title: [ARFC] Add FXS to Ethereum V3

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Summary

This publication presents the community an opportunity to add FXS to the Ethereum Aave v3 Liquidity Pool.

Motivation

Frax Finance is a DeFi protocol that offers a stable protocol for issuing FRAX/FPI/frxETH and subprotocols such as Fraxlend, Fraxswap, and Fraxferry. The Frax Shares Token ($FXS) serves a dual role as both a governance token and a utility token.

The addition of FXS to Aave V3 represents the introduction of a new asset, encouraging the transition from Aave V2 to V3 and diversifying collateral assets for GHO. Furthermore, Aave DAO can utilize FXS obtained from the pool to kickstart the adoption of GHO and/or new aTokens.

Specification

The parameters shown below are supported by @Gauntlet

Ticker: FXS

Contract Adress:0x3432B6A60D23Ca0dFCa7761B7ab56459D9C964D0

Chainlink Oracle: 0x6Ebc52C8C1089be9eB3945C4350B68B8E4C2233f

Parameter

Recommendation

Isolation Mode

YES

Borrowable

YES

Collateral Enabled

YES

Stable Borrowing

NO

Supply Cap (FXS)

800000

Borrow Cap (FXS)

500000

Debt Ceiling

$4M

LTV

35%

LT

45%

Liquidation Bonus

10%

Liquidation Protocol Fee

10%

Reserve Factor

20%

Base Variable Borrow Rate

0

Variable Slope 1

0.09

Variable Slope 2

3.00

Uoptimal

0.45

Stable Slope1

13.00%*

Stable Slope2

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

Borrowable in Isolation

No

*StableBorrowing is disabled.

Next Step

The following steps are as follow:

- gather community feedback on this ARFC.
- Publish a snapshot of the risk providers recommendations.
- If said snapshot is successful, escalate to an AIP.

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