

After sync with DAO service providers, AIP 366 has been rerun via [AIP-385](#) and adopted by governance

This proposal now only focus on creating the StkGHO. To allow readers context, text has not been modified even if implementation will not reduce emissions.

Title:

[ARFC] Upgrade Safety Module with StkGHO

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Summary

This ARFC introduces an enhancement to the Safety Module by integrating a GHO Safety Module. This new category aims to mitigate risks using GHO's stablecoin attributes for potential shortfall events within its ecosystem. It also reduces the Safety incentives for StkAAVE and StkBPT.

Motivation

[AIP-366 was adopted by governance](#) to reduce the safety incentives of StkAAVE and StkBPT, but an implementation bug made the AIP execution impossible. After discussion with DAO service providers, it was decided to bundle the re-run of 366 with the creation of the GHO safety module and the StkGHO asset.

The GHO Safety Module will fortify the Aave Protocol's resilience by adding a stablecoin asset, which is inherently less volatile than AAVE. This strategic move diversifies the Safety Module's capacity to absorb shocks from various risk vectors in case of shortfall events.

The GHO Safety Module will target a liquidity pool of 9M GHO with an APR range of 12-15%, achievable with a daily emission of 35 AAVE/day over a 90-day period. The module will have a slashing rate set at 100%, meaning the entirety of the deposits could be utilized in a shortfall event, with socialized coverage among StkGHO holders. The cooldown period is adjusted to 10 days, which is suitable for a stablecoin.

Specification

Revised Safety Module Emissions Rate:

Asset

Previous Emissions

Proposed Emissions

StkAAVE

550 AAVE/day

385 AAVE/day

StkBPT

550 AAVE/day

385 AAVE/day

StkGHO

N/A

35 AAVE/day

- GHO Safety Module Parameters:
- Target Liquidity: 9M GHO
- Target APR: 12-15%

- Emissions Period: 35 AAVE/day over a 90-day cycle
- Slashing Rate: 100%
- Cooldown Period: 10 days
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- Target APR: 12-15%
- Emissions Period: 35 AAVE/day over a 90-day cycle
- Slashing Rate: 100%
- Cooldown Period: 10 days

Next Steps

1. Gather community feedback on this ARFC.
2. If consensus is achieved, move this proposal to the ARFC snapshot stage.
3. If the ARFC snapshot outcome is YAE, proceed to the AIP stage.

Disclosure

The Aave-chan Initiative is not presenting this ARFC on behalf of any third party and has not been compensated for creating this ARFC.

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