

Simple Summary

A proposal to adjust nine (9) total risk parameters across eight (8) Aave V2 assets including LTV, Liquidation Threshold, and Liquidation Bonus.

Abstract

This proposal is a batch update of three risk parameters to align with the [Moderate risk level](#) chosen by the Aave community. These parameter updates are a continuation of Gauntlet's regular parameter recommendations, the latest being [AIP-40: Risk Parameter Updates 2021-10-07](#).

Motivation

This set of parameter updates seeks to maintain the overall risk tolerance of the protocol while making risk trade-offs between specific assets. For more detail on Gauntlet's first two months of recommendations and their impact, please see Gauntlet's most recent [Monthly Risk Report](#).

Specification

Parameter

Current Value

Recommended Value

BAT Liquidation Threshold

75%

80%

CRV Loan To Value

35%

45%

CRV Liquidation Threshold

55%

60%

ENJ Loan To Value

55%

60%

REN Loan To Value

50%

55%

SUSHI Loan To Value

30%

45%

UNI Loan To Value

55%

60%

WBTC Liquidation Bonus

7.5%

6.5%

YFI Liquidation Bonus

8%

7.5%

See below volatility and exchange volume data from 10/07 to 10/14 that were important drivers for the updated parameter recommendations.

Symbol

10-14 Volatility

10-07 Volatility

Volatility Change

Weekly Average Daily Volume Change (%)

BAT

0.929440262

1.26231086

-0.332870598

-5.5534425

CRV

1.680964856

2.06913145

-0.388166594

-20.9446652

ENJ

1.165823176

1.684204979

-0.518381803

-27.1658359

REN

1.826713874

2.073377777

-0.246663903

-49.2642672

SUSHI

1.521203501

1.831060432

-0.309856931

-17.0524519

UNI

1.328292578

1.625790476

-0.297497898

-45.1124435

WBTC

0.694701853

0.83363382

-0.138931967

50.5601238

YFI

1.038356955

1.240436029

-0.202079074

81.6590629

Risk Dashboard

The community should use Gauntlet's [Risk Dashboard](#) to better understand the updated parameter suggestions and general market risk in Aave V2.

Next Steps

- Initiate a Snapshot immediately since the community has already weighed in on changes of this nature recently.
- Targeting an AIP on 2021-10-18th