



UBIQUITY DAO

THE METAVERSE BANK

Bonds Specification Draft

...

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Overview

Objectives

Ubiquity DAO seeks to raise liquidity for the Ubiquity Dollar (uAD) referred herein as “Dollars” paired against other assets. “[Olympus style bonds](#)” are a direct solution for this. Second: raising liquidity will allow us to rapidly increase the supply of Dollars.

Assets to Raise

Pool1s

The “standard yield” bonds markets are designed to be open in perpetuity. Example yields could be something like “[4.5% premium and 5 days vesting gives you 61,698.57% APY](#)”. These are herein referred to as pool1s.

- uAD-LUSD
- uAD-DAI
- uAD-ETH
- uAD-RAI

Pool2

A highly incentivized “pool2” will be used to bootstrap the demand for the bonds, essentially by offering much higher yields e.g. 45% premium in 5 days giving probably a lot more than 100,000% APY. This will be offered for a limited time.

- uCR-ETH

About the Reward Asset



Ubiquity Credit (uCR)

The reward asset for participating in bonds are Ubiquity Credits (uCR) referred herein as “Credits”.

Credits are convertible to Dollars via our [first party smart contract](#) when Dollars trade above peg (\$1.00+) in our [Curve metapool](#).

This allows Credits holders to print the new supply of Dollars, which they sell to make a profit, pushing the price of Dollars back down to peg (\$1.00).

Notice: these were recently rebranded from uAR (Ubiquity Auto Redeem) and uDEBT (Ubiquity Debts) tokens. You will likely see references of these in old documentation and code. We generally used to refer to them all as “debts”. Read the original explainer article [here](#).



Flywheels

There's two flywheels we're expecting to start:

1. Rapidly increase the supply of Dollars

- a. Users must bond Dollars with other assets, meaning they must buy Dollars to participate.
- b. We will direct users to buy Dollars from our Curve metapool.
- c. This will push up the price above peg.
- d. Credits holders are able to print new Dollars and sell.

2. People participating in our bonds

- a. It may be difficult to persuade the earliest users to participate in our bonds because it requires momentum for pushing up the price of Dollars above \$1.00 before Credits holders can cash out.
- b. We will create a highly incentivized "pool2" for uCR-ETH (Credits-Ether) market, which will allow another means for Credits holders to cash out.
- c. To participate, users must buy Credits, and then bond Credits paired with their Ether to receive far higher rewards compared to the other pools

Pool2 Lifespan

It is expected that the Credits will eventually trade close to \$0.00 because of the sell pressure (everybody will be dumping their rewards on this market.)

To determine when pool2 bonds program is terminated we can do one of the following strategies:

1. Offer only up to a certain amount of ETH (e.g. 5000 ETH) to be bonded before the uCR-ETH bonds close.
2. Manually pause when we feel that interest in the market has died.

User Flows

This purpose of this section is to describe the user flow for each of the bond types.

Pool1s

Example flow with the uAD-LUSD market:

1. User purchases 5000 Dollars.
2. User purchases 5000 LUSD.
3. User deposits uAD-LUSD into [Arrakis](#) (formerly known as Gelato, or G-UNI LP).
4. User bonds “*Arrakis Vault V1 uAD/LUSD (RAKIS-1)*” LP tokens
5. User is vested 10,450 uCR (+4.5%) over the course of 5 days.

If Dollar is above peg...

6. User converts 10450 uCR into 10450 uAD and sells to get more than 10450 USDC/USDT/DAI in profit

If Dollar is below peg...

6. User dumps 10450 uCR for Ether

Pool2s

Example flow with the uCR-ETH market:

1. User purchases \$5000 worth of uCR (from the uCR-ETH market).
2. User purchases \$5000 worth of ETH.
3. User deposits uCR-ETH into Uniswap.
4. User bonds “uCR-ETH UNI-V2” LP tokens
5. User is vested 14500 uCR (+45%) over the course of 5 days.

If Dollar is above peg...


6. User converts 14500 uCR into 14500 uAD and sells to get more than 14500 USDC/USDT/DAI in profit

If Dollar is below peg...

6. User dumps (on themselves) 14500 uCR for Ether

Appendix

User Stories

 [0094-UBQY] User Story Draft

Additional Incentives

Akarin mentions that the bonds are a less attractive risk to take on if the upside of the reward asset, Credits (uCR) is limited to \$1.00 (there is no rational economical reason why uCR should trade above \$1.00, if they are only used for redeeming Dollars (uAD))

Akarin proposed that we should include Ubiquity Governance (UBQ) reward emissions for a limited time.