[ARFC] Onboard AUSD to Aave V3 on Avalanche

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ARFC has been updated with latest recommendations by Risk Service Providers 2024-11-14

Summary

This proposal seeks to onboard AUSD, a secure digital dollar backed 1:1 by USD fiat, to Aave V3 on Avalanche. AUSD, issued by Agora, serves as a stable and liquid alternative to USDT and USDC. With a growing AUM and robust liquidity, AUSD will enhance Aave's liquidity pool, offering users a reliable and efficient stablecoin option with strong institutional backing.

Motivation

Agora offers AUSD, a digital dollar minted 1:1 with USD fiat. AUSD is designed to be a secure digital currency, utilizing one of the world's largest custodian banks to safeguard assets. AUSD enables users to participate in trading, lending and payments. It is the most cost-efficient stablecoin to transact with due to its gas-optimized smart contract, making it ideal for traders and payments.

Agora operates an open partnership model, allowing collaboration with a diverse range of customers who meet KYB (Know Your Business) requirements and operate in jurisdictions we can serve. This approach contrasts with single partnership models (eg. Exchange-Backed Stables), ensuring that AUSD can be widely adopted across different ecosystems, providing liquidity and stability without conflicts of interest.

AUSD is currently available on Ethereum, Avalanche, Sui and Mantle, garnering $70+ million in TVL and $12+ million in daily DEX volume since contract deployment. The reserve assets are managed by VanEck ($100B+ asset manager) and custodied with one of the largest global banks, ensuring security and safety. AUSD's unique value proposition also includes zero-fee minting and redemption facilities, making it an attractive asset for all ecosystem participants.

By integrating AUSD into Aave, users will gain access to a stable, liquid asset that supports trading, lending, and other decentralized finance activities. This integration aligns with Aave's mission to decentralize finance while offering secure and reliable stablecoin options.

POL and Deposit Commitments

We can ensure that $1M+ will be deposited in initial Aave liquidity pools within 1 week of launch. We are working with Tier 1 market makers as well as large institutional firms. Agora already has 50+ institutions (trading firms, exchanges, payment companies, etc.) onboarded.

With Avalanche, in particular, strong additional liquidity programs will be put in place.

Specifications

- AUSD Token Contract Address:

- Avalanche: [0x00000000eFE302BEAA2b3e6e1b18d08D69a9012a](#)

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- Chain: Avalanche to start

- Audits: AUSD contracts have been audited by Spearbit and Certora, with zero critical, high, or medium issues identified. We also have conducted a risk audit with Chaos Labs and received an A grade.

Parameter

Value

Network

Avalanche

Isolation Mode

No

Borrowable

Yes

Collateral Enabled

No

Supply Cap

19,000,000

Borrow Cap

17,400,000

Debt Ceiling

-

LTV

-

LT

-

Liquidation Bonus

-

Liquidation Protocol Fee

-

Variable Base

0.0%

Variable Slope1

5.50%

Variable Slope2

75.00%

Uoptimal

90.00%

Reserve Factor

10.00%

Stable Borrowing

Disabled

Flashloanable

Yes

Siloed Borrowing

No

Borrowable in Isolation

No

E-Mode Category

N/A

Risk Analysis

- Smart Contract Risk: AUSD contracts follow best practices and have undergone extensive audits by Spearbit and Certora, ensuring a secure and reliable smart contract architecture.

- Market Risk: AUSD is backed by a portfolio of short-dated USD fiat money market instruments, with the majority of the allocation in overnight repo, which is T+1 for maximum liquidity. This backing minimizes volatility and ensures that AUSD remains a stable and reliable asset within Aave's ecosystem.

- Chaos Labs: A risk audit has been conducted by Chaos Labs and we have received an A grade.

- Oracles: Various oracle providers support AUSD including Chainlink, Chaos, Pyth, API3, Redstone, and others.

Links

[Gas Optimization](#), [Bloomberg](#) (Raise Announcement)

AUSD hits $100M in [weekly volume on Avalanche 1](#).

Next Steps

1. Publication of a standard ARFC, collect community & service providers feedback before escalating proposal to ARFC snapshot stage

2. If the ARFC snapshot outcome is YAE, publish an AIP vote for final confirmation and enforcement of the proposal

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