Proposal updated to focus on DAI risk parameter update

Title:

[ARFC] Risk Parameters for DAI Update

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Summary

This proposal aims to update the risk parameters for the DAI stablecoin by setting the LTV to 0% across all Aave deployments.

Motivation

MakerDAO's recent aggressive actions with their D3M program have resulted in a significant increase in the "D3M" credit line for DAI, growing from 0 to predicted 600 million DAI within less than a month. With the potential extension of this credit line to 1 billion DAI in the near term, the unpredictability of future governance decisions by MakerDAO raises concerns regarding the inherent risk nature of DAI as collateral.

These liquidity injections are done in a non-battle-tested protocol with a "hands off" risk management ethos and no safety module risk mitigation feature.

The Aave protocol had previous experience of the consequences of reckless minting policies at a much smaller scale, with Angle's AgEUR (now EURA) mint into EULER a week before their hack and jEUR minting into Midas leading to the asset long-term depeg.

Given that only a fraction of DAI deposits are currently utilized as collateral on Aave, and users have ample liquidity to switch to USDC or USDT as alternative collateral options, this proposal aims to mitigate potential risks without significantly negatively impacting our user base.

Specification

Proposed Changes:

1. Implement a 0% LTV risk parameter for DAI across all Aave versions and networks.

By implementing these changes, we aim to minimize potential risks associated with the DAI stablecoin issuance policy.

Next Steps

1. Gather community feedback and consensus on the proposed changes.

2. Proceed to ARFC snapshot stage for formal community sentiment check.

3. If successful, escalate to the AIP (Aave Improvement Proposal) stage for implementation.

Disclaimer

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