Given MAI/MIMATIC price drop to ~$0.72 over the past 24 hours and its inability to regain peg for the past few months, Gauntlet recommends to begin deprecation of MAI/MIMATIC. We aim to do so by reducing LT and increasing borrow rates to incentivize repayment.

Currently, MAI/MIMATIC is frozen with LTV set to 0.

Recommendations

Lower non-emode LT on Avalanche, Arbitrum, Polygon, Optimism v3

Conservative

chain	asset	old_LT	new_LT	liquidatable_accounts
avalanche	MAI/MIMATIC	0.8	0	$200
arbitrum	MAI/MIMATIC	0.8	0.73	0
polygon	MAI/MIMATIC	0.8	0.65	$30
optimism	MAI/MIMATIC	0.8	0.8	0

Aggressive

chain	asset	old_LT	new_LT	liquidatable_accounts

avalanche

MAI/MIMATIC

0.8

0

$200

arbitrum (*)

MAI/MIMATIC

0.8

0

$1,500

polygon

MAI/MIMATIC

0.8

0

$1,000

optimism (*)

MAI/MIMATIC

0.8

0.65

$1,900

(*) Any LT reduction between 7% to 80% will yield $1500 in liquidatable accounts for Arbitrum.

(*) Any LT reduction between 1% and 50% will yield $1900 in liquidatable accounts for Optimism.

Adjust Uopt to 0.45, Slope 2 to 300%, RF to 95%

chain

supplied

borrowed

current_util

current_borrow_rate

recommended_uopt

recommended_slope2

new_borrow_rate (%)

polygon

533630

513560

96%

65%

0.45

3

282.18

arbitrum

22300

20000

90%

41%

0.45

3

249.45

optimism

370000

354970

96%

65%

0.45

3

282.18

avalanche

10940

9200

84%

19%

0.45

3

216.73

Next steps

Welcome community feedback and aim to put up snapshot with conservative and aggressive options on 2023-10-16.

Other considerations

Removal of MAI/MIMATIC from emode on Polygon v3 and Avalanche v3.

- MAI in emode presents the most risk on Polygon v3 due to large supply.

- drop to ~$0.72 has caused roughly ~$300 in insolvencies, mostly from this user[DeBank | The Web3 Messenger & Best Web3 Portfolio Tracker](#)

- LTV 0 does not prevent borrowing in emode.

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- LTV 0 does not prevent borrowing in emode.

- Gauntlet has previously recommended removing MAI from emode on Avalanche v3 and Polygon v3 due to uncertainty regarding composition of MAI backing. We recommended this back in our initial Stablecoin emode snapshot, and again [here](#).

- Our estimated impact is roughly ~ $70k in forced liquidations and 6 accounts with >$10 in supply. However, there may be additional nuances that need to be considered for asset removal from e-mode. We are continuing to explore how this may be done.