

[ARC] Aave V3 Fantom - Freeze reserves

aip: TBA

title: Aave V3 Fantom - Freeze reserves

status: Proposal

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Simple Summary

This ARC proposes to freeze the Aave V3 Fantom market, allowing users to repay their debts and withdraw but blocking deposits and further borrowing on this market.

After the Harmony bridge event and the recent Nomad bridge exploit, the aave community should consider the risk/benefits of keeping an active Aave V3 market on fantom as this network is dependent of anyswap (multichain) bridge.

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image

1069×420 53.1 KB

](https://europe1.discourse-cdn.com/business20/uploads/aave/original/2X/1/1b692cd118b552981a4eb7c87e998d15941eb03f.png)

The Fantom Aave V3 market did not gain noticeable traction with a current market size of 9M\$ and 2.4M\$ of open borrowing position, this led to a market generating on average 300\$ of fees daily for the protocol (~30\$ of daily fees for the Aave treasury)

This market is not currently supported by the Aave Safety module and unless the Aave governance decides otherwise by specific vote, a failure of the main Bridge to Fantom will lead to users with assets worth 0.

This proposal calls for the Aave Guardian to freeze all reserves on the Aave V3 deployment on Fantom. This action would protect users by disabling the ability to deposit or borrow assets in the Aave V3 Market on Fantom, while still allowing repayment of debt, liquidations, withdrawals, and changes to the interest rates. Freezing the reserves will not interfere with any direct transfers to any of the aToken contracts.

Motivation

The unbalanced risk/reward of keeping of Aave V3 market on Fantom is the motivation of this ARC,

The risk of exposing users to potentially losing millions of \$ due to causes exterior to intrinsic Aave security is considered not worth the 30\$ of daily fees accrued by the Aave treasury.

Anyswap is a team that proved its seriousness and its safety and this proposal is not meant to dismiss their hard work, it is simply considered that the potential risk even if considered small outweighs the benefits of keeping the Aave V3 market on fantom active.

In general, the “EVM-verse” of alternative L1 seems to be currently decided in favor of Avalanche & Polygon.

L2s (Optimism/Arbitrum) currently slowly gaining traction allows Aave to allocate focus on networks presenting fewer vectors of risks in terms of bridges.

Specification

If passed, this AIP will call upon the Aave Guardian to call the `setReserveFreeze()` function with the appropriate parameters on each asset in the Aave V3 Market on Fantom. In addition, passing this AIP will also authorize the necessary changes to the IPFS Aave UI to support this change (disabling supply and borrow) as well as implementing additional warnings and alerts to educate users attempting to interact with the Aave V3 Market on Fantom.

After a delay of 5 days after this thread publication, a Snapshot vote will be published to freeze the FTM V3 aave market allowing the community to vote on this topic.

