

Ideas about using Evodex with CETF + Ideas about voting power for Custom ETFs and CETF

Vlad | eosetf.io | app.consortium.vote dev
Dogman
What do you think about using Evodex instead of Defibox for EOS ETF and/or CETF liquidity?
I've never used Evodex, so dunno. Is it better, if so, why?

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I've never used Evodex, so dunno. Is it better, if so, why?
Evodex provides customizable governance options for communities to set fees and other parameters. It also might have cost savings, CETF revenue, composability, and security benefits.
I wrote a bunch of notes about this a few months ago and will share a link shortly.

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for CETF nope, thought you meant using it for rebalancing.

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I don't think many people would discover CETF by scrolling through all the assets on Defibox. Maybe a few here and there but not many.

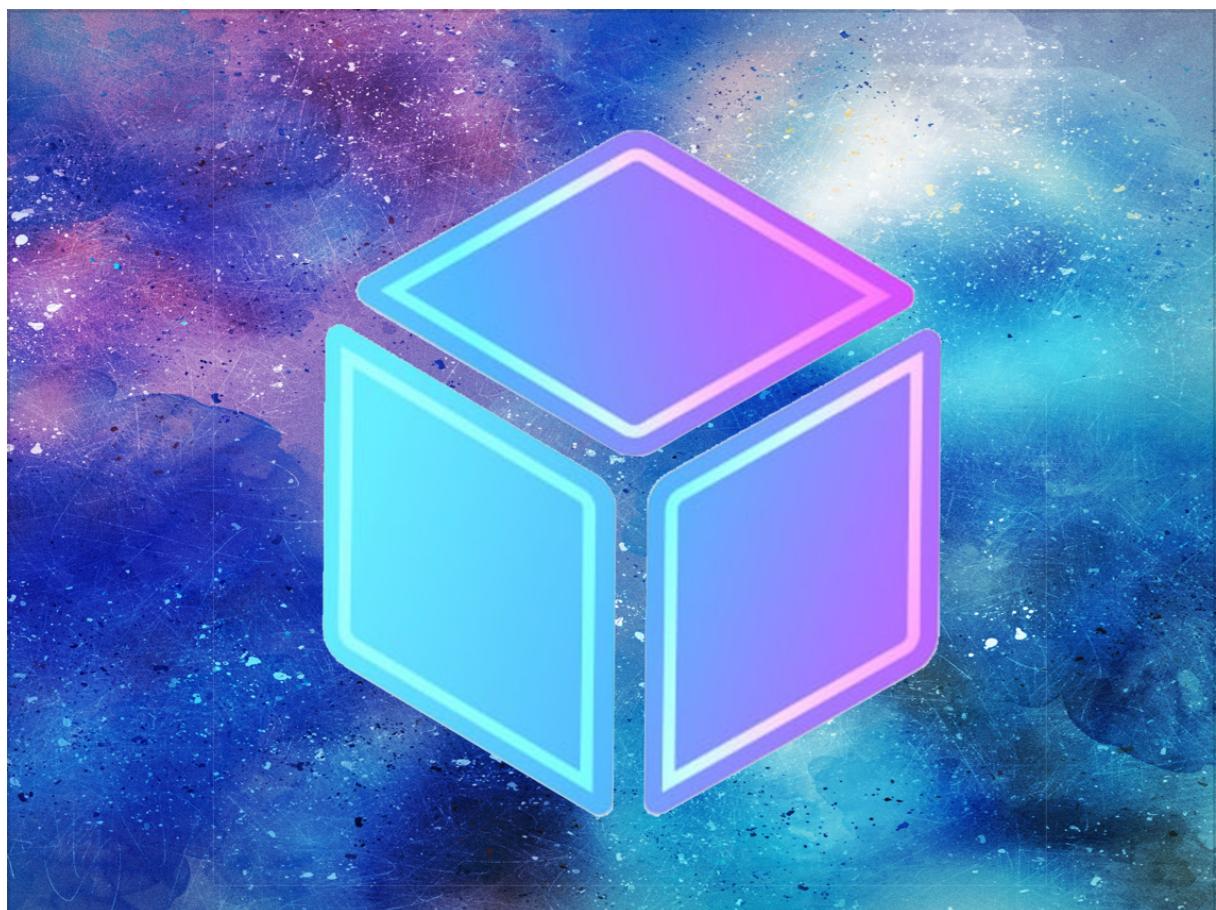
It's up to us to help people understand the benefits of CETF, whether we use Defibox or Evodex. In other words, it's up to us to bring the users.

