

yAssets:

With the imminent release of v.2.0 yearn vaults the creation of a new layer of currency within the system is likely to grow in importance. In order to capture this capital AAVE has an opportunity to provide a secure deposit base to benefit from the growth in the yearn TVL.

Propose to add yUSD, yYFI, yETH and yBTC (once operational) at the same collateral and reserve ratios as the base layer assets. Since these assets are accruing value through the strategies over time, there should be comfort in providing the same loan to value ratios on these assets, however, suggest that the liquidation threshold is either aligned to the loan to value or reduced by 50%. With the new mechanics being built into the vaults to allow debt portability in the event of a market downturn (powered by AAVE) there is improved safety from the AAVE module perspective.

CREAM currently provides this support on yUSD and yETH, however, the greater level of platform security, integration with DefiSaver automation and more transparent liquidation mechanics within AAVE present a unique opportunity to ensure this value is captured within AAVE rather than a competitor, and allow AAVE to grow alongside the yearn ecosystem. For holders of large positions within the yearn vaults this added security and transparency will be crucial to deposit yAssets, and AAVE should ensure that it is positioned to capitalize on this opportunity once the new vault system launches.

yearn vaults:

[yearn.finance](https://yearn.finance)

**[yearn](https://yearn.finance)**

CREAM collateralization metrics:

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409x783 16.3 KB

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