

This is the second in a series of monthly posts from Gauntlet with the goal of keeping the community informed of market risk pertaining to Aave V2. Over the last month, Gauntlet has executed two more sets of parameter recommendations as part of our [Dynamic Risk Parameters](#) engagement.

Old Liq.Bonus/LTV/Liq_Threshold

New Liquidation Bonus

New Moderate LTV

New Moderate Liq_Threshold

USDC (5%, 82.5%, 85%)

4

-

-

WETH (5%, 80%, 85%)

-

82.5

-

REN (9%, 55%, 60%)

7.5

-

-

YFI (12.5%, 45%, 60%)

8

50

-

MKR (10%, 65%, 70%)

8

-

-

ZRX (8%, 60%, 70%)

7.5

65

-

UNI (10%, 60%, 70%)

-

50

-

WBTC (9%, 70%, 75%)

7.5

-

-
CRV (12.5%, 40%, 55%)

10

35

-
XSUSHI (12.5%, 35%, 60%)

10

30

-
ENJ (10%, 50%, 60%)

-

55

65

AAVE (8%, 60%, 70%)

7.5

-

-
MANA (8%,60%,65%)

7.5

65

70

SNX (9%, 20%, 45%)

7.5

-

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Additionally, Gauntlet has launched the Aave [Risk Dashboard](#) and have built the functionality to enable daily updates. The community should use the dashboard to better understand the updated parameter suggestions and general market risk in Aave V2. Gauntlet is keen on improving the dashboard and have been conducting user studies with members of this community and others to inform the next iteration.

ARC

[Liquidation Bonus Updates 2021-09-14](#)

[Risk Parameter Updates 2021-09-30](#)

Snapshot

[Should liquidation bonuses be reduced for eleven \(11\) Aave V2 assets?](#)

- Passed with 27.79k AAVE Yae (99.99%)

[Should thirteen \(13\) total risk parameters across nine \(9\) Aave V2 assets be adjusted?](#)

- Passed with 15.1k AAVE Yae (99.01%)

AIP

[AIP-38: Liquidation Bonus Updates for eleven Aave V2 assets](#)

- Passed with 425.2k AAVE Yae (100.0%)

[AIP-39: Risk Parameter Updates for Aave V2 assets](#)

- Passed with 331.5k AAVE Yae (100.0%)

On average Gauntlet's recommendations have shown a 14% reduction in VaR. Our simulations show an average of 0.2% of Aave's TVL being at risk on any given day. In the scenario where volatility reaches similar levels as Black Thursday, we expect to save Aave protocol users an average of \$5,258,511 in liquidations.

From our first liquidation bonus updates (2021-08-27) to present Gauntlet has saved Aave protocol users \$188,253 in liquidations as a direct impact of lower liquidation bonuses, which equates to \$1,493,747 on an annualized basis. It is important to note that this time frame experienced relatively low levels of asset volatility.

Separately, the [Risk DAO](#) is starting to take shape. Currently, Gauntlet is working within Aave's existing governance framework and thus AIPs are implemented roughly a week after its corresponding ARC is published. As the community has probably noticed, Gauntlet's ARCs are back to back to the previous week's AIP execution. A faster path for identifying and implementing parameter updates would allow Gauntlet and others to be more reactive to market conditions.