

Title: [ARFC] Increase Supply & Borrow Cap for wstETH Aave V3 Arbitrum - 20230317

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Summary:

This ARFC proposes to increase both the supply and borrow caps of wstETH on the Aave V3 Arbitrum market by 100%. wstETH is a wrapped version of stETH, a liquid staking token, created when users stake ETH through the Lido protocol. The proposal aims to raise the supply cap to 4,800 wstETH and the borrow cap to 380 wstETH to meet the growing market demand for depositing and borrowing this asset.

Motivation:

With wstETH currently at 100% of its supply cap (2,400) and ~99% of its borrow cap (190) on Aave V3 Arbitrum market, increasing both caps by 100% will allow more users to utilize the platform and meet market demand. The proposed cap of 4,800 wstETH for the supply and 380 wstETH for the borrow offers a balance between accommodating demand and maintaining a conservative approach. Furthermore, this increase adheres to the “direct-to-AIP” framework, enabling a rapid response to the high demand for wstETH on Aave.

Specification:

Ticker: wstETH (Wrapped stETH)

Contract Address on Arbitrum: 0x5979d7b546e38e414f7e9822514be443a4800529

Parameters:

Parameter

Current Value

Proposed Value

Supply Cap

2,400 wstETH

4,800 wstETH

Borrow Cap

190 wstETH

380 wstETH

Disclaimer:

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At the time of writing, the author holds wstETH on ETH L1 Aave worth ~1.25M\$.

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