

title: [TEMP CHECK] Safety Module - Create GHO/USDC E-CLP Category

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## Summary

This publication proposes creating a new Safety Module (SM) category for the GHO/USDC E-CLP by Gyroscope built on Balancer v2.

## Motivation

Similarly to Staked ABPT, the ability to stake GHO liquidity pool tokens improves the value proposition of the SM by providing the dual service of deep GHO liquidity and protection in the case of protocol shortfall events. Additionally, Liquidity Providers (LPs) can also benefit from earning trading fees.

The Gyroscope protocol developed a concentrated liquidity AMM called Elliptic Liquidity Pools (E-CLPs) that sits on top of Balancer. This technology achieves liquidity efficiency by providing assymetric liquidity to a specific price range based on parameters like amplification, price boundaries and peak location. More information about E-CLPs can be found [here](#).

With GHO trading close to \$1.00 and the [GHO Stability Module](#) to be funded, now is an ideal time to add a GHO LP to the SM. By adding the GHO-USDC E-CLP, it is expected to significantly improve market depth as well as USDC liquidity with the SM. Unlike other pool types on Balancer, the E-CLP requires dual asset deposits upon entering the LP.

The Aave Liquidity Committee (ALC) developed expertise on the E-CLP technology designing and incentivising one [pool](#) optimized for volume when closer to peg and another [pool](#) optimized for price volatility.

## Specification

After studying various configuration of Gyroscope's E-CLPs, karpatkey\_TokenLogic recommends adding the following E-CLP to Aave's SM.

Create a new GHO/USDC E-CLP SM Category with the following characteristics:

Description

Value

Lower Bound

\$0.996

Upper Bound

\$1.001

Peak

0.9995

Amplification

1,250

The following initial E-CLP SM parameter configuration is proposed optimizing emissions for a target liquidity of \$5M at 20% APR:

Description

Value

Emissions Nomination

GHO

Daily Emission

2,750

Slashing Rate

50%

Cooldown Period

20 days

This proposal also recommends that GHO/USDC E-LCP is included in FastPass with the following initial parameters:

Description

Value

FastPass Fee

100 bps

Fee Destination

Collector Contract

Daily Withdrawal Limit

500k

In addition to the above, we also recommend implementing the strategy detailed in this [forum post](#) which enables the DAO via the v1AURA hodling to vote BAL and AURA rewards to this SM Category. This option then enables the Aave DAO to use its strategic assets to partially sustain the SM category.

## Disclosure

TokenLogic and karpatkey receive no payment for this proposal. TokenLogic and karpatkey are both delegates within the Aave community.

## Next Steps

1. Gather feedback from the community and risk service providers.
2. If consensus is reached on this ARFC, escalate this proposal to the Snapshot stage.
3. If Snapshot outcome is YAE, escalate this proposal to AIP stage

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