

# Summary

Change the wstETH price oracles from stETH/USD to wstETH/ETH on Arbitrum and Optimism.

Hey Aave Community!

I recently faced a disheartening experience using Aave on Arbitrum and wanted to share so that we can work together to prevent this from happening to others in the future. On April 13th, I got liquidated borrowing ETH with wstETH on eMode. ETH megapumped, but unfortunately, the stETH oracle didn't update fast enough.

This incident left me feeling pretty down as I lost a significant amount of money. Not only did I have to pay the 2% liquidation penalty, but I also suffered the ~3.8% discount wstETH was trading at due to the oracle fault. I believed my loan was safe and didn't expect wstETH to depeg by >3% (and it didn't, it was just an oracle mistake). In total, users lost 5.7 ETH that day (check my Dune query: <https://dune.com/embeds/2369594/3884780>).

I propose that Aave should switch the oracle from relying on Chainlink stETH/USD to wstETH/ETH to avoid issues like the one I experienced. This is already how it works on Ethereum mainnet, and the Chainlink oracles do exist on Arbitrum and Optimism. This change could save future users from unnecessary losses on the layer 2 deployments.

Additionally, it would be amazing if users who suffered from this issue could be refunded. I really believed my loan was safe with emode. The ETH oracle has a deviation threshold of 0.05% and stETH 0.3%, but it somehow happened that the wstETH oracle was incorrectly priced and thus significantly larger than this gap.

This problem is reminiscent of the Y2K depeg, where the stETH depeg derivative paid out despite no real depeg happening. The issue occurred because the stETH/USD and ETH/USD oracle feeds didn't update simultaneously. When ETH pumped quickly, the stETH feed lagged, creating the illusion of a depeg when taking the quotient between the updated ETH price and stale stETH price.

While I know a refund proposal may be contentious, I truly want to make Aave better and prevent such incidents from happening again. This is my first governance post here, so I'd love to hear your thoughts.

Thanks!

- [junion.eth](https://twitter.com/junion.eth)