Motivation

We propose deploying Spark Lend onto Gnosis Chain allowing Spark to kick-off its multi-chain deployment strategy with Gnosis, a long-time strategic partner of Maker. This collaboration also seeks to drive Gnosis Chain's success with DAI at the centre of its ecosystem.

Background Information

GnosisDAO believes in creating a blockspace that's decentralised, credibly neutral and innovative which unlocks the potential of Real World Assets. Gnosis Chain is also committed to enabling easy on and off ramps to the chain. GC is already home to EURe by Monerium which already allows anyone in the Eurozone to onboard directly with a simple SEPA transfer, minting EURe on Gnosis Chain.

The Gnosis-Maker partnership has achieved remarkable success in the past, evident by:

- GnosisDAO's significant treasury allocation to Maker vaults (~$140M)

- High volume of minted DAI

- GNO's listing as collateral on Spark Lend

Moreover, Gnosis Chain already offers:

- Cost-effective transactions

- Highly decentralised network with over 100k validators

- Significantly lowers transaction costs for end-users

- Naturally, by using xDai as the native token of the chain there is a strong alignment for both Maker and GC, as adoption and TVL picks up this will increase overall demand and adoption of DAI.

This month Gnosis Pay will be launching, allowing the issuance of credit cards. This opens up a many collaboration opportunities with Spark i.e. allowing users to spend from their collateral in Spark.

Our goal is to enhance the capabilities of Spark and Gnosis Chain by combining the strengths of our organisations. Together, we can create an exceptional end-to-end use case that leverages the best features of DeFi.

Through the deployment of Spark on Gnosis Chain and fostering a collaborative environment between Maker and Gnosis, we envision a tremendous opportunity to strengthen both communities and expedite the innovation that will help us to create better products.

Technical Information

An initial Spark Lend deployment would be a permissionless deployment, as laid out in the Spark Multi-Chain approach, without the D3M module currently in place on mainnet. Rather, GnosisDAO would seed liquidity via a temporary DAI deposit replacing the D3M module on mainnet until the Allocator system is in place to allocate cross-chain liquidity.

This will allow Spark Lend to already onboard collateral, build up liquidity and liquidation infrastructure such that once available, the Allocator system can be plugged in right away.

Gnosis will provide the code for the L2 Executor and Crosschain Forwarder.

Collaterals Information

Initial collaterals to be onboarded:

GNO, Chainlink Oracle

WETH, Chainlink Oracle

wstETH, Chainlink Oracle

wxDAI, Chainlink Oracle

We suggest that new collaterals be evaluated by Blockanalitica and the subDAO be responsible for the approval process.

Liquidity information

karpatkey will work closely with the Phoenix Labs team to ensure liquidity needs are met. Initially, karpatkey will seed $1M DAI on behalf of GnosisDAO to simulate the effects from the user's perspective once the Allocator system is in place. The amount of DAI will be increased based on market demand with an initial cap of $5M DAI.