

Disclaimer:

- I only spent few hours on the whole thing, plz read it with tolerance, thank you!

What is Ignite Contract?

- It's a smart contract that acts as on chain investment arm of AAVE token;
- By using existing AAVE token reputation, sell bond to raise USD;
- Provide raised liquidity to other protocols via gov proposal(with help of Ignite Contract) for fixed period of time
- The funds plus bond yield amount will be returned after X period of time, and there won't be any profit/loss;
- The benefits of providing funds: "Ignite Contract":
- Ignite contract will propose AAVE token burn function via Gov proposal, that fund receiving protocol has to burn X amount of AAVE token daily, until X period of time
- etc
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It kind of works like investment DAO, but there won't be any human intervention, all the process will be between smart contracts.

There won't be any profit/loss, so there won't be any portfolio managing, centralized people monitoring the investment, relying on somebody to do the job, etc complicated stuff.

I think it's the best way to invest as a Decentralized protocol

Philosophy behind the Ignite Contract : "Implicit Opportunity Cost Leveraging":

Note: Almost everything has its own versions of implicit cost, financial product are most vulnerable to it, and based on how much opportunities on Crypto ecosystem, if any protocols or tokens doesn't leverage itself, they face huge implicit cost over time

- What is Implicit Opportunity Cost Leveraging? :
- sharing nonproductive resources of object A with object B to grow the output of object B over time, and leverage object B future output as constant input to object A(create constant value adding action to object A)
- It's a risk free, expense free, only net positive way of lowering the implicit cost of A financial product, and it can make underlying object way higher performing then it it would've by itself
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- Applying to AAVE token
- AAVE token price only relying on performance of Aave protocol can't grow as fast, and there are multiple ways to lower the implicit cost of AAVE token, and make it super performing asset
- By leveraging the reputation of AAVE token to raise liquidity, create new liquidity without affecting AAVE token value , and using the leveraged petition to add external third party value to AAVE token without any expenses.
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Problems & Concerns:

- Not leveraging the AAVE token:
- AAVE token has enough credibility that can at least sell 25% market cap value of Bond easily

- By not leveraging it, AAVE token facing implicit cost
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- Missing out the oportunities:
- Crypto ecosystem is fast growing ecosystem, by not participating & benefit from growth of other protocols by investing, Aave will be huge Implicit cost over time
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- Centralized investment DAO solutions:
- Aave DAO or AAVE token has to make venture investment at some point
- I think centralizing operation will brings a lot of risks & concerns, Aave as a DAO should't use centrized sltuion to make profit
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- Burning AAVE token:
- It doesn't mark cence to burn AAVE with Aave protocol free, and in order to grow the price of AAVE, it would be better to find some ways to burn AAVE to make AAVE deflationary
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Ignite Contract different versions:

- Bailout version:
- If any protocols that has big potential, get hacked, and needs Bailout, then Aave Ignite Contract will bailout that protocol with X amount of liquidity, by fundraising via bond selling, and lend the liquidity for fixed period of time(with risk management)
- With Ignite Contract conditions, that protocol has to burn X amount of AAVE Daily until X period of time
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- Providing USD funds to DAO treasury to fund the project version:
- Aave by providing liquidity to DAO treasury build a Gov token minting rights of that protocol, that Aave will always has the rights to mint equivalent USD value of Gov token, and liquidate it
- Will hold the position until X amount of AAVE has been burned.
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- Providing liquidity to protocol as LP version:
- Provide liquidity to smaller cap protocols for X pearate of time, and that protocols has to burn X amount of AAVE daily for X period of time
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- Gamefi version: buy supplying AAVE as collateral or currency that earned amount will be use to burn(e.g lottery, betting, etc)
- More versions: there are more ways to do it, it needs more research;

