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Summary

This proposal aims to initiate the offboarding process for TUSD from the Aave V2 Ethereum pool. The process will follow a similar process as the [BUSD offboarding plan part I](#).

Gauntlet does not quantify risk associated with centralized stablecoins and regulatory concerns. In light of this, we provide this framework with ACI to the community to gauge preference and thoughts around further TUSD deprecation.

Motivation

TUSD has been a historic asset of the Aave ecosystem, but due to recent events, the ACI suggests consideration of its offboarding. The offboarding plan leverages the previous success of the BUSD offboarding plan and will incentive current users to slowly migrate their positions to other stablecoins on Aave.

Previous proposals have [frozen TUSD](#) and [lowered TUSD LT to 77.5%](#). These proposals have reduced TUSD borrow and supply over the past 30 days, from 20M supplied and 18M borrowed, to 13.1M supplied and 6.8M borrowed today.

Specification

The following table outlines the proposed changes to the TUSD risk parameters:

Parameter

Current Value

Proposed Value

LTV

75%

0%

Liquidation Bonus

5%

10%

Reserve Factor

25%

95%

Borrowing Enabled

Yes

No

Stable Borrowing Enabled

Yes

No

Base Rate

0%

3%

Slope1

4%

7%

Slope2

100%

200%

UOptimal

80%

20%

Meanwhile, Gauntlet provides the following options to lower LT.

- This sets immediate bounds on the maximum debt that can be taken out with TUSD collateral, however it may force liquidate users.

Option 1: lower LT to 75%

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0 Forced liquidations, as of data on 2023.07.13.

Option 2: lower LT to 60%

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Forced liquidations - total ~ \$877k in supply, 4 accounts, as of data on 2023.07.13

Address

Health Factor

Health Factor with New Parameters

Total Borrows (USD)

Total Supply (USD)

Assets Borrowed

Assets Supplied

0x16af29b7efbf019ef30aae9023a5140c012374a5

1.05

0.82

644897.59

877486.0

[WETH]

[TUSD]

0xd4b954c7dbd77c2fadcd66ec681dd992e97a9374

1.05

0.81

80.69

109.0

[WETH]

[TUSD]

0xb56b29401afcc285d7b967a3164bfa58f94f70e7

1.10

0.85

73.04

103.0

[USDC]

[TUSD]

0x017b3763b8a034f8655d46345e3eb42555e39064

1.05

0.81

0.00

0.0

[SNX]

[TUSD]

Option 3: lower LT to 40%

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Forced liquidations - total ~ \$920k in supply, 7 accounts, as of data on 2023.07.13

Address

Health Factor

Health Factor with New Parameters

Total Borrows (USD)

Total Supply (USD)

Assets Borrowed

Assets Supplied

0x16af29b7efbf019ef30aae9023a5140c012374a5

1.05

0.54

644897.59

877486.0

[WETH]

[TUSD]

0xe66c21632e5fe9884b43c9b2573a61373a7264d9

1.02

0.98

27214.96

32409.0

[WETH, USDC, TUSD]

[AAVE, WETH, USDC, TUSD]

0xea40afcba852f3c9b4d47f91b5ca6924283498df

1.42

0.91

6401.85

11479.0

[USDC, DAI]

[WBTC, USDC, TUSD]

0xd4b954c7dbd77c2fadcd66ec681dd992e97a9374

1.05

0.54

80.69

109.0

[WETH]

[TUSD]

0xb56b29401afcc285d7b967a3164bfa58f94f70e7

1.10

0.57

73.04

103.0

[USDC]

[TUSD]

0x2648e99bc8ebf9164cff4b0432d0522618e65241

1.67

0.86

11.03

24.0

[DAI]

[TUSD]

0x017b3763b8a034f8655d46345e3eb42555e39064

1.05

0.54

0.00

0.0

[SNX]

[TUSD]

Disclaimer

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Next Steps

Welcome community feedback and initiate snapshot on 2023.07.24. If the Snapshot outcome is YAE, this proposal will be escalated to AIP stage.

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