

Proposal updated to include [@ChaosLabs](#) feedback

title: [ARFC] Increase Supply Caps for LSTs on AAVE V3

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Summary

This ARFC proposes a increase in the supply caps for several Liquid Staking Tokens (LSTs) across multiple networks, including stETH, rETH, and sAVAX. The proposed changes are within the limits of the Risk Stewards and are requested for enforcement by them.

Abstract

The supply caps for several LSTs have reached or are nearing their current limits. To ensure the continued smooth operation of the protocol and to accommodate growing demand, this ARFC proposes to increase these caps. The proposed increases range from 50% to 100%, depending on the asset and network.

Motivation

The motivation behind these changes is to accommodate the growing demand for these LSTs in the Aave protocol. By increasing the supply caps, we can ensure that the protocol can continue to serve its users effectively. Furthermore, LSTs in L2 pools are essential for users who can't afford the transaction fees on L1. DeFi should be inclusive and is meant for everyone, and L2s are important to reach this goal.

Specification

The proposed changes are as follows:

Asset

Network

Current Cap

Current Supplied Liquidity

Utilization

Proposed Cap Increase

New Cap

New Utilization

stETH

Ethereum L1

200.00K

200.00K

100%

50%

300.00K

67%

rETH

Ethereum L1

20K
20K
100%
100%
40K
50%
stETH
Arbitrum
9.30K
9.30K
100%
61%
15K
62%
stETH
Optimism
12K
12K
100%
100%
18K
67%
stETH
Polygon
2.4K
2.4K
100%
68%
4.05K
60%
sAVAX
Avalanche
2M
1.77M
88%
50%
3M

60%

We request the Risk Stewards to enforce these changes. This proposal is compliant with the [Aave V3 Caps Update Framework](#), and since the [AIP-234](#) vote, the Risk Council via the Risk Steward can enforce this framework.

Next Steps

Collect feedback from the community & Risk service providers. If the feedback is positive, the Risk Stewards will enforce the proposed changes. We encourage all Aave users to participate in this discussion and provide their feedback.

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note: please consider that StETH & rETH L1 update and StETH OP update reflect [@Llamaxyz](#) work on it and already reached consensus, it has been cited here for easier understanding of upcoming supply caps changes.