Maker — Research Document (03.09.24)

Project Overview

- **Primary Use Case**: The Maker Protocol's primary use case is creating and managing Dai, a decentralized, collateral-backed stablecoin pegged to the US dollar, offering an easy access for users to generate yield.
- **Problems Solved**: The Maker Protocol addresses cryptocurrency volatility by providing Dai, a stable, decentralized currency pegged to the US dollar. Through DAI, users can do predictable transactions, borrowing, and trading, maintained through over-collateralization and automated liquidation mechanisms.

- **The design of the Maker Protocol contributes to its goals in several key ways:**

- **Decentralization**: By allowing MKR holders to govern the system, the protocol is less reliant on centralized authorities and is designed to be resistant to censorship and external control.
- **Diversification of the collateral**: Although currently limited to assets on Ethereum, the architecture allows for the addition of more collateral types, and potentially including assets from other chains in the future.
- **Modular Architecture**: The system is designed with modular components (e.g., Vaults, Oracles, Liquidation, Governance) that can be upgraded or replaced without affecting the entire protocol, ensuring long-term sustainability and flexibility for future improvements.
- **Risk Management**: The protocol uses over-collateralization and liquidation mechanisms to ensure that the value of Dai is always backed by more than 1 USD worth of assets. This minimizes the risk of under-collateralization and insolvency.

Market & competitors

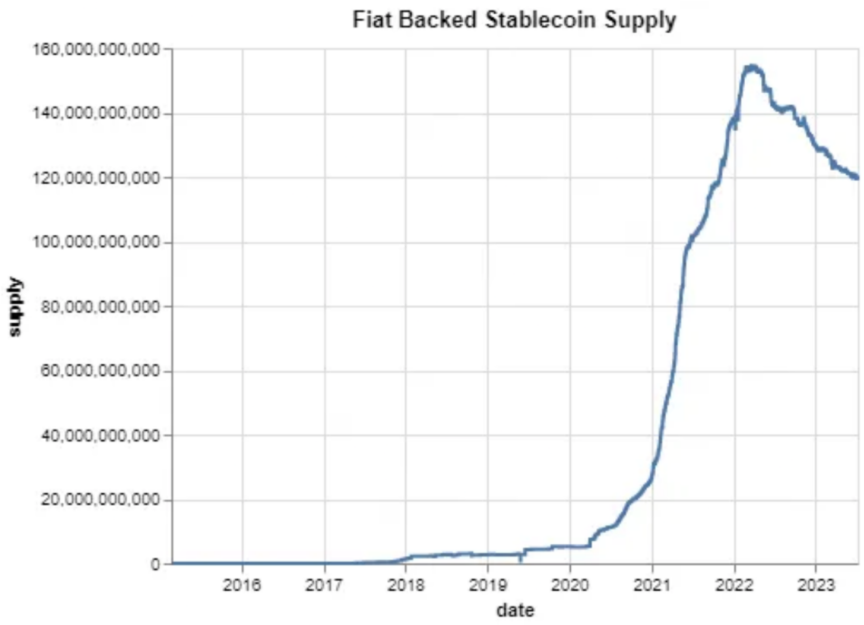
- **Market Dynamics**: The Maker Protocol operates in the DeFi sector, focusing on the stablecoin market through its product, Dai. It serves users seeking stability in volatile crypto markets and institutional investors seeking decentralized financial services. MakerDAO's growth is driven by the demand for decentralized alternatives to traditional finance, with Dai widely used in lending platforms, DEXs, and payment networks.

- **Direct Competitors**: MakerDAO's primary competitors are other **stablecoin issuers** and **DeFi lending protocols**. Key players include:
  - **Aave**: A prominent decentralized lending platform with plans to launch its own stablecoin, **GHO**. Similar to Maker, Aave aims to offer stable borrowing rates through its DAO, but it still relies on third-party liquidity providers.
  - **Compound**: Another leading DeFi platform offering decentralized lending and borrowing services. Compound's rates fluctuate based on supply and demand, whereas Maker’s system offers more **predictable borrowing**

rates through its DSR (Dai Savings Rate) and Dai Direct Deposit Module (D3M).

Maker's differentiation lies in its control over Dai issuance, with no reliance on third-party liquidity providers. This allows MakerDAO to **offer the lowest borrowing rates in DeFi**, positioning Dai as a cheaper credit option compared to competitors.

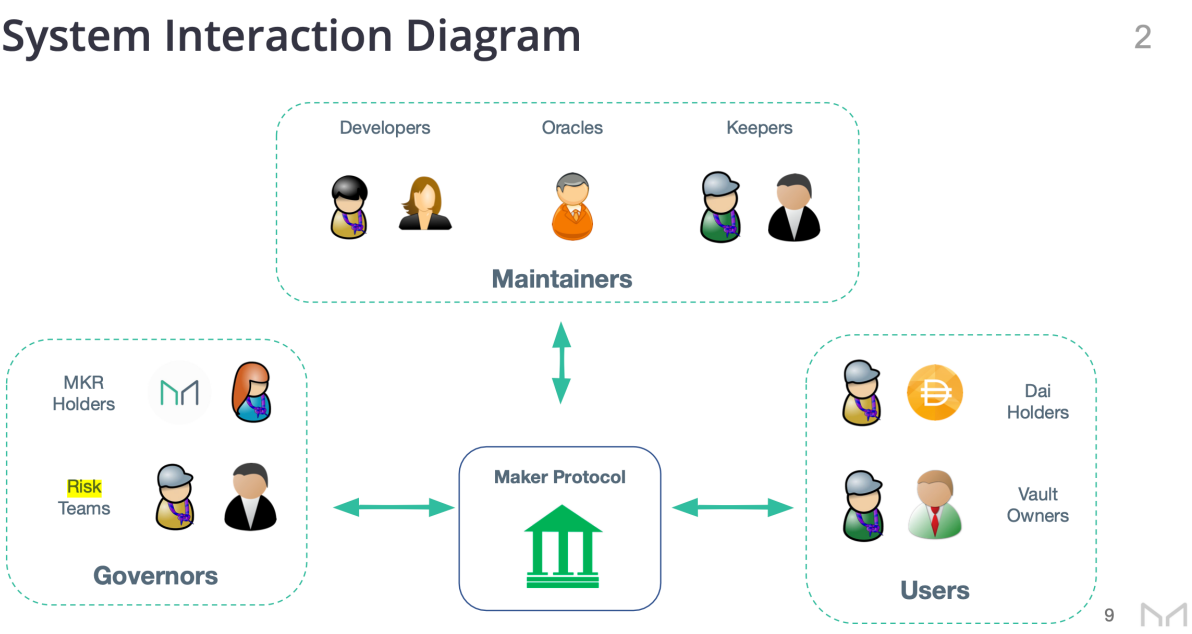
- **Market Size and Growth Potential**:
  - The stablecoin market, now a crucial part of the crypto ecosystem with over $120 billion in market cap, accounts for 10% of the total crypto market. Dai competes with fiat-backed stablecoins like USDT and USDC, but its crypto-collateralized nature appeals to users seeking decentralized alternatives.



