

## Title : [ARFC] wGHO Aave V3 Onboarding

Author : Marc Zeller [@marczeller](#) - Aave Chan Initiative, Chaos Labs

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### Summary

This proposal aims to onboard wGHO, an ERC-20 token wrapper of GHO, as a collateral-only asset in a newly created stablecoin emode within the Aave V3 Ethereum pool. The integration will enable using wGHO as collateral to borrow other stablecoins, facilitating arbitrage and leveraged positions for under-peg GHO situations.

### Motivation

The onboarding of wGHO presents an opportunity to enhance the Aave ecosystem by allowing wGHO to be used as collateral for borrowing stablecoins such as USDC, USDT, DAI, and LUSD.

This integration will enable arbitrage and leveraged positions in cases of under-peg GHO, providing the markets with tools to act on peg-deviation of GHO in both directions.

Alongside the upcoming GHO PSM, this proposal will further strengthen the market's ability to maintain the GHO peg.

It's important to note that although wGHO is proposed as collateral in Aave V3, it will not be a collateral of GHO due to its collateral-only, isolation mode, and emode asset status.

wGHO will only be available to borrow DAI, USDC, LUSD & USDT.

### Specification

The ACI proposes the following parameters for the integration of wGHO into the Aave V3 Ethereum pool:

- Onboard wGHO as a collateral-only asset & isolation mode asset.
- wGHO parameters:

LTV

77%

LT

80%

Liquidation penalty

4.5%

Supply Cap

1M

Borrow Cap

0

Debt Ceiling

1M\$

#### Note:

wGHO is a simple ERC-20 wrapper around the GHO contract. A simple smart contract call allows anyone to wrap and unwrap GHO and wGHO making it as liquid and with the same risk profile of GHO.

Onboarding wGHO instead of GHO, is due to technical implementation and risk isolation reasons. From the end-user perspective, wGHO & GHO are functionally equivalent. If this proposal is validated by governance, the UI frontend is invited

to abstract this away.

## Disclaimer

The Aave Chan Initiative is not affiliated with or paid by any third parties to publish this ARFC. The he author have both large GHO debt & GHO holdings. The ACI uses GHO to fund the [Orbit program](#).

## Next Steps

1. Gather community feedback and consensus on this ARFC.
2. Escalate this proposal to the ARFC Snapshot Stage.
3. If Snapshot outcome is YAE approved, escalate to AIP stage.

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