title: [ARFC] Polygon Supply Cap Update 23.05.2023

discussions:

shortDescription: Increase Supply Cap MaticX on Polygon v3 from 29.3M units to 38.0M units.

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Summary

This publication proposes increasing the MaticX Supply Cap on Polygon v3 from 29.3M units to 38.0M units.

Abstract

The current Supply Cap's utilisation is hovering around 95.4%, with 1.33M units of MaticX deposit capacity. The previous Supply Cap increase from 17.2M to 29.3M is filling rapidly. This publication seeks to increase the Supply Cap in effort to enable MaticX deposit growth to continue.

Motivation

Over the previous months, Llama has been working with various communities to craft favourable conditions conducive to growing TVL and Revenue by facilitate the creation of several yield aggregation products.

With Liquidity Mining (LM) ongoing, MaticX deposit rewards (SD) and wMATIC borrowing rewards (stMATIC & MaticX), it is important that Aave DAO ensures there is adequate capacity to enable the many yield maximising products built on Aave v3 to grow.

With an abundance of wMATIC deposits and LM ongoing, we are experiencing exception MaticX deposit growth.

To facilitate the continued growth of MaticX, this proposal seeks to increase the Supply Cap to 75% of supply on Polygon. This is the maximum counterparty risk Aave DAO has voted to support.

Current MaticX supply on Polygon is [50,559,800 units](#). Therefore the newly proposed Supply Cap is 38,000,000 units (rounded up). The author expects a whale to be moving liquidity from Ethereum to Polygon, if this was to occur in the next day or so, then the proposed Supply Cap will be raised, with support from one risk service provider.

With reference to the new [ARFC Aave V3 Caps update Framework](#) the preferred path forward is to implement several upgrades to gradually increase Aave's MaticX exposure over time.

Specification

Ticker: MaticX

Contract: [polygon: 0xfa68FB4628DFF1028CFEc22b4162FCcd0d45efb6

](https://polygonscan.com/token/0xfa68fb4628dff1028cfec22b4162fccd0d45efb6)

Parameter

Current Value

Proposed Value

SupplyCap

29.3M units

38.0M units

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