

Simple Summary

A proposal to reduce the Supply and Borrow Caps and Debt Ceiling for MAI on Aave V3 Polygon, Avalanche, Arbitrum and Optimism

Motivation

In light of MAI's recent depegging and the insights provided in the [Chaos Labs - MAI Depeg Update](#), we propose a conservative approach, including a temporary reduction in both the supply and borrow caps as well as the debt ceilings. With consideration of the current usage on Aave and existing liquidity, we recommend implementing the following updates:

1. Set supply caps at the current supply in each deployment
2. Set borrow cap at the current borrow in each deployment
3. Set Debt Ceiling at $2 \times (\text{Liquidity within LB range} / \text{MAI LT})$

Note: Final recommendations will be rounded for simplicity

DEX Liquidity

Polygon

Arbitrum

Avalanche

Optimism

Recommendations

Chain

Current Supply Cap

Recommended Supply Cap

Current Borrow Cap

Recommended Borrow Cap

Current Debt Ceiling (\$)

Recommended Debt Ceiling (\$)

Arbitrum

4,800,000

325,000

2,400,000

250,000

1,200,000

100,000

Avalanche

700,000

20,000

460,000

10,000

2,000,000

10,000

Optimism

7,600,000

650,000

2,500,000

525,000

1,900,000

130,000

Polygon

2,200,000

900,000

1,200,000

700,000

2,000,000

180,000

Note: Given the current usage on Polygon, these recommendations effectively disable further usage of MAI as collateral.

Next Steps

Following community feedback and barring any objections, we ask to submit the ARFC via the [\[ARFC\] Direct-to-AIP Framework](#)

Disclaimer

Chaos Labs has not been compensated by any third party for publishing this ARFC.

Copyright

Copyright and related rights waived via [CC0](#)