title: [ARFC] Fund USDC & USDT GSM

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Summary

This publication proposes funding the USDC and USDT GHO Stability Modules (GSM).

Motivation

With significant improvement in the GHO price as a result of the ongoing merit program, the GHO Stewards would like to propose funding both the USDC and USDT GSMs.

Funding the GSM is expected to help mitigate the potential impact of funds being withdrawn from the stkGHO Safety Module (SM) category by providing continuous support for the GHO peg and protect the DEX liquidity spread across several pools.

The below table shows the larger holding sizes currently in cool down. Although some users will be eligible to withdraw GHO before the GSM is funded, the GSM is intended to be funded before some of the later holdings exit cool down.

SM Category	Size	Cool Down Date
stkGHO	1.4M	06/05/2024
stkGHO	3.0M	08/05/2024
stkGHO	0.9M	10/05/2024
stkGHO	2.4M	19/05/2024

Source: Dune Dashboard

With the introduction of the Merit rewards expected to be included in the Aave Protocol frontend very soon and AAVE emissions flowing to depositors, we expect several of these addresses will recommit to holding GHO within the SM.

Specification

Two Allowances are to be created enabling the Aave Liquidity Committee (ALC) to draw 1M USDC and 1M USDT from Aave v3.

When market conditions are optimal, the ALC will fund the USDC and USDT GSMs.

Do note the GSMs are currently configured to receive a maximum of 500k USDC and 500k of USDT. The additional USDC and USDT will be drawn down by the ALC when GHO Stewards determine those funds are needed at each respective GSM.

ALC SAFE: 0x205e795336610f5131Be52F09218AF19f0f3eC60

Asset

Asset

GSM Address

USDT

1M

0x686F8D21520f4ecEc7ba577be08354F4d1EB8262

USDC

1M

0x0d8eFfC11dF3F229AA1EA0509BC9DFa632A13578

The resulting GHO is to be kept in the ALC until its future use is dictated by governance.

This proposal will route via Snapshot before being submitted to AIP.

Future GSM related proposals, such as this one, are to be implemented via the Direct-to-AIP process.

Disclosure

TokenLogic, ACI and karpatkey receive no payment for this proposal. TokenLogic, ACI and karpatkey are all 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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