Simple Summary

A proposal to adjust five (11) total risk parameters, including Supply Cap and Borrow Cap, across seven (7) Aave V3 Polygon and Arbitrum assets.

Motivation

The objective of this proposal is to recommend updated supply and borrow caps for V3 assets that have reached over 85% utilization of either cap. The recommendations provided in this proposal were derived using Chaos Labs' Updated Supply and Borrow Cap Methodology.

Below are the data and considerations for the assets and recommended caps:

Polygon

DAI, USDC, USDT

We propose updating the borrow caps for DAI, USDC, and USDT. The new proposed caps are set to allow growth on V3 and room for the migration of positions from V2. The image below shows the total value in borrows for the said assets

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1530×680 55.2 KB

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BAL

[

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1394×1366 105 KB

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Given the calculation below, we recommend increasing the supply cap of BAL to 569,200, doubling the current supply. As the borrow cap is to be updated in this AIP, we do not recommend a change.

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Arbitrum

WETH

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Given the calculation below, we recommend increasing the supply cap of WETH to 35,280, doubling the current supply. As the current borrow cap is at <33% utilization, we do not recommend updating it.

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cdn.com/business20/uploads/aave/original/2X/9/907cf563efb7f7e42e1ee55ae1661e4324827e41.png)

Given the calculation below, we recommend increasing the supply cap of LINK to 676,980, doubling the current supply. As
the current borrow cap is at <10% utilization, we do not recommend updating it.

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Recommendations

Polygon

Current Supply

Current Supply Cap

Recommended Supply Cap

Current Borrow

Current Borrow Cap

Recommended Borrow Cap

notes

BAL

284,600

284,600

361,000

136,400

256,140

NO CHANGE

supply cap was modified from our original analysis to address Gauntlet's recommendation)

EURS

2,060,000

2,000,000,000

4,000,000

728,530

728,530

947,000

DAI

5,680,000

2,000,000,000

45,000,000

3,160,000

3,860,000

30,000,000

USDC

35,590,000

2,000,000,000

150,000,000

18,600,000

30,680,000

100,000,000

USDT

5,940,000

2,000,000,000

45,000,000

4,870,000

5,060,000

30,000,000

Arbitrum

Current Supply

Current Supply Cap

Recommended Supply Cap

Current Borrow

Current Borrow Cap

Recommended Borrow Cap

LINK

338,490

350,000

677,000

$763,400

20,427

NO CHANGE

ETH

17,640

20,300

35,280

3,663

11,165

NO CHANGE

Next Steps

We invite a community discussion around the proposed parameter updates and will follow up with a Snapshot vote in 5 days, barring community objection.