Title: [ARFC] Add UNI to Ethereum v3

Author: @Llamaxyz - DeFi_Consulting (@matthewgraham), ACI (@MarcZeller) and 3SE

Dated: 2023-02-18

Summary

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

Abstract

The UNI token is the governance token of the Uniswap ecosystem and is a DeFi bluechip. UNI was one of the first governance tokens to be integrated into the Aave ecosystem when it was listed on v1 and was included on Aave v2 when it was launched in December 2020.

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

Uniswap is a DEX with $4.18B in TVL, second only to Curve Finance with $5.06B, according to Defi Llama's data. Uniswap is deployed on five networks. UNI provides Aave v2 with $15.86m of TVL. Something to note, it is possible with Aave v3 to delegate Aave's UNI reserve holding governance influence to an address which can be used for voting on Uniswap proposals.

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 to be incorporated, prior to progressing to Snapshot.

Specification

Ticker: UNI

Contract Address: 0x1f9840a85d5af5bf1d1762f925bdaddc4201f984

Risk Parameter

Value

Isolation Mode

YES

Enable Borrow

YES

Enable Collateral

YES

Loan To Value

65.00%

Liquidation Threshold

77.00%

Liquidation Bonus

10.00%

Reserve Factor

20.00%

Liquidation Protocol Fee

10.00%

Borrow Cap

500,000 units

Supply Cap

2,000,000 units

Debt Ceiling

$17,000,000

Variable Base

0.00%

Variable Slope1

7.00%

Variable Slope2

300.00%

Uoptimal

45.00%

Stable Borrowing

Disabled

Stable Slope1

13.00%

Stable Slope2

300.00%

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.

Copyright