

On August 9th, [BitGo announced](#) plans to transfer the management of the WBTC product to a new joint venture with Bit Global in 60 days. This transition will shift WBTC custody from its current U.S.-based jurisdiction to multiple locations, including Hong Kong and Singapore. The newly formed partnership aims to integrate closely with the Tron ecosystem, which may influence the oversight of WBTC management.

It is essential to approach this situation methodically, especially given the significant capital involved in the WBTC market on Aave V3. With \$900 million in debt against \$2.2 billion in supplied WBTC on Aave V3 in the Ethereum market and \$90.03 million in debt against \$212.99 million in supplied WBTC on Aave V3 in the Arbitrum market—constituting nearly 15% of the total capital supplied and borrowed on Aave—any recommendations must be approached with caution to ensure the preservation of Aave’s substantial market position.

The cumulative sum of debt growth over time on Aave V3 Ethereum, collateralized by WBTC.

The cumulative sum of debt growth over time on Aave V3 Arbitrum, collateralized by WBTC.

Current Stance:

- Given the limited public information available about the upcoming event in approximately 60 days, issuing a risk-off recommendation at this stage would be premature and could have substantial long-term negative implications for the Aave Protocol. Currently, there are no observable fundamental changes to custody or proof of reserves, and the legal framework appears solid in preventing rehypothecation or tampering with user-minted WBTC. The existing debt against WBTC generates approximately \$6 million in annualized revenues from the reserve factor alone, with demand continuing to grow at a notable pace.

Action Plan:

- Active Monitoring:

We will continuously monitor the situation, staying vigilant for any new developments or information releases related to the upcoming event.

- Timely Updates:

As more details emerge, we will promptly update the forum to keep the Aave DAO informed.

- Future Recommendations:

Based on the evolving information landscape, we will issue new recommendations as necessary to ensure the market’s safety and stability.