

title: [ARFC] Avalanche v2 Reserve Factor Adjustment

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Summary

This publication proposes periodically increasing the Aave v2 Avalanche Reserve Factor (RF) to encourage users to migrate to Aave v3.

Motivation

Similar to other Aave v2 deployments, this publication seeks to periodically increase the RF across the last remaining v2 deployment, Avalanche.

In doing so, the first AIP will align the RF values with the Ethereum v2 deployment, and each subsequent AIP publication will increase the RF by a further 5.00% up to a maximum of 99.99%. To minimise governance overhead, the Ethereum v2 and Avalanche v2 updates will be combined, with the later implemented by the Guardian. There remains only one to two Polygon RF updates and these will be submitted separately.

Do note increasing the RF parameter does not directly affect user’s health factor, and this method has already been implemented on [Polygon v2](#) and [Ethereum v2](#).

Specification

The below shows the current and proposed RF for each reserve.

Asset

Current RF

Initial RF Increase

Subsequent RF Increase

DAI.e

10.00%

35.00%

40.00%

USDC.e

10.00%

35.00%

40.00%

USDT.e

10.00%

35.00%

40.00%

wAVAX

15.00%

35.00%

40.00%

WBTC.e

10.00%

40.00%

45.00%

WETH.e

10.00%

35.00%

40.00%

Upon implementing this proposal, a subsequent AIP will be submitted every 2 weeks that increases the RF by 5.00% up to a maximum of 99.99%, subject to market conditions.

Disclosure

TokenLogic, karpatkey and Chaos Labs receive no payment for this proposal. TokenLogic and karpatkey are both delegates within the Aave community.

Next Steps

1. Gather feedback from the community.
2. If consensus is reached on this ARFC, escalate this proposal to the Snapshot stage.
3. If Snapshot outcome is YAE, escalate this proposal to AIP stage
4. Subsequent AIP submission are expected to follow every 14 days thereafter, if deemed applicable

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