

Summary

A proposal to increase the supply and borrow cap for USDT on Aave Ethereum and Polygon V3.

Motivation

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

The supply cap for USDT on Polygon and Ethereum has reached 80% utilization, with borrow caps reaching 77% and 74%, respectively.

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Given the current market conditions and absolute sizes of the markets on each deployment, we recommend increasing the caps on Ethereum by 1.5X and on Polygon by 2X.

Recommendations

Chain

Asset

Current Supply Cap

Recommended Supply Cap

Current Borrow Cap

Recommended Borrow Cap

Ethereum

USDT

1,000,000,000

1,500,000,000

930,000,000

1,400,000,000

Polygon

USDT

45,000,000

90,000,000

45,000,000

85,000,000

Next Steps

We will move forward and implement these updates via the Risk Steward process.

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