

MIP1: Mars' first-ever governance vote goes live

APRIL 6, 2022



Moments ago, Delphi Labs pushed Mars Protocol's first-ever governance vote on-chain. Mars Improvement Proposal (MIP) №1 aims to add Anchor (ANC) tokens as a collateral asset for lending and borrowing on the Red Bank.

All Mars stakers (xMARS holders) who held xMARS at least one block before the vote was launched can participate now at app.marsprotocol.io/#/council.

The vote will be open for 37,028 blocks or approximately 3 days. To pass, at least 10% of xMARS holders (including vesting xMARS) must participate, and a simple majority of those participating (50% + 1) must vote in favor of the proposal.

Adding Anchor (ANC) to the Red Bank

Delphi Labs sought feedback on the proposal in the [Mars Forum](#) over the past week. There, they laid out the background information and motivation behind the proposal.

Background

Anchor is a savings protocol built on top of Terra. The main objective of Anchor is to offer depositors stable interest rates. To accomplish this, borrowers first deposit liquid staking derivatives, referred to as bAssets, as collateral before they can borrow UST. The staking yield generated by the bAssets and the interest charged to borrowers is used to pay this stable rate to lenders.

The Anchor Token (ANC) is Anchor Protocol's governance token. ANC captures a portion of Anchor's yield, and is also used as incentives to bootstrap borrow demand.

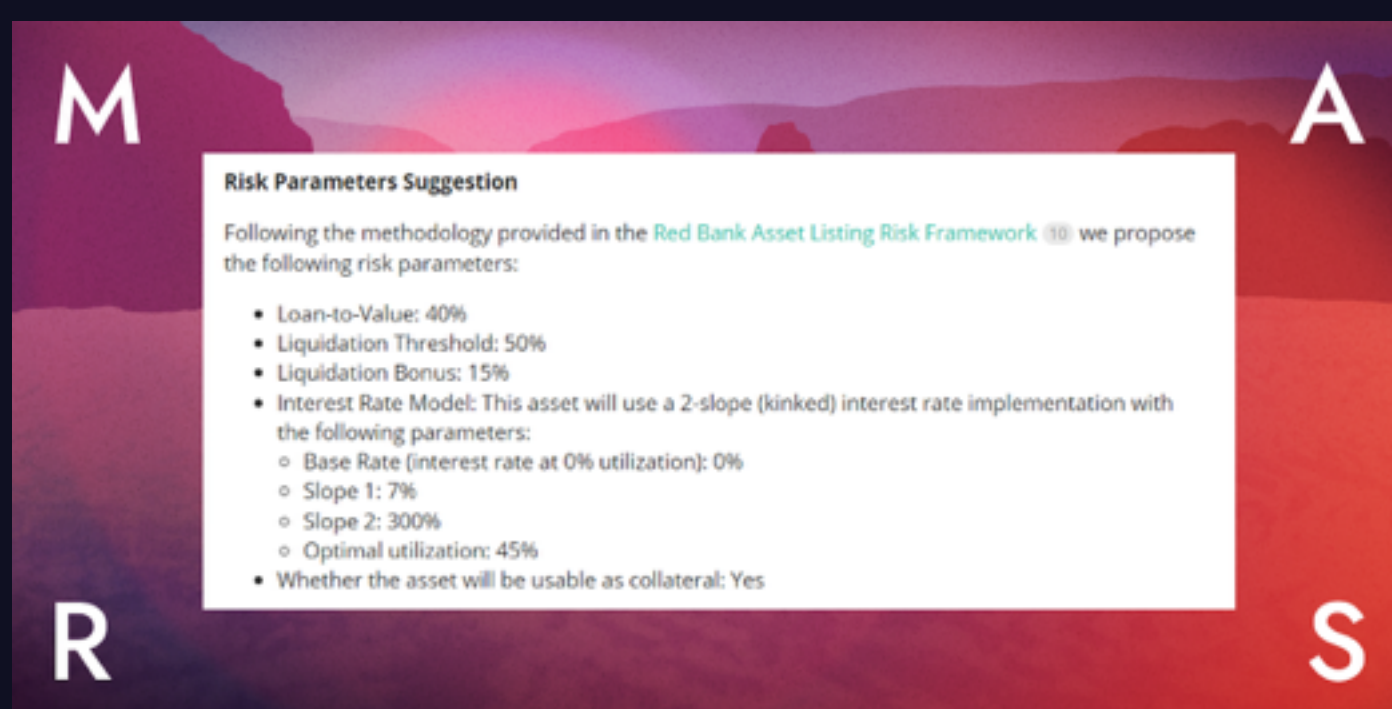
Motivation

Out of all the dApps on Terra, Anchor's token has the highest market capitalization, standing at ~\$700m at the time of writing. Listing the ANC token would bring a flow of liquidity and TVL in the form of ANC tokens as collateral to borrow against it. Ultimately, this will generate more fees for Mars as the demand for borrowing assets increases.

Currently, the yield generation strategies on Mars entail that Mars' users provide liquidity to certain liquidity pools on Astroport. If ANC is listed on Mars, token holders will be able to earn additional yield with a different risk profile from the risks associated with providing liquidity on a DEX.

They also ran ANC through the [The Red Bank Asset Listing Risk Framework](#). ANC scored high to fair marks throughout (with notable exceptions for low trading volume on its worst week over the past year at \$5.68m and centralization of some of its key smart contracts).

Based on those results, which can be viewed [here](#), Delphi proposes the following risk parameters for ANC.



If the vote succeeds, it will go through a mandatory waiting period of 23,040 blocks (~42 hours) before implementation work can proceed.

The Martian Council summons thee

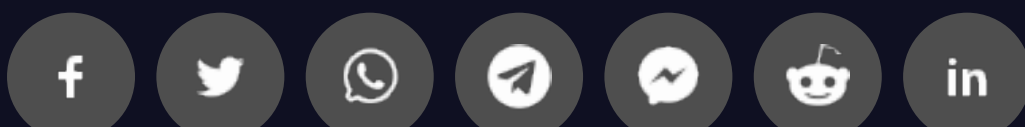
If you hold xMARS, the doors to the Citadel are open to you. Inside the Martian Council awaits your vote.

Participate now at app.marsprotocol.io/#/council.



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Anchor Protocol (ANC) added to Red Bank

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