[ARFC] Deployment of Aave on zkSync

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Date: 2024-06-10

Simple Summary

The current ARFC proposes deploying Aave V3 on zkSync to leverage the scalability and cost-efficiency of zk-Rollups. By integrating with zkSync, Aave can offer users faster and cheaper transactions while maintaining the security and decentralization of the Ethereum mainnet. This ARFC seeks governance approval for the deployment of an Aave V3 instance on the zkSync Era L2.

Motivation

zkSync is a Layer 2 scaling solution for Ethereum that utilizes zk-Rollups to batch multiple transactions off-chain and submit a single proof to the Ethereum mainnet. This approach significantly enhances transaction throughput and reduces gas fees. Deposit and borrowing activities can greatly benefit from the reduced transaction costs and increased throughput offered by zkSync.

Benefits of deploying to zkSync

1. Reduce Gas Fees:

By leveraging zkSync's efficient transaction processing, users will incur significantly lower gas fees.

1. Scalability:

zkSync's high throughput will allow Aave to scale effectively, accommodating more users and transactions without compromising performance.

1. New Frontier & Opportunities:

This deployment will offer the Aave DAO a new frontier for growth to explore and a new avenue path for GHO, our stablecoin.

1. Interoperability:

Due to zkSync infrastructure, an Aave V3 deployment in the zkSync Era can benefit other Aave family products, such as Lens on a segregated layer with GHO, making it a mutually beneficial relationship.

Specification

Proof of Liquidity (POL) and Deposit Commitments

1. Aave DAO commits to redistribute to Aave users via liquidity mining, GHO secondary liquidity incentives, safety module deployments, or merit programs any airdrop provided by the zkSync ecosystem.

2. ACI, on behalf of the Aave DAO, will coordinate any liquidity mining campaign on a zkSync Aave V3 deployment.

Risk Parameters

This section has been updated after @ChaosLabs & @LlamaRisk feedback

After Risk Service Providers feedback, the following Risk Parameters will be applied to the following assets:

USDC

USDT

WETH

wstETH

Isolation Mode

NO

NO

NO

NO

Enable Borrow

YES

YES

YES

YES

Enable Collateral

YES

YES

YES

YES

Emode Category

N/A

N/A

N/A

N/A

Loan To Value

75%

75%

75%

71%

Liquidation Threshold

78%

78%

78%

76%

Liquidation Bonus

5%

5%

6%

7%

Reserve Factor

10%

10%

15%

15%

Liquidation Protocol Fee

10%

10%

10%

10%

Borrow Cap

900,000

2,700,000

800

50

Supply Cap

1,000,000

3,000,000

1,000

500

Debt Ceiling

N/A

N/A

N/A

N/A

uOptimal

90%

90%

80%

45%

Base

0%

0%

0%

0%

Slope1

9%

9%

3.3%

4.5%

Slope2

75%

75%

80%

80%

Stable Borrowing

Disabled

Disabled

Disabled

Disabled

Flashloanable

YES

YES

YES

YES

Siloed Borrowing

NO

NO

NO

NO

Borrowable in Isolation

YES

YES

NO

NO

Useful Links

- zkSync Official Site
- zkSync Portal Bridge
- zkSync Documentation

Next Steps

1. If consensus is reached on this ARFC, escalate this proposal to the Snapshot stage.
2. If the ARFC snapshot outcome is YAE, coordinate with BGDLabs and Catapulta service providers for an Aave V3 instance deployment on zkSync Era.

Disclaimer

This proposal is powered by Skywards. The Aave Chan Initiative is not directly affiliated with zkSync and did not receive compensation for creating this proposal.

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