

Risk Parameter Updates for WBTC, UNI, and COMP

Updated as of block [19333473](#) at 2/29/2024, 8:29:11 AM ET

- ID: 72
- Proposer: [0x683a4F9915D6216f73d6Df50151725036bD26C02](#)
- Start Block: 13730805 (12/2/2021, 8:54:11 PM ET)
- End Block: 13750515 (12/6/2021, 12:44:13 AM ET)
- Targets: [0x3d9819210A31b4961b30EF54bE2aed79B9c9Cd3B](#) ;
[0x3d9819210A31b4961b30EF54bE2aed79B9c9Cd3B](#) ;
[0x3d9819210A31b4961b30EF54bE2aed79B9c9Cd3B](#)

Forum Post

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

Table of contents

- [Proposal Text](#)
- [Checks](#)
 - [Checks Compound Proposal Details](#)  **Passed**

Proposal Text

Risk Parameter Updates for WBTC, UNI, and COMP

Simple Summary

A proposal to adjust three (3) total parameters across three (3) Compound assets.

Background

This proposal is a batch update of risk parameters to align with the [Moderate risk level](#) chosen by the Compound community. These parameter updates are the fourth of Gauntlet's regular parameter recommendations as part of [Dynamic Risk Parameters](#).

[Full proposal and forum discussion](#)

Motivation and Specification

This set of parameter updates seeks to level set assets to a Moderate risk level of the protocol while making risk trade-offs between specific assets. Note that some are different from the original [risk level consensus check](#) as market conditions have changed.

Parameter	Current Value	Recommended Value
WBTC Collateral Factor	65%	70%
UNI Collateral Factor	60%	70%
COMP Collateral Factor	60%	65%

Dashboard

Gauntlet has launched the [Compound Risk Dashboard](#). The community should use the Dashboard to better understand the updated parameter suggestions and general market risk in Compound.

As shown on our dashboard, these changes will slightly increase Value at Risk, but the corresponding increase in borrow usage is substantial.

Value At Risk

Value at Risk conveys capital at risk due to insolvencies and liquidations when markets are under duress (i.e. Black Thursday). This breaks down the current VaR* in the system by collateral type. This number may increase after Gauntlet Recommendations when there is an opportunity to increase Capital Efficiency.

*Assumes peak volatility in the past year and with 95% probability.









Borrow Usage

This metric provides information about how aggressively suppliers of collateral borrow against their supply. Borrow Usage is a measure of capital efficiency, and is balanced against VaR. This means it may increase, decrease, or stay the same after Gauntlet Recommendations, to ensure the optimal balance of capital efficiency and risk. More details on the computation of this metric can be found [here](#). Note that the optimal borrow usage is not 100%.



Collateral Risk


This section gives a deep dive into the risk for each collateral type in Compound. You can click on each row in the table to see more metrics and all the Gauntlet Parameter Recommendations for each collateral type.

Collateral	Volatility	Borrow Usage	VaR	Collateral Safety	
 DAI	4%	70.81%	\$32.31M	High	
 USDC	2%	52.15%	\$43.77M	Med	
 ETH	79%	42.32%	\$0	High	

Checks

Checks Compound Proposal Details Passed

Info:

- 1-  Set [cCOMP](#) collateral factor from 25% to 65% (It's getting **increased** by **40%**)
- 2- Set [cUNI](#) collateral factor from 75% to 70% (It's getting **decreased** by **5%**)
- 3- Set [cWBTC](#) collateral factor from 60% to 70% (It's getting **increased** by **10%**)