

# Mars Protocol v1 Development History & Builder Allocation

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***Note:** This article discusses the history and MARS token allocation for Mars Protocol v1 on Terra. Details differ for Mars Protocol v2, Mars Hub and the allocation of post-Terra MARS.*

## INTRO

As we approach Mars Protocol's launch, this article provides a history of the pre-launch development of Mars, breaks down token allocations and lockups among the builders and discusses how any ancillary infrastructure will be maintained and how any further Mars Protocol development will work in the future. All too often, DeFi builders aren't particularly forthcoming on these issues. Mars builders chose a different path and aim to be as candid as possible to ensure the decentralization of Mars.

## BACKGROUND

In February 2021, [Delphi](#) began researching the Terra ecosystem. By March, Delphi Labs, Terraform Labs and [WE3](#) (a decentralized design collective) had launched what we thought of as an unincorporated joint venture to build Mars as a state-of-the-art credit protocol on Terra, with each entity contributing its unique skills to the effort. This joint venture was funded in large part by a LUNA & UST grant from Terraform Labs.

Aside from the TFL grant, there was no capital-raising specifically for Mars — rather each of the building teams used its own resources, sweat equity and general capital to get its part of the build done. For a time, we were working on formalizing the joint venture by setting up a joint venture entity with its own formal governance and capital (initially called Terraformer 2 and then Pythia Orbiter 2), but it has become clear that we already have the perfect model — stellar independent teams doing their thing and creating great tech through bottom-up emergent consensus — and thus we have abandoned these plans. Accordingly, these efforts were not completed and the entities have been dissolved. Furthermore, the unincorporated joint venture of Mars builders will be automatically dissolved at the start of the Mars token launch (currently scheduled for February 21, 2022), pursuant to a Joint Venture Dissolution Agreement available [here](#).

There have been no MARS sales and Mars has no 'venture capital' investors. Everyone who receives MARS tokens on a pre-launch basis has played some part in developing Mars. Instead of venture capital, we have what we like to think of as joint venture capital — namely, that there are great teams who built Mars collaboratively and have a shared passion to see it thrive. When Mars launches, users of diverse stripes — traders, liquidity providers, and other protocol teams — will rapidly join in this joint venture and we will all collectively determine the future of Mars together — no contracts, no investors, no managers, just an open free association of persons empowered to autonomously use, meme and govern what we think will be the dopest credit protocol on the scene.

## BUILDER MARS ALLOCATION & LOCKUP

The distribution of MARS has been designed to distribute governance power to those most likely to understand, care about and contribute positively to the Mars software and its community. The [previously announced MARS airdrop and lockdrop](#) targets users and ecosystem participants likely to be positively affected by or rely on Mars. Now, we provide further detail on another important piece of the puzzle — distributing MARS to Mars builders.

30% of the MARS supply has been allocated to Mars builders, which consist of Delphi Labs, Terraform Labs, We3 and their respective service providers for a total of 3 entities and 33 individual builders. When combined with the airdrop and lockdrops, this “builder allocation” will mean that MARS distribution and governance power is distributed in a fairly balanced way among builders as such, users as such and ecosystem participants as such with the aim of creating the strongest possible community.

The builder-allocated MARS are locked in smart contracts which will begin unlocking MARS around February 21, 2023 (one year from the start of the Mars lockdrop). The first unlock will be for 1/3rd of the locked MARS and the remaining MARS will unlock pro rata on a daily basis over the following 24 months. Notwithstanding the foregoing, 1% of the MARS allocated to Delphi Labs remains unlocked for use in bug bounties and similar initiatives, but Delphi Labs will endeavor to grant this MARS with a minimum three-year lockup as well.

The MARS grants to individual service providers range from 0.0010% to 1.8019% , and the largest grants are to We3 (3.5%) and Delphi Labs (9.4190%) (inclusive of the 1% unlocked portion referred to above). Terraform Labs was granted 0.1538%.

While these MARS are locked, they will not accrue protocol fees (i.e, additional MARS) or provide the holders with liquid xMARS. However, the locked tokens can nevertheless be used by the recipients to participate in governance votes within the Martian Council. Total governance power will thus be calculated as:

**(xMARS in wallet) + (MARS locked in builder unlock contract)**

This was done to ensure the initial builders, who have important protocol knowledge and aligned incentives, can continue to contribute to and participate in governance while their tokens unlock.

All Mars builders have signed Token Grant Agreements. The Token Grant Agreements provide that the grantees:

- will not directly or indirectly sell their locked-up MARS or any rights or benefits therein;

- when choosing to engage in Mars governance, will do so on an independent, arms'-length basis from one another based on their respective independent judgments regarding the merits of each governance proposal; and

- will not seek to direct or control how the other grantees vote their respective personal allocations of MARS.

This means that, for example, Delphi Labs will not direct or control how its employees who received MARS will vote their MARS. Therefore, the 30% builder allocation is not a voting 'block' under the control of a single entity or coordinated group, but rather can contribute to decentralized governance.

The form of Token Grant Agreement can be read [here](#).

## MARS COMPLETION AND IP OWNERSHIP

Mars in its current form is done — the software has been published and freely open-sourced on [github](#) , and anyone can fork it if they choose. The Mars name, branding and designs will be licensed to the public under Creative Commons pursuant to a forthcoming brand policy announcement — thus, the “brand” itself will be forkable, and the community itself ultimately controls what smart contracts get called “Mars”. The code for the [Mars website](#) currently run by Delphi Labs will also soon be published and freely licensed for use with the current Mars smart contracts. No capital or personnel have been specifically dedicated to major upgrades for Mars.

Whether there is a Mars v2 or other major upgrades will depend on the efficacy of the Martian Council's decentralized governance process in: 1) researching and converging upon a set of features that should comprise a v2 and 2) creating the right incentives for groups of builders to come in and implement these features.

## ANCILLARY ITEMS

There are a few further housekeeping tasks and ministerial efforts slated for the post-launch period. We want to be transparent about these ancillary items and our plans for handling them:

**1. Mars Multisig.** For safety reasons, at launch, the Mars protocol will be guarded by a 3-of-5 signature Multisig composed of Mars contributors. A list of actions the Multisig can enact is given below:

- Mint MARS tokens
- Migrate (update the code of) smart contracts
- Initialize new assets in the Red Bank
- Change any asset param (e.g: liquidation threshold, see spreadsheet) or global param (close factor) in the Red Bank
- Migrate lockdrop/LBA liquidity (will not be transferred to council due to temporary nature)
- Change any param on council about how proposals work
- Change unstaking cooldown period and max slippage when swapping ust to mars
- Change protocol rewards distribution and max slippage when swapping assets to UST
- List assets in the oracle and change the strategy on how to get the price
- Grant/update uncollateralized credit to contract addresses
- Execute cosmos messages on behalf of incentives, protocol rewards collector, safety funds and treasury

This Multisig will also temporarily hold the “Reserve allocation” of MARS tokens (i.e., 10% of the total supply of MARS). The purpose of the Multisig is to enable rapid security threat/incident response during the first 60–90 days following the Mars launch. Once that period is completed, the smart contracts defining the on-chain aspects of the Mars Council will be deployed and control of these parameters and the MARS reserve will be transitioned entirely to the Mars Council. All Multisig key holders have signed a Multisignature Participation Agreement in the form provided [here](#).

**2. Mars Website.** We are very proud of the amazing [Mars website](#) built in collaboration with [WE3](#) as a non-exclusive user interface to the Mars smart contracts deployed on Terra. Delphi Labs will continue to pay expenses and fund routine administration for the website for a period of time. As noted above, we will be open-sourcing all branding used in the website, including the “Mars” name/mark, through a Creative Commons license; the website code will also be licensed on Github. Thus, the community may spin up its own instances of the website, or users may run it locally to provide a convenient interface to their Terra blockchain wallets. Many in the broader DeFi community are proactively working on decentralization of website infrastructure through IPFS, community incentives and other methods — we will also be exploring such possibilities with the aim of encouraging the emergence of alternative user interfaces for Mars.

**3. Social Media Accounts.** Anyone can discuss Mars anywhere, anytime, and no specific social media site or account is necessary for the functioning of Mars. However, the current Mars social media platforms on Twitter, Medium, Discord and the Mars governance forums are Schelling points, and we'd like to see them continue. Delphi Labs will continue to pay a small team of independent contractors to maintain and moderate these resources for a period of time. Note that there are no “official” or “exclusive” Mars spokespersons or resources; accordingly, others are free to start alternative social media accounts relating to Mars or bearing the Mars branding.

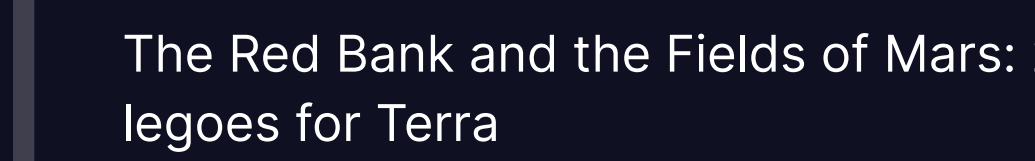
## CONCLUSION

Through a mix of technical, legal and cultural engineering, we have undertaken Mars to be decentralized and community-owned from day one. Decentralization is exciting and powerful, but also scary — no one has the control to manage Mars from the top-down and ensure its success and longevity. Mars is for users and builders who assume responsibility for their own destinies. What the future brings is up to us all.

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