

Summary

A proposal to increase:

- Optimism
- Supply cap for LINK
- Supply cap for LINK
- Arbitrum:
- Supply cap for LUSD
- Supply cap for LUSD
- Metis
- Supply cap for METIS
- Supply cap for METIS

Motivation

The recommendations below were made utilizing Chaos' supply and borrow cap methodologies and after analyzing user positions for each asset.

LINK (Optimism)

The supply cap for LINK on V3 Optimism is currently at 100% utilization.

Although the stress testing framework allows for a more substantial increase of the cap, we recommend limiting the supply caps to 50% of the total onchain circulating supply, which is 210K LINK.

LUSD (Arbitrum)

The supply cap for LUSD on Ethereum is currently at 100% utilization.

The total circulating supply of LUSD on Arbitrum is currently 3M. As LUSD is not utilized as collateral, we currently recommend capping the supply at 60% of the total on-chain circulating supply, setting the cap at 1.8M LUSD.

METIS (Metis)

The supply cap for METIS on V3 Metis is currently at 81%

As Metis is listed as a non-collateral asset, we recommend doubling the current supply cap to 120K METIS.

Specification

Chain

Asset

Current Supply Cap

Recommended Supply Cap

Current Borrow Cap

Recommended Borrow Cap

Optimism

LINK

160,000

210,000

84,000

No Change

Arbitrum

LUSD

1,400,000

1,800,000

900,000

No Change

Metis

METIS

60,000

120,000

4,000

No Change

Next Steps

Once we receive feedback from [@Gauntlet](#) on the above recommendations, we will be able to move forward to implement these updates via the Risk Steward process.