

title: [ARFC] Add CRV to Ethereum v3

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Summary

This proposal presents Aave the opportunity to onboard CRV to the Ethereum v3 Liquidity Pool.

Abstract

CRV is a strategic asset to Aave and any CRV earned from the pool could be used by Aave to create veCRV for the purpose of bootstrapping the adoption of GHO, the new staked aToken being developed by [@AaveLabs](#) and in the long term, might help incentivize the Safety Module too.

The risk parameters provided within are the same as those provided by Gauntlet within the [initial forum post](#) discussing which assets to onboard to v3 Ethereum.

By presenting each asset to be onboarded to v3 Ethereum individually, the community can focus on a specific asset, with individual Snapshots determining how to proceed. Finally, approved assets listings can be grouped for the on-chain AIP vote.

Motivation

Listing CRV on Aave v3 Ethereum compliments the community's recent on-market purchase of CRV to [repay the excessive debt](#) created on v2 Ethereum. CRV is a material contributor to Aave's revenue through the continual borrowing demand for CRV. Month on Month revenue has fallen significantly as a result of disabling borrowing on the Ethereum v2 deployment.

There is strong ongoing borrowing demand for CRV due to the veTokenomics and the extrinsic use cases created by Convex Finance and projects built on top of veCRV. The chart below shows how freezing the CRV on [Polygon v2](#) and disabling boring on [Ethereum v2](#) during late November 2022 has affected deposit rates on Polygon v3. The Polygon v3 deployment is the only liquidity pool with Borrowing enabled, as a result there has been notable volatility in deposit rates.

By listing CRV on Ethereum v3, with Borrowing Enabled and a suitable BorrowCap users will have the ability to migrate from v2 to v3 and borrow CRV, generating revenue for Aave. Any CRV earned by Aave can be used to create veCRV, assuming Aave has access to the Curve voter escrow contract, which can then be used to vote CRV incentives to any combination of pools chosen by the community. How the CRV will be used is open for Aave to discuss and implement via a future proposal.

For listing CRV, this proposal uses risk parameters suggested by Gauntlet on the original [\[ARC\] Aave v3 Ethereum Deployment: Assets and Configurations](#) post. The interest rate curve parameters have been sourced from [@Llamaxyz's \[ARFC\] CRV Interest Rate Curve Upgrade](#) post, which is soon to be presented on Snapshot for voting.

Specification

Ticker: CRV

Contract Address: [0xD533a949740bb3306d119CC777fa900bA034cd52](#)

Risk Parameter

Value

Isolation Mode

YES

Enable Borrow

YES

Enable Collateral

YES

Loan To Value

55.0%

Liquidation Threshold

61.0%

Liquidation Bonus

8.3%

Reserve Factor

20.0%

Liquidation Protocol Fee

10%

Borrow Cap

7.7m

Supply Cap

62.5m

Debt Ceiling

20.9m

Variable Base

3.0%

Variable Slope1

14.0%

Variable Slope2

300

Uoptimal

70.0%

Stable Borrowing

Disabled

Stable Slope1

8%

Stable Slope2

300%

Base Stable Rate Offset

3

Stable Rate Excess Offset

5

Optimal Stable To Total Debt Ratio

20

Note: Stable borrowing is disabled, however parameters are provided in case enabled at a later date without amending other parameters specific to stable borrowing. The last 6 rows in the table above are to be confirm Gauntlet.

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