

Title: [ARFC] BUSD Offboarding Plan Part II

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Abstract

This ARFC proposal outlines a second part of the offboarding plan for BUSD on the Aave V2 Ethereum market.

The plan aims to reduce the amount of liquidity in BUSD and encourage users to switch to other stablecoins.

The plan involves modification of BUSD risk parameters and withdrawal of POL BUSD liquidity.

The plan will be enforced in a single AIP.

Motivation

[Please refers to the first part of the BUSD offboarding plan for more context.](#)

The first part of the plan was [a success](#), driving out liquidity and incentivizing active users to repay their debt and move their position to other stablecoins.

The remaining vBUSD debt holders seem to be inactive or unaffected by high rates, due to the time-sensitive nature of BUSD/Paxos situation and the potential risk of protocol bad debt.

This second part of the offboarding plan will concentrate efforts on creating unsustainable positions for remaining borrowers to either motivate them enough to repay or reach liquidation thresholds.

Both actions are proposed to be performed :

1. modify risk parameters to “force” slope 2 interest rate curve and increase slope 2 aggressiveness
2. remove POL BUSD liquidity to increase the utilization ratio of BUSD and increase the cost of open positions.

Implementation

The offboarding plan will be carried out in a single AIP with the following parameters:

- Decrease uOptimal from 20% to 2%.
- reserveFactor remains unchanged at 99.9%.
- base rate remains unchanged at 3%.
- slope 1 remains unchanged at 7%.
- Increase slope 2 from 200% to 300%.

Withdrawal of aBUSD from the collector contract. The BUSD will be kept as such in the collector contract, and a separate AIP will organize the swap of BUSD into other assets at a later stage.

Next steps

- Gather community consensus & feedback on this ARFC
- Snapshot polling vote on the ARFC
- If the community approves ARFC via Snapshot vote, Publication of an AIP implementation.

Disclaimer

The Aave-Chan Initiative is not affiliated with or paid by Binance to publish this ARFC.

At the time of writing, Marc Zeller, the founder of ACI, Does not hold any BUSD.

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