

Proposal updated following Risk team feedback.

Title: [ARFC] OP Risk Parameters Update for Aave V3 Optimism Pool

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Date: 2023-08-25

Summary

This ARFC proposes the activation of OP as a borrowable asset in the Aave V3 Optimism pool. The aim is to adapt to the maturity of the L2 and attract more suppliers and borrowers, thereby generating new revenue for the protocol.

Motivation

The Aave OP V3 market is one of the Aave V3 L2 deployments, with OP being the native asset of the OP L2. At its inception, the L2 was in its early stages, leading to the onboarding of OP with conservative parameters due to nascent liquidity & infrastructure.

As the L2 has matured, the ACI proposes less conservative parameters for the OP asset. By removing the isolation mode for OP and allowing its borrowing, we anticipate attracting more suppliers who can earn a yield on their OP deposits and new borrowers who can use OP to borrow additional assets. This will also generate new revenue for the protocol.

While the proposed changes are less conservative, they still maintain strict supply, borrow caps, and a conservative interest rate strategy. This ensures that the DAO promotes growth and new opportunities while remaining risk-averse. Based on the collected market data post-implementation, the community will have the opportunity to revisit these parameters at a later stage.

Specification

- Asset

: OP

- OP Contract Address

: [0x4200](#)

- Proposed Interest Rate Strategy Address

: [0x3B57B081dA6Af5e2759A57bD3211932Cb6176997](#)

New Risk Parameters

:

Parameter

Value

Asset

OP

Supply Cap

10M

Borrow Cap

500k

Loan To Value (LTV)

30%

Liquidation Threshold (LT)

40%

Liquidation Penalty (LP)

10%

Liquidation Protocol Fee (LPF)

10%

Stable Borrow

Disabled

Base Variable Rate

0%

Slope1

7%

Slope2

300%

Optimal Ratio

45%

Reserve Factor (RF)

20%

Next Steps

1. Gather community feedback on this ARFC.
2. If consensus is reached, escalate this proposal to the ARFC Snapshot stage.
3. If ARFC snapshot outcome is YAE, escalate to AIP stage.

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