During the Vyper exploit, [CRV borrowing was disabled](#) on Ethereum and Polygon v3 with the hope of mitigating downward CRV price movement in light of excess CRV positions on Aave v2.

Given that a large majority of those CRV positions with excess risk have left the system, Gauntlet recommends reactivating CRV borrowing. In order to do so, we recommend a few other changes to CRV parameterization.

Recommendations

Ethereum v3

- Lower supply cap from 51m → 7.5m, due to [low usage](#).

- Lower borrow cap from 7.7m → 5m due to [low usage](#).

- Lower debt ceiling from $5m → $1m due to low usage.

- current debt ceiling usage is $17k / $5m.

- current debt ceiling usage is $17k / $5m.

- Reactivate CRV borrowing.

Polygon v3

- Lower borrow cap from 900k → 300k due to [low usage](#).

- Reactivate CRV borrowing.

Proposed caps will be more aligned with our conservative cap methodology, and current supply/borrows will be <= 20% of proposed caps on v3 Ethereum. Gauntlet believes lowering caps to align with our conservative methodology - given current usage - may help balance room for future demand with while mitigating risks associated with tail liquidity drops.

Next steps

Welcome community feedback and put up snapshot on 2023-11-20.