Hi folks,

We wanted to provide you with an update given the notable market downturn from January 21-24th. We have been analyzing the markets closely and have observed that there were no insolvencies

that occurred on Aave V2 during the market crash.

Since the start of Dynamic Risk Parameters, Gauntlet's platform has optimized for capital efficiency to safely increase Aave's revenue potential while maintaining risk at safe levels. While there have been no insolvencies during this market crash, Gauntlet continuously ingests on-chain data to assess market risk which evolves as market conditions and borrower positions adjust, and we will update risk parameters as ecosystem conditions change.

Details:

See below for price changes on major crypto assets:

The protocol was able to healthily liquidate $110M

in collateral across 1,846 positions and 913 users. In the chart below you can see the volume of liquidations across different assets and users:

There were no outsized liquidations on Aave; the single largest liquidation was $7.6M. One user faced $14M in liquidation (>13% of all liquidations).

This one user represents a top 30 account on Aave V2 (measured by borrow amount). The other 87% of liquidations all happened to smaller accounts.

Our goal with this update is to let the community know that the protocol is and continues to be safe from a market risk perspective. Do note that this is ongoing, and we will be adjusting risk parameters in the protocol, dependent on how market conditions and ecosystem dynamics evolve, to continuously manage risk and drive capital efficiency for Aave.