

# Summary

This ARFC proposes to increase the LUSD supply cap to 6M and the borrow cap to 2.4M.

## Motivation

LUSD is currently at ~96% of its supply cap and ~89% of its borrow cap on Aave V3 Ethereum. This increase in supply and borrow has happened over the past few days following the de-peg events of several stablecoins, including LUSD.

Given the on-chain liquidity levels, current conservative caps set, and the fact that LUSD is a non-collateral asset, we recommend doubling the supply and borrow cap.

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The proposal represents a 100% increase from the current caps, making this ARFC compliant with the “direct-to-AIP” framework.

## Specification

Ticker: LUSD (LUSD)

Contract Address: 0x5f98805A4E8be255a32880FDeC7F6728C6568bA0

Parameter

Current

Proposed

Supply Cap

3M

6M

Borrow Cap

1.2M

2.4M