

title: [ARFC] Reserve Factor Updates - Polygon Aave v2

author: [@TokenLogic](#)

created: 2023-07-08

## Summary

This publication will update Reserve Factors (RF) on Polygon v2 to encourage users to migrate funds to v3.

## Motivation

With the goal of transitioning users from Polygon v2 to v3, this publication, if implemented, will increase the RF of asset on the v2 deployment.

Increasing the RF routes a larger portion of the interest paid by users to Aave DAO's Treasury. User's funds are not at risk of liquidation and the borrowing rate remains unchanged.

By progressively increasing the reserve factors, the interest rate for supplying these assets on v2 will be increasingly less attractive, thus encouraging suppliers to transition positions to v3.

Of the assets that are currently frozen, with the exception of BAL, the RF is to be increased to 99.99%. Around \$680k of users positions, CRV, DPI, GHST and LINK will receive near zero deposit yield. This represents less than 0.5% of Aave v2's TVL. The highest deposit yield of these assets at the time of writing is 0.21%. This change will have minimal affect.

The remaining assets are to receive an incremental 5% increase in the RF. After implementing this publication, user elasticity shall be assessed and the impact of the updates before moving forward with additional increases.

There shall be a minimum gap of 2 weeks between each subsequent update. Target AIP submission date is week commencing 31st July, in 3 weeks time.

## Specification

The following parameters are to be updated:

Asset

Current RF

Proposed RF

DAI

21.00%

26.00%

USDC

23.00%

28.00%

USDT

22.00%

27.00%

wBTC

55.00%

60.00%

wETH

45.00%

50.00%

MATIC

41.00%

46.00%

BAL

32.00%

37.00%

CRV

38.00%

99.99%

GHST

60.00%

99.99%

LINK

50.00%

99.99%

## Next Steps

1. Following community feedback, submit the ARFC for a snapshot vote for final approval.
2. If consensus is reached, submit the first Aave Improvement Proposal (AIP) to implement the proposed updates.
3. Subsequent increments will be done directly through an AIP to reduce the governance overhead.

## Disclaimer

The author, TokenLogic, receives payment indirectly from [Aave Grant DAO](#) via [Butter](#) as part of the [Incentivised Delegate Campaign](#). [TokenLogic is a delegate](#) within Aave community.

Delegate: [0x2cc1ADE245020FC5AAE66Ad443e1F66e01c54Df1](#)

## Copyright

Copyright and related rights waived via [CC0](#).