

Simple Summary

Update on V2 Ethereum Deprecation Plan.

Motivation

Following the [deprecation schedule](#), Gauntlet and Chaos recommend the following parameter changes to frozen assets on Aave v2 Ethereum.

Specification

Chaos Labs’ recommendations are a middle ground between Gauntlet’s conservative and aggressive recommendations. As such, we propose moving forward with Chaos Labs’ recommendations.

Asset	
Current LT	
Chaos Rec LT	
Value Liquidated (\$)	
Accounts Liquidated	
BAL	
21%	
1%	
42	
1	
CRV	
38%	
30%	
450	
7	
CVX	
30%	
24%	
0	
0	
DPI	
14%	
5%	
0	
0	
ENJ	
50%	
44%	
50	

1

ENS

47%

38%

2

1

LINK

81%

80%

33

1

MANA

37%

29%

28

1

MKR

30%

28%

1

1

REN

25%

18%

0

0

SNX

41%

30%

514

12

UNI

64%

55%

1,380

6

YFI

43%
32%
57
1
ZRX
34%
24%
1
1
Value liquidated
Accounts liquidated
Total
\$5,460
33

Gauntlet Analysis

Recommendations

Following the [deprecation schedule](#), we recommend the following conservative and aggressive parameter changes to frozen assets on Aave v2 Ethereum. The conservative recommendations aim to liquidate no assets, and the aggressive recommendations aim to limit the maximum amount liquidated per asset to \$3000.

Out of 25 frozen assets, there are already 5 assets (BUSD, FIL, RAI, AMPL and UST) with LT of 0, and 5 assets (1INCH, SUSHI, BAT, FEI and KNC) with LT of 0.01.

Conservative:

Asset
Current LT
Rec LT
Value Liquidated (\$)
Accounts Liquidated
Cur HF
New HF
Needed HF
CVX
0.3
0.2
0
1
1.93
1.84

1.05

DPI

0.14

0.03

0

0

1.77

1.74

1.05

ENJ

0.5

0.49

0

0

1.6

1.6

1.06

ENS

0.47

0.43

0

0

1.39

1.38

1.05

LINK

0.81

0.8

0

0

2.2

2.18

1.07

MANA

0.37

0.31

0

0
2.02
2
1.06
UNI
0.64
0.63
0
0
1.84
1.84
1.06
ZRX
0.34
0.27
0
0
2.79
2.39
1.51

Aggressive:

Under these recommendations, each asset will see less than \$3,000 of its collateral liquidated. In total, this will affect 55 accounts, leading to a cumulative liquidation of \$145,50.00 in collateral value.

Asset
Current LT
Rec LT
Value Liquidated (\$)
Accounts Liquidated
Cur HF
New HF
Needed HF
BAL
0.21
0.01
142.42
3
2.13
2.12

1.05
CRV
0.38
0.27
956.97
11
7.37
7.36
1.08
CVX
0.3
0.2
0
1
1.93
1.84
1.05
DPI
0.14
0.02
84.27
1
1.77
1.73
1.05
ENJ
0.5
0.41
2622.92
4
1.6
1.59
1.06
ENS
0.47
0.35
1653.49

4
1.39
1.37
1.05
LINK
0.81
0.8
0
0
2.2
2.18
1.07
MANA
0.37
0.23
350.72
4
2.02
1.98
1.06
MKR
0.3
0.25
24.58
2
1.55
1.54
1.08
REN
0.25
0.07
2748.92
5
1.68
1.67
1.13
SNX

0.41
0.27
2718.28
10
1.92
1.91
1.1
UNI
0.64
0.55
1713.21
7
1.84
1.83
1.06
YFI
0.43
0.21
1534.22
3
1.72
1.69
1.07

Chaos Labs Analysis

LT Reductions

The recommendations below suggest an LT configuration that optimizes reductions without significantly increasing the number of accounts eligible for liquidation. The proposed values are set at a margin of ~4% from the closest LT figure, which would trigger more substantial liquidations.

Asset
Current LT
Chaos Rec LT
Value Liquidated (\$)
Accounts Liquidated
BAL
21%
1%
42

1

CRV

38%

30%

450

7

CVX

30%

24%

0

0

DPI

14%

5%

0

0

ENJ

50%

44%

50

1

ENS

47%

38%

2

1

LINK

81%

80%

33

1

MANA

37%

29%

28

1

MKR

30%
28%
1
1
REN
25%
18%
0
0
SNX
41%
30%
514
12
UNI
64%
55%
1,380
6
YFI
43%
32%
57
1
ZRX
34%
24%
1
1
Value liquidated
Accounts liquidated
Total
\$5,460
33

As Liquidation Threshold reductions may lead to user accounts being eligible for liquidations upon their approval, we want to clarify the full implications to the community at each step. Chaos Labs will publicly communicate the planned amendments and list of affected accounts leading to the on-chain execution.

Next Steps

We will move forward with the [direct-to-AIP framework](#) and aim to publish the AIP this week.

Disclaimer

Gauntlet has not received any compensation from any third-party in exchange for recommending any of the actions contained in this proposal.

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