title: [ARFC] wMATIC Supply & Borrow Cap Increase Polygon v3

discussions:

shortDescription: Increase Supply & Borrow Cap wMATIC on Polygon v3

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Summary

This publication proposes increasing the wMATIC Supply and Borrow Cap on Polygon v3. This will enable Balancer linear pools to deposit wMATIC into Aave Protocol.

Abstract

With strong deposit flows from the Balancer bb-a-wMATIC integration and the continual growth of the yield maximising strategy, the Supply and Borrow Cap of wMATIC are both experiencing strong utilised.

This publication enables the continued growth of wMATIC deposits as Balancer Liquidity Providers migrate to the new gauges and users continue to migrate from Aave v2 to v3. As wMATIC deposits grow so does the demand for borrowing wMATIC. Subsidised borrowing costs of wMATIC has lead to significant demand for wMATIC and TVL growth for Aave.

Increasing the Supply and Borrow Caps as outlined in this publication will continue to provide confidence to builders who are providing tooling to automate the management of yield maximising strategies.

Motivation

With several Balancer liquidity pools depositing wMATIC into Aave v3 on Polygon, the utilisation of the Supply Cap has increased to 100%. This is currently preventing the Balancer linear pools from depositing into the wMATIC reserve.

Currently, there is around [5,294,939](#) and [1,228,487](#) units of wMATIC not yet migrated to the new gauges. The wMATIC Supply Cap is at 100% utilisation. This prevents the Balancer Linear Pools from depositing into wMATIC Reserve.

There is also [15.13M](#) units of wMATIC on Aave v2 that has not yet migrated to v3.

Collectively, this represents around 21.65M units of wMATIC relative to a Supply Cap. This publication intends to provide sufficent capacity for the 21.65M units to be deposited into the wMATIC reserve by increasing the Supply Cap from 66M units to 90M units, a 24M unit increase. The utilisation of the pool will be 73.33% after the Supply Cap is implemented.

With several teams offering yield maximising strategies, despite the large inflow of wMATIC deposits, demand for wMATIC has continued to grow. The current Borrow Cap has reached 74.50% utilisation. The newly proposed Borrow Cap 50M units is equivalent to 25% increase and represents 62.5% of the Supply Cap.

With reference to the new [ARFC Aave V3 Caps update Framework](#) it is possible to ship several upgrades to gradually increasing Aave's exposure to wMATIC over time.

Specification

The following risk parameters have been proposed by [@Llamaxyz](#) for the community to review and discuss in the comments section.

Ticker: wMATIC

Contract: [polygon: 0x0d500b1d8e8ef31e21c99d1db9a6444d3adf1270

](https://polygonscan.com/address/0x0d500b1d8e8ef31e21c99d1db9a6444d3adf1270)

Parameter

Current Value

Proposed Value

SupplyCap

66.00M units

90M units

BorrowCap

39.95M units

50M units

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