

Summary

A proposal to:

- Increase sUSDe’s supply cap on Aave V3’s Ethereum - Main instance

sUSDe (Ethereum-Main)

sUSDe has reached 100% supply cap utilization on the Ethereum Main instance.

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Supply Distribution

The supply of sUSDe on Ethereum remains well distributed, with the largest supplier accounting for less than 20% of the total supply. All top positions borrow a mix of USDC, USDS, and/or USDT. This is likely done to mitigate the effect of interest rate spikes in a single stablecoin.

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All of the positions maintain safe health scores given the high correlation between the collateral and debt assets.

Overall, USDT is the most popular borrowed asset against sUSDe, followed closely by USDC and USDS. tBTC is the top volatile asset borrowed, representing just \$1M out of \$930M of sUSDe-collateralized debt.

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Recommendation

Given recent user behavior and a \$15 million increase in the [insurance fund](#) over the last week—bringing it to \$60 million to protect against negative funding rate downturns—we recommend increasing the supply cap to 1,150,000,000 sUSDe. This proposal is supported by [Chaos Labs’ risk simulations](#), which account for user behavior, on-chain liquidity, and price impact, ensuring that the increased cap introduces no additional risk to the platform.

The increase is further bolstered by \$600 million in stablecoins available for redemption if necessary, providing robust backing for the system. [Recent](#) conservative adjustments to interest rate logic have been implemented to better assess rate-agnostic depositors, coupled with an incoming increase in the [liquidation bonus to 4%](#), enabling a gradual supply increase while maintaining platform stability. These measures collectively ensure the platform is well-prepared to handle the proposed supply cap expansion without compromising its risk profile.

Specification

Chain	
Instance	
Asset	
Current Supply Cap	
Recommended Supply Cap	
Current Borrow Cap	
Recommended Borrow Cap	
Ethereum	
Main	
sUSDe	
1,000,000,000	
1,150,000,000	
-	
-	

Next Steps

We will move forward and implement these updates via the Risk Steward process.

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