title: [ARFC] Deploy USDC and USDT GSM On Arbitrum

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Summary

This publication proposes deploying a USDC and USDT GHO Stability Module (GSM) on the Arbitrum network. The two GSMs are to be maintained by the GHO Stewards.

Motivation

The GSM provides stability to the GHO peg by enabling assets to be exchanged within a defined price band. Deploying a GSM on the Arbitrum network enables swaps to be filled without unnecessarily creating an arbitrage opportunity between networks.

With the LTIPP ARB grant coinciding with GHO being launched on Arbtirum, the Aave DAO can stimulate demand for GHO whilst also restricting the Bridge Facilitator mint cap to encourage users to mint GHO via the GSMs. User will also be able to swap USDC and USDT for GHO via aggregators that have integrated the GSM. This will lead to USDC and USDT being deposited into the GSM.

With a healthy balance of USDC and USDT in each respective GSM, the Bridge Facilitator cap can be raised more aggressively and a GHO Bucket Cap with Facilitor role can be introduced to Aave v3 on Arbitrum.

Specification

The below provides the initial configuration of the USDC and USDT GSMs that will be updated by the GHO Stewards post launch.

Parameter

Value

Freeze Lower Bound

$0.990

Freeze Upper Bound

$1.010

Unfreeze Lower Bound

$0.995

Unfreeze Upper Bound

$1.005

Mint GHO Fee

0.05%

Burn GHO Fee

0.20%

Supply Cap

1.00M

An necessary adjustments to the Bucket Capacity for CCIP Bridge will be made at time of AIP submission and mentioned in the comments below.

Disclosure

TokenLogic and karpatkey receive no payment for this proposal. TokenLogic and karpatkey are both delegates within the Aave community.

Next Steps

1. Gather feedback from the community.
2. If consensus is reached on this ARFC, escalate this proposal to the Snapshot stage.
3. If Snapshot outcome is YAE, the ALC will implement proposal.

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