



# Overview



The Blur foundation aims to facilitate community-led governance and participation in the DAO and assist contributors with the development and growth of the Blur ecosystem, including, but not limited to: the Blur marketplace, aggregators, and lending protocol ([Blend](#)).

The BLUR token gives the community control over the DAO and allows the community to actively participate in governance.

- [Governance](#)
- [Tokenomics](#)
- [Contracts](#)

Next

**Governance**



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# Governance

BLUR is an ERC-20 token that governs key parameters of the Blur marketplace protocol and lending protocol (**Blend**). **These parameters control the protocols' value accrual and distribution.** Voting is proportional to the amount of BLUR tokens a user owns or is delegated. In order to register their voting balance, a user must delegate their token balance to an address (either their own or someone else's).

Most of the decisions made by the Blur DAO have on-chain results. To make sure that all decisions are well-informed, as well as properly communicated with the wider community, the governance process in Blur consists of multiple steps.

## Governance Proposals

There are three main categories a BIP (Blur Improvement Proposal) can fall under: Core, Process, or Informational.

### CORE

Proposals which require on-chain actions, including treasury grants. See [Governance Powers](#).

### PROCESS

Proposals for making a change to a process or implementation. Examples include procedures, guidelines, changes to the decision-making process, and changes to the tools or environment of the Blur DAO.

### INFORMATIONAL

Proposals for general guidelines or information for the community.

## Governance Process

### Phase 1 - Research forum

All ideas and proposals are initially published on the Research forum. The point of this is to receive community feedback. All the proposals go through a phase of improvements and objections. If the proposal is welcomed & feedback is incorporated, it can move on to the next step.

Discussion Timeframe: Minimum 7 days

Forum: [Go to research forum](#)

### Phase 2 - Snapshot

The second phase is conducted through gas-less Snapshot voting. Community members who are delegated a minimum number of tokens are able to submit proposals that will be subject to a 14-day voting period. After the 14 days, if the proposal receives support from a majority of the participating votes, with a minimum of 30M BLUR yes votes, it can proceed to an on-chain execution vote.

Proposal Threshold: 100,000 BLUR

Voting Delay: 2 days

Voting Period: 14 days

Quorum: 30M BLUR

Forum: [Go to snapshot](#)

### Phase 3 - Tally

The next phase involves creating an on-chain proposal with code to be executed. Tally can be used as an interface to interact with the governance contract. On-chain proposals must be made by a member with the minimum number of tokens delegated, and must be based on a successful phase two vote. Once proposed, votes will last 14 days. If the proposal receives majority support, with a minimum of 120M BLUR yes votes, any member can queue the execution of the proposal, and after a 2-day execution delay, can execute the proposal.

Proposal Threshold: 30M BLUR

Voting Delay: 1 block

Voting Period: 14 days

Quorum: 120M BLUR

Execution Delay: 2 days

Forum: [Go to Tally](#)

## Governance Powers

Community governance has the power to control the Blur protocols' value accrual and distribution

- Set marketplace protocol fee rate after 180 days (up to 2.5%)
- Set lending protocol fee rate for lenders and borrowers after 180 days
- Issue treasury grants

Governance can also perform these on-chain functions

- Set governor timelock
- Set timelock delay
- Set quorum minimum
- Cancel timelock executions
- Set proposal threshold
- Set voting period
- Set voting delay

## Committees

To streamline certain operations, some of the activities of the DAO are governed by committees. The committees will work to progressively transfer their functions to governance over time.

### Safety Committee

The Safety Committee ensures that BIPs follow the governance process outlined above. The Safety Committee will prevent proposals that haven't followed the proper process from passing.

### Marketplace Committee

The Marketplace Committee facilitates upgrades to the Blur marketplace contracts, aggregator contracts, and lending contracts. The Marketplace Committee executes policy decisions around highly dynamic subjects, such as royalties.

