

# Summary

Phoenix Labs proposes the following changes to SparkLend grouped by individual polls:

1. [Mainnet] Update Morpho Vault Supply Caps
2. [Gnosis] Onboard USDC.e as Borrowable Asset
3. [Gnosis] Update USDC Parameters to Prepare for Offboarding

## Rational

### [Mainnet] Update Morpho Vault Supply Caps

The sUSDe 91.5% LLTV pool has seen strong borrowing demand and has reached its supply cap. If the incremental risk is acceptable, increasing supply cap would allow for more efficient deployment of funds in the Morpho Spark DAI vault.

### [Gnosis] Onboard USDC.e as Borrowable Asset

Gnosis recently added a new USDC token (listed as USDC.e) that conforms to Circle's token standard. This is a first step towards getting Circle to launch native USDC on Gnosis Chain, and all USDC based activity is expected to transition to this new version of the token in the coming months. Spark should list the new token to continue benefiting from Gnosis Chain USDC liquidity.

### [Gnosis] Update USDC Parameters to Prepare for Offboarding

The old version of USDC on Gnosis Chain is expected to see declining support and onchain liquidity over the coming months, as usage transitions to the new USDC.e token. The old USDC token version should be gradually deprecated from the Gnosis Chain SparkLend market.

BA Labs will comment on the proposed changes and market parameters.