

Summary

A proposal to increase:

- Ethereum
- Supply cap for MKR
- Borrow cap for RPL
- Supply cap for MKR
- Borrow cap for RPL
- Arbitrum:
- Borrow cap for rETH
- Borrow cap for rETH
- Avalanche:
- Supply and Borrow cap for WAVAX
- Supply and Borrow cap for WAVAX
- Metis
- Borrow cap for METIS
- Borrow cap for METIS

Motivation

The recommendations below were made utilizing Chaos' supply and borrow cap methodologies and after analyzing user positions for each asset.

Please note that there are several other assets across V3 deployments with high supply and borrow cap utilization that were analyzed and do not have recommendations for an increase, given current market conditions. We maintain continuous monitoring of protocol usage and adjust our recommendations in response to evolving market conditions based on our simulations.

Ethereum

MKR

The supply cap for MKR on Ethereum V3 is currently at 97% utilization.

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Utilizing our supply and borrow cap methodology, we do not observe any additional risk when increasing the supply cap for MKR on Ethereum. We recommend doubling the supply cap to 30K MKR.

In addition, the MKR debt ceiling is also near 100% utilization. We will follow up with a separate recommendation on its increase following additional analysis.

RPL

The borrow cap for RPL on Ethereum V3 is currently at 81% utilization.

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Utilizing our supply and borrow cap methodology, we do not observe any additional risk when increasing the borrow cap for RPL on Ethereum. We recommend doubling the borrow cap to 480K RPL.

Arbitrum

rETH

The borrow cap for rETH on Arbitrum V3 is currently at 98% utilization.

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Utilizing our borrow cap methodology, we do not observe any additional risk when increasing the borrow cap for rETH on Arbitrum. We recommend doubling the borrow cap to 680.

Avalanche

WAVAX

The supply cap for WAVAX on Avalanche V3 is currently at 91% utilization, and the borrow cap is at 84% utilization.

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Utilizing our supply and borrow cap methodology, we do not observe any additional risk when increasing the supply cap and borrow cap for WAVAX on Avalanche. We recommend increasing the current supply cap to 5.7M WAVAX and the borrow cap to 3.6M.

Metis

METIS

The borrow cap for METIS on Metis V3 is currently at 93% utilization.

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Utilizing our borrow cap methodology, we do not observe any additional risk when increasing the borrow cap for METIS. We recommend doubling the borrow cap to 32K.

Specification

Chain

Asset

Current Supply Cap

Recommended Supply Cap

Current Borrow Cap

Recommended Borrow Cap

Ethereum

MKR

15,000

22,500

3,000

No Change

Ethereum

RPL

840,000

No Change

240,000

480,000

Arbitrum

rETH

3,400

No Change

340

680

Avalanche

WAVAX

3,800,000

5,700,000

2,400,000

3,600,000

Metis

METIS

360,000

No Change

16,000

32,000

Next Steps

Once we receive feedback from [@Gauntlet](#) on the above recommendations, we will move forward to implement these updates via the Risk Steward process.