

After discussions with [@sakulstra](#) we updated the proposed interestRate Strategy

## Title: [ARFC] BUSD Offboarding Plan Part III

Author: Marc Zeller [@marczeller](#) - Aave Chan Initiative

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### Summary

This ARFC proposal outlines the third part of the offboarding plan for BUSD on the Aave V2 Ethereum market. The plan aims to further reduce the amount of liquidity in BUSD and encourage users to switch to other stablecoins. The plan involves modification of BUSD risk parameters and withdrawal of aBUSD from the collector contract. The plan will be enforced in a single AIP.

### Motivation

Please refer to the first and second parts of the BUSD offboarding plan for more context. The first two parts of the plan were successful, driving out liquidity and incentivizing active users to repay their debt and move their position to other stablecoins. The remaining vBUSD debt holders seem to be inactive or unaffected by high rates, due to the time-sensitive nature of BUSD/Paxos situation and the potential risk of protocol bad debt.

This third part of the offboarding plan will concentrate efforts on creating unsustainable positions for remaining borrowers to either motivate them enough to repay or reach liquidation thresholds.

Both actions are proposed to be performed:

- Modify risk parameters to “force” slope 2 interest rate curve and increase slope 2 aggressiveness
- Remove aBUSD from the collector contract to increase the utilization ratio of BUSD and increase the cost of open positions.

### Specification

The offboarding plan will be carried out in a single AIP with the following parameters:

Parameter

Value

uOptimal

1%

Reserve Factor

99.9%

Base Rate

100%

Slope 1

70%

Slope 2

300%

This will result in a 470% APR cost at 100% utilization rate.

Withdrawal of aBUSD from the collector contract. The BUSD will be kept as such in the collector contract, and a separate AIP will organize the swap of BUSD into other assets at a later stage.

### Next Steps

1. Gather community consensus & feedback on this ARFC

2. If the community approves ARFC, Publication of an AIP implementation.

## **Disclaimer**

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