

Simple Summary

A proposal to increase the following caps on Aave V3 Arbitrum.:

- WBTC supply cap
- WETH supply and borrow cap

Motivation

The objective of this proposal is to recommend updated supply and borrow caps for V3 assets that have recently reached over 75% utilization of either cap:

The recommendations provided in this proposal were derived using Chaos Labs' [Updated Supply and Borrow Cap Methodology](#).

Below are the data and considerations for the assets and recommended caps for these assets:

WBTC (V3 Arbitrum)

Given the calculation below, we recommend increasing the supply cap of WBTC by 2X the current cap to 4,200. We do not recommend a change to the borrow cap at this time.

Current Supply Cap

Extreme Liquidation Amount

Max Amount Liquidated

R

Recommended Supply Cap

WBTC

2,100

84,000

\$14,000,000

2

4,200

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WETH (V3 Arbitrum)

Given the calculation below, we recommend increasing the supply cap of WETH to 70,000. With the utilization of the borrow cap at 75%, we recommend increasing by ~2X the borrow cap to 22,000

Current Supply Cap*

Extreme Liquidation Amount

Max Amount Liquidated

R

Recommended Supply Cap

WETH

35,280

416,000

\$17,800,000

2

70,000

*There is a pending [AIP to update the current cap to 45,000](#). After this cap is implemented, the supply cap utilization, if no further deposits are made, will be at ~72%

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wstETH (V3 Arbitrum)

Given the data below, we recommend increasing the supply cap of WETH to 9,300. We don't recommend updating the borrow cap at this time

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wstETH (V3 Optimism)

Given the data below, we recommend increasing the supply cap of WETH to 12,000. We dont recommend updating the borrow cap at this time

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Recommendations

Chain

Asset

Current Supply

Current Supply Cap

Recommended Supply Cap

Current Borrow

Current Borrow Cap

Recommended Borrow Cap

Arbitrum

WBTC

1,590

2,100
4,200
423
1,115
No Change
Arbitrum
WETH
32,550
45,000
70,000
8,399
11,165
22,000
Arbitrum
wstETH
4,650
4,650
9,300
323
400
No Change
Optimism
wstETH
4,470
6,000
12,000
293
940
No Change

Next Steps

We invite a community discussion around the proposed parameter updates and utilizing the [Aave V3 Caps Framework](#), are targeting an AIP for Monday, April 2nd.