Title: [ARFC] Freeze TUSD on Aave V2 Ethereum Pool

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Summary

This ARFC proposes a direct-to-AIP framework proposal to freeze TUSD on the Aave V2 Ethereum pool.

Motivation

Following recent events with the TUSD asset, The ACI proposes to freeze the TUSD reserve on the Aave V2 Ethereum pool. This will prevent users from depositing or borrowing TUSD on the Aave V2 Ethereum pool. This will not affect current positions. Users will still be able to repay and withdraw TUSD from the Aave V2 Ethereum pool.

This AIP is designed to take a conservative approach to the TUSD situation. It will allow the community to take a step back and assess the situation before making any further decisions.

Specification

The proposed change will require modifications to the Aave protocol smart contracts. Specifically, the FreezeReserve()

function will be called on the TUSD reserve in the Aave V2 Ethereum pool. This will prevent any new deposits, borrows for TUSD on the pool, effectively freezing the reserve.

in terms of implementation, here's the proposed payload:

contract AaveV2FreezeReserves_20230627 is IProposalGenericExecutor { address public constant TUSD = AaveV2EthereumAssets.TUSD UNDERLYING;

function execute() external { AaveV2Ethereum.POOL_CONFIGURATOR.freezeReserve(TUSD); } }

Disclaimer

The ACI has not been compensated to present this proposal.

Next Steps

- 1. Escalate this proposal to AIP stage.
- 2. If AIP outcome is YAE, the proposed changes will be implemented on the Aave protocol.

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