

[ARFC]

Remove Frax from Isolation Mode on Aave v3 Mainnet

Author: ACI (Aave Chan Initiative)

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ARFC has been updated with Risk Parameters provided by Risk Service Providers. 2024-10-14

Summary

This is an ARFC to remove FRAX from isolation mode, and set LTV to 0%. This is a reboot with minor changes of [a previous ARFC](#) which passed Snapshot but has not yet been implemented.

Motivation

FRAX and Aave DAO have found more synergies over the last months. The FRAX team has responded with major updates to security on sfrxETH in response to BGD Labs feedback. FRAX has also initiated governance proposals to add GHO to Frax Lend. There are ongoing conversations to have a FRAX AMO included into Aave v3. sFRAX was [previously accepted](#) for onboarding in a previous [ARFC vote](#) before the introduction of CAPO feeds.

This proposal suggests removing FRAX from isolation mode to facilitate further AMO deployments.

Furthermore, this proposal sets LTV to 0% as there is no use-case for FRAX to act as collateral.

Specification

- FRAX will be removed from Isolation Mode on Aave v3 instances.
- FRAX will receive same parameters as DAI, a Reserve Factor as other stables, and LTV of 0%.

Parameter

Recommendation

Isolation Mode

NO

Borrowable in Isolation

NO

Stable Borrow

NO

Enable Borrow

NO

Enable Collateral

YES

Loan To Value

0%

Liquidation Threshold

75.00%

Liquidation Bonus

6.00%

Reserve Factor

10.00%

Liquidation Protocol Fee

20.00%

Supply Cap(sFRAX)

10.00M

Borrow Cap(sFRAX)

N/A

Uoptimal

N/A

Base

N/A

Slope1

N/A

Slope2

N/A

Debt Ceiling

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Useful Links

[\[ARFC\] Remove Frax from Isolation Mode and onboard sFRAX to Aave v3 Mainnet](#)

[\[ARFC\] Remove Frax from Isolation Mode and onboard sFRAX to Aave v3 Mainnet Snapshot](#)

[\[ARFC\] Add FRAX on Ethereum v3 Forum Thread](#)

[\[ARFC\] Add FRAX on Ethereum v3 Forum Thread Snapshot](#)

Disclaimer

This proposal is powered by Skywards. The Aave Chan Initiative is not directly affiliated with FRAX and did not receive compensation for creation this proposal.

Next Steps

1. Publication of a standard ARFC, collect community & service providers feedback before escalating proposal to ARFC snapshot stage.
2. If the ARFC snapshot outcome is YAE, publish an AIP vote for final confirmation and enforcement of the proposal.

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