

Sentence Rational

For thousands of years gold has functioned as collateral and we would like to extend this capability and borrowing to the DeFi ecosystem through Aave. PAX Gold is the largest market cap tokenized gold coin - each PAXG token represents and is backed by one troy ounce of gold.

References

Link to:

- [Project](#)
- [Whitepaper](#)
- document portal
- N/A
- N/A
- [Source code for the system\(s\) that interact with the proposed asset](#)
- [Ethereum addresses contracts](#)
- [ChainLink Oracle](#)
- Audits
- [Smart contract](#)
- SOC 2 Type 2
- [Attestations](#)
- [Smart contract](#)
- SOC 2 Type 2
- [Attestations](#)
- Communities
- N/A
- N/A

Paragraph Summary

PAX Gold was the first and is the largest digital gold token. PAXG launched in 2019 with the mission to make the ownership of physical gold safer, cheaper, and more convenient. Since then the token has grown to over \$160M in market capitalization and has been listed on a variety of institutions including FTX, Binance, Kraken, BlockFi, itBit, and Celsius.

We have seen an enthusiastic customer base in particular for being able to use digital gold as collateral and earn yield on CeFi platforms like BlockFi and Celsius. Some users however cannot, or choose not to, use CeFi institutions and we would like to ensure DeFi users can experience the same benefits of using gold as collateral and/or to generate yield.

Listing PAX Gold will provide a new trustworthy, secure, deflationary method for users to store value in the crypto ecosystem and help DeFi users build a diversified digital portfolio.

Motivation

Only PR commits are to list PAXG asset.

Specifications

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

The AIP submitter, [Paxos Trust Company](#), is the sole issuer of the PAX Gold token. Paxos Trust Company is a regulated financial institution and qualified custodian.

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

PAX Gold was launched to provide a safe, affordable, and convenient way to own investment-grade gold. Each token is fully

backed by one troy ounce of London-good delivery gold bars held in Brinks vaults in London. Users can redeem gold bars directly or in smaller quantities through our partner Alpha Bullion.

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

Gold is an ideal and proven asset for collateral because it has relatively low volatility and is deflationary by nature. From what we understand, most gold borrowers are institutions borrowing to create liquidity or maintain PAXG markets through healthy arbitrage.

1. Provide a brief history of the project and the different components: DAO, products; and how it overcame stressed conditions

PAXG is available for trading on Uniswap and many centralized exchanges

1. How is the asset currently used?

Primary use cases are buy/sell, trade, hold, send/receive, use as collateral, and borrow.

1. Emission schedule

PAXG tokens are minted/burned based on client demand. The process for minting and burning has been approved by the NYDFS and is regularly audited by a third party. Full monthly attestations available on the paxos website. Market cap fluctuates as users purchase and redeem PAXG.

1. Token permissions and upgradability
2. Note that all of the following roles are held by multi-sig addresses.
3. Controlling the token supply - The supplyController address can mint and burn the token based on the actual movement of gold in and out of the reserve based on requests for the purchase, conversion and redemption of PAXG.
4. Contract Owner - Can pause/unpause the contract and propose a new owner.
5. Asset Protection Role - As required by our regulators, we have introduced a role for asset protection to freeze or seize the assets of a criminal party when required to do so by law, including by court order or other legal process.
6. Upgradeability Proxy - To facilitate upgradeability on the immutable blockchain we follow a standard two-contract delegation pattern: a proxy contract represents the token, while all calls not involving upgrading the contract are delegated to an implementation contract. The proxy used here is AdminUpgradeabilityProxy from ZeppelinOS.
7. Market data (Market Cap, 24h Volume, Volatility, Exchanges, Maturity)
8. [Market Cap](#) = ~\$168M
9. [24hr trading volume](#): \$10M - \$30M
10. [Exchanges](#): Uniswap, Binance, Kraken, FTX, itBit, Gemini
11. Social channels data (Size of communities, activity on Github)
12. Paxos Twitter: 16.5k followers
13. Contracts date of deployments, number of transactions, number of holders for tokens
14. Deployed on Aug-26-2019 02:36:20 PM +UTC
15. As of 4:42PM EST on April 20, 2021:

Transfers: 185,537

Holders: 10,224

RISK

Below is the Risk Analysis for PAX Gold based on Aave's Risk Methodology. By these standards PAXG received an "B" risk rating. A few caveats/notes

- PAX Gold is regulated by the NY Department of Financial Services (DFS)
- The OCC granted a national trust bank charter to Paxos with preliminary conditional approval
- Each PAXG token is 100% fully backed by London Good Delivery gold bars

- There is no other gold-backed token with the level of product & company regulation than PAXG & Paxos.

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