

Aave V2 was launched on Dec 3 and has shown exceptional resiliency. No particular issues were found during the launch, and after 40 days is now securely holding 500 Millions of fund and already issued 10M in flashloans, mostly thanks to the repay with collateral and swap features. Users in V2 enjoy these new possibilities and substantially lower gas prices. Now that V2 has shown enough resiliency to safely hold a sizeable amount of funds, the genesis team thinks it's time to start the transition from Aave V1 to Aave V2. The first step is to release the official V1 -> V2 migration tool. This tool will be integrated in the Aave V1 UI and provide the ability to V1 users to safely migrate their whole position in one transaction. To reduce gas costs, the migration tool supports the CHI token.

The genesis team believes that the best strategy to have a seamless migration is the following:

#### Phase 1

: Release the migration tool; submit a governance proposal to disable borrowing of the less used stablecoins and all the collateral assets in Aave V1.

An initial list of assets disabled might be:

- BUSD
- SUSD
- All the collateral assets

#### Phase 2

: Submit a governance proposal to disable borrowing on:

- DAI
- USDC
- USDT

#### Phase 3

: Submit a governance proposal to freeze the stablecoins reserves. Freezed reserves will allow users to withdraw/repay/liquidate, but not borrow or deposit.

#### Phase 4

: Freeze all the collateral reserves. Users will not be allowed to deposit more collateral, which means they will be required to migrate.

The idea behind this migration schedule is to progressively lower the borrow demand in V1 in order to replenish the stablecoins reserves. This way integrators like Curve/Yearn/idle/mstable and others will have the possibility to migrate their liquidity to the new version of the protocol.

The whole migration process should be relatively short to bring Aave V2 to full operation as soon as possible. The team believes that a period of two weeks for each phase (which includes 3 days of voting + 1 day timelock) should conclude the migration in approximately two months, which is a reasonable amount of time for users and integrators to properly act.