

title: Add LUSD Arbitrum v3

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Summary

This publication presents the community with the opportunity to add LUSD to Aave Arbitrum v3.

Abstract

LUSD is decentralised stable coin backed by ETH that is minted on the non-custodial, immutable, and governance-free, Liquidity Protocol.

Adding LUSD to Arbitrum will promote stable coin diversity. All Liquidity Protocol contracts are immutable, which makes LUSD the most trustless stablecoin available.

This publication proposes listing LUSD with collateral disabled (LTV 0%) with borrowing enabled.

Motivation

LUSD is currently listed on the following Aave deployments:

- Ethereum v3
- Ethereum v2
- Optimism v3

This publication seeks to list LUSD on Aave v3 Arbitrum.

Past publications, [here](#) and [here](#) provide insight and context.

LUSD brings more stable coin diversity to the Aave Protocol and will further empower the support for decentralized stablecoins. The LUSD stable coin mechanism is relatively simple and is in line with the risk averse ethos of the Aave Community.

LUSD is overcollateralised by ETH with two main mechanisms helping it keep its peg:

- LUSD can be redeemed for ETH at face value (i.e., 1 LUSD for \$1 of ETH).
- Minimal collateral ratio of 110%.

Both mechanisms respectively create a price floor and ceiling through arbitrage opportunities.

LUSD on Arbitrum and Optimism relies on users transferring LUSD through each networks respective bridge to arbitrage the price variation across the networks.

This proposal aims to add LUSD as a borrowable asset (LTV 0%).

Chainlink Oracle LUSD/USD [0x0411D28c94d85A36bC72Cb0f875dfA8371D8fFfF

](<https://arbiscan.io/address/0x0411D28c94d85A36bC72Cb0f875dfA8371D8fFfF>)

Specification

Ticker: LUSD

Contract Address: [0x93b346b6BC2548dA6A1E7d98E9a421B42541425b

](<https://arbiscan.io/token/0x93b346b6bc2548da6a1e7d98e9a421b42541425b>)

Parameter

Value

Isolation Mode
No
Borrowable
Yes
Collateral Enabled
No
Supply Cap
900,000 units
Borrow Cap
900,000 units
Debt Ceiling
0
LTV
NA
LT
NA
Liquidation Bonus
NA
Liquidation Protocol Fee
NA
Variable Base
0.00%
Variable Slope1
4.00%
Variable Slope2
87.00%
Uoptimal
80.00
Reserve Factor
10.00%
Stable Borrowing
Disabled
Stable Slope1
4.00%
Stable Slope2
87.00%
Base Stable Rate Offset

1.00%

Stable Rate Excess Offset

8.00%

Optimal Stable To Total Debt Ratio

20.00%

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