what-is-on-chain-market-making)

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How does MaaS work

High level overview of how MaaS work

What is on-chain market making?

For protocol and company owners considering on-chain market making, concentrated liquidity market makers offer a powerful tool to enhance capital efficiency and market depth. This approach, exemplified by protocols like Uniswap V3, allows you to focus your liquidity provision within specific price ranges where trading activity is most likely to occur.

By utilizing concentrated liquidity, you can potentially achieve greater returns on your capital compared to traditional automated market maker (AMM) models. However, this model requires more active management. You'll need to regularly monitor market conditions and rebalance your positions to ensure your liquidity remains in optimal price ranges. While this can lead to improved performance, it also necessitates more sophisticated risk management strategies to mitigate potential impermanent loss.

Implementing concentrated liquidity market making can significantly improve your protocol's trading efficiency, attract more users, and potentially increase fee revenue.

Dive into MaaS

Mechanism Overview

Under MaaS, protocol owners deposit project token and ether or stable coin into Aperture managed vaults. Assets can only be withdrawn by protocol owners. Aperture's only role is in managing liquidity and inventory as instructed by the protocol. Assets are then split into two parts: inventory and active liquidities:

MaaS will be responsible to dynamically maintain certain level of liquidity in the market based on protocol owner's preference. Active liquidities are rebalanced gradually to achieve deep liquidity around current pool price with 50-50 (ether/stablecoin - project token) ratio.

Inventory changes as liquidity changes

Maker vs. Taker Position Rebalance

Aperture MaaS offers enterprise-level flexibility to protocol owners through its support for both maker and taker rebalancing strategies.

Maker rebalancing is a method where tokens required for rebalancing are not acquired by taking existing liquidity. Instead, tokens are passively converted by providing liquidity in the Automated Market Maker (AMM). This approach effectively allows rebalancing without materializing impermanent loss.

When market conditions necessitate swift action, users can initiate taker rebalancing by utilizing existing liquidity from on-chain venues. This method is primarily employed when time is of the essence and the realization of impermanent loss is deemed acceptable given the circumstances.

Algorithmic Trading Tools

Algorithmic trading tools are offered as part of the MaaS tooling suite to better help protocol owners manage inventories. Users can acquire or liquidate assets by using TWAP (price-weighted average price) or VWAP (volume-weighted average price) features either via maker or taker in the AMM. [Previous Intro](#) [Next ApertureSwap on Manta Pacific L2](#) Last updated2 months ago