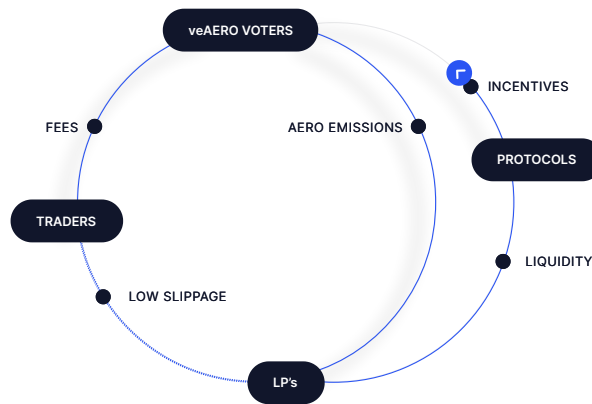# About Aerodrome

Aerodrome Finance is a next-generation AMM designed to serve as Base's central liquidity hub, combining a powerful liquidity incentive engine, vote-lock governance model, and friendly user experience. Aerodrome inherits the latest features from Velodrome V2.

Aerodrome launched on **28th of August, 2023** on BASE network.

Aerodrome Mechanics

1. The protocol is designed to enable token swaps and generate fees (from **Traders**) by attracting liquidity.
2. Every epoch liquidity providers (**LPs**) receive $AERO token emissions proportionally to the votes the pools accumulate. Only staked (in the protocol gauges) liquidity receive emissions.
3. Participants can lock their $AERO to be able to vote on the next epoch distribution of emissions, becoming **veAERO Voters**.
4. **veAERO Voters** are rewarded (proportionally to locked amounts) for their votes with 100% of the protocol trading fees from the previous epoch and any additional voters incentives from the current epoch.

Tokenomics

Aerodrome Finance uses two tokens to manage its utility and governance:

- $AERO — ERC-20 utility token of the protocol
- $veAERO — ERC-721 governance token in the form of an NFT (non-fungible token)

$AERO is distributed to liquidity providers through emissions.

$veAERO is used for governance. Any $AERO holder can vote-escrow their tokens and receive a $veAERO (also known as Lock or veNFT) in exchange. Additional tokens can be added to the $veAERO NFT at any time.

The lock period (also known as vote-escrowed period, hence the *ve* prefix) can be up to 4 years, following the linear relationship shown below:

- 100 $AERO locked for 4 years will become 100 $veAERO
- 100 $AERO locked for 1 year will become 25 $veAERO

The longer the vesting time, the higher the voting power (voting weight) of the underlying locked balance.

Additionally, Aerodrome Locks (veNFTs) can be set into Auto-Max Lock, which are treated by the protocol as being locked for the maximum duration of 4 years, and their voting power does not decay. The Auto-Max Lock feature can be turned on and off for each Lock (veNFT).

Initial Distribution

AERO		
Voters Incentives	40M	8%
Genesis Liquidity Pool	10M	2%

VEAERO		
Airdrop for veVELO Lockers	200M	40%
Ecosystem Pools and Public Goods Funding	105M	21%
Aerodrome Team (Auto Max-Locked)	70M	14%
Protocol Grants	50M	10%
AERO Pools Votepower	25M	5%

Emissions

The initial supply of $AERO is 500M, with 450M distributed as vote-locked ($veAERO) tokens.

Weekly emissions will being at 10M $AERO (2% of the initial supply). The emission schedule will follow three phases:

Take-off: During the first 14 weeks (epochs), emissions will increase at 3% per week, allowing for rapid growth in protocol activity and partner onboarding.

Cruise: After Epoch 14, emissions will decay at 1% per epoch, ensuring total supply inflation decreases over time as the protocol matures.

Aero Fed: When emissions programmatically drop under 9M per epoch, approximately Epoch 67, veAERO voters will take control of Aerodrome's monetary policy through the Aero Fed system. Voters will collectively make one of three choices each epoch:

- Increase emissions by 0.01% of total supply (0.52% annualized)
- Decrease emissions by 0.01% of total supply (0.52% annualized)
- Maintain emissions unchanged as a % of total supply

The winning vote will be determined by simple majority vote. If an Increase or Decrease is selected, the emission rate will change one full epoch after the vote. A max emission rate will be set at 1% of total supply per week (52% annualized) and a minimum rate at 0.01% per week (0.52% annualized).

