Title: ARFC - Onboard osETH to Aave v3 on Ethereum

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Summary

This is a ARFC proposal for adding borrow/lend support for StakeWise's new over-collateralized staked ETH token, osETH, on AAVE V3 Ethereum.

Motivation

Liquid staking tokens (LSTs) have proven to be popular collateral assets on Aave, with Lido's stETH the largest Reserve across all Aave deployments and rETH quickly reaching its supply caps. As productive assets, LSTs are high quality collateral to borrow against. Given their high correlation to ETH, LSTs are commonly used as collateral to borrow ETH and engage in yield leveraged staking, with several communities having built products that automate such strategies on top of Aave. The introduction of eMode only made such strategies more popular.

osETH in particular is overcollateralized by design, providing in-built slashing protection and consequently an increased level of protection for the Aave protocol…

As StakeWise V3 provides solo stakers to ability to mint osETH against their own nodes, on-boarding osETH will benefit Aave, StakeWise, and the Ethereum ecosystem as a whole, and be an important step in the pursuit to diversify Ethereum staking and encourage staking from home.

The onboarding of osETH will consequently create increased osETH demand and increased revenues for both Aave and StakeWise protocols, whilst also bolstering the liquidity and peg stability of osETH.

Chain to be deployed/listed

Ethereum mainnet

Specification:

osETH contract address:

0xf1C9acDc66974dFB6dEcB12aA385b9cD01190E38

Risk Parameter

Value

Emode

No

Isolation Mode

No

Borrowable in Isolation

No

Stable Borrow

No

Enable Borrow

Yes

Enable Collateral

Yes

Loan To Value (LTV)

71%

Liquidation Threshold

76%

Liquidation Bonus

10%

Reserve Factor

15%

Liquidation Protocol Fee

10%

Supply Cap

15000 osETH

Borrow Cap

1000 osETH

Debt Ceiling

N/A

uOptimal

45%

Base

0%

Slope1

7%

Slope2

300%

Useful Links

Temp Check in Forum: [TEMP CHECK] onboard osETH to Aave v3 on Ethereum pool

Snapshot: Snapshot

Website

V3 Litepaper

V3 Docs

What is osETH?

Audits - Sigma Prime and Halborn

Github Page

Communities: Discord / Twitter / Forum

Disclaimer

The Aave-chan Initiative is not presenting this ARFC on behalf of any third party and is not compensated by Stakewise for creating this proposal.

Next Steps

1. Collect community & service providers feedback before escalating proposal to ARFC snapshot stage

2. If consensus is reached on this ARFC escalate this proposal to the Snapshot stage.

3. If the Snapshot outcome is YAE, this proposal will be escalated to AIP stage

4. If the ARFC snapshot outcome is YAE, publish an AIP vote for final confirmation and enforcement of the proposal

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