

# GHO Stability Module - Development Update

## Summary

Following the positive outcome of the recent [TEMP CHECK](#) for the GSM (GHO Stability Module) we are pleased to share a number of recent developments around the GSM in this Development Update along with the [GSM codebase](#), which is now public on GitHub.

The GSM is a peg stability mechanism inspired by MakerDAO's PSM designed to exchange between two tokens at a pre-set ratio.

The GSM will be undergoing a number of security audits from a number of DAO and external service providers:

- SigmaPrime for a security audit
- An independent third-party security auditor
- BGD Labs for a security review
- Certora for formal verification

We encourage the community to inspect the codebase and provide any security related issues through our appropriate channels.

## Modifications in Design

We took the chance to make some optimizations from the initial specifications described in the original [TEMP CHECK](#).

The primary changes center on the design of the "Capital Allocator". The Capital allocator as a component of the GSM was removed, and an additional type, GSM4626, which can hold 4626 vault shares as its underlying asset was added. These changes allow the DAO to harvest yield from the vault shares over time.

Moreover, "fee strategies" which distinguish their logic from the "price strategies" were added. These fee strategies are configurable at launch and can be set by the DAO.

## Next Steps

Following the audits, we will share an ARFC based on the [facilitator onboarding process framework](#).

We look forward to welcoming feedback and discussion from the community in this upcoming ARFC around how the following parameters should be configured:

- Initial Debt Ceilings
- Initial Exogenous Assets
- Initial Pricing Strategy & Fee Strategy
- Price Bounds for Swap Freezes

The GSM is not just a technical advancement, but a strategic tool designed to maintain the peg of GHO. Through allowing users to exchange two tokens at a preset ratio, the GSM will ensure that the price of GHO remains stable and adheres to its intended peg.