

Title:

[ARC] Add Support for cbETH

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This proposal is to add cbETH to Aave v2 on Ethereum mainnet (and Aave v3 if contracts have been launched on mainnet by the time a formal AIP is appropriate). With Aave v2 having incumbent liquidity and Aave v3 being close to launch on mainnet, the community will decide the best route forward with a Snapshot vote.

References

Project - <https://www.coinbase.com/price/coinbase-wrapped-staked-eth>

Whitepaper - <https://www.coinbase.com/cbeth/whitepaper>

Documentation - [cbETH Intro](#) | [Using cbETH](#) | [Sourcing cbETH on Coinbase](#)

Github / source code - [Source code](#) | [Github](#)

Ethereum contracts - [Coinbase Wrapped Staked ETH](#) | [Etherscan](#)

Chainlink oracle - [cbETH / USD Chainlink Price Feed](#)

Audit - [Coinbase Liquid Staking Token Audit - OpenZeppelin blog](#)

Twitter - <https://twitter.com/coinbase>

Blog - <https://blog.coinbase.com/>

Support - <https://help.coinbase.com/>

Summary

This is a proposal to add Coinbase Wrapped Staked ETH (cbETH) to the Aave protocol on Ethereum mainnet. cbETH is an ERC-20 compliant token on Ethereum that represents underlying staked ETH on the Coinbase platform.

Motivation

cbETH is a liquid staking token for ETH created by Coinbase with a goal of facilitating a more competitive liquid-staked ETH landscape.

There is a meaningful amount of demand for borrowing against liquid-staked ETH. Liquid-staked assets (such as cbETH) make for efficient collateral with underlying margins typically improving over time.

Specifications

1. What is the link between the author of the AIP and the Asset?
2. [@Fig](#) is a Governance Contributor at Flipside Crypto, a leading delegate on Maker, Aave, Optimism, and Hop. Additional support provided by [@AndrewA](#), who is employed by Coinbase. Andrew and Fig also help review grants as part of the Aave Grants DAO.
3. Provide a brief high-level overview of the project and the token
4. Coinbase is supporting liquid staking for its ETH stakers with Coinbase Wrapped Staked ETH (cbETH), where the staked asset is Ether (ETH), and the staking provider and token issuer is Coinbase. With cbETH, Coinbase aims to contribute to the broader crypto ecosystem by supporting high-utility wrapped tokens and open sourcing smart contracts.
5. cbETH follows the cToken model, which allows it to be ERC-20 compliant and easier to integrate with DeFi more broadly. cbETH can be unwrapped for staked ETH plus accrued rewards net of Coinbase staking fees and any

network-imposed penalties. Rewards and penalties affecting Coinbase staked ETH change the conversion rate between cbETH and underlying staked ETH.

6. Explain positioning of the token in the AAVE ecosystem. Why would it be a good borrow or collateral asset?
7. With maturing volumes, integration of cbETH would allow those that have staked their ETH with Coinbase to borrow against their locked positions while continuing to earn rewards on the underlying staked ETH.
8. The introduction of cbETH into the Aave ecosystem could bring a new wave of retail users who learn about Aave through Coinbase and holding the cbETH token. Many of these new customers may become regular users of the Aave protocol.
9. Provide a brief history of the project and the different components: DAO, is it live? Products, are they live? How did it overcome some of the challenges it faced?
10. Coinbase, Inc. (Parent company NASDAQ: COIN) is a prominent cryptocurrency trading platform in the United States. As of 6/30/2022, the company and its global affiliates had 103M+ verified users, \$96B assets on platform, and offered services in 100+ countries [\[source\]](#). Coinbase is allowing customers who stake ETH to wrap it for an ERC20 utility token called Coinbase Wrapped Staked ETH ("cbETH"), which is a liquid representation of their staked-ETH.
11. Coinbase's mission is to increase economic freedom in the world. In pursuit of this mission, Coinbase builds products to improve access to economic freedom, cbETH being one of these projects.
12. With ETH staked on Ethereum being illiquid and unstaking not being available until post-Shanghai, liquid staking solutions have been a natural development.
13. How is the asset currently used?
14. cbETH allows users who have staked with Coinbase to sell or transfer the ownership of their staked ETH. cbETH is currently traded on Uniswap, Curve, and the Coinbase trading platform.
15. Emission schedule
16. There is no emissions schedule. Customers who have staked ETH with Coinbase can wrap their staked ETH to obtain the cbETH token.
17. Token (& Protocol) permissions (minting) and upgradability. Is there a multisig? What can it do? Who are the signers?
18. Key roles of the contract:
 1. master Minter - can assign minters and their limits
 2. minter - can mint and burn tokens
 3. pauser - can pause all transfers, mints, and burns for the contract
 4. blacklist - can blacklist an address from transferring, minting, and burning
 5. owner - can assign all roles except the admin's
 6. admin - can upgrade the contract, and re-assign itself
20. All privileged keys are controlled by Coinbase using best practices
21. Market data (Market Cap, 24h Volume, Volatility, Exchanges, Maturity)
22. Market capitalization: [\\$1.23B](#) (Total existing supply * price)
23. Average daily volume on the 30 last days: [\\$6.346.540](#)
24. cbETH is currently listed on Coinbase platform, Uniswap v3, and Curve. Source: [Coinbase Wrapped Staked ETH Price in USD: CBETH Live Price Chart & News | CoinGecko](#)
25. Social channels data (Size of communities, activity on Github)
26. [Twitter](#) | [Github](#)
27. Contracts date of deployments, number of transactions, number of holders for tokens
28. Date of Deployment: [February 22, 2022](#)
29. Number of Transactions: [21,839](#)
30. Number of holders for token: [3,119](#)

A Security and Risk Assessment

of cbETH will be shared later in this discussion as a reply to this thread. For clarity, we'd like to propose that cbETH be initially launched on Aave v2 with an LTV of 0%, to remove any risk to the other assets in the protocol. For a v3 listing, we will provide parameter suggestions alongside the formal risk assessment.

As mentioned at the top of the proposal on Aave v2 vs. v3, the community will decide the best route forward with a Snapshot vote.