Title: [ARFC] Add FRAX to Ethereum Aave v3

Author: @oneski22 @TokenLogic

Created: 2023-05-11

This proposal is to add FRAX to Aave v3 on Ethereum.

References

General

Project - [https://frax.finance/

](https://frax.finance)Documentation - [https://docs.frax.finance/

](https://docs.frax.finance/)Whitepaper: https://docs.frax.finance/overview

Github / source code - [https://github.com/fraxfinance

](https://github.com/fraxfinance)Analytics: [https://facts.frax.finance/

](https://facts.frax.finance/)Chainlink Oracle - 0xb9e1e3a9feff48998e45fa90847ed4d467e8bcfd8

Audits

11/2020 - Certik

07/2021 - Trail of Bits

01/2022 - Trail of Bits

Summary

FRAX is the inventor and first fractional stablecoin that uses a hybrid of algorithmic and collateralized mechanisms to stay on price target. FRAX is currently the #7 largest stablecoin by market cap 2 (1B) according to Coingecko. FRAX has also never lost peg a single time in its existence (defined as more than 1 cent price deviation on each side).

FRAX currently has the largest Curve pool on Ethereum mainnet with almost $900M in liquidity and is a Uniswap top 10 token. Additionally, FRAX has already been successfully lent out on Aave v2 on ETH mainnet for many months and is a popular borrowable stablecoin with no issues of unpegging or economic problems.

FRAX is also already deployed natively on Polygon, Avalanche, Arbitrum and Optimism where Aave v3 resides.

Motivation

FRAX can use its Lending AMO (similar to Maker's DAI Direct Deposit Module) to mint protocol controlled FRAX to be lent out on Aave Protocol. Frax Finance has in the past done so in Aave v2 via an Aave Lending AMO.

The Frax Finance team could deploy a similar Aave Lending AMOs to Aave v3 after FRAX is listed.This will provide Aave users with access to FRAX and present an alternative to the four USD stable coins on Aave v3.

Users are able to borrow FRAX and earn yield across DeFi, such as on Curve Finance and Convex Finance.

Specifications

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

2. There is no link between the authors and the core teams of the asset.

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

4. See summary.

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

6. FRAX is a popular stablecoin to borrow, with its Lending AMOs it is able to mint protocol-owned FRAX to ensure low interest rates.

7. Emission schedule

8. FRAX is a stablecoin and mintable/redeemable so it does not have a governance token emission schedule.

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

10. There is a multisig which can operate certain AMO contracts but cannot in any way change users' FRAX balances, cannot freeze or pause any user's funds, and cannot in any way alter the behavior of the protocol or sweep/rug collateral or value. There are no FRAX whitelists/blacklists in any capacity as it is entirely a bearer asset/decentralized exactly like DAI.

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

Market Cap: [~$1B](#)

24h Volume: [~$6.5M](#)

Volatility: stablecoin (extremely low)

Maturity: Launched [Dec-16-2020](#)

Exchanges:

[Curve Finance](#)

FraxSwap Liquidity

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

Discord - [Frax Finance](#)

Telegram - [Telegram: Contact @fraxfinance](#)

Governance Discussion - https://gov.frax.finance/

Governance Voting - [Snapshot](#)

Twitter - https://twitter.com/fraxfinance

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

2. Deployed December 16th, 2020

3. As of Block 1,7231,800: 673,151 Transfers, 7717 Holders

Risk Parameters

PLACEHOLDER UNTIL RISK PROVIDERS GIVE THEIR INPUT[@ChaosLabs](#) [@Gauntlet](#)

Copyright