There are many potential benefits to using Evodex. I'm not sure but I think that the benefits may far outweigh the costs, if feasible.

Below are some notes that I wrote about this earlier this year.

It's not very refined yet but I just added some notes at the top and throughout the notes to make it more helpful.

It also includes some ideas about voting power for Custom ETFs and CETF, which isn't super relevant here but I don't think I shared them yet and they were on the same page so I figured it was helpful to share.



+++ note dec 2021 +++

I wrote most of these ideas several months ago and haven't had the chance to edit or

refine it much.

Most of the notes were transcribed via voice so there's many typos and grammatical errors that might not make much sense upon first reading.

I just read through everything quickly again and made some edits where I saw errors and also added a few notes with updated thoughts. The big edits have +++ plus signs +++ .

The sequencing can be improved too, I'm not sure if the first ideas are the best ideas and some of the best ideas are towards the end.

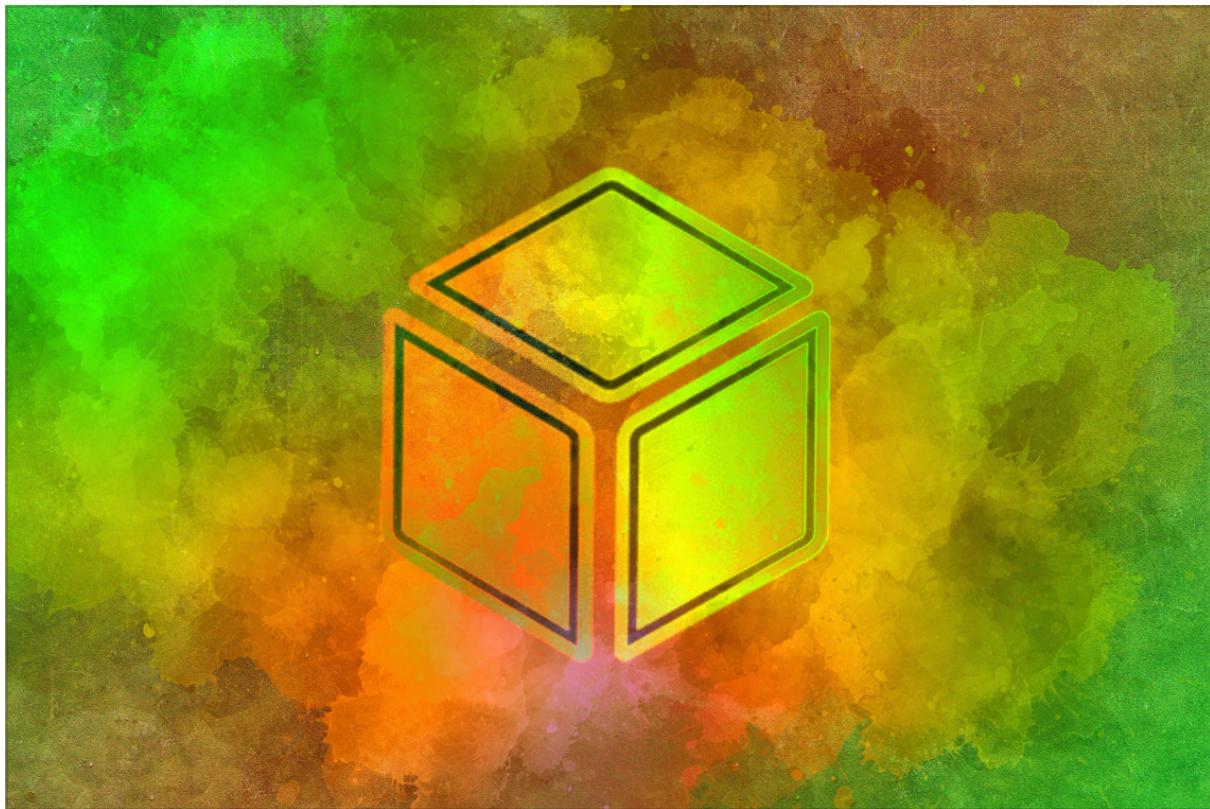
Overall I think evodex could be very helpful for:

- Governance options to empower ETF communities
- Revenue generation for Communities with ETFs and CETF, more incentives to create ETFs and grow ETFs
- Cost savings- generate value for ETF communities rather than Defixbox extracting value
- Self-Custody , reduce risk of relying on defibox, empower communities to self custody their own ETFs or custody with CETF
- Composability - open source ownership rather than relying on defibox which might change their plans?
- Branding and UX (explained at the end) - this could be very cool!
- There might be more big benefits below, haven't had much chance to read it beyond a quick read again today

It might be helpful to edit this markdown file in GitHub or copy and paste elsewhere to refine it more easily.

