[Hamzah](#) here - I lead DeFi at Polygon. Happy to be submitting this to list UST as asset on Polygon market.

Reference to similar proposal on Ethereum market -[link](#)

Summary

With a market size of $1.5 billion on Aave Polygon and UST (TerraUSD) already listed on Ethereum mainnet, the deployment of UST on Aave Polygon can help facilitate the cross chain adoption of UST while increasing Aave use on Polygon. UST is an algorithmic, seigniorage-based stablecoin issued by Terraform Labs on Terra. UST is minted by burning $1 of Terra's native asset Luna. UST maintains this value through its ability to always be redeemable for $1 worth of Luna. Its market cap has steadily grown to over $15.1 billion (March 17, 2022) while the stablecoin has successfully kept its price at peg.

Proposal

List UST on Polygon Pos, the premier Ethereum Layer 2 scaling solution, for lending and borrowing.

Reasoning

Currently, 30% of Polygon Aave TVL is made up of DAI, USDC, and USDT. Adding UST can further accelerate the access to a wider variety of stablecoins on Polygon, as well as benefit the Terra ecosystem by expanding the use cases of UST. Listing UST on Aave Polygon not only creates new value for UST on Aave, but will send a message to the wider Polygon ecosystem to begin the adoption of UST across a multitude of protocols. The Terra community is committed to a multi-chain future, and with the introduction of Aave v3's new portal mechanism, the more chains that support tokens, such as UST, the greater the interoperability.

UST is already on major ETH dApps including Curve, UniSwap, Harvest, Mirror Protocol, etc. With its current 24 hr volume at over $472M, it is clear there will be sufficient demand for borrowing/lending on Polygon given its wide range use cases and immense popularity.

Terra has begun its migration away from its centrally held Shuttle Bridge to Wormhole's more decentralized bridge. Wormhole operates as the decentralized, intermediary oracle network that observes and verifies messages on one chain and relays them to the other chain - relying on the consensus and finalization of the connected chains. Shuttle Bridge will utilize Wormhole's token bridge for back end while maintaining the same front end UI. The move to use Wormhole lowers the risks associated with relying on a centrally held bridge, while enabling for greater cross chain acces. Currently Wormhole is connected to ETH, Terra, BSC, SOL, and Polygon. Given the history and robustness of Terra's stablecoins over the last 3 years, I believe that the addition of UST would pose low risk to the Aave ecosystem.

Additionally, tokens that have deployed on Polygon PoS so far have experienced a number of significant benefits, such as user base growth and extremely high user activity. For example, Aave reached 700k+ active users on Polygon PoS, roughly [10x more than on](#)

[Ethereum L1](#). Moreover, with transaction fees being on average 1,000x lower than on Ethereum L1, Polygon PoS enables token issuers to save millions of dollars to their users. In fact, Aave users saved [~$42M+ in five months](#) by choosing to use Aave Polygon. The low fees enable users to borrow and lend more frequently, with user activity reaching a high of [~16x more compared to L1](#). Together this partnership can bring in more value for Aave, Terra, and Polygon while pushing forward Polygon's vision of #DeFiForAll

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Important Details:

Volatility: Low, peg has maintained stability well

Exchanges for UST: Curve, Sushiswap, Uniswap, Balancer, Kucoin, Bittrex, Terraswap, Coinbase, MEXC, Gemini, Bitfinex

Asset use cases: UST can be used on most of the major dApps - including Curve, Uniswap, Harvest, Sushi, etc. as well as on Terra applications such as on Mirror mAsset pools and ethAnchor.

Emission schedule: There is no emission schedule. Whenever there is fluctuation in demand for UST that causes the price to go off peg, $1 LUNA can be swapped for 1 UST, and vice versa.

Maturity: Moderate, Terra has had stablecoins on its chain for over 3 years now that have been able to maintain peg. UST has been live since October 2020 and is backed by a reputable team, Terraform Labs, who has launched Anchor and Mirror protocols.

Community: 31K Telegram members, 16K discord members

Links:

· [Terra](#)

- [Whitepaper](#)

- [Docs](#)

- [Terra github](#)

- [Etherscan](#)

- [CertiK Security Leaderboard - Terra](#)

- [Website, token bridge, and other helpful Wormhole links 6](#)