  - Also, MakerDAO's focus on real-world assets (RWA) offers significant growth potential by bridging decentralized finance with traditional markets since this narrative has been fueled by several important partnerships with famous names in traditional finance like BlackRock.

- **Comparison in TVL, Fees, and Volumes**:
  - **Total Value Locked (TVL)**: MakerDAO's current TVL is around **$5.3 billion**, with **3.2 billion Dai minted**. This places it among the largest DeFi protocols in terms of collateral held.
  - **Fees**: MakerDAO primarily generates revenue through **stability fees**, which are charged for minting Dai. Additional revenue comes from **liquidations**, though these are less stable. Recently, the inclusion of RWAs has driven a large share of Maker's yield, making it one of the most profitable DeFi protocols.
  - **On-chain activity**: In comparison to competitors like Aave and Compound, MakerDAO offers **lower borrowing rates**, leading to a competitive edge in terms of loan volume. The introduction of Maker's **Spark Protocol** is expected to further increase volumes by offering the lowest borrowing rate of 1%, driving users toward Dai

Technical Overview



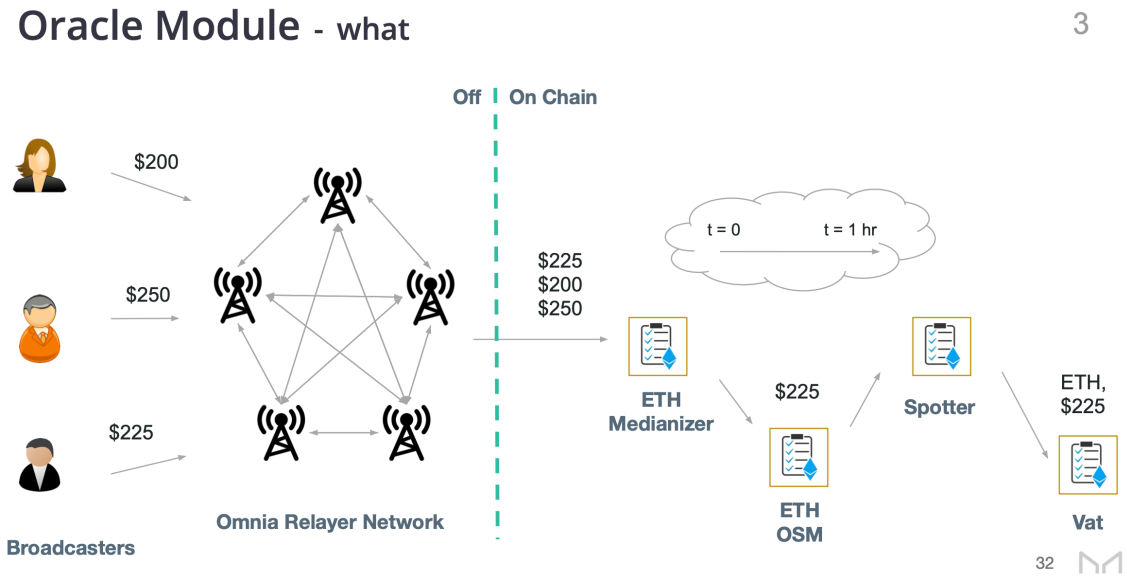
- **Leverage of Ethereum Blockchain**: The Maker Protocol is built on the **Ethereum blockchain**. As a decentralized finance (DeFi) application, it

leverages smart contracts on Ethereum to enable users to create and manage the stablecoin **Dai** by depositing collateral into Maker Vaults. This system relies on Ethereum's robustness and flexibility for secure decentralized transactions.

