title: [ARFC] Polygon & Arbitrum v3 Supply Cap Update 19.05.2023

shortDescription: Increase the Supply Cap for wstETH on Aave Polygon and Arbitrum v3

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Summary

This publication proposes increasing the wstETH Supply Cap on Aave Polygon and Arbtirum v3.

Abstract

The current utilisation of wstETH 100% on Arbitrum v3 and up to 75% of wstETH supply on Polygon. The previous supply cap increase was filled within minutes by users predominately using multiples types of collateral and borrowing wETH

Do to the nature of how users are interacting with the Aave Protocol, his publication proposes increasing the Supply Caps to enable greater deposits by the maximum amount following the risk methodologies shared on the governance forum.

Motivation

The wstETH Supply Cap on Polygon and Arbitrum has been reached within minutes of the previous AIP being executed on each respective network.

In response to the strong demand for wstETH deposits, this proposal seeks to increase the Supply Caps by the maximum amount. ie: Doubling both Supply Cap on Arbtirum and up to 75% of supply on Polygon.

The user who deposited into the Arbitrum wstETH reserve, holds only wETH nominated debt.

Wallet: [arbitrum: 0xccfa0530b9d52f970d1a2daea670ce58e4176389

](https://arbiscan.io/address/0xccfa0530b9d52f970d1a2daea670ce58e4176389)

The largest holding that was deposited into the wstETH on Polygon is holding wETH debt with mixed collateral types.

Wallet: [polygon: 0x1DC6074361a3cddEe55A61C92BCf7dE1667e1096

](https://polygonscan.com/address/0x1dc6074361a3cddee55a61c92bcf7de1667e10960)

The second largest deposit acted very similar to the above. Multiple types of collateral and wETH nominated debt.

As users are entering yield maximising strategies, Aave DAO is able to pursue more aggressive Supply Cap increases, up to 75% of circulating supply on the repsective network. The Polygon wsETH Supply Cap is limite by wstETH supply which is 4,748.50 units.

With reference to the new ARFC Aave V3 Caps update Framework it is possible to ship several upgrades to gradually increasing Aave's exposure to wMATIC over time.

Specification

The following risk parameters have been proposed by Llama.

Arbitrum

Ticker: wstETH

Contract: [arbitrum: 0x5979d7b546e38e414f7e9822514be443a4800529

](https://arbiscan.io/address/0x5979d7b546e38e414f7e9822514be443a4800529)

Parameter

Current Value

Proposed Value

SupplyCap

9,300 units

18,600 units

Polygon

Ticker: wstETH

Contract: [polygon: 0x03b54a6e9a984069379fae1a4fc4dbae93b3bccd

](https://polygonscan.com/address/0x03b54a6e9a984069379fae1a4fc4dbae93b3bccd)

Parameter

Current Value

Proposed Value

SupplyCap

2,400 units

3,565 units

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