



OST

Eastern Switzerland
University of Applied Sciences

Blockchain (BlCh)

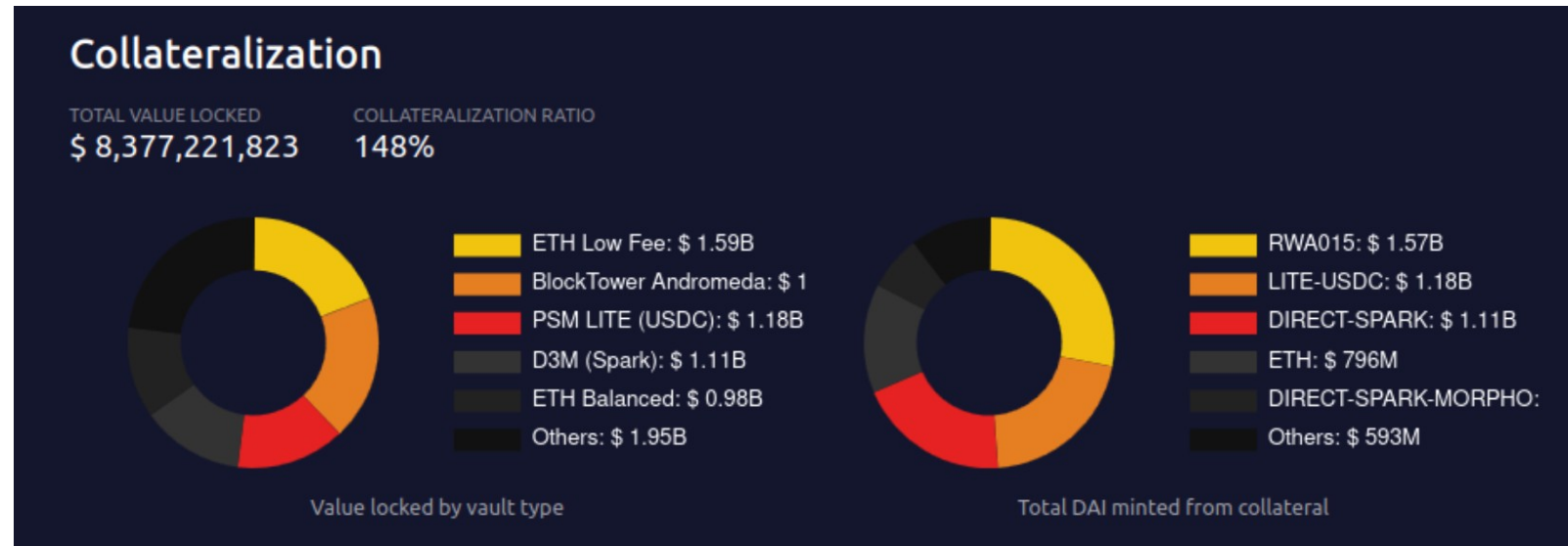
DAI (or Sky, or maybe...)

Thomas Bocek

04.11.2024

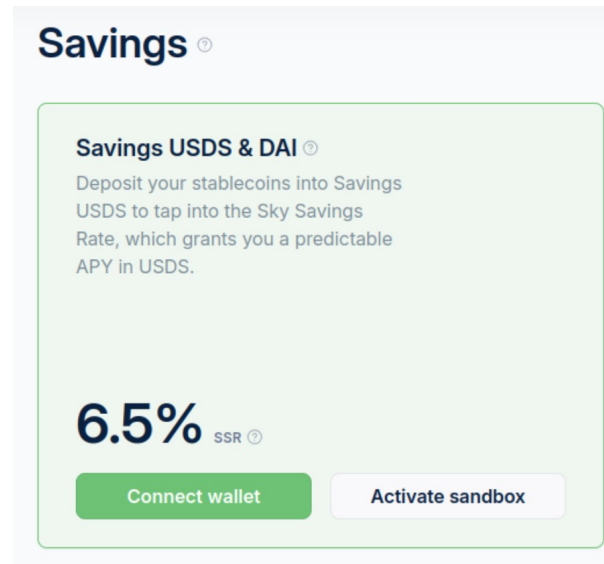
DAI Stablecoin - Introduction

- What is a Stablecoin?
 - Quick recap from previous lecture
 - Types of stablecoins
- DAI Specifics
 - Decentralized stablecoin
 - Over-collateralized
 - Algorithmic price stability
- Key Components
 - Vaults (formerly CDPs)
 - Collateral types
 - MKR token
 - Smart contracts
- Distribution [[link](#)]



Fee Structure in DAI

- **Stability Fee**
 - Interest rate for borrowing DAI
 - Variable based on market conditions
- **DAI Savings Rate (DSR)**
 - Interest earned for holding DAI
 - Smart contract based
 - Variable rate
- **Liquidation Penalty**
 - Fee for unsafe positions
 - Added to debt when liquidated
- **Fee Distribution**
 - MKR token burning
 - Protocol buffer
 - DSR funding



Governance in DAI Ecosystem

- MakerDAO Governance
 - Decentralized decision making
 - MKR token voting rights
 - On-chain execution
- Votable Parameters
 - Collateral types and ratios
 - Stability fee rates
 - DAI savings rate
 - Debt ceilings
 - Risk parameters
- Governance Process
 - Proposal submission
 - Discussion period
 - Voting period
 - Implementation
- 23.08.2024: MakerDAO to Offer Optional MKR Conversions for New Governance Token [[link](#)]
 - **Endgame** – transformation to a efficient organization that can operate in crypto and traditional finance – controversial as less decentralized

DAI Rebalancing Mechanisms

- Price Stability Tools
 - Dynamic stability fees
 - DSR adjustments
 - Debt ceiling management
- Liquidation System
 - Automatic triggers
 - Auction mechanisms
 - Keeper network
- Emergency Measures
 - Emergency shutdown
 - Global settlement
 - Collateral claiming
- Market Incentives
 - Arbitrage opportunities
 - Price feedback loops
 - Market maker incentives