

Summary

This proposal aims to increase the wstETH Supply Cap on Ethereum V3 to support market growth.

Motivation

As seen in our [dashboard](#), over the past month, wstETH supply cap utilization has increased from 67% to 79% in Ethereum v3, with the current cap at 1.1M wstETH (worth \$3.16B).

wstETH Supply Cap Utilization Time Series

Despite the high utilization, there's still room for an additional \$663M of wstETH to be supplied. The current largest wstETH supplier in v3 Ethereum supplies \$665M. Therefore, the current cap is likely not inhibiting growth.

However, to ensure ample capacity for future suppliers and to encourage LST growth on Aave, we propose raising the supply cap from 1.1M to 1.25M. This adjustment would lower the supply cap utilization from 79% to 70%.

Per our supply cap [methodology](#) our recommendation of 1.25M is supported by the current 3M wstETH circulating supply.

Specification

Increase the supply cap for wstETH on Ethereum V3 to the following.

Parameter

Current Value

Proposed Value

Supply Cap

1.1M

1.25M

Next Steps

Once we receive feedback from [@ChaosLabs](#) on the above recommendations, we will move forward with Risk Steward actions.

Disclaimer

Gauntlet has not received any compensation from any third-party in exchange for recommending any of the actions contained in this proposal.

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