

title: [ARFC] Safety Module - Create GHO/USDC E-CLP Category

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Summary

This publication proposes creating a new Safety Module (SM) category for the GHO/USDC E-CLP by Gyroscope built on Balancer v2.

Motivation

With the initial [TEMP CHECK](#) vote passing, this publication progresses the proposal to add the GHO/USDC E-CLP to the Aave SM to ARFC stage of the governance process.

With GHO trading close to \$1.00 and the [GHO Stability Module](#) to be funded, now is an ideal time to add a GHO LP to the SM. By adding the GHO-USDC E-CLP, it is expected to significantly improve market depth as well as USDC liquidity with the SM.

The GHO/USDC E-CLP pool requires dual asset deposits when Liquidity Providers enter the pool and when GHO is trading at \$1.000, the pool is mostly USDC (75%). The pool's liquidity distribution is optimised for swap volume with Peak liquidity at 0.9995 reflecting that GHO is more likely to trade just beneath \$1.000 than over. The upper and lower liquidity range was set to optimise the efficiency of the liquidity whilst still providing some USDC depth to the lower bound. The below provides a graphic representation of the liquidity profile and composition of the pool for GHO priced in USDC.

Description

Value

Lower Bound

\$0.996

Upper Bound

\$1.001

Peak

0.9995

Amplification

1,250

Futher details on the pool can be found [here](#).

The ability to stake GHO liquidity pool tokens improves the value proposition of the SM by providing the dual service of deep GHO liquidity and protection in the case of protocol shortfall events. Additionally, Liquidity Providers (LPs) can also benefit from earning trading fees.

Specification

Create a new GHO/USDC E-CLP SM Category which accepts the following Balancer Protocol Token (BPT).

BPT: 0x006D7e2166472F62F0E9E5c95E3a313E01CaeA74

The following initial E-CLP SM parameter configuration is proposed optimizing emissions for a target liquidity of \$5M at 20% APR:

Description

Value

Emissions Nomination

GHO

Daily Emission

2,750

Slashing Rate

50%

Cooldown Period

20 days

This proposal also recommends that GHO/USDC E-LCP is included in FastPass with the following initial parameters:

Description

Value

FastPass Fee

100 bps

Fee Destination

Collector Contract

Daily Withdrawal Limit

500k

In addition to the above, we also recommend implementing the strategy detailed in this [forum post](#) which enables the DAO via the vAURA holding to vote BAL and AURA rewards to this SM Category. This option then enables the Aave DAO to use its strategic assets to partially sustain the SM category.

Disclosure

TokenLogic and karpatkey receive no payment for this proposal. TokenLogic and karpatkey are both delegates within the Aave community.

Next Steps

1. Gather feedback from the community and risk service providers.
2. If consensus is reached on this ARFC, escalate this proposal to the Snapshot stage.
3. If Snapshot outcome is YAE, escalate this proposal to AIP stage

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