

# MIP102c2-SP18: MIP Amendment Subproposals

## Preamble

MIP102c2-SP#: 18 MIP(s) to be amended: MIP104 Author(s): @GFXlabs Contributors: General Edit or Article 1 Edit: General Edit Tags: subproposal Type: General Status: Formal Submission Date Proposed: 2023-09-12 Date Ratified: N/A Forum URL: <https://forum.makerdao.com/t/mip102c-spxx-mip-amendment-subproposals/22027> Ratification Poll URL:

## Specification

This MIP102c2 Subproposal does not seek to amend Article 1 of a Scope Bounded Mutable Alignment Artifact. It is thus considered a General Edit. An MIP102c2 General Edit cannot modify Article 1 elements.

## Motivation

This subproposal will amend MIP104 to provide clarifying edits to [recently updated](#) MIP104 5.1.2 and MIP104 5.1.4, and also to provide a process for onboarding and offboarding of Cash Stablecoins other than through direct MIP102c2 edits or the discretion of the Stability Scope Facilitator(s).

## Amended MIPs and Components

- MIP104, Section 5
- MIP104, Section 7

## Amendment Pull Request

[github.com/makerdao/mips](https://github.com/makerdao/mips)

### [MIP102c2-SP18 Amendment PR](#)

makerdao:master

← makerdao:MIP102c2-SP18-Amendment-PR

opened 02:25PM - 11 Oct 23 UTC

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](<https://github.com/blimpa>)

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](<https://github.com/makerdao/mips/pull/975/files>)

Originating post: <https://forum.makerdao.com/t/mip102c-sp18-mip-amendment-subproposals/22027>

## Do not merge unless RP passes

Two subsections of Section 5 are modified by this amendment. If other MIP102c2 amendments are being voted upon in the same monthly cycle as MIP102c2-SP18, then MIP102c2-SP18 overwrites any other amendments passed concurrently for these subsections: 5.1.2 and 5.1.4.

Two subsections of Section 7 are modified by this amendment. If other MIP102c2 amendments are being voted upon in the same monthly cycle as MIP102c2-SP18, then MIP102c2-SP18 overwrites any other amendments passed concurrently for these subsections: 7.2.1.3 and 7.2.1.3.1A

## Summary of Changes

- Clarify the meaning of stable asset

in 5.1.2

- Rephrasing of standalone governance poll

vs previous standalone vote

- Fixed typos in 5.1.4.1
- Made the first sentence of 5.1.4.2 more closely match the first sentence of 5.1.4.3 in phrasing
- Clarified in Section 7.2.1.3 that conversion must be within 24 hours, rather than within 30 minutes, to avoid an existing Cash Stablecoin not meeting the definition.
- Clarified in Section 7.2.1.3.1A that exposure to

cash stablecoins is the maximum debt ceiling (line parameter)

## **5.1.2: Arranger Standard Fees**

Arrangers may charge a maximum reporting fee of 15 basis points per year on top of other fees charged by the structure and the Asset Manager. The fee is calculated based on the utilized Debt Ceiling of the Arranger Vault, and may not be charged up front without a standalone governance poll for approval. For stable asset Arranger services, Arrangers may charge up to 10 basis points. Any asset reasonably expected to only maintain or grow value, such as stablecoins, US government securities (up to 6 months from maturity), or bank deposits is a stable asset. In the event a single Arranger structure contains both stable assets and non-stable assets, the maximum fee applies proportionately to each part of the portfolio.

An Arranger that is not compliant with 5.1.4 for 60 days or more will not receive further funding from MakerDAO governance or the entities it reports upon until it becomes compliant. In the event the Arranger reports upon multiple entities, the prohibition applies only to the specific entities and Maker vaults where the Arranger is noncompliant.

