

Summary

Gauntlet recommends supply cap changes for 3 assets on Ethereum v3 and Optimism v3.

Per Gauntlet's [supply and borrow cap methodology](#), we recommend the following supply cap changes to Ethereum v3 and Optimism v3.

Specifications

Chain

Asset

Cap

Current

Recommended

Ethereum

BAL

SUPPLY

700000

350000

Ethereum

LINK

SUPPLY

24000000

15000000

Optimism

OP

SUPPLY

20000000

10000000

Motivation

Cap usages have been historically low and liquidity has declined for several assets - we recommend lowering caps to reduce tail risks. Our [dashboard](#) has more color on how caps have continuously evolved over the past few months.

- BAL supply cap usage is at (20%) on Ethereum Aave v3 for the past few months
- LINK supply cap usage has been at (5%) on Ethereum Aave v3 for the past three months
- OP supply cap usage has been at 1% on Optimism Aave v3 for the past three months

BAL

LINK

OP

Next Steps

- Initiate AIP on 2023.07.10