

Title: [ARFC-Addendum] AaveDAO Policy Regarding Spark Fork

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Simple Summary

The Aave DAO Governance is invited to provide a statement regarding the Maker(Spark)/Aave DAO agreement.

Motivation

In [Feb 2023 an ARC](#) (ARFC governance ancestor), allowed Spark to be a friendly fork of the Aave V3 codebase in exchange of 10% profit share.

Due to some creative accounting on MakerDAO, the actual revenue share is much closer to 1% of profit by MakerDAO, which was justified by the Spark/MakerDAO entity segregation and the 10% RF on the Spark market.

On the Maker side, it was decided to remove any RF collection on Spark side, allowing MakerDAO to earn more on the interest paid by the Spark users. As Maker is minting DAI into Spark and represents 97.8% of the DAI liquidity in Spark, Maker is the main recipient of interest paid by Spark users.

This situation, also considering the fact that PhoenixLabs (devs of Spark) is an entity on MakerDAO payroll, makes it clear that Spark and Maker are the same entity. This is enforced by Spark becoming an official Maker Subdao as part of their "endgame".

We then have reasons to consider the Spark & Aave DAO agreement to be a Maker & Aave DAO agreement as Spark is a transparent proxy of Maker entity.

As a result, we consider the creative accounting done by Maker leading to a ~1m\$/year profit share to Aave to be a reason for a breach of our agreement and justification to declare Spark as a non-approved fork of the Aave Codebase by the Aave Governance.

To de-escalate conflict and improve the Maker/Aave relationship, the ACI [made several synergies proposals](#) in the MakerDAO forum to change the paradigm in the Aave & Maker relation and create mutually beneficial markets, allowing both DAOs to increase their profits compared to the status quo and benefiting the DAI & Maker ecosystems.

This proposal allows the Aave governance to provide feedback on the future of the Aave/Maker diplomacy and get out of the current status quo that is optimal for none of the parties involved.

Specification

The Aave governance is invited to express their opinion on this proposal with the following options:

- Option A: Declare Spark in breach of agreement

This option will declare Spark a non-approved Fork of the Aave codebase

- Option B: Approve new dynamics in Aave & Maker protocol relationship

This will give greenlight signal to develop and deploy new synergistic markets to make the DAI shine and allow Maker to re-activate a D3M policy on markets tailored for them and the Main mainnet market.

This option will be followed by specific TEMP CHECK & ARFCs to query governance approval on the implementation of these new synergies.

- Option C: Keep the Status Quo
- Abstain

Useful links

- [Original Spark ARC in Aave](#)
- [Spark Aave revenue MakerDAO proposal](#)

Next Steps

1. Escalate this proposal to Snapshot stage
2. The snapshot vote result will be considered canon and define the Aave Governance Stance on MakerDAO & Aave DAO agreements

Disclaimer

The ACI was not compensated by Maker or any third party for the creation of this proposal.

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