### Incentive Committee

The Incentive Committee is tasked with incentive management for Blur users. The Incentive Committee can utilize up to 10% of the Genesis Supply for incentive programs (300M BLUR). The Incentive Committee may also loan out a portion of the budget to provide market liquidity for BLUR (currently: 21.9M BLUR). If all of the incentive budget is utilized, more can be allocated to the Incentive Committee via governance.

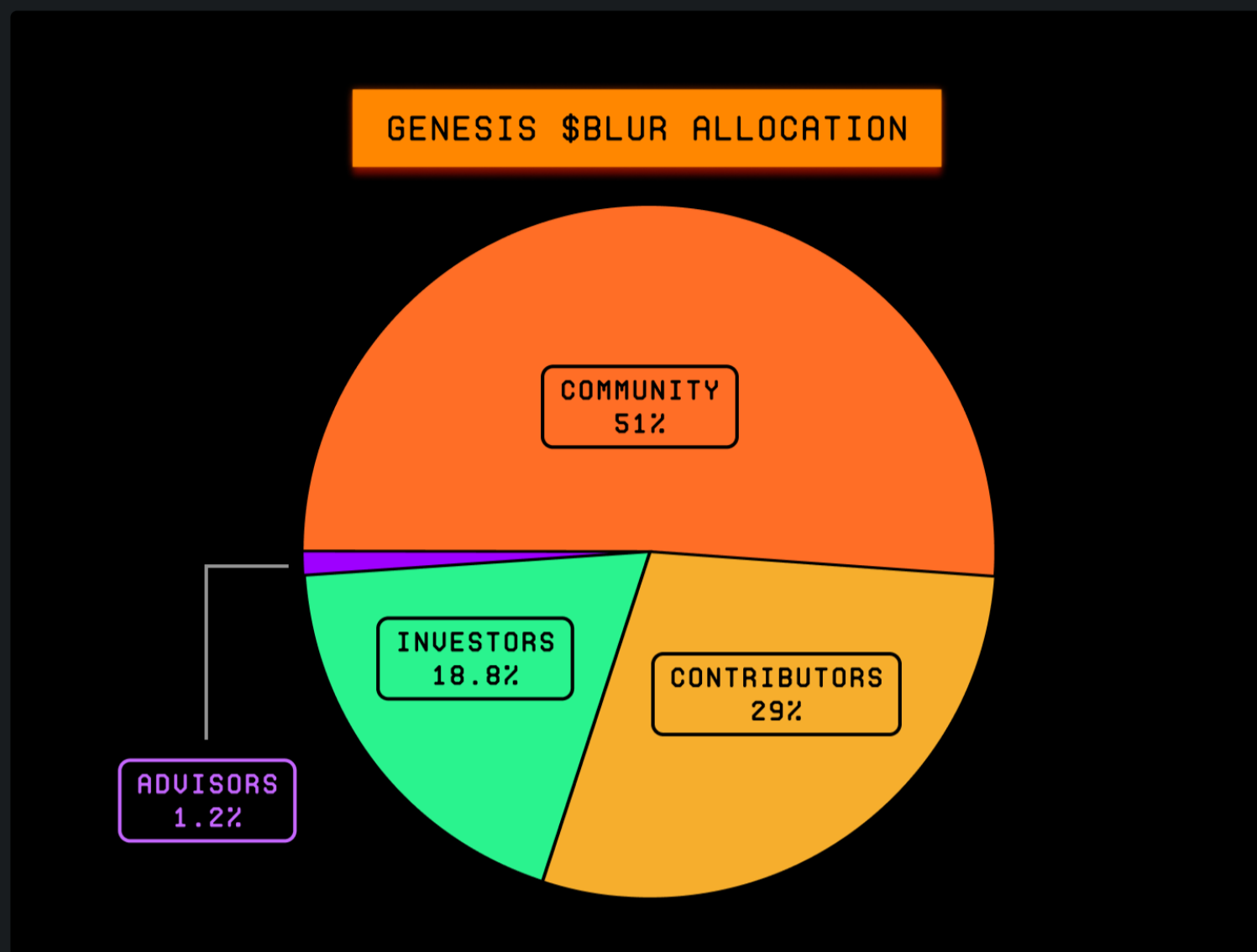
# Tokenomics



## Allocation

3 billion BLUR have been minted at genesis and will become accessible over the course of 4 to 5 years. If you are familiar with UNI, you will notice that BLUR follows a similar schedule, with additional cliffs and longer vesting for advisors. The initial 4 to 5 year allocation is as follows:

