1. Who is the interested party for this collateral application?

This collateral application was created by the Gelato Network development team. Gelato is Ethereum's automation protocol and offers a series of automation services focussed on DeFi, including limit orders on AMMs, Aave liquidation protection and an automated liquidity provision solution for Uniswap v3 Liquidity provides called G-UNI, the latter being the proposed collateral type for this proposal.

1. Provide a brief high-level overview of the project, with a focus on the applying collateral token.

G-UNI is an ERC20 wrapper around Uniswap v3 LP NFTs which can be used to make liquidity provision on Uniswap v3 fungible and its fee reinvestment process automated. It basically turns Uniswap V3s liquidity positions into Uniswap v2 like ERC20 tokens.

G-UNI tokens have already been adopted by a wide series of projects such as MakerDAO, Instadapp, Rari, and many more.

Based on several discussions with Aave stakeholders and Uniswap v3 Liquidity providers, we believe that the G-UNI DAI / USDC, DAI / USDT and USDC / USDT pool tokens would provide great value to Aave users as an efficient way of utilizing their USDC, DAI and USDT collateral to borrow other tokens while earning compounding trading fees on Uniswap v3. Moreover, this would enable Aave users to go leverage on their Uniswap v3 positions and potentially 50x the liquidity they provide and thus significantly increase their fees earned.

G-UNI tokens have the following functionalities:

- Simplicity: Having a simple one size fits all liquidity strategy making market making very accessible for everyone as users don't have to actively manage their position
- Fee Compounding: Reinvesting the earned trading fees back into the pool resulting in an automated compounding effect
- Fungibility: One Uniswap LP token is equal to another, meaning they can be used as money legos in other protocols such as on Maker for collateral or for liquidity mining schemes like what Instadapp is doing, making the underlying capital hyper-efficient

Users can always exchange G-UNI tokens for the corresponding underlying tokens (e.g. DAI & USDC) and the accrued fees that are currently being stored on Uniswap v3 by the G-UNI contract. G-UNI uses no external oracles or other dependencies and G-UNI tokens can be minted and burned at any point in time by liquidity providers.

G-UNI tokens can be created permissionlessly by anyone for any Uniswap v3 pool. However, this application only concerns three specific G-UNI pool which has DAI, USDC and USDT as the underlying tokens which are provided as liquidity on Uniswap v3. More G-UNI pools that have different underlying tokens can be added in separate Collateral Onboarding proposals in the future.

The automated reinvestment of fees is a key feature of G-UNI pools, which is conducted by bots of the Gelato Network which act similar to Maker Keepers. Those bots constantly monitor the accrued fees of each pool and execute the fee reinvestment function when sufficient fees have been collected and it is worth executing it. Ranges of the pools cannot be adjusted by bots and will remain static.

Each G-UNI pool takes a 1% cut of the accrued fees when reinvesting the fees for building, operating and further improving the G-UNI system.

You can watch a video of Gelato Legendary Member Ari Rodriguez explaining how G-UNI works here.

1. Provide a brief history of the project

Gelato Network was started 2 years ago by Hilmar Maximilian Orth and Luis Schliesske after working together with Gnosis on building automated trading functionalities on top of one of their decentralized exchanges. The two quickly realized that it was very cumbersome and hard to maintain specialized bots / keepers that have to be custom developed for each use case that requires some transactions to be executed automatically at certain times in the future.

Thus they ought to build a generalistic protocol that enables developers to plug into an already existing decentralized network of bots that they can task to execute arbitrary smart contract functions on Ethereum. Since launching in July 2020, many of the top projects in DeFi have integrated Gelato to power their web3 automation needs, including projects such as Instadapp, Zerion, Furucombo, KeeperDAO, Quickswap and AMMs such as Spookyswap.

Gelato's development team not only builds the underlying protocol and the infrastructure, but also develops interesting automation use cases in-house themselves, of which G-UNI is one of them.

G-UNI contracts were tested thoroughly and audited by two external Audit companies as well as multiple times by the MakerDAO core development team. Having MakerDAO adopt the G-UNI framework should greatly reduce the risk for Aave as a lot of due diligence has been done from their side and all the necessary contracts for an integration have already been written (such as an Oracle contract that prices G-UNI tokens).

1. Link the whitepaper, documentation portals, and source code for the system(s) that interact with the proposed collateral, and all relevant Ethereum addresses.
2. Introduction to G-UNI blog post
3. Gelato Network Whitepaper
4. Tweetstorm about G-UNI by Hilmar Orth
5. Deployed instance of G-UNI Factory
6. Deployed instance of G-UNI - DAI / USDC
7. Deployed instance of G-UNI - DAI / USDT
8. Deployed instance of G-UNI - USDC / USDT
9. Link to any active communities relating to your project
10. Telegram
11. Twitter
12. Discord
13. How is the applying collateral type currently used?

G-UNI tokens are used to enable multiple parties to provide liquidity on Uniswap v3 collectively around the same range in a fungbile manner. The USDC / DAI G-UNI pool for example earns fees with a very concentrated liquidity around the $1 range (e.g. 0.9994 - 1.0014) of the DAI / USDC pair on Uniswap v3. Generated fees are directly reinvested into the pool and accounted for when LPs burn their G-UNI tokens in order to receive back the underlying DAI / USDC.

As the stablecoin pair prices should remain rather constant, we don’t need any readjustments of the range.

1. Where does exchange for the asset occur?

The G-UNI DAI / USDC token is just a wrapper around regular DAI and USDC tokens which can be exchanged on multiple decentralized and centralized trading venues. G-UNI tokens can be burned at any time to redeem the underlying DAI / USDC based on the current ratio of the pool.

Happy to answer any questions you might have

Should Aave add the G-UNI DAI / USDC, DAI / USDT and USDC / USDT pools as collateral?

- Yes
- No

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voters