

Allocate 45,000 APE to Silo Finance Lending Market

Proposal Category: AIP, Treasury, Voting, DeFi Integration

Abstract

Silo Finance would like to request a capital injection of 45,000 APE tokens to its permissionless risk-isolated lending market. The APE tokens will help kickstart lending liquidity and create a new revenue source for ApeDAO. Silo markets are non-custodial and as such can be removed at the behest of the ApeDAO at any point in time without the consent of Silo.

Silo has already done similar successful programs with the Balancer and Aura DAOs.

Background

Silo Finance is a non-custodial lending protocol that creates risk-isolating money markets. In our lending protocol, each market - we call it a silo - consists of a base asset such as \$APE and two bridge assets, ETH and a stablecoin XAI (pronounced /zi/). Borrowers in each silo (market) are only exposed to the risk of 3 assets at any time rather than all the assets in the protocol.

This secure design of money markets protects borrowers against lending hacks, as experienced in previous exploits of Cream Finance, Venus protocol, and, recently, Mango Markets. Because our isolated silos don't share risk, the Silo lending protocol can theoretically create unlimited money markets.

Our implementation of money markets is drastically different from shared-pool lending protocols like Compound and Aave, where all token assets sit in one market only. As such, if one token asset is manipulated, the entire protocol becomes at risk of insolvency.

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Our team is partially doxxed and counts on the help from a multitude of prominent and respected advisors.

Team:

- Yoshua Urioste (BD Lead - ME!)
- Aiham Jaabari (Head of Growth and Founder)
- Shadowy Edd (Smart Contracts Lead and Founder)
- Ihor (SC Engineer)
- Neo Racer (SC Engineer)
- Siros (Front End Lead and Founder)
- El II (FE Engineer)
- Tyko (FE Engineer)
- Sergey Maksinov (Product Manager)
- Andrew (Product Design)
- Anton (Mathematician)
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Advisors:

- Sam Kazemian (Frax)

- Tyler Ward (BarnBridge)
- Ameen (Reflexer)
- ShapeShiftDAO
- Joey Santoro (Fei)
- Tyler Reynolds
- Santiago R Santos
- Regan Bozzman (Lattice)
- Emile (XDefi)
- Sherwin Lee and Keith (DeFi Capital)

Motivation - The \$APE silo

The Silo protocol has deployed a risk-isolated market for \$APE consisting of three assets: \$APE-ETH-XAI.

This means users can do the following for example:

- Deposit \$APE into the APE silo.
- Borrow ETH or XAI from the APE silo.
- Deposit the borrowed ETH into the WBTC silo.
- Borrow WBTC from the WBTC silo.

Because both APE and WBTC silos are isolated, any manipulation of the WBTC silo will not impact \$APE depositors. Soon, \$APE depositors will be able to borrow any of our 30+ assets while limiting their risk to one market at a time.

Rationale

If the proposal is successful, In addition to making non-inflationary yield on its \$APE deposit, this new lending market will enable whole new use cases for token holders and other market participants including but not limited to:

- Leverage Long/Short.
- Borrowing assets to Farm.
- Delta Neutral farming.

Silo Finance has always been friendly to ApeDAO, using APE as one of its beta test assets from launch. Silo was also the first lending platform to create lending markets for the token. At current depth it is hard to garner APE deposits, for this reason we need APE to help us stimulate the market and allow it to grow.

Security

Silo counts on two audits from reputable auditors (ABDK and Quanstamp), full formal verification via Certora and a Immunefi Bug Bounty.

Individual reports and details can be found here: [Audits & Formal Verification - Developer Docs](#)

Sepcifications / Steps to Implement

To deposit \$APE into the Ape silo, the treasury multi-sig would need to do the following:

1. Approve APE transfer to APE silo 0xd953cC57D906e1F2D7d6C8C50A369Ff64096DDC5
2. Call deposit(address _asset, uint256 _amount, bool _collateralOnly) on Silo contract (0xd953cC57D906e1F2D7d6C8C50A369Ff64096DDC5) where _asset is APE address, _amount is amount of APE deposited and _collateralOnly is false.

Enter overall cost

Silo Finance is asking for 45,000 APE tokens however it is worth noting that the ApeDAO doesn't have to give Silo's team or any other entity anything, the protocol is permissionless, risk-isolated and non-custodial by design. The ApeDAO won't actually be spending any of this money as it is directly available to them for withdrawal. Quite the opposite, this will actually generate revenue to the DAO in a non-inflationary way.