## **5.1.4: Arranger Reports and Stress Tests**

Arrangers must publish monthly reporting on each Arranged Structure they have arranged, and must every six months also publish stress test analysis that shows how the structures would perform based on historical financial crisis scenarios and other example scenarios. The Stability Facilitators must periodically fund independent Ecosystem Actors to review and verify the quality and the results of the stress tests. Should an independent review produce an unfavorable result, the Responsible Facilitators must propose a governance poll for warning, temporarily deactivating, or permanently offboarding the Arranger and/or the Asset Managers connected to the discovered issue.

Monthly reports must satisfy 5.1.4.1 or

5.1.4.2 or

5.1.4.3 to be considered compliant.

### **5.1.4.1**

The following information should be included in the monthly Arranger report. Each item should be provided for at least the beginning and ending date of the reporting period (the first business day after beginning date and last business day before the ending date may be used if the beginning and ending dates fall on days markets are closed):

- Cash balance.
- Cash income over the reporting period. Any income over \$20,000 in value should be broken out as its own line item, and an explanation provided for any non-recurring or non-ordinary income.
- Cash expenses over the reporting period. Any expense over \$20,000 in value should be broken out as its own line item, and an explanation provided for any non-recurring or non-ordinary expenses.
- Market value of publicly traded equities, ETFs, and mutual funds.
- Market value (the closing price) of publicly traded debt securities. Debt securities that are investment grade and less than 12 months from maturity may alternatively be reported at cost basis + linearly recognizing scheduled interest income.
- A valuation for illiquid or privately traded assets. This should utilize a valuation from a reputable third party with relevant expertise or follow a well-defined methodology that is explained in detail in the report.
- CUSIPs, date of purchase, date of maturity, coupon, cost basis, and face value of all publicly traded debt securities in the portfolio for the last day of the reporting period.

- DAI inflows from the Maker protocol during the reporting period.
- Total repayments on-chain to the Maker protocol either to a vault or for surplus. If repayments are derived from multiple sources, they should be broken out into line items for each source.
- Vault debt to the Maker protocol.

The Scope Facilitator must publicly state on the MakerDAO forum that they have reviewed original documentation for accounts that supports the Arranger's summarization.

#### 5.1.4.2

The following information must be provided in the monthly Arranger report:

- Copies of original statements for all bank, brokerage, exchange, custodial, or other accounts. The Arranger may redact the names for non-Arranger service providers if and only if that is a requirement of confidentiality agreements with the non-Arranger service providers.
- DAI inflows from the Maker protocol during the reporting period.
- Total repayments on-chain to the Maker protocol either to a vault or for surplus. If repayments are derived from multiple sources, they should be broken out into line items for each source.
- Vault debt to the Maker protocol.

#### 5.1.4.3

The following information must be provided through public read-only access to all accounts:

- All asset balances
- All transaction amounts (non-Arranger service provider names may be redacted)
- Hold-to-maturity yields (for assets with maturity) or current yield (for assets with no maturity)

In addition, [Makerburn.com](https://makerburn.com), [Daistats.com](https://daistats.com), or another dashboard must be publicly available to summarize DAI inflows and outflows from the Maker vault.

#### 7.2.1.3: Cash Stablecoin Definition

A Cash Stablecoin is a stablecoin listed in 7.2.1.3.1A

or a technically secure DeFi token that can be instantly converted to a stablecoin listed in 7.2.1.3.1A , or a custody solution that can be converted into a listed stablecoin within 24 hours. The Stability Facilitators can modify 7.2.1.3.1A

through the weekly cycle to react to changing market conditions, opportunities or risks.

#### 7.2.1.3.1A

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List of Cash Stablecoins:

- USDC - Maximum line

for USDC in centralized custody solutions is capped at 500 million USDC.

- GUSD - Maximum line

for GUSD is capped at 110 million GUSD and exposure to GUSD requires that a marketing reward of at least 2% is available.

- USDP - Maximum line

for USDP is capped at 120 million USDP and exposure to USDP requires that a marketing reward of at least 2% is available.

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