- 51% to Blur community members `1,530,000,000 BLUR`
- 29% to past and future core contributors with 4-year vesting `867,601,888 BLUR`
- 19% to investors with 4-year vesting `565,633,826 BLUR`
- 1% to advisors with 4 to 5-year vesting `36,764,286 BLUR`



Genesis \$BLUR Allocation

## Community Treasury

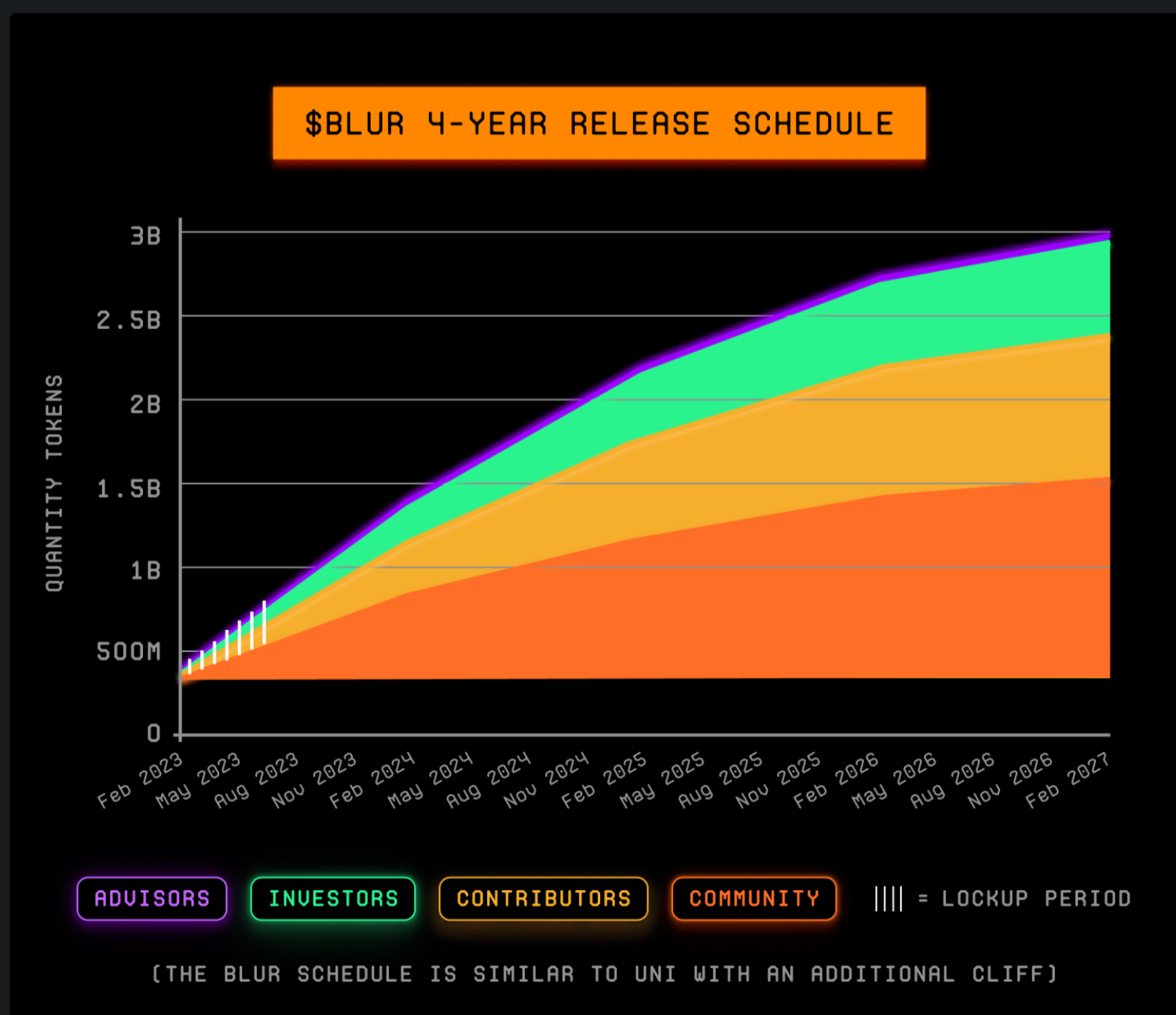
12% of BLUR `360,000,000 BLUR` can immediately be claimed by **all NFT traders across any marketplace from Oct 19 2022 to Feb 14 2023, historical users of Blur with Care Packages, and creators.**

