

Index Coop Decision Gate 2 (DG2) Governance Vote Analysis

Analytics Working Group

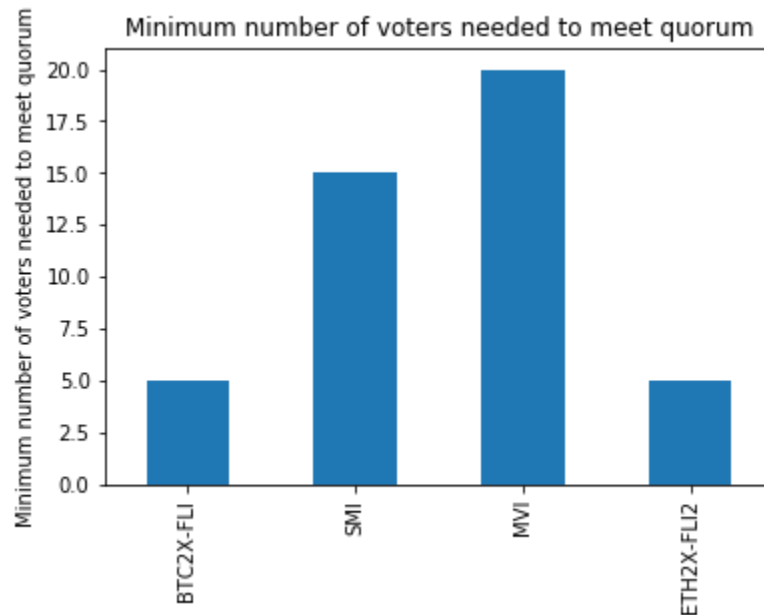
Authors: Craig Tutterow, JD Cook

Date: May 17, 2021

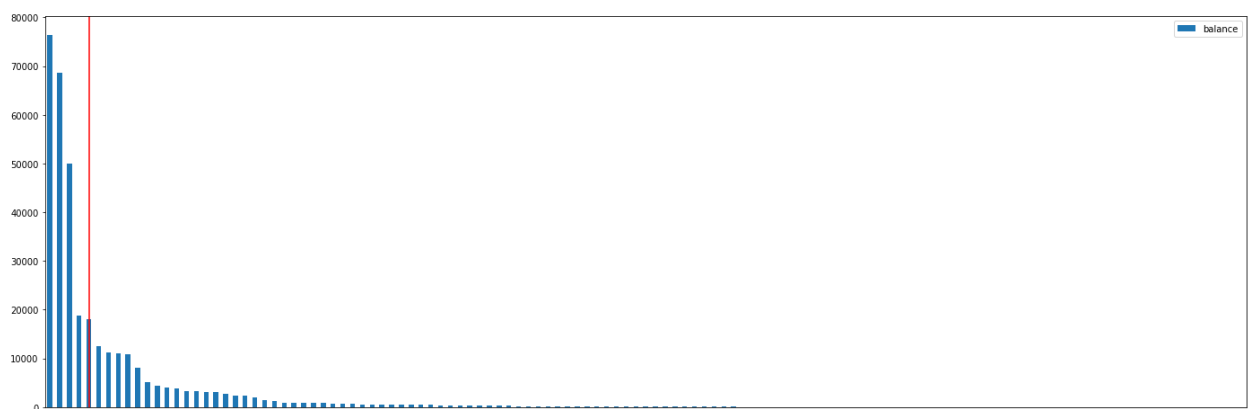
Source: [Github PR with full Python analysis notebook](#)

Key findings¹:

- All DG2 votes with at least 1 of the top 4 holders participating (one member of the top 0.1% of holders) passed. The minimum number of (highest-balance) voters required to pass quorum in each successful DG2 vote are shown below

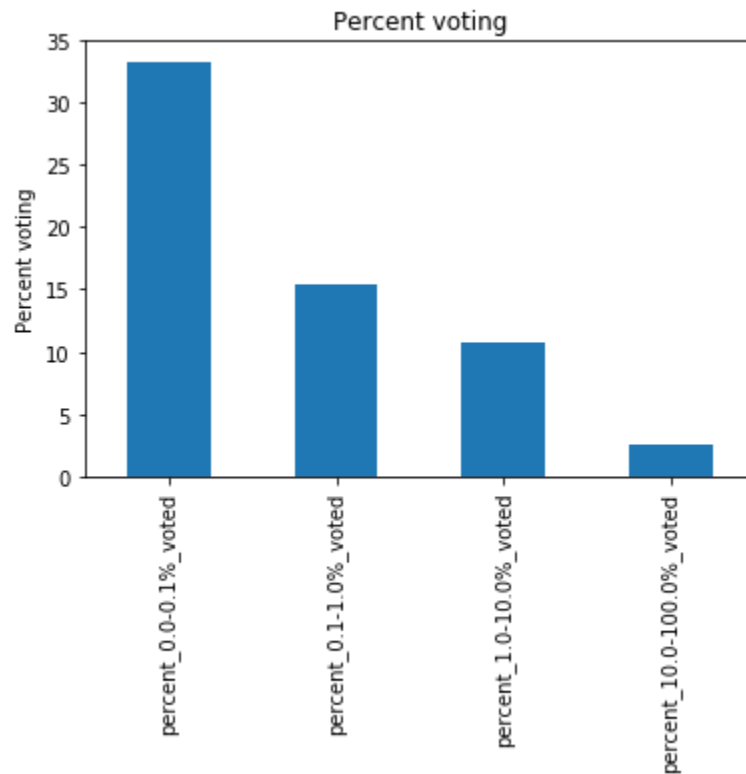


For instance, the BTC2X-FLI vote could have passed with the support of only the top 5 voters (marked by the red line here):

