

Mars Updates

Mapping the journey to Mars

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When Mars was initially conceived early in 2021, many thought it might go live in as little as six months. Work continues nine months later.

As we start a new year on Earth, let's look at the current state of development and the evolving path to Mars' launch.

Currently:

- All of the key smart contract code (core, periphery and the Fields of Mars) is complete and in the audit pipeline.
- We recently received an initial core audit back and are actively analyzing and addressing the vulnerabilities they identified.
- A second core audit is underway. So are audits on the Fields and periphery contracts.
- Front-end devs are actively building out the user interface (UI) for the lockdrop and testing and fixing bugs elsewhere in the UI.

Though all of Mars' builders are eager to launch, we're prioritizing security.

Credit protocols and "leveraged" yield farming protocols have existed in some form or fashion on the Ethereum blockchain since 2018, and virtually all of them have experienced hack or theft. Exploits at Cream, Compound and Rari Capital alone have seen more than \$305 million lost per [Rekt's leaderboard](#).

We can analyze past hacks to ensure the same vulnerabilities won't exist on Mars, however there's always the potential for other vulnerabilities, too. Mars will be the first credit protocol on Terra, written from scratch in the Rust programming language.

Although it is extremely tempting to rush a launch, the stakes are very high. While we initially believed Mars would be live by now, we're currently targeting a launch in Q2 2022.

Although all material smart contract code will be ready at the time of launch, to prioritize security, we will launch with a staged deployment. The initial stage will feature a limited set of features, including:

- Depositing and borrowing of UST and LUNA using a standard, two-slope interest-rate model (similar to Aave or Compound) in the Red Bank.
- Contract-to-contract (C2C) lending for a limited number of yield-farming strategies with conservative risk profiles in the Fields of Mars.
- MARS staking, which can provide a backstop in the event of shortfalls, entitles stakers to a portion of the protocol's fees and grants the ability to create and vote on governance proposals with xMARS via the Martian Council.

While the Red Bank will launch with just two assets, governance will have the power to add additional assets (assuming all proposed assets meet the protocol's [risk guidelines](#)). Governance will also be able to propose new strategies and extend credit lines to other protocols for C2C lending via the Fields of Mars.

A key innovation on Mars are its dynamic interest rates driven by control theory. We will roll out dynamic rates *after* Mars' initial launch. This ensures market dynamics will have time to fully kick in, which will help inform the controller's initial parameters. Initially, market dynamics will be constrained by several factors:

- Red Bank borrowing demand will be limited since we're launching with a limited set of markets (LUNA and UST).
- Fields of Mars demand will be limited as we will initially set specific risk parameters very conservatively while the protocol is tested in the wild.
- The Red Bank's supply dynamics will be only partially responsive to market dynamics since much of the supply is expected to be UST locked via the upcoming lockdrop.

With limited borrowing demand and a potentially high level of locked supply, Red Bank interest rates could eventually fall to 0 under the dynamic interest rate model. To avoid that, we'll launch with the standard two-slope interest rate model similar to those used by existing credit protocols like Aave and Compound before transitioning to dynamic rates.

The timeline for the switch depends on how supply and demand evolves on the protocol. The demand side will be impacted by the number of markets governance incorporates and the evolution of the Fields of Mars (specifically the number of new strategies as well as their risk parameters and profitability).

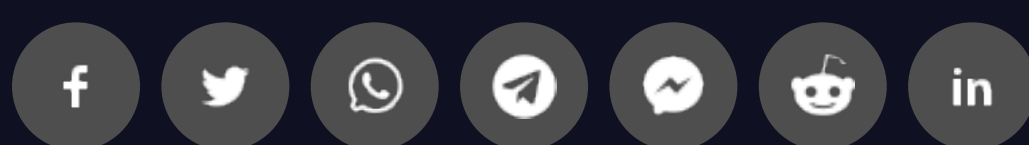
At launch, the Red Bank's supply side will be heavily impacted by the magnitude and duration of lockdrop participation. The more UST that's locked for long durations, the longer the responsiveness of the supply side of the market will be limited.

Launching a new credit protocol on a new chain is a daunting task, but it's also a tremendously exciting one. Mars will bring an entirely new functionality to Terra and serve as a base layer for other exciting apps while simultaneously improving capital efficiency on Terra. For Mars to realize that vision, it must be secure from the beginning. We move closer to that reality every day.

To be a part of the journey, follow Mars on [Twitter](#).

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