Hope it helps! 😊

+++ note dec 2021 +++



Do more research into evodex and consider if I should suggest using it for the ETFs, between pools like eos + eosetf .

Also consider in the longer-term could suggested for other pools like dad eos etc

This could be helpful for several reasons.

One reason could be custody. It says that all of the contracts for evodex are completely open source. Does this mean that we can easily implement our own amm for ETFs or dad or any other community that is self custody by the community, rather than needing to trust in additional custodian and add custodial risk and an extra layer of risk by staking them with defi box or some other community?

I think that it does, although I'd be interested in learning how much work it would require and what trade-offs they would be and what benefits they would be. If the work is feasible and not too much, then this would be great to be able to reduce that custodial risk.

Especially if some of these tokens appreciate in value a lot then it would be helpful to be able to just keep it in the pool long-term to earn more eos and provide liquidity for the community without needing to trust a lot of your tokens with some other community. I wrote about this the other day as well I think, I'm not sure what the title was called or what a good search term would be but I'm pretty sure I wrote about this a few days ago.

One potential downside of using evodex is that there might be less network effects and less liquidity. Raman mentioned that about defi box. At some point when somebody suggested making a pool for dad and said how it's something like I was not worth competing with box because they have a lot of liquidity and network effects already. I'm not really sure if this is true or this applies to this kind of situation though. I think it makes sense to not try to compete with them on business as a whole like their whole business of being a general purpose swap amm , But I think it makes sense and there's not much loss of network effects or liquidity for single pools or for a community that wants to use it on pool for its own token to trade with EOS or something like that. Consider this more.

It seems to me like network effects and liquidity wouldn't really play a role for CETF because the community would bring it on the liquidity and a lot of the network effects from all the other tokens wouldn't really matter very much for the community token and the benefits won't outweigh the downsides of that.

Also, evodex Said that they share liquidity across communities and alcör , so I'm not sure how that would work, especially if each community is custodying It's own pools then I don't know the post would be linked at all. Maybe Evo decks provides options so you can either make your own pool and have your own custody or you can have shared liquidity but then you don't have your own custody . Research and learn the answer to this.

Either way, I don't think that the network effects of the quiddity matter here because you and your community make all of the liquidity for your pool. There will be some negative effects from habits and inconveniences, like if some people are used to go to defi box to do all the trading and want to trade between any random token like Chex and cetf, then that will not provide a great experience because it will not be in the defi box liquidity pool.

However, this can be easily circumvented by either using an aggregator like pizza swap or just telling people that they have to go to this website instead to exchange their tokens, and maybe people need to make two steps if they want to use defi box to trade from Chex to eos and then use Evodecks to trade from eos to CTF. So that's not great for user experience but not really a huge deal and probably worth the effort for all the benefits, and then the problem gets completely removed and eliminated if you use an aggregator which is the best way to do it. And then there is no problem for any liquidity, I don't think for any problems network effects. I don't think there's any other trade-offs here.

Maybe there are other trade-offs like perhaps the evodex software could be buggy or it hasn't been tested so much stress tested with high amounts of money so could be somewhat more risky there, are there any other downside?

Another benefit of Evodex is the fee structure. And there are actually two benefits here, or two potential benefits.

One thing to consider with evodex is security. Defibox is more battle tested - it's been around for longer and has had over 100 million dollars in AUM and has not been hacked. Evodex has only had like less than a million in TVL so may not have attracted much hackers, so it's possible that it could be more risky and vulnerable to attacks

This increased risk could also be counterbalanced with increased rewards for each individual . Prob most won't consider the risk too, but don't want to put people at risk. For example, could warn in ui that its not very tested and could be risky etc. and could provide additional liquidity rewards of CETF for individuals who are willing to take the risk. And perhaps also a higher percentage trading fee, is like 2% rather than 0.2% , though that also comes with trade offs obviously.

