

cETH Risk Mitigation

Updated as of block [19334477](#) at 2/29/2024, 11:51:59 AM ET

- ID: 122
- Proposer: [0x8d07D225a769b7Af3A923481E1FdF49180e6A265](#)
- Start Block: 15474668 (9/4/2022, 8:05:56 PM ET)
- End Block: 15494378 (9/7/2022, 11:57:17 PM ET)
- Targets: [0x3d9819210A31b4961b30EF54bE2aed79B9c9Cd3B](#) ;
[0x4Ddc2D193948926D02f9B1fE9e1daa0718270ED5](#) ;
[0xc00e94Cb662C3520282E6f5717214004A7f26888](#) ;
[0xc00e94Cb662C3520282E6f5717214004A7f26888](#)

Forum Post

Forum post is present here: [Forum Post](#)

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Proposal Text

cETH Risk Mitigation

Summary

This proposal will make several changes to the cETH market on Compound v2 in preparation for the upcoming Ethereum merge and switch to POS consensus. This includes setting a borrow cap of 100,000 ETH, as well as updating the interest rate model to a jump rate model with much higher rates after exceeding 80% borrow utilization, up to a maximum of 1000% APR at 100% utilization.

Reasoning



The upcoming merge has the potential to cause disruption to ETH lending markets due to the possibility of receiving airdrops of ETH fork tokens. This may incentivize excessive borrowing from ETH lending pools, which leads to negative user experience for depositors who cannot withdraw funds when utilization reaches 100%, as well as safety concerns due to potential to interfere with liquidations of ETH collateralized positions. The proposed changes should help reduce risk of the cETH market reaching 100% utilization. See the [forum discussion](#) for further details.

The proposal includes payments to proposal contributors, including 100 COMP to MakerDAO governance timelock for Block Analytica (Maker risk) team's analysis, as well as 45 COMP to Arr00 for development work.

Checks

Checks Compound Proposal Details  Passed

Info:

- 1- Set MarketBorrowCaps of [cETH](#) to 100,000,000,000,000,000,000
- 2- Set [interest rate model](#) for [cETH](#).
- 3-  Transfer **100** [COMP](#) to [0xBE8E3e3618f7474F8cB1d074A26afFef007E98FB](#).
- 4-  Transfer **45** [COMP](#) to [0x2B384212EDc04Ae8bB41738D05BA20E33277bf33](#).