

# Summary

A proposal to increase caps for the following assets on Metis:

- m.USDC - Supply and Borrow Cap
- m.USDT - Supply and Borrow Cap
- WETH - Supply and Borrow Cap
- DAI - Supply Cap

## Motivation

Several assets on Metis have reached high supply and borrow levels. The recommendations below were made utilizing Chaos' supply and borrow cap methodologies and after analyzing user positions for each asset.

m.USDT

The supply cap for USDT on Metis V3 is currently at 100% utilization, with the borrow cap following a similar trend at 95.5%.

A meager .6% of debt collateralized by m.USDT (\$30k) is denominated in a volatile asset (WETH/METIS), with the remaining \$4.8M in various stables to generate METIS rewards.

m.USDC:

The supply cap for m.USDC on Metis V3 is currently at 100% utilization, with the borrow cap sitting at 77% utilized.

Much like USDT, USDC collateral follows suit with a minimal 2% of debt, or \$120k, denominated in volatile assets, with the remaining \$6.1M in various stables to generate METIS rewards.

As such, considering this minimally risky distribution of user positions and following our approach of initially setting the supply cap of assets at no more than 50% of their on-chain circulating supply, we recommend increasing the USDC and USDT supply caps and setting them at 10M and 8M, respectively. Concurrently, we recommend increasing borrow caps to 9M and 7.2M. The ensuing parameter changes will result in borrow cap values aligned with the Uoptimal threshold, per the adjusted supply caps.

m.DAI:

The supply cap for m.DAI on Metis V3 is currently at 100% utilization, with the borrow cap sitting at 72.7% utilized.

6% of debt, or \$44k, denominated in volatile assets, with the remaining \$667k in various stables to generate METIS rewards.

Considering the existing distribution of DAI utilization on Aave, we advise a slight increase in the supply cap to 1.1 million. Despite the current supply cap surpassing 50% of the [total DAI supply](#) on Metis, the absence of non-stable debt collateralized by m.DAI indicates minimal anticipated liquidations in the future, thereby minimizing contingency on DAI liquidity.

WETH:

The supply cap for WETH on Metis V3 is currently at 100% utilization, with the borrow cap sitting at 68% utilized.

Considering the liquidity and the overall usage on Metis we recommend doubling the supply and borrow cap and setting them at 600 and 360, respectively.

## Specification

## Next Steps

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

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