[ARFC] Deployment of Aave on Linea

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Date: 2024-11-19

Risk Parameters have been updated and ARFC has been updated 2024-11-29

Simple Summary

The current ARFC proposes deploying Aave V3 on Linea to expand Aave's reach and use cases on zk-Rollups. By integrating with Linea, Aave can offer users more efficient transactions while maintaining the security of the Ethereum mainnet. This ARFC seeks governance approval to deploy an Aave V3 instance on Linea.

Motivation

Linea is a Layer 2 built on Ethereum, powered by a zkEVM tech stack developed by Consensys. Linea is the result of more than five years of cryptographic research and 20 months of dedicated R&D. The Consensys team has a strong track record in the zk space, including contributions like the GNARK library and active involvement in Ethereum's Merge. Linea is well-positioned within the developer ecosystem through relationships with MetaMask, SMG, and Infura.

By deploying on Linea, Aave can leverage high throughput and fast finality, enabling efficient transaction processing and reduced gas fees. Additionally, Linea's integration with Consensys products allows seamless distribution to users, potentially reaching MetaMask's 30 million active users. This presents an opportunity to make DeFi more accessible and expand Aave's user base.

Linea's TVL currently sits at ~$780M. Further Linea market data can be found[here.](#)

Benefits of deploying to Linea

1. Scalability and Performance

: Linea enables high throughput and fast finality for zk networks, allowing Aave to scale effectively alongside Linea as its technology advances.

1. Accessibility and Distribution

: Linea is integrated with Consensys products like MetaMask, and Infura, facilitating seamless distribution to users and making DeFi more accessible to MetaMask's 30 million active users.

1. GHO Integration

: Upon successful deployment and bootstrapping of Aave on Linea, the Consensys team is motivated to enable GHO, Aave's stablecoin, to be spendable on the [MetaMask Debit Card](#), which is exclusively available on Linea.

1. Growth Opportunities

: With exciting growth catalysts for Linea in the upcoming H1, establishing Aave as the premier lending market on Linea will ensure long-term sustainability and growth for the Aave protocol.

Proof of Liquidity (POL) and Deposit Commitments

1. Aave DAO commits to redistribute to Aave users via liquidity mining, GHO secondary liquidity incentives, safety module deployments, or merit programs any airdrop provided by the Linea ecosystem.

2. ACI, on behalf of the Aave DAO, will coordinate any liquidity mining campaign on a Linea Aave V3 deployment.

Risk Parameters

Risk parameters will be provided by service providers and this section will be updated in due course.

Asset

Supply on Linea

Marketcap on Linea

Token	Volume		Liquidity		Lineascan
WETH	22,800	$78,9M	$18.15M	$11.7M	[URL]
weETH	22,900	$83,3M	$2.5M	$5.1M	[URL]
ezETH	34,600	$124,4M	$4.9M	$12.1M	[URL]
wstETH	2,500	$10,2M	$85,000	$4.6M	[URL]
WBTC	220	$20,2M	$2.7M	$3.6M	[URL]
USDC.e	28,700,000	$28,7M	$4.7M		

$8.8M

USDT

10,400,000

$10,4M

$7.3M

$9.9M

WETH

wstETH

ezETH

weETH

WBTC

USDC

USDT

Isolation Mode

No

No

No

No

No

No

No

Enable Borrow

Yes

Yes

Yes

Yes

Yes

Yes

Yes

Enable Collateral

Yes

Yes

Yes

Yes

Yes

Yes

Yes

Loan To Value

80%

75%

72%

72.5%

73%

75%

75%

Liquidation Threshold

83%

79%

75%

75%

78%

78%

78%

Liquidation Bonus

6%

7%

7.5%

7.5%

7%

5%

5%

Reserve Factor

15%

5%

45%

45%

20%

10%

10%

Liquidation Protocol Fee

10%

10%

10%

10%

10%

10%

10%

Supply Cap

1,200

800

1,200

1,200

25

12,000,000

7,800,000

Borrow Cap

1,100

400

600

600

12.5

11,000,000

7,150,000

Debt Ceiling

N/A

N/A

N/A

N/A

N/A

N/A

N/A

UOptimal

90%

45%

45%

45%

45%

90%

90%

Base

0%

0%

0%

0%

0%

0%

0%

Slope1

2.7%

7%

7%

7%

7%

5.5%

5.5%

Slope2

80%

300%

300%

300%

300%

60%

60%

Stable Borrowing

No

No

No

No

No

No

No

Flashloanable

Yes

Yes

Yes

Yes

Yes

Yes

Yes

Siloed Borrowing

No

No

No

No

No

No

No

Borrowable in Isolation

No

No

No

No

No

Yes

Yes

E-Mode Category

Ethereum Correlated

Ethereum Correlated, wstETH/WETH

Ethereum Correlated

Ethereum Correlated

N/A

N/A

N/A

ETH-Correlated E-Mode

Parameter

Value

Value

Value

Value

Asset

WETH

wstETH

weETH

ezETH

Collateral

No

Yes

Yes

Yes

Borrowable

Yes

No

No

No

Max LTV

90%

90%

90%

90%

Liquidation Threshold

93%

93%

93%

93%

Liquidation Penalty

1.00%

1.00%

1.00%

1.00%

wstETH/WETH E-Mode

Parameter

Value

Value

Asset

WETH

wstETH

Collateral

No

Yes

Borrowable

Yes

No

Max LTV

93.5%

93.5%

Liquidation Threshold

95.5%

95.5%

Liquidation Penalty

1.00%

1.00%

Useful Links

- [Linea Website](#)
- [Lineascan](#)
- [Linea Docs](#)

Next Steps

1. If consensus is reached on this ARFC, escalate this proposal to the Snapshot stage.

2. If the ARFC snapshot outcome is YAE, coordinate with BGDLabs and BGD service providers for an Aave V3 instance deployment on Linea.

Disclaimer

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