Rebase

$veAERO holders receive a rebase proportional to $AERO emissions and to the ratio of $veAERO to $AERO supply, reducing vote power dilution for $veAERO!

The weekly rebase amount is calculated with the following formula:

> *rebase = weeklyEmissions × (1 - veAERO.totalSupply ÷ AERO.totalsupply)^2 × 0.5*

This rebase formula will reward $veAERO holders most when locking rates decrease, incentivizing new lockers to step in. $veAERO supply does not affect weekly emissions distributed to liquidity providers.

Projected Emission Schedule

Note: *projection below uses a 40% emissions lock rate and assumes Aero Fed keeps emissions constant*.
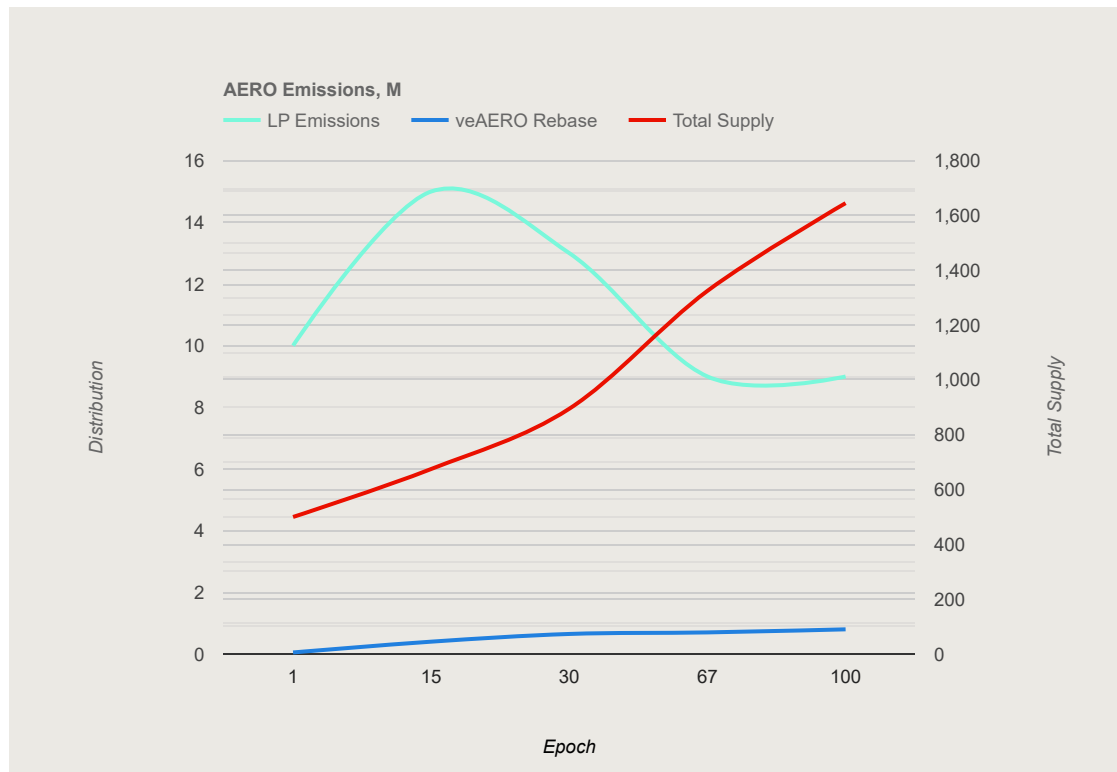
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Emission Rewards

Each epoch, $AERO emissions are distributed to liquidity pools proportionally to the $veAERO voting power the pools receive.

Liquidity providers (LPs) can stake their LP positions to receive a share of the $AERO distributed to each pool proportionally to the size of positions and time staked.

These rewards are distributed during the whole epoch and available for claiming as these accrue.

Team Emissions

While a fully autonomous and immutable protocol is an admirable objective and it comes at a cost. Aerodrome will ensure its long-term sustainability by employing a dedicated team focused on supporting the product decentralization, documentation, community, and ecosystem.

To cover ongoing expenses and all the upcoming development efforts, 5% of the emissions will be going to the team address.

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*"Now it's time
to leave the capsule
if you dare"*

David Bowie

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Security

Brand Kit

Tokenlist