the Maker forums [here](#).

In more detail: The legal structure proposes a Caymans Foundation Company to be created on behalf of the DAO. The founding documents of the company establish that the company exists to execute the mandates provided to it by Aave token holders. Through this, the DAO can establish processes, activities, and guidelines that the company must adhere to, such as operating bank accounts, taking custody of tokenized and traditional custodial assets, submitting beneficial owner status, and similar necessary activities. The company ultimately can be integrated with Aave governance processes to follow token holder directions. The Company has an appointed director based in the Caymans and can appoint service providers to conduct activities on its behalf as necessary and approved by the DAO.

This legal structure is useful in that it relies on the well-known and experience Caymans legal structures, effectively allows the DAO to take ownership of assets it invests in, and provides the DAO with an entity that is capable of fully complying with KYC/AML regulations and similar regulations. This legal structure is resilient as it limits the vulnerability and exposure introduced by account intermediaries, is capable of adapting to many needs of the DAO over time, and has a proven track record of success.

The final legal structure, time to implementation, and overall framework is dependent on the activities desired by the Aave DAO. The final implementation will be built out collaboratively alongside the Aave community and be established only with Aave governance approval.

### 2. How do Centrifuge and the Aave DAO work together if this proposal is accepted?

This proposal enlists Centrifuge to set up the legal framework and make a one-time investment in the Centrifuge Liquid Treasury pool.

The legal framework is a general purpose framework which the DAO controls. Once it is set up, it means that money can be allocated from the Aave treasury into any RWA investment that Aave desires, safely and securely. The amount invested, request for redemptions, and additional investments/redemptions are ultimately left in control of the Aave DAO. The final ARFC will involve a detailed description of these processes.

This proposal allocates 1M of the Aave DAO Treasury stablecoins into the Centrifuge Liquid Treasury Fund.

We think it is most appropriate for the Aave community to consider this as a first step towards deploying into RWAs. The results of this proposal will establish the long-term RWA infrastructure for Aave (that can serve the treasury now and GHO in the future) and allow the DAO to become more familiar with the RWA industry and process. This proposal follows the current best practices for the Aave governance process.

### 3. What is the Anemoy Liquid Treasury Fund?

The Anemoy Liquid Treasury Fund is a fully onchain, actively managed Daily US Treasury Yield Fund. It is registered as a British Virgin Islands licensed Fund, open to non-US Professional Investors (Reg-S). The fund is balanced monthly, offering daily liquidity, holds US T-Bills with maturities shorter than 6 months, and is focused on minimizing interest rates and price risk. At 0.15% management fees and a redemption fee of 0.15% the Anemoy Treasury Yield Fund is one of the lowest cost US Treasury Fund offerings in DeFi today. The regulated BVI structure is bankruptcy remote and fully compliant; US T-Bills are held directly by the fund and the individual fund holdings are readily viewed onchain. Fund shares are held as tokens and investments & redemptions denominated in USDC.

Tokenized and issued through Centrifuge, investors and stakeholders will have full real time visibility into the underlying assets, the portfolio valuation, and the portfolio's performance. Technical features that Centrifuge builds, such as external

oracle pricing, cryptographic verification of holdings and accounts, and private data enrichment and aggregation will all be offered and integrated into the Liquid Treasury Fund.

More information on the fund itself can be found on the Centrifuge Governance forum here [POP: Anemoy Liquid Treasury Fund 1 - Pool Onboarding Proposals \(POP\) - Centrifuge Governance Forum](#)

#### **4. Would a GHO Facilitator be the better RWA solution?**

While we fully agree that a GHO credit line is an optimal solution for RWA exposure, it is not the only relevant solution. The credit line has the benefit of allowing the best use of the Aave balance sheet, directly provides backing to GHO, and overall positively impacts GHO liquidity and other objectives. However, GHO is not yet ready to allocate to RWAs, the treasury is currently losing money on idle stablecoins, and the DAO still needs to get comfortable with the RWA industry and processes. This proposal serves the existing needs of the community while supporting the long-term vision of a GHO facilitator.

The process for developing the expertise, legal framework, and process for RWA investments can be lengthy and costly. This proposal provides a cost-effective solution that can begin now. This will allow the DAO to be prepared for when GHO will be mature enough to support an RWA facilitator. The legal setup, the assets, and the process and learnings developed here can be utilized as part of the GHO facilitator.

#### **5. How does this proposal fit into the broader topic of how the Aave DAO manages its treasury? Shouldn't the Aave DAO need a robust treasury management function first?**

Ultimately this proposal does not stipulate any constraints on treasury management. The DAO effectively manages the treasury today and this proposal does not change that. The DAO retains control over the investment in the fund and can change it at any time.

The setup in this proposal can be used as a tool in a future treasury management approach voted on by the DAO and Centrifuge will work with the DAO to incorporate RWAs into this strategy.

This proposal is extremely cost effective in the current rate environment. A conservative estimate says that at 1M dollars, the proposal will recoup all costs and begin accruing profit after 12 months.

Special thanks to all those involved with the conversation so far [@Flipside](#) [@lbsblockchain](#) [@MarcZeller](#) [@Michigan\\_Blockchain](#) [@PennBlockchain](#) [@Kene\\_StableLab](#) [@WintermuteGovernance](#) [@HKUST\\_EPI\\_BLOCKCHAIN](#) [@0xkeyrock.eth](#) [@BlockchainAtColumbia](#)

Please join our [Twitter space](#) this Friday to participate in the conversation!

We'll continue to keep this FAQ updated as the discussion evolves.