

Title: [ARFC] Add MKR to Ethereum v3

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## Summary

This proposal presents Aave the opportunity to onboard MKR to the Ethereum v3 Liquidity Pool.

## Abstract

MKR is the governance token of the Maker DAO ecosystem. MKR token holders govern the Maker Protocol, the smart contracts that power DAI. There is currently \$12.71m of MKR deposited into Aave v2 on Ethereum. This proposal grants Aave the opportunity to list the governance token of the community supporting DAI which contributes \$167m of TVL on the Ethereum v2 deployment.

This ARFC is a joint effort with ACI and 3SE to allow a selection of v2 listed assets to be onboarded on V3 via the governance process. Subject to a favourable Snapshot vote, Llama will submit an AIP for voting.

## Motivation

Maker DAO has over \$7.45B in TVL and is ranked second on Defi Llama TVL rankings. The Maker Protocol is only deployed on the Ethereum network. The stable coin DAI, provides \$167m of deposits into Aave v2 on Ethereum, with over \$103m of this supply being borrowed by users.

The risk parameters provided here within are from Gauntlet's original Aave v3 initial [assets listings and configurations](#) forum thread. These parameters are to be revised by Gauntlet and feedback will be incorporated before progressing to a Snapshot vote.

The interest rate provided in the proposal mirrors the v2 deployment with exception of the parameters specific to stable interest rates. The stable rates proposed are the somewhat generic listing rates as stable borrowing is disabled. However, if stable borrowing was enabled, the suggested parameters are suitable and don't create any undesirable dynamics between stable and variable rates.

We note that this proposal is to be reviewed by Gauntlet, with feedback incorporated, prior to progressing to Snapshot.

## Specification

Ticker: MKR

Contract Address: [0xba100000625a3754423978a60c9317c58a424e3D](#)

Risk Parameter

Value

Isolation Mode

YES

Enable Borrow

YES

Enable Collateral

YES

Loan To Value

65.00%

Liquidation Threshold

70.00%

Liquidation Bonus

8.50%

Reserve Factor

20.00%

Liquidation Protocol Fee

10.00%

Borrow Cap

1,500

Supply Cap

6,000

Debt Ceiling

\$2,500,000

Variable Base

0.00%

Variable Slope1

7.00%

Variable Slope2

300.00%

Uoptimal

45%

Stable Borrowing

Disabled

Stable Slope1

13.00%

Stable Slope2

300.00%

Base Stable Rate Offset

3.00%

Stable Rate Excess Offset

5.00%

Optimal Stable To Total Debt Ratio

20.00%

Note: Stable borrowing is disabled, however parameters are provided in case stable borrowing is enabled at a later date without amending any parameters.

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