

January 2023

Summary

Sharing a recap of Gauntlet's market risk management work with Aave in January 2023. See below for this past month's work summary and a preview of what's coming up in February.

Category

Work Completed

Commentary

Quantitative Research

[Interest rate curve framework for the Aave protocol](#)

[Published Borrow and Supply cap methodology for Aave V3](#)

Over the last several months, Gauntlet has conducted quantitative research on optimizing interest rate curves and setting borrow/supply caps

Recommendations

[2 sets](#) of Aave V2 ETH Recommendations

[Avalanche and Optimism](#) Recommendations

[Optimism Cap Additions](#)

Daily risk simulations and stress tests

Risk Modeling

[Risk Analyses on Shanghai Upgrade](#)

[cbETH Listing Analysis on V3 ETH](#)

[rETH Listing Analysis on V3 ETH](#)

[Analysis on Llama CRV Interest Rate Upgrades](#)

[wstETH Listing Analysis on V3 OP](#)

[jEUR Incident Analysis](#)

Risk modeling to provide insight into the risk/reward tradeoffs of Aave initiatives

Risk Monitoring and Alerting

[GUSD Utilization](#)

[Whale Liquidation](#)

[Position Near Liquidation](#)

Gauntlet's risk monitoring platform alerts the community of risk updates

Other

[IR Curve Corrections on wETH IR Curves](#)

[Community Bug Bounty](#)

Community and contributor support

Highlights

- Aligned with risk-related service providers and stakeholders on key priorities for the quarter. Setup recurring syncs and shared processes with Chaos and Llama to collaborate more closely on risk-related initiatives, including recommendations on asset listings
- After conducting quantitative research on interest rate curves, provide framework to the Aave community for optimizing

interest rate curves. Published recommendations that were approved by the community [on-chain](#)

- Updated incident response process - completed setup for internal [alerts](#), escalation, investigation, and monitoring processes
- After conducting quantitative research, published our [borrow and supply cap methodology](#) for Aave V3
- Conducted market risk analysis in preparation for Shanghai update

Upcoming Selected Work

- Launching updated Risk Simulation Dashboard
- Publishing Gauntlet holistic risk parameter methodology - guiding principles, overall methodology, etc
- Aligning with stakeholders on communication channels for sensitive market alerts
- Launching v3 Polygon integration into our risk simulation platform

We are happy to answer any questions or hear any feedback - please feel free to comment below.