

Request for Comment:

Proposal to Introduce Liquidity Mining for AVT on Uniswap

Proposal Overview

This proposal requests 9000 AVT from community treasury to introduce a liquidity mining program to the Aventus Network in order to incentivize users to provide liquidity to decentralized exchanges by rewarding them with additional tokens.

It is based on the recommendations made by MVP Workshop as part of the Aventus 2.0 token redesign project (see [Aventus 2.0 Tokenomics Report](#)).

How it Works

Currently, most AVT tokens are traded on Coinbase (over 90%). To diversify this risk, it is necessary to distribute the volume across multiple exchanges.

However, creating a new pool on a decentralized exchange represents a cold start problem. It is necessary to create a framework which incentivizes liquidity in order to create a self-sustaining flywheel effect where incentives attract liquidity, improve price execution, and increase volume market share.

As AVT is listed on Coinbase, a major centralized exchange, this proposal is for a liquidity mining program on Uniswap, a major decentralized exchange where AVT is already listed. Given most tokens on Uniswap have a pool for the ETH token, this liquidity mining program will run for the AVT/ETH pool.

Based on research and analysis conducted by MVP Workshop, this liquidity program will last three months, and be phased in gradually up to a desired incentive level of 4000 AVT per month.

Rewards for this initial pilot test are currently planned as follow, but may be amended as needed to optimize the scheme:

- First month: 2000 AVT
- Second month: 3000 AVT
- Third month: 4000 AVT

The total cost of the liquidity mining program would therefore be 9000 AVT. To achieve a large volume, it is not enough that only the TVL is high, but it is necessary that the token swap fee is small, i.e. 0.05%.

Following the conclusion of the liquidity mining program, the liquidity providers will have the option to keep their pool.

Finally, while there are existing solutions that can be leveraged for the Aventus liquidity mining program (the most obvious solution being provided by Etherscan), these solutions

are generally complex, with multiple steps and poor user experience. As such, if this proposal passes, Aventus Services has committed resources to develop and deploy a custom dApp for the Aventus liquidity mining program.

Benefits to AVT Community

Providing liquidity triggers a positive feedback loop, i.e. creating a self-sustaining flywheel effect, where additional incentives attract liquidity, improve price execution, and increase volume market share.

Research and analysis conducted by MVP Workshop indicates that similar liquidity mining programs have produced sustained improvements to total value locked (TVL) and market share even beyond the duration of the incentives, suggesting that such programs can create a foundation for long-term growth and stability.

If this Vote is Approved

If this vote is approved, 9000 AVT will be used from AVT community treasury to fund rewards for liquidity providers.

Aventus Services has committed to set up the liquidity mining staking program on behalf of Aventus Network for the benefit of AVT holders, and develop a custom dApp for a seamless user experience.

The Aventus Network marketing team will ensure that the community has access to sufficient education on the benefits and risks of liquidity mining, as well as instructions on how to take part in the program, via written blog & social media content, AMAs and video tutorials.

Important Links

Aventus website: <http://www.ventus.io>

MVP Workshop Aventus 2.0 Tokenomics Report:

<https://medium.com/ventus/phase-2-of-ventus-token-redesign-is-now-complete-4d6ae4d20022>

Analysis of Uniswap Arbitrum Liquidity Mining Program:

<https://www.gauntlet.xyz/resources/results-and-analysis-arbitrum-liquidity-mining-program>