Title: [ARFC] Increase Bridged USDC Reserve Factor Across All Deployments

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Summary

This publication proposes progressively increasing the Reserve Factor (RF) for Bridged USDC(USDC.e & USDbC) across Arbitrum, Optimism, Polygon and Base Aave deployments.

Motivation

Presently, Bridged USDC (USDC.e & USDbC) competes with native USDC on the listed markets. By gradually increasing the RF for Bridged USDC(USDC.e & USDbC), the deposit rate on these markets will become less attractive over time. Similar to other proposals, this action is expected to encourage users to switch to native USDC on the respective market.

Upon implementing this proposal, a subsequent AIP will be submitted that increases the RF by 5.00% up to a maximum of 99.99% every 2 weeks, subject to market conditions. The RF amendments will be incorporated into the fortnightly RF and Borrow Rate adjustment AIP to reduce voting overhead.

This method has already been implemented on Polygon v2, Ethereum v2 and also Avalanche.

Specification

The below shows the current RF and proposed adjustments for the first AIP.

Asset	Market	Current RF	Proposed RF
USDC.e	Arbitrum	20.00%	25.00%
USDC.e	Optimism	20.00%	25.00%
USDC.e	Polygon	20.00%	25.00%
USDbC	Base	20.00%	25.00%

Subsequent AIPs will utilise the Direct-to-AIP process and increase the RF by 5.00% up to a maximum of 99.99%.

Where practical, this AIP will be bundled with other Borrow Rate and RF amendments to reduce voting overheads.

Disclosure

TokenLogic, karpatkey and Chaos Labs receive no payment for this proposal. TokenLogic and karpatkey are both delegates within the Aave community.

Next Steps

1. Gather feedback from the community.
2. If consensus is reached on this ARFC, escalate this proposal to the Snapshot stage.
3. If Snapshot outcome is YAE, escalate this proposal to AIP stage.
4. Subsequent AIP submissions are expected to follow every 14 days thereafter, if deemed applicable.

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