UPDATE: after discussions with @ChaosLabs the ACI will follow their recommendation to implement a 65% LT to avoid unnecessary liquidations. Proposal has been updated.

Title: [ARFC] TUSD Offboarding Plan Part II

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Summary

This ARFC proposes the continuation of the TUSD offboarding plan from Aave V2 by adjusting its risk parameters, mirroring the approach taken in the "[ARFC] BUSD Offboarding Plan Part III".

Motivation

This proposal is a continuation of stablecoins offboarding of the Aave V2 market.

TUSD is proposed to adopt the "final stage" offboarding parameters to incentivize repayment and withdrawal of liquidity in Aave V2 Pool

aBUSD will be withdrawn and converted to BUSD.

This ARFC also aims to authorize the ACI to publish regularly "withdraw aToken" mechanical AIPs that have low governance value. Part of the success of these offboarding plans relies on maintaining the available liquidity low, adding pressure on borrowers, and incentivizing repayment or, if there's a lack of reaction, accelerating HF decay to create liquidations.

We believe that once the governance approves the offboarding plans and once an asset reaches the "final" stage of interestStrategy curve, there's little to no governance value in going through the snapshot phase each time. A direct-to-AIP approach seems sufficient.

Specification

Risk Parameters Adjustment

The risk parameters for TUSD on Aave V2 will be adjusted as follows:

Parameter

Previous Value

New Value

Loan-to-Value (LTV)

0%

0%

Liquidation Threshold (LT)

75%

65%

Liquidation Bonus

10%

10%

Reserve Factor

95%

99.9%

uOptimal

20%

1%

Base Rate

0%

100%

Slope 1

10%

70%

Slope 2

200%

300%

Disclamer

The Aave-Chan Initiative is not presenting this ARFC on behalf of any third party and is not compensated for creating this ARFC.

Next Steps

1. Gather community feedback on this ARFC.

2. If community consensus is reached, escalate this proposal to the Snapshot ARFC stage

3. if snapshot outcome is YAE, escalate the proposal to AIP stage

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