

Mars Updates

# New proposal would add fourth asset to Red Bank with support for stLUNA

MAY 6, 2022



Mars' Red Bank currently supports three assets:

- Anchor Protocol (ANC)
- Terra (LUNA)
- Terra USD (UST).

Delphi Labs just pushed an [on-chain vote live](#) to add a fourth: Staked Luna (stLUNA).

A liquid staking derivative of LUNA offered by [Lido](#), stLUNA allows users to earn staking rewards on their LUNA without actually staking their tokens.

Last week, Delphi Labs sought feedback from the community on adding stLUNA as a collateral asset for lending and borrowing on the Red Bank.

From their initial [forum post](#):

*There is strong demand for staked Luna on Terra. Currently, 20% of Luna is staked with bLuna. stLuna is an upgrade of bLuna on Terra which improves Terra's liquid staking utility and decentralization. More information [here](#).*

*The addition of stLuna on Mars would benefit the decentralization and security of the Terra network, benefiting the Terra ecosystem as a whole. Furthermore, holders of stLuna would be able to use their stLuna as collateral to borrow other assets while earning staking rewards on top. This will attract a larger audience to Mars as market participants borrow against their stLuna or lend their stLuna for yield. Ultimately, this will generate more fees for Mars with the new borrow demand.*

After running stLUNA through the [Red Bank Asset Listing Risk Framework](#), Delphi Labs proposes the following risk parameters on stLUNA:

- **Loan-to-Value:** 40%
- **Liquidation Threshold:** 50%
- **Liquidation Bonus:** 15%
- **Optimal Utilization:** 45%
- **Interest Rate Model:** This asset will use a 2-slope interest rate implementation with the following parameters:
- **Base Rate (interest rate at 0% utilization):** 0%
- **Slope 1:** 7%
- **Slope 2:** 300%
- **Optimal utilization:** 45%
- **Whether the asset will be usable as collateral:** Yes

Read the full [forum post](#) for background on additional risks around adding stLUNA. The voting period will last ~3 days. If successful, it will be implemented in the Fields after a mandatory 2-day review period as detailed in the [Mars Improvement Process](#).

All Mars stakers (xMARS) can now ascend to the Martian Council to vote on Delphi Labs' proposal at <https://app.marsprotocol.io/#/council>.

If the vote is successful, Mars will support its fourth asset, and it could unlock interesting yield farming opportunities in the Fields of Mars.

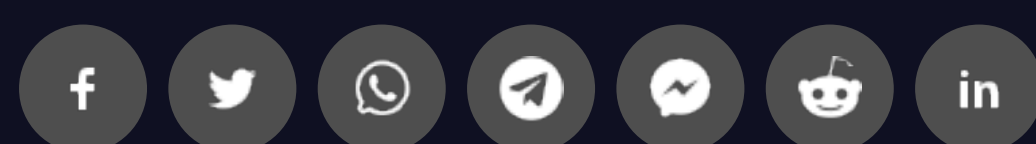
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