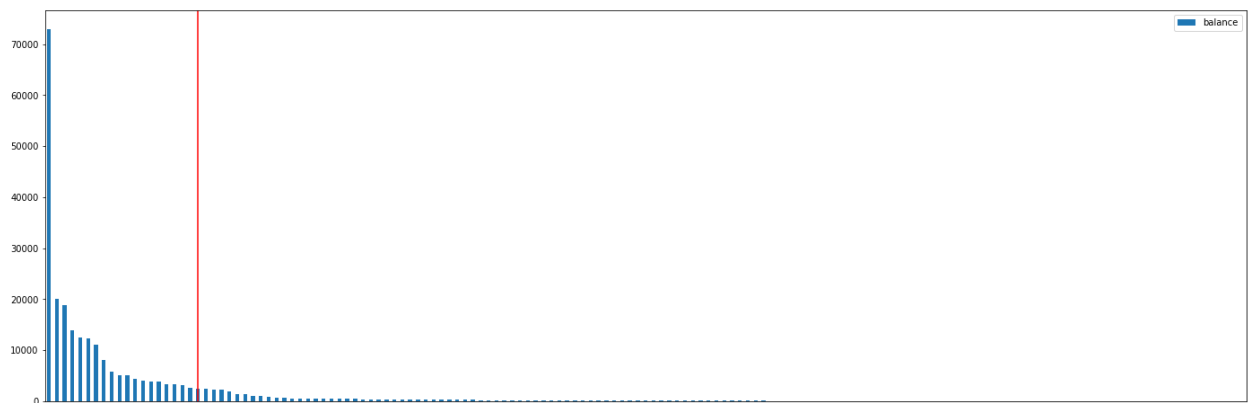


¹ Note: All analysis done based on wallet balance snapshot taken from Etherscan as of April 26, 2021.

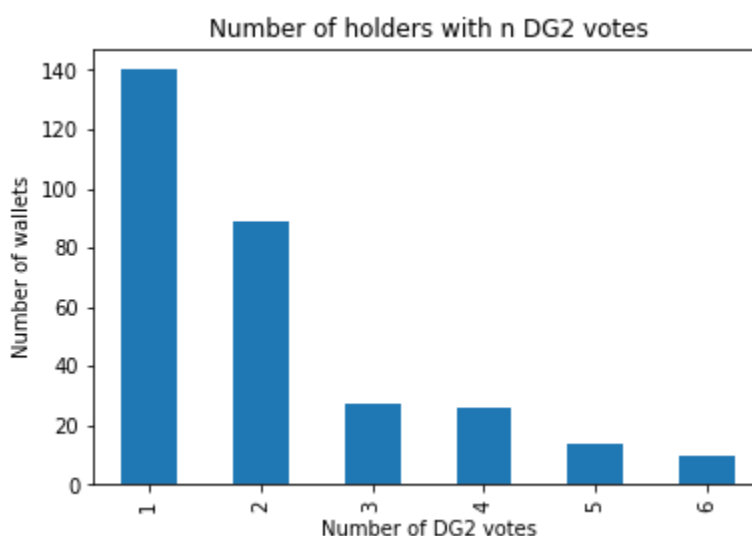
- Participation is highly correlated with token balance. **33%** of top 0.1% INDEX holders vote in a DG2 election compared to **15%** of top 0.1-1% holders, **11%** of top 1-10% holders and **2.6%** of holders in percentile 10-100.



- The highest participation and least concentrated vote was for **MVI**. It would have required the 20 highest balance voters to pass, and had 153 members vote in favor (chart below)



- 306, or approximately **10%** of token holders have voted in at least 1 Decision Gate 2 (DG2) initiative vote. Only 10 (**0.3%**) of holders have voted in all 6 DG2 votes. 90% of holders have never voted in a DG2 election.



- On average, **4%** of holders vote on a given initiative, which is comparable to response rates for web and email consumer surveys², but lower than the 12% seen among retail investors in shareholder votes³
- On average **19%** of tokens cast a vote on DG2 initiatives, lower than the 32% seen in retail investors in shareholder votes
- The two DG2 votes which failed (ETH2X-FLI v1, and TTI) had no participation from top 0.1% of INDEX holders
- Since DG2 votes tend to have overwhelming support (all votes had >99% of voters in favor), quorum is the deciding factor, in which whales play a disproportionate role
- The theoretical minimum number of holders needed to pass quorum is 4. If all of the top 0.1% of holders vote in an initiative, it will pass
- Whale awareness and participation is critical for DAO evolution via governance mechanisms

Recommendations:

- Small, fixed-sum governance mining incentives are unlikely to drive participation above threshold levels, as these are unlikely to be material for whales
- SMS and push notifications tend to yield higher participation rates in consumer surveys and may be promising channels for future DG2 votes if there is a way for DAO members to subscribe to alerts via these channels
- Less conventional alternatives such as voluntary delegation or direct subsidization of voting rights by whales could be explored for support and viability

² [What is a good survey response rate for online customer surveys?](#) (Delighted)

³ [Retail Shareholder Participation in the Proxy Process: Monitoring, Engagement, and Voting](#) (HLS forum on Corporate Governance)