With 12% of tokens available to be claimed by historical and future community members, the community treasury will have 39% of BLUR supply available to distribute to the community through contributor grants, community initiatives, and incentive programs. Of the 39%, 10% (300M BLUR) has been allocated to the incentive budget for the next incentive release. If all of the incentive budget is utilized, more can be allocated via governance vote.

BLUR will vest to the community treasury on a continuous basis according to the following schedule:

Year	Community Treasury	Distribution %
Year 1	468,000,000 BLUR	40%
Year 2	351,000,000 BLUR	30%
Year 3	234,000,000 BLUR	20%
Year 4	117,000,000 BLUR	10%

Core contributors' and launch partners' BLUR allocations will have tokens vested on an identical schedule with the addition of a 4 month cliff for transfers. Advisors' BLUR allocation will vest over 48 to 60 months with a 4 to 16 month cliff.



\$BLUR 4-Year Release Schedule



# Contracts



Token Contract	0x5283d291dbcf85356a21ba090e6db59121208b44
Blur Exchange Proxy	0x000000000000ad05ccc4f10045630fb830b95127
Aggregator Contract	0x39da41747a83aee658334415666f3ef92dd0d541
Bid Pool Contract	0x0000000000a39bb272e79075ade125fd351887ac
Lending Contract (Blend)	0x29469395eAf6f95920E59F858042f0e28D98a20B

[←](#) [Previous](#)  
**Tokenomics**

[Next](#) [→](#)  
**Metrics**

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# Metrics



- [NFT Marketplaces Overview \(Dune\)](#)
- [Blend \(Blur Lending\) Key Metrics \(Dune\)](#)
- [Blur Key Metrics \(Token Terminal\)](#)
- [Blur TVL \(DefiLlama\)](#)

← Previous **Contracts** Next **Brand assets** →

Last modified 2mo ago



# Brand assets



## Blur Logomark and Token Logo



Previous  
**Metrics**

Last modified 2mo ago

# Blend: Perpetual Lending With NFT Collateral

May 01, 2023 | Galaga, Pacman, Toad, Dan Robinson, Transmissions11

## Contents

- 1 Overview
- 2 Motivation
  - 1 No Oracles
  - 2 No Expiries
- 3 Liquidatable
- 4 Peer-To-Peer
- 3 Mechanism
  - 1 Fixed-Term Borrowing
  - 2 Refinancing Auction
  - 3 Liquidation
  - 4 Optimistic Auctions
  - 5 Continuous Loans
- 4 Governance Considerations
- 5 Conclusion

## Overview

This paper introduces Blend: a peer-to-peer perpetual lending protocol that supports arbitrary collateral, including NFTs. Blend has no oracle dependencies and no expiries, allowing borrowing positions to remain open indefinitely until liquidated, with market-determined interest rates.

Blend matches users who want to borrow against their non-fungible collateral with whatever lender is willing to offer the most competitive rate, using a sophisticated off-chain offer protocol.

