

Hello,

I am proposing to onboard agEUR on AAVE V3 when it is deployed on Polygon.

Disclaimer: I am a Core Team member of Angle Protocol which maintains this stablecoin

Summary

Angle Protocol is a decentralized stablecoin protocol designed to be both over-collateralized and capital-efficient.

The protocol has started by launching agEUR, a Euro stablecoin in November. This stablecoin has become one of the biggest in the market with a supply of 129m, a TVL in the protocol of \$241m, and an average daily volume > \$4m.

agEUR can at the moment only be issued on Ethereum mainnet, but it can be bridged on many different chains, like on Polygon with the PoS bridge.

So far, there are more than 8m agEUR on Polygon with deep liquidity on Quickswap (\$14m liquidity) and on Curve (~\$2.5m).

Besides Quickswap and Curve on Polygon, on mainnet agEUR has liquidity pools on UniswapV3 (\$48m liquidity for agEUR/USDC), Sushiswap (\$11m for agEUR/ANGLE) and Curve (\$130m). The stablecoin can be minted in a capital-efficient way at oracle value from the protocol meaning liquidity for it could be theoretically infinite.

Stablecoin is also available on Fantom, Harmony, BSC, Avalanche, Solana, NEAR, Aurora and Fuse.

The stablecoin is over-collateralized (current collateral ratio = 164%), it is backed by USDC, DAI, FEI and FRAX. The protocol insures itself against the \$/€ change risk by issuing perpetual futures and by the deposits of another type of agent incentivized by the strategies built by the protocol (involving lending to Aave).

Links

- Docs: <https://docs.angle.money>
- Token Contracts: All Angle related contract addresses can be found [here](#)
- Smart contracts/Code: [Angle · GitHub](#)
- Analytics: <https://analytics.angle.money>

agEUR has no Chainlink feed yet but it passes all the security requirements to get eligible to a feed.

Audits

We have had three different audits by Chainsecurity and Sigma Prime which can be found [here](#).

Benefits for Aave V3

agEUR could be an interesting asset for Aave V3 efficiency modes: for instance if there is an efficiency mode with other Euro stablecoins, we could imagine people taking advantage of Aave V3 to get significant leverage and to arb the stablecoin back to peg (leveraging Curve and potentially Quickswap as well).

I think that the Angle community could even push for shifting incentives from Quickswap to UniV3 on Polygon to allow for better arbs leveraging Aave.

agEUR could also be another asset in Aave's Polygon efficiency mode for stablecoins in general allowing for interesting FX arbs here as well.

On top of that, in the first place agEUR could be used in isolation mode which means this asset would induce very small risk for the Aave protocol as a whole.

As for the overall benefit of agEUR for the Aave community, many agEUR holders are looking for a reliable place to deposit their stablecoins and get a simple yield on this. Aave would provide this use case.

More generally, many DeFi farmers are coming from Europe and want to get a yield on their home currency without being exposed to a USD/EUR change risk. Listing agEUR on Aave would open the gates for many institutional players coming to get yield on their €.

Besides arbitrageurs, we could expect borrowers of agEUR to be people wanting to either take advantage of the different yield opportunities provided by LPing agEUR or by people wanting to get leveraged on another asset while being exposed

to the € price of it (and not the \$).

Risk Parameters

With the liquidity on Polygon in mind, I propose the following risk parameters. Obviously this is a first proposition and governance/risk team is more suited to choose better risk parameters:

1. V3 Efficiency mode EUR stablecoins (if it exists): 97% LTV, 98% liquidation threshold, 10% reserve factor
2. V3 Efficiency mode stablecoins: 90% LTV, 95% Liquidation threshold, 10% reserve factor
3. V3 Isolation mode: 60% LTV, 80% liquidation threshold, 20% reserve factor, 5M\$ debt ceiling. This is a conservative debt ceiling, given the mainnet liquidity we could also imagine efficient cross-chain liquidators coming to liquidate even if liquidity is for agEUR is small on Polygon.

Specifications

1. What is the link between the author of the AIP and the Asset?

As mentioned in the disclaimer, I am a Core Contributor of the Angle Protocol.

1. Provide a brief high-level overview of the project and the token

See agEUR summary section

1. Explain positioning of token in the AAVE ecosystem. Why would it be a good borrow or collateral asset?

See Benefits for Aave section.

1. Provide a brief history of the project and the different components: DAO (is it live?), products (are the live?).

Angle Protocol is a decentralized stablecoin protocol, it is ruled by the ANGLE token and more generally by the veANGLE token. Like many other projects, Angle DAO has indeed adopted the ve tokenomics.

The platform was released on November 3rd 2021.

ANGLE locking went live in January.

Votes by veANGLE holders are implemented by a 4/6 multisig composed of 3 core team members (including myself), Julien Bouteloup, 0xMaki and SebVentures.

1. How is the asset currently used?

The asset is a € stablecoin. It is used by people as a means of exchange to pay in Euros in DeFi, or to keep a stable asset value in reserves before aping in elsewhere.

It is also used as a way to get yield in many places in DeFi.

1. Emission schedule

Token can only be issued following the rules of the protocol on mainnet: at oracle value if someone has provided either USDC, DAI, FEI or FRAX. As such there's no emission schedule for the token.

1. Token (& Protocol) permissions (minting) and upgradability. Is there a multisig? What can it do? Who are the signers?

agEUR token contract on mainnet is upgradeable and can be upgraded by the multisig described above.

agEUR on Polygon can also be upgraded by a multisig on Polygon. Only Polygon PoS has the minting right on the contract

1. Market data (Market Cap, 24h Volume, Volatility, Exchanges, Maturity)
2. Market Cap

: €129m circulating, €8m on Polygon, market cap = FDV for the stablecoin

- 24h Volume

: \$5.3m (from Coingecko) and this does not take into account Curve liquidity

- Volatility

: Low

- Maturity

: Early

1. Social channels data (Size of communities, activity on Github)
2. Discord

: 31.5k members

- Twitter

: 25.9k followers

1. Contracts date of deployments, number of transactions, number of holders for tokens

On mainnet:

- Date of Deployment

: Oct 23rd 2021

- Number of Transactions

: 2347 and 15614 transfers

- Number of holders for token

: 489 (NB: there are many incentive programs involving LPs of agEUR which means actual amount of holders is higher)

On Polygon:

- Date of Deployment

: Nov 23rd 2021

- Number of Transactions

: 683 and 5976 transfers

- Number of holders for token

: 162