Perhaps more importantly than individual risk is collective risk for CETF and community. If someone hacked evodex they could potentially drain all of the eos in the trading pair and also crash a price of EOSETF or CETF and steal from each member of CETF community that provides liquidity . Would be good to be mindful of this possibility when designing liquidity provision rewards. Ie it prob wouldn't be a good idea to put a very high percentage of CETF rewards in evodex pools and incentivize a very large percentage of CETF or eos etf to be in liquidity pools. For example hypothetically if 60% of CETF or eos

etf were in evodex pools and there were a hack of evodex then 60% of supply could be lost or stolen or something , whereas this would be less of an issue if only 10% were in evodex. Not sure what the best way is in obviously it's more complex and there is ability for governance to play a role and so forth, but these are things that are good to be aware of in the community

+++ New note Dec 2021 +++

Another important thing to note here to this is custodial security/risk, as mentioned above.

With Defibox, all tokens are under custody of defibox miss.

With evodex, I think tokens can be under control of whoever's msig and just use the evodex open source code.

Evodex could be much safer in this way.

Evodex could also be more scaleable in its security and decentralization for custom etf's.

Imagine if each Custom ETF create could manage their own MSIG with their community (and possibly set their own fee structures) on Evodex, rather than relying on Defibox custody and having value extracted from the community by defibox fees.

That could be very helpful and seems much better than using Defibox if possible.

+++ New note Dec 2021 +++

(Also potential for incentivizing on both defibox and evodex, and perhaps with both eos

and stablecoin pairs, to create arbitrage opportunities. These arb opportunities can create more fee revenues for CETF community members providing liquidity on evodex. Hmm interesting consider)

Then again amms haven't been hacked much in the past and seem simpler and the teams behind evodex seem very good and smart and has been open source for almost a year so risk is probably quite low all together . But worth considering and being aware

One thing that I want to research an answer is whether the creators Of evodex or anyone else takes a fee for using this software. It sounds like they do not because it is completely open source so it sounds like we could do it without anybody taking any fees away from our community. This would be very beneficial, especially something for something like the ETFs. Rather than 0.3% of every transaction being extracted from the community by defibox, This would allow us to keep all of the value in the Community and stop that leakage of value and retain value for the community.

The other benefit regarding the fee structure is that the fees are governable by each community. There are several interesting and helpful implications of this.

One is that we could decide where that he gets distributed to. We could decide to distribute all transaction fees from ETFs or dad to a community fund General community fund or a more specific community fund like a community fun to provide liquidity mining incentives or incentivize helpful work on the forums or. Or we can decide to distribute all of those back to all of the community members at stake there tokens or perhaps lock them for four years like [curve tokenomics for etfs](#) . Or we could decide to distribute the fees back To the the liquidity providers or the buyers.

All of these are interesting to explore. I feel like the best way to do this might be with the curve tokenomics Because this would provide long-term incentives to the community and align very well with people who want to help it grow for the long time. Rather than just rewarding everybody equally regardless of whether they just buy it for one minute and

then sell it after the next minute or hold onto it for a week, you are providing higher rewards to people who are more committed and are willing to look at the tokens for several years to help it grow and help the whole platform grow. Yes, I think this is probably the best idea. Definitely worth exploring all of these ideas because they all might be helpful in different ways but this curve idea seems really really exciting when you think about how we could combine with the evodex

* update dec 2021- I think HEX long term staking incentives may be better than curve long term staking incentives

curve tokenomics and evodex and etfs

The other benefit with fee governance that works really well and it's really exciting and has a lot of synergy with etfs and curve tokenomics and capabilities and experimentation of governance with the consortium is that the fees are all adjustable from 0% to 5% on evodex.

evodex makes it so that you can vote with evotokens To determine the fee for your community or four your specific liquidity pool. They explain how this can be helpful for navigating volatility and I think you can be helpful in a lot of ways. It can be helpful to do promotions for trading the ETFs or two be played with and experimented with in many ways really, it's like a lever that can be polled or a parameter that can be changed for all sorts of different effects. If we want to make a 5% fee for a week along with some promotion then that could be a way to earn a huge amount of funds for the community and lots of incentive for the ctf holders to stake for the long term for four years with **curve tokenomics** or could provide a short term incentive for people to purchase ctf tokens. Or it could provide a disincentive for people to sell. Or we can set the fee much lower like 0% or 0.01% if we want to incentivize a lot of trading and make it really easy for people to trade in and out of it. Or anywhere in between for a bunch of different reasons, so we can be very creative with that.

