

Summary

Add [BOND](#) to Aave v2.

Abstract

BarnBridge is building a suite of applications that allows users to mitigate risk across various use cases throughout DeFi. These applications rely on differentiated user profiles, referred to as tranches, in order to create markets for risks such as interest rate fluctuations and asset price volatility. Currently, SMART Yield has over [\\$180M in TVL](#), while SMART Exposure and SMART Alpha are slated for Q2 and Q3 of 2021, respectively.

The BOND token is used to govern the BarnBridge DAO and allocate protocol resources. Additional functionality is being worked on, related to backstopping certain new features currently under development.

Motivation

BarnBridge is one of a handful of DAOs noted for its sizable allocation of its own native asset (see [open-orgs.info](#)). It currently holds over 30% of the total BOND supply.

Adding BOND to Aave would provide a mechanism through which the DAO could finance growth, decreasing the need for excessive token distributions. Example use cases include: funding projects building on top of BarnBridge applications, paying salaries to key protocol participants, and hosting bug bounties that earn yield until paid out.

BarnBridge earns fee revenues from both deposits of underlying assets and redemptions of derivative assets.

By adding BOND as collateral, the DAO and individual BOND holders can borrow against their position, increasing stablecoin demand and utilization on Aave v2. Additionally, BOND holders can lend out their position for a yield on Aave v2. Given BarnBridge's direct role as an Aave liquidity provider, the addition of BOND to Aave v2 creates more synergies between AAVE and BOND holders.

To start, it may make sense for BOND to have a conservative LTV and liquidation threshold which can be fine tuned further down the line.

Rationale

BarnBridge will continue to grow as a distributor of Aave v2 stablecoin markets as its SMART Yield integration gains further traction. There are currently ~\$109M worth of stablecoins deposited into Aave v2 through SMART Yield. This liquidity is provided without any expectation of being used, meaning BarnBridge is a pure liquidity provider for Aave. BarnBridge is also actively building an integration with Aave's Polygon market. Future BarnBridge products, including SMART Alpha senior tranches for assets like wBTC and ETH, stand to provide Aave with relatively safer collateral given their ability to mitigate price drawdowns.

Oracle

A BOND/ETH Chainlink feed is [available](#).

Liquidity and Holder Base

BOND has been trading for more than 7 months. BOND is primarily traded on Gemini and Uniswap. Uniswap holds \$1.9M of liquidity in the BOND/ETH pool and [\\$23.1M](#) in the BOND/USDC pool.

BOND Holder Base

Nansen

Audits / Security Reviews

All audits can be found here: [BarnBridge-PM/audits at master · BarnBridge/BarnBridge-PM · GitHub](#)

References

- [Website](#)
- [Whitepaper](#)
- [Documentation](#)
- [GitHub](#)
- [ChainLink oracle](#)
- [Discord Community Server](#)

- [Twitter](#)

Next Steps

We welcome any feedback from the community. Please vote in the poll below (closes 6/23).

If the poll wins, we will propose risk parameters for the community to review.

Should BOND be added to Aave v2?

- Yes
- No

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voters