

# [ARFC] Freeze BUSD on Aave V2

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Author: [@marczeller](#) - Aave Chan Initiative

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## Summary

Following the recent developments between Paxos (minter of BUSD) and the SEC,

Paxos will stop minting BUSD from April 2023 and will only allow redemption for their underlying value by burning BUSD.

The circulating supply of BUSD will thus trend toward zero over time.

This ARFC presents the Aave governance with the opportunity to freeze BUSD reserve on the Aave V2 Ethereum market.

## Abstract

This ARFC proposes to freeze the BUSD reserve on the Aave V2 Ethereum market.

## Motivation

While BUSD is not an asset with borrowing power, and recent development does not present risks of excess debt, From April 2023, the circulating supply of this asset will eventually go toward zero.

As there's no real prospect of growth and the inability to mint new BUSD might hurt peg arbitrage opportunity and asset peg. It seems that the most reasonable path for Aave is to freeze this reserve and invite users to switch to another stablecoin among the diversity present in Aave.

As there's no immediate risk for the protocol, the ACI doesn't call for a fast-track process for this ARFC, and the standard governance process seems fit.

## Specification

Ticker: BUSD (BUSD)

Contract Address: 0x4Fabb145d64652a948d72533023f6E7A623C7C53

## Disclaimer

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