

Summary

A proposal to increase:

Arbitrum

- USDC - supply and borrow cap
- ARB - supply cap

Motivation

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

Please note that there are several other assets across V3 deployments with high supply and borrow cap utilization that were analyzed and do not have recommendations for an increase, given current market conditions. We maintain continuous monitoring of protocol usage and adjust our recommendations in response to evolving market conditions based on our simulations.

Arbitrum

USDC

The supply and borrow cap for USDC on Arbitrum V3 are currently at 100% and 96% utilization.

We recommend doubling the supply and borrow caps to 128M and 120M, respectively.

ARB

The supply cap for ARB on Arbitrum V3 is currently at 100% utilization.

Utilizing our supply cap methodology and given the debt ceiling set, and borrow distribution against ARB, we do not observe excess risk when increasing the supply cap for ARB on Arbitrum. We recommend doubling the supply cap to 40M ARB.

Specification

Chain

Asset

Current Supply Cap

Recommended Supply Cap

Current Borrow Cap

Recommended Borrow Cap

Arbitrum

USDC

64,000,000

128,000,000

60,000,000

120,000,000

Arbitrum

ARB

20,000,000

40,000,000

16,500,000

No Change

Next Steps

Once we receive feedback from [@Gauntlet](#) on the above recommendations, we will move forward to implement these updates via the Risk Steward process.

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