

Proposal updated for Snapshot escalation

Title:

[ARFC] Aave V3 Deployment on zkEVM L2

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Summary:

Proposal for the deployment of Aave V3 on zkEVM L2, with limited assets onboarding (“MVP V3”) to establish a strategic Aave presence early in this new network while staying conservative in terms of risk.

Abstract:

This ARFC proposes the deployment of a Minimal Viable Product (MVP) version of Aave V3 on the zkEVM L2 network, an EVM-equivalent zk-rollup developed by the Polygon team.

Motivation:

The deployment of Aave V3 on zkEVM L2 aims to establish a strategic presence on this new network early on, promoting L2 diversity and expanding Aave’s reach in the DeFi space.

Specification:

The proposal outlines the deployment of Aave V3.0.1 on zkEVM L2 with three collaterals (WETH, WMATIC & USDC) and one borrowable asset (USDC). Risk parameters are provided for community discussion and feedback from risk service providers.

Recommended Initial Parameters

Risk Parameter

WETH

USDC

WMATIC

Isolation Mode

NO

NO

NO

Enable Borrow

YES

YES

YES

Borrowable in Isolation

NO

YES

NO

Enable Collateral

YES

YES

YES

Loan To Value

80%

77%

68%

Liquidation Threshold

82.5%

80%

73%

Liquidation Bonus

5%

5%

10%

Reserve Factor

15%

10%

20%

Liquidation Protocol Fee

10%

10%

10%

Borrow Cap

280

1.26M

375K

Supply Cap

350

1.4M

500K

Debt Ceiling

N/A

N/A

N/A

Base

1%

0%

0%

Slope1

3.8%

4%

6.1%

Uoptimal

80%

90%

75%

Slope2

80%

60%

100%

Deployment Checklist:

- Risk service provider's feedback
- Infrastructure/technical evaluation report
- Oracle recommendation
- The graph support
- Cross-chain messaging infrastructure for governance

Disclaimer:

The Aave-Chan Initiative (ACI) is not associated with or compensated by Polygon for publishing this ARFC.

As part of its delegate platform, the ACI promotes L2 diversity.

Marc Zeller is a former DeFi strategy advisor for the Polygon Foundation but resigned from this role at the time of the ACI service provider proposal publication.

This ARFC is created to facilitate the Aave community's discussion and decision-making regarding the deployment of Aave V3 on zkEVM L2.

Next Steps:

1. Conduct a snapshot vote for the Aave community to approve or reject the deployment.
2. If approved, proceed with the necessary technical implementations for deployment on zkEVM L2.

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