title: [ARFC] USDT Risk Parameters Update Aave V3 ETH Pool

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Abstract

This ARFC proposes an update to the risk parameters for USDT in the Aave ETH V3 pool, enabling it as collateral.

Motivation

This proposal aims to unlock the potential of USDT as collateral within the Aave ETH V3 pool. By aligning the risk parameters of USDT with those of USDC, we anticipate an increase in borrowing power for users. This change is expected to stimulate borrowing volume on Aave, thereby contributing to the protocol's revenue. The activation of collateral power for USDT is a strategic move towards creating a more dynamic, efficient, and profitable liquidity environment within the Aave ETH V3 pool.

Specification

The following table outlines the proposed risk parameters for USDT in the Aave ETH V3 pool, which will replicate the risk parameters of USDC:

Parameter	Current Value (USDT)	Proposed Value (USDT)	Current Value (USDC)
LTV	0%	74%	74%
LT	0%	76%	76%
LB	0%	4.5%	4.5%

Next Steps

- Gather feedback from the community and risk service providers.
- If consensus is reached on this ARFC, the proposal will be escalated to the ARFC Snapshot stage.
- If the ARFC Snapshot is successful, the proposal will be escalated to the Aave Improvement Proposal (AIP) stage for final approval.

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