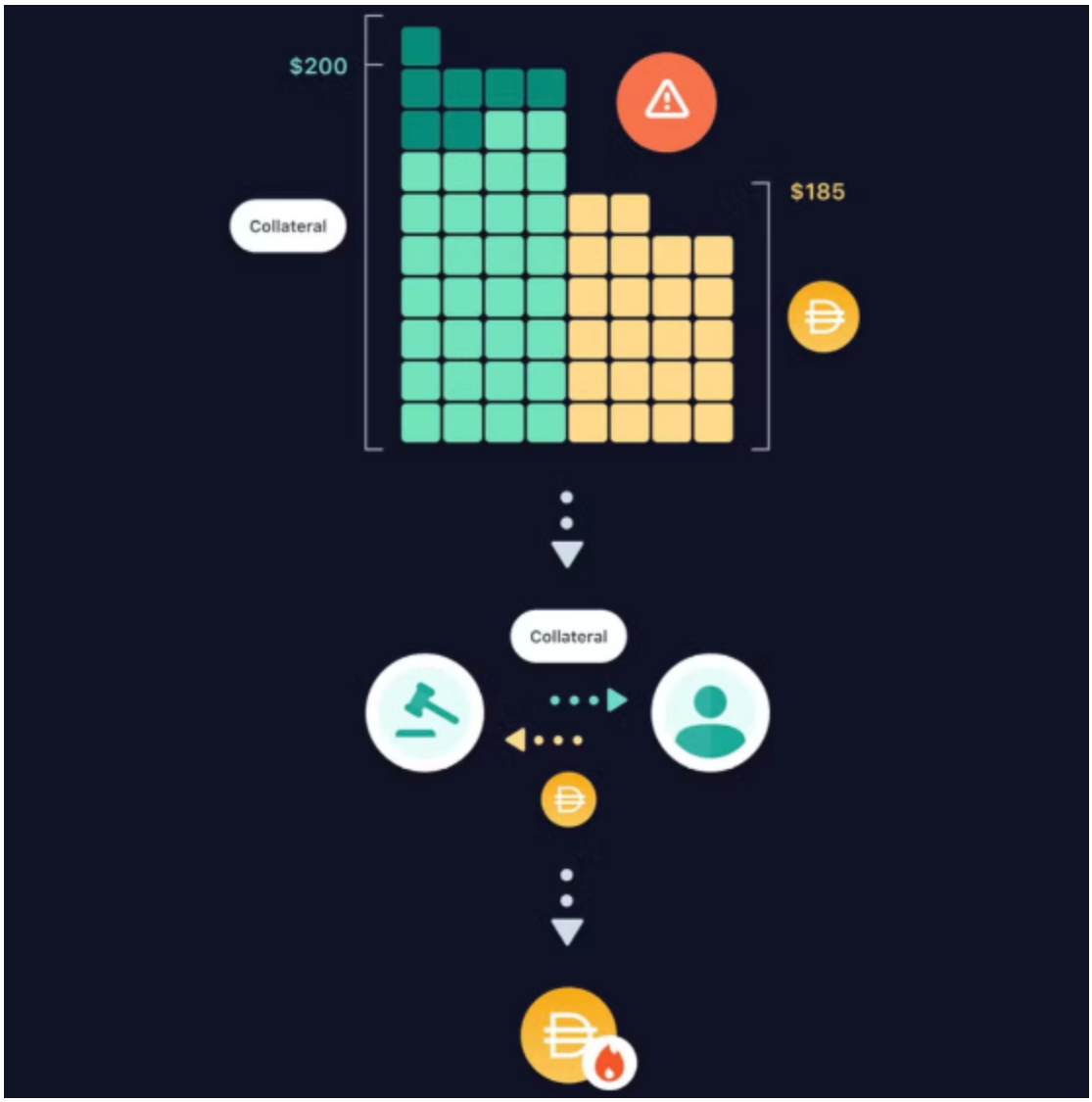
- **Technical Layers**: The Maker Protocol operates through several key layers:
  - **Blockchain Layer**: Ethereum serves as the underlying infrastructure, providing a decentralized platform for the operation of smart contracts and the recording of all transactions.
  - **Smart Contract Layer**: This layer includes modules like **Vat**, which manages the core accounting of Vaults, **Oracles**, which provide real-time pricing for collateral, and **Cat**, responsible for liquidations. These components ensure Dai is backed by sufficient collateral and that the protocol operates autonomously.
  - **Application Layer**: Users interact with the Maker Protocol through decentralized applications (dApps) like **Oasis**, allowing them to open Vaults, generate Dai, and manage their positions.

- **Scalability, Security, and Decentralization**:
  - **Scalability**: The Maker Protocol scales by supporting **multi-collateral types**, allowing it to accept a variety of Ethereum-based assets as collateral. This flexibility enables growth alongside the DeFi ecosystem while maintaining stability.
  - **Security**: Security is maintained through a **modular smart contract system** with rigorous audits and formal verification. The protocol also includes mechanisms like the **Oracle Security Module (OSM)**, which delays price updates to protect against manipulation, and **Emergency Shutdown**, which safeguards assets during critical events.
  - **Decentralization**: Decentralization is ensured through a **governance model**, where MKR token holders vote on changes to the protocol, including risk parameters, collateral types, and system upgrades.

- **Unique Technical Innovations**:
  - **Multi-Collateral Dai (MCD)**: A key innovation is the transition to multi-collateral Dai, allowing the protocol to accept multiple asset types as collateral, enhancing stability and resilience.
  - **Oracles and Price Feeds**: The Oracle system pulls price data from external sources and uses it to assess collateral values, ensuring accurate and up-to-date information to maintain proper collateralization levels.



  - **Automated Liquidations**: The protocol features an automated liquidation system that auctions off under-collateralized Vaults, ensuring the system remains solvent without manual intervention.



