

# Summary

A proposal to make parameter changes on Aave V2 Polygon and Aave V3 AVAX.

## Motivation

Aave V2 lacks many of the risk controls that Aave V3 solves for (supply caps, borrow caps, isolation mode, e-mode, etc.). Given that the market situation of these assets is currently volatile, out of an abundance of caution, we recommend freezing the following markets on Aave V2 Polygon and promote migration to V3. These recommendations are in line with the [rationale](#) of AIP 121.

- BAL
- CRV
- DPI
- GHST
- LINK
- SUSHI

We also recommend the following borrow caps for the Aave V3 AVAX Market. Borrow caps help prevent against high-risk attack vectors while sacrificing little capital efficiency. Our simulation analyses show that these borrow caps for these assets reduce the likelihood of market manipulation while allowing for natural organic borrow demand. As these markets naturally grow, we can continue to reassess raising caps incrementally.

- FRAX borrow\_cap: 2,000,000
- MAI borrow\_cap: 2,000,000
- LINK borrow\_cap: 220,000

## Specification

Freeze BAL, CRV, DPI, GHST, LINK, and SUSHI on Aave V2 Polygon.

Set borrow caps on FRAX, MAI, and LINK on Aave V3 AVAX.

## Next Steps

- Initiate AIP for Aave V2 Polygon markets
- Initiate Snapshot vote for Aave V3 AVAX recommendations (because the governance process is handled via Snapshot instead of an on-chain vote)

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