By default, Blend loans have fixed rates and never expire. Borrowers can repay at any time, while lenders can exit their positions by triggering a Dutch auction to find a new lender at a new rate. If that auction fails, the borrower is liquidated and the lender takes possession of the collateral.

Blend has been implemented by [Blur Core Contributors](#). In their implementation, some protocol parameters, such as protocol fees, are controlled by BLUR governance, as described [below](#).



## Motivation

There has been a significant amount of prior work done on NFT-backed lending. Popular models include perp-like protocols (such as [Floor Perps](#) and [papr](#)), pooled lending protocols (such as [BendDAO](#) and [Astarla](#)), and peer-to-peer protocols (such as [NFTfi](#) and [Backed](#)).

Blend most resembles the peer-to-peer model, but has some important differences to improve borrower experience. Rather than exhaustively examining the details of all NFT-backed lending protocols, we will describe some common design decisions and how Blend differs.

## No Oracles

Some of these protocols require an oracle, either to determine when a position should be liquidated or to determine an interest rate. But individual NFT prices are very difficult to measure objectively. Even floor prices tend to be difficult to measure on-chain. Solutions often either involve a trusted party, or could be manipulated with trading strategies.

Blend avoids any oracle dependencies in the core protocol. Interest rates and loan-to-value ratios are determined by whatever terms lenders are willing to offer. Liquidations are triggered by the failure of a Dutch auction.

## No Expiries

Some protocols only support expiring debt positions. This is inconvenient for borrowers, who need to remember to close or roll their positions before expiry (or risk harsh penalties such as confiscation of their NFT). The process of manually rolling positions also costs gas, which cuts into the yield from lending.

Blend automatically rolls a borrowing position for as long as some lender is willing to lend that amount against the collateral. On-chain transactions are only needed when interest rates change or one of the parties wants to exit the position.

## Liquidatable

Some protocols do not support liquidations before expiry. This is convenient for borrowers, and makes sense for many use cases. But because this effectively gives borrowers a put option, lenders need to demand short expirations, high interest rates and/or low loan-to-value ratios to compensate for the risk that a position may become insolvent.

In Blend, an NFT may be liquidated whenever a lender triggers a refinancing auction and nobody is willing to take over the debt at any interest rate.

## Peer-To-Peer

Some protocols pool lenders' funds together and attempt to manage risk for them. This often means leaning heavily on on-chain governance or centralized administrators to set parameters. It also makes it difficult to permissionlessly support long-tail collateral.

Blend uses a peer-to-peer model where each loan is matched individually. Instead of optimizing for ease-of-use on the lending side, Blend assumes the existence of more sophisticated lenders capable of participating in complex on- and off-chain protocols, evaluating risks, and using their own capital.

## Mechanism

In this section, we construct the protocol step by step, starting with a simple peer-to-peer fixed-rate lending protocol and gradually adding adaptations to allow gas-efficient rolling and market discovery of floating rates.

### Fixed-Term Borrowing

First, let us imagine how our protocol might work if it had expiring rather than perpetual loans.

We start with the lender. A lender signs an off-chain offer to lend some principal amount of ETH with a particular interest rate and expiration time, against any NFT of a specified collection. They make it publicly available (say, by posting it to an off-chain repository of offers).

A borrower has an NFT they want to borrow against. They browse the available off-chain offers and choose a compatible one that matches the terms they're interested in. They then create an on-chain transaction that fulfills the lender's offer, put their NFT in a vault with a lien on it, and transfer the principal from the lender to themselves.

Before the expiration time, the borrower can pay the repayment amount (calculated as the loan amount plus interest) to the lender, which closes their position and lets them withdraw their collateral. After the expiration time, if the loan has not been repaid, the lender can take the collateral.

Note that the borrower may choose not to repay the loan if the value of the NFT has fallen below the repayment amount.

