title:

[ARFC] Onboard Native USDC to Aave V3 Markets

author:

Aave Chan Initiative and [@EzR3aL](#)

created:

2023-11-30

Abstract

There are currently multiple proposals in discussion to onboard native USDC to the Aave v3 markets where it is currently not listed. This meta-proposal will onboard native USDC into the Aave V3 pools on Base, OP Mainnet and Polygon PoS.

Motivation

With the evolution of L2 networks, adopting native USDC versions becomes vital for efficiency. This proposal seeks a balanced transition from USDC.e to native USDC on all Aave v3 pools where native USDC is not already onboarded. TEMP CHECK proposals and some ARFC proposals have already been created on the forum, this proposal aims to combine these into a single meta-proposal for voting and execution to reduce governance overhead and speed up the onboarding process.

You can see the existing proposals on the forum below.

TEMP CHECK forum post stage:

- [Base](#)

- [Polygon PoS](#)

ARFC forum post stage:

- [OP Mainnet](#)

To streamline the process, we propose moving the Base and Polygon PoS native USDC onboarding proposals straight to ARFC, then combine all three ARFC proposals into a single ARFC snapshot vote.

Note that as part of the risk parameter harmonization, the liquidation threshold for some USDC.e markets will decrease. Risk managers will need to monitor potential liquidation effect of this change and give feedback accordingly.

Specification

Base

Token symbol: USDC

Base Contract: [0x833589fCD6eDb6E08f4c7C32D4f71b54bdA02913](#)

Chainlink oracle: [0x7e860098f58bbfc8648a4311b374b1d669a2bc6b](#)

Risk Parameter

Value

emode

Yes

Isolation Mode

No

Borrowable in Isolation

No

Stable Borrow

No

Enable Borrow

Yes

Enable Collateral

Yes

Loan To Value (LTV)

77%

Liquidation Threshold

80%

Liquidation Bonus

5%

Reserve Factor

10%

Liquidation Protocol Fee

10%

Supply Cap

10m USDC

Borrow Cap

9m USDC

Debt Ceiling

N/A

uOptimal

90%

Base

0%

Slope1

5%

Slope2

60%

For USDC.e:

- Supply Cap:

2m

- Borrow Cap:

2m

- Emode:

No

- Reserve Factor (RF):

- USDC.e: Increase to 20% to incentivize native USDC usage.

- USDC.e: Increase to 20% to incentivize native USDC usage.

- Slope1:

- USDC.e: Increase to 7% to incentivize native USDC usage.

- USDC.e: Increase to 7% to incentivize native USDC usage.

- Slope2:

- USDC.e: Increase to 80% to incentivize native USDC usage.

- USDC.e: Increase to 80% to incentivize native USDC usage.

OP Mainnet

Token Symbol: USDC

Address: [0x0b2C639c533813f4Aa9D7837CAf62653d097Ff85](#)

Chainlink oracle: [0x16a9fa2fda030272ce99b29cf780dfa30361e0f3](#)

Risk Parameter

Value

emode

Yes

Isolation Mode

No

Borrowable in Isolation

No

Stable Borrow

No

Enable Borrow

Yes

Enable Collateral

Yes

Loan To Value (LTV)

77%

Liquidation Threshold

80%

Liquidation Bonus

5%

Reserve Factor

10%

Liquidation Protocol Fee

10%

Supply Cap

25m USDC

Borrow Cap

20m USDC

Debt Ceiling

N/A

uOptimal

90%

Base

0%

Slope1

5%

Slope2

60%

For USDC.e:

- Supply Cap:

18m

- Borrow Cap:

15.5m

- Reserve Factor (RF):
- USDC.e: Increase to 20% to incentivize native USDC usage.
- USDC.e: Increase to 20% to incentivize native USDC usage.
- Slope1:
- USDC.e: Increase to 7% to incentivize native USDC usage.
- USDC.e: Increase to 7% to incentivize native USDC usage.
- Slope2:
- USDC.e: Increase to 80% to incentivize native USDC usage.
- USDC.e: Increase to 80% to incentivize native USDC usage.

