

title:[ARFC] Supply Cap increase - LSTs on Polygon V3

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date: 2023-08-30

Summary:

This proposal seeks to increase the supply cap for the wstETH and stMatic tokens on the AAVE Polygon V3 markets.

This proposal is compatible with the Direct-to-AIP framework.

Motivation:

On the AAVE Polygon V3 market, the utilization of the supply cap reached 95% for stMatic and 100% for the wstETH, preventing the deposit of more assets for the latter. By augmenting those caps we would be helping the ecosystems that have been built around those products and increasing the user experience of the AAVE users, resulting in higher TVL and protocol revenue through the borrowing of WMatic and WETH.

The total supplies of those assets increased recently, which allows the adjustment of those caps while staying below [75%](#) of the total supplies.

Specification:

The following parameters would be modified for the stMatic and wstETH tokens:

Token

Current supply cap

Proposed supply cap

Increase

Total Supply

Total Supply (%)

stMatic Polygon V3

57M

66M

~16%

88.9M

75%

wstETH Polygon V3

3.45k

4125

~19%

5.5k

75%

Contract:

- stMatic Polygon: [0x3a58a54c066fdc0f2d55fc9c89f0415c92ebf3c4](#)
- wstETH Polygon: [0x03b54a6e9a984069379fae1a4fc4dbae93b3bccd](#)

Disclaimer:

This proposal is powered by Skyward.

The author doesn't possess wstETH or stMatic tokens at the time of writing and isn't compensated by LIDO for this ARFC.

Next step:

This proposal is compatible with the [Direct-to-AIP](#) framework, meaning the next steps are:

1. Get approval from at least one risk provider
2. Publish an AIP

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