

Proposal Name:

Ape Finance Building DeFi for ApeCoin Ecosystem

Proposal Category:

Ecosystem Fund Allocation

ABSTRACT

Ape Finance is building DeFi for the metaverse, centered around ApeCoin. Currently ApeCoin holders can borrow ApeUSD against their ApeCoin, giving ApeCoin holders more utility without selling ApeCoin.

ApeFi is seeking a 250,000 ApeCoin grant from the ecosystem fund to further build out ApeFi, with funds going toward security audits, protocol owned liquidity, and general overhead.

If this proposal passes, voters who voted on this proposal, regardless of FOR or AGAINST, will share 8,250,000 APEFI tokens, based on their voting power. Addresses voted with over 825 ApeCoins will be entered into the ApeFi NFT allowlist.

MOTIVATION

Borrowing against ApeCoin instead of selling ApeCoin benefits all ApeCoin holders by preserving ApeCoin value. DeFi is a proven web3 use case that ApeFi is building into ApeCoin, and having more ApeCoin token utility with strong DeFi integrations built by strong DeFi builders is highly valuable to our community. By adding the ability for ApeCoin holders to collateralize their ApeCoins to borrow ApeUSD, ApeCoin holders have more options like earning yield or paying for general expenses without having to sell their ApeCoins.

Many in Web3 have heard of the Bitcoin Pizza story, where in 2010 Laszlo Hanyecz spent 10,000 BTC on two large pizzas. If only Laszlo had a DeFi lending service like ApeFi to borrow against his BTC, Laszlo would still have 10,000 BTC, which is worth ~\$240-million USD today. ApeFi will help the ApeCoin community avoid the same mistake.

RATIONALE

ApeFi has already built the protocol that allows ApeUSD to be borrowed against ApeCoin, with collaboration and integration with major DeFi projects such as Frax Finance, Curve Finance, Convex Finance, and Uniswap so far. ApeUSD can be directly exchanged for FRAX or USDC on Curve at <https://curve.fi/factory/138>

It is no secret that many ApeCoins are soon unlocking to investors and contributors. Without viable options to borrow against their ApeCoin distributions, their only option is to sell their ApeCoins. By providing a useful borrowing option, we can protect the value of ApeCoin by reducing sell pressure. Spending borrowed funds is a common strategy for the wealthy to spend without paying taxes on those funds because it is a taxable event to “realize” the gains.

ABOUT APEFI

Ape Finance is building DeFi tools for the metaverse. We appreciate culture, art, and games. Ape Finance begins with the creation of the ApeUSD.

ApeUSD is the stablecoin for the metaverse. Users can collateralize ApeCoin to mint ApeUSD. Borrowed ApeUSD tokens are overcollateralized by ApeCoin deposits, similar to DAI from MakerDAO. Our governance token is APEFI.

ApeCoin holders can deposit ApeCoins and borrow ApeUSD at ape.fi.

SPECIFICATIONS

250,000 ApeCoin from the Ecosystem Fund as a grant to ApeFi to back ApeUSD for security audits, protocol owned liquidity, and general overhead.

STEPS TO IMPLEMENT

250,000 ApeCoins to be transferred to the ApeFi multisig. Voters who voted, regardless of FOR or AGAINST, can claim APEFI tokens at ape.fi within 7 days after the AIP vote ends. Addresses voted with over 825 ApeCoins will be entered into the ApeFi NFT allowlist.

TIMELINE

Can be implemented as soon as a passing FOR vote is confirmed.

OVERALL COST

250,000 ApeCoins from the Ecosystem Fund.