

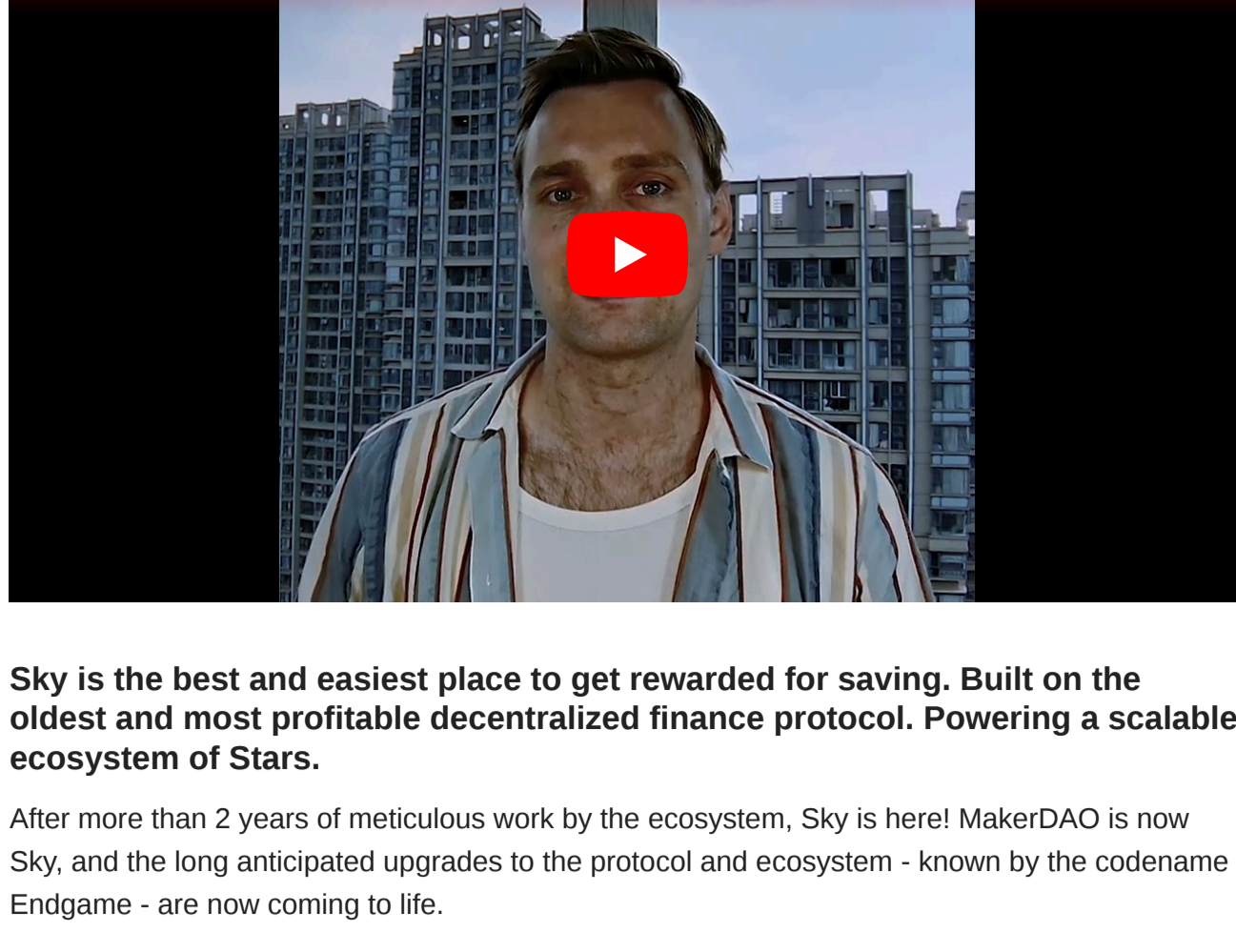
# Sky has arrived!

General Discussion



rune

## Sky has arrived



**Sky is the best and easiest place to get rewarded for saving. Built on the oldest and most profitable decentralized finance protocol. Powering a scalable ecosystem of Stars.**

After more than 2 years of meticulous work by the ecosystem, Sky is here! MakerDAO is now Sky, and the long anticipated upgrades to the protocol and ecosystem - known by the codename Endgame - are now coming to life.

