

Launch Parameters for the Fields of Mars

MARCH 4, 2022



While the Red Bank will be the foundation of Mars, the true catalyst for borrowing demand will come from the Fields of Mars and its specialized “contract-to-contract” (C2C) lending.

As detailed in [A vision for the ‘Fields of Mars’ and contract-to-contract \(C2C\) lending](#), the Fields solve a core problem that impacts virtually all credit protocols today: you have to be a depositor in order to be a borrower.

In the Fields, you don’t have to deposit in Mars’ Red Bank to become a borrower. Instead, you can deposit assets directly into a Fields smart contract which has been whitelisted to borrow from the Red Bank on your behalf. This borrowing can only be done for very specific use cases, and the first of these use cases will be leveraged yield farming.

When the full Mars Protocol goes live on or around March 7, 2022, it will support three leveraged yield farming strategies. Below, we’ll detail how these strategies work and what parameters they’ll have at launch.

Written as proofs of concept, the strategies will start out with relatively tight credit line caps and liquidation thresholds. Assuming they prove effective, Mars governance will be able to modify the parameters as well as approve additional applications/use cases in the Fields of Mars. In the sections below, we’ll look at the launch strategies and give an example of how they’ll work.

Launch strategies

Mars will launch with the following leveraged yield farming strategies:

1. Anchor: ANC-UST
2. Terra: LUNA-UST
3. Mirror: MIR-UST

Let’s break down the ANC-UST strategy as an example.

Leveraged yield farming with Anchor: ANC-UST

Users can deposit Anchor token (ANC) and borrow up to 100% of the value of their ANC in UST. This works out to a 50% Loan-to-Value (LTV) ratio. The Fields contracts will then deposit ANC and UST on Astroport in exchange for ANC-UST LP tokens. These LP tokens will subsequently be staked on Astroport to earn rewards.

Thanks to Astroport’s dual-rewards generators, all LPs utilizing this strategy will earn rewards from two sources:

- Anchor rewards (ANC)
- Astroport rewards (ASTRO)

The Fields contracts will automatically harvest these rewards multiple times per day and re-deposit them into your leveraged yield farming position.

Keep in mind that when using the ANC-UST strategy, you’re borrowing (or shorting) UST. That means you’re going long ANC. Put another way, you’re positively impacted by rising ANC prices and negatively impacted by falling ANC prices.

Keep an eye on your debt — the amount of UST you’ve borrowed — to farm in this strategy. This debt is also described as your “leverage,” and it factors into your loan-to-value (LTV) ratio. Your LTV can be impacted by the price of ANC, and the variable interest rate on the UST you’ve borrowed. It could also be impacted if UST somehow lost its peg to the price of the dollar.

The ANC-UST strategy will launch with the following parameters:

- **Total credit line limit:** \$5 million in borrowed \$UST (split across all active farming deposits in the ANC-UST strategy)
- **Liquidation threshold:** 65% (equivalent to 2.85x leverage)

If your position hits the liquidation threshold, it’s at immediate risk of liquidation. Mars will operate liquidation bots at launch, however, anyone is able to make smart contract calls to trigger an eligible liquidation at any time. Due to the costs associated with operating liquidation bots, liquidators will receive a 5% bonus for processing a liquidation. Since anyone can receive this bonus, it should foster a robust network of liquidation scripts that ensure the system stays solvent.

Additional parameters

The LUNA-UST and MIR-UST strategies will work just like the ANC-UST strategy. However, the LUNA-UST strategy is not eligible for dual rewards, and will only accrue ASTRO rewards. Each strategy has its customizable variables and each will launch with the following settings.

FIELDS OF MARS LAUNCH PARAMETERS				
Strategy	Max Initial LTV	Liquidation Threshold	Credit Line Cap*	Liquidation Bonus
ANC-UST	50%	65%	\$5 million	5%
LUNA-UST	50%	65%	\$5 million	5%
MIR-UST	50%	65%	\$2 million	5%

*Total amount of UST that can be borrowed for a given strategy

These relatively straightforward, proof-of-concept strategies are just the beginning for Mars. Assuming they perform well, governance may elect to increase the published credit line caps and liquidation thresholds.

Other dev teams including Alpha Homora, Spec, and Apollo have also announced plans to propose and build additional applications on top of the Fields of Mars. Learn about Alpha and Spec’s explorations [here](#).

If the Fields achieve widespread adoption, the apps there should create massive borrowing demand in the Red Bank.

And since borrowing demand produces yield on deposits, it’s always borrowing demand that determines how successful a credit protocol can be.

This borrowing could drive substantial APYs for Red Bank depositors.

Ultimately, we expect C2C lending to be the single largest driver of borrowing volume in the Red Bank. And every line of Mars code has been written with it in mind.

We can’t wait to introduce it to the world.

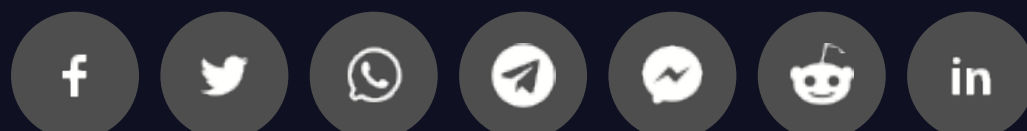


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Note: If you’re a developer who would like to build an application on top of Mars, check out the [Mars docs](#), share your ideas on the [Mars Forum](#) for feedback or visit the [Mars Discord](#) to get in touch with active Mars contributors.

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