Morpho Vaults v2 Eligibility Criteria

Morpho Vault v2 Setup

Proposal #11: Prime governance Owner with govops & external party as Curator

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Owner     = Prime SubProxy
Curator   = 2/2 msig between OEA and external msig (prime/curator msig)
Allocator = Prime Agent/external curator EOA/multisig
Sentinel  = OEA (govops) with separate set of signers, and/or monitoring
solution (eg hypernative), and/or prime-owned msig
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Further clearance on Sentinel role:

- OEA (with a separate set of signers from curator msig) is the only mandatory Sentinel.
- Additional Sentinel addresses defined above are optional and recommended.
- Monitoring solution (e.g. Hypernative) should be able to automatically revoke pending actions when a threat is detected by their system.

Accepted Collateral and Market Parameters

Accepted asset	LLTV	Oracle	IRM**
ETH	86%	Oracle market pricing	Morpho Adaptive Curve IRM
cbBTC	86%*	Oracle market pricing by BTC	Morpho Adaptive Curve IRM
wstETH	86%*	wstETH/ETH contract price × ETH oracle market price	Morpho Adaptive Curve IRM
WBTC	86%*	Oracle market pricing	Morpho Adaptive Curve IRM
sUSDS	96.5%	sUSDS/USDS contract price × oracle USDS market price***	Morpho Adaptive Curve IRM

**LLTVs for derivative markets (cbBTC, WBTC, and stETH) are set to follow the current market standard on Morpho variable rate markets and current governance-approved LLTV tiers, while considering the isolated nature of Morpho markets and assuming no rehypothecation possible. Future CRR calculations for vaults utilizing derivatives markets with 86% LLTVs will address any deviations from LLTVs defined by BA Labs' risk models. Lower LLTV tiers are also acceptable, which may result in lower CRR values.*

***Applies to v1 markets only - Midnight markets rate is set by Maker/Takers.*

****For sUSDS/USDT market, please refer to SkyBase's sUSDS/USDT market setup.*

Collateral pricing and on-chain monitoring oracle

Oracle-based market pricing follows the mechanisms already defined under Sky Atlas / Spark oracle criteria. At least three sources need to be used, if at any point in time the three are available and valid, the median is used, if only two are available, the average is used, if only one is available a credible fallback needs to be used.

- ETH - oracle market pricing (Chainlink, Redstone, Chronicle)
- cbBTC - oracle market pricing by BTC (Chainlink, Redstone, Chronicle)
- stETH - wstETH/ETH contract price × ETH oracle market price
- WBTC - oracle market pricing (Chainlink, Redstone, Chronicle)
- sUSDS - sUSDS/USDS contract price × oracle USDS market price (Chainlink, Chronicle)

For major collateral assets, a short-term single-source Chainlink oracle setup is acceptable as an interim solution. Over time, the expectation is to migrate toward the recommended multi-source oracle path, following the structure and approach used by SparkLend.

The migration from the interim setup to the recommended oracle architecture will be coordinated with all Primes. We will discuss and agree on a sensible migration plan with each Prime to ensure that the transition does not unnecessarily disrupt their business or operations. Any questions or concerns regarding the oracle setup or migration plan should be directed to BA Labs and Jan.

Any new collateral asset: the full oracle methodology is subject to due diligence and approval of the Sky Core Council before adoption.

Loan Assets

As per Atlas - cash stablecoins (USDC, USDT, and pyUSD) are acceptable as loan assets. Other stablecoins that have been historically approved for Morpho are also acceptable, including RLUSD and USDG.

Any other loan asset is subject to a risk review and would require a separate request.

Accepted Timelocks Per-Function (v2)

Vault Timelocks

Action	Minimum (0 days = exact value requirement)
Abdicate Permanently disables a protected curator action for this vault	7 days
Add adapter Time before a curator can enable a new adapter to the vault	7 days
Increase absolute cap Time before a curator can raise the maximum amount supplied to an allocation. Decrease is instant.	7 days
Increase relative cap Time before a curator can raise the maximum share of the vault supplied to an allocation. Decrease is instant.	7 days
Add / Remove allocator Adds or removes an allocator, which can move vault liquidity between approved adapters	0 days
Remove adapter Disables an adapter route, changing where vault assets may be deployed	7 days
Increase timelock duration Lengthens the timelock period for future protected vault changes. Decrease timelock duration equals the timelock of the function being decreased.	7 days
Set performance fee Changes the fee charged on vault interest before lenders receive returns	3 days
Set management fee Changes the ongoing fee charged on vault assets	3 days
Set performance fee recipient Changes who receives performance fees from vault interest	3 days
Set management fee recipient Changes who receives ongoing management fees from vault assets	3 days
Set force deallocate penalty Changes the penalty used when assets are force-deallocated from an adapter	0 days

Set receive shares gate Controls who can *receive* shares	7 days/Abdicated
Set send shares gate Controls who can *send* shares	7 days/Abdicated
Set receive assets gate Controls who can *withdraw* assets	7 days/Abdicated
Set send assets gate Controls who can *deposit* assets into the vault	7 days
Set adapter registry Swaps the registry that constrains which adapters can be added	7 days/Abdicated

Adapter Timelocks

Action	Minimum
Abdicate Permanently disables a protected curator action for this vault	7 days
Burn Shares Permanently burn the adapter's supply shares on a specific market (irreversible — shares are lost forever)	3 days
Increase Timelock Increase the waiting period before a timelocked change to the adapter takes effect	7 days
Skim Recipient Change the address that receives tokens skimmed from the adapter	3 days

Fees

TBD

Deadlines

Core Council aims for all current exposure to be either migrated to new vaults with defined setup or upgraded existing vaults to the defined setup within roughly 6 weeks from August 17th, which translates to roughly end of September as the latest date to complete the full migration. The idea is to start the migration gradually, and do it slowly, considering the utilizations of underlying markets and the current setup of vaults Sky is exposed to, hence it’s not deemed as an urgent necessary action.

After the 6-week deadline, all Morpho vault non-compliant allocations will receive 100% CRR.

Accepted Chains

Ethereum, Base, and Robinhood chains are accepted initially. Any other chain deployment is subject to a risk review and would require a separate request.

Update (September 24): No new cross-chain deployments unless explicitly approved.