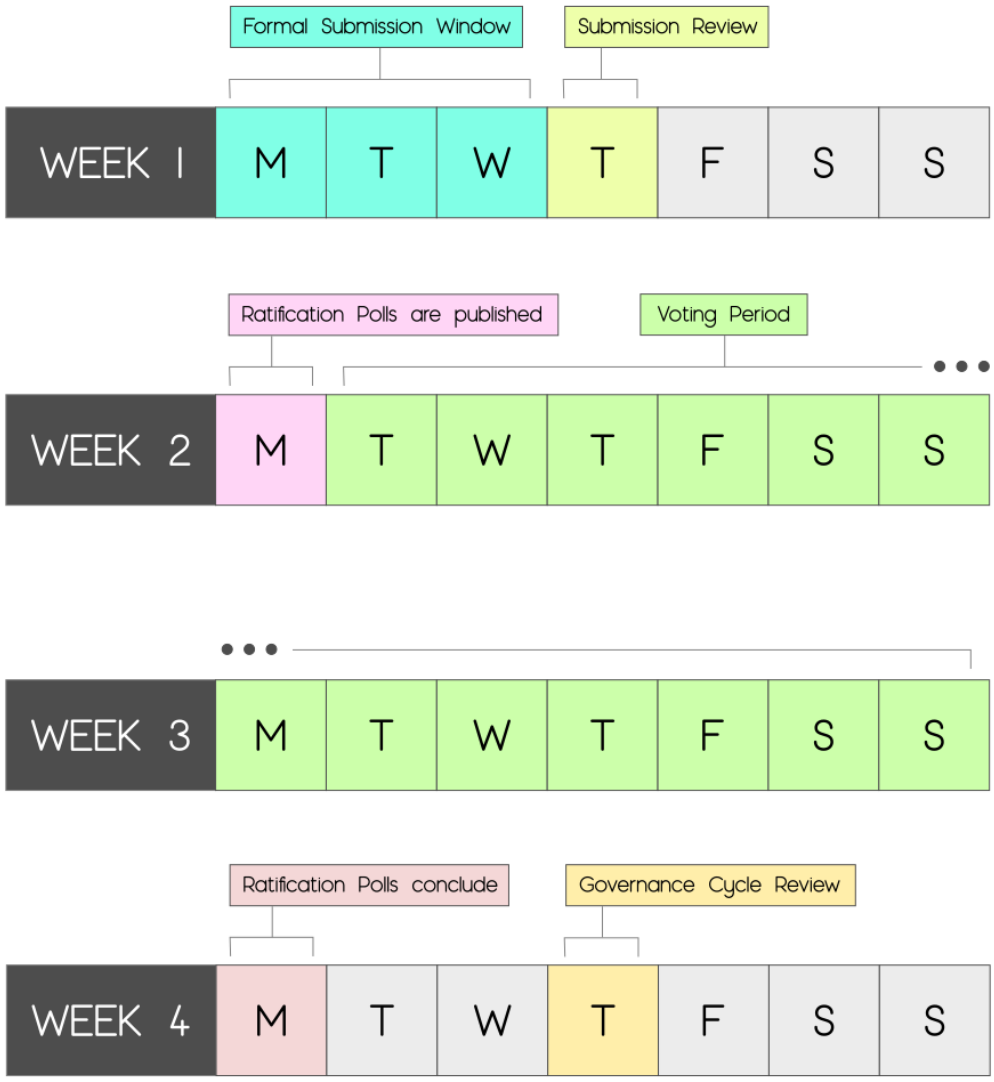
Governance & Decentralization

- **Governance Structure**: The Maker Protocol is governed by **MakerDAO**, a decentralized autonomous organization (DAO) that uses **on-chain voting** to make key decisions. The governance system revolves around **MKR token holders**, who are responsible for proposing, voting on, and implementing changes to the protocol through **governance polls** and **executive votes**. This structure allows the community to control risk parameters, approve collateral types, and manage other important system settings.

- **Decentralization and Impact on Decision-Making**: MakerDAO's governance is highly decentralized, with decisions made by **MKR token holders** through an open and transparent voting process. This decentralization ensures that no central authority controls the protocol, allowing the community to collectively make decisions. However, decentralization also means that governance changes can be slower as they require community consensus, particularly for large, complex proposals. The monthly and weekly governance cycles ensure that proposals are reviewed and voted on in a predictable manner, balancing efficiency with decentralization.

- **Role of Token Holders in Governance**: MKR token holders play a crucial role in the governance of MakerDAO. They are responsible for:
  - **Submitting and voting on proposals**: MKR holders can propose new changes to the protocol or support or reject proposals submitted by others.
  - **Voting power**: The number of MKR tokens held determines the weight of a voter's influence. This gives large holders more power in shaping the future of the protocol.
  - **Governance participation**: MKR holders vote on both **governance polls** (which gauge sentiment on non-technical issues) and **executive votes** (which implement changes to smart contracts and protocol parameters).

- **Proposal Submission, Voting, and Execution**:
  - **Proposal Submission**: Proposals are submitted following the **Monthly Governance Cycle**. Proposals (such as Maker Improvement Proposals or MIPs) must adhere to formal guidelines and are reviewed by Governance Facilitators before advancing to the voting stage.



- **Voting**: Voting occurs in two forms:
  - **Governance Polls**: Non-binding polls to gather community feedback on proposals.
  - **Executive Votes**: Binding votes that execute changes to the Maker Protocol. Executive Votes occur on-chain and use a **Continuous Approval Voting** model where proposals remain open for voting until they surpass a competing proposal.
- **Execution**: Once an Executive Vote passes, the approved changes are implemented into the protocol's smart contracts. This could include

updating risk parameters, onboarding new collateral types, or upgrading the protocol's functionality.

Tokenomics

- **Utility and Value Accrual Mechanisms for the Native Token (MKR)**: MKR serves as the **governance token** of the Maker Protocol, with key roles including:
  - **Governance**: MKR holders vote on protocol changes, such as risk parameters, collateral types, and upgrades.
  - **Collateral Backstop**: MKR can be minted to cover bad debt in the system, maintaining solvency.
  - **Farming SubDAO Tokens**: MKR can be locked to farm SubDAO tokens, incentivizing long-term holding and adding utility.

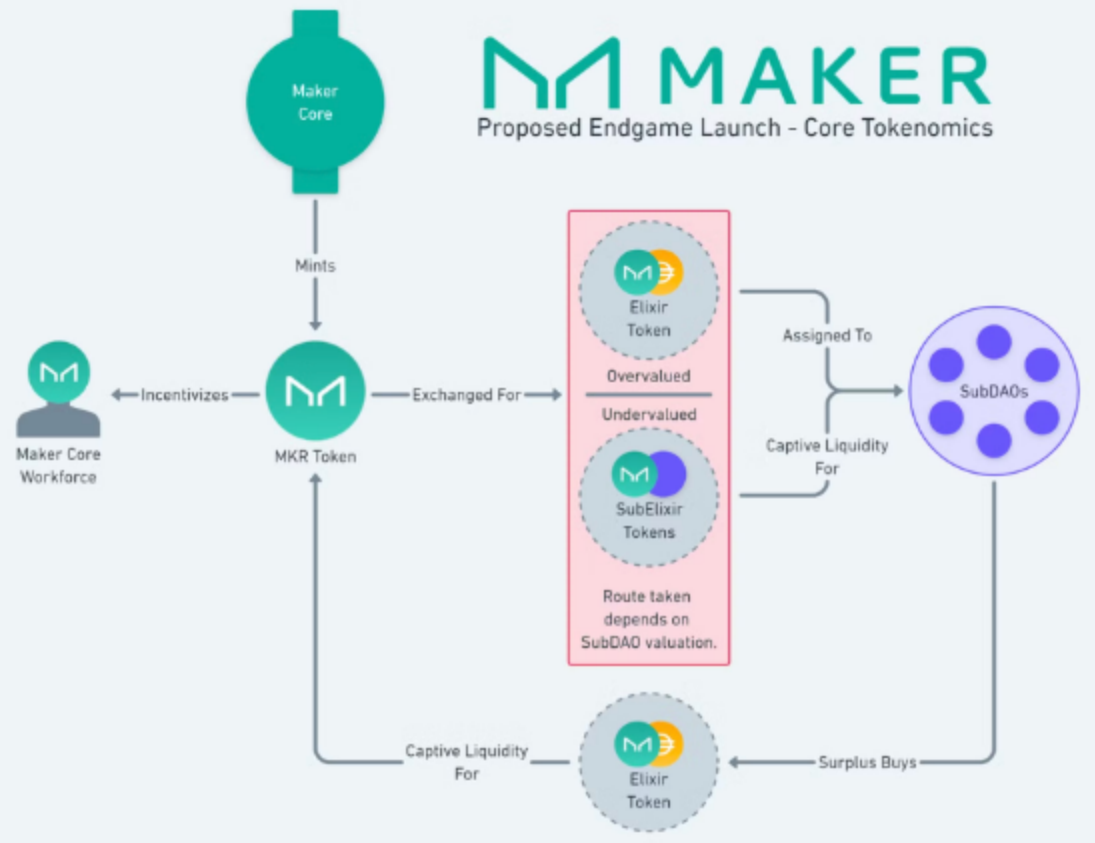
- **Benefits from Maker's tokenomics**:
  - **Decentralised Governance:** MKR holders have a say in the platform's decisions, fostering community-driven development and adaptability.
  - **Stability Mechanism:** MKR plays a pivotal role in maintaining the stability of DAI, ensuring it remains as close to its US$1 peg as possible.
  - **Collateralisation:** MKR collateralises the entire MakerDAO system, providing security and stability for users interacting with DAI.
  - **Emergency Shutdown:** MKR holders can trigger an emergency shutdown, settling outstanding DAI debts and liquidating collateral in extreme scenarios, ensuring system stability.

- **Token Use Within the Protocol**:
  - **Governance**: MKR holders use their tokens to participate in votes on governance proposals and protocol upgrades.

    - **Staking and Farming**: Locking MKR allows users to farm SubDAO tokens, contributing to the growth and decentralization of SubDAOs.
    - **Fees and Burns**: MKR is burned when the protocol generates a surplus, reducing supply and increasing its value.

- **Current Supply Dynamics**:
    - **MKR Emissions**: The protocol emits **60,000 MKR annually**, primarily for liquidity in SubDAOs or Dai pools, and **5,000 MKR annually** for SubDAO incubation and workforce bonuses.
    - **Burning Mechanism**: MKR is burned when undervalued, reducing supply and enhancing the value of remaining tokens.
    - **Distribution**: MKR is used in liquidity pools paired with Dai or SubDAO tokens, optimizing liquidity and distribution.

- **Value Capture from the Protocol's Activities**:
    - **Burning Surplus**: MKR is burned when the protocol generates a surplus, reducing supply and increasing scarcity.
    - **Collateral Backstop**: MKR can be minted to cover bad debt, ensuring system stability, which ties its value to the protocol's health.
    - **SubDAO Integration**: MKR holders benefit from SubDAO success through its use in liquidity pools and yield farming, creating demand for MKR and reinforcing its value.



Product & Ecosystem

- **Current State of the Product**: MakerDAO is in its second iteration (**V2**), which introduced multi-collateral support for minting Dai, allowing various assets such as ETH, BTC, and real-world assets (RWA) to be used as collateral. This expanded Dai's utility and stability by reducing dependence on any single asset. The **Dai Savings Rate (DSR)**, offering a 3.49% interest rate, incentivizes users to hold Dai.
  The upcoming
  V3 (Endgame) will restructure governance by creating **SubDAOs** to specialize in different tasks like managing RWAs and optimizing yield. V3 aims to improve governance efficiency, tokenomics, and decentralize operations while increasing profitability.

- **Dai Saving Rate (in details): DSR** is a core feature of the MakerDAO ecosystem, offering users the ability to earn yield by locking their DAI in a

smart contract. Here's a detailed breakdown of how the DSR works:

- **What is DSR:** The **DSR** is a variable interest rate that allows holders of DAI to earn passive income simply by depositing their DAI into the DSR smart contract. The DSR is controlled by MKR governance, which adjusts the rate in response to various market conditions, such as the demand for DAI and the stability of the DAI peg to the U.S. dollar.
- **How DSR Works:**
  - **Deposit Mechanism:** Users deposit their DAI into the DSR smart contract via the MakerDAO interface. This deposit is not sent to another party; instead, it is locked in the contract, where it remains under the user's control.
  - **Earning Yield:** Once DAI is locked, users start earning yield at the prevailing DSR rate. This yield is compounded in real-time, meaning the user's DAI balance grows continuously while it's staked in the contract.
  - **No Lock-up Period:** One of the key benefits of the DSR is that there's no lock-up period. Users can deposit or withdraw their DAI at any time, which makes the DSR more flexible compared to traditional staking or lending protocols.
- **Governance and Adjustments:** The **MKR token holders** are responsible for adjusting the DSR via governance votes. This flexibility allows the MakerDAO protocol to maintain the DAI peg more effectively. Here's why the DSR can be adjusted:
  - **DAI Supply and Demand Control:** The DSR is used as a tool to incentivize users to either lock up or release DAI. When DAI demand is too high and the peg rises above $1, MakerDAO might raise the DSR to encourage more people to lock their DAI, thereby reducing supply and helping the peg return to $1. Conversely, if the DAI price drops below $1, the DSR could be lowered to reduce demand for locking DAI.
  - **Interest Rate Adjustments:** The DSR is aligned with the overall monetary policy of MakerDAO, reflecting the broader lending and borrowing rates in the DeFi ecosystem. MKR holders can raise or lower

the rate in response to changes in external economic conditions, such as inflation or liquidity risks in other DeFi protocols.

- **DSR as a Stability Tool:** The **DSR** is also seen as an essential tool for maintaining the stability of the **DAI** stablecoin. By influencing the demand for DAI, it plays a significant role in keeping the price of DAI close to its $1 peg. This dynamic makes the DSR not only a yield tool for users but also a critical part of the MakerDAO system's monetary policy.
- **Revenue Source for MakerDAO:** While users earn yield via the DSR, MakerDAO earns revenue through its **Stability Fee**, which is charged to borrowers minting DAI against collateral (in Maker Vaults). This revenue helps fund the DSR interest payouts, creating a feedback loop within the system.

- **Peg Stability Module (PSM):** Introduced in response to persistent deviations in the DAI price from its intended 1:1 peg with the dollar, the PSM offers a direct and automated method for stabilizing DAI's price by managing its supply. Here's a detailed explanation of how the PSM works:
  - **What is the Peg Stability Module:** The **PSM** is a smart contract that allows users to swap stablecoins like USDC, USDP, and other supported stablecoins for DAI at a fixed rate of 1:1, either by selling DAI or buying DAI. The primary goal of the PSM is to maintain DAI's peg close to $1 by controlling the influx and outflow of these collateralized stablecoins.
  - **How the PSM Works:**
    - **Stablecoin Swaps:** The PSM allows users to directly exchange DAI for other stablecoins, such as USDC, without slippage. It achieves this by allowing swaps between DAI and a particular stablecoin at a 1:1 ratio. Users can:
      - **Sell stablecoins for DAI:** If users have USDC or another supported stablecoin, they can deposit it into the PSM and mint DAI at a 1:1 ratio.
      - **Buy stablecoins with DAI:** Users can also do the reverse and swap their DAI for stablecoins, again at a 1:1 rate.

        - **Fee Structure:** The PSM also includes a fee structure to prevent abuse. For example, when users swap USDC for DAI, they may be charged a small fee (often set by MKR governance) to discourage excessive minting of DAI. This fee can be adjusted via governance to control DAI supply and ensure long-term sustainability.
    - **Why Was the PSM Introduced:** Before the PSM, DAI had issues maintaining its $1 peg due to market conditions and volatility in the demand for DAI. Often, during high demand, DAI's price would rise above $1 because the supply wasn't increasing fast enough to meet that demand. Likewise, in times of lower demand, DAI's price could drop below $1. The **PSM** was introduced to act as a buffer against such price deviations and maintain the peg more efficiently. Here's how it helps:
        - **If DAI is trading above $1:** Users can mint new DAI by depositing stablecoins like USDC into the PSM. This increases the supply of DAI, helping to push its price back down to $1.
        - **If DAI is trading below $1:** Users can trade their DAI for USDC or another stablecoin at a 1:1 rate. This reduces the supply of DAI, as it's removed from circulation, pushing its price back up toward $1.
    - **The Role of USDC and Other Stablecoins:** Currently, USDC is the most prominent stablecoin used in the PSM, though other stablecoins like USDP are also supported. The PSM allows MakerDAO to hold large reserves of these stablecoins, which provides the liquidity necessary to stabilize the DAI peg. However, this reliance on centralized stablecoins like USDC introduces a level of **centralization risk** to the otherwise decentralized MakerDAO protocol.
    - **How the PSM Benefits MakerDAO:**
        - **DAI Price Stability:** The PSM is a highly efficient tool for keeping the price of DAI stable. By allowing for direct swaps between DAI and other stablecoins, MakerDAO can effectively manage DAI's price without relying on external market forces or third-party arbitrage.
        - **Liquidity Management:** The PSM gives MakerDAO the ability to manage its DAI supply and liquidity in a more controlled manner. It

provides a simple and immediate mechanism to either expand or contract DAI supply based on the needs of the market.

        - **Buffer Against Market Volatility:** In times of high volatility, where DAI's price may deviate from its peg, the PSM acts as a first line of defense. It reduces the need for aggressive Stability Fee adjustments or other monetary policy tools, which may take time to influence the market.
    - **Governance Control:** Like many aspects of MakerDAO, the parameters of the PSM—such as the swap fees, the stablecoins allowed, and the size of reserves—are all governed by MKR token holders. They vote on the operational parameters of the PSM, including:
        - **Collateral Types:** Deciding which stablecoins are allowed in the PSM.
        - **Fees:** Setting the swap fee rates, ensuring that it is balanced to prevent excessive minting or redemptions.
        - **Collateral Limits:** Adjusting the limits of how much of a particular stablecoin (e.g., USDC) MakerDAO is willing to hold in the PSM.

- **Maturity of the Ecosystem**: MakerDAO is a well-established DeFi protocol, with over $5.2 billion in TVL and 3.4 billion Dai in circulation. It has become a central player in the DeFi ecosystem, integrating with numerous platforms, including lending protocols, DEXs, and yield farming platforms. Its adoption of RWAs in the collateral pool marks significant progress in bridging decentralized finance with traditional finance.

- **Partnerships and Integrations**:
    - **Real-World Assets (RWA)**: MakerDAO has incorporated RWAs like short-term treasury bills, which now account for almost half of the collateral backing Dai, providing additional stability and income.
    - **Stablecoin Partners**: MakerDAO integrated stablecoins like **USDC** through the **Peg Stability Module (PSM)**, allowing users to mint Dai on a 1:1 basis, stabilizing the Dai peg.

- **DeFi Integrations**: MakerDAO integrates with platforms like **Aave**, **Compound**, and **Curve**, facilitating seamless lending, borrowing, and liquidity provision.
- Here's a description of MakerDAO's (now rebranded as Sky) key partnerships, ordered from oldest to newest:
  - **BlockTower Credit & Centrifuge Partnership (June 2022):** MakerDAO collaborated with BlockTower Credit and Centrifuge to fund $220 million worth of real-world assets (RWAs). This initiative aimed to bring RWAs into the decentralized finance (DeFi) space by tokenizing assets like invoices and trade finance assets, which could then be funded through Maker's DAI stablecoin. This marked a major step in integrating traditional finance with DeFi.
  - **Maple Finance Partnership (December 2022):** MakerDAO teamed up with Maple Finance to increase liquidity and institutional borrowing. MakerDAO provided liquidity in the form of DAI to support Maple's lending pools, enabling institutional capital to access decentralized liquidity. This partnership was significant in scaling DeFi to a more institutional audience by bridging traditional finance with decentralized lending.
  - **Frax and MakerDAO (August 2023):** MakerDAO's DAI Savings Rate (DSR) inspired Frax's launch of sFRAX, a staking vault designed to give users exposure to Treasury yields. This partnership highlighted the competitive yet collaborative nature between Frax and Maker, as both aimed to offer attractive yield-bearing stablecoins while maintaining sustainable designs.
  - **BlackRock and MakerDAO (September 2023):** BlackRock, the world's largest asset manager, initiated discussions with MakerDAO to explore tokenized U.S. Treasuries. This partnership underscores BlackRock's recognition of DeFi's potential, as MakerDAO's DAI became a bridge between decentralized and traditional financial systems through exposure to real-world assets like U.S. Treasuries.
  - **Aave and Sky Partnership (September 2024):** Sky (formerly MakerDAO) joined forces with Aave to create the **Sky Aave Force**,

