Title: [TEMP CHECK] Arbitrum USDC Migration

Author: Gauntlet

Date: 2023-09-22

Summary

Parameter change recommendations to facilitate the migration of bridged USDC.e to Native USDC on Aave's Arbitrum deployments.

Motivation and Specification

As part of Gauntlet's work with the Arbitrum Foundation to mitigate risk for the ecosystem while the ecosystem transitions from bridged USDC.e to Native USDC, Gauntlet has proposed adjustments to AAVE on Arbitrum. The adjustments covered in the report can be seen below:

- Weekly 3% reduction in LTV and LT for USDC.e

- (Depending on community preference) A conservative borrow/supply cap of 80% of circulating token supply onchain or an aggressive borrow/supply cap of 120% of circulating token supply onchain

These changes are intended to aid Arbitrum in the community's transition from USDC.e to USDC.

Along with these recommendations, we will message the community when liquidations are expected as a result of the proposed changes.

An example alert can be seen below:

Attention: As of date, the data shows that the following accounts would be liquidated if these param changes were adopted. The list below specifies the USD value of collateral that borrowers would need to supply to reach a health factor of 1.1, on the assumption that their account's composition of collateral types remains fixed.

You can read our full analysis here:[Gauntlet's USDC.e Initial Migration Report - #5 by gauntlet - General - Arbitrum](#)

Next Steps

- Gather community feedback.

Disclaimer

- Gauntlet is compensated by the Arbitrum Foundation to provide recommendations to the major protocols on Arbitrum to facilitate USDC migration. These strategic migration recommendations do not fall under the scope of Gauntlet's continuous [market risk management work](#) for the Aave DAO.

- This proposal is not meant to indicate that the Arbitrum community should mandate the actions of the multi-deployment and self-governed Aave DAO.

Copyright: