Summary

Gauntlet recommends followups to our previous recommendations on lowering[stMATIC / MaticX non-emode LT](.).

Much of our analysis remains similar to before. At a high level, these recommendations are geared towards the following. We recommend the community to check out our previous analysis for more detail.

- Risks associated with increased stablecoin borrowing against LST collateral, amidst lower MATIC LST liquidity

- Lower risks of reduced WMATIC supply in the future, which may cause long-term growth risk for Polygon v3

- Encourage WMATIC borrowing against MATIC LST collateral

[MATIC LST supply](.)

Specifications, Polygon v3

stMATIC / MaticX non-emode LT / LTV

- Option 1

- Recommend stMATIC LT decrease from 60% to 50%

- Recommend MaticX LT decrease from 62% to 50%

- Recommend stMATIC LT decrease from 60% to 50%

- Recommend MaticX LT decrease from 62% to 50%

- Option 2

- Recommend stMATIC LT decrease from 60% to 56%

- Recommend MaticX LT decrease from 62% to 58%

- Recommend stMATIC LT decrease from 60% to 56%

- Recommend MaticX LT decrease from 62% to 58%

As of 2023-11-01,

- Option 1 may cause 13 accounts with ~$36.5k in borrows to become liquidatable.

- User 0xc70f26184fc556bbba9c3078ee35411e42e7b1ac with $36k in borrows would not be liquidated if they were to activate emode.

- User 0xc70f26184fc556bbba9c3078ee35411e42e7b1ac with $36k in borrows would not be liquidated if they were to activate emode.

- Option 2 may cause 4 accounts with roughtly ~$250 in borrows to become liquidatable.

Next steps

Put up snapshot on 2023-11-13.