aimed at closing the gap between decentralized and traditional finance (TradFi). This initiative introduced new markets for Sky's rebranded stablecoin USDS and the yield-bearing sUSDS on Aave V3, incentivized by SPK token rewards. The collaboration promotes mass adoption of DeFi, combining Sky's expertise in stablecoins and Aave's robust lending markets

- **Use Cases and Future Developments**:
  - **Use Cases**: MakerDAO enables **collateralized borrowing**, allowing users to deposit crypto or real-world assets to mint Dai, which can be used for **trading**, **remittances**, and as a **stable store of value**. The **Dai Savings Rate** incentivizes users to hold Dai through a risk-free interest rate.
  - **Future Developments**: **V3 (Endgame)** will introduce **SubDAOs** to further decentralize governance and focus on tasks such as RWA management. New tokenomics models like the **Sagittarius Engine** will incentivize long-term governance participation, improving yield efficiency and boosting profitability.

Risks & Challenges

- **Primary Risks**:
  - **Security Risks**: As a DeFi protocol built on Ethereum, MakerDAO is vulnerable to **smart contract bugs**, which could lead to exploits or vulnerabilities being exploited by attackers. These risks are mitigated through regular audits and formal verification.
  - **Regulatory Risks**: Since MakerDAO deals with **stablecoins** and real-world assets (RWAs), it faces potential regulatory scrutiny. Governments may impose regulations that could affect the protocol's ability to interact with traditional financial systems or limit the use of its stablecoin, Dai.
  - **Competition Risks**: MakerDAO competes with other stablecoin projects and DeFi lending platforms such as **Aave** and **Compound**, which could

outpace Maker in terms of innovation or better incentives, potentially leading to a loss of market share.

- **Risk Mitigation Strategies**:
  - **Security Audits**: MakerDAO regularly undergoes smart contract audits to identify and fix potential vulnerabilities. Additionally, the protocol uses **Oracles** to obtain accurate price data for collateral assets, and these Oracles are secured to prevent manipulation.
  - **Protocol Upgrades**: MakerDAO continuously improves its protocol through governance-driven updates, such as **multi-collateral Dai (MCD)**, which has helped diversify collateral types and reduce the risks associated with a single asset dependency.
  - **Governance**: MKR holders play a crucial role in risk mitigation by voting on risk parameters, ensuring the system's resilience and stability.

- **Long-term Challenges**:
  - **Scalability**: As the Maker ecosystem grows and integrates more assets, scaling on the Ethereum blockchain could become an issue due to **high gas fees** and network congestion. MakerDAO may need to explore Layer 2 solutions or alternate blockchain integrations to address these challenges.
  - **Regulatory Compliance**: Given its integration with RWAs and exposure to global markets, MakerDAO will need to navigate an increasingly complex regulatory environment, which may limit the protocol's ability to expand into certain markets or lead to additional operational challenges.

Value Creation / Traction

Current Maker datas

- Date: 03/09/2024
- Price: 1,611.36$

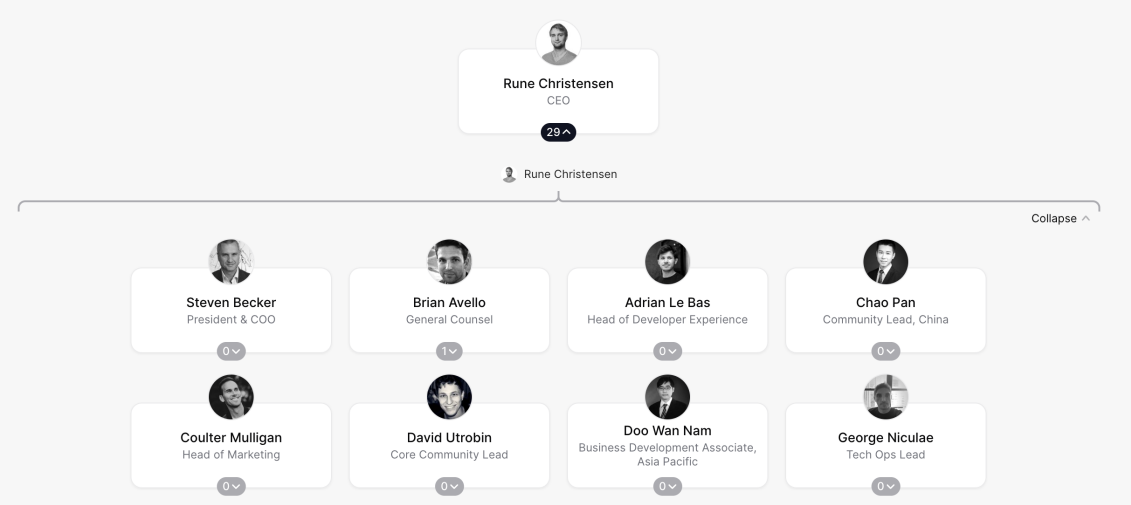
- Current Token Value Locked: 3,890,495,012$
- Current circulating marketcap: 1,503,906,761$
- Current fully diluted marketcap: 1,619,880,355$
- Cumulative fees generated by MakerDAO over the last 365d: 312,070,000$

- **Product-Market Fit (PMF):**
  - MakerDAO has demonstrated strong product-market fit, with widespread adoption across DeFi platforms.
  - DAI is extensively used in various DeFi protocols, exchanges, and payment platforms.
  - The protocol's ability to offer stable, low-cost loans has attracted a diverse user base, from large institutions to individuals in emerging markets.
  - SubDAOs are expected to create new opportunities for value creation and user engagement.
- **Main Traction KPIs:**
  - Key performance indicators include Total Value Locked (TVL), the number of DAI in circulation, DAI's yield from DSR, MakerDAO's balance sheet (expenses & revenues) and the stability of DAI's peg to the US dollar.

