

Hi Everyone,

Aaron from the MakerDAO community here. Recently we tried to enact [staking rewards](#) into the protocol in order to [incentivize MKR holders to participate more and move their MKR from more speculative ventures](#) but unfortunately MKR voters [did not approve](#).

Another primary concern is that the way the protocol is set up, there is no lock mechanism nor staking incentive to ensure protocol safety, therefore it is possible that a large amount of MKR is loaned out for a borrower to come along and attack the system. Since Aave is the largest lender of MKR, this could pose an existential threat to the protocol.

Short/Medium term solution

With all that being said, I wanted to ask/propose whether the Aave community would be willing to consider disabling the ability to borrow MKR while leaving lending intact. This would still allow for flash loan and collateral revenues while also helping Maker out. As a side note, I notice from your analytics that not much revenue comes from MKR borrowing anyways. If for some reason this is unpalatable to you or your Risk team, I would be willing to present the MakerDAO community with a compensation proposal for this transaction. With our communities hopefully [building a collaborative relationship in the future](#) I hope that you will consider this proposal.

[@LongForWisdom](#) makes an additional good point below that disabling borrowing might actually bring Aave more business as MKR lenders would feel safer bringing their MKR over as collateral, thus borrowing other assets.

Should Aave disable MKR borrowing?

- Yes
- Yes, but only with compensation
- No
- Abstain

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voters

Next Steps

I am unsure how your governance process works so I will leave the outcome of this proposal up to your community. I will monitor this discussion for feedback. Thanks!