

Current parameters:

Supply cap: 20M sUSD

→ 35m sUSD

(proposed increase of supply cap)

DEX Liquidity: ~\$50m+

Normal mode

:

LTV: 60%

Liquidation threshold: 75%

Liquidation penalty: 5%

E-mode

:

Assets: Stablecoins

Max LTV: 97%

Proposal

: Increase of supply cap by 75% to 35m sUSD

The current sUSD supply cap on v3 is 20m sUSD and may be reached as the market is already ~70% full. To ensure that this cap isn't hit and supply rates drastically increase, it is crucial to increase the cap before then.

The proposal's goal is to suggest an increase of 75% to 35m sUSD supply cap via the fast-track process as outlined [here](#)

Reasons for increase:

1. sUSD Dex Liquidity

: Despite market conditions, sUSD DEX liquidity vastly increased across Optimism on Curve, Uniswap, Velodrome, and others. This can facilitate healthy liquidations if ever necessary.

1. sUSD's Healthy Peg

: Throughout the entire time sUSD has been an asset on AAVE, it has held peg and has not decreased within 1% of the expected peg of \$1. This is due to increased sUSD Dex liquidity, and constant arbitrage of the peg by market makers.

1. Optimism Liquidity Mining

: Due to the ongoing OP liquidity mining program on AAVE V3, the sUSD supply cap has been hit very quickly. To ensure that more users are able to supply/borrow on AAVE, it is important to increase this supply cap to ensure that there is ample amounts of sUSD available on AAVE.

We look forward to the discussion on increasing the Supply Cap of sUSD

on v3 by 75% to 35m sUSD.

Note: We've used the template set by sAVAX when they've increased their supply cap via Fast-Track as well and have used the prior increase for sUSD as a template.