And we are probably in the perfect position to do so because we have consortium and a community to experiment with these Different kinds of governance, we have the consortium tool to play around and experiment with all these ways of more fluid and dynamic and quickly responding governance so we can decide to change the fee

dynamically, and it's also our community run and all token holder run so it will be easier for people to coordinate, it's not like a centralized project where a central entity needs to make decisions, we need to learn how to coordinate and use these tools to figure stuff out, so we have a lot of incentive and a lot of great tools to experiment with us.

It also provides great incentives to hold eos etfs and cetfs Because we can be creative in how we structure the fee capture of these tokens. Like we can make it so that these ETFs tokens are more valuable than their underlying assets alone, like how dan talks about how one plus one can equal three. Because they are also capturing natural yield a natural trading volume from transfers in trades. The same can also work for the CTF, and we can be creative and use this as a way to provide value for these tokens and incentivizing and encourage people to participate. This could also be helpful for other people starting new tokens as well or rather new ETFs. Like if I wanted to make a baseball card ETF then perhaps me and my friends who are baseball fans on my community baseball fans that gets the ETF can also decide how much fees they want to charge for transactions that go back to the baseball card Community and perhaps are used to buy back their baseball card ETF or some thing.

Perhaps for all these different communities CETF Collects a percentage of all of their yield and fees and has a percentage of voting power In each community and ETF that spawns from it and ctf Also provides suggestions and options for the community creator to customize their ETF.

For example, imagining after some development after several months, there could be a button on the website that says create your own ETF and then I can take you to a page where it gives you a series of questions, maybe like five different questions or 10 different questions or options where they let you customize stuff. At the top or the bottom of the page it could say something like 5% of all of the yield and transaction fees from your ETF go to ctf . This would obviously be written better. It would also have some link so people can explore CETF and learn more about it because it would be good to have ETF creators involved in the CETF, especially if there are lots of synergies like people can stake their ETF token to earn CTF tokens, and there will also be a lot of aligned interests where people who owned big Etfs that are popular and have a lot of tokens will want to have some CTF tokens to have some governance in the overall platform. That page can also give people a place to name their ETF and make a picture for their ETF and make a cover photo for the

ETF and write a little bit about their ETF and maybe all that stuff combined can be incorporated into an interface kind of like dao bull so that people can also interact with their community in the same place. And then they could also be parameters like that allow each community to set their own exchange rate on evodex , Though the name of it and everything could be abstract it so as not to confuse people with stuff that they don't need to know about, and also other parameters like the amount of assets in the ETF and initial allocation and initial token distribution and so forth.

+++ note dec 2021 +++

the branding and naming and UX of the Evodex exchange could also be aligned with CETF branding and experience rather than defibox branding.

This could be very helpful for everyone interacting with CETF. Rather than saying 'ok you can trade on this other website called defibox' that doesn't have very much to do with CETF, we could say" 'you can trade on the CETF Exchange' or something like that and there could be cool CETF logos and colors for the exchange.

CETF Exchange, CETF Market, CETF Trading, Community Fund Exchange, some name like that maybe...

The Evodex could perhaps just work in the backend and we could curate the front-end experience to be more helpful for everyone interacting with CETF

+++ note dec 2021 +++

A fee value is set at initialization of each trading pair. In addition and optionally, a name of a smart contract is chosen: the fee contract. The fee value might be controlled in the future by that smart contract. One good choice for the fee governance is through voting of the evotoken holders

Fee governance is an important tool, since the optimal fee parameter is expected to change according to the mood of the market. For example, high volatility suggests high fee. Another relevant factor is the competition from other exchange opportunities. Without

the ability to change the fee, liquidity providers might want to move their funds from one place to the other, thus discouraging them to invest in the first place. Therefore a dynamic fee offers a practical way to benefit from the large exchange activity in the cryptocurrency space.

CETF - eos etf mining pools - this might be helpful to include CETF mining weight. What do you think?

Ideas about voting power for Custom ETFs and CETF

note dec 2021 - I don't think these ideas have much in common with the ideas about CETF with Evodex but was right below in the notes so I figure it might be helpful to share here as well. Will prob be a good idea to separate into its own markdown file soon but keeping it all together for now

The 5% fee mentioned above is just an example. In the beginning it might make sense for CTF holders to use much larger fees because there's nobody else that really offers the service and so something like 20% might be more better for everybody to help grow the platform, similar to how DSP did that in the beginning. 50% could also be an option as well.

