

• —

Title: [ARFC] Aave V3 Caps update Framework

Author: [@marczeller](#) - Aave Chan Initiative

Date: 16-02-2023

• —

## Summary:

This ARFC proposes a direct to AIP vote for cap changes or FreezeReserve() implementation if the following conditions are met:

- The proposal is provided by a risk service provider or has received feedback from at least one risk service provider team.
- The proposed cap change is not greater than a 100% increase of the current cap or the implementation of a cap.
- The cap is being decreased.
- The AIP is implementing a FreezeReserve().

For other situations, the normal governance process is applicable.

This framework is intended for All V3 liquidity pools. Relative to freezing reserves, this framework is intended for all Aave pools.

## Motivation:

Supply and borrow caps are important safety features of Aave V3, and they are essential for maintaining the stability of the platform. However, these caps can also have a significant impact on the growth potential of the platform. If a cap ceiling is met and governance takes too much time to adapt, this can slow down the growth of the platform and limit its ability to meet the needs of its users.

Given the importance of supply and borrow caps, it is essential to have a governance process in place that can quickly and efficiently adapt to changing market conditions. A long-term viable solution would be a clear framework and the election via governance of a Risk Council having a degree of Risk management capability over the Aave protocol. However, while the definition and implementation of this is technically allowed by the Aave codebase, it is still immature.

As a temporary buffer, this ARFC proposes a direct to AIP vote for cap changes or FreezeReserve() implementation under certain conditions to increase the efficiency of the governance process. By streamlining the governance process in this way, we can ensure that the platform can quickly and efficiently adapt to changing market conditions and meet the needs of its users.

## Specification:

As there's no need for on-chain AIP or technical implementation for this ARFC, the outcome of a snapshot vote will be considered canon.

## Disclaimer:

The author of this ARFC, Marc Zeller, is the founder of the Aave Chan Initiative and owns AAVE tokens. However, the ACI is not paid by the Aave Companies nor any other entity to submit this ARFC.

## Copyright:

Copyright and related rights waived via CC0.