Title

: [TEMP CHECK] Qualify the security incident 04-11-2023 as a shortfall event

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Date

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Motivation

Qualify the security incident reported here:https://governance.aave.com/t/aave-v2-v3-security-incident-04-11-2023/ as a shortfall event in order to activate thesafety module.

Summary

Users have lost funds during the aforementioned incident as a consequence of the assets being frozen/paused. Users have reported two type of losses:

- losses resulting from liquidation

- losses resulting from high interest rates and accruing interests

As stated in the definition of a shortfall event:

The main role of the Safety Module is to protect the protocol against unexpected loss

of funds stemming from:

- Smart contract risk

: Risk of a bug, design flaw or potential attack surfaces on the smart contract layer.

- […]

Given that the losses reported by the users are:

- resulting from an undisclosed smart contract risk leading to the freezing/pause action

- unexpected, given the unexpected nature of the freeze/pause action

It seems conclusive to me that the incident satisfies the definition of a shortfall event.

Specification

This TEMP CHECK does not require any on-chain action or protocol changes.

Disclaimer

No Guarantee of Results; and Limitation of Liability:

This proposal is neutrally presented based on current community sentiment. Given the evolving nature of DAOs, there's no assurance that the proposed changes will yield the intended results. The author(s) and associated parties are not liable for any outcomes or damages from this proposal's implementation or lack thereof.

Next Steps

If this TEMP CHECK is approved, the next step is the activation of the safety module.

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