

[ARFC] - Chaos Labs Risk Stewards - Increase Supply and Borrow Caps on V3 Ethereum - 09.25.2023

Summary

Arbitrum:

- Supply cap for rETH

Ethereum

- Borrow cap for rETH

Motivation

The recommendations below were made utilizing Chaos' supply and borrow cap methodologies and after analyzing user positions for each asset.

rETH (Arbitrum)

The supply cap for rETH on V3 Arbitrum is currently at 93% utilization.

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We recommend doubling the supply cap to 6.8k.

Please note there is a single [account](#) currently supplying nearly 40% of all rETH, utilizing it to borrow WETH. While this is a relatively significant concentration for a single user, the usage and risk profile does not impact the recommendation.

rETH (Ethereum)

The borrow cap for rETH on V3 Arbitrum is currently at 89% utilization.

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We recommend doubling the borrow cap to 19.2k.

Specification

Chain

Asset

Current Supply Cap

Recommended Supply Cap

Current Borrow Cap

Recommended Borrow Cap

Ethereum

rETH
60,000
No Change
9,600
19,200
Arbitrum
rETH
3,400
6,800
680
No Change

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.