

title: [ARFC] Add rETH Aave v3 Optimism

shortDescription: Add rETH to Aave v3 Optimism

author: [@Llamaxyz](#) - [@TokenLogic](#)

created: 2023-06-24

Summary

Add rETH to Aave v3 Optimism as collateral and to the ETH correlated eMode.

Abstract

rETH is currently listed on Aave v3 Ethereum and Arbitrum. This publication proposes adding rETH to Aave v3 Optimism network.

ETH correlated asset make up over half of Aave's TVL on Optimism. By adding rETH and providing LST diversification, Aave presents itself as a neutral platform offering users the choice between various LSTs.

A Chainlink exchange rate oracle is now available and there is suitable liquidity across several DEX pools to support an rETH listing.

Motivation

rETH is listed on Aave v3 Ethereum and has over \$58M of deposits. Rocket Pool is expanding its support for rETH across the L2 ecosystem and recently, a Chainlink oracle was published enabling rETH to be added to Aave Protocol. With the release of this oracle, this publication proposes adding rETH to Aave v3 on Optimism.

LST collateral types drive material borrowing revenue to Aave as users deposit the LST and borrow the corresponding network token. This is most evident on Ethereum where the LST-wETH-yield-maximising loop is the source of the vast majority of wETH borrowing demand.

An added benefit of offering a variety of LSTs is the respective communities may elect to compete for user acquisition via Aave through offering incentives. This is currently happening on Aave v3 Polygon and Aave's TVL has meaningfully increased from a relatively small base.

Specification

Ticker: rETH

Contract Address: Optimism:0x9Bcef72be871e61ED4fBbc7630889beE758eb81D

rETH/ETH exchange rate: Optimism: 0x22F3727be377781d1579B7C9222382b21c9d1a8f

Parameter

Value

Isolation Mode

No

Borrowable

Yes

Collateral Enabled

Yes

Supply Cap

6,000 units

Borrow Cap

720 units

LTV

67.00%

LT

74.00%

Liquidation Bonus

7.50%

Liquidation Protocol Fee

10.00%

Reserve Factor

15.00%

Variable Base

0.00%

Variable Slope 1

7.00%

Variable Slope 2

300.00%

Uoptimal

45.00%

Stable Borrowing

Disabled

Stable Slope 1

13.00%

Stable Slope 2

300.00%

Base Stable Rate Offset

3.00%

Stable Rate Excess Offset

5.00%

Optimal Stable to Total Debt Ratio

20.00%

Flahloanable

Yes

Siloed Borrowing

No

Borrowed in Isolation

No

Optimism - Ethereum Correlated eMode Category

Add rETH to Category 1 eMode

Parameter

Value

Category

1 (ETH Correlated)

Assets

wstETH, wETH,rETH

Loan to Value

90.00%

Liquidation Threshold

93.00%

Liquidation Bonus

1.00%

Reference: [\[ARFC\] Optimism Create ETH E-Mode](#)

Copyright

Copyright and related rights waived via [CC0](#).