Note:

As part of the risk parameter harmonization, the liquidation threshold for the Optimism USDC.e market will decrease from 85% to 80%. Risk managers will need to monitor potential liquidation effects of this change and give feedback accordingly.

Polygon PoS

Token Symbol: USDC

Address: 0x3c499c542cef5e3811e1192ce70d8cc03d5c3359

Chainlink oracle: 0xfe4a8cc5b5b2366c1b58bea3858e81843581b2f7

emode

Yes

Isolation Mode

No

Borrowable in Isolation

No

Stable Borrow

No

Enable Borrow

Yes

Enable Collateral

Yes

Loan To Value (LTV)

77%

Liquidation Threshold

80%

Liquidation Bonus

5%

Reserve Factor

10%

Liquidation Protocol Fee

10%

Supply Cap

50m USDC

Borrow Cap

45m USDC

Debt Ceiling

N/A

uOptimal

90%

Base

0%

Slope1

5%

Slope2

60%

For USDC.e:

- Supply Cap:

40m

- Borrow Cap:

36m

- Loan To Value (LTV): 77%

- LT: 80%

- LB: 5%

- Reserve Factor (RF):

- USDC.e: Increase to 20% to incentivize native USDC usage.

- USDC.e: Increase to 20% to incentivize native USDC usage.

- Slope1:

- USDC.e: Increase to 7% to incentivize native USDC usage.

- USDC.e: Increase to 7% to incentivize native USDC usage.

- Slope2:

- USDC.e: Increase to 80% to incentivize native USDC usage.

- USDC.e: Increase to 80% to incentivize native USDC usage.

Note:

As part of the risk parameter harmonization, the liquidation threshold for the Polygon USDC.e market will decrease from 85% to 80%. Risk managers will need to monitor potential liquidation effects of this change and give feedback accordingly.

Arbitrum

Token Symbol: USDC

Address: [0xaf88d065e77c8cC2239327C5EDb3A432268e5831](#)

Chainlink oracle: [0x50834F3163758fcC1Df9973b6e91f0F0F0434aD3](#)

Risk Parameter

Value

emode

Yes

Isolation Mode

No

Borrowable in Isolation

No

Stable Borrow

No

Enable Borrow

Yes

Enable Collateral

Yes

Loan To Value (LTV)

77%

Liquidation Threshold

80%

Liquidation Bonus

5%

Reserve Factor

10%

Liquidation Protocol Fee

10%

Supply Cap

64m USDC

Borrow Cap

60m USDC

Debt Ceiling

N/A

uOptimal

90%

Base

0%

Slope1

5%

Slope2

60%

For USDC.e:

- Supply Cap:

26m

- Borrow Cap:

24m

- Loan To Value (LTV): 77%
- LT: 80%
- LB: 5%
- Reserve Factor (RF):
- USDC.e: Increase to 20% to incentivize native USDC usage.
- USDC.e: Increase to 20% to incentivize native USDC usage.
- Slope1:
- USDC.e: Increase to 7% to incentivize native USDC usage.
- USDC.e: Increase to 7% to incentivize native USDC usage.
- Slope2:
- USDC.e: Increase to 80% to incentivize native USDC usage.
- USDC.e: Increase to 80% to incentivize native USDC usage.

Note:

As part of the risk parameter harmonization, the liquidation threshold for the Arbitrum USDC.e market will decrease from 86% to 80%. Risk managers will need to monitor potential liquidation effects of this change and give feedback accordingly.

Incentives

To facilitate a seamless transition from USDC.e to Native USDC, relevant foundations, DAO & Circle, are welcome to propose incentive programs to increase the attractiveness of USDC compared to USDC.e

If any proposition is made for this, this proposal will be updated accordingly, the ACI, via the Skyward program, will prepare the AIP implementation accordingly.

Next Steps

1. Community feedback and gather consensus

2. Proceed to ARFC snapshot stage.

3. If successful, escalate to AIP stage.

Disclaimer

This proposal is powered by Skyward, The Aave Chan Initiative (ACI) is not compensated in any form by Circle or any affiliated entities for creating this ARFC proposal.

Copyright