Decentralized Finance is at an inflection point. The industry has successfully matured and scaled and, with the right push, is poised to begin providing large scale value to regular people. By focusing on delivering innovative ways for everyday users to unlock the inherent benefits of DeFi, Sky will do its part in bringing the benefits of DeFi to the mass market.

With Sky, the Maker Protocol has used its decentralized governance processes to upgrade and extend itself:

- Two upgraded tokens: USDS and SKY
- A new website and DeFi app: Sky.money (maintained by an independent entity)
- Brand new killer feature: Native Token Rewards
- Ecosystem scalability breakthrough: Stars (Formerly known as SubDAOs) are small, specialized, decentralized ecosystems within the broader Sky Ecosystem.

The next chapter of DeFi starts with the introduction of Sky and continues with rapid releases of all of the core features of Sky outlined above. Here's what's next for Sky:

*All of the features mentioned in this post have been approved by the governance process and specified in the Atlas: [MIPs Portal](#)*

## Token and Product Launch

Token and Product Launch is on September 18, and this is the moment everything goes live.

This release will introduce the foundational elements of Sky.

### USDS

The upgraded stablecoin of the Sky Ecosystem is USDS.

USDS can be upgraded from Dai or converted from USDC at a 1:1 ratio, on Sky.money and other frontends. USDS can also be converted back to Dai. Upgrading is optional.

- USDS will have access to SKY Token Rewards from the moment it launches. These rewards are built into the Sky Protocol, which means that the user doesn't have to get exposed to external protocols with unknown risk. All eligible users are doing is using USDS you own inside the Sky Protocol itself.
- The SKY Token Reward will be distributed at a rate of 600 million SKY per year, across participating USDS holders.
- USDS users can also choose to instead get the regular Savings Rate, which has already been successfully used by billions of dollars for several years.

Sky Token Rewards and Savings Rate are restricted in some countries, including the US and UK, and for VPN users.

### SKY

The Governance Token of the Sky Ecosystem is SKY.

MKR holders can upgrade their MKR to SKY, and SKY can also be converted back to MKR. Upgrading is optional.

- Users get 24,000 SKY per MKR when they upgrade.
- At Launch, the Smart Burn Engine will move to target the SKY/USDS market with all of its current liquidity and all future automatic liquidity acquisition from Protocol Surplus.
- At later stages of Sky Launch Season, SKY will gain additional features including Sealed Activation and Regular Activation, which gives eligible users USDS and Token Rewards for committed participation in Sky Governance. These functionalities are restricted in some countries, including the US and UK, and for VPN users.

### Sky.money

Sky.money is a decentralized gateway to the Sky Ecosystem and provides access to the key features of the Sky Protocol, including upgrading Dai to USDS, and MKR to SKY.

Sky.money also enables eligible users to access the Sky Protocol to use USDS to earn SKY tokens as Native Token Rewards and to get the Savings Rate on USDS.

It is designed to be as easy and simple to use as possible and to set a standard for other projects that provide access to the Sky Protocol.

### Early Bird Bonus

Until September 18, users can sign up on Sky.money for the Early Bird Bonus. Once SKY tokens become available as Token Rewards, those who signed up in advance for the Early Bird Bonus, and are eligible, will receive double the SKY Token Rewards for a month after September 18. The Early Bird Bonus is restricted in some countries including the US and UK, and for VPN users.

## Features coming shortly after September 18

After the core elements described above go live, Sky will focus on bringing the next round of innovations to market. The following are expected to be live soon after the initial 18 September launch date.

### Sealed Activation Launch

Soon after the launch of USDS, SKY, Sky.money and Token Rewards, the Sealed Activation feature will launch.

Sealed Activation encourages long term governance participation by enabling MKR and SKY holders to Seal their tokens behind an Exit Fee in return for Rewards.

Both SKY and MKR can be Sealed.

### Sealed Activation Rewards

Eligible users that have Sealed their MKR or SKY receive Activation Rewards. Initially, Activation Rewards are only available in the form of USDS.

