Twitter Thread by Spadaboom

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After some conversations with friends around $DIGG it seems like @BadgerDAO needs to do a better job explaining how we are tackling composability with $bDIGG.

1 of the most frequent criticisms of rebasing tokens is the lack of composability with DeFi protocols.

Thread/

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For those unfamiliar, DIGG is based off the AMPL code base. The most battle tested elastic cryptocurrency in the market.

Instead of being pegged to USD, DIGG is targeting the price of #Bitcoin

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Due to the elastic nature of rebasing tokens, centralized parties (like exchanges) and DeFi protocols (like money markets) have some trouble integrating.

DeFi in particular thrives because of the composable lego pieces. Not having that is problematic.

3/

The secret sauce Badger has are its vaults which currently hold over $600M in tokenized Bitcoin.

When you deposit in a vault today you get a “b” token back which represents your share of the vault.

We then ask you to stake that to quantify your multiplier.

4/

Our attempt at making a rebasing asset more composable is by using the vault representation of your deposited DIGG aka $bDIGG which DOESNT REBASE.

At launch we will have a DIGG only vault where users can deposit to earn APY in the form of $BADGER & $DIGG.

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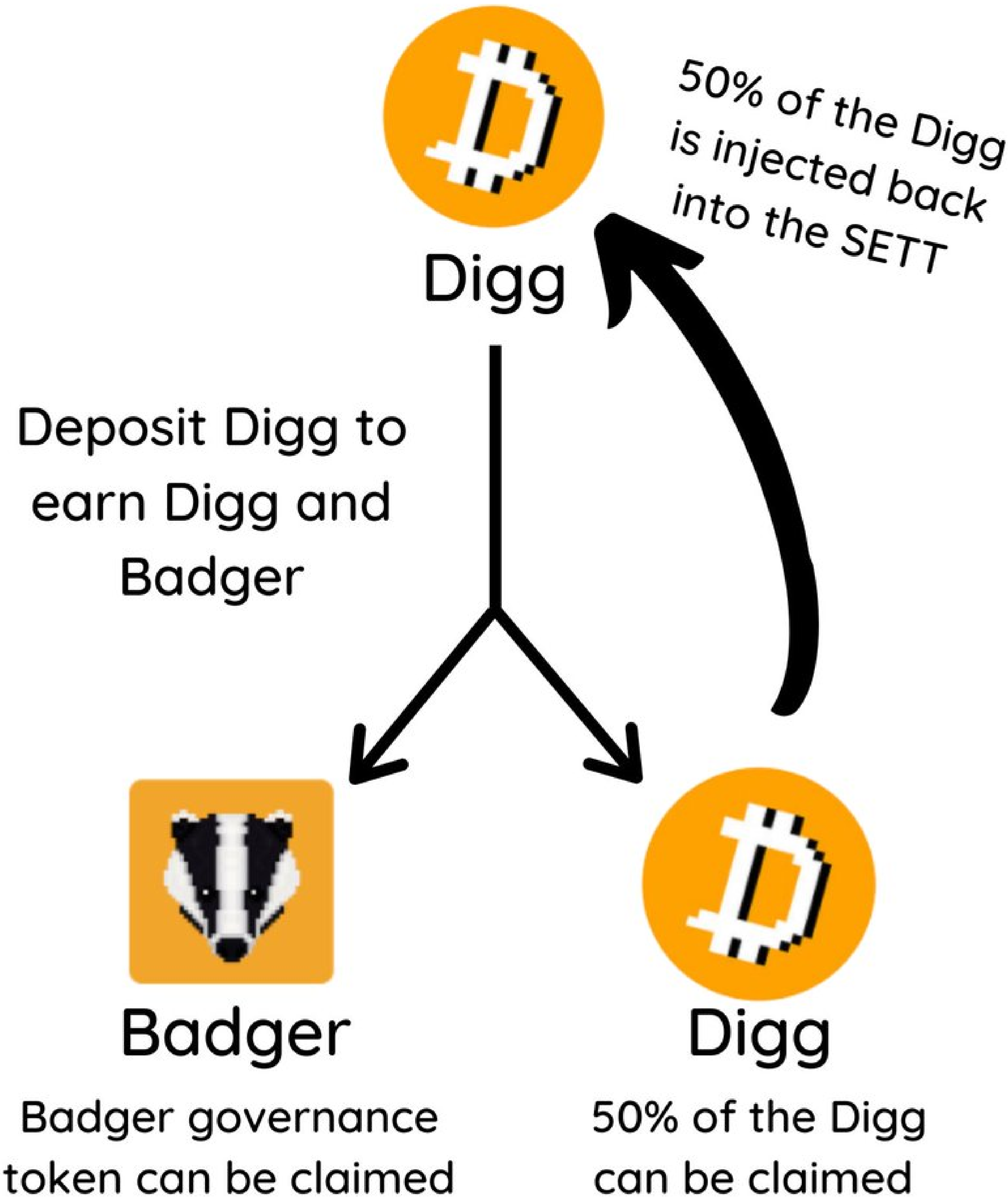
Here is how the vault will work

Shoutout to @gabrielhaines for the diagram

Digg SETT Vault



@GabrielHaines

6/

Rebasing is isolated in the vault & it doesn’t matter how much or little the supply has expanded bc your share doesn’t change.

Ex. You deposit 1 DIGG when the total supply is 10. 1 month later the supply 10x’s to 100. You still own 10% & will receive 10 DIGG at withdrawal.

7/

You can now use your bDIGG as you would any normal erc20 token in DeFi.

Along with centralized crypto products that support erc20.

bDIGG is also yield bearing since the owner is entitled to the BADGER and DIGG rewards in our app.

8/

If you trade bDIGG that owner now will receive those rewards accordingly.

But what about my multiplier and the need to stake?

9/

With DIGG we are NOT going to adhere to the same multiplier method (stake in geyser).

Why? Because the community is working on a new multiplier based on rewarding those deposited in vaults vs farm & dumpers.

Similar ratio to Stake days that we’re using for the drop

10/

The intention is for this new multiplier to be ready for DIGG launch.

Outside of the benefit associated with bDIGG composability and transferability, users no longer need to do 2 transactions in our app.

Which cuts gas costs by almost half.

11/

Geyser staking can then be used for longer term lockup’s of 3-6 months that will come with higher rewards.

Community members are working on proposing the same model for our other vaults that would activate at the end of the current 8 week multiplier.

12/

I’m a fan of newer algo models like $ESD but feel we are too quick to write off AMPL based rebasing.

Along with composability our vaults will also be able to execute automated stability strategies for DIGG (ex. Buy/sell at the right time to drive towards peg).

13/

Stability in rebasing tokens and how we’re approaching it is a thread in itself so I’ll save that for another day.

In the meantime, the right question is not wen $DIGG?

But..

Wen $bDIGG?