

Proposal edited following feedback

Title

: [ARFC] sDAI Aave V3 Onboarding

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Summary

:

This proposal seeks to onboard sDAI as a collateral-only asset into the Aave V3 Ethereum pool. It outlines the specific parameters for integration and aims to create new synergies with the MakerDAO ecosystem.

Motivation

:

The recent increase in the DSR (Dai Savings Rate) to 8%—though anticipated to decrease to 5%—presents a unique opportunity for Aave to forge new synergies with the MakerDAO ecosystem. By integrating liquid DSR deposit tokens (sDAI) as a collateral-only asset in the Aave V3 Ethereum pool, Aave can offer users the dual benefit of earning DSR yield while utilizing their assets as collateral. In the context of GHO, this integration would create a yield-generating stablecoin with a higher yield than the GHO borrow cost. It's important to note that this proposal does not conflict with the [DSR integration in aDAI reserve proposal](#), but rather complements it. However, current engineering constraints make immediate integration difficult in the short-term. Should governance approve this proposal, both sDAI and DAI would serve as reserves in the Aave V3 Ethereum pool, with sDAI primarily used as collateral and DAI as a borrowable asset.

Specification

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We propose the following modifications to the Aave V3 & V2 Ethereum pools:

sDAI contract: 0x83F20F44975D03b1b09e64809B757c47f942BEeA

Parameter

Value

wETH Optimal Ratio on V3

from 80% to 90%

wETH base rate on V3

from 1% to 0%

DAI RF on V2

from 15% to 25%

DAI RF on V3

from 10% to 20%

DAI optimal ratio on V3

from 80% to 90%

DAI Slope1 on V3

from 4% to 5%

DAI Slope1 on V2

from 4% to 5%

DAI stable Borrow

disabled on V2

sDAI parameters

same as DAI but as collateral only

LTV

77%

LT

80%

Liquidation penalty

4.5%

Disclaimer

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The Aave-Chan Initiative & Chaos Labs are not affiliated with or paid by MakerDAO to publish this ARFC. At the time of writing, The ACI has large parts of its own treasury in the DSR, intending to use sDAI as collateral to mint GHO.

Next Steps

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1. Gather community feedback and consensus on this ARFC.
2. escalate this proposal at ARFC Snapshot Stage
3. If Snapshot outcome is YAE approved, Escalate to AIP stage

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