

title: [ARFC] Extend Safety Module Coverage to Polygon v3

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Summary

The proposal presents Aave the opportunity to extend the Safety Module coverage to include Polygon v3.

Abstract

The Safety Module is a set of smart contracts allowing AAVE & aBPT (representing Balancer V1 ETH/AAVE LP) token holders to stake their tokens in exchange for a share of the distribution of Safety Incentives sourced from the Aave Ecosystem Reserve.

Stakers in the safety module, lock their liquidity for a minimum of 10 days, and in the case of a shortfall event affecting the covered Aave markets, expose their stake assets to be mobilised to cover excess protocol debt up to 30% of their staked funds.

A Snapshot vote will determine if Aave extends the coverage of the Safety module to Aave Polygon v3. There is currently \$154.80m of TVL deployed on Polygon v3.

Motivation

Aave v3 is the most recent implementation of the Aave protocol, allowing new features, optimizations, and mitigation of risks.

Aave v3 has been battle tested for ~11 months in several networks, and its code was deemed safe enough to be allowed deployment on the Ethereum mainnet by the Aave governance.

The authors are supportive of extending coverage of Aave v3 by the safety module in order to offer the Polygon v3 users the same level of coverage as v2 users.

Soon, rewards are to be distributed across the v3 deployment encouraging v2 users to migrate. Extend the Safety Module to the v3 deployment further supports the migration of user's capital to the v3 deployment. To help facilitate this, BGD has released a migration tool which can be accessed Aave the Aave front end.

Specification

If a Short Fall event was to occur, similar to the CRV excess debt event during 2022, an ARC is required to determine how Aave is to respond. If Aave elects to proceed with auctioning funds held in the Safety Module, this will be implemented via an AIP.

This proposal is for Aave to agree in principle, via Snapshot, to set a precedent that the Polygon v3 deployment will be supported by the Safety Module if a short fall event were to occur.

A successful Snapshot vote which follows the AIP voting criteria will determine if the Safety Module is extended to cover the Polygon v3 market.

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