Title: [ARFC] Add SNX to Ethereum v3

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Summary

This proposal presents Aave the opportunity to onboard SNX to the Ethereum v3 Liquidity Pool.

Abstract

Synthetix is financial primitive enabling the creation of synthetic assets, offering unique derivatives and exposure to real-world assets on the blockchain. SNX was originally listed on Aave v1 and included on Aave v2 when it was launched in late 2020.

Adding SNX to Aave v3 will enable users to migrate from v2 to v3, $10.5m, and enable Aave to continue generating SNX nominated revenue. SNX is not currently listed on either the USDC or ETH Compound v3 liquidity market.

This ARFC is a joint effort with ACI and 3SE to allow a selection of v2 listed assets to be onboarded on V3 via the governance process. Subject to a favourable Snapshot vote, Llama will submit an AIP for voting.

Motivation

Synthetics has $435m of TVL and is ranked 25 on the Defi Llama dashboard. Aave has generated over $205,000 in revenue from users who borrow SNX on Aave v2. SNX is one of the few non stable coin tokens with significant borrowing demand.

The risk parameters provided here within are from Gauntlet's original Aave v3 initial assets listings and configurations forum thread. These parameters are to be revised by Gauntlet and feedback will be incorporated before progressing to a Snapshot vote.

The interest rate provided in the proposal mirrors the v2 deployment with exception of the parameters specific to stable interest rates. The stable rates proposed are the somewhat generic listing rates as stable borrowing is disabled. However, if stable borrowing was enabled, the suggested parameters are suitable and don't create any undesirable dynamics between stable and variable rates.

We note that this proposal is to be reviewed by Gauntlet, with feedback incorporated, prior to progressing to Snapshot.

Specification

Ticker: SNX

Contract Address: 0xc011a73ee8576fb46f5e1c5751ca3b9fe0af2a6f

Risk Parameter

Value

Isolation Mode

YES

Enable Borrow

YES

Enable Collateral

YES

Loan To Value

49.00%

Liquidation Threshold

65.00%

Liquidation Bonus

8.50%

Reserve Factor

35.00%

Liquidation Protocol Fee

10.00%

Borrow Cap

1,100,000 units

Supply Cap

2,000,000 units

Debt Ceiling

$2,500,000

Variable Base

3.00%

Variable Slope1

15.00%

Variable Slope2

100.00%

Uoptimal

80.00%

Stable Borrowing

Disabled

Stable Slope1

15.00%

Stable Slope2

100.00%

Base Stable Rate Offset

3.00%

Stable Rate Excess Offset

5.00%

Optimal Stable To Total Debt Ratio

20.00%

Note: Stable borrowing is disabled, however parameters are provided in case stable borrowing is enabled at a later date without amending any parameters.

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