

Summary

A proposal to increase the supply and borrow cap for USDT and supply cap for wstETH on Aave V3 Ethereum.

Motivation

The supply cap for wstETH on Ethereum is currently at ~85% utilization, with the supply and borrow cap of USDT at 80% and 67%, respectively.

Following our [supply and borrow cap methodology](#), and our [LSD methodology](#), we recommend the following updates:

- Increase the supply cap for wstETH from 450K to 600K.
- Increase the supply cap for USDT from 200M to 300M, and the borrow cap from 185M to 250M. We want to highlight that upon execution of [AIP-271](#), USDT will become a collateral asset on V3 Ethereum.

Specification

Chain

Asset

Current Supply Cap

Recommended Supply Cap

Current Borrow Cap

Recommended Borrow Cap

Ethereum

wstETH

450,000

600,000

12,000

No Change

Ethereum

USDT

200,000,000

300,000,000

185,000,000

250,000,000

Next Steps

Once we receive feedback from [@Gauntlet](#) on the above recommendations, we will be able to move forward to implement these updates via the Risk Steward process.

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