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“A Wheatfield on a Summer’s Afternoon” / Marc Chagall

Such a long wait and then suddenly the Endgame is here - like the first summer day.

We are now deep in Endgame mode - and given the amount of governance work being produced right now, clearly there is new energy and efforts being poured into the Maker protocol.

And just like with the arrival of the first summer day, one can’t help feeling an unexplainable lift in spirits, and an irresistible urge to renew, rethink, rejuvenate, reinvent and reimagine - and generally get stuff done.

Looking at the activity levels in the protocol, we might even go as far as thinking the Maker Endgame Summer might soon be starting to take real hold of the Maker protocol.

So while the crypto world generally is waiting for spring to arrive - and TradFi seems heading for some sort of winter - at Maker it seems decided that we should not just sit back and wait, but purposefully create a crypto summer. Bold indeed - but entirely in line with the Maker protocols past legacy of happily moving ahead of others and being in the frontline of paving the way for “whereto next?” for the crypto industry.

Now, as Arranger, whilst we do serve at the pleasure of the Maker protocol, we feel the summer too and have our own burst of activity and thoughts of reinvention we want to tell you about.

We sense a number of important key shifts in the Maker community attitudes and approach arriving with this change of season:

- The first shift we sense, in the Endgame, is that Maker has now moved from playing a shorter to a longer game. Investments and resources are being put into getting a solution that can stand the test of time.
- The second shift we are picking up on is that regulatory and legal considerations are starting to take a front-row seat and serious efforts are in play to ensure Maker’s, SubDAO’s and its Ecosystem Actors’ long-term status.
- Last key shift is the clear shift towards entrepreneurial activity, right now germinating in the many Ecosystem Actors being formed - and we have to think this activity will bloom productively over the next 6 months of the Endgame Summer.

With these changes as backdrop, and our understanding of the state of the crypto/defi/tradfi markets today in the EU (ours are necessarily EU-centric given our focus on this particular geography), we have developed some Arranger Solution Design Principles that seems to make sense to us and that we can practically build solutions upon to the benefit of Maker:

1/ Compliant & Regulated TradFi Tokens = Collateral for Maker in the long/near term

The best way to access TradFi collateral is - almost already today - in token format - the laws and regulations are rapidly developing in the EU to make it happen. It allows programmatic interaction with protocol and markets - and the products can be issued in a manner that are compliant with the EU regulations to the extent those are in effect already and there is sufficient visibility in regard to those coming into effect.

Importantly this opens up for working directly - within these regulated and compliant token tradfi product structures - with top tier financial institutions and have broader access to high-quality collateral and liquidity. Things that are sorely missing in today’s solutions, where the underlying TradFi infrastructure is slim and patchy - and unfortunately increasingly so.

2/ Compliant & Regulated TradFi Tokens = increase Maker DAO & DAI longevity and stability

The best way to ensure DAO and DAI longevity - in the EU - is to use the above type of compliant EU regulated TradFi collateral. It provides a larger level of comfort with any regulator.

3/ Endgame Long-term Focus = Invest in & grow solutions that have long-term merits for Maker

As Endgame is long-term focused so should our solution be long-term focused, and so we shouldn’t back down from investing in building/finding compliant and regulated token collateral solutions that takes time to implement - as long as it gets us to the desirable situation described in 1/ and 2/. Maker will gain from this long-term orientation manyfold over the coming years.

4/ Arranger Role = Move towards tokenization & automation

To a large degree, the Arranger (Monetalis et al) role moves from developing trusts and foundations and finding right collateral and partners that can work with these, to working with/finding/designing tokenization-based asset solutions and ensuring they match asset needs, are regulatory compliant and technically sound to work within the Maker smart contract complex.

We note that the technical work part is a new angle for Arrangers, but luckily the new Endgame structure allows us to tap into high-quality technical Ecosystem Actors - it seems this need was already anticipated in the Endgame plans.

5/ Highest Value of Tokenization = Utilise programmability for value-creating automation

The real magic of having tokens on the balance sheet for Maker doesn't really happen before the programmatic element of the tokens are being used to automise key value creating functions for Maker: like automatically exchanging stablecoins for yield tokens back and forth or having automatic purchase algorithms for peg stability. So any Arranger solution we develop would be skipping a serious beat if this automatization mechanic wasn't built into the model.

6/ Impossible to work competently with all collateral classes this way = Need to specialize

Given the scope increase for Arrangers: tokenization and programmatic work and investing in customised long-term designs/solutions for this, we find it becomes difficult to work with many collateral classes in good conscience at any one time. Each asset class has key different legal and regulatory characteristics and somewhat demand different token and programmatic integration and customisation to work with Maker.

For that reason it makes sense to start narrowing the scope of asset classes for us to asset classes, tokens and automations we think Maker accrue most value from.

To us, the highly liquid, short-term cash end of the asset class spectrum seems to be the most important class for Maker at this particular moment. Thus an automatic, token-based liquid, yielding, compliant & regulated, token-based, asset bedrock seems to be what to work on for the most immediate future.

7/ Best path for building the above Solution = Initial tight coordination and collaboration with unique, aligned, Allocator SubDAO & Ecosystem Actors, then offer solution broadly to all Maker Ecosystem

For us to achieve the tokenized, comprehensive solution that the above principles point to, tight technical integration is needed and some runway to make necessary investments, work with regulators etc... This requires commitment from the Arranger as well as from an Allocator SubDAO and relevant Ecosystem Actors. This means the best development path for achieving this vision is circling a few key Ecosystem Actors and an Allocator SubDAO that has aligned long-term views and goals - and working in a coordinated and collaborative format - yet still, of course, must require the solution to be on competitive terms. The solution can then be used generally within the Maker Endgame program.

With these design principles in mind we have in fact designed a solution for an Allocator SubDAO - and should be able to present it soon for relevant Ecosystem Actors and Allocator SubDAO's review and potential support.

We highly appreciate any feedback and thoughts on the principles and logic.

We look forward to enjoying a long and sunny Maker Endgame Summer and engaging with Ecosystem Actors and Allocator SubDAO's.

We think it is going to be a very hot summer for Maker.