- 25% of all protocol stablecoin surplus earned by the Maker Protocol is distributed proportionally as Activation Rewards to Sealed MKR and SKY.
- Once the Spark Star launches, Sealed Activation users will also be able to choose to receive SPK tokens.
- 15% of all SPK tokens earmarked for Token Rewards are distributed proportionally as Activation Rewards to Sealed Activation users that have chosen to receive SPK yield.

Sealed Activation is restricted in some countries, including the US and UK, and for VPN users.

### Unsealing Exit Fee

In exchange for the benefits of using Sealed Activation, and to encourage long term commitment and governance participation, Sealed SKY and MKR tokens pay a 5% Exit Fee when they are Unsealed.

This fee is burned by the protocol, and is subtracted from the principal that was originally Sealed. Token Rewards earned from Sealing are unaffected by the Exit Fee.

The Exit Fee begins at 5% when Sealed Activation launches, and increases by 1% every 6 months for the next 5 years until it reaches 15%, which is the permanent Exit Fee.

## SKY Regular Activation

A couple of weeks after the launch of Sealed Activation, alongside Skylink and Spark launch, SKY will also get a new feature called Activation. This is a less committed version of Sealed Activation, where SKY holders receive Activation Rewards, but don't have to Seal their tokens behind and Exit Fee. SKY can be freely Activated and Deactivated instantly, at any time.

Initially when Activation launches, SKY holders will be eligible to get 15% of the total SPK supply as Activation Rewards.

SKY Regular Activation is restricted in some countries, including the US and UK, and for VPN users.

## Skylink

Skylink is designed to be the multichain solution of the Sky Ecosystem.

After the launch of Sealed Activation Skylink will launch and begin connecting USDS, SKY and other Sky Ecosystem tokens from Ethereum Mainnet to major L2s.

Skylink makes all of the core Sky features available on the L2s and blockchains it is deployed to, including: Native USDS, Native Sky Savings Rate, Native Token Rewards, native 1:1 conversion between USDC and USDS.

Skylink deployments to additional L2s and L1s will follow later.

## Spark: the first Sky Star

Formerly known as SubDAOs, Stars are smaller, specialized, decentralized ecosystems that exist within the broader Sky Ecosystem and are tied to the Sky Protocol.

Spark is the first Star. The launch of the Spark Governance Token - the SPK token - and the start of multichain (via Skylink) SPK Token Rewards are hotly anticipated elements of the new system.

All Star tokens, including the SPK token of Spark, are distributed primarily through the Sky Token Rewards that USDS can access. Only a small amount of SPK will be distributed to contributor teams, enabling a much more decentralized and diverse token distribution.

### SparkLend

Spark specializes in providing high quality, easy to use DeFi products backed by the economic scale of the Sky Ecosystem.

The main product of Spark is SparkLend, available on [spark.fi](#)

SparkLend is a modern lending engine where users can directly self-generate USDS using crypto as collateral.

SparkLend launched a year ago, and is already very popular, currently around the 10th biggest DeFi platform by TVL in the world.

### SPK Airdrop

Eligible users of SparkLend are already able to pre-farm the SPK Airdrop today, which will grant them SPK tokens distributed out in a single Airdrop when SPK launches.

Eligible users of SparkLend can check the SPK tokens they've accrued so far on [Spark | Block Analitica](#)

The SPK Airdrop is separate from the SPK Token Rewards, described below.

SPK Airdrop will be restricted in some countries, including the US and UK, and for VPN users.

## Allocation System

In addition to maintaining its own lending protocol, Spark also specializes in allocating capital to the broader DeFi ecosystem.

This is done through the Allocation System, which is an upcoming mechanism in the Sky Protocol that allows Stars to borrow from Sky at a cheaper rate, and then allocate it to the best protocols and platforms in the broader DeFi Ecosystem

As an example, Spark currently controls a Morpha Lending Market system that is used to allocate hundreds of millions of USD towards the Ethena sUSDe tokenized perpetual swap basis trade.

Spark has also announced the [Spark Tokenization Grand Prix](#), which ultimately will give Spark the ability to deploy billions of MakerDAO collateral into the safest and best developed tokenized RWA assets through the Allocation System. For the time being, the final decisions still require approval by governance.

