Proposal updated following risk service providers feedback

Title:

[ARFC] Onboarding wstETH to Aave V3 on Base Network

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Summary

This ARFC proposes the addition of wstETH (wrapped staked ETH) From Lido to the Aave V3 Base Network to enrich the diversity of the ecosystem's liquid staking solutions.

Motivation

The onboarding of wstETH will give Aave users more options for earning staking rewards on their collateral, reinforcing Aave's position as a diverse and inclusive DeFi protocol.

Specification

- Contract Address:

wstETH - 0xc1CBa3fCea344f92D9239c08C0568f6F2F0ee452

The proposed risk parameters for wstETH are similar to wsETH implementation in other "youngs" Aave L2 markets:

Aggressive parameters:

Risk Parameter

Value

emode

Eth-Correlated

Isolation Mode

No

Borrowable in Isolation

No

Stable Borrow

No

Enable Borrow

Yes

Enable Collateral

Yes

Loan To Value (LTV)

71%

Liquidation Threshold

76%

Liquidation Bonus

6%

Reserve Factor

15%

Liquidation Protocol Fee

10%

Supply Cap

4000 wstETH

Borrow Cap

400 wstETH

Debt Ceiling

N/A

uOptimal

45%

Base

0%

Slope1

7%

Slope2

300%

Conservative parameters

Risk Parameter

Value

Isolation Mode

No

Borrowable in Isolation

No

Stable Borrow

No

Enable Borrow

Yes

Enable Collateral

Yes

Loan To Value (LTV)

67%

Liquidation Threshold

74%

Liquidation Bonus

6%

Reserve Factor

15%

Liquidation Protocol Fee

10%

Supply Cap

100 wstETH

Borrow Cap

10 wstETH

Debt Ceiling

N/A

uOptimal

45%

Base

0%

Slope1

7%

Slope2

300%

Next Steps

1. Solicit feedback from the Aave community.
2. If community sentiment is favorable, proceed with the ARFC snapshot.
3. Success in the snapshot leads to the development of an AIP.

Disclaimer

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