

Summary

Phoenix Labs proposes the following changes to SparkLend grouped by individual polls:

1. [Ethereum] Set DAI market LTV to 0.
2. [Ethereum+Gnosis Chain] Lower ETH market kink borrow rate to 3.2%, lower ETH market base borrow to 0% and other potential params in the IRM.
3. [Ethereum] Unfreeze WBTC and optimize parameters for current market conditions.
4. [Ethereum] D3M max debt ceiling increase.
5. [Ethereum] Increase rETH and wstETH supply caps.
6. [Gnosis Chain] Increase wstETH supply cap.

Rational

Set DAI market LTV to 0

The DAI market already has LTV/LT values set to 1bps, so the usage as collateral is effectively disabled, but by setting the LTV to 0 the usage as collateral can be completely disabled.

Lower ETH market kink borrow rate to 3.2%, lower ETH market base borrow to 0%

As staked ETH rates continue to drop it makes sense to lower the kink value to facilitate better utilization of the ETH market.

Unfreeze WBTC and optimize parameters for current market conditions

WBTC has proven itself to be an asset that can scale, and decentralized collateral requirements have been relaxed slightly. BA Labs to provide parameters & risk assessment.

D3M max debt ceiling increase & supply cap increases

Governance is going into a 1 month break, so we want to allow enough room for the protocol to grow without intervention during the holiday break. BA Labs to provide parameters & risk assessment.