

# Summary

A proposal to increase:

## Ethereum

- SNX - supply cap
- ENS - supply cap

# Motivation

The recommendations below were made utilizing Chaos’ supply and borrow cap methodologies and after analyzing user positions for each asset.

Please note that there are several other assets across V3 deployments with high supply and borrow cap utilization that were analyzed and do not have recommendations for an increase, given current market conditions. We maintain continuous monitoring of protocol usage and adjust our recommendations in response to evolving market conditions based on our simulations.

## Ethereum

### SNX

The supply cap for SNX on Ethereum V3 is currently at 89% utilization.

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The recent increase in SNX supply is mainly due to a single user supplying over 594K SNX, amounting to over 22% of the total SNX supply. The user is currently borrowing nearly 447k in USDT against his SNX collateral.

In addition, the SNX debt ceiling is also near 100% utilization. We will follow up with a separate analysis and recommendations.

Utilizing our supply cap methodology and given the debt ceiling set, we recommend increasing the cap to 4.5M.

### ENS

The supply cap for ENS on Ethereum V3 is currently at 82% utilization.

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Nearly 570k ENS have been supplied to the protocol in the past 10 days, with the top 5 suppliers amounting to nearly 77% of all supply.

Utilizing our supply cap methodology and given the debt ceiling set, we recommend increasing the cap to 1.5M.

# Specification

Chain

Asset

Current Supply Cap  
Recommended Supply Cap  
Current Borrow Cap  
Recommended Borrow Cap  
Ethereum  
SNX  
3,000,000  
4,500,000  
1,100,000  
No Change  
Ethereum  
ENS  
1,000,000  
1,500,000  
40,000  
No Change

## Next Steps

Once we receive feedback from [@Gauntlet](#) on the above recommendations, we will move forward to implement these updates via the Risk Steward process.

## Disclaimer

Chaos Labs has not been compensated by any third party for publishing this ARFC.