

Summary

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sUSD is a decentralized stable coin which is over collateralized by the SNX token. sUSD is already listed on AAVE markets as a lendable asset as well as SNX which can be used as collateral in addition to borrow/lending. There is significant liquidity for sUSD on Dexes such as Curve, Sushiswap and Balancer, I am proposing for it to be enabled as collateral on AAVE.

References :

Curve sUSD pool - TVL \$196M / \$35.9M sUSD

[Ethereum \(ETH\) Blockchain Explorer](#)

[Curve.fi: sUSD v2 Swap | 0xa5407eae9ba41422680e2e00537571bcc53efbfd](#)

The Contract Address 0xa5407eae9ba41422680e2e00537571bcc53efbfd page allows users to view the source code, transactions, balances, and analytics for the contract address. Users can also interact and make transactions to the contract directly on...

Sushiswap sUSD / ETH pool - TVL \$30.8M / \$15M sUSD

[Ethereum \(ETH\) Blockchain Explorer](#)

[SushiSwap: sUSD | 0xf1f85b2c54a2bd284b1cf4141d64fd171bd85539](#)

The Contract Address 0xf1f85b2c54a2bd284b1cf4141d64fd171bd85539 page allows users to view the source code, transactions, balances, and analytics for the contract address. Users can also interact and make transactions to the contract directly on...

Balancer sUSD / sTSLA 80/20 pool - TVL \$9.3M / \$7.3M sUSD

[Ethereum \(ETH\) Blockchain Explorer](#)

[Balancer: sUSD/sTSLA 80/20 | 0x055db9aff4311788264798356bbf3a733ae181c6](#)

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Motivation

sUSD market cap has grown tremendously over the past year and the steady demand for decentralized stable coins has contributed to its growth. sUSD is highly over collateralized by SNX, the governance token and backstop for the Synthetix protocol.

The rise in its liquidity on major dexes has contributed to sUSD stability over the past year and allowing collateral use would promote its liquidity in aave markets.

With over with over 25% of the sUSD supply liquid on chain, in AMMs, sUSD is a viable candidate for collateral on AAVE.

Rationale

SNX stakers are incentivized to actively manage their debt relative to their SNX stake and in doing so sometimes cause spikes in demand for sUSD on markets including AAVE (specially when there are other Yield generating opportunities with sUSD), this may cause small deviations from the peg but with low volatility.

All underlying functions in relation to sUSD, are fundamentally the same, from a counter-party risk perspective, to that of SNX.

The SNX and sUSD contracts are fully upgradeable, but all changes must go through a formal governance process from SIP to deployment, which would be announced well before the upgrades are made and thus does not present a substantial counter-party risk.

The sUSDv2CRV pool is one of the main CurveDAO emissions gauges, incentivizing sustainable longterm liquidity for sUSD.

In addition to sUSD there are other synth pools on Curve with emission gauges to supplement sUSD liquidity (sBTC, sETH). All synths are redeemable at their dollar value in sUSD at the ChainLink quoted price, through the Synthetix protocol or Curve (via cross-asset swaps), thus they help facilitate the arbitrage of sUSD peg deviations.

references:

sBTC curve pool- TVL \$465M / \$109M sBTC

sETH curve pool- TVL \$395M / \$127M sETH

Technical Specifications

Chainlink sUSD price feed: [Decentralized Price Reference Data | Chainlink](#)

- set sUSD max LTV to 60%
- set liquidation threshold to 75%
- set liquidation penalty to 5%
- upgrade interest rate curve to that of DAI/TUSD

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](https://europe1.discourse-cdn.com/business20/uploads/aave/original/1X/1ba8aff76ee19b88ff96d5612e09dd4b614614cf.png)

- Enable sUSD as Collateral
- Do nothing

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voters