MakerDAO traction study

Team / Community

- **Team Qualification and Experience:**
  - The MakerDAO team, led by Rune Christensen, has extensive experience in blockchain technology and DeFi.



- The team’s successful execution of their vision has been a key factor in MakerDAO’s growth and leadership in the DeFi space.

Community:

- **Community Structure and Management:** MakerDAO's community is a blend of online and offline engagement. Community managers, like the one interviewed in the document, handle different aspects of the community. For instance:
  - **Event Management**: This includes organizing physical spaces for interaction, such as conferences or meetups where members can engage with MakerDAO in person.
  - **Online Management**: A significant part of MakerDAO’s community engagement happens through online platforms like Rocketchat, Reddit, and Twitter. These platforms are used to keep the community informed and involved in the project’s development and governance.

  MakerDAO also holds **weekly community meetings** that allow members to discuss the latest developments and engage directly with team members and developers. These meetings are crucial for keeping the community aligned with the project's progress.

- **Decentralized Governance and Community Role:** One of MakerDAO's primary goals is to transition towards complete decentralization. The community plays an integral role in this process, as MKR token holders are expected to make informed and responsible governance decisions. Community education is a central focus to ensure that members can participate meaningfully in the decision-making process. This includes understanding how MakerDAO's decentralized governance works, as the DAO moves closer to becoming fully operational.

- **International Growth:** MakerDAO's community is global, with dedicated community leads in various regions, including Europe, Latin America, China, and Singapore. These regional leads help expand the project's presence in their respective areas by attending events, engaging with local members, and fostering community growth. Events like ETH Buenos Aires have been instrumental in growing MakerDAO's presence in Latin America.

- **Community Strategy:** The MakerDAO team emphasizes quality over quantity in terms of community growth. Their strategy is to nurture the existing community and maintain excitement and engagement rather than rapidly scaling the community before major product launches, such as Multi-collateral Dai. The focus has been on creating deep relationships with early adopters and developers who are already enthusiastic about MakerDAO's infrastructure. Once key milestones are reached, the emphasis will shift toward scaling the community.

- **Conclusion:** The MakerDAO community is a foundational element of the project's long-term success. Through careful planning, a focus on responsible governance, and a blend of online and offline engagement, MakerDAO has cultivated a community that is both committed and informed. The community management team's strategy of nurturing deep relationships and focusing on sustainable growth ensures that the project continues to thrive as it expands globally and moves toward full decentralization.

Roadmap

- **Endgame Overview:** Endgame aims to scale Dai's supply to 100 billion or more, transforming MakerDAO into a more resilient and accessible ecosystem. A key feature is the introduction of **SubDAOs**, which enable users to engage in sustainable yield farming by choosing different SubDAOs based on their preferences. This will help attract a larger community and generate momentum for Maker's future innovations.

- **Phase 1 — Launch Season (Summer 2024 — Early 2025):** This phase introduces all the major features of Endgame, including new tokenomics, SubDAOs, and rebranding efforts, designed to drive growth in Dai usage. Key highlights of Phase 1 include:
  - **New Brand Reveal**: A month-long campaign where users can sign up for bonuses to increase their yield. The brand emphasizes making saving with stablecoins fun and simple. Now, Maker will be rebranded as Sky.
  - **New Token Launch**: Two new tokens, **NewStable** and **NewGovToken**, will be introduced. Dai and MKR will remain, but users can upgrade to these new tokens for enhanced ecosystem features. Here, the new stablecoin will be called "USDS" and the governance token "SKY".
  - **Lockstake Engine (LSE)**: This mechanism encourages long-term governance participation, allowing users to lock their MKR or NewGovToken for yield farming. It also includes a 15% exit fee to promote long-term commitment.
  - **NewBridge**: A cross-chain bridge connecting Maker's ecosystem to a major Layer 2 (L2) solution, leveraging Ethereum's Dencun upgrade to reduce transaction costs. Additional L2 and Layer 1 (L1) bridges will be added later.
  - **Spark SubDAO**: A new SubDAO focusing on lending and DeFi products, with its native token, **SPK**, and various yield farming opportunities.

- **Phase 2 — Scaling Up (mid 2025):** Once Phase 1's features are successfully launched, the focus will shift to vertical and horizontal scaling. This includes:
    - Launching six additional **SubDAOs**, each catering to different markets like gaming or Real-World Assets (RWA).
    - Expanding bridges to popular L2 solutions (e.g., Arbitrum, Optimism) and L1 blockchains (e.g., Solana).
    - SubDAOs will gain full autonomy, with governance gradually shifting to their communities, supported by AI tools and streamlined interfaces.

- **Phase 3 — NewChain (end 2025 — mid 2026):** This phase will introduce **NewChain**, a new Layer 1 blockchain tailored to Maker's governance and tokenomics. NewChain will allow the ecosystem to scale infinitely, while retaining Maker's presence on Ethereum. It will be built as a fork of the best available blockchain codebase, following extensive research to select the optimal architecture.

- **Phase 4: Final Endgame:** The final phase involves achieving the permanent and immutable governance of Maker Core and its SubDAO ecosystem. This ensures that Maker will continue to operate as a dynamic, ever-growing financial infrastructure.

- **Governance Changes:** Several governance changes will be proposed in the lead-up to Phase 1. These changes will fast-track decision-making and organize the community for maximum impact, particularly as the crypto market experiences a bull cycle.

In summary, MakerDAO's roadmap is an ambitious multi-phase plan aimed at improving its infrastructure, introducing new tokens, scaling through SubDAOs, and ultimately establishing a decentralized and immutable financial ecosystem.