title: [ARFC] Safety Module - Polygon & Avalanche Coverage Update

author: @TokenLogic created: 2023-09-03

Summary

This publication proposes updating the Safety Module (SM) coverage across the various iterations of Aave Protocol on Polygon and Avalanche networks.

SM coverage is to be removed from Polygon v2 and Avalanche v2 deployments and extended to Avalanche v3.

Motivation

With the continued migration of users from v2 to v3, this publication seeks to further encourage users to migrate by removing the SM coverage for Aave v2 deployments on the Polygon and Avalanche networks.

During 2023, the total market size on Avalanche and Polygon Aave v2 Protocol deployments has been trending lower. At the time of writing the total market size of Aave v2 on Avalanche and Polygon is \$36.2M and \$134.7M respectively. For comparison, the Aave v3 deployment on each network is \$199.8M and \$229.9M respectively.

By removing SM coverage for Avalanche and Polygon v2 deployments, Aave DAO will no longer be providing coverage for the outdated iterations of Aave Protocol with exception of the Aave ARC deployment. By removing the SM coverage, users are further encouraged to migrate to v3.

The Polygon Aave v3 deployment is already covered by the SM whilst the Avalanche v3 deployment is not cover by the SM. This publication seeks to extend the SM coverage to include Avalanche v3. Therefore both v3 iterations are covered by the SM and v2 iterations are not covered on Polygon and Avalanche.

For reference, at the time of writing, the following Aave Protocol deployments are covered by the SM:

- Ethereum v2
- Ethereum v3
- Polygon v2
- Avalanche v2
- Aave ARC
- Polygon v3

Specification

It is important to note based upon the current implementation of the SM, an adhoc AIP is required to implement a Shortfall Event.

The following Snapshot votes will be created to enable granular voting:

- Extend SM Coverage to Avalanche v3
- Remove SM Coverage for Polygon v2
- Remove SM Coverage for Avalanche v2

Upon conclusion of the Snapshot vote, if approved, SM coverage will be removed/extended to the respective market.

There is no need for an AIP to implement this upgrade.

Disclaimer

TokenLogic receives no payment from Aave DAO or any external source for the creation of this proposal. TokenLogic is a delegate within the Aave ecosystem. TokenLogic seeks to become an Aave DAO Service Provider.

Copyright

Copyright and related rights waived via CC0.