And as far as how much the ctf can govern over decisions for a baseball cards and NFT ETFs and all kinds of other ETFs, I think that there's a lot of room for exploration and experimentation that we should do there as well. It might make sense to leave governance entirely up to the ETF holders or it might make sense to start out with governance entirely from the CTF holders. It might make sense for all decisions to be split 50-50 at first between CTF and the specific ETF holders. That would be simple and would work well probably, I feel like that would work well in the beginning because they will be so aligned and it's not really ready to be governing independently but to govern together and so both people could people could vote from both communities, I think that would work really well, I'm not sure but it feels like that is a good solution. It could also be an 8020 split where CTF holders get 20% voting power in all other ETFs, or perhaps 5%.

I feel like overtime it makes sense to give more and more independence to the individual ETF token holders and communities,. And also reduce the fees that the CTF is collecting from individual ETF and communities Overtime as well.

It makes sense to strive for a more independence and to give design more independence to the ETF creators and communities overtime and also reduce fees as more options and competition come in the market and saturate the market.

However, in the short term, I feel like it's better to have less independence and more alignment and closeness between CTF and other ETFs, and also hire fees for CTF. I think more alignment and dependence and less independence is helpful in the beginning because the community is small as it is and everyone will be working together a lot to launch the second ETF on the third ETF and so forth and it would be potentially confusing and less exciting and less effective to spread out resources and make the ETFs independent too fast.

It's kind of like starting a fire, how you want to keep all the tender close together in the beginning to get the best chances of a spark and a fire starting and to start a healthy fire. And that will make it easier for people to vote so people don't need to buy a bunch of different tokens if they want to participate in the voting, for example if there are five different ETFs than one CTF holder should still be able to have some voting rights in all of those ETFs because it's still so small and there's only five of them and when there are only five platforms or ETFs and each one of those has a big affect on CTF so it makes sense that the city of holding should have some governance and some say to decide What will be done with the ETF. It also probably makes it easier for user experience, rather than needing to make a bunch of transactions and each transaction takes several seconds or seven minutes right now, you can just make a transaction once with one token. Rather than needing to vote twice for many poles, you can just forward once vote once.

Although that also might be possible just natively with the Oracle system on the consortium, how it can carry from two different sources at once, perhaps query from both ctf balance and eos etf balance in one vote and one transaction for voting on the eos ETF rather than making a separate transaction for each one. This would be a much better user experience. Ask this

So yeah, I think it makes a lot of sense for the CTF holders to have a lot more governance power especially in the beginning, and I think that the 50-50 works well. Overtime I can switch over to 8020 and 9010 and so forth perhaps as we feel comfortable and as we feel

like it's a good idea if we feel like it's a good idea, but I feel like a good starting point would be 50-50 voting power for specific eos ETF decisions. Perhaps also start out the ctf voting for CTF decisions with 50-50 as well so that eos etf Holders can also vote with their tokens for the CTF decisions.

I feel like this makes a lot of sense in the beginning because both of these communities and tokens are so closely aligned. And then overtime perhaps the EOS ETFs will greatly reduce in their governance power over CTF decisions. So maybe in six months than the EOS will only have 5% voting wait on CTF decisions and consortium polls. A lot of this also depends upon whether it's possible to query for multiple tokens for a specific pool.

If it is possible and easy to do this then that seems like it would be really helpful because then you could have it where say if you have four different ETFs then you can carry the votes from the CTF and give that say 75% of the voting wait and then give the eos ETFs with 10% of the voting wait and then 5% of the voting wait for each of the other ETFs in decisions and pause on the CTF consortium poles that govern over the entire platform. These numbers are just random numbers it could be very different as well of course. But basically they would allow people to vote with all these different tokens for this one platform decisions on this one platform that have an affect on all the other platforms as well.

I think that it also makes sense to divide the fees by 50% at first too as well. The communities are so intertwined and I feel like it just makes sense to start off at 50-50 right now with all fees and yield being distributed evenly amongst the eos ETF and the CTF holders.

And then overtime we can gradually reduce that to 30% for the CTF older than 20% and 10% and 5% and 2% and 0.5% and so forth as the communities become more independent and more options are available and there are more communities being created, then we can decide the appropriate fee structure, but I think it makes sense for a CT have to earn 50% of all earnings at first and then overtime the community will be in powered by being able to reduce that when it when the time feels right and it seems like it'll be most helpful. But this will give lots of incentives to hold both the EOS ETF and the CTF tokens CTF tokens and will keep it very simple and will be great to share both the voting rights over the past form 50-50 for both the EOS ETF decisions and the CTF decisions and the fee revenue 50-50 for both the EOS and CTF. And then gradually adjusting his parameters as we develop and the community grows and so forth.