MakerDAO has years of experience being the leading RWA protocol, and this expertise and responsibility is being handed over to Spark, in order to make future RWA related innovation move faster.

## Spark Tokenomics

The moment Spark Launches, the SPK token will be available as Token Rewards for eligible USDS users both on Ethereum mainnet and L2s. Token Rewards on L2s will have very low transaction fees. Eligible Sealed Activation users will also be able to get SPK tokens the moment Spark launches.

SPK Token Rewards are separate from the SPK Airdrop, described above.

## SPK Reward distribution rates

As specified by the governance process, the rate of SPK distribution will be 1 billion tokens per year the first 2 years. This will halve every 2 years until a total of 4 billion SPK tokens have been distributed after 10 years.

This total distribution will be divided as follows:

- USDS users will receive Token Rewards at a rate of 700 million SPK tokens per year
- Activated SKY will receive SPK Activation Rewards at a rate of 150 million SPK tokens per year
- Sealed SKY or MKR will receive SPK Activation Rewards at a rate of 150 million SPK tokens per year.

This rate will remain in place for the first two years following Spark launch, after which all rates will halve, as described above.

SPK Token Rewards are restricted in some countries, including the US and UK, and for VPN users.

### SPK Activation

The SPK token will have been built in Activation Rewards from the moment it launches. SPK Activation will be available both on Ethereum mainnet and L2s.

Activated SPK will receive SKY Activation Rewards at a rate of 80 million SKY per year, available for eligible users.

SPK Token Rewards are restricted in some countries, including the US and UK, and for VPN users.

## Spark Governance

Spark will have a community governance mechanism controlled by SPK token voting. Over time Spark Governance will run all aspects of Spark autonomously, within the framework of the Sky Star ecosystem.

## Legal structures in the Sky Ecosystem

Proactively and securely dealing with legal and regulatory risks has always been a top priority for the ecosystem, and as the industry keeps growing and the opportunities increase, so does legal and regulatory risk and complexity. The legal structure strategy in the Sky Ecosystem has been intended to ensure Sky Governance maintains the ability to make decentralized decisions without being influenced by leverage from external entities.

### IP Ownership

Key IP of the Sky Ecosystem will be held in a foundation that is still in progress, modelled after the approach used for the Dai Foundation, and expanded to cover the new usecases necessary with Sky.

Specific information about this foundation will be published later, as some of the legal details still need to be finalized and providing too much information early could just increase confusion. The intention is to ensure that Sky Governance retains critical decision making power over all crucial IP assets relevant to the Sky Ecosystem.

## Sky.money maintenance

The Sky.money domain will be owned by the dedicated IP foundation in time for the September 18 launch, and the Foundation then assigns an entity to operate and maintain a website and DeFi app on the domain.

The entity currently doing this is Skybase, which is an independent private crypto and fintech company that is owned by companies connected to my own (Rune) holding company. Skybase is designed to be able to handle all of the legal, technical and marketing requirements that is needed to effectively operate Sky.money.

It does not earn any money directly from these operations, and instead is just set up to be funded through the Launch Project.

The initial scope of Skybase is very limited to just maintaining Sky.money, but it is set up to be maximally independent, separate, resilient, compliant and above board in how it handles this responsibility.

I'm currently working on ideas for proposals about how the scope of Skybase, and other similar to entities, can be expanded to improve the ability of the Sky Ecosystem to offer DeFi products that are easy to use, and more smoothly integrated into users existing financial systems and applications while still providing a DeFi experience at their core. However, this will only be relevant if Sky Launch Season is a success.

## Support the Sky launch!

The potential of DeFi is enormous, and the entire financial system as we know it might be reshaped in the coming decades to be more decentralized, transparent, efficient and fair.

Sky is here to do its part, and as a decentralized ecosystem there are many ways you can help too.

If you're a builder in the DeFi space, you can learn how to integrate and gain benefits and support on the Sky X account: [@SkyEcosystem](#)

If you want to be a part of the launch, go to Sky.money and check out the new brand and sign up for the Early Bird Bonus

Don't forget to follow [@SkyEcosystem](#) on X, as there will be a lot of really exciting updates and releases leading up to the full launch of Sky on September 18!