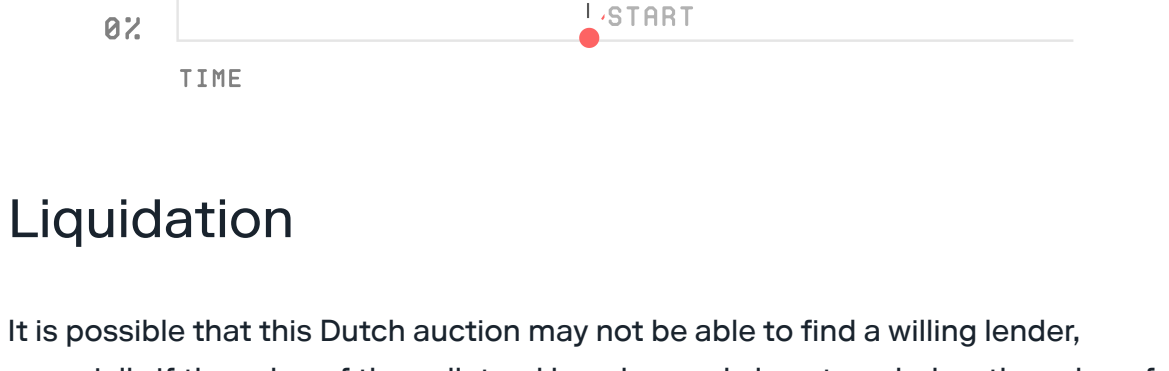
### Refinancing Auction

In the above mechanism, if the borrower forgets to repay the loan before expiration, they lose their NFT, even if the NFT is worth much more than the repayment amount. This seems harsh.

In many cases, someone else might have been willing to pay the lender the full repayment amount in order to take over the loan until a later expiration time, though possibly with a higher rate of interest.

So, instead of simply giving the collateral to the lender, the protocol can run a competitive process to extend the loan, using a *Dutch auction in interest rate space*.

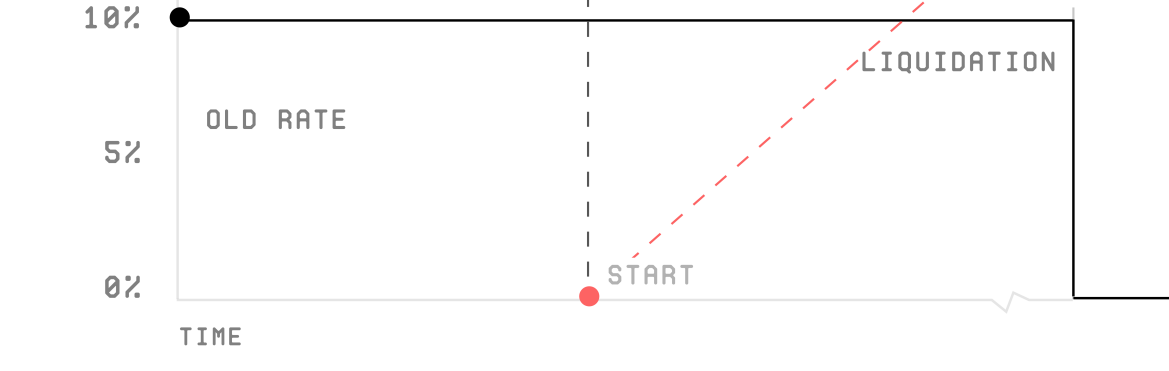
At the expiration time, if the borrower has not repaid the debt, a refinancing auction begins at 0%, with a steadily rising rate. Once the auction hits an interest rate at which a new lender is interested in lending, the new lender can accept it by submitting their offer on-chain. The new lender pays the full repayment amount to the old lender, calculated as of the moment the auction completes, and takes over the loan until the new expiration time (which could be calculated as the current expiration time plus some protocol-specified loan period), using the interest rate at which the auction resolved.



## Liquidation

It is possible that this Dutch auction may not be able to find a willing lender, especially if the value of the collateral has dropped close to or below the value of the debt.

Once the auction hits some defined max rate (like 1000%) without any new lender stepping in, the protocol infers that the position is insolvent or otherwise non-viable, and liquidates the borrower. The existing lender can then send a transaction to take possession of the collateral.



