

Summary

A proposal to increase the supply caps on the following markets:

- wstETH on Scroll
- BTCB on BNB Chain

Motivation

wstETH (Scroll)

wstETH on Scroll has reached full supply cap utilization while borrows remain relatively limited.

Supply Distribution

The largest supplier is responsible for 34% of the total market and is not borrowing against their deposit.

Two top ten suppliers are borrowing USDC against wstETH, putting these positions at higher risk of liquidation. However, we find that they could be liquidated under the Liquidation Bonus price impact at current liquidity levels.

Recommendation

Given on-chain liquidity and user behavior, we recommend increasing the supply cap to 2,000 wstETH; no adjustment to the borrow cap is necessary.

BTCB (BNB Chain)

BTCB's supply and borrow caps are 88% and 2% utilized, respectively, following a steady increase in deposits.

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Supply Distribution

The market is very distributed, with the largest supplier accounting for just 5.3% of the total deposits.

The top suppliers are primarily borrowing FDUSD, ETH, USDT, and WBNB against their BTCB collateral, putting these positions at risk of liquidation should BTC's price fall and/or ETH or BNB's increase. Overall, USDT is the most popular asset borrowed against BTCB.

Recommendation

Given on-chain liquidity and user distribution, we recommend increasing the supply cap by 50% while leaving the borrow cap unchanged.

Specification

Chain

Asset

Current Supply Cap

Recommended Supply Cap

Current Borrow Cap

Recommended Borrow Cap

Scroll

wstETH

1,300

2,000

90

No Change

BNB Chain

BTCB

400

600

180

No Change

Next Steps

We will move forward and implement these updates via the Risk Steward process.

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