#### Fundraising & Finance:

- use AAVE token credit as collateral, sell bound to raise USD with 10% fixed APY
- 10% APY will be generated by funded protocol
- After fixed parade of time the load amount + 10% APY will be return
- There won't be any profit/loss for nobody
- Benefits:
- Fund receiving protocol will use that fund for X amount of period to grow their protocol
- Bound buyers will earn 10%
- AAVE token won't make any Profit/loss, but over time more and more AAVE tokens will be burned by third party protocols
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#### Token burning mechanism:

- Time Limited:
- Pre setted Daily burn amount no matter the price of AAVE, the protocol via X% of protocol fees, DAO treasury, new token minting to buy AAVE, and burn it daily
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- Amount Limited:
- use X% of fees generated from the protocol, and buy AAVE daily with market value, and burn util X amount of AAVE berned in total
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#### Risks management:

- How to guarantee the safety of the fund:
- By mapping out all kinds of possibilities, set all kinds fo potential Risks resistant functions well
- Etc, need more research
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- If unexpected happened, what are the consequences:
- We will do our best to make best deals, if any unexpectations happiness, then act accordingly
- Based on how the whole process work, in short perate of time the project can be self fundable that already burned AAVE token value will be greater than Risk, so there won't be much risk over time
- The Bound position can be registered by new Bound minting, and investing on new protocols, and mint burned tokens to payback Bound holders

- There won't happen any new AAVE token minting(if necessary, only mint token amount that had been burned)
- Need more research, make it better over time
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Mission, and success looks like:

- By raising 200 million USD for 50+ protocols, without any cost & risks will burn 1,000,000 to 5,000,000 AAVE in next 24 month or over time
- etc

Target protocols to implement Ignite Contract:

1. Beanstalk Protocol
2. any other small cap big potential protocols

AAVE-Ignite Contract-BeanStalk Protocol-Bailout (proposal)

What is Beanstalk & Why does it need funding:

What's Beanstalk protocol:

- Web site: <https://bean.money>
- White paper: <https://bean.money/docs/beanstalk.pdf>
- Twitter: <https://twitter.com/BeanstalkFarms>
- Learn(vedio): [Mission: DeFi - Ep 55 - The inside story of the Beanstalk Farms exploit & why they doxxed - YouTube](#)

Why does it need funding & use case of the fund:

- [Beanstalk: The Path Forward | Beanstalk](#)
- [Beanstalk: The Path Forward FAQ | Beanstalk](#)

Beanstalk bailout Contract conditions simple overview:

- Fundraising via Bond token mining, public sale or other ways
- Propose requirements to Beanstalk DAO governance
- The lending amount, duration, etc
- Risk management: how to guarantee the safety of the funds, what are the consequences
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- Risk management: how to guarantee the safety of the funds, what are the consequences
- Burning rate & total burning amount of AAVE token
- After the fact, and ending
- etc

Contract writing, monitoring, operating ,updating:

- Can be done by Aave dev team

Potential offer:

(only my opinion, can be changed)

Offer:

- Aave DAO via "Aave Ignite contract" will raise 20 million USD by bond selling(with 10% APY)
- Lend the 20 million USD to Beanstalk DAO, and Beanstalk DAO can use the funds to fund the Beanstalk protocol to restart the protocol
- Beanstalk DAO has to return the \$20 million + 10% APY to Aave Ignite Contract after 12 month
- Condition: as of fund send, Beanstalk DAO has to start burn AAVE token:
- Burn Rate : for (i = 1; i < 731; i++) count += 1;
- starting from daily 1 burning 1 AAVE, burn compounding number of AAVE for 730 days
- Total AAVE to burn in whole process =  $(n * 0.5) * (n + 1) = 266,815$  AAVE
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- More details can be discussed by representatives of both DAO;

Note: i'm continuously learning more about Beanstalk protocol, if Aave community representatives have any questions, I can answer via commnet/meeting....

END note:

- LOL
- If Aave community thinks worthwhile to keep working on it, it can be improved over time
- Open to more new ideas, and discussion
- LOL