## Optimistic Auctions

In some cases, the same lender might be happy to continue the same loan at the same terms, and the borrower may too. We might even consider that the default scenario. In that case, it would be wasteful to run the auction.

Instead, we could design our protocol to optimistically renew the loan. At each expiration time, borrowers and lenders, by default, extend the expiration time by some predetermined loan period, with the same terms. The above-described auction would only occur if the lender seeks to terminate the loan.

## Continuous Loans

One issue with the above protocol is that during a loan period, if the price of the collateral falls dangerously close to the price of the repayment amount, there is no way to liquidate it until the expiration time.

This is less of an issue if the loan period is very short, since if the lender is concerned about the safety of the collateral, they can trigger a refinancing auction at the next expiry.

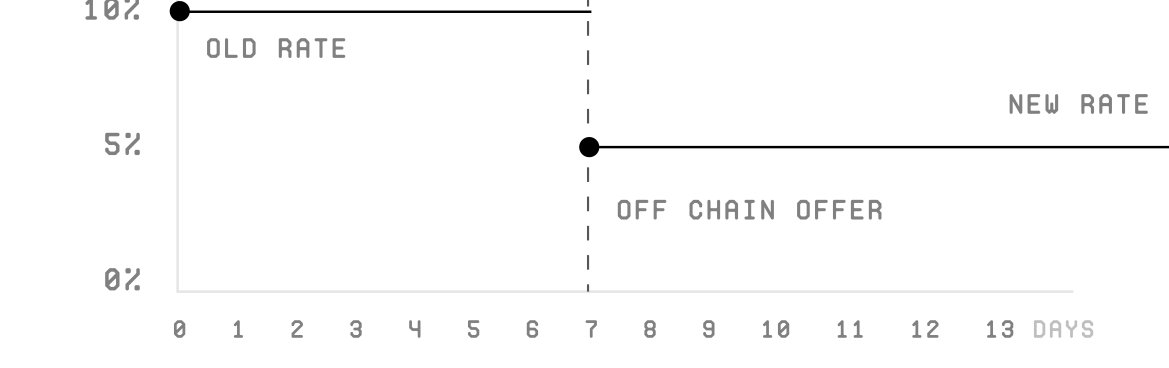
We could imagine shortening the loan period until it is infinitesimal. If, at any moment, the lender becomes concerned about the safety of the collateral, they could trigger a refinancing auction.

This lets us drop the concept of expiration times and loan periods. By default, loans continue indefinitely until some user interacts with the contract. Interest is accumulated continuously, and the repayment amount is calculated on the fly whenever needed.

A borrower can repay at any time. If a borrower wants to change the amount they have borrowed or get a better interest rate, they can atomically take out a new loan against the collateral and use the new principal to repay the old loan.

If a lender wants to get out of a loan, they can trigger a refinancing auction, as discussed [above](#). All timelines and deadlines during refinancing events can be defined relative to the time the refinancing was initiated.

Alternatively, if there is a compatible offer available from another lender, the current lender can skip the auction by submitting the other lender's offer to the vault to get out of their loan.



## Governance Considerations

The protocol does not depend on governance for valuing collateral or setting acceptable loan-to-value ratios, thus reducing the need for extensive on-chain governance or centralized administrators. However, there may still be situations where adjustments to certain parameters could enhance the protocol's functionality. These parameters include:

- Fees: Borrower and lender fees collected by the protocol.
- Maximum interest rate: The highest interest rate a loan must reach before liquidation occurs.
- Auction formula: The equation governing the offered interest rate for a loan during an auction, as the auction progresses.

In Blur's implementation of Blend, after a 180-day waiting period, these parameters can be managed by BLUR governance to ensure optimal performance and adapt to changing market conditions in a decentralized way.

## Conclusion

Blend is a flexible and permissionless floating-rate lending protocol that can support arbitrary collateral with no oracle dependencies, and allows whatever interest rates and loan-to-value ratios the market will bear.

We're excited to see how people use it!

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