Title: [ARFC] Increase cbETH Supply Cap - 03-26

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Summary:

This ARFC proposes to increase the cbETH supply cap on the Aave V3 Ethereum market from the current 30k cbETH to 60k cbETH. The proposal aims to accommodate the growing market demand for depositing this asset and provide additional capacity for users.

Abstract:

The ARFC proposes increasing the cbETH supply cap from the existing 30k cbETH to 60k cbETH to meet the ongoing market demand for depositing the asset. This increase will enable new Aave users to join Aave V3 and allow existing users to expand their positions.

Motivation:

Since the recent execution of the previous ARFC to raise the cbETH supply cap to 30k, the cap has been reached within less than 48 hours, demonstrating the strong demand for depositing cbETH on the Aave V3 platform. By increasing the cap to 60k cbETH, we can continue to accommodate this growing demand and provide additional capacity for users. The proposed cap of 60k cbETH offers a balance between meeting demand and maintaining a conservative approach while doubling the current cap. This ARFC is compliant with the direct-to-AIP framework. Furthermore, with the upcoming Shanghai upgrade on April 12th, Liquid Staking Tokens such as cbETH should become increasingly more resilient, and their secondary liquidity less of a concern. LSTs on the Polygon PoS, such as MaticX and stMatic, serve as good examples of what a "post-Shanghai upgrade" environment will look like in terms of asset peg resilience.

Specification:

Ticker: cbETH (cbETH)

Contract Address: 0xbe9895146f7af43049ca1c1ae358b0541ea49704

Parameter

Current Value

Proposed Value

Supply Cap

30,000

60,000

Disclaimer:

The Aave-Chan Initiative is not affiliated with or paid by Coinbase to publish this ARFC. At the time of writing, the author holds a position in cbETH worth ~$17k.

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