

# Summary

A proposal to:

- Increase USDe's supply and borrow caps on Aave's Ethereum deployment.
- Increase WETH's supply cap on Aave's Scroll deployment.
- Increase WETH's supply cap on Aave's Base deployment.

## Motivation

### USDe (Ethereum)

USDe has reached 96% supply cap utilization on Ethereum, and its borrow cap is at 72% capacity.

#### Supply Distribution

Supply is relatively concentrated, with the top supplier representing 60% of the total. This user is borrowing \$8M USDC and \$25M USDT against \$45.7M USDe. The next largest user is supplying \$8.5M USDe and \$18.5M WBTC and is borrowing \$11M USDe against this, making them the largest USDe borrower.

Overall, USDT represents 66.67% of the value borrowed against USDe.

#### Borrow Distribution

Borrows are very distributed, with a range of collateral assets backing the USDe debt.

Overall, WBTC represents 46% of the value backing USDe loans, followed by WETH at 18.5%.

#### Recommendation

Given on-chain liquidity and user behavior, we recommend increasing the supply and borrow caps by roughly 50% each.

### WETH (Scroll)

WETH has reached 91% supply cap utilization on Scroll, and its borrow cap is at 63% capacity.

#### Supply Distribution

Most top WETH suppliers borrow USDC or wstETH, with a few maintaining deposit-only positions. The largest WETH supplier represents a significant portion of the total market, though supply is somewhat distributed across other wallets. The largest open positions have moderate liquidation risk, as they primarily involve borrowing stablecoins against WETH collateral.

Overall, USDC represents 56.29% of the value borrowed against WETH.

#### Recommendation

Given on-chain liquidity and user activity, we recommend increasing the supply cap.

### WETH (Base)

WETH has reached 82% supply cap utilization on Base, and its borrow cap is at 99% capacity.

#### Supply Distribution

Most of the top WETH suppliers borrow USDC, with a few maintaining deposit-only positions. The largest WETH supplier represents a significant portion of the total market, with supply notably decreasing for subsequent positions. The largest open positions have moderate liquidation risk due to the volatility of WETH as collateral against borrowed USDC.

Overall, USDC represents 88.29% of the value borrowed against WETH.

#### Recommendation

Given user behavior and on-chain liquidity, we recommend increasing the supply cap while leaving the borrow cap unchanged to prevent further deviations above UOptimal. However, should supply increase, we will propose a borrow cap increase.

# Specification

Chain  
Asset  
Current Supply Cap  
Rec. Supply Cap  
Current Borrow Cap  
Rec. Borrow Cap

Ethereum  
USDe  
80,000,000  
120,000,000  
72,000,000  
110,000,000

Scroll  
WETH  
45,000  
55,000  
34,000  
-

Base  
WETH  
27,000  
45,000  
18,000  
-

# Next Steps

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

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